

## Key Structural shifts augur well for growth sustainability

- Eclerx's Q4FY24 CC revenue grew 1.4% QoQ (above street estimates) led by financial markets/customers operations biz. OPM declined by 195bps QoQ to 21.1% mainly due to investments in sales & delivery capabilities.
- Mgmt. guided EBITDA margin band of 24%-28% for FY25 (vs 28% in FY24) & aspires to achieve double-digit growth in FY25. Strategies are mainly focused on getting top quadrant growth & industry leading margins over FY24-28E.
- We expect Revenue/PAT CAGR of 8.5%/12.2% over FY24-26E driven by 1) aggressive investments, 2) increasing offshore revenue share and 3) ramping up automation through GenAI solutions which will yield long-term benefits. Accordingly, we resume coverage on eClerx with 'Accumulate' rating and TP of Rs. 2,640 valuing at 20x FY26E (implies 2x on PEG basis).

## Centered next-4 years plan and yearly agendas

Eclerx has identified five key strategies to deliver top quadrant growth for next 4 years which include: **1) Focus on sales** (Through reference ability & cross selling), **2) Increasing risk appetite** (By expanding into adjacent industries/geos), **3) Improvement in revenue predictability** (By expanding beyond top-10 clients & sign multi-year repeatable deals), **4) Adding new clients & growing existing ones** (By Investing in Sales & Marketing & adding new logos) and **5) Delivering common market message** (Deliver commonalities across 3 biz).

## Lead indicator hinting towards improved growth momentum ahead

LTM ACV NEW deals (ex-CLX) stood at \$91.5mn, up 11% YoY. Rev coverage is still just 0.26x as it does not count renewals. Healthy headcount additions (up 7.6%) despite modest utilization of 73.5% indicate an uptick in the momentum ahead.

## Growth remains priority led by aggressive S&amp;M investments strategy

Mgmt. shared EBITDA margin guidance of 24-28% for FY25, reflecting decline of 400bps YoY at lower end due to increased investments in building capabilities & sales team. We believe Eclerx is strategically positioned to propel growth driven by 1) CEO's new strategy to mirror the playbook of Infosys BPM & reduce client roll-offs, 2) Diversification beyond Top-10 clients, and 3) Allowing founders to prioritize on inorganic opportunities to strengthen capabilities, thereby ensuring relevance and industry outperformance.

## Q4FY24 Result (Rs Mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Revenue	7,665	6,931	10.6	7,528	1.8
Total Expense	5,710	4,862	17.4	5,455	4.7
EBITDA	1,955	2,069	(5.5)	2,073	(5.7)
Depreciation	335	319	5.3	335	0.0
EBIT	1,620	1,751	(7.5)	1,737	(6.8)
Other Income	230	51	353.2	208	10.9
Interest	56	57	(1.2)	59	(4.7)
EBT	1,794	1,745	2.8	1,868	(3.9)
Tax	496	421	17.6	477	3.9
RPAT	1,305	1,325	(1.5)	1,386	(5.9)
APAT	1,305	1,325	(1.5)	1,363	(4.2)
			(bps)		(bps)
Gross Margin (%)	40.8	44.6	(383)	41.5	(67)
EBITDA Margin (%)	25.5	29.9	(435)	27.5	(203)
NPM (%)	17.0	19.1	(210)	18.4	(139)
Tax Rate (%)	27.6	24.2	348	25.6	207
EBIT Margin (%)	21.1	25.3	(413)	23.1	(195)

CMP	Rs 2,344
Target / Upside	Rs 2,640 / 13%
NIFTY	22,529

## Scrip Details

Equity / FV	Rs 469mn / Rs 2
Market Cap	Rs 115bn
	USD 1.4bn
52-week High/Low	Rs 2,828/ 1,394
Avg. Volume (no)	59,293
Bloom Code	ECLX IN

Price Performance	1M	3M	12M
Absolute (%)	(3)	(4)	68
Rel to NIFTY (%)	(4)	(6)	44

## Shareholding Pattern

	Sep'23	Dec'23	Mar'24
Promoters	53.6	53.6	53.6
MF/Banks/FIs	21.7	22.9	22.8
FIs	12.1	11.8	12.2
Public / Others	12.6	11.7	11.5

## Valuation (x)

	FY24A	FY25E	FY26E
P/E	22.5	20.6	17.8
EV/EBITDA	14.3	13.8	11.5
ROE (%)	25.8	23.0	23.0
RoACE (%)	27.7	24.5	24.3

## Estimates (Rs bn)

	FY24A	FY25E	FY26E
Revenue	29.3	32.0	35.2
EBITDA	7.7	7.9	9.0
PAT	5.1	5.3	6.2
EPS (Rs.)	104.2	113.5	131.7

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### Exhibit 1: Quarterly number and consensus estimates

(in Rs mn)	Actual	Consensus	% Variation	Comments
USD Revenue	91.9	91.1	0.9	Beat led by financial markets & customer ops
INR Revenue	7,665	7,586	1.0	
EBIT	1,620	1,613	0.4	OPM Miss due to higher investments in SG&A
EBIT, margin (%)	21.1	21.3	(13 bps)	
PAT	1,305	1,399	(6.7)	PAT miss due to higher tax

Source: Company, DART

### Estimates

Management continues to prioritize growth through investments in S&M and expects onboarding of new senior leaders will start to yield result in medium term. Factoring in Q4 performance and management's expectations of achieving industry leading growth, we have introduced USD revenue growth of 8%/9% for FY25E/FY26E and expect OPM estimates of 20.4%/21.6% for FY25E/FY26E. On an overall basis our earnings estimates stood at Rs. 113.6/131.8 for FY25E/FY26E.

### Exhibit 2: Estimates

	FY23A	FY24A	FY25E	FY26E
USD Revenue	332.7	353.9	382.3	416.7
YoY growth (%)	16.9	6.4	8.0	9.0
INR Revenue	26,478	29,256	31,981	35,213
YoY growth (%)	22.6	10.5	9.3	10.1
EBIT	6,081	6,491	6,529	7,609
EBIT margin (%)	23.0	22.2	20.4	21.6
PAT	4,887	5,115	5,320	6,172
EPS (Rs)	97.2	104.6	113.6	131.8

### What to expect next Quarter

We have factored in a revenue decline of 0.8% QoQ for Q1FY25, due to the seasonally weak quarter. OPM is expected to contract by 308bps led by wage hike impact and continued investments in strengthening sales and delivery capabilities.

### Exhibit 3: What to expect next Quarter

(Rs Mn)	Q1FY25E	Q4FY24	QoQ (%)	Q1FY24	YoY (%)
USD Revenue	91.2	91.9	83.9	(0.8)	8.6
INR Revenue	7,612	7,665	6,845	(0.7)	11.2
EBIT	1,374	1,620	1,389	(15.2)	(1.0)
PAT	1,125	1,305	1,063	(13.8)	5.8
EPS (Rs. Abs)	24.0	26.6	21.8	(9.5)	10.2
EBIT Margin (%)	18.1	21.1	20.3	(308 bps)	(224 bps)

Source: DART, Company

### Exhibit 4: Key Assumptions in our estimates

Assumptions Table	FY22A	FY23A	FY24A	FY25E	FY26E
CC Revenue growth (%)	36.0	17.0	6.3	8.0	9.0
USD Revenue growth (%)	35.2	16.9	6.4	8.0	9.0
USD/INR	75.9	79.6	82.7	83.7	84.5
INR Revenue growth (%)	38.1	22.6	10.5	9.3	10.1
EBIT Margins (%)	25.8	23.0	22.2	20.4	21.6
EPS growth (%)	(1.9)	23.0	7.7	8.6	16.0

Source: Company, DART

## About Eclerx

Eclerx, a pioneer in the IT/BPM space, established in 2000 and become a prominent player in the industry, offering services in multiple segments i.e. Financial Markets, Customer Operations, and Digital Analytics. The company focusses on key segments such as Financial services, Cable & Telecom, Retail, fashion, Media & Entertainment, Manufacturing & Hi-Tech.

