eClerx

"eClerx Services Limited Q3 FY'19 Earnings Conference Call"

January 31, 2019





MANAGEMENT: MR. PD MUNDHRA – COFOUNDER AND EXECUTIVE

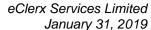
DIRECTOR, ECLERX SERVICES LIMITED

Mr. Anjan Malik - Cofounder and Director,

ECLERX SERVICES LIMITED

MR. ROHITASH GUPTA – CFO, ECLERX SERVICES

LIMITED





Moderator:

Good day, ladies and gentlemen and a very warm welcome to the eClerx Services Limited Q3 FY'19 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I am now glad to hand the conference over to Mr. Rohitash Gupta – CFO, eClerx Services Limited. Thank you and over to you, Mr. Gupta.

Rohitash Gupta:

Good evening and thank you for joining eClerx Earning Call for the Third Fiscal Quarter of FY'19 ending 31st December.

In Q3, we saw a very modest sequential increase in \$ revenue by about 0.3% to \$50.2 million while our YoY \$ revenue increased by 2.7% in Q3. The sequential and YoY growth in Constant currency stood at 0.7% and 3.3% respectively. We saw a minor decrease in offshore \$ revenues on YoY basis although on sequential basis it remained flat. On the other hand, the onshore revenues has shown healthy YoY growth of about 21% this quarter. This Q3 was our fifth consecutive quarter with YoY \$ revenue increase after 5 prior quarters of continuous YoY declines.

Q3 INR Operating revenues increased by 6.1% YoY while it increased by 0.5% QoQ to INR 3,576 million. The margin metrics saw significant adverse movement in Q3 due to several extraneous factors, one-time costs and onshore investments. The operating margin for Q3 stood at INR 548 million, a decrease of 25% sequentially. Profit after tax in Q3 was at INR 390 million witnessing a 44% decline since last quarter.

Other income for the quarter decreased sharply from INR 193 million in Q2 to a loss of INR 4 million in Q3 due to INR 218 million decrease QoQ in revaluation and realized gains caused by 3 rupees appreciation in last two quarter ending \$ spot rates. Our forward hedge book of about \$146.5 million is at an average rate of Rs 71.7 to a dollar, a rate that has increased by about 120 paisa since last quarter primarily due to recently booked hedges at higher spot rates. We have hit our lowest hedge realization rate in Q2 and this realization rate will remain at a low of about Rs 69 till Q4 and is likely to consistently increase with each passing quarter of FY20.

The Operating margin percentage decreased by ~510 bps this quarter, out of which 260 bps decline was due to our increase upfront investment on onshore delivery and the remaining increase was due to SG&A and depreciation. The biggest increase in G&A was due to Pune facility consolidation project, which will see elevated levels of cost due to one-time overlapping rent and OPEX during Q3 and Q4. This quarters G&A increase also reflects the full-blown impact of our Fayetteville facility expansion completed a quarter back and recruitment cost of onshore consulting employees, both of which are likely to be continuing costs in near term. We had increase in depreciation in Q3 due to accelerated depreciation of old Pune facilities and depreciation is likely to peak around Q1FY20 when new facility assets go live.



We had about INR 7,219 million of cash and cash equivalent at the Q3 end, which increased sharply by INR 688 million since Q2. The net Operating cash flow during the quarter was INR 1,051 million, which marks our highest cash conversion ratio in last many years. We have spent around INR 77 million on capex in Q3, which is higher than Q2 amount due to ongoing Pune facility consolidation. Our Capex will keep increasing over next few quarters, with balance one time capex on account of Pune consolidation of INR 300 million coming during next 2 quarters. We have spent about INR 17 million on various CSR activities during the quarter and we are tracking well to exhaust our budgeted amount by Q4.

ESOP Trust, which began operations in 2016, has accumulated about 834,000 shares at an average price of Rs 1,245 till the end of calendar year 2018.

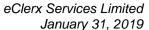
In line with our stated approach on capital allocation, we have distributed 55% of our last 12 quarters cumulative PAT as well as of our cumulative net operating cash flow in form of dividends and buybacks and we will strive to maintain that in medium term. The DSO was at 85 days in Q3, showing improvement over last quarter. Most of the revenue concentration and utilization metrics have remained similar to last quarter.

In addition to the continued growth in Onshore revenue share, Managed services growth has shown satisfactory increasing trend this time.

