Sasken Technologies Limited

Q2 & H1 FY27 Earnings Conference Call Transcript
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MANAGEMENT SPEAKERS	• Mr. Rajiv Mody – Chairperson, Managing Director & CEO • Mr. Hareesh Ramanna – Director & President – Borqs Technologies • Mr. Anup Savla – Chief Executive Officer – Sasken Silicon • Mr. Yogesh Rathi – Global Delivery Head • Mr. Priyaranjan – CFO
EXTERNAL PARTICIPANTS DURING Q&A SESSION	• Dev Gulwani – Care PMS • Kaustav Bubna – Kamana Holdings • Nikhil Chowdhary – Toro AIF • Krupa Desai – Electrum Capital • Divyam Doshi – 9two3 Capital • Ritesh Choudhary – Molecule Ventures • Vimal Gohil – Alchemy Capital • Hitesh Kumar – Kosha Capital Advisors

Moderator: Ladies and gentlemen, good day and welcome to Sasken Technologies Limited Q2 FY2027 Earnings Call. As a reminder, all participants will be in the listen only mode. There will be an opportunity for you to ask questions after the management's commentary concludes. Please note that this call is being recorded. I now hand the conference over to Mr. Siddharth Rangnekar of CDR India. Over to you, Sir.

Siddharth R: Thank you. Good afternoon, everyone, and thank you for joining us on Sasken Technologies Limited's Q2 and H1 FY2027 earnings conference call.

We have with us Mr. Rajiv Mody, Chairperson and Managing Director and CEO of the company, Mr. Hareesh Ramanna, Director and President, Borqs Technologies, Mr. Anup Savla, Chief Executive Officer, Sasken Silicon, Mr. Yogesh Rathi, Global Delivery Head and Mr. Priyaranjan, Chief Financial Officer of the company.

Mr. Rajiv Mody will begin by sharing his perspectives on Sasken's strategic direction and the key developments during the quarter. Mr. Priyaranjan will then take you through the financial performance for the quarter following which we shall open the floor for a question and answer session.

Before we start, I would like to point out that there are certain forward looking statements that could be made on today's call and a disclaimer to this effect has been included in the earnings presentation that has been filed on the stock exchanges. I would now like to invite Mr. Rajiv Mody to make his opening remarks. Over to you, Sir.

Rajiv Mody: Thank you, Siddharth. Good afternoon, everyone, and thank you for joining Sasken's Q2 FY2027 earnings call. For those who may be new to Sasken, we are a product engineering and technology ER&D company. We work with global customers and hyperscalers to design, develop, test, and support technology products across their lifecycle. Our work spans semiconductors, embedded software, automotive systems, communications, and connected devices. Our chip-to-cognition approach brings these capabilities together, turning

technology ideas into products and solutions that can be developed, deployed, and scaled for our customers. Let me start by sharing with what we experienced from the market during the quarter.

Technology spending is increasingly directed at engineering-led programs that connect silicon, software, and connected devices, which is where our capabilities sit. Customers are consolidating vendors and looking for partners who can take on larger, more integrated scope. In automotive, the longer term shift towards software defined vehicles, connected mobility, digital cockpits, and evolving electric vehicle architectures continues to create opportunities for engineering partners like us. Similarly, in communications and connected devices, evolving network architectures and intelligent connectivity require specialized engineering capabilities. These are areas where Sasken has built experience over several decades and where it continues to engage closely with marquee customers. Over the past two years, we have brought semiconductor design, embedded software, connected devices and ODM capabilities together into an integrated business. The priority now is for us to make these capabilities work seamlessly across customer programs, take on greater product responsibility, and translate this breadth into deeper relationships, stronger execution, and sustainable growth. Artificial intelligence is changing both the products our customers build and the way engineering work is delivered. We see it as an opportunity to strengthen our business while recognizing that customers will expect measurable productivity and quality improvements. Complex work in chip design, firmware, and safety critical embedded systems will continue to depend on domain knowledge, validation, and engineering judgment. Our four priorities are internal efficiency, AI-enabled delivery, customer facing AI capabilities, and organizational readiness. We will measure progress by value delivered to customers and the improvement in our operating performance.

