



“Saksoft Limited
Q2 FY '26 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day, and welcome to Saksoft Limited Q2 FY '26 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 for you to ask questions after the presentation concludes. Should you need any assistance during the 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 from Monarch Network Capital Limited.

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'll 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 second quarter and the first half of financial year 2026. Let me start off by briefing you on the key business highlights for the quarter, after which my colleague and our COO and CFO, Mr. Niraj Ganeriwala, will brief you on the financials.

The technology sector continues to evolve rapidly with a strong shift towards AI-led transformation. Despite the global macro uncertainty, our company demonstrated a robust performance both sequentially and year-on-year with strong growth in revenues and consistently improving margins.

During this half year, we continued our intelligent products and intelligent platforms portfolio through our AI accelerators. This has helped us in driving better predictability in our revenues. Under intelligent products, our portfolio has been expanded by 2 major accelerators, namely SakMod, which is a composable framework for legacy modernization and system integration; and SakCelerate, which is a unified AIOps and FinOps automation platform for enterprises.

Under intelligent platforms, our recent releases include Conversational AI, which enables voice-driven customer and employee experiences, and Emergency Care Agent, which delivers intelligent routing and a real-time 360-degree view for urgent customer support.

These launches further strengthen our AI innovation road map and reinforce our focus on delivering next-generation enterprise capabilities. Building on this momentum, our customers continue to engage with us as partners, giving us the confidence that we can further grow our wallet share in their technology spending.

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 second quarter and the first half of the financial year 2026. For the quarter under review, we reported a revenue of INR258 crores with a growth of around 20% year-on-year.

The operating EBITDA stood at INR51 crores, which grew by around 38% year-on-year with the EBITDA margin at 19.58%, an improvement of 250 basis points year-on-year. The net profit for the quarter was around INR36 crores, which grew year-on-year by almost 38% with the profit after tax margins being at 13.91%.

For the first half of the financial year 2026, the revenue stood at INR508 crores, representing a growth of around 22% year-on-year. The operating EBITDA stood at INR96 crores, which grew by around 34% year-on-year, representing an EBITDA margin of about 19%, up by 175 basis points. The net profit stood at INR68 crores, which grew year-on-year by 32% with a profit after tax margin of 13.46%.

During the first half of the financial year 2026, the U.S. contributed 44% of our total revenues, whereas Europe contributed 21% and the remaining 35% came from Asia Pacific and the other regions. We maintained a well-balanced revenue composition with the on-site revenue mix at 44% and the offshore at 56%. Our revenue mix remained diversified across sectors. The BFS accounted for 31%, the emerging verticals 47%, logistics contributed 14% and the commerce vertical 8%.

Coming to some of our customer metrics, we have around 16 customers of \$1 million plus revenues. The total employee count stood at 2,653, out of which 2,430 were technical with the utilization level of the employees, excluding trainees being at 85% for the first half of the financial year 2026.

This concludes the update on the quarter, and we can now open the floor for the Q&A session.

Moderator:

Thank you very much, ladies and gentlemen. We will now begin the question and answer session. The first question is from the line of Vikas Srivastav, an Investor.

Vikas Srivastav:

Congratulations on a great set of numbers. I have 3, 4 questions, so I'll just list them out. My first question was on the EBITDA margin. Is this close to the new normal because we've been forecasting about 18%? Are we expecting a better margin going forward, somewhere in this range? Is it due to controlled sales / SG&A costs or is it higher billing? That was my first question.

My second question was how is the year looking going ahead? We are already 7 months in a year. So what kind of annual year-on-year growth are we looking at in terms of turnover? My third question was on Vision 2030- While it's a very ambitious vision, but it's been there now for 2 years. Is it in the realm of reality, really? Because if I do a back of the envelope calculation, to get there, we all need to do about 40% CAGR. If I have more questions, I'll get back in the queue.

Aditya Krishna:

Thanks, Vikas. Let me answer in the same order. The EBITDA is higher this quarter because there is some sales cost, which will catch up in the coming quarters. We've hired a senior Chief Growth Officer on the West Coast. So he joined beginning of quarter 3. So his cost is not reflected. Now we have a couple of open sales positions, which we need to fill.

