

**eClerx Services Limited  
Q4FY25 Earnings Conference Call**

**May 15, 2025**

**eCLERX MANAGEMENT:**

**KAPIL JAIN – MANAGING DIRECTOR AND GROUP CEO  
SRINIVASAN NADADHUR – CHIEF FINANCIAL OFFICER**

**CONFERENCE CALL PARTICIPANTS:**

**BAIDIK SARKAR - UNIFI CAPITAL  
DIPESH MEHTA - EMKAY GLOBAL  
GIRISH PAI - BOB CAPITAL MARKETS  
MANIK TANEJA - AXIS CAPITAL  
MIHIR MANOHAR - CARNELIAN ASSET MANAGEMENT  
SANDEEP SHAH - EQUIRUS SECURITIES  
VARUN BANG - MANULIFE INSURANCE  
VIKAS KHEMANI - CARNELIAN ASSET MANGEMENT**

**Asha Gupta:**

Hi everyone, good day and welcome to the Q4 FY25 earnings call of eClerx Services Limited. Please note that this webinar will be recorded.

To take us through the results, and to answer your questions we have with us, the top management of eClerx represented by Kapil Jain - Managing Director and Group CEO and Srinivasan Nadadhur - Chief Financial Officer. We will start the call with brief opening remarks by Kapil, followed by Srinivasan, who will be sharing the financial update and then we will open the floor for Q&A session.

As usual, I would like to remind you that anything that is mentioned on this call that gives any outlook for the future, or which can be construed as forward-looking statement must be viewed in conjunction with the risk and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospectus filed with the SEBI and subsequent annual reports which you can find on our website.

Having said that, I will now hand over the floor to Kapil. Over to you, Kapil.

**Kapil Jain:**

Thank you, Asha, and good evening, everyone.

I'm pleased to share the highlights of our performance in FY25 Q4 and full year. Last year, around the same time, I laid out a three-pronged strategy which revolve around strengthening sales operations, mining existing clients, winning new logos, and enhancing our market positioning. We have made good progress on all these three fronts. We have also elevated our visibility through analyst recognitions and a new industries service aligned go-to-market approach.

Now coming to numbers, we reported strong revenue growth in Q4. Operating revenue was USD 104.9 million, up 4.2% sequentially. In INR terms, Q4 operating revenue was INR 8,983 million, up 5.2%. Margins came in stronger as well. EBITDA for Q4 was INR 2,505 million at a margin of 27.3%, up 9.8% sequentially. PAT for the quarter was INR 1,522 million at a margin of 16.6%, up 11% sequentially. For the full-year revenue was USD 397.6 million, up 12.3% over FY24 in dollar terms. EBITDA was INR 8,946 million, up 6.4% and the PAT of INR 5,411 million was up 5.8% YoY.

Our deal wins for the quarter were USD 51 million. And for the full year, we did USD 140 million. Analytics and automation went up by 17% YoY. As we mentioned in the last quarter, we opened a new delivery center in Lima, Peru. We have also opened a delivery center in Cairo, Egypt. Operations in Lima have already commenced. These new centers will allow us to capture larger share of our existing client's wallet.

I would like to share some commentary and outlook about our three businesses. In BFSI, we see broad opportunities across large and small new clients, particularly in regulatory and compliance and change. Market volatility has increased due to the tariff and the uncertainty has increased client transaction volumes in some domains around our trading operations. Fashion & Luxury continues to remain under pressure with the US market underperforming and inherent weakness in the China market. HiTech, Manufacturing & Distribution remains positive. Clients' budgets are concentrated on digital transformation and customer experience programs. Tariff changes are consuming management bandwidth of our clients in Manufacturing & Distribution segment and may lead to some slowdown in decision making.

Momentum around new logo acquisition and cross-sell of customer service continues and our cross-sell strategy seems to be working well. We have also started delivering our care services from Manila and Lima, and as I mentioned a little while earlier, we will start shortly from Cairo as well. On technology, we see a continued interest in our productized service offerings of compliance manager and market

intelligence.

Coming over to some of the recognition from our clients. We have been named as Partner of the Year 2024 by a leading Fortune 100 global media and telecom company. Additionally, we won four other awards at the same event. This extraordinary achievement is a testament to our customer-focused innovation, and exceptional service delivery.

The strong finish to the year gives us momentum for the next fiscal, and we are cautiously optimistic about our prospects for FY26. I also want to share that 2025 marks the 25th year of eClerx. I have completed two years here. As PD, Anjan, and I reflect on this journey, we feel immense gratitude to all those who have contributed to the firm's success.

eClerx is what it is today because of our people, our employees, our clients, our shareholders, and the community partners. We are thankful to our clients and partners for having placed their trust in us and for giving us the opportunity to be part of their journey and helping them stay relevant. We look forward to their continued support in the future.

Thank you, and over to Sriniv for a more detailed commentary.

**Srinivasan Nadadthur:**

Thank you, Kapil, and good evening everyone.