Turning to the quarter, Sasken recorded a consolidated revenue of Rs.321 Crores, representing 26% year-on-year growth, while moderating 5.4% sequentially. Our scale was accompanied by improved profitability, with EBIT

increasing meaningfully over the previous quarter, reflecting our focus on disciplined execution, even as we implemented annual salary revisions across levels in July, keeping with Sasken's established commitment to its people. We added 4 new logos in the quarter, expanding our active customer base to 101. Notable wins included a multiyear telematics engineering program with the leading European automotive group. Cockpit and ADAS work for European Automotive OEM, engineering across applications, HMI, middleware, and testing for an Indian EV company, and an integrated asset tracking solution spanning devices and software. During the quarter, we also launched Juniper Alta, a new device developed end-to-end and brought to shipment within 18 months. The program demonstrates our ability to take products from concept through engineering and commercialization. These engagements demonstrate how customers are interested in Sasken with broader engineering responsibilities.

Our task is to convert these wins into steady program ramp-ups, disciplined delivery, and stronger returns. Our customers continue to value how we work. Our CSAT stands at 4.5 out of 5, well above the industry benchmark of 3.75. At the close of Q2, the head count grew by 7%, with LTM attrition lowering to 9.3% and utilization improving to 86%. We recognize that the timing of customer decisions and program ramp-ups can vary. We will remain close to customers, invest selectively in relevant capabilities, and maintain discipline around execution, margins, and working capital. As we have said before, scale must translate into stronger operating performance and sustainable shareholder value creation. I will now hand over to Priyaranjan to take you through our Q2 FY2027 financial performance and other key operational details. Thank you.

Priyaranjan: Thank you, Rajiv and a good day to everyone. Q2 was a quarter of meaningful profitability improvement and healthy order momentum, supported by disciplined execution across the organization. Our consolidated revenue for the quarter was Rs.321 Crores, up 25.6% year-on-year, and lower by 5.4% sequentially. This takes our first half's consolidated revenue to Rs.660 Crores, a growth of 24.8% over the same period last year. Software services continue

to drive this growth, supported by operational efficiency and ongoing improvements in our business model. Software services revenue was Rs.252 Crores, up 34% year-on-year and 14.6% sequentially. Product solutions revenue moderated to Rs.69 Crores, up 2.4% year-on-year, and reducing by 42% sequentially, as volumes were impacted by ongoing pressures relating to memory availability and component pricing. It is useful to view our two business segments in the context of their different operating characteristics, rather than through a blended lens. Software services is driven by ongoing engineering engagements, customer spending cycles, and team ramp-ups hence more appropriately assessed on a quarterly basis. Product solution, on the other hand, can have a quarter-to-quarter variation depending on program milestones, shipment schedules, and product life cycles. We therefore believe product solution is better evaluated over a longer period rather than through the moment in any single quarter. Our gross margin for the quarter stood at 26.8% or Rs.86 Crores in absolute terms, increasing 64.7% year-on-year and about 490 basis points higher than the last quarter. Gross margin for half year also improved to 24.3% as compared to 19.3% in the previous year. The margin improvement was primarily driven by favorable business mix, improved utilization, operational efficiencies, and exchange rate gains during the quarter. Software services gross margin improved by 160 basis points sequentially to 32.2%. Product solution gross margin also improved to 7% in Q2 from 5.9% in Q1, supported by a ramp-up in silicon product margins. As we benefit from operating leverage, EBITDA for the quarter was Rs.41 Crores, translating into an EBITDA margin of 12.9%, an improvement of 330 basis points sequentially, and 700 basis points year-on-year. EBIT for the quarter stood at Rs.29 Crores, with an EBIT margin of 8.9%, up 250 basis points sequentially, and 660 basis points year-on-year.

