"eClerx Services Limited Q1 FY19 Earnings Conference Call"

August 7, 2018



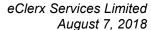


MANAGEMENT: Mr. P.D. MUNDHRA - COFOUNDER AND DIRECTOR,

ECLERX SERVICES LIMITED.

MR. ROHITASH GUPTA – CFO, ECLERX SERVICES

LIMITED





Moderator:

Ladies and gentlemen, good day and welcome to the eClerx Services Limited Q1 FY19 Earnings Conference Call. As a reminder all the participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohitash Gupta from eClerx Services Limited. Thank you and over to you sir.

Rohitash Gupta:

Thank you. Good evening everyone for joining eClerx Earnings Call for the First Fiscal Quarter of FY19 ending 30th June.

In Q1 we saw sequential drop in dollar revenue of about 6% as most of the one-time projects executed in Q4 ended. On a YoY basis, which gives much more steady picture of our business, the dollar revenue of our onshore business grew by over 30% in Q1. On the other hand, the offshore revenue decreased on reported basis while it remained flattish once we exclude the revenues of cable client that was rolled off at the end of last Q1. Thus, overall quarterly YoY dollar revenue growth in O1 was 1% primarily due to onshore revenue growth. This O1 was our third consecutive quarter with YoY USD revenue increased after 5 prior quarters of continuous YoY decline. We expect the trend of YoY dollar revenue increase to continue in the near term. INR operating revenues increased by 6% YoY, while decreased by 3% QoQ to INR 3,519 million. The operating margin for Q1 stood at INR 690 million, an increase of 2% sequentially. The operating margin in percentage terms increased by 90 bps sequentially despite taking an impact of wage hikes of about 200 bps and accommodating for the lowest dollar to INR hedge realization in last 8 quarters. Profit after tax in Q1 was at INR 602 million witnessing a 7% decline since last quarter. In Q1 of FY19 company has accounted a total of about INR 125 million under SEIS incentives giving positive PAT impact of 3.3%. The SEIS accruals in Q1 almost completely offset the drop in margin due to YoY hedge realization rate.

Company has also adopted new revenue standards of AS 115 since April 1st of this year and impact due to adoption was assessed to be immaterial. We expect delivery and support cost to decrease in the near term due to several optimization initiatives in play thus helping us to offset some impact of further drop in hedge realization rate on maturity in Q2 and also to adjust for flux due to lesser SEIS accruals in Q2.

Other income for the quarter increased by about INR 15 million due to revaluation and realized gain due to INR depreciation against USD. Our forward hedge book of about \$148 million is at an average rate of Rs. 69.3, a rate that has increased by about Rs. 0.50 since last quarter primarily due to recently booked hedges for FY20 onwards.

As I mentioned, operating margin percentage increased by 90 bps as delivery and support employee cost did not decrease commensurately to the revenue decline and as we absorbed impact of annual wage hikes effective 1st April. SG&A put together contributed to OPM increase of about 180 bps on sequential basis while depreciation reduction also contributed to another 90 bps of OPM increase. We had about INR 6067 million of cash and cash equivalent at the Q1 end



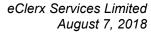
which was a very modest increase of about INR 65 million since Q4 end. The net operating cash flow has been negative this quarter due to successive increases in DSO in Q4 as well as Q1, higher tax payouts, pending SEIS inflows and a few large advanced payments and we anticipate returning to normalcy in Q2. We have spent around INR 48 million on CAPEX in Q1 which is lower by about INR 13 million from Q4 levels. We have spent about INR 12 million on various CSR activities during the quarter and we are likely to see minor catch up increase on CSR in near term.

We have signed up two new facility leases. One in Fayetteville Centre for almost doubling our current capacity and another one to consolidate our Pune Footprint into a single building. The Pune consolidation will also end up increasing the total India seat count by about 8%, both due to increasing area being leased as well as due to space optimization effect. The Pune consolidation project is likely to be EBITDA accretive from FY20 onwards. The CAPEX for both the initiatives put together, will be about INR 300 million and it will therefore increase our depreciation charge in FY20. This CAPEX will be in addition to our regular sustenance CAPEX of about INR 50 million per quarter.

