

eClerx Services Limited
Q3FY26 Earnings Conference Call

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ECLERX MANAGEMENT:

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

CONFERENCE CALL PARTICIPANTS:

**DIPESH MEHTA - EMKAY GLOBAL
GIRISH PAI – BOB CAPITAL MARKETS
MANIK TANEJA – AXIS CAPITAL
PULKIT CHAWLA – B&K SECURITIES
RAHUL JAIN – DOLAT CAPITAL MARKET
SANDEEP SHAH - EQUIRUS SECURITIES
S. RAMESH – INDIVIDUAL INVESTOR
VAMSHI KRISHNA – KOTAK SECURITIES**

Asha Gupta:

Hi, everyone. Good day, and welcome to the Q3 FY26 Earnings Call of eClerx Services Limited. Please note that this webinar will be recorded.

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

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

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

Kapil Jain:

Thank you, Asha, and good afternoon, everyone.

We are pleased to share the highlights of our performance in Q3 FY26. It was a good quarter on both the revenue and margin front. Operating revenue for Q3 was \$121.7 million, up 5.4% sequentially. In INR terms, Q3 operating revenue is INR 10,703 million, up 6.5% sequentially. Margins have also been strong. EBITDA for Q3 is INR 3,075 million at a margin of 27.9%, up 3.1% sequentially. PAT for the quarter is INR 1,920 million at a margin of 17.5%, up nearly 5% sequentially.

For 9MFY26, the USD operating revenue is \$346.5 million, a YoY increase of 18.4%. The corresponding INR figure for operating revenue is INR 30,097 million, up 22% YoY, while PAT for 9 months of the year is INR 5,168 million, up 33% YoY.

Deal wins for Q3 were \$45 million. Analytics and Automation is up 10%, which is healthy. In this quarter as well, growth in the non-top 10 clients was higher than top 10 client growth. Top 10 client concentration is at 60%, down from 62% to 64% in the prior quarters. Growth in the F&O subsegment continued, and this has resulted in strong growth in the emerging business. Growth was also strong in Hi-tech and M&D. Fashion and Luxury showed an increase from the seasonal low of Q2, while BFSI and CMT experienced modest growth.

I would now like to share some commentary and outlook about our businesses. On Financial Services, we see opportunities across core and new clients on operations and change. We have now started working on AI projects across some of our larger and mid-tier clients. Analysts covering Fashion and Luxury report that the industry might have bottomed out. Industry outlook for 2026 is low single-digit growth. Both Hi-tech and M&D showed strong growth in Q3. In Hi-tech, client spending is directed on transformation programs to automate and improve client satisfaction. There is significant focus on Agentic AI for self-healing services for consumer and business computing. Growth in M&D was driven by new wins and expansion across key focus clients. In this business, we see opportunities in both

DataOps and Market Intelligence. Our Emerging businesses grew strongly in the last quarter, and the outlook remains positive. We saw expansion in F&O and order management services in existing clients. On the Communication, Media and Telecom, our expansion into new delivery centers is resonating well with clients. A couple of our existing clients have signed up for Cairo operations. So, in the near term, we will start servicing multiple clients out of our Egypt center. We are continuing to upsell and cross-sell on the back of strong delivery, commitment to innovation and insights and strategic relationships.

In Technology and Analytics, we continue to see momentum in our suite of products, both with new and existing clients. On the Data and AI front, we have won deals for Agentic AI deployments with a few clients and continue to run pilots with all clients across the board. The technology and operations teams are working closely with clients for adoption of Agentic AI.

A brief on the awards and recognition during the quarter. In the last quarter, we were elevated to Gold status in the Adobe Solution Partner Program for the Americas region. This achievement places us among an elite group of Gold partners globally, underscoring our growing relevance and credibility and execution strength within the Adobe ecosystem. We were recognized as a major contender in Everest Group's Intelligent Process Automation Peak metrics. This recognition highlights our rapid advancements in Agentic AI driven by Roboworx CogniFlows, our enterprise-grade Agentic Automation platform. We also won the Bronze Award in the operational excellence category at the seventh ASQ South Asia Team Excellence Awards for a project from our Customer Experience vertical.