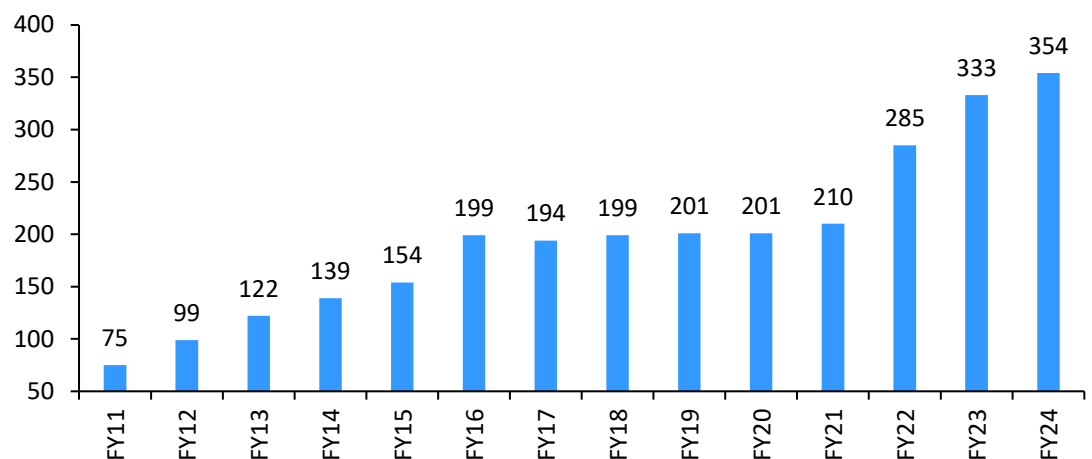
### Key segments:

1. **Financial Markets (~40% of revenue):** Core services consist of consulting, technological innovation, and process management for operations. Solutions offered include trade lifecycle, trade processing, change management, settlements & clearing, asset servicing, data & analytics, and client lifecycle. The ongoing momentum of onshore delivery work is projected to fuel substantial growth in FY25.
2. **Digital Operations (~40% of revenue):** Eclerx has remained a reliable partner for leading global brands, offering a wide range of services including creative production, eCommerce/web operations, and analytics & insights. With a team of over 3k+ digital experts, the company operates from five production hubs located in Mumbai, Pune, Chandigarh, Verona, and Phuket. The demand from fashion and luxury clients has remained strong, and its expanded presence in Milan and Paris will contribute to further growth. Currently, clients are prioritizing cost optimization deals over discretionary spending, which has been a key growth driver over FY21-23, while FY24 remained muted.
3. **Customer Operations (~20% revenue):** Eclerx assists companies with development, implementation, and management of multichannel customer interaction capabilities, effectively enhancing the overall customer experience. Mgmt. has prioritized diversification of existing portfolio by introducing fresh and distinctive offerings into the cable, telecom, Pharma and streaming segments. The demand for offshoring services has continued to exhibit strong momentum.

**Revenue:** During pre-covid period (FY16-20), Eclerx experienced numerous challenges and revenue hovered around \$200mn (from FY16-20). This was primarily due to: 1) 3-4 major project roll-offs from multiple key client (either due to M&A activities, or vendor consolidation exercise at client's end), and 2) Higher Insourcing of key clients which led to decline in Offshore biz which accounted for 76% of revenue (declined by 3% CAGR over FY17-20) while Onshore biz grew by 23% CAGR over FY17-20.

However, the company saw a significant increase in growth after the onset of pandemic (from Q2FY21 onwards) driven by digital acceleration, lower roll-offs, and achieved a CAGR of 15.3% (FY20-24) mainly driven by digitization agendas which led to uptick in Offshore business (up 17% CAGR over FY20-24). Growth was also boosted by integration of Personiv acquisition that came in Q4FY21 with revenue run rate of about \$32mn.

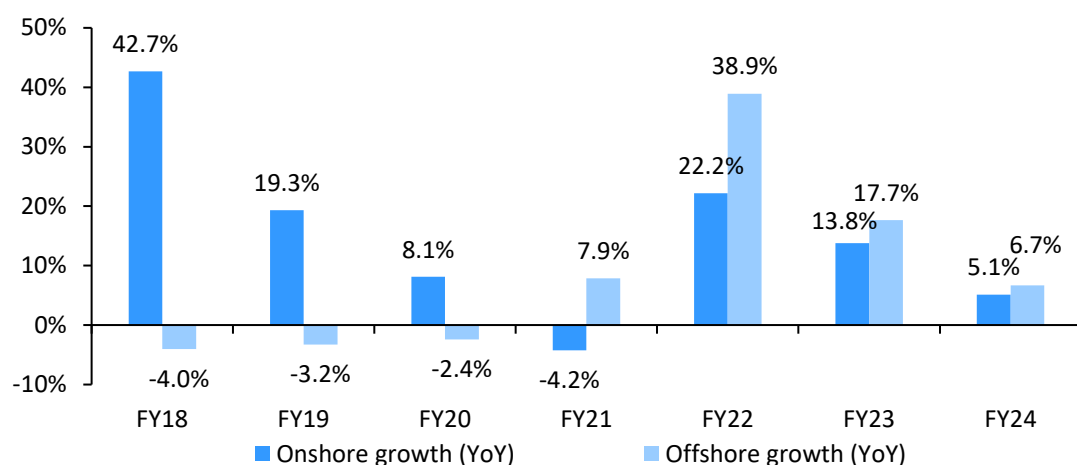
### Exhibit 5: Revenue (\$mn) trend since FY11



Source: Company, DART

**Onshore/Offshore segment:** Offshore revenue (81% of total revenue) has grown at 8% CAGR while Onshore business revenue has grown at 14.5% CAGR over FY17-24.

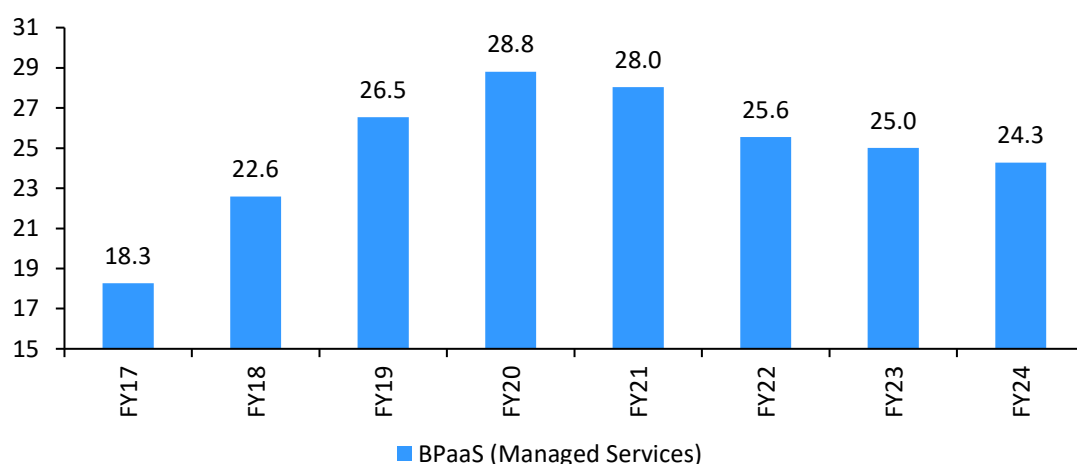
#### Exhibit 6: Onshore/Offshore revenue growth trend



Source: Company, DART

**BPaaS (Managed Services) segment:** The company's managed services segment which account for roughly 24% of revenues (vs 18.3% in FY17) has been growing consistently by 13.5% CAGR (FY17-24) mainly on account of robust proprietary platforms in compliance domain. We believe growing share in this segment can help the company to turn tide in its favor, as the contracts are mainly long-term repeatable revenue in nature.

#### Exhibit 7: Billing mix trend of BPaaS



Source: Company, DART

**Industry outlook:** According to NASSCOM, BPM is expected to touch \$72-75bn by FY27E (implies +10.8% CAGR) from \$44bn in FY22 while Global BPO industry is valued at \$262bn in CY22 and is expected to grow at 9.4% CAGR from FY23-30 led by digital BPO. We believe management's focus on expanding Gen AI used cases for all clients will help in growing outsourcing penetration and drive industry leading growth.