As Kapil mentioned, the performance this quarter has been strong on both the revenue and the margin front. In constant currency terms, operating revenue was up 4.4%, including other income total revenue was INR 9,165 million, up 4.7% sequentially. Other income for the quarter is INR 183 million primarily owing to apprentice benefits from government skill development initiatives. On QoQ basis, there was margin expansion in both EBITDA and PAT of about 130 and 90 bps, respectively. This was driven by the strong revenue uptake in the quarter and the reduction in G&A because of the lower rental and technology costs. There is a one-time reclass of 120 bps from delivery to S&D and so the right way to look at the QoQ figures is that S&D costs are flat while delivery is down by about 100 bps. EBITDA for the full year came in at 26%, which is right in the middle of our stated range.

From this quarter onwards, as you would have noticed in the investor presentation, we are reporting revenues in five industry buckets: BFSI, CMT, Hi-Tech and M&D, which is a B2B facing business; Fashion & Luxury and Retail, which is the B2C facing business, and Emerging. We hope this will give investors a better view of the work we do. Please also note that the analytics and automation figures have been restated by removing revenue which we felt did not belong in this bucket.

Coming to other metrics, DSO is in the same range as the preceding few quarters. Staff utilization is the same as the last quarter. Client concentration has gone up to about 64% for top 10 clients. Seating capacity has gone up somewhat, with the new client facilities in Lima and Cairo. Exit head count has increased by 4% to 19,400 and attrition is at 24%, which is par for the course.

Thank you, everyone, and with this we conclude our prepared remarks. We can now move over to the Q&A. Over to you, Asha. Thank you.

**Asha Gupta:**

Thank you, Srinivasan. Thank you, Kapil. We will now open the floor for Q&A session. We have first question from the line of Mihir Manohar from Carnelian Asset Management.

**Mihir Manohar:**

Thanks for giving the opportunity and congratulations on great set of numbers. Kapil, actually, wanted to understand on the deal win size, I mean, \$50 million of deal win for the quarter. I mean, need to understand more granular details or is it, let's say, coming from concentrated accounts? How to understand that and which area is driving this deal win? I mean, is it customer support, is it capital markets, is it regulatory, how to understand that?

**Kapil Jain:**

So Mihir, I think for the quarter, the deal win, like I said, it's \$51 million and for the year it is about \$140 million. The wins are around our key focus areas, which is compliance, customer operations because here we see larger opportunities, both onsite and offshore. And in terms of FY26, we definitely expect YoY to do better. I think we don't look at QoQ numbers. We are looking at medium to long term. And the directionality, like I said, the strategy which we laid out is working well both on cross sell, upsell and mining our existing accounts.

**Mihir Manohar:**

Sure. Is there, I mean, more concentration on these deals or is it spread out?

**Kapil Jain:**

There may be some like with a few clients, but I think overall, if you look at like we have said in the past, don't look at quarterly number to see a trend. If you look at on a yearly basis it's fairly well spread out.

**Mihir Manohar:**

Sure, understood. Fair point. Just on customer operation side, I mean, would the margins be similar to the company levels or should one see some, given the fact that this is, I mean, largely a commodity part of the piece. So how to understand margins for customer operation versus rest of the business?

**Kapil Jain:**

Yeah, so Mihir, we don't disclose margin at an individual vertical level, like I had said, that our margin we will continue to maintain in the zone 24% to 28%. I know you guys have requested us to narrow the range. We revisited it, but we'll continue to guide between 24% to 28% for FY 26. At a portfolio level, we will manage that margin and also show a sequential growth on EBITDA and PAT.

**Mihir Manohar:**

Sure, fair point. Just one last question on this. Is this coming from existing client or is this from new clients?

**Kapil Jain:**

It's coming from both existing and new, which is what I said in the beginning that the strategy that we had laid out to mine existing client for cross-sell services as well as open new logos is working well.

**Mihir Manohar:**

Understood, sure. And just on the Trump administration side last time during Trump 1.0, we had seen a couple of accounts resorting to insourcing. Do we see that challenge during the Trump 2.0 administration? Any clarification around that? Any customer interaction around that would be helpful.

**Kapil Jain:**

So far, we haven't seen anything, Mihir.

**Mihir Manohar:**

Sure, that's it from my side. Thank you very much.

**Asha Gupta:**

Thank you Mihir. We have our next question from the line of Manik Taneja from Axis Capital.

**Manik Taneja:**

Thank you for the opportunity and congratulations on the steady performance. My question was on two things. If you could talk about the very solid growth that we've seen in our top five client base over the course of FY25, and how should we be thinking about our emerging client growth because that continues to remain very subdued, as well as the fact that there is very little movement when I look at your client metrics across different buckets. So that's question number one.

The second question is that, typically, our hiring tends to give us a good perspective of near-term growth. And if I look at the hiring for the quarter is possibly the highest in almost five, six quarters. So, should that be an indicator of how we are expecting our near-term sequential growth to trend?

**Kapil Jain:**

So, if you look at our top 5 and top 10 clients, they are Fortune 100 companies, and I think if you look at our productized services kit, many of them are relevant for our existing clients and the way we have organized ourselves now around industry and services and capabilities is resonating well with the clients.