FY '26 has been strong, positioning us well for continued long-term growth. While near-term volatility is inherent in our business and may result in Q4 being softer than the first 3 quarters, underlying demand remains healthy. Our pipeline continues to be robust, supported by sustained and meaningful engagement with clients. As always, we are here because of our clients, employees and partners. We sincerely thank them for their trust, dedication and collaboration and for the opportunity to contribute to shared success. We look forward to continuing our journey together in the future.

Thank you, and over to Srinu for more details.

Srinivasan Nadadthur:

Thank you, Kapil, and good afternoon, everyone. Let me provide additional color on our quarterly performance.

So quickly recapping some of the revenue and margin numbers. The constant currency operating revenue is up 5.5% sequentially and 20% as compared to Q3 of FY '25. Including other income of INR 313 million in the quarter, total revenue is INR 11,703 million, up 6.4% sequentially and 22% YoY. Net operating cash flow was INR 2,536 million, and the EBITDA conversion metric is at 82%. On a Q-o-Q basis, EBITDA margin is down 90 bps, while it is up 190 bps compared to the same quarter of last fiscal. Increase in sales and distribution variable payouts and higher travel and marketing costs are the major contributors to the Q-o-Q margin decline. Utilization has been higher in Q3, leading to a 30 bps improvement in delivery cost and there is minor improvement in G&A as well.

On the other key metrics, as Kapil already mentioned, the top 10 concentration is down 60%. DSO has moved up by about 2 days to 78. Utilization is up by about 1.4%. And we've added 400 new seats in Chandigarh. Attrition is at pretty much similar levels compared to Q2. On an administrative note, we

completed the buyback process in January, and 625,000 shares were extinguished as a result. And the Board has approved 1:1 bonus, which will be put up for shareholders' approval in the coming weeks.

Thank you, everyone. And with this, we conclude our prepared remarks, and we can now move on to the Q&A. Back to you Asha.

Asha Gupta:

Thank you, Srinivasan. Thank you, Kapil. We have first question from the line of Manik Taneja from Axis Securities.

Manik Taneja:

So first of all, congratulations on the very steady performance that you continue to sustain through the last 7 quarters. I just wanted to get your thoughts around 2 things. If you could talk in detail about our Analytics business in terms of what's the broad revenue split across industry segments? And is there a sort of a budget flush that you typically see in that business in third quarter given what we have essentially at our end in history for about 11, 12 quarters only. So, if you could talk about that aspect.

And the second one is with regards to the significant improvement that we are seeing across our client metrics as well as our emerging client base. How are you thinking about some of these aspects from a go-forward standpoint? Those would be my questions.

Kapil Jain:

So Manik, I'll answer the second one. I'll let Srini to answer first one and then I'll add on. So, on the second question, I think on the emerging markets, as I had said, the opportunity that we have in front of us is upsell, cross-sell and the service kit that we have. And that's, I think, resonating well. And whatever we have seen is in line with what we had laid out about 10, 11 quarters back in terms of the strategy. And I think we are beginning to see the benefits of the strategy that we have laid out. So, I think in terms of whether it's emerging markets, finance accounting, customer operations, new center expansion, it's resonating well, both cross-sell as well as upsell.

Manik Taneja:

Great. If you could also talk about the emerging client base because when I'm looking at your client metrics, over the course of last 12 to 18 months, we've seen a steady increase in terms of our number of US\$1mn plus, US\$3mn plus and US\$5mn plus customers which is very heartening to see given the challenges that we used to historically see on this front. Do you think this is largely driven by the inherent focus on cross-sell and upsell? Or is this some element of new customer, new logo acquisitions as well? And if you could provide some vertical specific color to this progression?

Kapil Jain:

So Manik, it's a combination of both, new customer acquisitions as well as cross-sell and upsell. And there is a concerted strategy to grow clients in each segment, and there is a high focus for the same.

What was your second question?

Manik Taneja:

The second question was related to if you could give us some vertical specific color in terms of the progression that we are seeing on client metrics. Is this specific to some industry segments that we are doing very well in being able to drive higher share of revenues from this customer base or this is more broad-based?

Kapil Jain:

So, growth across industry segment is broad-based and as well as on the capability sets that we have. Obviously, the deal sizes are larger in Finance and Account customer operations. So there, we are seeing a higher growth because of the inherent nature of the deal ACV values. But I think it's across the board we are seeing. And we are seeing, for example, in our trade life cycle, we are seeing on the chain side, Agentic side in terms of trade settlement exception management, we have developed solution on the back of Agentic AI. We are working on pilots with some of the clients. So, I think the overall new client addition, cross-sell, upsell, we are seeing across. It's more broad-based than being restricted to 1 or 2 industries.