The DSO was at 93 days in Q1 which has increased significantly over the last couple of quarters. We have also corrected a typo in the Q4 deck where we stated Q4 DSO as 93 days instead of correct figure of 89 days. Most of the revenue concentration metrics have reverted to stable pre-Q4 levels as new short-term projects in CLX have completed in Q4. Most notable is the long-term increase of managed services and onshore revenues as part of our strategy which has shown 300 bps and 700 bps of share increase in Q1 on YoY basis.

We have added one more client in (5+) million category belonging to financial markets and this is based on LTM revenues, while the number of clients between half and 5 million based on LTM revenues has marginally increased by 1. The most significant go-lives this quarter included a new customer interaction monitoring process for a Canadian Cable client followed by significant projects from 2 Italian brands pertaining to eCommerce production. The consulting analytics business continued to grow in double digits on YoY basis. In terms of new logo wins, we have started working in Q1 with four new global Fortune 500 clients including a Canadian bank and 3 computer and electronics manufacturers from North America.

At a service level – our newest service from customer operations vertical namely dispatch support for technicians continues to grow manifold and is now covering about 30 different service providers to top-3 US cable companies. Revenues of top-10 clients declined by about 5% YoY as we passed on some productivity gains through our continuous automation initiatives as well as due to impact of cable client revenues that accrued in FY18 Q1 but did not accrue in this quarter. Emerging clients have shown a healthy increase of about 15% YoY constant currency growth. The emerging YoY growth rate as well as the dollar revenue from (+0.5) million emerging clients have come down sequentially as most of the project revenue in Q4 came from these emerging clients.





The company employee strength has decreased YoY to 9,363 with most of the decrease coming from offshore delivery headcount. Our sales and business development staff count as well as support staff count has remained similar since the last quarter. The India attrition has increased sequentially but decreased on YoY basis by about 20 bps to 40.6% in Q1.

Our effective tax rate for Q1 has increased to about 31% as our larger Pune unit came out of SEZ benefits earlier this year, while also one of our Mumbai SEZs has completed five years now. We are now revising our FY19 onwards effective tax rate to be about 30%. There is typo in the deck and Investor Sheet related to constant currency revenue change this quarter and the correct number is a decline of 5.7%. We will be releasing the updated deck to you after the call.

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

Moderator

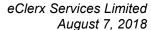
Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Sandeep Agarwal from Edelweiss, please go ahead.

Sandeep Agarwal:

I have a couple of questions. One, on the growth front, so this quarter we understand that there is one-off kind of situation in the cable client but what is your sense going forward although Rohitash made the comment that the scenario of year over-year growth, quarter on quarter will improve. So, can you give some indications since you people do not give any guidance and it becomes extremely difficult to basically a put a range of growth but can you give some indication how do we see the business? What kind of gross growth we are talking about for FY19. I am not asking for a specific guidance but a direction at least. And secondly on the margin front I know you have always said that we are not seeing margins in the way others are looking. We are primarily looking at the absolute EBIT growth. Now my question is do you maintain that stance that this year the EBIT growth will be substantially better than previous year or what direction can you give us there? And thirdly, do you think large part of our strategic decision making has already been implemented in the business and we will be able to reap some benefits starting now or do you think still there is some more time which will be invested?

P D Mundhra:

Let me take your first and third questions and after I finish I will ask Rohitash to respond to the second question on margins. In terms of growth or what is happening with the business I would say, as Rohitash said our onshore delivery is increasing very-very quickly. Analytics we are seeing good growth. I think generally speaking in all automation initiatives we are seeing a lot of traction with clients. I think the area where we see more revenue challenges is in the traditional offshore BPO business. So, that is what is happening. I think as a result of lot of automation activity it reduces the need for manual processing offshore and therefore the number of heads of offshore and the consequent revenue comes down. Having said that I think we have been indicating that we expect this year as in FY19 to be a stronger year of growth for us on a topline basis and I still think that that is the right outlook. Now quarter on quarter it is hard to predict and also, I would say on the topic of guidance, we ourselves do not have such a precise idea of where we will end up in the next quarter or the quarter after that. So, that is why we do not give a guidance. But we feel that the areas we are seeing growth are the ones which are interesting





for clients, I think that trend is still playing out. Now this is in response to your last question. Not all of these things have finished their journey in terms of migration to analytics, automation opportunities, more onshore deliveries. It is part of a trend which will continue in the next few quarters but we should continue to see year over year revenue growth. In terms of margins I will let Rohitash comment.