One of our newer cable client has moved from 0.5 million to 1 million+ bucket. Revenue of Top 10 clients has shown further acceleration in YoY growth from 0.5% to 2.1% after many quarters of continuous decline. Emerging client's growth however has moderated temporarily to single digit YoY.

The company employee strength has increased by 429 YoY to 9,520 with a marginal decline of 63 since last quarter. Our onshore staff, mainly in Fayetteville and consulting has increased by 67 in line with the actual and expected onshore revenue growth. Our sales and Business Development staff count has increased from 86 in last quarter to 87 this quarter. The India attrition has increased sequentially to 43.5% with most of the increase at the execution level due to increasing demand in certain skills and increased offshore business churn. Our effective tax rate for Q3 was slightly above 28% and we expect our FY19 ETR to be at the lower end of previously guided 28-30% range.

The demand environment for our services has been showing consistent improvement, as our 9 months new sales have increased by about 20% YoY, while the roll offs decreased by about similar percentage in YoY terms. Almost 3/4th of our new deal wins come at the back of past good service and relationship demonstrating great partnership between offshore and onshore teams. We are also seeing some early signs of dollar price increases across several clients after a lull of few years. Our revenue per employee has been rising continuously mainly due to growing onshore Digital consulting practice. Our hybrid Delivery model in Digital has seen significant success with revenues tripling in this nine months on YoY basis. The growth in





Moderator:

managed services is very broad based showing desired result of that strategic imperative enterprise wide. On services front, Avoidable truck roll and Digital analytics were the biggest driver of YoY revenue growth this quarter.

In a significant achievement in Q3, we added 2 new client logos in Fortune500 league with one coming from Apparel and another from electronics industry. Average deal size won this quarter was at a multi-year high due to one of our largest offshore deal in Financial Markets for a top US bank and a large creative asset management onshore project for a UK retailer - both won in competitive RFP situations. Such offshore deal wins can help us grow our offshore revenue mix in more balanced manner in future. In fact, we are seeing increased RFP activity across the board. Compared to FY18, we have seen twice the number of RFPs in this YTD showing that our participation rate has increased due to improved branding and marketing. This quarter also saw our largest ever independent RPA implementation project win from a new Fortune100 Tech client and this project would start in Q4. Growth in large clients has been very satisfactory this quarter, with 5 of the 7 clients in 5 million plus category growing both on sequential and YoY basis leading to improvement in top 10 client revenue trend. In another success of our "investment leading the revenue" approach for Fayetteville, we have increased confidence now to make that site serving multiple clients in FY20. However, on the adverse events side, two of our clients in 1 to 5 million revenue category outside of top 10 have undergone change of control and we have witnessed significant degrowth in them in Q3 as they change their strategic direction under the new leadership. This uncontrollable event has hurt both our emerging client and firm level growth in Q3 and we expect this impact to diminish within next two quarters.

Our revenues across geographies is becoming much more diversified. While we have expanded some of our existing clients into new territories like Hong Kong now, we have also bagged our first client in Scandinavia. At the same time, Switzerland, Canada and Australia based client revenues have increased at double digit CAGR over last 2 years.

To summarize, our increased participation in market opportunity, slowly decreasing impact of roll offs, improving hedged and spot currency trajectory and completion of Pune facility consolidation, will help us improve dollar revenues and operating margin in next FY.

With this, I will hand over the call back for Q&A.

Thank you, very much. Ladies and gentlemen, we will now begin the question-and answer-

session. The first question is from the line of Pankaj Kapoor from JM Financial. Please go ahead.

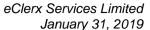
Pankaj Kapoor: Can you quantify the impact of these two clients that you spoke of in the 1 to 5 million dollar

band, what was the impact of those clients on the revenue for this quarter and how do you see

panning it out in the next couple of quarters?

Rohitash Gupta: Pankaj, thank you for the question. The landscape is fast evolving as these events were announced itself during Q3. We have seen early signs of realignment in those clients and we

have already taken some bit of degrowth in Q3 and we expect that in Q4 the picture will be





relatively much more clear. And as I mentioned in terms of quantum, both of these clients were actually in 1 to 5 million dollar revenue categories on LTM basis. So we expect that these clients hopefully will be retained into FY20 but with much lower revenue trajectory.