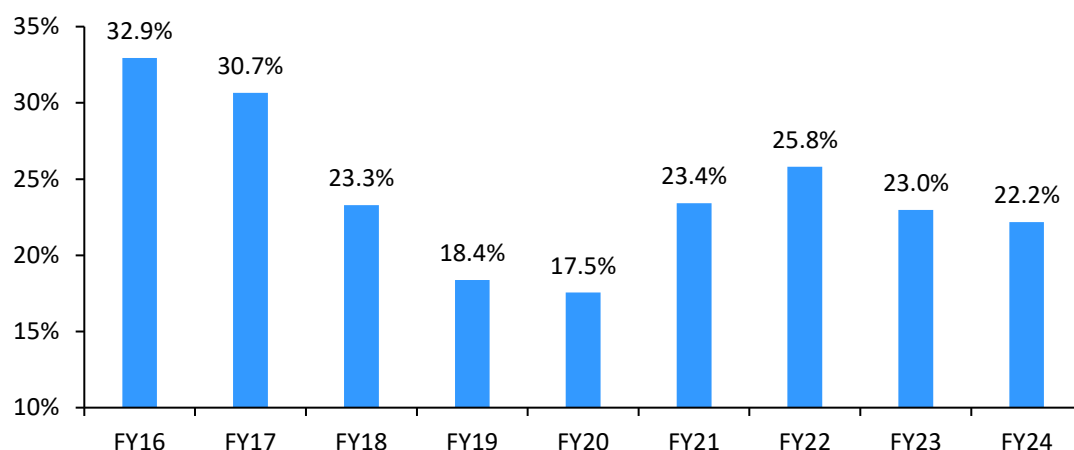
**Margin Trend:** Eclerx OPM margin dropped from 33% in FY16 to 17.5% in FY20 due to higher roll-offs, decline in offshore business (87% in Q1FY17 to 77% in Q4FY20) given insourcing and automation at client's end and higher onshoring.

However, post-covid, it improved from 17.5% in FY20 to 22.2% in FY24 led by better utilization (over 250bps+), increase in Offshore revenue (up 17% CAGR over FY20-24 and rev. share expanded from 77% in Q4FY20 to 81% in Q4FY24). While declining attrition trend in last two years increased focus on automation, the higher contribution from Offshoring is expected to

improve margins structurally (but would see downtick in near term given committed investments and preference to drive growth over margin perseverance).

Eclerx is presently concentrating on enhancing its sales team by making higher investments, potentially affecting margins by 100-400bps in FY25. This strategic move is expected to attract new clients, leading to margin expansion recovery from FY25 to FY28, supported by a wider range of capabilities. In the long run, this initiative is anticipated to boost margins due to reduced headcount requirements. Nevertheless, the company is also prioritizing expansion of its team capacities/capabilities, as evidenced by the addition of a net 1.2k employees in FY24, up 7.6% YoY despite room for further utilization improvement.

#### Exhibit 8: Margin trend



Source: Company, DART

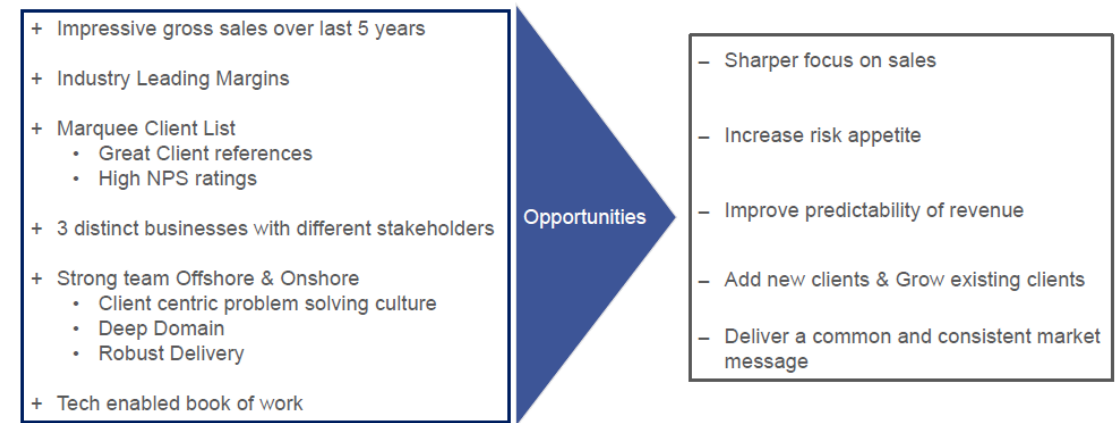
#### New Leadership focus areas and strategies

Kapil Jain (First Professional CEO of eClerx, joined in Jun'23 from INFOSYS BPO) shared its key focus strategies to achieve FY28 vision of achieving accelerated revenue growth & margin expansion over FY25-FY28E. Eclerx has identified several strategic initiatives to achieve industry leading growth and margins over FY25-28E. These include:

- 1) Enhancing Sales Focus:** By leveraging expertise and cross-selling capabilities, the company aims to strengthen its sales efforts and drive revenue growth via increased S&M spending.
- 2) Expanding Risk Appetite:** The company plans to enter into new adjacent industries and geographical markets to broaden business scope and seize additional growth opportunities. It may also go lower on margin to scale new capabilities and new business streams.
- 3) Enhancing Revenue Predictability:** To reduce dependency on top-10 clients, the company will expand its client base and secure multi-year repeatable deals, thereby improving predictability of revenue streams. Non-top 10 clients have grown by 21% CAGR over FY20-24 (this section is discussed in more detail below).
- 4) Client Expansion and Growth:** Through strategic investments in Sales and Marketing, as well as acquiring new clients, the company aims to expand its customer base and foster growth with existing clients. It continues to focus on cross-selling and filling white spaces in existing clients, as there are lot of untapped opportunities in adjacent areas.
- 5) Consistent Market Messaging:** By delivering an unified market message across its three business segments, the company will enhance brand positioning and create synergies among offerings.



## Exhibit 9: Eclerx at an inflection point



Source: Company, DART

## Growth strategy across 3 key business areas

Eclerx is focused on driving growth by 1) Utilizing full share of wallet in existing clients by expanding sales and hunting team and 2) Pursuing new clients and geos through strong client referencing as 80% of biz comes from referenceable and lower time required in building capabilities. Eclerx has established a growth strategy encompassing three key business areas.

- 1. Financial Markets:** The company has expanded its market share within existing clients by leveraging its robust delivery model. It is now aiming to explore new opportunities in related sectors by concentrating on operational and strategic banking services, as well as enhancing its customer lifecycle management & total lifecycle care capabilities.
- 2. Digital:** The company has increased wallet share yet growth has remained soft in near term, but it is expected to see some uptick in Q1FY25 while management remains cautious on overall environment in this segment. Management's primary objective is to narrow down its focus to the top four core industries, namely Hitech, Retail, Manufacturing, and Luxury & Fashion.
- 3. Customer Operations:** This business grew around 7% CAGR over FY22-24, although it faced a decline in FY24 (down 8% YoY). Management anticipates introducing innovative proposals to attract new clients, concentrating on establishing new delivery centers, and exploring nearshore options to assess demand from clients.

## Exhibit 10: Growth strategy and key products offerings

Dominate profitable service niches across core industries			
What it means	Key Capabilities Needed	Advantages	Risks
<ul style="list-style-type: none"> <li>• Focused approach</li> <li>• Utilize full share of wallet in existing clients</li> <li>• Pursue new clients and geos</li> </ul>	<ul style="list-style-type: none"> <li>• Sponsor Management</li> <li>• Strong client referencing</li> <li>• Large Sales team</li> <li>• Building capabilities in adjacencies</li> </ul>	<ul style="list-style-type: none"> <li>• Lesser time to market to build capabilities</li> <li>• Existing reference-able clients</li> <li>• Deep service penetration</li> <li>• Existing tech assets</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue concentration across volatile industries</li> <li>• Possible pricing pressure in deals</li> </ul>
<b>FINANCIAL MARKETS</b> <ul style="list-style-type: none"> <li>• Increase wallet share in existing clients by focussing on both run and change the bank</li> <li>• Look at new buying segments for key capabilities – CLC and TLC</li> </ul>	<b>DIGITAL</b> <ul style="list-style-type: none"> <li>• Increase wallet share in existing clients</li> <li>• Narrow focus on Top 4 core industries               <ul style="list-style-type: none"> <li>• Hi Tech, Retail, Manufacturing, Luxury &amp; Fashion</li> </ul> </li> </ul>	<b>CUSTOMER OPERATIONS</b> <ul style="list-style-type: none"> <li>• Expand our core services to new industries</li> <li>• Offer disruptive proposals to gain new logos/market share</li> <li>• New delivery centers;               <ul style="list-style-type: none"> <li>• Evaluate Near-Shore options basis client demand</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>• Compliance Manager: KYC managed service that utilizes cognitive technology and efficient processes to reduce cost and manage risk.</li> <li>• DocIntel: Digitize complex documents for data extraction, analytics, drafting and feeding downstream systems.</li> </ul>	<b>Tech enabled services</b> <ul style="list-style-type: none"> <li>• M360: Real-time insights on digital shelf, enabling e-tailers to make data-driven decisions.</li> <li>• Merchandiser+: Product merchandising platform that simplifies and accelerates new product launches through GenAI infused data aggregation, product builds, and data flows.</li> </ul>		<ul style="list-style-type: none"> <li>• QA360: A GenAI powered quality evaluation platform to analyse agent behaviour, compliance adherence and conversation sentiment.</li> <li>• Tech360: Predictive dialling platform to manage customer interaction journey with real-time assist capabilities for voice and chat</li> </ul>