Rohitash Gupta:

On the margin, there are two major factors playing here. The first one is around the hedge realization rates if you take little long-term view like YoY then the hedge realization rate impact itself on the operating margin was about Rs 12.5 crores on YoY basis. Obviously, we had some bit of SEIS revenue to offset that impact. And the second impact is the whole onshore business growth, again if you see on YoY basis 15% becoming almost 22-23%. And not only that but also the upfront investment that we have to do in terms of building the management there and building the setup there and also getting ready up for the second phases of expansion in Fayetteville as I just described, so all these things are bringing the margin down. Coming to when we will see the revival in a substantial way, it will depend on how much of offshore revenue growth we can generate on the back of our onshore projects as well as the global delivery projects which have mixed delivery across our multiple delivery centers. I think that is work in progress and until that happens the substantial increase in operating margin is unlikely.

Sandeep Agarwal:

Okay, thank you but just trying to understand, do you still maintain your stance that EBIT in absolute terms will grow quite substantially versus previous year?

Rohitash Gupta:

It is hard to say unless later part of the year we see some big projects that obviously are currently in various stages of discussion come through and second is that if we are able to layer in hedges which are much more accretive now towards the end of the year then Q4 can end very strong but as we are currently booked at Rs. 68.7 rate, at current stage of booking I do not think that lever is there unless we do more hedging from now on for Q3, Q4.

Moderator:

The next question is from the line of Sarvesh Gupta from Maximal Capital, please go ahead.

Sarvesh Gupta:

I have two questions. My first question is because of the rupee depreciation what is the net benefit in this quarter on our bottom line?

Rohitash Gupta:

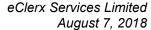
Actually, the benefit is not very material in terms of spot movement because most of the revenue hedging which happens, happens typically 12 to 18 months before a given quarter. So, this quarter almost \$30 million of revenue got converted at about Rs. 69.2. So, that was the realized rate on the hedged revenue which is almost 60-65% of our total revenue. Does this answer your question?

Sarvesh Gupta:

Sir you had booked it one year back at Rs. 69.2, is it?

Rohitash Gupta:

Correct, because the prevailing spot rate would have been Rs. 64-65 or something like that and you get some premium. So, that is how it becomes Rs 68-69.





Sarvesh Gupta: And secondly sir given that we continue to have almost two-third of our net worth in liquid cash,

so can we expect the return of cash to the shareholders to continue like in previous years?

Rohitash Gupta: Yes, I think that we have announced in the last call as well, it is a stated direction in our annual

reports as well that we will like to distribute almost 50% of our PAT in any given year, obviously over long term averages basis. And if you remember we have just completed buyback last quarter of about Rs. 258 crores and we think that using some mix of dividends and buybacks to the

extent it is allowed we will continue to execute on that intent.

Sarvesh Gupta: Okay. Sir finally any thoughts on, can we see some sort of a double-digit EBIT growth in the

coming quarters, is that possible?

Rohitash Gupta: I think that is again dependent on the previous question, which ties back to revenue growth and

most notably the offshore BPO revenue growth and secondly on how our ramp-ups in Fayetteville etc. play out to get us to some stable state. So, if these two things happen and if the hedge booking happens more substantially from now on at attractive rates, we are likely to improve from here but answering whether it will double-digit is tough and challenging at this

point.

Sarvesh Gupta: So, for the next year revenue you are booking at what rate currently sir?

Rohitash Gupta: That we have disclosed in the deck, let me just pull out. The FY20 booking of about \$58 million

is at Rs. 70 to a dollar. And FY21 is very minimal booking but that is at Rs. 73.2.

Moderator: The next question is from the line of Madhu Babu from Prabhudas Lilladher, please go ahead.

Madhu Babu: Between the BFSI, how are the things playing out between us and the captives? Is it because of

the automation that incrementally the captives are gaining share or, I mean how is the net new

work flowing out?

PD Mundhra: Actually, when it comes to automation I would generally say that firms like us have a little bit

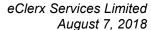
of an advantage in deploying robotics for machine learning and things like that, again simply because we are doing the same thing for multiple clients. So, it allows us perhaps more quickly to build experience and expertise in some of these areas. So, if anything I would say automation opportunities put us at a little bit of a competitive advantage vis-à-vis the captives. Having said that I will again reiterate my previous remarks that to the extent the we automate parts of the process it does result in revenue cannibalization because in our model we still charge ultimately for manual work for most of the book. So, I think it is not an issue with respect to the captives,

but it does pose some near term headwinds to revenue growth.