Consolidated profit after tax stood at Rs.26 Crores and a margin of 8% up 8.8% sequentially and 143.8% year-on-year. For the first half of the year EBITDA margin was 11.2%, EBIT margin was 7.6% and PAT margin was 7.4%. I am pleased to report that we closed the quarter with a healthy order book. Our total contract value signed during the quarter was $47 million of which $25 million

represented new bookings and the rest was renewals. TCV increased by 66% over the same quarter last year. Annual contract value for orders won in the quarter was about $34 million. Our customer base continues to expand as we broaden our revenue base. Contribution from our top five customers improved to 49% as compared to 56% in Q1, while contribution from top 10 customers was at 63% in Q2. We continue to track the development of our strategic accounts and the conversions of new bookings into revenue. Our balance sheet remains strong. We close the quarter with a cash and investment position of about Rs.399 Crores. Our focus for the remainder of FY2027 remains on converting bookings into revenue, improving the quality of business mix, maintaining cost discipline, and strengthening profitability. Emphasis remains on financial discipline and prudent capital allocation while remaining flexible to invest in capabilities and opportunities that support the business. With this, I will hand the call back to our moderator to open the floor for questions.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the Q&A segment. Anyone who has a question may click the raise hand icon located at the bottom toolbar on your screen. When called upon, you will receive a prompt to unmute. To ensure we provide space for as many participants as possible, we request you to limit yourselves to two questions per turn. We will wait for a moment while the question queue assembles. We will take our first question from Dev Gulwani of Care PMS. May we request you to please unmute and go ahead with your question.

Dev Gulwani: Good afternoon, Rajiv Sir and team. So since there is going to be memory shortage going forward, how do you see the product solution segment performing? What growth can we expect in the segment in FY2027?

Rajiv Mody: Can I request Hareesh to answer that question.

Hareesh Ramanna: Yes. Thanks, Rajiv. So we all know that memory segment is very crucial for our product solutions and that is one component which is very high in demand. Working with our enterprise customers, we are able to work with multiple

semiconductor manufacturers to secure almost 90% to 95% of memory required for FY2027. So, we are looking at a healthy, next two quarters. There are multiple channels we have approached. One is through direct engagement with various suppliers. Second, our customers have leaned on this and they are helping us getting memory from various other suppliers as well. I mean, other partners, and we are also securing memory from the open market. Last but not the least we are also changing the memory configurations from higher memory configurations to a lower memory configuration to manage the cost. That has significantly helped us retain the outlook of our products and solutions because the higher memory configurations obviously requires more pricing, I mean, it is like higher price devices. We also moved from DDR5 to DDR4 in most of the cases. So, we are able to get larger orders because we moved to DDR4.

Dev Gulwani: Okay, thank you. What drove the sharp increase in revenue in the service business, software business and do we expect this trend to continue in coming quarters?

Rajiv Mody: I mean, 15% growth quarter-on-quarter is something really a phenomenal thing that our team has delivered. I am really proud of that. However, going forward, I think we would be moderating that growth to above industry average, particularly for the mid tier or small tier companies. So we should be delivering single digit growth on a sustained basis, at least for the foreseeable future.

Dev Gulwani: And what was the reason behind such increase, such sharp increase?

Rajiv Mody: I think we saw ramp up on multiple programs happening simultaneously, but Yogesh, maybe you can shed some more light on that.

Yogesh Rathi: I think as we have been telling in the previous quarter, we won couple of large deals and there was a growth opportunity and we also modeled our bench such a way that we were able to quickly ramp up the people from the bench and overall training programs which is being run by the company by the capability engine was also instrumental in making sure that the right talent is available when the ramp up is required, so all these things, discipline, execution and

overall synergy across multiple teams helped to achieve this kind of a phenomenal ramp up in Q2 for the company.

Dev Gulwani: Okay. There has been addition of new customers consistently each quarter, which is a very positive thing, but the customer mix across revenue buckets is unchanged since the year, so what is preventing smaller customer from scaling up and what is your strategy to move them into higher revenue buckets?

Rajiv Mody: So, it takes at least a year or two before we start seeing this scale effect come in with the customers that we start engaging with. Unless, of course, there are earlier relationships that allow us to move very rapidly, which we have seen in one of the large hyperscalers and adding in a meaningful way in our numbers for the last two quarters and moving forward too. So, we do believe that our focus is there both from sales and delivery and to ensure that, we broad based as we have promised to grow our customers and ensure that we are more broad based and scaling customers. I think we have seen movement, particularly in the 2 million to 4 million bracket in the last quarter, as well as we have seen movement in the 1 million bracket kind of customers, so focus obviously is there to see how we sell more both from delivery and sales.

