eClerx

"eClerx Services Limited Q2 FY20 Earnings Conference Call"

November 07, 2019





MANAGEMENT: MR. PD MUNDHRA - COFOUNDER AND EXECUTIVE

DIRECTOR, ECLERX SERVICES LIMITED

MR. ANJAN MALIK, COFOUNDER AND DIRECTOR,

ECLERX SERVICES LIMITED

Mr. Rohitash Gupta - Chief Financial Officer,

ECLERX SERVICES LIMITED





Moderator:

Ladies and gentlemen, good day and welcome to eClerx Services Limited Q2 FY20 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an 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 – Chief Financial Officer, eClerx Services. Thank you and over to you, sir.

Rohitash Gupta:

Thank you. Good evening, everyone. I welcome you all to eClerx's earnings call for the Second Fiscal Quarter of FY20 ending September 2019.

eClerx completed Q2 with US\$50.1 million in revenue at a constant currency growth of 2.7% Y-o-Y, this being our 5th consecutive quarter to cross the \$50 million mark. Our onshore business constant currency growth in Q2 continued to be in double digit at 12.8% Y-o-Y, whereas offshore business dipped by 2.4% Y-o-Y. Analytics and consulting has maintained double-digit growth on Y-o-Y basis. As of quarter end, although our overall high probability pipeline was similar to last year, we saw an increased share in pipeline for top 5 clients, offshore as well as long-term work, all of which, if converted will provide good support to margins in near-term. We also participated in much higher number of RFPs in Q2, most of whose results are awaited. We anticipate our roll offs to decrease in Q3 compared to the H1 rate; especially amongst the legacy contracts; and we anticipate recovery of volumes in a few large managed services projects indicating near-term growth. Among notable new client wins, we started work with a Fortune 100 car rental company in the area of Analytics and RPA, we made an entry into American Insurance client for Financial markets trade reconciliation related work and engaged with one of the top 3 Asian internet companies for managing data on machine learning improvement initiatives.

We made good progress on almost all other financial metrics in this quarter. The most notable success was a margin improvement on a sequential basis, where our EBIT stood at Rs. 690 million, a sharp increase of 21% over Q1. Several margin levers worked in our favor along with tighter financial discipline. Just a reminder from our last call, our Y-o-Y margins in Q2 show a drop because of sharp decline in other income, non-accrual of SEIS incentives, increase in onshore revenue mix and the cost drag due to certain offshore roll-offs. We continue to see positive margin levers playing out in H2 such as higher hedged rates, employee cost alignments with lower offshore revenue base, improving margin in onshore business by selecting strategic and higher quality of work, client price hikes and managed services growth. Our net profit this quarter increased by 10% on Q-o-Q basis, which is a lower growth rate than that of EBIT because of one-time adverse revaluation of deferred tax assets at the likely future tax rates under the newly proposed tax rate regime. We do not anticipate any material benefit of new tax rate in the current year, however as our older SEZ units cross 10 years in FY21, adoption of that will provide predictability of effective tax rate at around 27% at console level.



I want to explain a few significant changes in various P&L items of Q2 versus Q1.

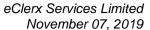
- Our other income increased marginally compared to Q1 as we have recorded a onetime loss of Rs. 17 million on sale of unusable assets of older Pune facility that we let go recently.
- Our delivery cost as a percentage of operating revenue improved by 60 bps as offshore employee base got readjusted to the lower offshore revenue and onshore staff improves productivity.
- 3) Our facilities costs have now stabilized at lower levels after consuming the one-time impact on adoption of AS116 in Q1.
- 4) Our selling and distribution costs decreased this quarter due to lower sales headcount, alignment of bonus provisions with revenue trajectory and reduction in discretionary travel.
- 5) The minor increase in bad debt is caused by bankruptcy of one of the travel clients in U.K. However, the revenue impact of this event was insignificant in this quarter as the client revenue has already tapered off through the last year.

We have included an update in our release on accounting treatment done in standalone financials. As you know, that our ESOP Trust had acquired significant number of shares to service future ESOP exercises from our employees however, there is a difference in purchase price with that of exercise price of last rounds of ESOPs done in August 2019. This required us to evaluate the ability of Trust to repay the loan as per pre-agreed terms and we have made reasonable conservative impairment provision of about Rs. 445 million in the quarter as an exceptional item in our Q2 standalone financials. Please note that this does not affect our consolidated financials as ESOP Trust is consolidated with the group financials, eliminating the provision. We will assess loan impairment at every balance sheet date for material movements and make further provisions or reversals accordingly.

