

# eClerx Services Limited Q4FY26 Earnings Conference Call

**May 14, 2026**

**ECLERX MANAGEMENT:**

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

**CONFERENCE CALL PARTICIPANTS:**

**ABHISHEK BHANDARI - NOMURA SECURITIES**  
**CHINMAY NEMA - INDIVIDUAL INVESTOR**  
**GIRISH PAI - BOB CAPITAL MARKETS**  
**JIMIT GANDHI – EMKAY GLOBAL**  
**PRITESH CHHEDA – LUCKY INVESTMENTS**  
**RAHUL JAIN - DOLAT CAPITAL**  
**ROHIT THORAT – AXIS CAPITAL**  
**SANDEEP SHAH - EQUIRUS SECURITIES**  
**SHUBHAM SATAVASE – AMSEC SECURITIES**  
**VARUN BANG – INDIVIDUAL INVESTOR**

**Asha Gupta:**

Good day, and welcome to the Q4 FY '26 earnings call of eClerx Services Limited. Please note that this webinar will be recorded.

To take us through the results today and to answer your questions, we have with us the top management of eClerx, represented by Mr. Kapil Jain, Managing Director and Group CEO; and Mr. 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 statements, must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospectus filed with 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 afternoon, everyone. Welcome to our Q4 and full year FY '25-'26 earnings call. I'm pleased to share our results and reflect on a year that despite real macro headwinds, delivered some of the strongest numbers in eClerx's history. Let me start with the full year.

FY '26 operating revenue came in at USD 469 million, up 17.9% year-on-year in dollar terms and up by 22% in INR terms at INR 4,217 crores. EBITDA grew 29% to INR 1,153 crores, with margins expanding meaningfully. Net profit rose 30% to INR 706 crores, and EPS increased 33% post bonus issue. These numbers reflect durable operational leverage built over several years.

Q4 operating revenue was USD 122 million, up 17% year-on-year, with 0.6% sequential growth. INR revenue for the quarter was INR 1,135 crores, up 24% year-on-year. Operating EBITDA for the quarter came in at INR 2,841 million, at a 25.7% margin, up 2.8% sequentially. Q4 PAT stood at INR 1,894 million, at a 16.7% margin. Margins held up well despite the softer sequential revenue growth, a testament to the discipline we have built into our operating model. New deal wins for Q4 were USD 46 million, reflecting steady momentum and a strong signal of client confidence in our capabilities going into FY '27.

FY '24 and FY '25 were years of deliberate prioritization, deciding where to concentrate our investment and making some disciplined bets. In FY '26, we began to see those decisions translating into measurable outcomes. Analytics and automation is now a USD 90 million book. That is a significant milestone, and this area will continue to attract focused investment and management attention.

On AI, we made substantial internal and client-facing progress this year. We secured our first large-scale Agentic AI win in Q4, with deployments planned for Q1 FY '27 and thereafter. We launched an agentic data sourcing platform, attracting strong interest from large banks. Our AI-native orchestrator for KYC case management is live across multiple client systems. Internally, a substantial number of employees are now using Roboworx, Cogniflows, our Agentic AI platform, across HR, administration,

and help desk functions. We have trained more than 3,000 employees on Agentic AI and vibe coding. We are building an AI-fluent organization from the inside out.

On the Adobe relationship, we are seeing solid expansion across banking, retail, and M&D clients, a partnership that is maturing into a meaningful growth engine. Let me give you a quick readout by vertical.

CMT delivered an excellent Q4, with sequential growth exceeding 7%. We are adding new inbound sales capabilities, and geographic diversification conversations are gaining real traction, with client expansions exploring into Manila, Cairo and Fayetteville. We are closely monitoring the proposed NPRM on offshore call restrictions and maintaining active dialogue with clients on contingency planning.

BFSI had a softer quarter, and a couple of engagements were down, the consulting work that we were doing, but the pipeline is encouraging. We have signed and are ramping up a European bank on client life cycle work, and conversations around KYC, financial crime compliance, and AI-led transformation are progressing well.

High-tech, M&D, and retail, client budgets in Hi-Tech remain focused on transformation, automation, and customer satisfaction, which plays directly to our strengths. The first Agentic AI deployments in Q4 were won here. M&D and retail had a softer Q4, but the pipeline across both new and existing accounts is strong.

On the emerging business, which is led by finance & accounting, we have delivered strong growth across three consecutive quarters. The Personiv brand continues to carry strong recall among SMBs seeking F&A automation.

Fashion and Luxury had a sluggish year, but our CLX business is expected to return to growth in H1 FY '27, supported by new GenAI wins at a key client, as well as what we are seeing as some positive green shoots in the fashion and luxury industry segment.