Dev Gulwani: Okay and also Sasken's incremental revenue appears to be increasingly driven by new customer addition and smaller customers while the absolute revenue contribution from top 5 and top 10 contribution is declining from last two quarters. What is the reason behind this and how should we expect revenue growth from existing big customers going forward? As this always has been the risk for Sasken since many years, that is decline in contribution from top customers?

Priyaranjan: Let me take that. See, our strategy of 60 x 4 x 3 was to actually broad base the customer who contribute to our revenues and it has been a conscious effort to see how more customers can contribute to the revenue rather than being dependent on a few set of customers. So that effort is ongoing and we would like to kind of reduce the customer concentration and that is the focus area for both the sales and delivery team at Sasken.

Rajiv Mody: But having said that, I mean, as far as I know, all the top five customers are the same names that are there in Q1 and Q2.

Dev Gulwani: If I look at the data so in Q4 FY2026 the top five customers contributed Rs.187 Crores but in Q2 it has reduced to Rs.157 Crores so is not that a concern?

Priyaranjan: Some of the revenues, when you see it on a mixed basis, right, there is a product and services mix, which is there in the revenue. The product mix definitely varies as the shipment changes, but largely, if you look at the services side of things, all the customers have actually grown in the quarter. So we do not see that as a concern at this point in time.

Moderator: Mr. Gulwani, I am sorry, may we request you to return to the queue? There are several participants waiting for their turn.

Dev Gulwani: Yes, I will be back in the queue.

Moderator: Thank you. That question was from Dev Gulwani of Care PMS. We will take our next question from Kaustav Bubna of Kamana Holdings. Please go ahead. Mr. Kaustav Bubna, you may go ahead with your question.

Kaustav Bubna: So I wanted to understand really, over the last few years, margins have been pretty volatile. I wanted to understand now that we segregate our business between software services and product solutions. Could you give some guidance to us on how to look at sustainable margins on each of these businesses, software services and product solutions? If product solution margins are going to be lumpy, how do we look at it? What do you mean by your focus to improve margins as we go ahead is to improve business mix, you had said in your opening comments? So, so what do you really mean by that? And what levels of margins in each business should we see as sustainable?

Priyaranjan: So, obviously, as explained in the opening remarks, software services are typically where the margin improvements and the growths can be measured on a quarter-to-quarter basis because of the nature of how the engagement develops, but when we look at the product solutions, we need to look at a

longer term horizon because of how the lifecycle of the product is from the design phase to commercialization and as a result of it is more reasonable to look at it on an annual basis. That is one. Second thing is if you look at the gross margins which we have published you will get an idea of how the margin distribution is there between the software and the product solutions business right. Obviously the overall portfolio mix will depend on how the scaling happens and the ability of the product solutions to scale up very quickly once we have a product win is generally much higher because it is non-headcount driven. The third thing is that if you look at the software margins, I think consistently over the last five to six quarters, there has been a focus to continuously improve. So, from a segment perspective on the software services, you would not see volatility, you are seeing continuous improvement, which we have been able to institutionalize both by changing the business mix, which we mean in terms of trying to change the business to more ownership driven, as well as trying to see how we can bring in concepts of non-headcount, non-linear revenues. So, that effort is on, on the product services side. On the product solutions, yes, there is a little bit of a challenge in terms of how to determine the quarter-on-quarter movement and the margins because the shipping volumes can definitely impact the absorption of the overheads which could impact the margin. So, that will need some more time. We will have to read the way of the memory challenges all of that before things stabilize and we will see consistent improvement in margins on that segment as well.

Kaustav Bubna: Okay, but, could you give some sort of understanding on when this business becomes more mature versus what it is today, the product business, what steady state margins it could be on an annual basis, not on a quarterly basis? That is my last question.

Rajiv Mody: So at about a run rate of about $60 million on a yearly basis, we should be delivering about 10% EBIT margins, Priyaranjan?

Priyaranjan: EBITDA margins.

Kaustav Bubna: Okay, this is the product business, right?