Our cash balances were at Rs. 6,271 million that grew by nearly Rs. 1,000 million from last quarter driven by high operating cash flow generation. Our net operating cash flow conversion of nearly 200% of PAT in H1 is probably the best in the industry. Our CAPEX in the quarter was about Rs. 70 million and is expected to decrease in the near-term. Our top 10 client concentration risk, managed services and onshore mix have all moved favorably on Y-o-Y basis this quarter.

Another success story was our DSO this quarter, which were the best in the last four years in a quarter at 78 days. This improvement was possible due to several factors working in favor of us, including implementation of an in-house advanced automation on our invoicing process, non-existence of changes in vendor payment system at our top 10 clients, implementation of online national invoicing system by Italian government, and clearance of certain long outstanding dues. We will need to observe Q3 to assess which of these DSO levers are one-off versus long-term and we will update you in the next quarter.

Our staff utilization decreased both on Y-o-Y as well as Q-o-Q basis and we feel that some of the decrease will get reversed in near-term with our employee base realignment and with pickup





of volumes in managed services projects. We also had strong net client additions in our \$0.5 million to \$5 million revenue client buckets, majority of which are Digital clients. Our overall firm headcount has dropped by 254 on sequential basis with decreases being broad based except Tech and R&D where we have increased our investments in line with rapidly increasing revenue and pipeline. The high attrition is both a reflection of offshore roll-offs in high attrition areas, seasonality and initiatives of headcount realignment with the revenue.

To summarize, we are very pleased with the overall outcome of this quarter as a result of margin improvement initiatives are bearing fruit, cash generation is improving and we continue to put earnest efforts to revive offshore growth.

With this, I will open up for Q&A.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin with the Question-and-Answer

Session. The first question is from the line of Manik Taneja from Emkay Global. Please go

ahead.

Manik Taneja: Just wanted to understand your outlook for business within your top customers and offshore

geography, as well as, just if you could give few details as to what is driving the significant

hiring on the tech and the R&D side?

Anjan Malik: I think the outlook remains as it has been, I would use the word 'muted'. We have seen our large

customers continue to focus more on automation, change the business, straight through processing, digitization, digital first over and above outsourcing as a broad theme and we are

seeing that across the board. And we go through it business by business, so I think that is one of

the reason why you are also seeing a quicker offshore is because they are finding that there is more uptake for automation opportunities than there is for classic off-shoring/BPO programs.

That actually answers both your questions, I think.

Manik Taneja: Just wanted to understand, you guys have been saying for the last few months that there is a

pickup in terms of our pipeline for the managed services business. So, should we assume that

that translates into a pickup on the offshore revenue growth going forward?

Anjan Malik: It is hard to tell, because I think what we have definitely seen is... so today, when you go out

and speak to clients on anything that is associated with, let us say 'offshore', you are not doing

those deals on a pure headcount basis, you are rarely doing this on a headcount basis. The large

deals are definitely coming in some shape or form off managed service, right, whether it is managed capacity with fixed term givebacks or outcome-based contracts or true managed

service. So, some of it is replacement revenue. So, as contracts come up for replacement, they

are being recorded as managed services and the new stuff that we are winning is, by definition,

managed services. So, I would say that larger percentage of our offshore business, by definition,

is becoming managed service. That does not necessarily translate into, we being bullish on more

offshore business, if you know what I mean.





Moderator: Sir, we will move to the next question, which is from the line of Harit Shah from Reliance. Please

go ahead.

Harit Shah: I just want to get a sense. In the last quarter, I think, we had this hike in the Maharashtra minimum

wage. I think when we had asked a question about the impact in terms of housing security outsource services cost, you had said that we are still to get clarity in terms of issues like MW. So, have you got any clarity on that? And if you do, then what could be the possible impact on

your margins going forward? Some clarity on that would be quite helpful.

Rohitash Gupta: Yes, we have got a fair bit of clarity on that. And when it was first announced, we were trying

to assess the impact on our lower end of employee base pyramid first. And then on the outsourced services, housekeeping, security, etc. What we have assessed is that there is hardly to no impact on the delivery employee cost. So, the larger part of the risk is anyway gone. The second part

was on these admin services as we call them. The risk is present, but the increase in quantum is

fairly immaterial. I won't like to call out in terms of any significant margin impact.