Pankaj Kapoor:

Rohitash, on the order booking that you have done which you mentioned has been one of the better ones in the last few quarters, can you give some quantification of that in terms of how the size would be of the order book?

Rohitash Gupta:

I think we have discussed off and on in the previous calls. So typically if you take two or three year's trajectory, the new sales in any year have been upwards of 50 million. At the same time we see almost equivalent roll-offs and that is why the revenue trajectory has not been in high single digits. So this year nine months itself compared to last nine months we have seen 20% increase in those new sales. So I think you can get the quantum because the full year is averaging around 50 million upwards.

Pankaj Kapoor:

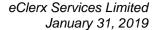
Rohitash, you mentioned the initials hit would continue to be there from the G&A because of the Pune facility in Q4 as well may be in partly 1Q, but at the same time we are now seeing signs of price increases coming back, which I am probably hearing after several quarters, also there seems to be some moderation on the overall cost pressure as well. So what kind of outlook can one build in for margins going forward -- do you think the margin should be stable with the headwind, tailwind normalizing each other or you think that there is a possibility of increase especially given that from Q2 onwards you are going to see better realized rates as well?

Rohitash Gupta:

Pankaj, this quarter was obviously a low trajectory for our operating margin at about Rs 55 crores. If you exclude the one-offs on account of Pune consolidation project, about Rs 5 crores was due to that. However, that Rs 5 crores will continue into Q4 and will only wane off in Q1. So, if you were to project current financials into Q1, probably you can add Rs.5 crores OPM onto Rs.55 crores just because of that. On top of that, rest of the factors are currency and the offshore revenue growth. If you see this quarter, the offshore revenue of about \$38.5 million was almost flat at Q2 level. So, once we start seeing pick up in that hopefully in early part of next year, then I think that will be a very-very material organic event for uptick into the operating margin trajectory, the other event obviously being the hedge rate which I think you can model for.

Pankaj Kapoor:

In fact, you mentioned three -- you mentioned obviously the hedge rates which are going to be positive from Q4 onwards, also the pricing increases which you are saying, the third is the good quantum of order wins with the high offshore component which I am presuming will start kicking in from Q1 onwards. So what I am just trying to figure out is that we have seen should be having some good tailwinds developing for our margins. So is it fair to assume decent margin expansion next year on a normalized basis?



eClerx

Rohitash Gupta:

If all of those events pan out and the currency one being relatively much certain than the other ones I would say that we should be up next year compared to the YTD operating margin percentage.

Pankaj Kapoor:

Just lastly, on the onsite investments, are we probably again normalizing who are there, or you think that the Fayetteville center may continue to require some more investments as well as whatever you are doing on the sales front, that may continue?

Rohitash Gupta:

I was more referring to the consulting as well as Fayetteville resource cost. That is primarily due to a long gestation or training period required in both the businesses, for example, in Fayetteville, because we do relatively complex end work, it requires almost three plus months of training and our approach in Fayetteville since inception has been that we will get the resources and infrastructure first and then we will get the projects and revenue. This has been working quite well, just that revenue trails three to six months compared to the cost. So that is on the Fayetteville side. On the digital consulting practice, for example, very similar trend with the different nuance which is that because this opportunity typically are short-term projects, requiring onshore scoping and consulting especially in the analytics and creative area, we require people on the ground to bag such opportunities because we cannot afford to ask for three or four months for those resources to be available and this hiring is obviously local in US or UK or elsewhere. So we require some bit of upfront estimation-based hiring to continue to be able to participate in such opportunities.

Moderator:

Thank you. The next question is from the line of Madhu Babu from Centrum Broking. Please go ahead.

Madhu Babu:

On the attrition, can you elaborate a bit more on why the offshore attrition has been so high?

Rohitash Gupta:

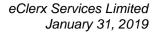
As I mentioned in my prepared remarks, the top most reason is actually the churn in offshore business. As I was referring to Pankaj's question, our offshore revenue has remained flat QoQ if you just take that horizon for a moment; however, under the hood, lot of new things have come and lot of old things have gone away, right. So there is a change in business and some bit of churn and the additions and the drop-offs not necessarily match in terms of skill areas or locations or things like that, right. So, that continuous churn is causing attrition to be at elevated level. And secondly, I think in certain skill pockets there is a good demand still in external market which I think is also a contributor.