So while there is an EBITDA of 19%, we must not take that as the EBITDA that we can expect going forward. 17% to 18% is more the norm that we should be looking at in the coming quarters and the coming years. So that's the first question.

The second one, in terms of revenue, we have indicated that we would aim to do INR1,000 crores to INR1,100 crores in top line. That continues as of now. And the EBITDA, 17% to 18% in the same, so which is about INR170 crores to -- you can do the math, approximately, that's that.

Your third question was on 2030. From a mathematics perspective, Vikas, you're right, it's a big CAGR. But what we are trying to do is grow 25%, 30% year-on-year, and we are confident that we'll have 1 big or 2 reasonably large acquisitions along the way, which will help us get to the \$500 million. So that's our plan to get there. Very much on the cards. We still have a few years to get there.

And if I look at where we are today, we're in a good space. We're in a good spot. Everything seems to be aligned. There is always elements of surprise, which can come up, and that's what we have to, as a management team, manage and mitigate that risk. But as of now, it's looking good. I hope that answers your question.

Moderator:

Next question is from Jyoti Singh from Arihant Capital.

Jyoti Singh:

Just wanted to understand on the revenue growth side, like concentrate. We have delivered double-digit growth. So how is the demand shaping up for H2 and especially in the BFS and emerging vertical? And also what trend are you observing in the client tech budget, particularly around digital transformation and modernization side? And could you give some color on the deal pipeline and the visibility for Q3 and Q4?

Aditya Krishna:

Jyoti, our guidance is the same, between INR1,000 crores and INR1,100 crores is where we hope to end this financial year at. So that's where it is. And as of -- as we speak today, lots of conversations are happening with our existing customers, also some prospects. Deal pipeline is decent, in line with our guidance on revenue.

On the digital transformation space, I would say, there's a lot of interest in AI, especially when AI relates to productivity improvements. So we are seeing a lot of interest from our customers on how can AI help them be more efficient in their technology spending. And a lot of our focus is in that space.

I would say, 75% of our focus on the AI side is on productivity and the balance 25% is on the Agentics side, where customers want us to build agents for them to automate different workflows as well as make their customer experience better. So I hope that answers your question.

- Jyoti Singh:** Yes, sure. And sir, are we seeing any slowdown in particularly in terms of discretionary spending among clients in Europe or the U.S.?
- Aditya Krishna:** There is -- I wouldn't say a slowdown. I would say there is some caution on taking big spending bets. So what we are seeing is customers are willing to spend, continue with the project, but break it up into smaller projects rather than one big bank project. I think from that perspective, there is a little bit of a pushback.
- Now what that does is it reduces predictability to some extent. But for a company like ours, we would rather have multiple smaller projects than one big large project, because for us, stickiness is very important, and that provides us the stickiness that we need.
- Jyoti Singh:** Okay. Sir, as you mentioned about the stickiness, so like our revenue concentration from top 10 client is around 58%. So what's your strategy to diversify and scale mid-tier accounts?
- Aditya Krishna:** It will happen automatically. As we scale, Jyoti, the concentration will go down. I'm not concerned [inaudible 0:14:49]
- Moderator:** Sir, over to you.
- Aditya Krishna:** Jyoti, you were -- I was answering your question. I hope I did it.
- Jyoti Singh:** Yes, sir.
- Moderator:** Next question is from Vikas Srivastav, an Investor.
- Vikas Srivastav:** So my question was basically on the INR1,000 crores to INR1,100 crores target. Are you comparing it, Vinay, with the INR507 crores you've done in the -- are we talking about operating income or consolidated revenue? So you have the half year consolidated operating income of INR507 crores. Am I right?
- Aditya Krishna:** Yes, that's correct, Vikas. You're asking Vinay or you're asking me, Aditya?
- Vikas Srivastav:** Anybody. Sorry, Aditya.
- Aditya Krishna:** Vinay works for the company.
- Vikas Srivastav:** Obviously, I would also get sacked by you very soon by that standard. I got the CFO's name wrong, my apologies.
- Aditya Krishna:** Niraj, okay. So the question is -- go ahead, Vikas, once again the question. I don't know if you heard my last answer because we lost you.
- Vikas Srivastav:** I did. I did. You said you did mention that INR1,000 crores to INR1,100 crores is your target for the year. I'm saying that INR1,000 crores to INR1,100 crores out of which have we done INR507 crores operating income or is it -- first half, what number are we -- adversely we have already achieved is my question? Is it INR507 crores or is it higher? What is the first half number is what I'm asking? Is it INR507 crores?