Rajiv Mody: That is correct. Product solutions which we typically are running currently at about $7 million to $8 million per quarter. When we scale that business up to approximately $12 million to $14 million per quarter is when we will start seeing about 10% to 12% of EBITDA margins.

Kaustav Bubna: Fair enough. Thank you. Thank you for the answer.

Moderator: Thank you. Our next question is from Nikhil Chowdhary of Toro AIF. Please go ahead.

Nikhil Chowdhary: Just wanted to understand, like, despite dip in product business, what led to the margin improvement in that business and just wanted to understand you said that the other services business margin improvement were driven by resource utilization, operating efficiency, and currency impact? So what was the currency impact like I just want to understand how much is structural, how much is one of this quarter and how much is the sustainable run rate that we should assume going forward?

Priyaranjan: So, product margins primarily improve because of the operational efficiencies which we brought about in how the execution happens, largely driven by some of the executions which were done from silicon segment, where we had some challenges in the last quarter which we have been able to recover in this current quarter and we believe that some of the issues which we have solved will continue to give us good results going forward, as well as the volumes have slowly started to improve on that side. So, that will also help better absorption and that is where the margin improvements can be seen in the product solutions business. On the exchange rate front, which is something, which is dependent on the overall economy. I think about 0.5% of the margin improvement could be attributed to it from a quarter-on-quarter perspective.

Nikhil Chowdhary: Understood. So technically most of it is due to better utilization and operating efficiencies?

Priyaranjan: Yes, so the operating efficiency comes from both sides. It is how we are deploying people onto the project, how we are structuring the projects in terms

of larger ownership, and will we be able to derive higher value for the services which we are doing. That is one part of things and the other part of things is the execution efficiencies in terms of trying to cut the bench related costs and make it more efficient, as well as taking advantage of the scale to have better operating leverage.

Nikhil Chowdhary: Got it. Thank you so much.

Moderator: Thank you. Our next question is from Krupa Desai of Electrum Capital. Please go ahead. Krupa, could you please unmute your microphone and go ahead with your question.

Krupa Desai: Congratulations on a good set of numbers. I am fairly new to the company, so I may have some basic questions. First, in the product business, what exactly are we doing? Like besides designing and writing software for the devices, are we also manufacturing?

Hareesh Ramanna: So, we take up turnkey solutions for our customers. So what it means is right from concept to design to manufacturing and as well as support. So we do everything. So we get the PO from the customers for the complete lifecycle of the product, right from the concept to the deployment and as well as after maintenance support for that, which includes warranty.

Rajiv Mody: We use third party EMSs for manufacturing.

Krupa Desai: Okay. Besides this, out of this $47 million order book, can you give a bifurcation of how much is software and how much is product solution business?

Priyaranjan: Roughly about $38 million would be software services and the remaining will be product solutions.

Krupa Desai: Okay, in the software business, is any part of revenue like recurring, platform, IP-led?

Rajiv Mody: We do have certain IP-led revenues which have started to build up. But large part of the revenue that we derive is from supporting and either maintaining,

supporting existing platforms or developing new platforms for our customers. We have initiated, signed up a program in our silicon business and maybe Anup can brief on that, which is IP led. Hence, will derive royalties out of that. Anup?

Anup Savla: Yes. So, we have had a longstanding roadmap for us to continue to develop our IP and then leverage that IP to derive direct IP licensing and royalty, as well as attach that to additional services that we provide around that. So we have currently engagements which take the core of our IP and license that and then derive additional revenues on top. When we enhance those IPs to suit the customization needs for our customers and then attach some royalties as those designed products go into manufacturing and are sold by those customers.

Krupa Desai: How much revenue right now is coming from that royalty portion?

Anup Savla: We do not derive any royalties yet. Royalty earning is a multiyear endeavor which requires the customer to finish the design phase of it, continue to go through manufacturing and then to the sales of those products and we expect to see that in the coming years.

Krupa Desai: Okay. And what is the growth guidance on consolidated level?

Rajiv Mody: The consolidated level, while we do not give the guidance, we believe we will continue the momentum both on expansion in our top line as well as our margins.

Krupa Desai: Okay. Thank you.