Source: Company, DART

## Key focus areas over FY24-28E

For FY25 the strategy is to focus on **1) Strengthening sales operations**: By conducting reviews, implementing governance measures, & optimizing utilization. Moreover, there will be a focus on improving Tech Sales & increasing CXO connects through investments in S&M., **2) Mining existing and winning new clients**: Appointed a new CRO, Mr. Manish Sharma who will involve in building capabilities, pursuing and winning large deals (>2mnACV), doubling the pipeline, and offering unique analytics solutions, and **3) Enhancing position**: Appointed new CMO (Karolina Kocalevski) who will involve in establishing Tech partnerships, leveraging analyst insights, and capitalizing on GenAI propositions.

**FY26-FY28**: The company will shift its focus towards achieving industry-leading sustainable growth and expanding margins through strong performance measurement.

### Exhibit 11: Top 3 Focus Areas for next 4 years

INITIATIVES	1. STRENGTHEN SALES OPERATIONS	2. MINE EXISTING CLIENTS & WIN NEW LOGOS	3. ENHANCE OUR POSITIONING
FY25	<p>Optimize Sales HC &amp; Utilization</p> <p>Strengthen Sales Review &amp; Governance</p> <p>Focus on Tech Sales</p> <p>Investments in Sales &amp; Marketing</p> <p>Increase CXO Connects</p>	<p>Onboard a CRO</p> <p>Build adjacent capabilities</p> <p>Generate &amp; win large deals (&gt;\$2MM ACV)</p> <p>Build Integrated Solutions</p> <p>Double the Pipeline</p> <p>Cross Sales</p> <p>Tech/Analytics Differentiation</p>	<p>Onboard a CMO</p> <p>Build tech partnerships</p> <p>Establish Gen AI proposition</p> <p>Leverage Analysts &amp; Advisors</p>
FY26 & FY27	<p>Pivot by Industry &amp; Capabilities</p> <p>Drive growth behaviour through Performance Management</p>	<p>Add multiple channels of lead generation</p>	<p>Feature as leaders in Analyst rankings</p> <p>Productize services</p>
FY28	<p>Focus on sustainable growth &amp; strong margins</p> <p>Leadership Development &amp; Succession Planning</p>		
CONTINUED FOCUS ON ROBUST DELIVERY & STRONG MARGIN GOVERNANCE			

Source: Company, DART

**Our take:** Eclerx places great emphasis on investing in its senior leadership team and fostering a culture of learning and entrepreneurship throughout its three businesses. It is important to note that outcomes of these investments may take at least 9-12 months to materialize due to the time-consuming onboarding process and revenue conversion of new deal/logo wins. While this strategy is expected to enhance market share, it is crucial to acknowledge that it could also result in pricing pressures and potentially affect profit margins over time.

## Investment Rationale

We expected Revenue/PAT CAGR of 8.5%/12.2% over FY24-26E driven by: **1) New CEO's strategy**, who is expected to mirror the playbook of Infosys BPM business and focus more on organic business to reduce roll-offs; **2) M&A**: Allow time to founders to focus on inorganic opportunities through efficient use of cash in acquiring digital capabilities & integrating across business through cross-sell & up-sell and **3) Diversification in Non-Top 10 accounts** & newer verticals through new customers that will help reduce revenue growth volatility (Non Top-10 accounts grew 17% CAGR over FY17-24).

### 1. Mr. Kapil Jain to repeat the same playbook

Mr. Kapil Jain has spent the past 2 decades at Infosys BPM where his last role was as Global Head of Sales and Enterprise capability. During his tenure, he played a crucial role in achieving a remarkable revenue CAGR of 19.7% (FY18-23) for Infosys BPM, while Eclerx reported an 11% CAGR during the same period.

Given his diverse background in creating pivotal products and solutions for major clients in the dynamic technology sector at Infosys BPM (Rev base of Rs.75bn in FY23), we expect his main focus to be on launching innovative platforms to expand the customer base. This strategic move will not only diversify capabilities, but also contribute to the long-term profitability of the company. Furthermore, Mr. Jain's strong relationships with key clients at Infosys BPM and his commitment to converting Eclerx's smaller accounts, while minimizing the loss of top clients, will play a vital role in driving sustainable growth for Eclerx. This is particularly important considering the challenges that Eclerx has faced.

We believe the reason of hiring an external CEO under the mentorship of founders will help enable the company to concentrate on both organic and inorganic initiatives. Kapil Jain possesses expertise in Delivery, Sales, and Domain capabilities, all essential for driving growth in the BPO business.

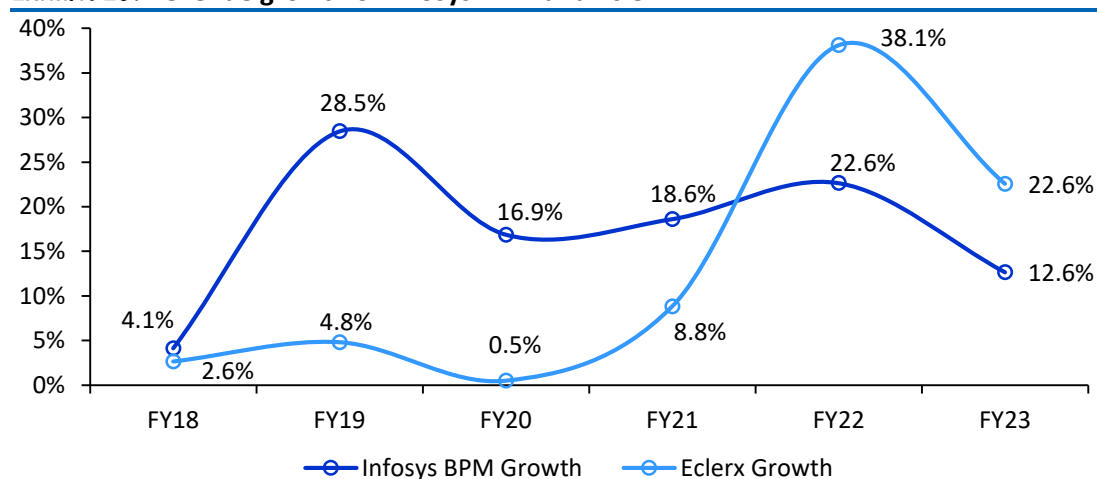
The company's increasing focus on Low code no code, intelligent automation, GenAI, and key products like Robowrkz, Docintel, Compliance manager, M360, Workforce manager, etc., is expected to fuel significant growth among new customers. Management is progressively integrating GenAI solutions into its product suite, transitioning from proof of concept to core components of solutions.

**Exhibit 12: Growth trend of Infosys BPM vs Eclerx**

Revenue (Rs. bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	CAGR FY20-23	CAGR FY18-23
Infosys BPM	29.4	30.6	39.3	46.0	54.5	66.8	75.3	17.9	19.7
Growth (%)		4.1	28.5	16.9	18.6	22.6	12.6		
Eclerx revenue	13.3	13.7	14.3	14.4	15.6	21.6	26.5	22.6	14.2
Growth (%)		2.6	4.8	0.5	8.8	38.1	22.6		

Source: Company, DART

**Exhibit 13: Revenue growth of Infosys BPM and Eclerx**



Source: Company, DART

## 2. Acquisition adding extra muscles in scaling cross selling capabilities

The management team has consistently pursued an aggressive approach to acquiring companies, resulting in successful acquisitions of digital capabilities and a diversified portfolio. All three acquisitions made in the past 12 years have demonstrated impressive growth in terms of both revenue and profitability. We firmly believe that the company's strong focus on execution, combined with its ability to cross-sell and up-sell, will drive sustainable growth in the future. Previously, Eclerx primarily operated in the Financial Services, Ecommerce and Telecom sectors, but the acquisition of CLX in FY16 expanded its capabilities to include new verticals such as Hi-tech, retail, and luxury segments.