Moderator: Thank you. The next question is from the line of the V. P. Rajesh from Banyan Capital. Please

go ahead.

V. P. Rajesh: Just a question on the strategic accounts on slide 9. This revenue was down 5.6% this quarter.

So, if you can just comment on where do you see this particular revenue stabilizing in the coming $\frac{1}{2}$

quarters? Or should one still expect it to be declining, let us say, over the next four quarters?

Anjan Malik: Well, just to clarify, that percentage decline is of the same quarter one year ago, right?

V. P. Rajesh: Right.

Anjan Malik: So if you look at our top ten clients, I mean, this is good, and the bad is having level of

concentration is that when at any given point in time, some clients are in growth mode and some clients are in, unfortunately, decrease mode, these days. We have had one large client in the last 12 months that has been in that decrease mode with a combination of work ending because of automation and/or work ending because of insourcing. And that is the reason for that sort of accelerating trend in Q2. We continue to see in the next year not necessarily an acceleration, we may see some stability coming through. But it is hard to predict at this stage because, as I said, any given quarter there are some clients that are going up and there are some clients going down. But the broad background remains that there is a propensity to move towards more managed service, towards shorter term, more onshore solutions are in the programs. And there is the backdrop of clients wanting to automate stuff. And where possible, if they feel like, it is of long-term strategic importance to them, then they may have a captive bias for it. So, I think those two trends are hand-in-hand at present. And at different clients at different points in time, one takes

precedence over the other.



eClerx

V. P. Rajesh:

And on the onshore revenue, which was 25% this quarter, are you driving it towards a particular number? And relatedly, is the Fayetteville sites completely ramped up or there is still capacity there?

Anjan Malik:

I will answer those two questions. Maybe the second one is an easier question, so I will take it first. There is still capacity in Fayetteville, so we obviously would like to fill that out because that improves utilization and net margins. So that clearly remains a priority and we are working towards that. The first part of your question was, where do we see onshore revenue grow to. So, there is a natural ceiling, for example, in the seats that they haven't filled, that is one ceiling. If we see demand well past that, then there is a more strategic decision to be made on whether we want to expand Fayetteville too, at the moment we are not contemplating that. So that creates a natural ceiling on that vector of onshore revenue.

The onshore revenue that comes from our CLX subsidiary in Italy is clearly not capped. It is a function of how much demand we are able to garner in that business. And then you have the two other vectors of onshore revenue are the consulting business that we have in financial markets and the analytics business, that is what we would call our chief marketing or marketing analytics business. Again, those two are not capped, they are just demand based. And the only constraints we are putting on those businesses is that they need to be self-sustaining from a margin perspective or more preferably be driving hybrid business, which is a combination of onshore and offshore. So again, within those constraints, we are not putting any limits to what onshore needs to be.

V. P. Rajesh:

Right. So let me just ask a hypothetical. Let us say Fayetteville was completely ramped up, where would this onshore revenue would be looking like?

Anjan Malik:

I guess Fayetteville would give us, I do not know, Rohitash...

Rohitash Gupta:

So on a single shift basis at current seating capacity of around 250 seats can maybe take us to a \$10 million kind of revenue.

V. P. Rajesh:

Okay. And where are you today in terms of the \$10 million revenue capacity?

Rohitash Gupta:

Yes. Probably around 80% or less maybe.

V. P. Rajesh:

I see. Okay. And when you talk about double capacity, which you can, as I understood, can take it easily to, then you are looking at a \$20 million revenue kind of a number from that particular facility. Is that the right way to understand that?

Rohitash Gupta:

It is a little difficult thing to say, because when I said single shift, I really meant almost half day, which is 12 hours. Because we have staggered shifts across those 12 hours to cover the active U.S. time. So, it is very hard to say whether we will get business which is 24/7. It is probably even not possible. I would like to keep it at one shift for more practical reasons as of now.



eClerx

V. P. Rajesh:

Okay. Understood. One more question on the revenue. There was a gap of about Rs. 5 crores, or Rs. 4.8 crores of the SEIS revenues. So, any commentary on that, whether it will be coming at all this year? I know you did not recognize it last quarter also. If you can just comment on that.