As far as your question that how the client mix changing in the three buckets, there is a very concerted focus effort to grow accounts outside of top 10. Obviously, because the base is smaller, we are looking at absolute growth and we are measuring and monitoring that. And with the cross-sell initiatives and with some of the changes, a greater focus, we do expect that that will yield positive results. Even if you look at year-on-year, this year versus last year are \$0.5 million and above clients outside of top 10. Average revenue per client has increased. It's increased marginally, so nothing to write home about anything, but there is a very concerted focus on growing that bucket. But, it's not to say that we will not grow in top 10 because these are all Fortune 100 companies and these are large clients with very strong credit history and there are a lot of our service offerings that are relevant in those clients.

**Manik Taneja:**

Sure. And the second question was for Srini. Srini, I think you mentioned in your opening remarks that there's some amount of reclass from cost of revenues to S&M expenses, and that's the reason why S&M seems to have jumped up. If you could talk about some of the sales and marketing investments that you're doing, because if I look at the head count metrics that you disclosed, that number after increasing in between essentially is once again back to where we were last year. So, if you could talk about how we are thinking about some of the investments on this side.

**Srinivasan Nadadhur:**

So yes, some of the head count changes are purely because of performances and realignment between what Kapil's focus areas are, and we do expect that as we try to double down on growth, that number should go back up again. I think you had also asked about hiring for the quarter. So directionally, you are right. In the last few quarters, generally, our head count and revenue growth are broadly in line.

**Manik Taneja:**

And that natural trend should hold through to FY26 as well. That's the sense that you're giving us.

**Srinivasan Nadadhur:**

Yeah, hopefully, yes.

**Manik Taneja:**

Sure. Thank you, and all the best for the future.

**Asha Gupta:**

Thank you Manik. We have our next question from the line of Dipesh Mehta from Emkay Global.

**Dipesh Mehta:**

Thanks for the opportunity and congrats for steady quarter and strong execution. First question is about, I think, in your one of the question-answer, you said you expect FY26 to be better than FY25. I just want to confirm whether we make that statement in terms of full-year growth.

Second question is about the role of trends. Are we witnessing any change in the role of trends, compared to, let's say, when we started FY25?

Third question is about sales effectiveness. If I look at our business development team, remain fairly stable, while our deal intake has materially increased in this year, almost over 50% is growth. So, if you can help us understand what is driving it and whether it is because of a couple of chunky deals which explains it and that performance is likely to reverse when you don't have those chunky deal or there are some structural changes which is happening?

**Kapil Jain:**

Dipesh, in the first question, you wanted to understand what I said what ACV of the deals for the full year, we delivered \$140 million. We expect to show an increase in the ACV of the deals for the full year for FY26. That's point number one.

Second question was, on the role of trends, we have not seen any adverse, so I think it's around the same number. So, neither we are seeing a higher or a lower trend on the roll offs. So that's your second question.

And sales effectiveness, I think what's driving it is, like I said, right, in terms of the cross-sell opportunities that we had identified the one eClerx team that we are driving is resonating well with the clients on the back of our strong delivery. So, if in a particular service kit, our delivery is strong and we're trying to talk to the client for another productized services, that's resonating well with our clients and hence more rigor on sales, reviews, planning is what is helping us bring in higher momentum in the sales organization.

**Dipesh Mehta:**

Just on FY'26 and FY'25 comparison which you give it is for deal intake not for revenue growth?

**Kapil Jain:**

No, for ACV of the deals.

**Dipesh Mehta:**

Understand. And in a way it partly reflects your pipeline likely to be similar or better than let's say when we started FY25. That is the right way to understand it?

**Kapil Jain:**

Yes, we are continuing to build the pipeline. So FY26 pipeline is better than when we started in the FY25.

**Dipesh Mehta:**

Understand. And last question, can you help us understand how many new logos which we might have added in FY25 and similar number, let's say, if you can draw it for FY24?

**Kapil Jain:**

We don't report that number. I think we are looking at the client buckets which we have laid out in three segments, top 10, greater than \$0.5 million, and the rest. And like I said to the previous question, when Manik was asking, there is a concerted focus to grow outside of top 10. We don't see from a client concentration 64%, 65%. We will continue to grow in our top 10 as well, because I think there is still a lot of opportunity that exists in our top 10 clients, with the service offerings that we have and the relevance that we have for these clients. Did I answer your question, Dipesh.

**Dipesh Mehta:**

Yes, it does. Thanks.

**Asha Gupta:**

Thank you Dipesh. We have our next question from the line of Sandeep Shah from Equirus Securities.

**Sandeep Shah:**

Thanks for the opportunity and congratulations on a very strong execution on most of the aspects. So just wanted to understand looking at the TCV wins which are showing a solid trend and the growth on an organic basis, is it fair to assume that it is more coming through wallet share increase within our clients, or it is you believe the outsourcing demand is increasing in an uncertain macro?

**Kapil Jain:**

I would put it as a former, but I think it's as you know and when there is uncertainty, clients like people shy away in making decisions. Any volatility on either side. I think it's more driven from our existing clients and capturing a larger wallet share.

**Sandeep Shah:**

Okay. And just the continuation of Dipesh's question, your outlook for FY26 better than FY25 is more on ACV of new deals, correct?