## Key Acquisitions in the past:

1. **Personiv (Dec-20):** Eclerx acquired Eclipse Global Holdings ("Personiv") for \$34mn with turnover of \$32mn for CY19 which added a robust outsourced accounting solution to the company's digital, customer operations, and financial market offerings. It helped the company to expand its base to Philippines as well and added 2100 employees across three delivery centers i.e. Manila, Gurugram and Coimbatore and derive around 85% of revenues from Top 5 clients.

Acquisition helped in cost savings as delivery locations are mostly in India and Philippines and helped cross-sell automation & analytics and other managed services solutions to Personiv clients. Diversified into SMB sector and North America which is strategically the most important market. Personiv had long tenured client with deep mining focus that will help reduce Eclerx revenue volatility over longer time.

2. **CLX Europe S.P.A (Apr-15):** A niche Digital services firm which helps in creating, managing and delivering media content to support the marketing, communication and branding of luxury retailers. It has 200+ clients globally and include leading UK and European retailers, publishers and Luxury brands such as Walmart, Prada, Versace, LV, Dell, etc. This acquisition has helped Eclerx to diversify in the European market. CLX currently has 600+ FTE across US, Europe and Thailand. Its revenue CAGR was 4% over FY15-23.

3. **Agilyst (May-12):** Eclerx acquired this niche KPO at \$16mn which is focused on North American Media industry (CX segment) and employs mostly in Tier-2 cities of India, thus providing cost advantage. Its key services include critical error identification, customer experience analysis & end user support services. The acquisition helped in providing strong foothold in the US Media Industry and helped to diversify revenue base with addition of Fortune 100 clients.

### Exhibit 14: Acquisitions have helped improve cross-sell and up-sell capabilities, thereby boosting growth.

Date	Company	Value (\$ mn)	Description	Valuation	Last Sales Period	Revenue (\$ mn)
Dec-20	Personiv	34	It provides digital, creative, back office and customer contact solutions such as	2.6x of CY'19 Sales	CY'19	32
Apr-15	CLX Europe S.P.A	25	CLX creates, manages, and delivers creative assets globally to multi-channel market for luxury brands and major retailers	1.2x of CY'14 Sales	CY'14	21.4
May-12	Agilyst	16	It's a niche KPO focused on North Americas Media industry and services include critical error identification, customer experience analysis and end user support services	1.6x of FY'12 Sales	FY'12	10

### Exhibit 15: Growth of Eclerx and Key subsidiaries

Revenue (\$mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total Revenue	194.2	198.6	200.6	200.5	210.5	284.6	332.7
Growth (%)		2.3	1.0	0.0	5.0	35.2	16.9
<b>Key Subsidiaries</b>							
CLX	29.4	30.0	29.8	27.2	28.3	30.3	29.8
Growth (%)		2.2	(0.7)	(8.7)	4.2	7.1	(1.8)
Personiv	NA	NA	NA	32	9.4	36.6	40.3
Growth (%)	NA	NA	NA	NA	(70)	290	25.6

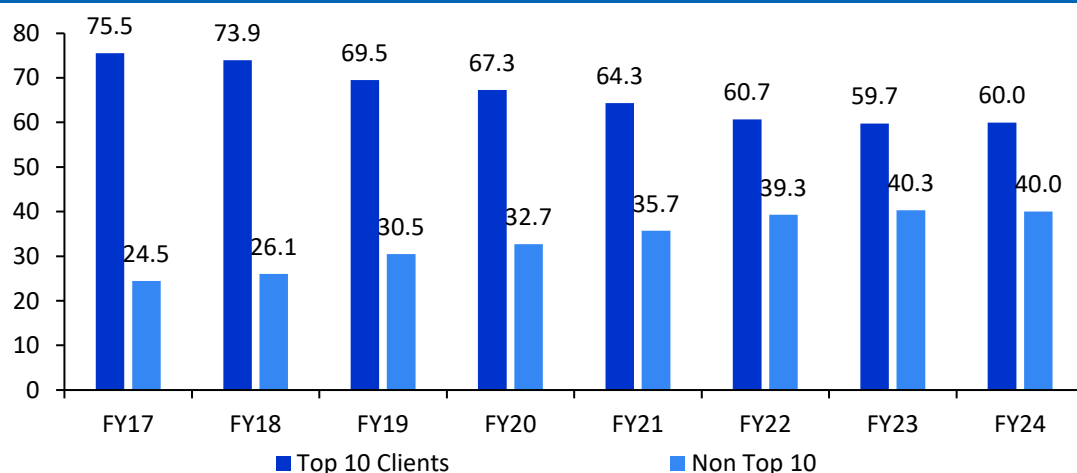
Source: Company, DART

### 3. Increasing Penetration beyond Top-10 accounts

Over last few years, Eclerx has been focusing on increasing revenue contribution from smaller clients to reduce revenue growth volatility. It tapped and penetrated new clients to reduce dependence on Top-10 accounts which saw roll-offs impact in its growth over FY16-20. Its Top 5 and Top 10 accounts revenue contribution declined from 59.5%/75.5% in FY17 to 42%/60% in FY24. While non-top accounts contribution grew from 24.5% in FY17 to 40% (Non-top 10 accounts Revenue CAGR of 17% vs Total revenue growth of 9% CAGR over FY17-24). Eclerx consistently introduces new products and platforms to new clients in areas such as automation, GenAI, and data analytics, and maintains emphasis on acquiring new customers.

GenAI and automation will help improve productivity of its employees, thereby quicker solution time to customers. But it would impact volume growth in the medium term. Hence, diversifying beyond top 10 accounts and newer verticals such as Pharma will help maintain growth momentum, in our view.

**Exhibit 16: Revenue Contribution from key clients**



Source: Company, DART

### Outlook and Valuations

We believe Eclerx is well placed to deliver significant Revenue CAGR of ~8.5% over FY24-26E driven by 1) Management's continuous focus on investing in new capabilities, 2) Increasing offshore revenue share, 3) Diversifying top-10 clients to reduce revenue volatility and 4) enhancing automation through GenAI solutions. OPM is anticipated to decline by 60bps over FY24-26E owing to S&M investments. Consequently, we expect the stock to exhibit an Earnings CAGR of 12.2%. We believe Eclerx will sustain a reasonable growth momentum over next 2-4 years (low double-digit) with a high margin profile, while other IT peers are projected to report mid-high single digit growth with lower margin profiles, offering us reassurance from a valuation standpoint. Eclerx is currently trading at 17.8x on FY26E and we believe it to trade at around 20x on FY26E. Accordingly we resume coverage and assign 'Accumulate rating with TP of Rs. 2,640.

**Exhibit 17: Key Revenue Matrix**

YoY Growth	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
CC Growth	21.7	24.2	19.5	15.8	9.9	4.4	5.4	5.7	5.9
USD Growth	21.0	23.0	18.9	16.0	10.9	5.5	6.2	6.4	7.3
INR Growth	25.1	27.1	24.3	22.8	17.1	10.8	11.0	9.6	10.6

Source: Company, DART.