Madhu Babu:

Secondly, on the onsite delivery of 520 employees, so how do we see that headcount moving in the next 1.5-2-years in terms of the headcount and hiring there?

Rohitash Gupta:

Madhu, we do not prepare long-term plan from that but as I indicated in the previous comment, I think you can anticipate similar trend in future at least for next 12-months; however, as I mentioned, we also expect revenues to increase at the back of people or resources that we already got onboard very soon.





Moderator: Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please

go ahead.

Devanshu Bansal: My question is again on the onsite headcount; so we have seen increase in onsite headcount by

nearly 70 people. So is it in anticipation of increasing pipeline or is it that we have won certain

onsite contracts which are due for ramp-ups, so your comments on that?

PD Mundhra: This is PD. So, just to respond to that, I think if you are referring to headcount onshore for

delivery, yes, we have seen relatively strong demand for onshore services and in most of those areas we sort of need to hire little bit ahead of when we expect to deploy those resources because typically some degree of training is also required before those resources can become billable. So you are right, of the increase in headcount, some would be for projects that have already gone

live and others would be for engagements that we expect to go live in the forthcoming weeks.

Devanshu Bansal: Can you quantify in terms of improvement in onsite pipeline?

PD Mundhra: I think we disclosed in our quarterly metrics the percentage of revenue that is coming from

onshore delivery and if you look at that number it is somewhere around 22-23% of revenues currently that come from onshore. If I look at our outstanding pipeline today, probably the mix of onshore projects is little higher than that. So that number may go little bit north from 23% but

should not change very dramatically in the near future.

Moderator: Thank you. The next question is from the line of Vishal Desai from Axis Capital. Please go

ahead.

Vishal Desai: Just in terms of the demand environment, while from the commentary that Rohitash gave, it

shaping up well. Could you give us some color in terms of going into next six months how we are seeing growth pan out – Do we see an acceleration from you because typically what we heard from you guys over the last few quarters has been that visibility beyond probably two quarters

seems like roll-offs are easing off and it seems that overall pipeline as well as deal wins are

is difficult to predict, so something from a six months perspective as to how demand is shaping

up would be better in terms of commentary?

PD Mundhra: I contest that it is hard for us to give a longer-term outlook on demand because things change

terms of affecting net growth outcome. As Rohitash said, we have seen an increase in growth sales of between 15% and 20% this year compared to prior years which is a healthy sign for us because it shows what we are pitching is still relevant to clients. I think roll-offs has eased a little

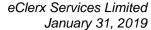
very quickly and yes, on the small size of our P&L, single events can have material impact in

bit compared to what we were last year. So, qualitatively seems to us that net growth outcome should improve over calendar 2019 but I cannot put a number to it because ourselves do not

have that degree of visibility.

Vishal Desai: In terms of the verticals, what we typically call out in terms of segments which do you think

would probably continue to do better or could be under pressure going forward?





PD Mundhra: Actually I think we are seeing net growth across the three businesses. Again on QoQ basis, one

business might do better than the other but on YoY basis I think all three businesses have grown

compared to last year.

Vishal Desai: So fair enough to say that the net new sales which is up around 20% on a nine months basis is

fairly balanced across the three businesses if I have to infer that from what you are saying?

PD Mundhra: That is correct.

Moderator: Thank you. The next question is from the line of Suryanarayanan M from DSP BlackRock.

Please go ahead.

Suryanarayanan M: I just had one question on the same aspect of roll-offs versus deal wins. So if you look at that

map of 20% increase in new deals and similar decrease in roll-offs, one should really be looking at growth of around 10% but is that a timing issue and how do you expect that to play out because

how do you think about this because you have explained that but could you just explain that

once again?

PD Mundhra: You are right, there are two elements to it. There is obviously some degree of timing but also

importantly the percentages we are reporting are all with respect to the prior years and actually in FY'18 we saw some degrowth over the course of the year in terms of top line, right. So, when you say that we are going to add 10%, that 10% is from a base of whatever it was last year or (-2-3%) in revenue terms, right. So, I think there is that angle to it because the base itself showed

a degrowth, last year roll-offs are higher than growth sales. This year growth sales are definitely

higher than roll-offs. So we will show growth, but it will not be in the 10% magnitude.