Top 10 client concentration has come down to 59% from 63% to 64%, a healthy sign of portfolio diversification that reduces concentration risk as we scale.

A few recognition highlights - we were named a representative vendor in the Gartner Market Guide for Digital Shelf Analytics for our Market360 solution, a strong external validation of our analytics-led commercial capabilities. We were recognized as a category leader in the Chartis Risk Tech Quadrant for customer life cycle management for corporate and investment banking, notably in our very first participation. Market360 also won the analytics and BI category at the E-Commerce Germany Awards, and we won three awards at the Asia Pacific TV Awards for Innovation and Talent Development for the third consecutive year.

Geopolitical uncertainty and macroeconomic pressure remain part of the operating landscape. We are not immune to those dynamics, but long-term demand for our services remains firmly intact, and our pipeline is strong, underpinned by deep client engagement and a growing set of opportunities across verticals.

We enter FY '27 with conviction. Our balance sheet is healthy. Our talent is deep and increasingly AI-capable. Our client relationships are strengthening, and our strategic bets are beginning to compound. None of this happens without the trust our clients place in us, the commitment our people bring every day and the strength of our partner ecosystem. I'm grateful for each of those relationships, and we remain deeply mindful of the responsibility that comes with them. Thank you. Over to Srinivasan.

**Srinivasan Nadadhur:**

Thank you, Kapil, and good evening, everyone. Just to reiterate what Kapil mentioned at the beginning of his remarks, and as you would have noticed in the presentation, we are now showing both operating EBITDA, which is excluding other income and EBITDA, including other income. We will probably gradually shift our commentary to refer to the operating EBITDA metric, which, as many of you have pointed out, is a more meaningful number to look at. I will recap some of the revenue and margin numbers.

So, in constant currency terms, the operating revenue is up 0.5% sequentially and 17% for the full year. Including other income of INR 281 million, total revenue is INR 11,354 million, up 3.1% sequentially and 23% for the full year. The net operating cash flow for the quarter is INR 2,833 million, and the OCF-to-EBITDA ratio is at 90%. Operating EBITDA Q-on-Q is down 15 bps because of higher headcount addition and increased travel costs during the quarter. This was partially offset by lower G&A costs and a marginal reduction in SME. Overall EBITDA, including other income, is down 42 bps, while full year EBITDA has expanded by 132 bps.

Utilization in Q4 is 74%, lower than the eight quarter high of 76.5% that we saw in Q3. CapEx is up in Q4. This is primarily due to investments in computers and networking equipment. On the other key metrics, as Kapil already mentioned, the top 10 concentration is down to 59%. DSO is at 81%. Attrition at 21% is marginally up as compared to Q2 and Q3, but lower than what we've seen in the past.

In FY '26, we generated INR 8,729 million of cash from operations and a free cash flow of INR 7,560 million, 33% and 41% higher than the previous year. The OCF-to-EBITDA ratio is 75%, the highest in the last 5 years.

Just to conclude on an administrative note, the bonus issue was effective in March. The Board has proposed a dividend of INR 1 per share. Please do note that wage increments are effective April 1.

Thank you, everyone. With this, we conclude our prepared remarks. We can move on to the Q&A.

**Asha Gupta:**

Thank you, Srinivasan. Thank you, Kapil. We have the first question from the line of Sandeep Shah from Equirus Securities.

**Sandeep Shah:**

Congrats on good execution despite tough macro. Just wanted to understand, last year Q4 was a very good exit on the run rate of the revenue, plus the order book on a Y-o-Y basis last year has grown at 50%. This time, we are exiting slightly at a softer revenue growth, with almost 23%-24% growth in new ACV. So, in this scenario, do you believe FY '27 growth momentum would be lower versus FY '26?

**Kapil Jain:**

Sandeep, two things. Like I had said, quarter-on-quarter volatility, given the size of the business, will exist. I think what I had said was that for the full year, we will be in the top quartile on the growth and 24% to 28% on EBITDA, and we will show a sequential growth in EBITDA. For FY '27 also, we are saying that we will be in the top quartile of the growth. In terms of whether it will be lower or higher, I think I wouldn't want to comment at this stage.

**Sandeep Shah:**

Just further to that, you very well called out Q4 being softer in the Q3 call. But now, you believe Q1 can bounce back in terms of growth trajectory, and that could be true across Q1 to Q4?