Rohitash Gupta:

No, so we have no news at all on this front, from both official or other sources. And hence we will keep the conservative stance of not accruing it. But if it were to come for this full financial year, we anticipate that at that point of time, it could add up to Rs. 24 crores into operating revenue.

V. P. Rajesh:

I see. And would you say that your EBIT margin at 19% this quarter has sort of stabilized? or do you foresee again going down the way it went in Q3 of last year or, let us say, Q1 of this year? I mean just directionally, if you can give some guidance on EBIT margin.

Rohitash Gupta:

So, I think that there is one component in EBIT which is other income, and a large portion of that actually gets affected by the currency movements as you revalue your assets. So, if I keep that aside for a moment, then I think we have a little bit of tailwind on the margin side going into Q3 for the like-for-like revenue. And that is because of the headcount trend that you see on one of the slides, and we see that continuing in the first month of Q3 also. So, basis that I think we will have a little bit of tailwind getting into Q3. And further to that, there were at least two one-offs which we have called out in the deck. One was on the tax side, which obviously would not be there, but that is obviously below EBIT. And there is one, about Rs. 2 crores-item of asset sale loss which obviously will not happen next quarter. So overall, if you package those where it is, I think margin has a little bit of tailwind going into Q3.

V. P. Rajesh:

All right. And lastly, a question on the capital allocation. If I look at your EBITDA for the first half, it is around Rs. 160 crores. And if I were to analyze it, that becomes Rs. 320 crores. The EBITDA for the last four quarters is about Rs. 280 crores, let us take Rs. 300 crores as the number. You are practically trading around 3x EBITDA. So, my question is, how are you thinking about capital allocation, given that you are sitting on Rs. 600 crores plus of cash?

Rohitash Gupta:

PD, do you want to take that?

Priyadarshan Mundhra:

Sure, I can. I think from a capital allocation perspective, our strategy remains the same as the past, which is to sort of target distribution of 50% of net income back to shareholders. As you know, the tax situation in India is very fluid, and there is a lot of talk in the media about proposed changes in taxation as well that might happen in the next few months. We have just concluded our last buyback in June, so there is a 12-month moratorium anyway before we can conduct a further buyback. So I think the thought process at this time would be to let some time elapse, see how the laws evolve on the taxation front, and then take a call maybe six months from now as to what we want to do once our 12-month window for the buyback expires. But broadly speaking, I think the goal remains to return 50% of net income back to shareholders.

V. P. Rajesh:

Okay. And the promoters are not looking to buy more because they are not restricted by any kind of regulations like that given where the stock is trading today?





Privadarshan Mundhra:

No. At this point, there is no such plan. Of course, if there is, then we need to make regulatory disclosures and so on and so forth. So, at this point, there is no such plan.

Moderator:

Thank you very much. Next question is from Manik Taneja from Emkay Global. Please go ahead.

Manik Taneja:

I just wanted to understand this sharp reduction in terms of our headcount as well as in terms of cost. So, is there some one-offs here? And how should we be thinking about it, given the fact that you have been challenged on growth for quite some time now, so how should we be reading into that?

Anjan Malik:

So that is a multi-million dollar question, which is that is there a correlation between number of headcount and overall outcomes. And I think we have come to the conclusion, having reviewed data, I think we want to be much more focused on what we are selling and how we are selling it. The reduction in headcount is purely what we would call quality and ROI related, right? So there is clearly no interest on our part to disinvest from onshore sales and marketing. In fact, I would argue that we hire the strongest candidates we come across at every opportunity and in every geography that makes sense. So that has not changed. I think we are just taking a much more critical look at what is working and what is not working.

Manik Taneja:

Okay. And if you could also talk about how our onshore operations essentially are performing now, given the fact that over the last couple of years we had some challenges around stabilizing the business and given the fact that there may be subscale. So, what is the progress there?