Suryanarayanan M: Just in terms of your investment plans be it in terms of onshore headcount, can you give us a

sense of how much further this is likely to continue at just given the current expected business that you have, at what pace would you have to continue these investments going into the next

year?

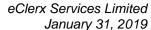
Rohitash Gupta: We are in the middle of our budgeting cycle for the next year. But based on the early discussions

and plans, I think the further investments from this level will happen in FY'20 in certain small packets if I will, for example, in Fayetteville, we do not add hundreds of people upfront, we add in certain small sized lots and as they become billable, then we take the bet on the next lot for hiring and training, right. I think same approach is in the digital consulting also. So while we have plan of adding certain number of people in FY'20, which is getting firmed up, the hiring will actually happen in small chunks and as we see the first chunk of resources getting billed we will start hiring for the second and so on and so forth. So if the plan goes successfully, then it will be a straight line, if the plan see some delays, then obviously there will be less investments

during FY'20 compared to our plan.

Suryanarayanan M: Just related to that, since you are speaking about revenues coming from other geographies as

well, you mentioned Scandinavia some deal wins, Hong Kong, certain other places in Europe,





so would that mean that you will have to set up your near shore or onshore delivery centers in those locations as well as the business scales up?

Rohitash Gupta:

That maybe a consideration for FY20. At this time it is too early because the revenue quantum's from some of these geographies that I mentioned are not significant enough to justify for that, plus we also expect that some geography has to have multiple clients to justify investment in near shore or onshore delivery or for setting up the subsidiary. So early days but you are right that if things go well in certain geographies, then in FY'20 that might be a consideration. Obviously, we will start very small because it will primarily be led by consulting type of engagements to start with unlike our Fayetteville which was a US-specific approach.

Moderator:

Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta:

Two questions; if you see the trajectory of the margins, even if I exclude the one-offs it looks like pretty low number. So can we assume that this is the bottom of what our margin percentage look like in the coming four to six quarters?

Rohitash Gupta:

Purely from one-off standpoint as I was mentioning in the previous question, this looks like a bottom but in that answer I am not including or excluding any business-related factors or currency. So, if you add currency then obviously it will go up from here deep into next year. If you remove one-off it should go up. So the only relatively uncertain element is how much of offshore growth will happen from here on in absolute terms and how much of onshore delivery investments that we have made in last three to six months will get monetized in next three to six months.

Sarvesh Gupta:

So given where things stand right now, what can be the guidance for the margins excluding oneoff we are at 17% now, so where can we be in the next four to six quarters as things stand now, of course it is subject to change basis the business and mix?

Rohitash Gupta:

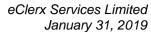
Difficult to give a guidance on either percentage or the absolute number but as indicated in the previous question, on the business side the offshore growth happens, then I think FY'20 even in percentage terms should be slightly upwards compared to the YTD of FY'19. That is predicated mainly on the currency which is almost certainty in terms of hedge rates and the removal of one-off and subject to some further recovery in the offshore trajectory of revenues.

Sarvesh Gupta:

The second question is regarding the ESOP trust. What is the mandate and how much more can we loan to them – is there a limit we have put to the amount of loan we will be giving to them?

PD Mundhra:

The loan limit as it stands currently is Rs.150 crores. The mandate to the trust is basically to acquire shares in a staggered manner from the market so that whenever employees exercise option, the exercise can be settled using shares at the inventory of the trust without the company having to issue new shares. So that is the basic purpose the trust was set up in 2016 and has been buying stocks since then and currently holds just over 800,000 shares cumulatively and will be





eligible to fulfill exercise occurring after April 2019. So, that is the mandate of the trust. The loan limit is Rs.150 crores. Current holding of the trust is about just over 800,000 shares.

Sarvesh Gupta:

But this is already like 10% of the networth, will you be interested to increase it further or is 10% looks like a substantial number?

PD Mundhra:

Basically given the rate at which we grant option at about 800,000-900,000 shares that is more than enough to meet three to four rounds of grant. So, on a rolling basis, I would not expect that the loan amount goes beyond what we currently mentioned as the limit Rs.150 crores. From here onwards then I would expect that what happens if employee exercise, the trust settles against that exercise, receive the exercise consideration from the employee and that capital can then be recycled into future purchases. The company's exposure to the trust from whatever little we would project should not need to exceed this Rs.150 crores.