**Kapil Jain:**

So, like I said, our pipeline is strong, Sandeep, and our ACV conversions that we have reported are healthy. And quarter-on-quarter aberration may be there. But I think given a good ACV closure in Q4, we expect that it should definitely be better than what we did in Q4, if you look at the sequential growth. Beyond that, I think I wouldn't want to comment. However, I would like to reaffirm that on the full year basis, we are confident of delivering growth in the top quartile.

**Sandeep Shah:**

Last question, then I will come in the follow-up. You said in Q4, we had one of the large Agentic AI deal, which seems in consumer and retail, but you won it in Q4 FY '26. You believe revenue ramp-up may start from Q4 FY '27. Is it the right way of looking at it?

**Kapil Jain:**

I think that is the right way. However, we are seeing good traction on Agentic AI across our industry segments. We are building capability, investing in upskilling our employees. And domain, as I had said earlier, that I see this as an advantage, (a), because of domain; and (b), because of products that we bring in to deliver our services, which we are making Agentic AI-enabled, I think these are beginning to see traction across all industry segments.

**Asha Gupta:**

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

**Girish Pai:**

Just wanted to ask you, Kapil. Was Q4 softer than you had expected at the beginning of the quarter? That's point number one. Second, is the margin guidance for the next year similar to that of FY '26?

**Kapil Jain:**

So, on margin, yes, we would like to retain the same guidance between 24% to 28%. I think it was in line with what we had expected, and which is what we had told you guys during our Q3 results. So no, it was not a surprise for us.

**Girish Pai:**

On this Agentic AI project that you mentioned, you said the deployment is going to start from Q1. From a commercial structure structuring perspective, how is this different from the normal contracts that you're currently executing?

**Kapil Jain:**

So, this is we are helping clients on Agentic AI deployment in terms of areas where clients are asking us to come and help bring the efficiency effectiveness in the work that we are doing. So, it's more in terms of what are the outcomes, how you are delivering. And I think in some of the clients, we have a pole position as far as Agentic AI deployment is concerned. So obviously, this field is also scaling up. So, we see that the fact that we have the pole position, the client trusts us. We have delivered well, I think goes in line. The contractual nature is not very different in terms of what the other contracts have been.

**Girish Pai:**

So, is this not outcome-based? And is there a positive angle or a negative angle, in the sense that it should deliver better numbers?

**Kapil Jain:**

See clients on Agentic AI because of the benefits, clients who are confident, and I think in conversations with clients, they feel only 1/3 of the large corporates, Fortune 2000 companies will get this right. Clients who are confident in achieving the outcome are not keen in sharing the outcome. So, in certain areas, yes, we are committing on the outcomes. So different operating models exist. In certain cases, on Market360, yes, we are committing on outcomes. In Compliance Manager, KYC, we have reduced the cost of refresh, let's say, by 50% because we have brought in Agentic AI. For this Agentic AI deployment, that specific project that I called out, it is not linked to outcome or positive or negative influence.

**Girish Pai:**

Couple of my last question is regarding your AI capabilities. On the advanced AI capabilities that you have, be it from a domain skill perspective or from an IP perspective or from a technology angle, which are the things that you've kind of developed in the last, say, 12 to 18 months, which you can kind of call out and say these are very specific to advanced AI?

**Kapil Jain:**

So, domain was always core and central to us. And we always use technology to deliver and have human in the loop. So, we have products like our Compliance Manager in financial crime and compliance space; Market360 in digital commerce space, where we have enabled them around the AI. And that's seeing a lot of traction with the clients because it's completely outcome basis in terms of how we are able to price it.

Then there are other set of IP that we have where we are saying native, where we have created an orchestration layer, and that's the second bucket.

So, I think on all 3 dimensions, we have made progress. And we are beginning to see traction and having discussions, like as I was saying, across all the verticals that we have on this. But in terms of revenue, in terms of what percentage, I think that's still small.

As I had said, we were having POCs, we were having pilots. Now they're converting into meaningful projects. We hope and continue to make progress and get the share of the wallet as clients spend more and more money on this space.

**Asha Gupta:**

Thank you Girish. We have next question from the line of Jimit Gandhi from Emkay Global.

**Jimit Gandhi:**

My question is that the roll-offs are generally in the band of 15% to 20% of revenue. So how do we expect this to change due to AI or any potential deflation due to AI?

**Srinivasan Nadadhur:**

So, we don't think that number is going to meaningfully change because AI is another productivity tool, and it takes time to implement. I think benefits also come with time. So, the 15% to 20% that we see rolling off every year is because of projects that were short term to begin with. Most of these are projects that were short term to begin with, and they come to a natural conclusion. And an AI project, if it is short term, will be of a similar nature as well. So, we don't see that number changing much.