Manik Taneja:

And Srin, you can answer the first question that I had.

Srinivasan Nadadhur:

The kind of services that we do in Analytics, I would classify them into 3 broad areas. One is Customer Analytics, which is if a customer is coming to a website, then what is their propensity to buy, what is the typical journey of a customer through a website. The second is Product Data Analytics, which is what kind of products are selling, what are the gross margins of these products, what products should be pushed more, and that applies to across geographies, what is selling more, what is selling less. And therefore, how to help product data owners to decide what products should be in stock more or get more in stock as compared to other products. And the third is Pricing Analytics. So how does our clients' product compare in terms of pricing other metrics to their competitors' products. And therefore, is there any significant difference in those pricing and that, therefore, help clients take decisions on how to price their products effectively to make the most use or capture the most share of customer wallet. Because this area had its genesis in what was earlier known as our digital vertical, a lot of the work that we do currently faces Hi-tech. We do work for M&D i.e manufacturing and distribution as well and some amount of work for Retail as well. I think in the last year, 1.5 years, we have also started doing work for the BFSI segment.

Manik Taneja:

Great. And the last one from my end. While you did allude to the fact that you would expect Q4 growth to be slightly lower than what we've seen through the course of the last 3 quarters. In the past, our head count addition for the current quarter seems to be a good indicator of near-term growth. Is that the way we should be thinking about our Q4 growth?

Srinivasan Nadadhur:

There is a strong correlation, right, given that 80% of our work continues to be FTE.

Asha Gupta:

Thank you Manik. Next question we have from the line of Dipesh Mehta from Emkay Global.

Dipesh Mehta:

A couple of questions. First, I think in the quarter 1 earnings call, we indicated about plan to have 20% productivity improvement using AI tools. So just want to understand what the progress is we have seen so far in terms of using AI to drive productivity improvement? Second question is about the emerging industries. Now you gave some of the clarity, but just want to understand how broad-based is the growth, whether a few clients are driving bulk of the growth there? And which industries we are seeing more traction, which can, let's say, we start reporting maybe in a couple of years down the line? So, if you can provide some color specific to emerging industries. And last question is about deal intake. Can you give some sense about how the nature of deal wins is changing for us compared to 12 months back? We report ACV, but if you can give some sense about changing size of the deal and tenure of those deals?

Kapil Jain:

So, on the emerging markets, like I said, the growth is broad-based. And we continue in terms of the ACV wins, the average deal size has gone up in terms of what we were winning, let's say, 12 months back versus the current deal size. And we are very positive in terms of the overall outlook and the pipeline that we have. There will be, as I had indicated in the past, quarter-on-quarter aberrations. But on a medium to long-term basis, I think we have said a few things. And we'll continue to deliver on those in terms of growth in the top quartile of the peer segment that we operate. EBITDA margin between 24% to 28% and EPS and EBITDA growth sequentially. So, I think that continues to be the same. In terms of industry segments, I think given our size and scale, there are opportunities across the industry segments as well as the capability sides.

Srinivasan Nadadhur:

And on the productivity improvement through AI, generally that we've seen that in most pilots, pilots progress to production only when there is significant productivity improvement. And typically, clients have this gating criteria between 15% upwards. So, all the projects that we've seen make it to production to have this kind of productivity improvement metric.

Asha Gupta:

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

Sandeep Shah:

Congrats on the great set of numbers. Sir, just wanted to understand if I look at the top 5, top 10 client contribution on revenue, though it has been doing well, but there is a softish growth. Anything to call out it's a quarterly aberration, any large client-specific issue you foresee in any of the verticals which may have some impact even in the coming quarters?

Kapil Jain:

No, Sandeep, nothing extraordinary. I think it's just that the outside of top 5, top 10 clients have grown. So that's the reason, but there's nothing to call out which is extraordinary.

Sandeep Shah:

Okay. And sir, in the fourth quarter, I agree on a high-growth base, there could be quarterly aberration. But anything structural to call out? Or is it fair to assume that the growth in Fashion and Luxury picks up in third quarter may normalize in the fourth quarter. So, it's more a quarterly aberration or something else to read out?