Anjan Malik:

So, I guess I gave an answer which sort of alludes to your question, which I think is breakdown our onshore business into a couple of vectors. There is obviously pure onshore delivery from one center, within Fayetteville there is consulting plus analytics work that we deliver mostly in client locations. And then there is a CLX accretive subsidiary, which is headquartered out of Italy. In each of those businesses, I would say that we have got substantially more scale than we have had in the past. And we are operating on better metrics than we have done in the past. I did talked about Fayetteville being 60% to 70% to completion, and we have talked about increase in both volume and margins in the consulting and analytics business. And we certainly continue to see growth, although it is high growth by European standards, low growth by Indian standards in our Italian subsidiary, the CLX subsidiary. So, all of those are good metrics. I think we are also finding that we are able to develop larger client footprints than we had done in the past because that onshore vector allows us to have conversations with clients or parts of businesses of our clients that we have not been able to have in the past. So, it naturally increases the stickiness and the quality of business that we can win. I mean, I think we have said in the past that we look at onshore as the front end of a spear, and I think that continues to bear out.

Manik Taneja:

Okay. And if I remember correctly, there was an indication at the end of FY 2019 that there was some progress with regards to larger managed services contracts offshore, and some of that were essentially expected to ramp in second half of this year. So, any progress there?





Anjan Malik:

Again, I think I alluded to this in an answer to an earlier question. I think there has been progress, and I think we are winning and converting managed services businesses. So, if you look at our percentage of the book of our total book today that is managed service, it is the largest percentage that it is ever been. But I also caveated that by saying that in many cases, it is replacement for existing work, i.e. when something comes up for renewal, we will convert it to managed service, and/or old business rolls-off, the new business that we win is of a managed service variety. So, it is not affecting overall trajectory for the business, but it is a necessary part of how new business is won

Manik Taneja:

Sure. And one question for Rohitash. You talked about the levers for margin improvement in second-half of the year. So any sense that you are giving us in terms of whether we would recoup our margins and probably end closer to where we essentially ended up in FY 2019?

Rohitash Gupta:

Manik, I would not go so far. And what I mentioned to a previous question from V.P. is exactly what I meant, which is that we have some tailwind going into that. The only headwind, as you would have seen in the last many quarters, that our offshore revenue has been declining, right? That is the only big headwind I see. Whereas I see several, 5 to 7 different margin levers playing in our favor, some of which have already played out and some will continue to play in Q3. And on the net, I feel there is a tailwind after offsetting for these two. And I would leave it at that.

Anjan Malik:

So actually, I think, PD, you might want to add to that margin point, right?

Priyadarshan Mundhra:

Yes. I think, Manik, I would not sort of say that we expect a structural uplift in margins. I think they will stay, to Rohitash's point, in the same ballpark of where they have been with an upward bias. I think that is the way I would put it.

Moderator:

Thank you very much. Your next question is from the line of Bhavin Vakeel from Karvy Investor Services. Please go ahead.

Bhavin Vakeel:

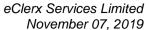
I just wanted to understand from the commentary, what I have heard is this is the time that we are consolidating, and we will be going forward on the right trajectory in the next maybe four quarters. Is that what is the right thinking?

Priyadarshan Mundhra:

I think we have shared the steps that we are taking in terms of focus on managed services, focus on automation. A number of those initiatives are longer-term transformations for the business. We think, as a management team, that they are the right things for us to be focused on. The results so far have been tepid, as you can see, from the outcomes both on revenue and growth. And I think that is all that we can say at this point in time. We continue to work on those initiatives, and hopefully, they will bear fruit in the medium term.

Bhavin Vakeel:

In medium term, what is the time frame? I mean is that like 3 - 4 years or longer term or how is it?





Privadarshan Mundhra: I think that whe

I think that when we say medium term, I would say in our minds probably it is a time horizon of two to three years that we are working on. I mean, beyond that there is too much change in the business to build longer-term plans in that. I think any plans we build even from a medium-term perspective would probably have two to three year horizons.

Bhavin Vakeel:

Okay. And in terms of the area which you are focusing on this category, will that be more margin accretive or how is that?

Priyadarshan Mundhra:

I think from a margin perspective, very clearly the big distinction is between onshore and offshore business, because those two categories of delivery models come with very different margin profiles. We are trying to push as much offshore work as we can. But unfortunately, at this point in time, to the comment that Anjan made earlier in the call, we see client demand more for onshore services or for automation work. So, there is that headwind we face, and we try and grow our offshore business. But obviously, given a choice, we want to grow more offshore. Anjan, I do not know if you want to add something to that?

Anjan Malik:

I sort of agree. And again, I feel that we have been pretty consistent as a management team across all the conversations that we have had over the previous three quarters that we look at onshore as a means to an end as opposed to an end in itself. We clearly see there is more margins in offshore than there is onshore. I think that for the future, it is actually very important for us to continue investing in onshore, because it provides the seed for growth.