**Jimit Gandhi:**

In terms of headcount addition, so we had a good headcount addition this quarter as well, while the revenue movement is a little soft, right? So, are we engaging any sort of future deals? Or what is the attribution we are having at this time in terms of the headcount addition versus revenue movement?

**Kapil Jain:**

Jimit, like I said, we expect Q1 definitely to be better on a sequential basis than what we had in Q4, and that's also reflected in the headcount that you have noticed in Q1. And I think healthy pipeline, ACV conversions in Q4 were good. So, we are confident and our services, adjacent capabilities are resonating well with clients. So, like I said, for the full year, we definitely expect to be in the top quartile.

**Asha Gupta:**

Thank you Jimit. We have next question from the line of Rohit Thorat from Axis Capital.

**Rohit Thorat:**

So, my first question is on subcon expenses. Your subcon expenses as a percentage of revenue have seen a significant increase on a sequential basis, and currently, it is at a multi-quarter high level. So, what is driving the increase in subcon? And how should the trajectory go over the next few quarters?

**Srinivasan Nadadhur:**

Yes. Thanks for that question, Rohit. So, there is a reclassification of some expenses from business promotion into subcon in this quarter, which is for the full year, which is why that number is appearing high. But on a BAU basis, if we exclude that, then there is no meaningful change. I mean, it is pretty much in line with revenue. Our use of subcontractors is also judicious, and we expect it more or less to grow in line with revenue and not faster.

**Rohit Thorat:**

My second question is on sales and marketing cost. So last quarter, when the sales and marketing cost went up, you said that you had made provision for variable pay, due to which it had gone up. However, this quarter also it has stayed flat on a Q-on-Q basis. So, have you made provisions for variable pay this quarter as well?

**Srinivasan Nadadhur:**

This quarter, we have tried up for what the actual variable pay was. So, the provisions have been a little less than what it was in Q3. And going forward, it will be the fresh financial year. So, provisions that we will make at the beginning of the year typically tend to be a little conservative and then they come closer towards actuals as the year progresses. I hope that answers your question.

**Asha Gupta:**

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

**Sandeep Shah:**

Kapil, just as you are gaining traction in the Agentic AI, is there an instance where you were executing a process on a traditional input base that you have now transformed into Agentic AI? So how does ACV, TCV is changing? And at the EBITDA level or gross margin level, is it margins also changing? If you can give us some example, it will help.

**Kapil Jain:**

Sandeep, these are not mutually exclusive things. See our biggest advantage, and I've been saying this, I think if you look at these in discrete manner, agentic, tech, domain, IP, process, headcount, I'm sure companies who are looking at it in that manner will never get it right. If you can bring all of these elements together and deliver to an outcome, Agentic is not like some secret sauce that I have to bring it and blend it with all what I'm delivering. And client has to see the benefit and value in the delivery, like risk reduction, operational efficiency, operational leverage, effectiveness, overall experience. We won several awards, as I had indicated in Q3 with a few of our clients.

So, I think the secret sauce is a service provider who can bring it all together and deliver that alpha is what clients are looking for. And I think we feel confident that we have that ability in the service offerings that we offer to our client and in adjacent areas as well. So, I hope I answered your question because I think it's very difficult to break like in the way you are asking in terms of discrete components.

**Sandeep Shah:**

Is it possible to share some scale up of Agentic AI revenue or it's too early, and right now it's immaterial?

**Kapil Jain:**

It's a little too early. See, the point is if we have to stay relevant for clients' business, and get clients' mind share, right, in terms of the share of the wallet. Now as long as we are seeing Agentic AI, we are having conversations across the verticals and we are beginning to see tangible revenue, it's a good sign that clients are recognizing our ability and are confident on our ability to deliver to the work that they are giving us.

**Sandeep Shah:**

Just in terms of frontier AI model, will we be partner to them, or we may be competitors to them through our tools, frameworks and products?

**Srinivasan Nadadhur:**

So, we will be using their tools, and this is what we are doing. We'll be using their models. We are not a competitor in the traditional sense that we have no models of our own, we are trying for partnerships, but I think it's a little early for us to announce anything on that front.

**Sandeep Shah:**

Last two questions on the bookkeeping and financial streams. So, when I look at your outstanding hedges, it looks like even in FY '27, we would be materially lower than the spot rate because of the hedging which we have done. So, in that scenario, the upside through FX on a Y-o-Y could be limited. Is it a fair assumption and it could be higher in FY 2028?

**Srinivasan Nadadhur:**

That is fair. So, as you noted, most of our hedge book is probably at INR 89 or something like that for FY '27.