**Exhibit 18: Quarterly and YTD Trend**

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
USD Revenue	85.6	83.9	87.6	90.5	91.9	1.5	7.3	332.7	353.9	6.4
<b>INR Revenue</b>	6,931	6,845	7,218	7,528	7,665	1.8	10.6	26,478	29,256	10.5
Operating Expense	4,584	5,014	5,017	5,299	5,519	4.1	20.4	18,151	20,849	14.9
Cost of revenues	3,837	4,219	4,222	4,406	4,537	3.0	18.2	15,095	17,384	15.2
as % of sales	55.4	61.6	58.5	58.5	59.2	67 bps	383 bps	57.0	59.4	241 bps
Other expenses	747	794	795	894	982	9.9	31.4	3,055	3,465	13.4
as % of sales	10.8	11.6	11.0	11.9	12.8	94 bps	203 bps	20.2	19.9	(30 bps)
<b>EBITDA</b>	2,069	1,673	2,048	2,073	1,955	(5.7)	(5.5)	7,221	7,748	7.3
Depreciation	319	284	303	335	335	0.0	5.3	1,140	1,258	10.3
EBIT	1,751	1,389	1,745	1,737	1,620	(6.8)	(7.5)	6,081	6,491	6.7
Net Other Income	(6)	18	80	149	175	16.9	(3,180)	448	422	(5.8)
<b>PBT</b>	1,745	1,406	1,825	1,868	1,794	(3.9)	2.8	6,529	6,894	5.6
Total Tax	421	340	463	477	496	3.9	17.6	1,638	1,776	8.4
PAT before MI	1,324	1,067	1,362	1,391	1,299	(6.6)	(1.9)	4,890	5,118	4.6
Minority Interest	(2)	3	1	4	(6)	(246.9)	231.3	4	3	(23.8)
PAT after MI	1,325	1,063	1,360	1,386	1,305	(5.9)	(1.5)	4,887	5,115	4.7
Reported EPS	26.7	21.8	27.9	28.2	26.6	(5.9)	(0.4)	97.2	104.4	7.4
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBITDA	29.9	24.4	28.4	27.5	25.5	(203 bps)	(435 bps)	27.3	26.5	(79 bps)
EBIT	25.3	20.3	24.2	23.1	21.1	(195 bps)	(413 bps)	23.0	22.2	(78 bps)
PBT	25.2	20.5	25.3	24.8	23.4	(140 bps)	(177 bps)	24.7	23.6	(109 bps)
PAT	19.1	15.5	18.8	18.4	17.0	(139 bps)	(210 bps)	18.5	17.5	(97 bps)
Effective Tax rate	24.2	24.2	25.4	25.6	27.6	207 bps	348 bps	25.1	25.8	67 bps

Source: Company, DART.

**Earnings call KTAs**

- **Revenue:** Revenue grew by 1.4% QoQ in CC terms in Q4FY24. The growth was driven by strong growth in financial markets (onshore wins) and customer operations (Offshore wins) despite roll-offs of large client (2% of firm revenue i.e. \$7mn) in Personiv.
- **Margin walk:** EBIT margin contracted by 195bps QoQ and by 410bps YoY to 21.1% (Excluding OI). Margin contraction of 195bps was mainly due to increase in G&A (+50bps as % of revenue), Increase in Delivery & Support employee's costs (+160bps) and partially mitigated by lower S&D costs (-15bps). Management expects wage hike impact of 300-350bps in Q1FY25.
- **Segment-wise commentary: 1) Financial Markets:** Saw strong growth led by strong demand around compliance offerings, client lifecycle management from several clients along with increase in transaction volumes. **2) Customer Operations:** Strong growth driven by existing clients and high transaction volumes from key clients, and **3) Digital:** Growth remained soft in Q4 while mgmt. expects a pick-up in Q1, but is cautious on overall demand environment.
- **Geography Commentary:** Geography-wise growth was led by North America (74%), reporting 2.7% QoQ growth, Europe (18%) remained flat QoQ, while RoW geo (8% of Rev) declined 5.4% QoQ.
- **ACV (New deals):** Stood at \$19.2mn (down 23% QoQ and 11% YoY) while LTM ACV stood at \$91.5mn (up 11% YoY) with revenue coverage of 26% (vs 25% in Q4FY23).
- **Key Clients:** Top 5/10 clients grew by 9.2%/7.5% QoQ while Non-top 10 saw decline of 7% QoQ mainly due to roll offs of top client in Personiv biz.
- **PAT:** Reported PAT of Rs. 1,305mn (down 6% QoQ and down 1.5% YoY) despite higher OI, (Rs. 230mn vs vs Rs. 208mn in Q3FY24).

- **Expanded Leadership team:** Eclerx has expanded leadership team to drive sales growth and added 1) Manish Sharma as Chief Revenue Officer (Ex- Infosys, Citi), 2) Karolina Kocalevski as Global Chief Marketing officer (Ex-Orion, PWC, Reuters), and 3) Michael Hutchison as Principal, Customer Operations (Ex- Teleperformance, Mckinsey).
- **Guidance:** Management aspires to achieve double-digit growth in FY'25 and expects Adj. EBITDA Margin within the guided range of 24-28% (decline of 400bps vs previous year guidance of 28-32%) due to increased investments in capability and delivery.
- **Hiring:** Headcount stood at 17.4k, up by 278 employees QoQ. Management highlighted it recently onboarded 3 leaders and will focus on selective leadership hiring in FY25 along with building sales team. It expects to add seats in coming months at Mumbai, Pune and Chandigarh centers and opened a new facility in Switzerland. Utilization levels moderated by 40bps QoQ on account of lower billable headcounts.
- **Dividend and Buyback:** Announced dividend of Rs. 1/share in Q4FY24. The Board announced a Buyback at price of Rs. 2,800 with an issue size of Rs. 3.85bn consisting of 1.375mn shares and forming 3% of equity.

#### Exhibit 19: Client Growth Trend for Q4FY24

Client	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Top 5	41.8	45.5	9.2	22.3	3.5	251.0
Top 6 - 10 Client	15.8	17.2	2.5	(3.0)	0.4	27.6
Top 11-20 client	57.6	62.6	7.3	14.1	3.9	278.5
Non Top 20 client	34.3	37.4	(6.8)	(2.4)	(2.5)	(178.5)
<b>Total</b>	<b>91.9</b>	<b>100.0</b>	<b>1.5</b>	<b>7.3</b>	<b>1.4</b>	<b>100</b>

Source: Company, DART

#### Exhibit 20: Geo Growth Trend for Q4FY24

Client	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
North America	68.4	74.4	2.7	12.5	1.8	128.5
Europe	16.1	17.5	0.1	(5.9)	0.0	1.6
Rest of the World	7.4	8.0	(5.4)	(4.1)	(0.4)	(30.1)
<b>Total</b>	<b>91.9</b>	<b>100.0</b>	<b>1.5</b>	<b>7.3</b>	<b>1.4</b>	<b>100</b>

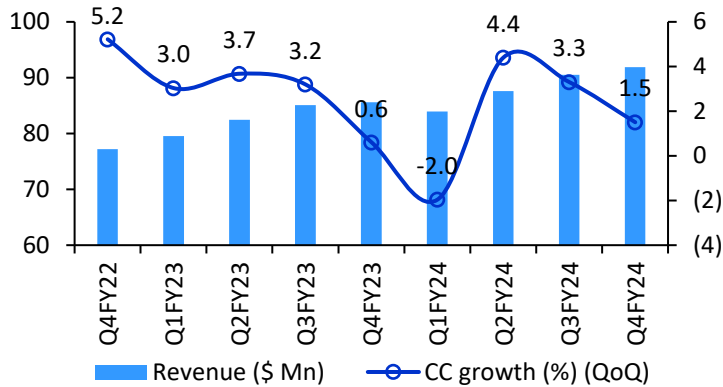
Source: Company, DART

### Key Risks

- **Macro-Economic Risk:** Challenging economic conditions such as high inflation rate, interest rate or geopolitical risk could adversely impact business.
- **Concentration Risk:** High Top 5 & 10 client concentration at 42% and 60% respectively.
- **Technological Risk:** Increase in vendor consolidation due to M&A; automation led by GenAI or advancement of any new technology will impact volumes and client demand.
- **Currency risks:** US\$ denominated revenue stood at 86%, while Euros and Pound at 10% and 3% respectively. Adverse movements in currencies could impact performance.