- Aditya Krishna:** Vikas, you were asking about the operating income.
- Vikas Srivastav:** No, my question was the target was INR1,000 crores to INR1,100. What have we achieved in the first year? Is it INR507 crores? Are we discussing operating income here or total turnover?
- Aditya Krishna:** No, operating income, INR507 crores.
- Vikas Srivastav:** Yes. So we are saying that INR507 crores we've achieved, we could do INR1,000 crores to INR1,100 crores. And if we achieve the top end of the target, which would mean a 20% growth over 6 months. Just to get my numbers right.
- Niraj Kumar:** That's correct.
- Vikas Srivastav:** Okay. My second question, Aditya, since obviously, there's not a long queue. Would you just touch upon the risks, opportunities, whatever your vision allows you to, in terms of the disruption and where the technology is moving as far as Saksoft is concerned? And what are the major risks? What are the major opportunities? And where do you see this in terms of your foresight or vision?
- Aditya Krishna:** No, let's look at the major risks today. We have 20 customers. So let's say, we have 16 customers who are \$1 million plus. Now our growth is coming from increasing wallet share with these 16. And for me, the runway is massive because we are small players in their wallet share. The risk here is if we get consolidated out. So one of these accounts or a couple of these accounts do a vendor consolidation and we lose out. So that's one risk.
- But the way we are managing that, Vikas, is proximity and closeness to the customer, constant visits, constant connection with the CIO, wherever possible with the CEO. So that if there is any thinking along the lines of vendor consolidation, we are in that phase to survive. So that's a risk I see.
- Now there also lies the opportunity because the accounts that we are talking about, these 16 accounts, which are \$1 million, these are big customers. These are customers like Honeywell, s like Broadcom, where our wallet share is very small. And the ability to increase our wallet share is massive.
- And if we can do that, if we can get this right in a couple of accounts, even 2 or 3 accounts, our growth targets are easily achievable. And that's where our focus is. Our focus is how can our client partners in these accounts become -- make us more relevant to these customers, make us mission-critical to these customers.
- And with each passing quarter, we are making progress. If we continue in this direction, the momentum will build and growth will build and numbers will not become a problem or not become a challenge like they have been historically.
- Moderator:** We will proceed to next question from the line of Arun, an Investor.
- Arun:** My first question is regarding are we seeing any improved spend from existing clients?