**Sandeep Shah:**

Correct.

**Srinivasan Nadadhur:**

So yes, any upside will be limited. We don't fully hedge the book. We hedge about 80% of the U.S. dollar receivables. So, we will be able to capture some of the FX depreciation up, but obviously not a lot.

**Sandeep Shah:**

Last thing, this year, on the cash flow, we have spent almost INR 250 crores in buying shares through the ESOP Trust. So is it we are creating a pool which will help us to create ESOP incentives for these leaders to perform. So, is it the right way to look at and that is where INR 250 crores has been deployed in this year where we are buying from the market and keeping in the ESOP Trust?

**Srinivasan Nadadhur:**

So, the mechanics are right what you're saying. The trust does buy from the market and add to its inventory. But this is not something that we have started this year. This FY '22 scheme has been in place for four years. Before that, there was a 2015 ESOP schemes, which has been in place since 2015. So, we've been doing this for about 10 years.

I think the reason why it shows up or maybe you have noticed it is because, a, the amount is big because when the trust buys from the market, they pay the market price. And as you know, from April to December, the market price climbed up quite a bit, right? So, to acquire the fixed quantity, the trust had to spend more. Whereas there were years, for example, in 2016 to 2019, because part of the ESOPs which were linked to performance, they were not vesting. So, the trust requirement itself was low.

**Asha Gupta:**

Thank you Sandeep. We have next question from the line of Rahul Jain from Dolat Capital.

**Rahul Jain:**

To your comment on the CLX business, where you see slightly better thing going forward. So, is it led by existing customer trying to open up spends? Or is it also led by some newer client addition in the segment?

**Kapil Jain:**

I think it's predominantly with existing clients, because as you would see, some of the large high-end fashion and retail companies have declared, like what I would just say that it is like some early green shoots that we are seeing. I'm a little cautious on high-end fashion and retail, but its large percentages are from existing clients, Rahul.

**Rahul Jain:**

On the BFSI side, what part of the subsegment where we think things should continue to do well from this point? And is there a specific area where you see some bit of compression to happen because the commentary for the BFSI in general has been pretty mixed across players?

**Kapil Jain:**

Rahul, I think the FCC is an area where I think we have a pole position and we will continue to do well. I think it's also driven from a regulatory environment. So, like in terms of if regulators increase or decrease what they want of the banks and financial institutions, that can have an effect on the overall spend. So that's something that we will continue to see evolve. I think if you were to ask me, and then we are beginning to see adjacent areas to whatever we were doing on the trade side. Securities life cycle is where we are seeing some traction.

**Rahul Jain:**

Just one small request. Last year also, the way we started our commentary and the way where we ended the year, it was a pleasant surprise, of course. But again, we've been talking in a way where it is kind of do not give you a very good color while you are giving an optimistic thought in general. So, if you guys could consider at least giving a broader band just like you're giving it for the margin. So, one could have imagined or worked out better because we started the way it was more looking like we are trying to indicate a very different number, but we did far better than that. It's always good to have that. But nevertheless, a band, even a broad band in case if we don't want to constrain ourselves to a very small guidance base, even that would be of great help. Just a suggestion, if you could consider it.

**Kapil Jain:**

Sure, Rahul. We will look into it.

**Asha Gupta:**

Thank you Rahul. Next question we have is from the line of Shubham Satavase from AMSEC securities.

**Shubham Satavase:**

I just have one question regarding AI deflation. So, how much AI deflation is the company building for the FY '27?

**Kapil Jain:**

Shubham, we are using AI as a differentiator to win the business. And it's not like a separate revenue stream or an inflationary or a deflationary business. Like Srini was saying, we don't expect any higher roll-offs. So, 15% to 20% is what we see. And overall growth, we are confident of delivering in the top quartile because the overall size of the market where we are relevant is huge, like Compliance Manager, one of the things I had indicated in the previous calls that we see opportunity of this offering outside of financial services. And we are beginning to see traction there. So, there are many things, I think cross-sell, upsell, growing outside of top 10 accounts, looking at adjacent areas. All the things that we had laid out when we had formulated our strategy, I think are yielding results with a very strong execution mindset and control on costs, because I think things are changing so rapidly. So, my view is that from the financial performance that we have delivered for the full year in FY '25-'26, is an indicator of strong execution and strategy paying the benefits.

**Asha Gupta:**

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

**Girish Pai:**

I just wanted to know what was the margin walk for FY '26 versus FY '25? What are the various drivers of margins? And the wage hike, will it be similar in terms of impact for FY '27 versus FY '26?

