Company Name: Saksoft Ltd

Quarter under review: Q1-FY27

Saksoft Ltd– Q1-FY27 Concall Highlights:

Saksoft Ltd (Consolidated)					
INR In Mn	**Q1-FY27**	**Q1-FY26**	**Y-o-Y**	**Q4-FY26**	**Q-o-Q**
Operational Income	2,486	2,491	-0.2%	2,488	-0.1%
EBITDA	454	458	-0.9%	453	0.3%
EBITDA M (%)	18.26%	18.40%	-14 bps	18.19%	7 bps
PAT	293	323	-9.4%	359	-18.5%
PAT M (%)	11.78%	12.99%	-121 bps	14.44%	-266 bps
Diluted EPS	2.24	2.47	-9.3%	2.76	-18.8%

Operational Highlights:

- The leadership team was strengthened through the appointment of a Chief Growth Officer for Europe and a Business Unit Head for Emerging Verticals, aimed at improving sales coverage, customer engagement and go-to-market execution.
- AI remains a key focus area, with investments being made in AI capabilities, accelerators and solutions.
- AI-led offerings are helping improve productivity, reduce complexity, strengthen customer relationships and move engagements higher up the value chain.
- The demand environment remained challenging, with customer decision-making and spending continuing to be cautious.
- Delays in renewals and new engagements impacted near-term growth, although the underlying opportunity remains strong across AI, cloud modernization, cybersecurity, data and automation.
- Maintained healthy operating margins despite muted revenue growth at 18.26% driven by productivity improvements & operational efficiency.
- BFS contributed 30% of revenue, Emerging Verticals 45%, Transportation & Logistics 16% and Digital Commerce 9%.
- Americas remained the largest geography at 52% of revenue, followed by Europe at 27% and Asia Pacific & other regions at 21%.
- The business ended Q1 with 16 customers contributing more than USD 1 million annually and 10 customers contributing more than USD 0.5 million.
- Employee strength stood at 2,434, including 2,223 technical professionals, while utilization excluding trainees remained healthy at 83%.
- The onsite/offshore mix stood at 43%/57%.

Key Questions & Answers discussed during the Concall:

- **What is the outlook for FY27 revenue and when is the demand environment expected to improve?** FY27 revenue guidance of INR 1,200–1,250 crore has been retained versus INR 1,007 crore in FY26, implying roughly 20–24% growth. Q2 is expected to remain challenging, with meaningful growth expected to emerge in the second half of FY27 as pipeline conversion improves.

- **How is the pipeline progressing and what is driving the improvement in pipeline quality?** The deal pipeline currently stands at higher than US$25 million which was mentioned in the previous quarter and is somewhere around US$28 million. More importantly, the quality of opportunities has improved as the focus shifts away from headcount-based deals towards larger managed services and outcome-based engagements. These deals have longer conversion cycles but provide better medium-term growth potential.

- **Which verticals are expected to drive growth going forward?** Emerging Verticals are expected to lead growth, followed by BFSI and Transportation & Logistics. Digital Commerce is facing the strongest headwinds and is expected to remain relatively weaker.

- **What is the impact of the new senior leadership hires on Sale pipeline generation and overall costs to the company ?** The new Chief Growth Officer and Emerging Verticals head have largely been created by repurposing costs associated with founders of previously acquired businesses who had completed their earn-outs and exited, so no meaningful increase in overall employee costs is expected from these hires. The Europe Chief Growth Officer has already helped add a significant new logistics vertical which is an airline company within his first month.

- **How is AI impacting employee productivity and the overall cost structure?** AI is improving productivity across engineering, managed services and internal support functions. Engineering productivity is seeing a 30–50% improvement, while managed services is seeing around 20–30% efficiency gains. AI-led productivity, together with the shift towards outcome-based contracts, is expected to allow revenue to grow without a proportionate increase in headcount, reducing employee and resource costs as a percentage of revenue over time.

- **Is there a deliberate strategy to let go of smaller or low-potential customers?** Yes. Accounts with limited scalability or where the business is increasingly commoditized are being deliberately exited.

- **How are the top customers behaving and when can discretionary spending recover?** There has not yet been a normalization in customer spending, with AI disruption, industry headwinds and competitive pressures continuing to affect decision-making. However, medium-term growth remains intact as enterprises will continue to invest in technology. A few difficult quarters are expected while customers adjust to the changing environment and the business transitions towards AI-led and outcome-based offerings.

- **How much revenue is currently generated from AI projects and what could it contribute over the next 12–18 months?** AI revenue is not tracked separately, as AI is increasingly embedded across virtually every engagement, including engineering, managed services, discovery, documentation and even internal functions. Hence, a standalone AI revenue number or future percentage contribution cannot be provided.

- **Is AI helping increase wallet share and deal sizes with existing and new customers?** Yes. AI is enabling participation in larger RFPs and proposals where the business previously would not have been invited, effectively narrowing the gap with larger IT players. This is improving the quality and size of the pipeline and providing opportunities to increase wallet share.

- **Are AI engagements still largely at the pilot stage or are they already in production?** AI is already being used in production across engagements, rather than being limited to pilots. The extent of AI usage varies depending on customer maturity and the customer's approval of the relevant LLMs for deployment in its environment.

- **How is competition changing as larger IT players move towards smaller deals?** Competition has increased as larger IT players are also bidding for smaller deals. However, AI is simultaneously allowing participation in larger opportunities that were previously inaccessible. The smaller scale and ability to provide greater customer attention are viewed as advantages in competing against larger Tier-1 and Tier-2 players.

- **What is the long-term geographical growth strategy, particularly for the US?** The US currently contributes 52% of revenue, and this share is expected to increase to at least 65% over the next 2–3 years, making the US the key geographic growth market.

Key Participants:

Vikas Srivastava — RBC Financial Services
Divya Bansali — Alpha Capital
Mayank — Ajanta Pharma
Rahul Shah — Eternal Capital