Madhu Babu: So, what we could have got in a normal process maybe 3 years ago, that now easily a captive

web will be able to replicate using these bots and all that. Is my understanding also right because

the essential manpower has come down substantially?



P D Mundhra:

No, I guess just to make myself clear, what I am saying is where a process of has the potential of using RPA or machine learning or things like that, I think we actually can do a better job of implementing the new technologies than the captives but my point is that when we do these things because we are automating parts to that process, the total revenue size for that work comes down because there are less people required to do it.

Madhu Babu:

And what is the outlook in the three verticals sir for FY19 overall in terms of the growth drivers, BFS digital and customer operations?

P D Mundhra:

I think we expect all three businesses to grow. Certainly, the cable business we had a tough year last year as Rohitash disclosed we lost a large client because of some corporate actions. So, this year, we do not have the same headwind. So, expect cable to grow. A lot of that growth may happen in our onshore delivery centre which is lower margin than the rest of the business. But I think from a topline perspective cable should grow. On the digital side we continue to see good demand for creative services, for analytics and for onshore consulting. So, on the back of those 2 or 3 things we expect digital to grow and I think that will also drive the growth of our emerging accounts because the digital business has a larger share of the emerging account portfolio. On the banking side also, I think we expect some growth. So, I would say we feel that all three businesses should grow on a YoY basis. The magnitudes will obviously differ, and it depends on individual outcomes on the three businesses, but we remain optimistic, all three should grow this year.

Madhu Babu:

And onsite at what level you expect it to stabilize as a percentage of revenue? And whenever there is drop in onsite utilization how do we plan to buffer because ultimately, we have project based work, right? When we are ramping out the onsite headcount, so whenever there is a drop in a project, so how do we manage the onsite utilization?

Rohitash Gupta:

I will just like to clarify. So, when we say onshore, there are two distinct things actually. One portion is the CLX business which is part of digital and then the other one is our own onshore centers that we have created, ground up, for example Fayetteville or the Austin Analytics Centre etc. So, for the CLX business it is project driven but most of the project driven work is executed either through technology or a mix of technology and contractors. So, it does not impact the utilization metrics much. Coming to our native Fayetteville kind of centers, there the work is long term, so we have to tackle the challenges, which are very similar to BPO business like attrition etc. there as well, but projects are quite long term, very akin to BPO kind of landscape.

Madhu Babu:

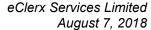
And sir the average rate for this quarter is coming around Rs 71.5, is it because of the SEIS revenues coming in the top line?

Rohitash Gupta:

Yes, must be; otherwise the hedge realization rate as we have disclosed in the investor sheet is about Rs 69.2 for this quarter on \$30 million hedges that have matured.

Moderator:

The next question is from the line of Pankaj Kapoor from JM Financial, please go ahead.



Pankaj Kapoor:

Rohitash, last quarter you had mentioned that the tax rate for FY19 is likely to be somewhere around 25% which I guess for factoring in some of the units coming out of SEZs. So, I am just curious to understand what has led to within a quarter increasing it to 30% and what really happened that you are not aware of in the last quarter?

Rohitash Gupta:

Actually, Pankaj it was not factoring those events. It was more of a placeholder's thing at the end of Q4 and actual tax computations as you know for a given quarter happened during the advanced tax payment date which is typically around mid-June. So yes, those events were not factored.

Pankaj Kapoor:

And just for the quarter then this time what has led to the cash flow from operations turning out to be negative for us?

Rohitash Gupta:

I have given 2 or 3 examples already but just to give you one example, the PBT will include SEIS income but the cash flow of that came subsequent to the quarter end. So, that could be one. Second is a slightly higher tax outgo as you just noted in the ETR also compared to last quarter and then we had a certain large payments in advance which reduced the cash but subsequently we netted it off post the quarter. And lastly, most big item is actually the DSO, so as you would have noted for last 2 quarters consecutively the DSOs have worsened and that has led to some bit of hold up of cash realization and although some of it is already solved in July, but our original expectation was that these things will get solved before June, which did not happen.