**Kapil Jain:**

Yes, that's correct.

**Sandeep Shah:**

And sir, you also made a comment that there is no major significant change in the roll offs. So, in that scenario with a higher order book in FY25, that can even translate into better growth than what we reported in FY26?

**Kapil Jain:**

Sandeep, I'll lay out the assumption that if the time series of the deals that we closed in FY25 stays exactly the same in FY26 then the answer is yes. But it may not happen some like the momentum that we had in FY25 versus FY26 when you close, exit in Q1 versus Q4. That's really, I think what will also determine the YoY growth.

I think in terms of FY26 like I have said in the beginning, I want to reiterate the same thing. On margins we are giving a band of 24% to 28%. I know you guys have requested us to narrow the band. There's a reason why we have chosen to stay in the band because we are looking at growth opportunities. We are opening up new centers that we have opened up in Lima and Cairo, and initially, as and when you open a center, there will be some headwinds on the margins. Second is we would show sequential growth on EBITDA and PAT, and third, is we will be in the top quartile of the industry growth. These are the three things I had said, and we continue to maintain, which also gives us the confidence that the strategy that we laid out at the beginning of last year is working well, so we are not making any changes, minor tubes here and there, but we are not changing the overall direction in which we are heading.

**Sandeep Shah:**

Thanks for the detailed answer. Just a few questions. Any status update in terms of how are we progressing in GenAI and Agentic AI both on a reactive and proactive basis? What I mean by reactive is the client asking for productivity gains, or do you still believe they are in the phase where investment will lead to additional demand related to adoption of GenAI and Agentic AI or you believe that we have to keep passing on some productivity gains back to the clients?

**Kapil Jain:**

So, Sandeep, I think we have never shied away in passing any productivity gains to the clients because I think, we never shied away from cannibalizing our revenue if technology is, as I said in the previous calls, is our biggest differentiator. There are services that we deliver on the back of our IP, where we are leveraging our own IP which we are enabling with GenAI and making it more and more relevant. So that's the one bucket. Second is on the pure tech analytics data revenue that we are seeing greater traction. And on the third bucket where we are working off client systems where we are looking at Agentic AI and also looking at change opportunities. Whenever we are able to give client productivity, it's not like we are seeing a massive ask. Because we are not selling tech and ops or services separately. A large portion of our book is around our productized services where we are using our IP and working on the client systems where we are using Agentic AI and trying to stay ahead of the curve.

**Sandeep Shah:**

Sir, a nonlinear productized service revenue would be how much percentage of total?

**Srinivasan Nadadhur:**

I think BPaaS is about 19% or 20% that you will see on the metric slide. But that's one of the metrics that I also mentioned earlier that we may reconsider and decide to revise how we are showing it. We are looking at seeing how we can show this productized services metric which we believe is a better indicator of the impact that our own technology has on our book. So that metric may get replaced with something more relevant for our business.

**Sandeep Shah:**

Okay. The last couple of questions on the margin. So, this year you said FY25 it would be between 24% and 28%, and we actually ended up at the midpoint. And this strategy bearing fruits, is it fair to assume there would be more operating leverage opportunities in FY26 versus FY25 and it could be slightly better if not lower in terms of the margin?

**Kapil Jain:**

Sandeep, like I said, there will be tailwinds and headwinds. The tailwinds would be like you said, we may get some benefit of the operating leverage, but I've always said that we are a growing business, and we are focusing on driving profitable growth. The headwinds would be the new centers that we have opened. As you know, any new center that we have opened, will take time to deliver profitable growth. And despite that, we are saying we'll maintain the same band as we had laid out last year.

**Sandeep Shah:**

Okay. And just a last question, Srini sir, the nature of this losses in the investment at a fair value basis, INR 13, 14 crores, what is the nature of this investment? What are the underlying assets where we had such a considerable loss in a one quarter?

**Srinivasan Nadadhur:**

So actually, this pertains to a long-term loss that was eligible in [FY] 2016-17 that was eligible for carry forward and set off, you know as the IT laws allow for about eight assessment years and that was going to expire on March 31. And we had made long-term investments with the perspective to offset against those capital losses, and when we actualize, the gain is recorded in other income, but the accrued fair value of this investment in the startup or guidelines is reversed in the other expenses.

So, in the investor PPT we have netted these gains because that is the right way of looking at it but that accounts for the difference between what is reported on the console P&L versus what we show on the PPT.

**Sandeep Shah:**

Okay, and this nature of investment and mutual fund, FMP or liquid fund?

**Srinivasan Nadadhur:**

That is correct, yes.

**Sandeep Shah:**

Okay, thank you. I will come in the follow up if I need. Thanks, and all the best.

**Asha Gupta:**

Thank you, Sandeep. We have our next question from the line of Baidik Sarkar from Unifi Capital.