**Srinivasan Nadadhur:**

Yes, the wage hike impact in Q1 will be similar. So typically, about 300 to 350 basis points. The margin walk from 25% to 26% roughly is that on delivery and support employees cost, it was broadly flat. G&A and S&D costs is where most of the margin improvement showed up. So, G&A was about 80 bps lower. This is primarily because of facilities cost, about 40 bps there, and other costs about 20 bps, and maybe tech about 10 bps or so. Selling and distribution cost is contributed to another 20 bps. So that in total, I think, is the sort of 120 bps or so expansion in operating EBITDA.

**Girish Pai:**

What about the Forex impact?

**Srinivasan Nadadhur:**

Let me get back to you on that. I would have to look at it separately.

**Girish Pai:**

Right. For FY '27, do you think growth is going to be even across various quarters? Or do you think H1 is going to be stronger than H2 or vice versa?

**Kapil Jain:**

I think at this point, Girish, like I said, Q1, we expect to be stronger than Q4. Quarter-on-quarter volatility may continue I think in Q1, because like in terms of timing of closure, so you close a deal in Q2 instead of Q1 because it got pushed over to Q2 for some reason. So those aberrations will continue. I wouldn't want to comment which half will be stronger, whether H1 or H2. We do expect Q1 definitely to be stronger than Q4. Overall, like I said, we are confident whether this deflationary on AI and whatever, that we'll be in the top quartile. I know Rahul has mentioned that can we give a band? We'll consider it. But I think we compare in the overall industry macroeconomic environment, I think it's a good benchmark to have to be in the top quartile of the peer segment.

**Girish Pai:**

Right. You mentioned you won a decent-sized Agentic AI project. Was this a competitive situation? And what was the reason behind your win, so to speak?

**Kapil Jain:**

I would say strong delivery, domain expertise, and client connect would be the top three reasons. And yes, it was competitive. We operate in a competitive landscape, so yes.

**Girish Pai:**

Are you seeing any new competition, any new AI-first start-ups with lean teams, kind of trying to enter the competitive scenario that you are in right now?

**Kapil Jain:**

I think there are a lot of AI start-ups are coming in. I think every day, I'm sure there are start-ups that are coming on AI because this is a hot field. Are we seeing any impact of those start-ups in our client conversations, in the pipeline and conversions? We haven't seen that in a meaningful way.

**Girish Pai:**

Right. I think you mentioned something like USD 90 million being the data and analytics number for the year. Will this be a big growth driver for you in FY '27 and FY '28?

**Kapil Jain:**

Tech and analytics are a focus area for us. So, we expect that it has to grow faster than the company growth, which has been the case this year, and we'll continue to aspire for that. And yes, that's the aspiration.

**Girish Pai:**

Lastly, any color from a vertical standpoint as to what will drive growth for you in FY '27, which will probably outperform your company growth or underperform company growth?

**Kapil Jain:**

We are cautiously optimistic on all the four verticals, given the client conversations that are happening. Like I said, high-end fashion and retail is something that I would be a little cautious about. The other one, high - tech is something that I think we are optimistic and we should see higher growth. I think that's really where I would like to leave in terms of growth across the verticals.

**Asha Gupta:**

Thank you Girish. We have next question from the line of Chinmay Nema, an individual investor.

**Chinmay Nema:**

Two questions from my side. Firstly, if you could give some perspective or on-ground sense about how you are seeing the client expectation changing with respect to either the headcount per project or billing rates, basically what you are seeing in new contract negotiations or in renewals?

Second question is, among the four verticals, which segments are more susceptible to AI-led automation, and then which parts of business are better insulated?

**Kapil Jain:**

I don't think we have seen any meaningful change in, let's say, this quarter or last quarter or quarter before than what we have seen in the past. Because I think, a, we are being also very proactive in terms of deploying tech AI wherever we can. We are looking at AI across four broad spectrums, client conversations around our products, which I spoke about Compliance Manager, Market360 and our other tools, which are AI-native, which is the entire products. Our own employees, which I commented in my opening remarks that 15,000 people are using Roboworx Cogniflows for internal. So how we are deploying AI for our internal work.

Fourth is the operational efficiency, proactively that we are looking to and I think what technology is doing is because coding is getting democratized. So, you don't need someone who understands the coding. So, people who understand the domain can write the prompts, build the code, take the value proposition to the client. And clients are seeing value in that. So, I think this headcount is a very like race to the bottom that how many head counts productivity. I think you have to move the game beyond headcount and productivity to value that you're able to deliver.