Kapil Jain:

No, I think, Sandeep, like I said, it's quarterly aberration. I had said that medium to long term, we see a positive demand outlook, and we are cautiously optimistic. And the reason I'm using cautiously optimistic word is because of the overall geopolitical, overall macroeconomic environment. But this is just a quarterly aberration and nothing to do with medium to long-term outlook.

Sandeep Shah:

And sir, average of 9 months ACV has been improving versus average of 4 quarters ACV earlier years. So, is it fair to assume this will still have an upside potential and which makes you remain positive on the medium-term outlook?

Kapil Jain:

Sandeep, I had said in Q2 that overall ACV of the deal closures that we will do in FY25 - 26 will be higher than what we did last year, and I continue to maintain I'm confident of delivering on the same.

Sandeep Shah:

And sir, in one of the examples where you said in one of the trade products you are doing a pilot in terms of the Agentic AI. So, what is an experience in terms of cannibalization of the revenue because we generally do on a proactive basis. So, I do agree for the same project, ACV could be lower but is it leading to client giving you more IT budget because you are putting some saving on the existing spend. So how is the experience whenever you do a pilot on the Agentic AI? If you can give us separately for voice and non-voice.

Kapil Jain:

Sandeep, overall, I think it's a little too early to give a long-term view where it will head out. I think the good thing is that our value proposition, tech-first IP-owned BPO/KPO work that we do for our clients is giving us opportunity on the Agentic AI and whatever is the latest and greatest on the technology front when with both large clients as well as small clients, and we are working on change, cutting-edge technology. So that's the positive side. Now in the pilots that we have done, we haven't seen any cannibalization or any impact. I think we see it as a positive opportunity because it gives us an opportunity to go and influence outcomes in areas which are outside of the work that we are currently doing. However, like I said, this is the adoption and these pilots is very new. So, there isn't a history to say what the outlook would be in 12, 24, 36 months. However, like I said that I see this as an opportunity given our domain process tech-first mindset that we have been driving, and we have been delivering for the last 25 years.

Sandeep Shah:

And just last couple of bookkeeping questions to Srini. Sir, this time the new labor code impact despite we have higher offshore spread looks lower. So how to read that? Is it one can expect that this charge can increase on a going forward basis? And second, fourth quarter margins are generally flat or improving. So, do you believe with growth now consistently coming, it's a time to reap benefits on the margin through operating leverage and the band of 24% to 28% could shift to more towards midpoint to the upper end?

Kapil Jain:

Sandeep, the labor code, I'll let Srini answer. On the margin, like I said, we'll continue to invest in terms of on tech, AI, on sales. And at this stage, I think our view is that 24% to 28% is what we would like to maintain as the overall guidance for the margin, given that our commitment is to deliver top line growth in the top quartile, and we'll continue to deliver sequential growth on EBITDA and EPS.

Srinivasan Nadadhur:

And on labor code, I think the impact for us is low because for most designations, our basic was already at that 50% mark, which is what is required by the new definition of wages. So, we did not have to do a lot of [changes] and the revised impact was not significant.

Sandeep Shah:

And anything to call out on the fourth quarter margin in terms of headwind tailwind?

Kapil Jain:

There is some CapEx that may happen in Peru. There is something that we are working on Mohali, which may be Q4 or Q1. So, there is some investment, but there may be investments on the people front as well. So, I think we will do what is necessary for the business.

Asha Gupta:

Thank you, Sandeep. We have next question from the line of S. Ramesh, an individual investor.

S. Ramesh:

Congratulations on your good results. So, if you look at your industry split, there is an increase in the emerging segment compared to last year, third quarter, fourth quarter has been steadily increasing even from the first quarter. So, what are the constituents of this emerging segment? And is this trend likely to continue, especially because your BFSI segment is kind of dropping off? And is it something intended? Or is it something based on how the market is moving? And how do you see it moving in the next 1 or 2 years?

Kapil Jain:

Ramesh, we are looking at our portfolio of industries and clients that we service in the industries. So, in terms of one particular segment, in terms of emerging markets of Financial Services, CMT, HiTech, Fashion and Retail, I think at a group level, we believe that there is a good demand, and we are seeing a good in terms of deal conversions and pipeline. The industry-wise split, I think there will be some volatility, as I've said, because of the size of the portfolio and the size of each of the industry verticals. And emerging markets is small, so volatility will be higher. So, it's difficult to comment on specific industry like emerging markets, what we will see quarter-on-quarter. Directionally, medium to long term, yes, emerging markets will continue to grow, and that will be there.