**Baidik Sarkar:**

Kapil and Srini, congrats on a great set of numbers. At a very broad level, and actually this is a continuation of Sandeep's question. We know for a fact that there is a bit of cost deflation on delivery models given the progression of Agentic AI, right, especially in our areas of transaction processing and service delivery. So, I'm just trying to understand, given the absolute growth of ACVs we've had in Q4. Could you perhaps help us understand what the new business really entails in terms of does it have a higher element of volume which is offset by an even higher element of AI, or are these traditional projects which are, automation and people led? I'm just trying to understand the composition of the new events that you might have had, gentlemen.

**Kapil Jain:**

I think it's not volume growth which could, like you said, on the Agentic AI side, it's related to change, it's related to migration projects. And it's across a broad spectrum of our services and across clients.

**Baidik Sarkar:**

Right. So, I would be right in assuming that the mix of projects that you might be winning is not very different in terms of the traditional people-led and automation-led delivery models, right? I mean, there is no change in that underlying?

**Kapil Jain:**

Yes, no significant change to see a trend, Baidik.

**Baidik Sarkar:**

Right. And in terms of your comment on the pipeline for FY26 being better than FY25, what's the genre of these? Are these vendor consolidation led transactions that industry is seeing around cost optimization or perhaps would there be newer areas of outsourcing that clients are opening up to in terms of process automation and in terms of efficiency? I'm just trying to understand the nature of pipeline that's building up which kind of gives you this kind of optimism.

**Kapil Jain:**

So Baidik, I think it's a combination of all the two things that you said. Both in terms of clients looking at more efficiency, a stronger delivery partner, as well as new areas.

**Baidik Sarkar:**

All right. Thank you, gentlemen. All the best.

**Asha Gupta:**

Thanks Baidik. We have our next question from the line of Dipesh Mehta from Emkay.

**Dipesh Mehta:**

Thanks for the opportunity again. Kapil, I think last year in May also I asked you this question on the first year of your operational management kind of thing. You said four-year strategy, revenue growth, top quartile, and EBITDA margin higher. I asked about EBITDA absolute growth. Can you help us understand, let's say, are we confident about top quartile revenue and absolute EBITDA growth in this four-year journey of ours? I mean at EBITDA margin I think, we already have a healthy margin compared to peers. I am referring to, let's say, this year we did 15% kind of revenue growth, 6% EBITDA growth. I'm referring four-year journey when we complete, are we confident it will be top quartile EBITDA growth also?

**Kapil Jain:**

I think, like I said, we are comparing ourselves because in terms of our margin range will be 24% to 28%. And revenue percentage, we will be in the top quartile growth, in absolute revenue terms we will show a growth. I cannot comment whether we will be in absolute EBITDA growth in the top quartile or not. I think you have to look at three metrics and then make a decision on that basis.

**Dipesh Mehta:**

Okay. Second question is on the deal ACV side. As far as I remember, our definition is it includes net new, it doesn't include renewal.

**Srinivasan Nadadhur:**

Yes. That's right.

**Dipesh Mehta:**

Okay. Can you provide some color around the vertical kind of thing? So, let's say this quarter, it is a fairly strong deal intake. How it is, whether it is broadly across vertical or one, there is a skewness to some extent? And, last question is about Europe. I think Europe remain fairly weak this quarter, but some of that weakness is not visible in, let's say, Fashion & Luxury. So, if you can provide, let's say, what led to sizable weakness in Europe?

**Kapil Jain:**

I think if you look at bulk of our growth has come from financial, BFSI and CMT segment and our CO, customer care business, we are beginning to see growth in Hi-Tech and M&D as well. So that's the commentary on the overall growth and the Europe, and the CLX business we spoke about on high-end fashion and luxury that that continues because the clients there also are struggling in delivering their top-line growth because of the US and China overall macroeconomic environment.

**Dipesh Mehta:**

Okay. Is it possible to, let's say, reconcile the vertical mix which you provided versus the three other bucket earlier which you used to report financial market, digital, and customer operation from the five vertical you provided, if you can provide some sense. I understand about, let's say, digital might be into multiple buckets. So, if you can provide some sense, I want to understand those things?

**Srinivasan Nadadhur:**

So broadly, the services that we do for investment banks, which is client life cycle and trade life cycle which we used to call as the financial markets that will be broadly speaking in BFSI. Again, broadly, the customer operation, the CX business services that we used to deliver, that has the majority overlap

in CMT, but that may not remain for a long time because we're also now selling CX services outside of CMT, but historically that would be the mapping. Then the rest of the digital business you can think about as a combination of Hi-Tech and M&D, Fashion & Luxury, Retail, Emerging and so on. Technology is across all five of these. Again, to correct myself, what we used to call 'digital' is also present in the services that we have been providing to BFSI and CMT verticals.

**Dipesh Mehta:**

Understand. So digital is across and other thing I think you provided some sense. Thanks.

**Asha Gupta:**

Thank you Dipesh. We have our next question from the line of Sandeep Shah from Equirus.

**Sandeep Shah:**

Thanks for the opportunity again. Sir, in terms of your commentary on TCV entering FY26, about pipeline better versus what we had at the start of the year last year. Is it fair to assume then TCV growth can be similar versus what we have seen in FY25 and quarterly the TCV can have a rate of \$50 million plus or minus, or because \$50 million is much higher than the earlier quarter, so one should not extrapolate?

