Company Name: Saksoft Ltd

Quarter under review: Q4-FY26

***Saksoft Ltd.* – Q4-FY26/FY26 Concall Highlights:**

Saksoft Ltd.(Consolidated)								
INR In Mn	**Q4-FY26**	**Q4-FY25**	**Y-o-Y**	**Q3-FY26**	**Q-o-Q**	**FY26**	**FY25**	**Y-o-Y**
Operational Income	2,488	2,399	3.7%	2,507	-0.8%	10,072	8,830	14.1%
EBITDA	452	364	24.2%	453	-0.3%	1,871	1,463	27.9%
EBITDA M (%)	18.19%	15.17%	302 bps	18.10%	9 bps	18.57%	16.56%	201 bps
PAT	359	300	19.7%	290	23.8%	1,333	1,088	22.5%
PAT M (%)	14.44%	12.52%	192 bps	11.57%	287 bps	13.23%	12.32%	91 bps
Diluted EPS	2.76	2.27	21.6%	2.21	24.9%	10.19	8.21	24.1%

Operational Highlights:

- Crossed the important milestone of INR 1,000+ crore annual revenue in FY26 despite macroeconomic uncertainty, geopolitical issues, and cautious client spending.
- Sales pipeline is currently the strongest in the company's history, increasing from bid opportunities worth around USD 5 million six months ago to nearly USD 25 million currently. The company is now being invited to participate in significantly larger deal opportunities than before.
- One customer in the digital commerce vertical moved from the USD 0.5 - 1 million category to the USD >1 million category, while a new customer was added in the logistics vertical under the USD 0.5 – 1 million bracket, reflecting continued client mining and expansion.
- Added senior leadership to strengthen global growth initiatives, including a Chief Growth Officer for the Americas which led to the sales pipeline improvement and an upcoming Chief Growth Officer for UK & Europe.
- Actively transitioning customers from traditional time & material billing models toward outcome-based delivery structures, which management believes can structurally improve margins over time. Currently, only 10% of business is outcome-based.
- Increased traction for vendor consolidation opportunities, where customers are looking to reduce the number of technology vendors and lower costs by 25–30% using AI-enabled delivery models..
- Employee count stood at 2,494 employees, with technical staff at 2,277 and utilization at 83%.
- Customer conversations are increasingly centered around AI-led transformation, cost optimization, and outcome-based delivery models. Company is embedding AI capabilities across all service offerings including application development, modernization, QA, infrastructure, and support services.
- Geography and vertical mix (FY26): Americas 50%, Europe 29%, APAC & others 21%. Onsite revenue: 44%, offshore: 56%. BFSI contributed 31% of revenues; emerging verticals (high-tech and telecom) 47%; logistics 14%; digital commerce 8%.
- Reiterated its long-term aspiration of reaching USD 500 million revenue by 2030, supported through organic growth, wallet-share expansion, selective acquisitions, and AI-led operating leverage.

Key Questions & Answers discussed during the Concall:

- **Why has revenue growth remained flattish sequentially over the last two quarters and when can growth accelerate again?** Customer decision-making cycles have slowed because enterprises are still evaluating the long-term impact of AI on technology spending and also because of the global uncertain geopolitical environment. While discussions and pipeline activity remain strong, several projects are getting deferred rather than cancelled. The pipeline is currently at record levels, and growth momentum is expected to improve once decision-making normalizes.

- **What drove the improvement in margins during FY26?** We highlighted that EBITDA margin expansion was supported by operational efficiencies, better execution, stronger utilization, and disciplined cost management.

- **What is the company's growth outlook for FY27?** internal aspiration remains around 30% growth, although achieving this may be challenging in the current environment. Growth in the 14–15% range appears more achievable based on the current pipeline and business visibility and is the bear minimum which can be expected. Emerging verticals and BFS is seen as the major future growth driver.

- **How will AI impact margins in the short term and over the long run?** AI is expected to structurally improve margins over time by replacing part of the traditional human pyramid with AI agents. Delivery models may gradually shift from fully human-driven teams to combinations of humans and AI agents. Since AI agents do not involve conventional employee costs, margins can improve over the long term. However, near-term margin pressure may arise due to investments in AI capabilities and customer demands for lower pricing. We will try and maintain 17-18% margin in mid-term.

- **What percentage of future growth is expected from existing customers?** Nearly 95% of future growth is expected to come from existing customers. The primary focus remains on increasing wallet share within the top 20 accounts through deeper engagement, cross-selling, and vendor consolidation initiatives. These accounts alone provide sufficient runway to support long-term growth aspirations of reaching USD 500mn. We said that it is better to be a big tech provider for existing clients rather than a small one for new clients and get consolidated out.

- **Is the company planning acquisitions and what could be the size of such deals?** We continue to evaluate acquisition opportunities actively, but any acquisitions are likely to remain relatively small and funded mainly through internal accruals and limited borrowings. Potential acquisition targets are expected to have revenues of up to around INR 100 crore.

- **What explains the reduction in employee count and how should investors think about future hiring?** We explained that future headcount growth may no longer remain directly proportional to revenue growth because of AI-led productivity improvements. While the we may still add employees for specific customer requirements, AI adoption is expected to reduce dependence on traditional labor-intensive scaling models over time.

- **How does the company view GCCs and vendor consolidation risks?** Global Capability Centers (GCCs) are becoming increasingly relevant for very large enterprises, but mid-sized enterprises who are target market for us are still expected to prefer specialized and cost-efficient IT partners instead of building large technology centers which require massive capital infusion. Vendor consolidation opportunities are expected to benefit companies that can deliver broader services with lower costs, are flexible and have stronger AI-enabled capabilities.

- **How is the company positioning itself in the AI-driven IT services landscape?** We are embedding AI capabilities across almost all our service offerings, including application development, modernization, testing, and infrastructure services. We are investing aggressively in AI training, LLM adoption, and AI-enabled delivery frameworks. We believe the ongoing AI disruption benefits smaller and nimble IT firms like us, as AI reduces the traditional scale advantages enjoyed by larger IT companies and helps level the playing field.

- **Will AI cannibalize existing revenues and contracts?** AI may create pricing pressure in traditional contracts because of productivity improvements. However, overall customer technology spending is expected to remain stable, as savings generated in one area are likely to be reinvested into newer initiatives. Strong customer relationships and wallet-share expansion are expected to offset any near-term cannibalization.

- **How is the company preparing employees for the AI transition?** We are investing heavily in upskilling developers, project managers, and delivery teams on AI tools, LLMs, prompt engineering, and AI-assisted software development methodologies. Employees are also being repurposed toward AI assurance, forward-deployment engineering, and AI-led delivery roles.

Key Participants:

- Rohit- ithought PMS
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- Bharat Gulati – Dalal & Brocha
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