Sarvesh Gupta:

Finally, on your capital allocation, given that we have 75% of our networth in cash, so is the plan to continue giving back to the shareholders in the form of dividend and buyback as we have seen in the past one year or two years?

PD Mundhra:

Yes.

Moderator:

Thank you. The next question is from the line of Ruchi Burde from Bank of Baroda Capital Markets. Please go ahead.

Ruchi Burde:

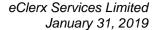
I have two questions: First, on Rohitash's comment regarding the billing rate increase, could you take us through where are we in the cycle for pushing billing rate increase – is it just a start of the conversation or we already have some committed contracts where this would be implemented, if you just to quantify the ballpark number as a percentage of portfolio how much would be, that would be appreciable?

Rohitash Gupta:

Hi, Ruchi. I think it is all of those. So with some clients it is just early discussions, with some clients it is already materialized over last couple of quarters and with some clients we may have managed services contract where such discussion is not warranted because it is based on per transaction or things like that. So, I think it is a mix of all three things. In terms of quantum, I think what will get shown in the financials as well as what may pass through to the margin, will depend on how many of such conversations actually convert and to what degree, right. So, it is very hard for me to put a number but we are seeing some early signs of both conversion as well as discussions.

Ruche Burde:

Second question I had was if I interpret your commentary, you sound very confident about good growth in onsite demand; however, regarding your offshore demand, your comment comes with the qualification if that happens. So, the offshore revenue growth the disclaimer that you are conveying, is it more to do with do you see more leakage from the existing offshore book or is it because the offshore contract in your pipeline are lower, some light around this would be helpful?



eClerx

Rohitash Gupta:

Ruchi, there are two things – One, that offshore revenue has remained flat or even on YoY basis it may have actually slightly declined in absolute terms, which clearly indicates that there is a roll-off pressure on the offshore business and obviously we are winning new deals but ultimately we are standing still in terms of offshore revenue. As far as future is concerned, I already gave an indication but it is a one-off kind of event as of now that we have won our largest offshore deal. So if that kind of conversion continues in future, then I think there is a good hope of offshore revenues growing in absolute sense from here. But if that event remains like a one-off and the roll-off pressure continues in foreseeable future, then I think that is the qualification I was referring to.

Moderator:

Thank you. The next question is from the line of Gopinath Reddy, an individual investor. Please go ahead.

Gopinath Reddy:

I did not understand this ESOP concept clearly in the year end where trust is acquiring those shares. Will it continue irrespective of the employees redeeming them or year-on-year the trust will continuously acquire the shares or how will it work, can you just elaborate on that part?

Rohitash Gupta:

Hi, Gopi. Trust was set up in 2016 and 2019 April will be the first period when the vesting under the trust will happen which means that last three years up till March 2019 were the accumulation period for trust when nothing was getting exercised from the pool that they have collected. From April 2019 onwards, there will be outflow also from that pool, right, as people exercise and then I think there will be a net we have to see, how much is getting exercised and how much we have to replenish and how much we have to carry as a continuing pool for forward three years. Why three years? Because three years is the vesting period when we give the ESOPs to a person now only after three years it vests. So, I think after April the further growth in the kitty net accumulation will depend on how much gets exercised. That will also become important input.

Gopinath Reddy:

Coming to this margin that we are expecting, we consciously took the decision to reduce our margins going forward maybe three, four quarters back. Are we able to see to what level of margins that will be okay with and where this business may settle at what level in terms of margins, is there any visibility on that part?

PD Mundhra:

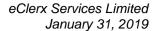
I think it is hard to predict precisely but if I draw your attention back to Rohitash's answer to a previous question, at least in terms of factors that we can see on a go-forward basis, currency seems to be more supportive because our hedges from the second half of this calendar year are at much more attractive rates and certain one of course that we are seeing both this quarter and we will see next quarter will recede by the time we come to the first quarter of the next financial year, so the April to June quarter. So, all has been equal, we should see some improvement in margin from where we stand right now, but it is hard to put a number to that.

Moderator:

Thank you. As there are no further questions, I now hand the conference over to the management for their closing comments.

Rohitash Gupta:

Thank you, everyone for joining for this quarter's call. Look forward to talking to you next time.





Moderator:

Thank you. Ladies and gentlemen, on behalf of eClerx Services Limited, that concludes this conference call for today. Thank you for joining us and you may disconnect your lines.