- Aditya Krishna:** Yes. I mean, most of our growth, 95% of our growth is coming from existing customers by increasing our wallet share with these customers. So customers might not be increasing their technology spending, but they're increasing their technology spending with us.
- Arun:** Okay. My second question is relating to other expenses. Any reason for other expenses being low Q-on-Q?
- Niraj Kumar:** So we had certain one-time expenses which were there in the previous quarter, quarter 1. There were some acquisition-related expenses which were written off and we had participated in some events for which we had to incur some expense. So that was the main reason for the other expense to come down in this quarter.
- Moderator:** Next question is from Nitish from Chrys Capital.
- Nitish:** So just wanted to understand how much would be our growth in terms of our dollar growth in CC terms? And assuming we would have got some benefit because of the INR depreciation versus all our major currencies in which we bill. So how much would that be, the benefit we've got from FX?
- Aditya Krishna:** Yes. So for the current quarter, Nitesh, out of 4%-odd growth quarter-on-quarter, around 1.5% is from the currency and 2.5% is the real growth which we have. And when I say currency 1.5%, that's across both the dollar and the GBP, which are our 2 major operating foreign currencies.
- Moderator:** Next question is from Sahil Sanghavi, an Investor.
- Sahil Sanghavi:** First of all, I wanted to understand what kind of hiring traction are we expecting for the next year depending on the new business tractions?
- Aditya Krishna:** Tech spending on our business is predominantly, as I said, symmetric. So if revenue goes up by 10%, headcount will also go up -- billable headcount will also go up by 10%. So we are targeting 25% to 30% CAGR. So that is what you can take as headcount growth also.
- Sahil Sanghavi:** Got it. Got it, sir. And secondly, just wanted to understand our progress on the -- from the perspective of AI. Are we seeing deals in AI also?
- Aditya Krishna:** Sorry, are we seeing what?
- Sahil Sanghavi:** Are we seeing some deals happening in the AI side also for our company?
- Aditya Krishna:** Yes, for sure. We are seeing deals, small deals are happening. No big deals are happening. We recently got a deal on testing AI opportunity from a large bank in India. So yes, we are seeing a lot of interest and customers are starting to spend money in AI.
- Moderator:** Next question is from Vinay Menon from Monarch Network Capital.
- Vinay Menon:** Just a few questions from my side. One is you've added a growth officer in the U.S. And any rationale on this? And what can we expect from this? Has there been like any progress in the U.S.?

- Aditya Krishna:** Your question was we've added a growth...
- Vinay Menon:** Yes, you added a growth officer in the U.S. in the West. So the idea behind it and what kind of traction can we expect from that?
- Aditya Krishna:** U.S. continues to be our largest market, Vinay, and we've been looking for a senior salesperson to align our efforts with our major customers. So all our client partners, U.S. based will report to this growth officer and the growth officer's role is how do I grow the U.S. revenues. And since that is our biggest market, it's a very important hire for us.
- And you should see some traction from him since he's a seasoned guy, a seasoned professional who comes with many years of experience in the U.S. market. So we should see him hit the ground running.
- Vinay Menon:** Okay, okay. That helps. And any possibility of an acquisition in H2? Are we looking at any companies because it's been a year I think since we have -- since our last acquisition. So anything in the pipeline?
- Aditya Krishna:** Vinay, we are always talking to potential targets. Even as we speak, we are speaking to 2 companies. Early days, I would not say anything is on the verge of closing. But rest assured, if there is something that comes up, which is -- which fits our criteria that we're always looking for a capability build of customer acquisition, we would definitely go for it.
- Moderator:** Next question is from Raaj from Arjav Partners.
- Raaj:** Revenues you want to grow 25% to 30% for next 3, 4 years, what gives you the confidence that you will be able to grow at such a high rate?
- Aditya Krishna:** I'm basing this number on the customer base that we have, the \$16-odd million plus customers that we have, their technology spending, our size of wallet share in that technology spending and the conversations that we're having with these customers to increase our wallet share. So a lot of our growth or projections of growth are coming from expanding our footprint in these accounts. And I would say, that's where the confidence is coming from.
- Raaj:** And do you have any oral commitment from them?
- Aditya Krishna:** From what commitments?
- Raaj:** Do you have any oral commitments from them?
- Aditya Krishna:** No. No oral commitment.
- Raaj:** Okay. So if you grow 25% to 30%, you will reach around INR200 crores of PAT in next 2 years. Is that calculation right, roughly?
- Aditya Krishna:** We have done INR58 crores of PAT in the first 6 months of this year. So if you extrapolate -- I'm sure you're good at math, so I'm sure your number is right.