S. Ramesh:

As a follow-up, in terms of your margin guidance, what will be the levers that will help you achieve the EBITDA margins you're expecting in future? Will it be top line growth? Or do you also see some operating leverage?

Kapil Jain:

It will be both, Ramesh. I think top line growth has to come because if growth doesn't come, we won't have anything left to manage the margin on. So, I think growth absolutely is a determinant and so will be the operating leverage efficiencies that we bring in.

Asha Gupta:

Thank you, Ramesh. We have next question from the line of Pulkit Chawla from B&K Securities.

Pulkit Chawla:

Congrats on a great set of numbers. Kapil, my first question is to you. Your ACV numbers have been quite good for the last 4-odd quarters. Just wanted to understand where are you actually winning these deals from? Is it from competition? Are clients now sort of becoming more open to outsourcing? Or where exactly are these deals coming from? Second, Srin, for you. I mean, if you just understand what

the margin work for this quarter is, your selling and distribution expenses have increased quite a bit this quarter. What has that got to do with? Yes, that's it for me.

Kapil Jain:

So Pulkit, I think in terms of we are seeing consolidation of suppliers. So, a, we are winning if there is a consolidation opportunity. I think on the back of strong delivery tech-first IPO, we are absolutely gaining market share whenever there's a consolidation opportunity. And our ability to also new clients because I think we work with Fortune 100, Fortune 500 clients. So that also is helping us. So that's where the ACV is coming from broadly, both upsell, cross-sell and addition of new clients.

Srinivasan Nadadhur:

In terms of the margin walk, the increase in S&D is mainly on the account of two reasons. One is the increased provision for bonuses and variable payout, and that's because of the strong performance on top line and bottom line; and a little bit of increased spend on travel and marketing. So, in terms of split, I think it would be about 75 bps for the first and 25 bps for the second. That is a little bit offset by reduction in 20 bps reduction in G&A and maybe a 30 bps reduction in delivery costs going to higher utilization. I trust that answers your question.

Asha Gupta:

Thank you Pulkit. Next question we have from the line of Vamshi from Kotak Securities.

Vamshi Krishna:

Kapil, so first for you. So maybe can you just share an outlook in BFSI between TLC and CLC? I believe CLC has been a little muted for some time now. And what would lead to recovery there? Second, in terms of deal ACV, last couple of quarters, it has been fairly robust, but the near-term commentary suggests some caution. So, is it a function of the deals being long gestation deals with slower ramp-ups? Or are you seeing higher roll-offs than normal?

Kapil Jain:

Vamshi, I didn't understand the first question on TLC versus CLC. Can you just repeat?

Vamshi Krishna:

Can you maybe just share the outlook within the BFSI between transaction and customer life cycle.

Kapil Jain:

Okay. So, I think on the client life cycle, compliance, KYC, the crime and compliance space, we are seeing good demand across our existing clients as well as new clients as well as opportunity to drive efficiency cost takeout with Agentic AI and Tech, right? On the trade life cycle, we are seeing more on the change side and opportunity. So, I think the opportunities on both segments as well as on loans. And we are also looking at adjacent areas. Like when we are winning new clients, it's not just these 2

segments, which we have traditionally been operating, we are also looking at other buying centers in Financial Services. And that's where the cross-sell, upsell comes in, right? So that's on one front.

In terms of the gross sales and the ACV that we have reported, quarterly aberrations are there. I think Q1, Q2, Q3, if you look at, we are at about \$126 million and Q2 was slightly soft on ACV. And I think those quarterly aberrations will be there, but it's nothing to do with a higher roll-off percentage or deals taking longer or in terms of getting into steady state and so on and so forth. Nothing of that sort.

Vamshi Krishna:

Got it. And then for you, Srini, so looking at the spot rates and hedge futures, it appears that there could be elevated losses at least in the next few quarters. So, is there a plan to maybe have a relook at your hedging strategy? Or is the book more or less kind of fixed?

Srinivasan Nadadhur:

So yes, we don't plan to look at it at least in the near term. I think that the strategy is programmatic for a reason and relooking at it may just lead to move away from hedging into speculation. So near term, no plans.