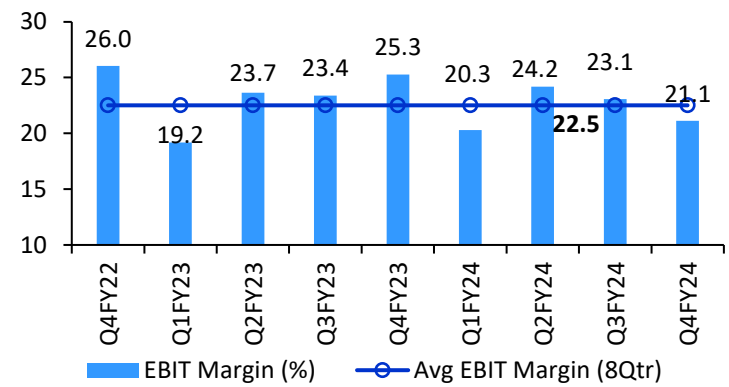
## Story in Charts

**Exhibit 21: Rev. grew 1.4% QoQ in CC terms**



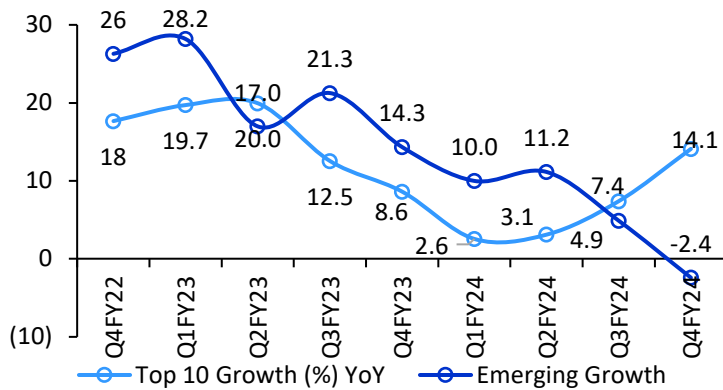
Source: Company, DART

**Exhibit 22: OPM contracted by 200bps on QoQ Basis**



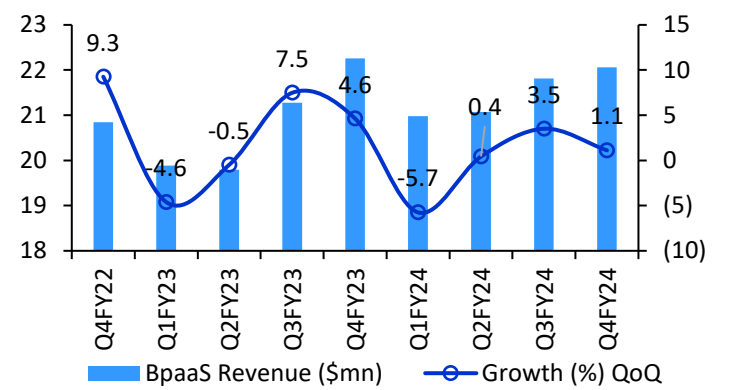
Source: Company, DART

**Exhibit 23: Top 10 growth remained strong at 14.1% YoY.**



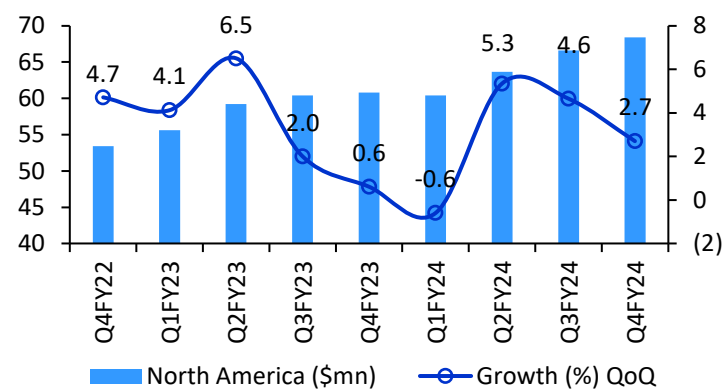
Source: Company, DART

**Exhibit 24: BPaaS revenue grew 1.1% QoQ.**



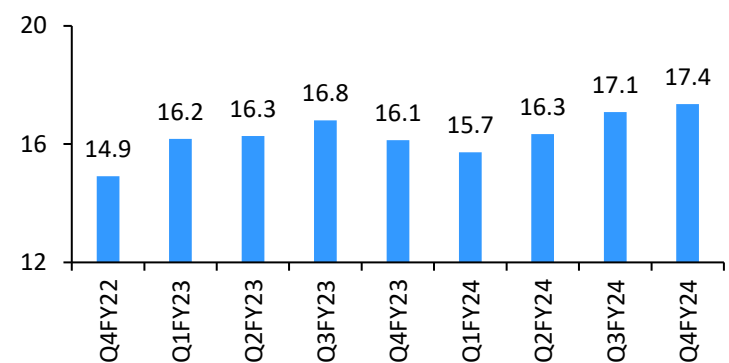
Source: Company, DART

**Exhibit 25: North America grew strong at 2.7% QoQ**



Source: Company, DART

**Exhibit 26: Headcount net addition stood at +278 QoQ**



Source: Company, DART

**Exhibit 27: Operating Metrics**

Particulars	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
USD Revenue	77.2	79.5	82.5	85.1	85.6	83.9	87.6	90.5	91.9
USD Growth (QoQ)	5.5	3.9	4.6	3.2	0.0	(2.2)	4.4	3.5	1.4
CC Growth (QoQ)	5.2	3.0	3.7	3.2	0.6	(2.0)	4.4	3.3	1.5
Region Amount (\$mn)									
North America	69	70	72	71	71	72	73	74	74
Europe	23	22	20	20	20	20	19	18	18
Rest of the World	8	8	8	9	9	8	9	9	8
Region Growth (YoY)									
North America	19.6	22.8	23.5	18.4	13.8	8.6	7.5	10.3	12.5
Europe	20.2	17.5	(0.8)	(0.2)	(2.9)	(4.0)	(0.1)	(5.5)	(5.9)
Rest of the World	37.7	42.2	41.9	44.4	25.2	4.2	11.1	2.0	(4.1)
Client Amount (\$mn)									
Top 5 Clients	43	42	42	40	40	39	41	42	45
Top 6-10 Clients	17	18	18	19	19	19	18	17	17
Top 10 Clients	60	60	61	59	59	59	59	59	63
Non Top 10	40	40	39	41	41	41	41	41	37
Client Growth (YoY)									
Top 5 Clients	15.4	14.0	11.8	2.6	2.7	(1.4)	2.1	12.5	22.3
Top 6-10 Clients	22.8	35.8	45.1	41.9	23.6	11.9	5.4	(3.5)	(3.0)
Top 10 Clients	17.4	19.7	20.2	12.5	8.6	2.6	3.1	7.4	14.1
Non Top 10	26.8	28.2	17.0	21.2	14.3	10.0	11.1	4.9	(2.4)
Client Bucket (abs)									
US\$ 500k-1mm Clients	25	32	27	31	32	39	39	38	41
US\$ 1mm-3mm Clients	24	21	26	24	27	24	22	21	23
US\$ 3mm-5mm Clients	3	2	2	3	4	4	4	7	4
US\$ 5mm-10mm Clients	7	7	7	6	6	5	5	3	4
US\$ 10mm++ Clients	6	7	7	8	8	9	9	10	10
US\$ 500k-1mm Clients	6	11	4	13	7	7	12	7	9
US\$ 1mm-3mm Clients	4	1	6	(1)	3	3	(4)	(3)	(4)
US\$ 3mm-5mm Clients	(3)	(4)	(3)	0	1	2	2	4	0
US\$ 5mm-10mm Clients	5	3	2	(1)	(1)	(2)	(2)	(3)	(2)
US\$ 10mm++ Clients	1	2	1	2	2	2	2	2	2
Emerging Revenue (\$mn)									
0.5Mn	24.5	25.5	25.3	28.1	28.1	27.0	27.9	29.4	27.0
Others	6.2	6.1	6.9	7.0	7.1	7.7	7.8	53.7	7.3
Total	30.8	31.6	32.2	35.1	35.2	34.7	35.8	83.1	34.3
Billing amount (\$mn)									
BPaaS (Managed Services)	20.8	19.9	19.8	21.3	22.3	21.0	21.1	21.8	22.1
Onshore	15.6	16.6	16.2	16.0	15.5	15.2	17.1	17.6	17.8
Offshore	61.6	63.0	66.3	69.1	70.1	68.7	70.5	72.9	74.1
Billing Growth YoY									
BPaaS	21.0	23.0	18.9	11.5	6.8	5.5	6.5	2.5	(0.9)
Onshore Revenue	16.4	28.1	16.7	13.7	(0.6)	(8.4)	5.5	9.8	14.6
Offshore Revenue	22.2	21.7	19.4	16.5	13.8	9.2	6.4	5.6	5.8