- Raaj:** And about the acquisition part, when do we plan to see the acquisition?
- Aditya Krishna:** When do you want to see it? Well, we'll see it when we are ready that we have found the right company to acquire. So I can't give you a time line for that.
- Moderator:** Next question is from Rohit from iThought PMS.
- Rohit:** Congratulations on very good numbers. So Aditya, previous answer you mentioned what are the risks. So you mentioned that getting consolidated amongst the existing customer lenders. So I mean, this is -- how do you sort of work towards not letting that happen? So if you can maybe give some examples or maybe share your perspective on that, that you were on the right side of the consolidation for your key customers or anything on that account?
- Aditya Krishna:** Most customers, when they start a vendor consolidation exercise, they have 2 major objectives in mind. One is they want to reduce their cost, okay? And second, they want to reduce the number of suppliers that they're dealing with because sometimes the number of suppliers they're dealing with becomes very cumbersome.
- Now we are in a good position in these sort of exercises because of our size. The fact that we are in this industry still a small player in terms of the size of our business, the size of our revenues, we are able to be more agile, more responsive and more flexible to customers' needs. So if the customer says, look, I want an outcome-based pricing. I want to start with a 20% reduction on day 1. We are able to respond to it much faster than a company which is larger, okay?
- Now the challenge or the bigger risk is not winning this consolidation, but not being invited for a seat on the table. And that is what I said earlier by saying that we have to be very close to the customer. We have to be always aware of this exercise before it begins so that we are able to prep ourselves as well as the customer to select us.
- So I think proximity to the customer, closeness to the customer is the only way we can minimize the risk of being consolidated out or maximize the risk or maximize the opportunity to be chosen.
- Rohit:** Got it. And like you -- that's very clear. So one other question was, so we have about 16 customers who are more than \$1 million. And within these 16 also, you are saying that like you have a fair runway of growth. So will your growth be more top ended or will it be like the next in line, let's say, \$500,000 to \$1 million also you are seeing strong growth. So if you can just share that perspective also?
- Aditya Krishna:** In all these 16 customers, we would -- our wallet share would be below 5%.
- Rohit:** And what is -- if that even you think is a number where beyond which you sort of get difficult to grow?
- Aditya Krishna:** So I don't think there is any problem for us to get to a 20% wallet share or a 25% wallet share, 1 in 4, 1 in 5 clearly. And so for us, the runway is quite significant. And this is percentage. In absolute terms, the numbers are much larger.

Rohit: Sure. I understand. And the other question was, so you mentioned like you said that this year probably we'll be in that between INR1,000 crores, INR1,100 crores of revenue. And if I just take the current exchange rate of about INR87, INR88, we'll be -- and use it for your listing, your vision of \$500 million.

So that's like about 4x, 4.5x from here. So you also mentioned that you expect a couple of acquisitions to add to the kitty. Now if just for discussion purpose sake, let's say, without acquisition, what is it that -- what kind of -- what is the kind of growth on an annualized basis you are thinking for, let's say, for FY '26 to '30, if assuming no acquisition works in a worst-case scenario?

Aditya Krishna: If I look at this year, because it's easy to look at future years, but if I look at just this year, if we do INR1,100 crores, we would have done 25% CAGR from last year. Now our goal is to equal or beat 25% year-on-year. So that's all I'm focusing on right now. If I can get that, I'm pretty sure along the way, we will see a significant size acquisition opportunity. And if we get that, we are close to the \$500 million.

Now if we don't get an acquisition opportunity, maybe we can grow faster. Maybe we'll acquire a customer which is -- wanted to give us a significant amount of wallet share. So these are all ifs. I would not worry about that so much. I would worry more about how do I deliver this 25%, 30% year-on-year.

Rohit: And just on the acquisition bid. So like what are your -- like usually -- given like if you get a big acquisition, so when you say big, what is the kind of number you're looking at like \$100 million or similar to what we are -- where we are or what -- can you mention that and then probably I'll ask my question?

Aditya Krishna: All our acquisitions are typically capability acquisitions. And we look at anything between \$10 million to \$15 million in top line because that's all we can afford. We don't want to dilute capital. So \$10 million to \$15 million top line with an EBITDA which is better than where we are at is our normal yardstick to determine whether we want to go in for an acquisition or not.

Rohit: Got it. So essentially, Aditya, what you're saying, if I have to sort of put it in another way, the bulk of the growth has to be driven by organic growth. So this -- I mean, even a \$15 million acquisition would be around 10% of your revenue where you are today, right? So it is not going to give you -- I mean, so you are essentially saying it's all largely going to be driven by organic, even if you have 2 of such acquisitions. 75%, 80% will be all organic growth. Is that a fair statement to decipher from what you're saying?