Priyaranjan: Krupa, one correction, the order on the services side was $33 million, not $38 million, as I said.

Moderator: Thank you. We take our next question from Divyam Doshi of 9two3 Capital. Please go ahead.

Divyam Doshi: Congratulations on the great numbers. I am fairly new to the company as well. I just wanted to ask one thing. The European telematics deal, the cockpit ADAS,

cellular SoC IP deal were all announced so when do we start recognizing revenue for them or what is the plan about them?

Rajiv Mody: I think we have already initiated the program and have started to recognize the revenue in Q2 and there will be further expansion on that in starting Q3. Is that correct, Yogesh?

Yogesh Rathi: Yes, thanks. So, whatever deal we have won, so we have achieved already the full ramp up as on October 1, 2026. So, we continue to work on that deal and execute and deliver as per the customer expectation.

Divyam Doshi: Okay, and also I wanted to know where are we for the 60 x 4 x 3 plan that is our main USP?

Rajiv Mody: Where are we that in terms of, there are two questions I presume you are asking. One is 240 million revenue and second question is broad basing our business. I think on the first one we are on the on the task and like I said last time maybe I think we may be delayed by 12 months or so but our focus is intense to see how we achieve that goal objective and both using organic, inorganic means, and ensure that we meet our objectives. So that is one point. And the second thing on broad basing is a continuous attempt at us to see that we ensure that we broad base and that is a focus that is there inside the organization and you will see, and we are disclosing what progress we are making on that. So, that is a meta goal that we have set for ourselves to ensure that we really broad base our business and do not get caught the way we have been in the past.

Divyam Doshi: Okay. So, that is it. Congratulations and thank you so much.

Moderator: Thank you. Our next question is from Ritesh Choudhary of Molecule. Please go ahead. Ritesh, your connection is unmuted. Please go ahead with your question.

Ritesh Choudhary: First of all, congratulations to the entire Sasken team for such a wonderful set of numbers. My first question is about the European Telematics win right. Can

you give the sense of the size or even the range of the order and how long is the commitment for us? And further, will it also fructify in our Borqs division later? If you can give some clarity on that.

Rajiv Mody: While we may not share on the total deal size in terms of the dollar terms, but I can say that this much that it is a multiyear thing at least three to four years gives us a good entry into a large OEM and they are a software company and allows us to expand further because of the presence now we have created along with them in this area and navigate and build systematically our business with this large OEM, which is the European OEM.

Ritesh Choudhary: Okay, thanks. So, there are chances that we might even have our other segments also involving in this deal itself.

Rajiv Mody: Yes, so this is in the area of telematics and we systematically will be expanding with them and other areas also.

Ritesh Choudhary: Okay. My second question would be, service revenue grew decently in first half. Given you carry 9 to 10 months of backlog, roughly how much of the second half service revenue is already covered by the signed up orders? And, in general, what kind of growth we are looking in FY2028?

Rajiv Mody: I think on your first question, I think we would have about 90% to 95% of our revenues tied up for the second half and all efforts are also on for winning more business in Q3 and Q4, that should add. So overall, we are fairly comfortable, confident on achieving our overall yearly numbers. For the next year, I think obviously we are targeting to see how we can sustain the momentum that we have created and find ways in which we can really scale and sustain this thing that we are delivering on.

Ritesh Choudhary: Okay, one more thing. You said we have 101 active customers in our presentation, which we posted. So can you clarify if, how many customers would be having more than one engagement with us like some might be in, silicon or engineering or the Borqs division, if we can put a roughly ballpark figure on it?

Rajiv Mody: I think many of our customers will have multiple engagements, meaning multiple offerings that we are delivering into them. So while we are not disclosing that, I can assure you that many of our customers are of the type where we have multiple engagements of different types, which is broad basing our growth as well as stability with them.

Ritesh Choudhary: Okay, similarly on the automotive side recently we have talked a lot about automotive, right? So out of our current order book, how much would be automotive if we can give rough sense?

Rajiv Mody: I do not think we give that data.

Priyaranjan: So we only publish services and product solution segment information. We do not currently publish vertical level detail because given our size, if you try to split the numbers by vertical, there will be fluctuation quarter-on-quarter, which would not give meaningful information for the investor. So, at an appropriate size, going forward, we will probably make that disclosure, but at this point in time, we do not give a vertical base split.