Pankaj Kapoor:

On DSO you expect things to improve or as per the last conversation you had mentioned that the levels could stay at a high level, so should we expect that the DSOs will continue to be elevated for us, even if you count the subsequent quarters?

Rohitash Gupta:

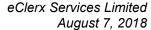
No, I do not think so. Even given the current state, we do not think that the 90+ DSOs are normal. We expected in a very good case situation to be hitting around 85 but normally it should fluctuate between 85 and 90.

Pankaj Kapoor:

And again, in the last quarterly call you had mentioned that the full year EBITDA margin of around, what we had at around 26% is something what we should be looking at on a medium term basis to work with instead of the fourth quarter margins which were significantly low. So, if I try to keep it at the similar level for FY19 at 26-27% we are talking about almost 6-7 percentage point kind of expansion between first quarter to the next three quarters. So, can you just help me walkthrough the calculation of where some of the levers will play out or how much can be gain be made from those levers if that target still holds?

Rohitash Gupta:

I already alluded to that in my opening remarks. One example I gave is that certain delivery and support structure optimization projects have been taken and some of that will play out in next few quarters itself. So, that will give us some goodness on the delivery and support cost, compared to the Q1 level. And remember Q1 was also the wage hike impact, so that also subsides through the year a little bit. And the biggest driver will be the offshore revenue growth which as we discussed has been very flattish YoY but all the signs are that that growth should pick up.



Pankaj Kapoor: Is it fair to assume that both the topline growth and subsequently the margin growth also is likely

to be more on the second half or you expect that the acceleration could be visible in the second quarter itself? Obviously the second quarter will be better given the low base that we had in 1Q but do you think a sharp acceleration is something on a YoY basis we can notice more in the

second half?

Rohitash Gupta: I would say yes to H2 being better than H1 but part of it will be feeling positive about the future

which you do not have very solid grip on. But towards your comment for Q2 I can say that it

should not be very different in terms of margin outcomes.

Moderator: The next question is from the line of Ruchi Burde from Bank of Baroda Capital Markets, please

go ahead.

Ruchi Burde: Most of my questions have been answered. Just wanted more clarity on this SEIS incentive that

we are getting, could you quantify this year what amount of SEIS incentive should we be looking

at and this typically we booked through topline, going ahead how much impact do you see?

Rohitash Gupta: On a going forward basis we are anticipating about Rs. 4 crores worth of SEIS incentives per

quarter. So, that is the kind of run rate expectation as of now going forward and this is booked on accrual basis in other operating revenue line item, which you can call it operating revenue

itself. So, I hope I answered the question.

Ruchi Burde: Yes, and secondly could you remind us about the cable client that you talked about?

Rohitash Gupta: Yes, that is an old event. I was just referring in the context of YoY growth. This Q1 versus last

Q1, so in last Q1 we had a cable client which ended its business with us towards the end of Q1 so the full revenue of that client accrued in FY18 Q1 which obviously was not present in FY19

Q1. But that is an old event of last year.

Ruchi Burde: And how do we see growth trajectory for top 10 clients from here onwards?

Rohitash Gupta: If you look at this again because of this factor that I just discussed, the YoY growth looks a little

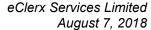
muted than what it should be. If we exclude that particular client that rolled off in FY18 Q1 and reconstitute the top 10 then and top 10 now, I think the growth would have been 1% positive, a modest but still a positive. And I think that momentum should continue in the top 10 from Q2 onwards. So, basically we are expecting it in positive territory as opposed to negative territory

that has been quite prevalent in the last few quarters on YoY basis.

Ruchi Burde: And lastly you talked about facility consolidation in Pune, so with that initiative do you expect

some cost which might be running parallelly and which could be sitting in our books for the next

couple of quarters?





Rohitash Gupta:

Actually, our anticipation is that overlapping cost will be minimal and if any, will be in Q4 and from Q1 of next year onwards we should be in positive zone. So, basically our anticipation is that benefits will outweigh the increased rental because the area is more.

Moderator:

The next question is from the line of Rahul Jain from Emkay Global, please go ahead.

Rahul Jain:

Firstly, I want to understand is our positive commentary across segment is more driven by lack of negative rather than positives which are driven by deals because that is what we are not reflecting into or is it to do with in general conversation with the customer or some pipeline? These are factors which drives it.