If you look at our client book and the marquee clients that we service, they see value in what our ops/domain teams are able to do by using these technologies. And in certain cases, the clients have opened up and they are opening up for their own users, they're allowing us to use those as well, because of the alpha that they see our teams can bring by working with them.

So I know I've given you a long-winded answer, but it's not like black and white, right, in terms of that you can make it like in compartment. And I think AI is AI. The value comes in when you are delivering the end outcome in conjunction with the clients, in collaboration with the clients and the entire ecosystem that's working in delivering that outcome. You're not operating in an isolated manner.

**Chinmay Nema:**

If you could also take the second question?

**Kapil Jain:**

I think services-wise, like the industry and the market expected the customer operations piece to have the highest impact. We have seen the call volumes, chat volumes coming down, but we have captured market share from our competition because of the strong delivery, and we have grown despite the call volume and chat volume shrinking. So that's one piece on this entire thing. The entire creative space is grown, which is where I think we have won some projects, I think almost 12 or 18 months back, we had inducted our CTO, Sanjay, into the Board of CLX because we saw this coming and we thought that it will be a good he will be able to drive technology innovation and all that.

On the FCC space, I think it's the product where we are injecting AI and we are making it AI-ready. So, so that's really where we are seeing them ourselves saying that, look, and that's resonating well with the clients. So, I think from the service kit that we have is where we would say that the impact of AI is. And I think we take a lot of pride on our delivery.

We get the job done. We are looking at F&A, where we started with SMB segment. We won a large client, and we are in discussions with them on technology, AI-led transformation. So, I think I see this as an opportunity as opposed to it as a threat to us. And we are not shying away in cannibalizing our own revenue. There are instances where whether it's client paid or our own investment, we are in here for long term. And clients know that we are not in a business of charging for headcount and FTEs.

**Asha Gupta:**

Thank you Chinmay. We have next question from the line of Pritesh Chheda from Lucky Investments.

**Pritesh Chheda:**

I just wanted to check on the guidance that you have given for FY '27, if you could reiterate that.

**Kapil Jain:**

So, what we are saying is that we will be in the top quartile of growth in FY '27. We would be in the EBITDA range of 24% to 28%. I know some of you have asked that can we narrow that range. We looked at it, but we want to continue with the same band between 24% to 28%. I also said that our Q1 will be stronger sequentially than what Q4 has been over Q3.

**Pritesh Chheda:**

When you say top quartile, it's relative to what?

**Kapil Jain:**

Like the peer segment that you compare us with, we would be in the top quartile growth on the operating revenue.

**Asha Gupta:**

Thank you Pritesh. We have next question from the line of Varun Bang, an individual investor.

**Varun Bang:**

More from a 2 - 3 year perspective, I want to understand how do you see the overall direction of eClerx across 3 – 4 business verticals in terms of growth, competitive positioning and our preparedness for the changes that we are seeing?

**Kapil Jain:**

I think directionally, like I said, I am cautiously optimistic across all our industry segments. Financial services, we are looking at adjacent areas in addition to what we are currently servicing, and we are beginning to see traction in that. We are seeing new client additions and clients that can give us meaningful growth. For FCC, we are seeing growth within financial services as well as outside of financial services.

Our Market360 product on digital commerce, average deal size, let's say, now we are targeting Fortune 1000, even a bigger segment of clients around retail, CPG industry, so that's resonating well, our QA360 quality audits that we do, the market offering. So overall, I think basis the industry and the service offerings we have, I think we are good.

We are also beginning to look at in terms of what are the adjacent capabilities that we need to start building, which will help us stay relevant beyond 2 to 3 years as well. So, I am optimistic in 2 to 3 years' time frame. It's difficult to say in terms of like, yes, can there be an AI disruption? I think no one has a view on what the end state would be. All we know is that there will be a lot of money that will get spent, and we want to take wallet share of the money that will get spent in this area.

**Varun Bang:**

What are the challenges or, let's say, execution risks that you foresee from a near- to medium-term perspective, whether around pricing or disruption of technology or talent or competitive intensity, if you can share some perspective?

**Kapil Jain:**

I think like this NPRM guidelines on the contact center, I know NASSCOM has also gone and lobbied with the U.S. Congress, if that becomes a rule that telcos and cable companies can only outsource a certain percentage of work and certain percentage of work has to stay within the U.S. could pose a challenge. Like I said, we are discussing with our clients. It's at initial stage, but if it becomes a law, then that could have some impact. If regulatory environment like it became very stringent for financial services and banks overall regulatory environment, then it eased out, became stringent. So, we will be getting a new Fed Chairman. Now depending upon what happens on the overall regulatory environment, that can have an impact.