Ritesh Choudhary: Fair point.

Rajiv Mody: All I can assure you is that the order books are brought based and it is not segregated in one specific area. So we have order books in semiconductors, in automotive, in devices, in communications, in our ODM, and our semiconductors, every of the things have a healthy order book as we are progressing through this.

Ritesh Choudhary: Okay. One more thing. There is a spike in our inventory, right? I am assuming it would mostly be memory.

Priyaranjan: That is correct. It is a combination of largely memory and other components which are required to deliver to customers where there are supply chain issues.

Rajiv Mody: But these are all backed by firm customer orders. So there is zero risk on us holding on to the inventory.

Ritesh Choudhary: Okay. Fair point that was it from my side and all the best for your future endeavors. Thank you.

Moderator: Thank you. Our next question is from Vimal Gohil from Alchemy Capital. Please go ahead.

Vimal Gohil: Thank you very much for the opportunity and heartiest congratulations to the entire team at Sasken. Splendid quarter and very, very exciting to see our margins scale up especially on the software piece scale up to a level with we are at par or above some of the larger peers as well. My question is to Anup on the silicon space. Given the environment we are in, I think a lot of enterprises globally are looking to sort of have things in-house. How can we capture this particular opportunity to help large technology enterprises in their endeavors to design their own silicon chips? How are we looking to capture that opportunity? Is that limited to only some of these large technology companies or you are looking at similar opportunities outside as well?

Anup Savla: Thank you for that question and that is indeed one of the founding themes of Sasken Silicon when we formed it as a group company, and a trend that we are continuing to benefit from. So what we have seen is what used to be traditionally what you would call the silicon design and manufacturing companies are no longer the only ones designing custom silicon for applications. I think the trend is obvious in the last five to 10 years that a lot of hyperscalers who would not count manufactured silicon as their core business are getting very seriously with a lot of capital investment into manufacturing their own silicon. That trend has also been reflected by some medium sized companies who need custom silicon to enhance the performance and quality of their products. So we are going after all of those companies and in fact, they remain one of our strongest growth areas.

Vimal Gohil: Anup, how are we looking at the scale up of this business? Of course, we are not reporting it separately, but what is the five year vision here? If I may say so, qualitatively, what are we looking at?

Anup Savla: Sure. Thanks for the question. We have multiple pillars in this business. It is something that we have expanded upon in previous quarters as well. Our consulting business which is driven by us consulting with companies and helping them design products of their own, and our IP licensing business are both driven towards how do we capture all the trends that we are seeing and continue to do better licensing deals, larger licensing deals, as well as help companies achieve greater, faster design cycles, especially the types of companies we just talked about. The other part of it is how do we leverage our know-how in silicon to derive product level growth and design products and continue to ship them, either completely owned by us or enabled for products of other companies? In all of these, we see very healthy growth that is available in the future on a secular basis. So as the semiconductor cycle continues, it helps the data center domain. It helps the SATCOM domain. It helps the communications domain and all of that and we see ourselves riding the growth of all of those trends and helping all those companies.

Vimal Gohil: Awesome. Thanks, Anup. Just one question on automotive. Given the environment we are in, some of our peers have been sort of stagnating and are facing client specific issues? A lot of large global OEMs have given profit warnings in that backdrop if you would want to share some of the qualitative efforts and outcomes that we have had which has led us to grow, how have we sort of managed to grow when some of our peers have sort of facing some short-term challenges or client specific challenges so to say. It is a tough environment out there especially for autos, so, how are we doing there?

Rajiv Mody: I think the automotive industry is going through a transition both macro as well as from a technology perspective. So, simultaneously two things are coming together. One is of course the geopolitical one and second is the technological one. I think our closeness to the technology is helping us navigate because we do still see spends happening and customers having to spend on what is the next coming in. I think we have talked about it. We are starting to see investments getting made in high performance compute and all. And those are largely led in many ways because of the impact AI is expected to bring in. So I

think those are the areas where our focus is while we are managing and supporting customers in their current customer programs. So those two things, and third, of course, large part is our closeness with the semiconductor partners. So those three things, in my opinion, are the key pillars for us to kind of continue to build our focus on, which is helping us navigate the tough environment out there.