Source: Company, DART



**Exhibit 28: Operating Metrics 2**

Particulars	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Delivery and Support Staff	14,802	16,067	16,164	16,697	16,012	15,606	16,215	16,952	17,231
Base	12,571	13,520	13,608	14,271	13,330	13,143	13,791	14,496	14,690
Onshore Delivery	675	681	645	607	599	535	585	611	630
Support Services	807	951	861	863	948	870	862	843	862
Tech Services	749	915	1,050	956	1,135	1,058	977	1,002	1,049
Selling and Distribution Staff (BD)	108	104	105	107	115	120	118	124	123
<b>Total Headcount</b>	<b>14,910</b>	<b>16,171</b>	<b>16,269</b>	<b>16,804</b>	<b>16,127</b>	<b>15,726</b>	<b>16,333</b>	<b>17,076</b>	<b>17,354</b>
Change (abs)	798	1,261	98	535	(677)	(401)	607	743	278
<b>Attrition (%)</b>	<b>43</b>	<b>29</b>	<b>37</b>	<b>25</b>	<b>30</b>	<b>21</b>	<b>24</b>	<b>17</b>	<b>23</b>
Change (bps)	600	(1,390)	800	(1,200)	460	(870)	280	(720)	610
<b>DSO (days)</b>	<b>75</b>	<b>72</b>	<b>75</b>	<b>82</b>	<b>80</b>	<b>75</b>	<b>76</b>	<b>73</b>	<b>84</b>
Change (abs)	9	(3)	3	7	(2)	(5)	1	(3)	11

Source: Company, DART

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
<b>Revenue</b>	<b>26,478</b>	<b>29,256</b>	<b>31,981</b>	<b>35,213</b>
<b>Total Expense</b>	<b>19,257</b>	<b>21,508</b>	<b>24,066</b>	<b>26,166</b>
COGS	0	0	0	0
Employees Cost	15,095	17,384	19,053	20,739
Other expenses	4,162	4,124	5,013	5,427
<b>EBIDTA</b>	<b>7,221</b>	<b>7,748</b>	<b>7,916</b>	<b>9,047</b>
Depreciation	1,140	1,258	1,386	1,438
<b>EBIT</b>	<b>6,081</b>	<b>6,491</b>	<b>6,529</b>	<b>7,609</b>
Interest	212	234	236	240
Other Income	660	656	862	932
Exc. / E.O. items	0	19	0	0
<b>EBT</b>	<b>6,529</b>	<b>6,894</b>	<b>7,155</b>	<b>8,301</b>
Tax	1,638	1,776	1,832	2,125
RPAT	4,887	5,115	5,320	6,172
Minority Interest	4	3	4	4
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>4,887</b>	<b>5,096</b>	<b>5,320</b>	<b>6,172</b>

### Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
<b>Sources of Funds</b>				
Equity Capital	480	482	469	469
Minority Interest	17	20	24	28
Reserves & Surplus	16,668	21,993	23,372	29,455
<b>Net Worth</b>	<b>17,149</b>	<b>22,475</b>	<b>23,841</b>	<b>29,923</b>
Total Debt	10	0	0	0
Net Deferred Tax Liability	(403)	(495)	(495)	(495)
<b>Total Capital Employed</b>	<b>16,772</b>	<b>21,999</b>	<b>23,369</b>	<b>29,456</b>

### Applications of Funds

Net Block	<b>7,725</b>	<b>8,429</b>	<b>8,593</b>	<b>8,855</b>
CWIP	208	8	28	28
Investments	2,849	7,462	7,462	7,462
<b>Current Assets, Loans &amp; Advances</b>	<b>11,554</b>	<b>12,800</b>	<b>15,167</b>	<b>20,855</b>
Inventories	0	0	0	0
Receivables	4,405	4,960	5,422	5,970
Cash and Bank Balances	4,180	3,540	5,653	10,325
Loans and Advances	0	0	0	0
Other Current Assets	2,969	4,300	4,092	4,561
<b>Less: Current Liabilities &amp; Provisions</b>	<b>5,564</b>	<b>6,699</b>	<b>7,881</b>	<b>7,744</b>
Payables	180	192	396	502
Other Current Liabilities	5,383	6,508	7,485	7,242
<i>sub total</i>				
Net Current Assets	5,990	6,101	7,287	13,111
<b>Total Assets</b>	<b>16,772</b>	<b>21,999</b>	<b>23,369</b>	<b>29,456</b>

E – Estimates

### Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
<b>(A) Margins (%)</b>				
Gross Profit Margin	43.0	40.6	40.4	41.1
EBIDTA Margin	27.3	26.5	24.8	25.7
EBIT Margin	23.0	22.2	20.4	21.6
Tax rate	25.1	25.8	25.6	25.6
Net Profit Margin	18.5	17.5	16.6	17.5
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	0.0	0.0	0.0	0.0
Employee	57.0	59.4	59.6	58.9
Other	15.7	14.1	15.7	15.4
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	28.7	27.7	27.7	31.7
Inventory days	0	0	0	0
Debtors days	61	62	62	62
Payable days	2	2	5	5
Working Capital days	83	76	83	136
FA T/O	3.4	3.5	3.7	4.0
<b>(D) Measures of Investment</b>				
AEPS (Rs)	97.1	104.2	113.5	131.7
CEPS (Rs)	119.7	129.9	143.1	162.4
DPS (Rs)	1.0	2.0	2.0	2.0
Dividend Payout (%)	1.0	1.9	1.8	1.5
BVPS (Rs)	340.7	459.5	508.8	638.6
RoANW (%)	29.8	25.8	23.0	23.0
RoACE (%)	31.7	27.7	24.5	24.3
RoAIC (%)	51.0	41.8	36.1	41.3
<b>(E) Valuation Ratios</b>				
CMP (Rs)	2344	2344	2344	2344
P/E	24.1	22.5	20.6	17.8
Mcap (Rs Mn)	1,14,644	1,14,644	1,14,644	1,14,644
MCap/ Sales	4.3	3.9	3.6	3.3
EV	1,10,474	1,11,104	1,08,991	1,04,319
EV/Sales	4.2	3.8	3.4	3.0
EV/EBITDA	15.3	14.3	13.8	11.5
P/BV	6.9	5.1	4.6	3.7
Dividend Yield (%)	0.0	0.1	0.1	0.1
<b>(F) Growth Rate (%)</b>				
Revenue	22.6	10.5	9.3	10.1
EBITDA	9.3	7.3	2.2	14.3
EBIT	9.1	6.7	0.6	16.5
PBT	16.5	5.6	3.8	16.0
APAT	17.1	4.3	4.4	16.0
EPS	17.5	7.3	9.0	16.0

E – Estimates

## Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
<b>Profit before tax</b>	<b>6,530</b>	<b>6,893</b>	<b>7,155</b>	<b>8,301</b>
Depreciation & w.o.	1,140	1,483	1,386	1,438
Net Interest Exp	152	31	(626)	(692)
Direct taxes paid	(1,782)	(1,723)	(1,832)	(2,125)
Change in Working Capital	(873)	(1,281)	927	(1,153)
Non Cash	(242)	(143)	0	0
<b>(A) CF from Operating Activities</b>	<b>4,926</b>	<b>5,259</b>	<b>7,011</b>	<b>5,769</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	95	(4,354)	(1,570)	(1,700)
<b>Free Cash Flow</b>	<b>5,021</b>	<b>905</b>	<b>5,441</b>	<b>4,069</b>
(Inc.)/ Dec. in Investments	(103)	(89)	0	0
Other	(836)	(437)	626	692
<b>(B) CF from Investing Activities</b>	<b>(844)</b>	<b>(4,879)</b>	<b>(944)</b>	<b>(1,008)</b>
Issue of Equity/ Preference	0	0	(14)	4
Inc./(Dec.) in Debt	(594)	(703)	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(33)	(48)	(94)	(94)
Other	(165)	(308)	0	0
<b>(C) CF from Financing</b>	<b>(4,401)</b>	<b>(1,065)</b>	<b>(3,953)</b>	<b>(90)</b>
Net Change in Cash	(23)	(641)	2,114	4,672
<b>Opening Cash balances</b>	<b>4,203</b>	<b>4,180</b>	<b>3,540</b>	<b>5,653</b>
<b>Closing Cash balances</b>	<b>4,180</b>	<b>3,540</b>	<b>5,653</b>	<b>10,325</b>

E – Estimates

## Notes

**DART RATING MATRIX**

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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