**Kapil Jain:**

Sandeep, like I said, we are looking at building a franchise which will deliver value to our clients, shareholders, and all stakeholders in medium to long-term basis. For full year, we delivered ACV of \$140 million. I said we are optimistic to deliver a higher number on the ACV for the full year. Quarter-on-quarter, they can be aberrations. That's really the comment I made and I'm repeating the same thing in terms of how we view our business and franchise.

**Sandeep Shah:**

Fair enough. And just a question in terms of short term, most of your peers have spoken that the micro-led uncertainty impacted demand starting from March 2025. Is it fair to assume 1Q we can have some headwind on the growth despite better pipeline, and generally, correct me if I'm wrong, 1Q is seasonally a soft quarter for us, which can have an impact even this time because of the macro issue? So, is it fair to assume that way, or do you believe because of the order book 1Q will also have a growth momentum similar to last few quarters?

**Kapil Jain:**

I think we are cautiously optimistic for Q1. Q1 does see some headwinds because of the wage hikes and other things on the margin front, and I think that's the visibility we have because of, like you said, overall macroeconomic environment and the volatility that we are seeing.

**Sandeep Shah:**

Okay, thank you.

**Asha Gupta:**

Thank you Sandeep. We have our next question from the line of Girish Pai from BOB Capital.

**Girish Pai:**

I just want to ask did 4Q play out the way you anticipated or was it stronger or weaker or how did it play out before the beginning of the quarter, you must have had certain expectations?

**Kapil Jain:**

I think it was in line with our expectations, Q4. So, in terms of how it played out, the only thing I would say is the dollar-rupee volatility was not something that was, as you know, like from INR 87, 88, it went down to INR 84, 85. That was the only element that sort of came as a surprise, but otherwise things were as what we had expected.

**Girish Pai:**

Okay. My second question is regarding seasonality or 1H versus 2H, or the four quarters, will there be the growth is going to be smooth across the various quarters or the two halves, or could there be some seasonality in this?

**Kapil Jain:**

Girish, with the overall volatility in the market, the overall macroeconomic factors, the geopolitical uncertainty, there could be quarter-on-quarter aberrations that are hard to predict and give a view on. I think full year, we are confident on ACV, and like I said, a pipeline at the start of this year is higher than what it was at the start of last year.

**Girish Pai:**

Okay. And the salary increases this year, will the quantum and the spread in terms of the number of people who kind of get the salary increase. Is that going to be the same like what we had in FY25?

**Kapil Jain:**

Around the same, but Srini, you want to comment on that.

**Srinivasan Nadadhur:**

Increase is about the same, but the number of people obviously more.

**Girish Pai:**

Okay. My last question is around GCCs. I mean, everybody seems to have a GCC strategy. Anything that you would want to kind of spell out from your side?

**Kapil Jain:**

Yeah, so, Girish, as you would know, we have clients who have GCCs and it's not either or. We exist along with GCCs, and they see us as a strong partner. So, we are also looking at growing our GCC footprint and we're also looking to invest in that area by bringing in people in India who can solely focus on the GCCs.

**Girish Pai:**

And would your GCC revenue be like in the high-single-digit to low teens kind of number or a higher number?

**Kapil Jain:**

Girish, we report client revenues, not GCC. So, depending upon the vertical that we laid out, the five vertical Sринi spoke about, depending on which vertical the client falls in, it will fall in there.

**Girish Pai:**

Okay. Thank you.

**Asha Gupta:**

Thank you Girish. We have our next question from the line of Mihir Manohar from Carnelian.

**Mihir Manohar:**

Thanks for giving the follow up. Just on the deal win side, I mean, broadly wanted to get an understanding. This financial year there has been a very good growth in deal wins. I mean, how is productized services helping us on the deal win side? Some use cases, I mean, two or three problem solutions around that, I mean some key solutions that we are delivering using the productized services, that will be helpful.

**Kapil Jain:**

Like I said, the compliance manager, market intelligence, ROI for CMO, so there are different set of use cases we can highlight, and which are helping our clients to stay relevant. I had mentioned this in the initial few calls that we operate on both sides of the equation, helping clients on the revenue side in terms of how you are spending, your marketing dollars, how you're running your campaigns, how you are enhancing your customer experience, removing friction points, as well as on the traditional outsourcing, which is on the cost side of the equation. And on both the sides, we have our IP that we use to deliver our services. So, I hope that answers your question, Mihir, in terms of the sort of deals that we are seeing. And our strong delivery is also giving us the momentum in terms of our existing clients.

**Mihir Manohar:**

Okay, sure, understood. So, it's not that out of \$140 million some specific deals are coming from productive services. It's the case that across all the conversations, productive services are becoming an integral part of the conversation itself, right?

**Kapil Jain:**

Yeah. See, what we are trying to do is we are selling in orthogonal circles around technology, consulting and ops, and that's the unique combination we bring to our clients. So, it's not like you're selling them in a discrete manner.

**Mihir Manohar:**

Understood, sure. That's it from my side. Thank you very much.

**Asha Gupta:**

Thank you Mihir. We have our next question from the line of Varun Bang from Manulife Insurance.