Asha Gupta:

Thank you, Vamshi. We have a follow-up question from the line of Sandeep Shah.

Sandeep Shah:

My question got answered. Thank you.

Asha Gupta:

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

Girish Pai:

I see that your business development people number has remained almost constant for the last 8 quarters. So, are you kind of underinvesting in sales and marketing?

Kapil Jain:

No, Girish, I think what we have done is, a, we have instituted a very robust performance management system. So, we have added a few people, but we have also seen repurpose some of the people. So that's one. Second is, I think we are not shying away from hiring good sales guys, which is what we are looking at. And as I had mentioned earlier that we will continue to invest in BD resources, sales as well as in the AI and the Technology segment. So that continues to be our investment focus.

Girish Pai:

Okay. And on the Tech Services head count, that's kind of doubled in the last 24 months from approximately 1,000 people to about 2,000 people. What exactly do these people do? I mean, what skill sets do they bring to the table?

Kapil Jain:

So on the Tech side, I think some of it is also reclassification because Analytics business, we combine under Tech and Analytics as one portfolio. So, some of the increase in the number you're seeing because of that. And it's 3 broad areas, one is in terms of people who are working on our own IP and continuously enhancing our service kit service offering and the value proposition that we bring to the client. Second set of people are working on change on the third-party client ERP, homegrown client systems. And the rest of the people are working on traditional demand on the IT projects. So broadly, this would be the classification of the team. And obviously, there is an Analytics team that we had combined with the Tech.

Girish Pai:

Right. My last question is regarding your top 10 clients. Just want to understand the nature of these clients. Have they been top 10 for the last 2, 3 years, I mean, has that list been static for the last 2, 3 years? And if that is the case, have they asked for any productivity pass back on an annual basis? And has expectations on this front gone up? And how have you handled that?

Kapil Jain:

I think the composition of top 10, they have not stayed same. So, there are additions in the top 10. And so that's answer your first question. On the second one, see, productivity is if you are purely doing FTE and "bum-on-a-seat" model. The value proposition comes in from the Analytics insights that we bring in our QBRs in our client interactions. And the gain is beyond like give me 10% productivity improvement, 5% productivity improvement, 8% productivity improvement. I think the question is what is the business value you are adding? I think there was a question on Analytics and Insights. Now if I'm able to go ahead to the client and say, we have got client testimonials where they are saying that we have been working with suppliers for long, and we have never got sort of insights and the savings from fraud that we have been able to save from what you guys highlighted just by working with us for less than a year. So, I think you have to up the game and see how technology, analytics, business insights, ops, bringing it all together is the value proposition that we bring to the client. And to answer your specific question, no, we have not seen it because the clients are seeing the overall value proposition. Like there are some asks from the client if they are facing headwinds and things like that, we have always stood alongside with our clients. And in long term, that has always paid us in terms of clients are in need, then we have supported. But it's not like give me 10% productivity improvement because we have been giving that continuously, the value proposition, whether it's productivity, whether it's insights, in terms of whether it's in terms of adding value on the revenue side, enhancing customer experience, reducing fraud losses, reducing credit losses, disputes. So, I think that continues to be the value proposition. I hope I've answered your question.

Girish Pai:

Yes. So, I just want to squeeze in my last question is regarding medium-term growth outlook. We've had macroeconomic challenges in the last 12 months and maybe a little earlier than that. Do you think growth can remain at these levels or accelerate over the next 12 to 24 months? Customers have kind of got used to the geopolitics and the macroeconomic challenges over the last 12 months. Do you think growth can accelerate or can remain at these levels?

Kapil Jain:

So, I think as we don't give any forward guidance on the growth. I think what we are saying is that depending upon in the segment we are operating, we see good demand, pipeline is strong. We have said we will stay in the top quartile of our peers in terms of growth. That definitely we see continuing. In terms of absolute numbers, percentages, whether we can do more, if the overall industry does more and the top quartile does more, yes. If the overall industry and the top quartile is lower, then we'll try and stay ahead of the curve is what our aspirations are.

Asha Gupta:

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

Rahul Jain:

So, since you are almost 2 years into your 4-year plan, so is there a new set of steps that you want to bring it at this point to enhance or sustain the momentum that we are having? We've been talking more about the sales team addition and stuff like that. But what about the newer segments that we were also aiming? Or is there any other gear shift that we are making other than the hiring part of it?