Vimal Gohil: Thank you very much, and best wishes for the quarters ahead.

Moderator: Thank you. Our next question is from Hitesh Kumar of Kosha Capital Advisors. Please go ahead.

Hitesh Kumar: Thanks for the opportunity. I have two questions. One is on the Borqs hardware and another one is on Sasken Silicon. So on Borqs hardware, I believe you have built a good front end sales team for the North American market over the past few quarters. Could you share what the early market response has been to the Borqs hardware and ODM capabilities and whether that has translated into any new logo wins yet? I believe Juniper is an existing account, but beyond that have you added any new hardware customers either in North American markets or anywhere else? And how should we think about the pipeline converting over the next two to three quarters into revenues?

Hareesh Ramanna: So having the sales in North America has really opened up a lot of channels to us. We are getting a lot of RFPs from major US telecom carriers. We are about to sign a couple of closure agreements as well for some of our IoT devices. It is all in the process. We look forward to a healthy next few quarters where we are going to sign at least a couple of them. We got, I will not say, we did put one more logo. Actually, we got Best Buy back in our saddle. Best Buy had gone off to someone else, but we got Best Buy back. We were selling to Best Buy four years back and we have stopped serving them, so they are back. So like that, we are establishing our credentials with major US carriers now. So we are getting direct RFPs from them as well. So we hope to convert few of them.

Hitesh Kumar: Great. Good to hear that. Thank you. And second is on Sasken Silicon. Within the Sasken Silicon business, how do you see the revenue mix shaping up between the consulting and design services work on one side and the end-to-end design through tape out and production support model on the other side, which I believe is more of an IP driven segment? So, what is the current mix? How do you see this mix evolving and when do you really start seeing the IP-led revenues which I believe will come along with the hardware supply? So when should one look at that segment starting and scaling up?

Anup Savla: Thank you, Hitesh, for that insightful question. So the first thing that I would stress upon is that the two revenue sources that you describe are not mutually exclusive. As I was pointing out earlier, having IP in fact enables us to have much stronger pitch and a much stronger value proposition provided to our customers for whom we provide consulting and services. And the vice versa is also true as well, that a lot of times while we may have IP and other IP providers also may have IP, but our ability to move and be very nimble and actually customize our IP to the specific needs of the customer helps us win that IP licensing deal as well. To answer that question more specifically, our revenue right now is on a very rough basis, split equally between two types of deals. However, going forward into the future, I envision that both of these will, as I mentioned, leverage each other's strengths, our consulting and our IP licensing business, and we would like to see both combined turned into a strong revenue channel.

Hitesh Kumar: Sure, if you can share some numbers about the current size, I think last year we were about 6 million I guess. How is that shaping up in the current year? And depending on the deal pipeline, I believe it is a small base, so I think the growth should continue, right healthy growth over here also?

Anup Savla: I will direct that question to Priyaranjan to guide on how we can disclose.

Priyaranjan: Hitesh, we do not currently disclose separate entity level or offering level information. The segment level information is what we will be able to share, but having said that, I can tell you that silicon has been continuously growing at a

good pace. Given that it is small sized, I think it is taking full advantage of that to scale up and we would see that continue to grow in the coming quarters.

Hitesh Kumar: Sure. Thank you so much and all the very best to the entire team.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the floor back to the management team for closing comments. Over to you, Sir.

Rajiv Mody: Thank you all for your time and your questions. We appreciate your continued interest in Sasken and the perspectives you have shared with us today. This quarter reflected improved profitability and healthy order momentum supported by the trust our customers place in us for critical engineering programs. Our priority remains consistent building a business that is a scalable business and resilient business. If you have any further questions following today's call, please write to us at investor@sasken.com or reach out to CDR India. Thank you once again for joining us. We look forward to engaging with you in the coming quarters.

Moderator: Thank you, members of the management. On behalf of the leadership team, I would like to thank you for your time and for your continued interest in Sasken Technologies Limited. Thank you and you have a good day. Goodbye.

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