**Varun Bang:**

This is Varun from Manulife Insurance. So, couple of questions. Firstly, one of the focus areas for us was to make business more predictable. How do you see progress on that front and directionally, how it is evolving?

**Kapil Jain:**

So, Varun, I think, are we better off than where we were, when last time when we had lost the client, the answer is 'yes'. As you know, I think, in last year or the year when we had one of the clients that rolled off, we were able to rebound back much more quickly than we have done in the past. So, from that perspective, I think the predictability is increased, but as you know, this will take time for me to say that look, are we there where we need to be? Maybe not, but are we better off? The answer is 'absolutely yes'.

**Varun Bang:**

Got it. And on the pricing perspective, incrementally, are we still pricing at some discount or lower rate to improve our win rate? Some thoughts on pricing would be helpful.

**Kapil Jain:**

No, we are not seeing any like lower rate. We are competitive depending upon the deal, depending upon the market, depending upon the solution relevance. So, it's difficult to comment on a deal-by-deal basis, low or higher, but we are competitive in the markets and geographies and services that we operate in.

**Varun Bang:**

Okay. And lastly on capital allocation, would we continue with the buybacks, or we'll focus on distributing cash through dividend now given that there's no difference between the two from taxation perspective?

**Srinivasan Nadadhur:**

Yeah, we will take a decision on that later in the year, but as you currently know, there is no difference.

**Varun Bang:**

Got it. Thanks.

**Asha Gupta:**

Thanks Varun. We have next question from the line of Vikas Khemani, Carnelian Asset Management.

**Vikas Khemani:**

I want to understand slightly more, I mean, not from quarter perspective, but more directionally. Basically, you are considered KPO but your margins are very much like in the today's companies like data analytics and you know those kind of companies. So do you find overlap in some sort of your business mix somewhere with those companies, likes sort of Latent or Fractal or something, or do you see any kind of overlap or across, I'm just trying to get direction of the business future here. And secondly, how is it sort of use of, or role of AI is going to add or create an opportunity or threat to your business? Those are the two broad questions.

**Srinivasan Nadadhur:**

I'll take the first one and yeah, we do come across pure play analytics companies once in a while, especially when we are pitching our analytics services, so in the technology and analytics space also in and around the Martech, marketing places. So, there is some overlap of the services that we provide.

**Vikas Khemani:**

So how big that business would be in that sense currently for us and how would that growth profile would be there in that right now?

**Srinivasan Nadadhur:**

About 20% is what it is, I think 18% or 20% it is, what we reported analytics and automation, I would say, is broadly overlap.

**Vikas Khemani:**

That's where you will see a lot of growth, and is that a fast-growing area for us?

**Srinivasan Nadadhur:**

In this year, it has grown. The year before I think it contracted a little bit.

**Kapil Jain:**

Because Vikas, I think there are this is a discretionary spend, but we have high focus on growing this area and we have made some investments also, at the front end as well as at the back end, on this area data analytics. So, if the market continues, and there is discretionary spend, I think we are optimistic that we will see growth.

The second question that you asked that GenAI and Agentic AI, do we see this as an opportunity or threat? I have, in the previous calls also, I've said that I see this as an opportunity because of productized services. We are enhancing our product maturity and ingesting GenAI in all our products. We are not shying away from cannibalizing our revenue and passing on the benefits to the client as and when required, so I see this as an opportunity and not a threat.

**Vikas Khemani:**

No, as you see, like you said that you are passing on benefit to the client. So, let's say if a client was using INR 100 of services from you and that today you are delivering at INR 80, does that benefit come back to you in form of additional business either on data analytics or some other side? Is that also you're seeing as a trend?

**Kapil Jain:**

So, that's what I'm saying, we are looking at building a medium to long term franchise. It may not happen that INR 100 becoming INR 80 and in the same quarter, INR 80 will become INR 110 or INR 90, but over a medium to long term, absolutely if either not with that client but with some other client because you have a very good use case where you have said that you were delivering it for INR 100 and you passed on the INR 20 benefit to the client.

That's the trust you're building and building a medium to long-term franchise. So absolutely, like I said, wherever required and it's there, we will not shy away in cannibalizing our revenue and passing on the benefits. And there are different models depending upon who's investing in driving that efficiency,

driving that productivity between the client and us, and depending upon how do you the gain share and so on and so forth.

**Vikas Khemani:**

What explains to some of the leading data analytics companies margins so poor vis-a-vis yours, any sort of perspective on that would you have? Because of course they have decent revenue, but margins are like pathetic.

**Kapil Jain:**

I think, because I can't comment you should ask them.

**Vikas Khemani:**

I am saying would you have some perspective on that? I'm not asking on it. I mean, I don't know, I'm just trying to understand because you're also building that business and you are damn profitable, right? You deliver the margins which are like exceptionally good, better than some IT companies.

**Kapil Jain:**

Thank you, Vikas, and which is what I am saying that everything we do, we try and leverage technology to amplify human potential and they are not discrete. Our ability to blend it and deliver services to the client is where we differentiate ourselves.