Kapil Jain:

Rahul, I think we are continuing, like I have said that we will look at adjacent areas. So, for example, we have started looking at that. We have said that on Finance and Accounting, we were traditionally on the SME segment, we will look at mid-tier and large clients as well. There, we have had some success. We said that we would look at in terms of how do we take the Customer Experience, Customer Service business across our client portfolios, we are beginning to see some traction. MarTech that we deliver for the clients, traditionally, we were delivering for one industry segment. We are seeing traction across the industry segments, whether CMT as well as Financial Services. So, as we are going on our strategy, we are making progress in terms of what are the adjacent areas where we can look at. At this stage, whatever strategy we had laid out 2 years back, and the momentum we are seeing and the success, I think it's a little too early to change the direction which we had set out. We will continue on the same path, continue to execute on the strategy that we had laid out. And probably, I think 12 months would be the time to revisit. And it's not that we have kept this and it's getting dust on the shelf. We are continuously looking at areas, adjacent areas, opportunities but I think to take a refresh and a relook would be probably in 12 to 18 months' time frame. Right now, I think we see enough and more opportunities on the plan that we have laid out.

Rahul Jain:

Okay. That's pretty helpful. Just one bit more. On the Agentic Solution deal that we have got, I just wanted to understand how the competitive landscape here is shaping up? Are there in-house team as well as a very different set of competition coming in when it comes to these kind of deal or these are your traditional peers who are coming with the newer version, which is the Agentic version?

Kapil Jain:

I think we are seeing the Agentic AI and the pilots that we are seeing are in areas where we are currently working, and we bring in domain expertise, right? So those are the areas that are of strength to us. So, it's not like we are going and saying that, look, we can implement Agentic AI across the board. And like I said, this is relatively in terms of implementation, pilots, execution. It's still a little too early to say that what is the dollars that we are getting in revenue, what are the benefits that clients are seeing. There is a lot of promise behind the technology, but there's also a thinking that the overall growth will accelerate for the clients that we service if technology was to come in as a force multiplier. So, I hope that answers your question. I think in terms of giving the competitive landscape and all that, I think it's a little too early to talk about the same.

Asha Gupta:

Thank you, Rahul. We have next question from the line of Vaishnavi. She is facing challenges in the voice, and that's why she has put her query on the chat. I'll just read out.

So, her question is, can you please highlight the demand outlook in the U.S., particularly within the BFSI segment? And are we witnessing any client bring the services in-house rather than outsourcing with adoption of AI? And second question is, can you also please highlight the reason for low growth in Q4, as you have mentioned?

Kapil Jain:

First is the demand environment in the U.S. especially in BFSI. So overall demand environment in the U.S. for Financial Services, the clients are doing very well. Financial Services has done well. If you look at the overall sector, banks, institutional clients, they have declared very positive results. I think the momentum is good. So, we see a positive demand outlook. We don't see a concern on the demand side in Financial Services. Second was on Q4 numbers. I think that's a quarter-on-quarter. Like I had said in the previous calls and earlier in today's call as well that there can be a quarter-on-quarter volatility because our numbers are small. \$120 million, \$130 million quarterly revenue base, there is likely to be a volatility, and that could be a quarter-on-quarter aberration, but medium to long term outlook continues to be positive. And we are confident in staying in the top quartile from a growth perspective on a YoY basis. I think there was one more question. Was there any other question Asha?

Asha Gupta:

So, there was one more asking do we have any client bring these services in-house rather than outsourcing?

Kapil Jain:

No, we haven't seen any trend because of technology. There could be a strategic reason, a small process, but no, nothing which is worrisome to say that there is clients are bringing the value proposition that clients see with many of our clients, we co-exist with their GCCs. So, we are not seeing that trend.

Asha Gupta:

Thank you, Kapil. Thank you, Srin. As there are no further questions. I'll hand over the call to you for closing remarks.

Kapil Jain:

Yes. Thank you, everyone. Thank you for your continued support, and we look forward to speaking with you in the next quarter.

Srinivasan Nadadhur:

Thank you everyone.

Asha Gupta:

Thank you, everyone. Thank you, Kapil and Srinivasan. With this, we conclude the eClerx Services Ltd Q3FY26 earnings call.

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