I think we have to be nimble and agile and there will be pockets of opportunities. So we may have to move with basis what the overall external environment is and see how we stay relevant. And I think our ability because, A, of our size, B, because of our tech domain process, start-up mindset, I think we believe that we are able to pivot very quickly. So, I think that's the other overall challenge. I think overall competitive environment and industry, I think unless from tomorrow, we see something new coming in, AI, like as I said, we are investing. No one knows the end outcome, but we are ourselves investing, building capabilities, deploying it wherever relevant. And that's where we are on this journey.

**Varun Bang:**

From a capital allocation perspective, should we expect the focus to remain on buybacks? Or do you expect dividends becoming a relatively better option?

**Srinivasan Nadadhur:**

No. Buybacks will continue to remain the preferred option.

**Asha Gupta:**

Thank you Varun. We take the next question from the line of Abhishek Bhandari from Nomura Securities.

**Abhishek Bhandari:**

I just had one question, Kapil. Last year, you had indicated that the deal bookings for FY '26 would be better than FY '25, which actually turned out to be true. This year's deal bookings are up almost 24%, if I look at trailing 12 months. Do you have any similar thoughts for FY '27 in terms of deal bookings? Should one assume USD 40 million to USD 50 million is now a new run rate on the quarterly booking side? Or you can give an annual thought around it?

**Kapil Jain:**

I think, Abhishek, it's a good question. We are aspiring and working towards increasing by showing a year-on-year growth on the bookings. I think it's a function of a lot of factors. I think on accrued revenue, I can give you, which is what I have said that on the operating revenue, we'll be in the top quartile on the bookings. Our aspiration is to definitely show year-on-year growth, but it's a little difficult to predict because we showed a 24% growth. And we are working towards showing an increase on Y-on-Y on the bookings as well.

**Abhishek Bhandari:**

Just a related question is many IT companies have started saying that in the bookings, they started seeing the deflationary impact of AI. So, for like-to-like, for same amount of work, the bookings probably are not reflecting the reality. Are you also seeing a similar thing where the deflation in the contract value is running possibly higher than the usual levels, and that may be a reason why you're shying away from definitely saying that FY '27 bookings will be better than FY '26?

**Kapil Jain:**

Some of it maybe, Abhishek, I wouldn't say deflationary pressures because of AI, but the competitive landscape like I think that was to the previous question. So, a combination of that may put some deflationary pressures. And I think it's a little slightly early to say what sort of impact on technology, it's very clear, right? Because like as I was telling you, the coding has become democratized. I think you need a lot of domain and functional expertise. So, I think on the BPO/KPO and productized services where we operate, I think, yes. And we are taking proactive proposals as well, which have AI built in where we are committing to outcomes. We are committing to bringing productivity transformation. So, yes, there could be some deflationary pressure. It's not that I'm shying away. It's a little difficult to predict. And like what you were saying last year, yes, we said we were coming out of, I think, around \$130 million, \$140 million number. And this year, we are at about \$170 million. Like I said, our aspiration is to grow the ACV number. And all of us are working hard to see how we deliver on that aspiration.

**Asha Gupta:**

Thank you Abhishek. We will have just one last question from the line of Sandeep Shah from Equirus Securities.

**Sandeep Shah:**

Just any comments regarding Anthropic's yesterday announcement of the launch of Claude for the small business, where they are saying it would be a packet of connectors and workflows that integrate with the AI assistant across 15 ready-to-run workflows around finance, operations, sales, marketing HR. So, such kind of an announcement is a competitive threat or we can work alongside Anthropic for helping clients to run such kind of a process with the Anthropic tools?

**Kapil Jain:**

I think it's the latter, Sandeep. And SMB segment predominantly is where we service our F&A business. And we think that we can work with the client relationships that we have and the client connect that we can work alongside with Anthropic to deliver to that outcome.

**Sandeep Shah:**

Okay. So, my basic understanding is that whenever Anthropic announces such kind of a tool, it's not just plug and play. There has to be a lot of foundational work which enterprise clients have to do to make an optimal use of the tool, right?

**Kapil Jain:**

Sandeep, I think it would be best to ask Anthropic what they have in mind and talking to enterprise clients. I can tell you on our side, how we are engaging with the clients and the client conversations we are having with them.

**Asha Gupta:**

With this, we conclude this call. I will now hand over the call to management for the closing remarks.

**Kapil Jain:**

Thank you, everyone, and thank you for your support. I look forward to meeting all of you in our next quarter in Q1.

**Asha Gupta:**

Thank you, everyone. This concludes Q4 FY '26 earnings call of eClerx Services Limited.

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