Bhavin Vakeel:

Okay. So just one more question on the accounting side of it. So other comprehensive income of Rs. 125 million. So can you be more clear? What are the data for this Rs. 162 million which is a part of other comprehensive income or loss potentially?

Rohitash Gupta:

Other comprehensive income, that is the regulatory requirement to disclose under the new standards of accounting. And this is below the normal PAT line. So, there are some discrete balance sheet items which vary and may or may not impact P&L in future, and they are part of other comprehensive income. This is not to be read along with the normal earnings that we discuss.

Bhavin Vakeel:

Okay. Can you just help me with what does this relate to Rs. 162 million?

Rohitash Gupta:

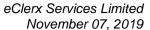
I think we can talk off-line on that.

Moderator:

Thank you. Next question is from the line of Nagraj Chandrasekar from Laburnum Capital. Please go ahead.

Nagraj Chandrasekar:

My first question is, when an existing contract of yours which is heavily offshore is replaced by a managed service contract, how do the economics change? Is it the more fixed-price, outcome-based contract where we should see a margin contraction of 500, 700 bps?





The second question is there are a couple of listed peers of yours that are mostly onshore BPO/KPO focused, and those tend to make in the mid-teens EBITDA margins. So, should that be the logical evolution of a higher-margin trajectory over the next three to five years?

Anjan Malik:

So, in answer to the first part of the questions, I would say that we are obviously very motivated to maintain margins. When we do get into managed services contracts, typically for existing contracts you typically don't take price reduction as a starting point. But what you may do and be committed to doing is give faster productivity returns then you would otherwise have done in previous years. Some of it could show up as margin compression over future years if we are not able to automate or provide productivity as quickly as we committed. Our experience is that is not been the case. But actually, we find that over the lifetime of a managed service contract, we actually end up in a margin-positive environment versus a margin-negative environment. So, the short answer to your question is that we have not seen managed service have a negative immediate impact on margin as yet. And PD, I will hand over the question about whether or what a long-term margin profile ought to look like.

Priyadarshan Mundhra:

Yes, so I think long-term margin profile is obviously a function of many different factors, most notably pricing and, in relation to that, competitive behavior as well. Assuming no significant change on that element, I would say today the blended margin that you see, an EBITDA of 22% to 24% and EBIT of 17%, 18%, is already reflecting a 75-25 split between offshore and onshore. Tiering this back to the earlier comments about available headroom in Fayetteville and being limited and so on and so forth, I am not sure I see the pace for that EBITDA declining from current levels down to 15%, 17%. I think that would be quite extreme and would require a much more significant change in the mix than what we anticipate. So again, going back to the comments we made earlier, I think we see margins, at least in the near term, being stable around this level, maybe with a little bit of upward price given the tailwinds Rohitash spoke about.

Moderator:

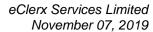
Thank you very much. Next question is from the line of Ashok Shah from LFC Securities. Please go ahead.

Ashok Shah:

Sir, can you throw some light on AI regarding our different vertical, how trade is expected in future?

Priyadarshan Mundhra:

Yes. I think at this point, I would say, to be completely honest, it has a somewhat peripheral impact on our work. It is not yet mainstream. I would say technologies like RPA, robotic process automation, are being adopted in a much more mainstream fashion by our clients. AI and machine learning, they are all dabbling in this. They are all interested to see what it can do for their businesses. But there are not too many industrial-scale commercial use cases where they have actually been able to apply the technology. On our side, we continue to experiment with it. We have a center of excellence in our R&D team working on various machine learning applications, especially in poor technology such as optical character recognition, voice analytics, computer vision and so on, so forth, which are very fundamental and where we think that if we can make progress, including in areas like natural language processing, when it can have





applications more broadly across our three businesses. So that is where it is. I would say it is an area of interest. People are exploring it, but it is not yet reached a large scale.

Moderator: Thank you very much. As there are no further questions, I now hand the conference over to the

management for closing remarks. Over to you.

Rohitash Gupta: Yes. Thank you, everyone, for joining us for this call. And look forward to talking to you over

next call as well as in between when we get the chance. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of eClerx Services Limited, that

concludes today's conference call. Thank you all for joining us. And you may now disconnect

your lines.