**Vikas Khemani:**

You referred products in your business. So, is that high operating leverage kind of products do you have for you to use for delivering to your client? I mean, could you give some ideas around that, some thoughts around that?

**Kapil Jain:**

So, we are not a products company, so it's not we are selling our products as SaaS, but I think our ability like compliance manager in the area of regulatory and compliance market 360 for competitive intelligence, these are some of the products that helps us differentiate and provide a compelling value proposition to our clients, and that's really what we are doing in terms of taking our value proposition use cases to our clients and that's really what is making us stay relevant.

**Vikas Khemani:**

When you have those kinds of platform, or whatever as you call it, you replicate to other clients, but that would give you a bit of an advantage in getting a customer, but would that also better margin profile? I mean, does that give any operating lever in some sense?

**Kapil Jain:**

Absolutely. See, like I said on the pricing side, we are competitive in the industry we operate in. The operating leverage comes in from our ability to bring technology in everything and whatever we are doing.

**Vikas Khemani:**

Perfect. Thanks.

**Asha Gupta:**

Thank you Vikas. We have our next question from the line of Sandeep Shah.

**Sandeep Shah:**

Thanks for the opportunity again. So just a strategic question, what percentage of our revenue would be voice centric, and what percentage within voice-centric business where we have migrated from a traditional way of delivering voice related delivery versus new way of delivering the same through automation? And do you expect this contribution to go up or go down in the next two to three years?

**Kapil Jain:**

I think as we will grow like in terms of percentage, it's like in terms of it's difficult to predict where it will go but we see relevance in our existing clients, both on voice and chat and also clients experimenting with us on technology or the new way voice is getting delivered, so we are part and parcel of where clients are doing some of these experiments and because of the trust that we have built on the back of our strong delivery.

As I said in the opening remarks with one of the large CMT clients, we won a trusted Partner of the Year, and we won four other awards. So that's really what is helping us on our care programs on the voice, chat and our ability to give insights from voice, chat and the data that we have access to.

**Sandeep Shah:**

Okay. So, Srin, sir, in earlier quarter you have described voice centric being 6% to 7% of the top line. Do you believe that concentration is more or less there only, or it has come down or gone up?

**Srinivasan Nadadhur:**

Should be about that. It should be part of CMT business. So yeah, I think that's about fair.

**Sandeep Shah:**

So 6%, 7% of the total business.

**Srinivasan Nadadhur:**

Yeah.

**Sandeep Shah:**

Okay. And last related question, Kapil, sir, with that 6% to 7%, do you see a risk of cannibalization more in that piece of business versus the 90%, 95% of the business which is not good?

**Kapil Jain:**

I don't see cannibalization, Sandeep. Like I said, if there are clients leveraging technology, we are in the mix of what clients are doing, so I don't anticipate, like with one client, there may be some shrinkage because of technology or because of new way of doing, but overall at a portfolio level, I don't see it getting cannibalized because the market, I think on the voice as well as on chat is big enough.

**Sandeep Shah:**

Thanks. All the best.

**Asha Gupta:**

Thanks Sandeep. We have our next question from the line of Girish Pai.

**Girish Pai:**

Just wanted to understand how much is the discretionary versus non-discretionary part of your business?

**Srinivasan Nadadhur:**

70% is non-discretionary, 30% is discretionary.

**Girish Pai:**

Okay. I'm also curious about your setting up delivery centers in Lima and in Cairo. What drove this decision to you to set it up in a Latin American country and in Africa? Was it decided by demand? And how will margins pan out when we deliver from these particular centers?

**Kapil Jain:**

So Girish, it was a combination of client demand as well as overall attractiveness of the location, right, in terms of it's not like we have set up a greenfield facility and then waiting for the client to come so it was on the back of client and then we assess overall supply-demand situation, overall attractiveness of the location and basis on that we make a decision. Like I said in the beginning, yes, in, short term, there would be margin pressures as we open up new centers. Any new center will take time to deliver profitable growth, and which is why the range that we have given is what we have given, and we are not narrowing the band between 24% to 28%.

**Girish Pai:**

No, but at a mature stage, would the margins from these delivery centers be lower than that from India?

**Kapil Jain:**

Yeah, it may be lower, but at a portfolio level we'll be able to balance the portfolio mix.

**Girish Pai:**

Okay. And just from the onsite-offshore mixed perspective, I think we had shifted more towards onsite over a period of time. Is that trend going to continue?

**Srinivasan Nadadhur:**

I'll take that. I think if you're talking about from a longer-term perspective, like the last 7-8 years, yes in last 10 years I think it is moved from 10% to 20%. In the more shorter-term, it is sort of between 19% and 21%, and we don't expect any significant movement from this figure of around 20%.

**Girish Pai:**

Okay, fine. Thank you.

**Asha Gupta:**

As there are no further questions, I will hand over the floor to management for closing remarks.

**Kapil Jain:**

Thank you, everyone, and once again, we are very excited and thank you for the support and confidence that you have laid in us and it's exciting times as we are celebrating our 25th year. And thank you all for your support.

**Srinivasan Nadadhur:**

Thank you.

**Asha Gupta:**

Thank you, everyone.

*Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.*