Aditya Krishna: Yes, that is a fair statement. Now there is always a possibility we don't get an acquisition. We grow 25% year-on-year. We build up a little bit of a war chest. And in 2029, we find a company which is 50% of our size. So these are all in the realm of possibility. I would not rule anything out. But very clearly, we need to have the cash to get to buy that business. Right now, we don't have the cash to buy anything other than \$10 million to \$15 million of top line.

Moderator: Next question is from Amit Jain from Monarch Network Capital.

Amit Jain: Congratulations on good set of numbers. Just one question, Aditya. You mentioned about the risk about the vendor consolidation. So I can understand the advantage of being a small team, we can be more agile, and we stay close to the customer. But I think staying close is not enough. What exactly are we doing to become indispensable for these customers so that we remain -- so that increase our stickiness with these customers? So maybe if you can explain a bit more on this?

Aditya Krishna: In most large organizations, Amit, the -- our customers, the people who are dealing with us, who are on the customer side, the CIOs, the CTOs, the Director Engineering, the VP of Technology, etc., whatever their titles are, in today's day and age, they all want to be more successful in their careers.

Now we always look at how can we make them more successful? How can we make their jobs easier? How can we make them progress in their organization? Because if we can do that, not only will we get more business from them, but their business will also do well. And as it does well, we will get more business.

So when I say proximity closeness to the customer, this is what I mean. Make sure that they succeed in their jobs. The latest trends and technology we bring to the table for them so that they can tell their bosses what is the latest on AI, what are the use cases on AI, which will make sense for their business. That's our role.

How do we make -- how do we strengthen their sort of stature in their organization. And for this, almost a couple of years ago, we had started this concept of centers of excellence where we have 6 centers of excellence, which is led by senior leaders and their role is only building capabilities and accelerators and demonstrating to our customers what we can do for them in terms of use cases for their business.

So for example, very recently for one of our leading logistics customers, we showed them a demo of our logistics agent. Now what the logistics agent does is it uses Agentic AI to totally automate the workflow from requesting a quote for a shipment to dispatch to tracking to payment of the invoice. So cutting-edge technology for their business with specific use cases is the job of the CTOs.

Now if we can do that, we are able to strengthen the credibility of the customers that we are dealing with. They feel good about their jobs. They move up in the hierarchy and we become more relevant to their business.

Amit Jain: And Aditya, one more thing, and we have been listening or reading a lot about the threat in the Indian IT industry, the way we have focused in the last many years and particularly that model is under threat. Now there is a sign that if you see the growth of large IT companies is stepping up, we can see the employment data, the kind of hiring they are doing. Is it safe to say that the mid or small-sized IT companies are at advantage vis-a-vis the large IT companies? I mean, maybe you can give more clarity on that?

Aditya Krishna: I wouldn't say this is a phenomena of the technology industry. Whenever there's a disruption in any industry and AI is a disruption in the tech industry. Whenever there's a disruption, the biggest

loser is the market leader. The small guys always gain. So that's what's happening here. The big guys are losing out because of the disruption, okay? And the small guys are winning. So it's not specific to technology. It's not specific to AI. That's the way of the world.

Amit Jain: And Aditya, one more risk, maybe just -- I may be wrong, but one risk which I can see in small companies is that person dependent. Like your relationship with maybe a person who is at home because of that relation you have got that account. And assuming in the worst-case scenario that person leaves, now how are we hedging? And is there that kind of risk are you posing where it says dependent on a person-specific relationship that if person leaves that organization, maybe that account also goes with them.

Aditya Krishna: There is no account in our business which is based on a personal relationship of mine. I'm too old for that. All my peer group are either dead or retired.

Amit Jain: No, no, I'm not talking about you, Aditya. I'm talking about -- I'm sure you will be there. I'm not talking...

Aditya Krishna: Then who are you talking about?