P D Mundhra:

I think you are right that positive outlook for the year is partly based on lack of negative and I will be more specific. I think in the last two financial years there were a couple of specific events that affected us adversely in terms of large drops in revenues from a couple of clients mostly due to corporate actions on their side. And we do not see that in FY19 at least as of now which leads us to be a little bit more optimistic for the year as a whole because I think in terms of pipeline, our pipeline is at least as strong as what it was around the same time last year. So, the belief that if we do not have those negative events, then this year should continue to see revenue growth. So, you are right it is predicated a little bit on the lack of large negatives.

Rahul Jain:

Okay, and just to extension of that, so (a) on the pipeline side I think any lever you would give in terms of the bookings in general for us versus how it trends versus last year to get some sense on that. And secondly, we have been investing significantly on S&M which is up like 20% last year and run rate in Q1 is also good. So, what are driving this? Are these more people or quality of investment that has gone into the resources or any other thing which is driving this growth up? And how do we see this translating into the areas of growth for us?

PD Mundhra:

I will let Rohitash respond to your specific question on S&M. On your first question about bookings or new sales in our language, you know I think our new sales in Q1 this year is higher than the same new sales in Q1 last year. So, so far to my earlier comment I think both convergence as well as pipeline are at least as strong as they were last year. And I will let Rohitash respond to your question on sales and marketing cost.

Rohitash Gupta:

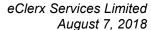
Sales and marketing cost including travel and salaries of BD staff is about 16% and has been there for last one or two quarters also. So, it is pretty stable I would say.

Rahul Jain:

So, I mean to say the growth in the expense side, if you look at for the full year it looks like a 15% kind of a growth on a 2-3% kind of topline change in last year, not for this quarter. So, I was trying to correlate this to a full year growth kind of thought process.

Rohitash Gupta:

Actually most of the incentives for sales staff including the account management staff are based on revenue outcomes and so the variable pay is very-very tightly linked to the revenue outcomes and to the extent the revenue remains soft as we have seen in this quarter I think that will be





around this level of 16%. But if revenue were to catch up I think it will increase proportionately in absolute sense which you are I think referring to.

Rahul Jain: Right, so this percentage should not give a much leverage to us even if we see a good growth

for the year. this is what as a percentage should continue moreover for us.

Rohitash Gupta: Yes, because it is a proportion of revenue and most of the variable as well as even the headcount

of people which are required to cover that revenue are linearly linked almost. I think as a

percentage it should remain flattish, that is a decent outcome.

Rahul Jain: And lastly if I may, our depreciation number for the quarter was relatively lower, so what is the

right run rate here and I missed the CAPEX comment which you said in the opening remark.

Rohitash Gupta: On the depreciation every year basically as per the accounting standards you take the written

down value after the full year deprecation of last year and then you do the fresh depreciation schedule on that. So, Q1 is always lower. If you track back in the investor sheet you will see the longer-term trend where Q1 has always been sharply less than the Q4. So, that is point #1. Point

#2, sorry, can you repeat what was your second question?

Rahul Jain: CAPEX.

Rohitash Gupta: So, the expenditure in CAPEX is roughly about Rs. 5 crores a quarter and that is what we

anticipate to continuing to rest of the quarters. The only additional commentary I made is that we have taken up these two new facility projects, one is US and one in Pune and that may cause

additional one-time CAPEX towards the end of this financial year of about Rs. 30 crores.

Moderator: The next question is from the line of Arif Shaikh an individual investor, please go ahead.

Arif Shaikh: In terms of revenue what should we expect from the new clients? I mean what will be their

contribution, the Canadian Bank and the other four?

Rohitash Gupta: I can give a generic response that a new logo or a new client typically gives very minimal revenue

in the first year. The only exception to that rule sometimes is large cable or a banking client and although we have those exceptions, but the four examples that I referred to, they were more in the smaller revenue zone. The only Canadian cable client that I referred to is probably the larger

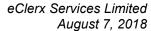
client right from the word go.

Moderator: 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 us today on the Q1 call. Look forward to talking to you next

quarter. Thank you.





Moderator:

Thank you. Ladies and gentlemen on behalf of eClerx Services Limited that concludes today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.