Amit Jain: No, no I'm talking about -- see, when we hire some senior person, let's say, there is -- at one side, we are able to get some account, but there is also a risk when that person goes, obviously, that relationship also goes. I'm just trying to understand...

Aditya Krishna: Amit, don't say -- see, are you telling me that a sales guy can bring business when he walks in? Impossible, impossible. See, look at it from a customer. I'm a customer. I'm not going to move every time my -- the sales guy is dealing with me, let's say, I have Cognizant as a supplier. I'm dealing with the sales guy in Cognizant.

Now that sales guy moves to another company. I'm not going to move my business. I'm going to stay with Cognizant, right? So it's a misnomer that a sales guy can take business away. Yes, a sales guy can open a door for you, but he cannot take business, impossible.

Moderator: We have a follow-up question from Vikas Srivastav, an Investor.

Vikas Srivastav: Aditya, my question is the way we are growing and our watches and our cash requirements, why do we declare dividend? Isn't the money being better used in the shareholders' interest to create reserves for more acquisitions and faster accumulation of money? That was one question. And a follow-up question, just a confirmation that this H1B issue and changes haven't impacted us adversely.

Aditya Krishna: No, H1B, we are not H1B dependent at all, Vikas. So that's a non-issue as we speak. Now regarding dividend, it's a school of thought, Vikas. A lot of shareholders want dividend. A lot of shareholders want bonus shares. So my -- our job is to grow the business. Our job is to reward shareholders in the most ethical and prudent manner that we can. So we've always followed about a 10% consolidated profit payout as our dividend policy. So we would like to stick to that because for some shareholders, dividend is a reward.

- Moderator:** We have a follow-up question from Rohit from iThought PMS.
- Rohit:** Yes. I think a couple of quarters back, I think there was this -- I think last quarter or the quarter before that, I think you had spoken or you had said that probably there will be accelerated spends in order to pursue that growth in terms of hiring, and some of that has happened and you mentioned some of it is yet to happen.
- So this first half, you also called out these margins were sort of slightly higher. But as we build out the next half and probably next year, adjusted for these trends, would you still hold on to the 17%, 18% kind of margin which you guided or you will probably see a period where you have to spend upfront and the margins may sort of -- because that was what we had discussed a couple of quarters back.
- It's great that you've not seen that. But just wanted to understand, is that something that those costs are not yet coming and hence we are seeing that or despite those costs, we have been able to maintain these margins and going forward also we'll be able to do it? Just wanted to get your sense?
- Aditya Krishna:** Yes. Like I mentioned earlier, Rohit, some of the costs -- a lot of the costs have not come, which will come now. So you can take 17%, 18%. With 17%, 18% dip further, I mean, our endeavor would be not to make it happen. So we want to pace our investments in SG&A to be commensurate with not only numbers but also management bandwidth.
- It's -- theoretically, you can say I'm going to hire 5 new sales guys, my EBITDA percentage will drop. But it's not very realistic because you might hire the guys, but if you don't have management bandwidth to manage them, it's pointless. So at the end of it, we've got to make them successful, we've got to make that investment effective. So I think what I'm really saying to you is that 17%, 18% is what you should take as going forward.
- Rohit:** Got it. Got it. And just one question on tax rate. So we would be at 25%, 26% or like last year was lower, this year, the first half is a bit higher. So I know quarter-on-quarter things can change, but just generally as a year-end number, what should the tax rate be?
- Niraj Kumar:** The tax rate should be between 24% to 25% effective.
- Rohit:** Got it. And the other income that we have, so are there any MTM in this or any realized gains in this or is it -- like what do we have in terms of our -- what is the major constituent of other income?
- Niraj Kumar:** The other income major constituent is the realized gain and the unrealized gain, both will be there. Both are as component. The main component. The exchange gains basically.
- Moderator:** As there are no further questions, I would like to hand the conference over to management for closing comments.

Aditya Krishna:

We thank everyone for taking out time to participate in this call and for their interest in Saksoft. I hope we've been able to answer your queries. In case of any other queries, please reach out to us or our Investor Relations Advisors, Valorem Advisors. Thank you, everyone, for joining us.

Moderator:

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