

HOLD**TP: Rs 5,261 | ▲ 12%****ECLERX SERVICES**

| IT Services

| 30 January 2026

Likely to be a top quartile growth player

- 3Q stronger than expected. FY26/FY27/FY28 likely to see mid-high teen revenue growth in USD terms with improving margins. An outlier
- Is not feeling productivity pass back related drag. Value generated through analytics and insights seems to keep clients satisfied
- Tweak FY27/FY28 estimates. Retain Target PE of 26x (20% premium to that of TCS'). Top end of our coverage universe. Retain HOLD

3Q strong both on revenue and margins: 5.5% QoQ CC revenue growth and 21.5% EBIT margin were higher than estimates of 3.6% and 20.9% respectively. QoQ revenue is driven by HiTech and Manufacturing & Distribution, Fashion, Luxury & Retail and Emerging businesses.

Strong ACV accretion bodes well for growth over the next 12 months: The average quarterly ACV accretion of ~USD43mn over the last four compared to ~USD27mn in the previous four, leading to TTM ACV growth of 60%, bodes well for growth for eClerx in the coming 12 months. This seems to be result of disciplined sales execution and cross-selling and upselling of services under Kapil Jain, the CEO, who joined 2 years back after a long stint in Infosys BPM. The strategy of geographically broad basing delivery centers into Peru and Egypt seems to be bearing fruit.

Does not seem to be in the productivity pass back game yet: Due to the productized nature of its services eClerx claims to be delivering business value for its clients through the insights it generates, and claims it is not in the FTE-based productivity pass back game. That probably explains the higher EBIT margin than most of the ITES players of its size and those within our Tier- 2 coverage universe. Unsure how long this will last as the company grows.

Tier-2 top quartile player: We tweak estimates to account for the strong TTM order inflow growth and strong execution. We have moderated our FY28 margin estimates as we felt that our earlier estimates were a bit aggressive. Maintain our target PE multiple of 26x on Dec 2007 EPS (20% premium to that of TCS, our industry benchmark) due to best-in-class outlook in terms of both revenue growth and EBIT margin in the foreseeable future. It is one of our top picks in the Tier-2 space under our IT/ITES coverage. And it is among the few small caps that we cover. We maintain our 'Hold' rating and it is worth keeping on the radar for a better entry point as the stock has had a strong run in the last 12 months (up 50% versus Nifty IT return of -10%). Its client concentration remains a key risk (top 10 at 60% in 3QFY26) and any slip ups there could provide that opportunity.

Girish Pai
 Research Analyst
 Lopa Notaria, CFA
 Research Associate
 research@bobcaps.in

Key changes

	Target	Rating
▼	◀ ▶	

Ticker/Price	ECLX IN/Rs 4,683
Market cap	US\$ 2.4bn
Free float	45%
3M ADV	US\$ 4.7mn
52wk high/low	Rs 4,959/Rs 2,168
Promoter/FPI/DII	55%/11%/25%

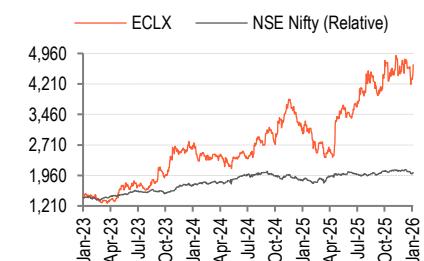
Source: NSE | Price as of 29 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	33,659	41,365	49,463
EBITDA (Rs mn)	8,209	10,689	13,422
Adj. net profit (Rs mn)	5,411	7,042	8,409
Adj. EPS (Rs)	113.1	147.9	176.6
Adj. ROAE (%)	23.7	28.1	26.9
Adj. P/E (x)	41.4	31.7	26.5
EV/EBITDA (x)	27.7	21.5	17.5
Adj. EPS growth (%)	8.7	30.8	19.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Key Points from the quarter and the earnings call

- Revenue stood at US\$121.7 mn, growing 5.5% QoQ (beating our estimate of 3.6%) and 17.6% YoY in CC terms
- EBIT margin stood at 21.5% (beating our estimate of 20.9%), declining 95 bps QoQ and growing 147 bps YoY
 - QoQ margin decline driven by higher sales and distribution expenses, primarily due to higher provisions for bonuses and variable payouts (because of strong top-line and bottom-line performance) and by increased travel and marketing expenses
 - S&D increase partially offset by a 20 bps reduction in G&A and a 30 bps reduction in delivery costs due to higher utilization
- Strong growth recorded in Hi-tech and M&D verticals
 - Hi-tech growth driven by client investments in transformation programs focused on automation and customer satisfaction
 - Manufacturing and Distribution (M&D) growth driven by new wins and expansion across key focus clients. Opportunities in M&D identified in data ops and market intelligence
- Fashion & Luxury showed recovery from seasonal low in 2Q
 - Analysts covering Fashion & Luxury indicate the industry may have bottomed out. Industry outlook for Fashion & Luxury in 2026 is low single digit growth
- BFSI and CMT experienced modest growth
 - In financial services, opportunities identified across core and new clients for operations. AI projects initiated across several large and mid-tier clients
 - US BFSI segment: Demand remains strong, with banks and institutional clients performing well and declaring positive results. Management has a positive demand outlook.
 - In CMT, expansion into new delivery centers gaining traction with clients
- FAO subsegment continued to grow, driving strong growth in emerging business
 - Emerging businesses delivered strong growth in the quarter with a positive outlook. Expansion in FAO and order management services within existing clients
- Continued upsell and cross-sell supported by strong delivery, innovation, insights, and strategic relationships
- Technology and analytics business continues to see momentum across products with new and existing clients
- Won deals for agentic AI deployments with select clients and running pilots across the client base
- ACV of new deals (excludes CLX) stood at US\$45.5 mn, declining 1.2% QoQ and growing 37% YoY

- ACV growth over the last four quarters driven by consolidation of suppliers. Strong delivery, tech-first approach, and IP ownership support wins during consolidation opportunities. ACV expansion also supported by upsell, cross-sell, and addition of new clients
- ACV of deal closures for FY26 expected to be higher than FY25, with management confident in delivering on this projection
- Top 10 customer concentration reduced to 60% from 63% in 2QFY26
- Total Headcount stood at 21,967, growing 3% QoQ and 18% YoY
 - Offshore delivery headcount: 18,147 (up 2.2% QoQ and 18.9% YoY)
 - Onsite delivery headcount: 652 (up 0.2% QoQ and 4% YoY)
 - Headcount addition in the current quarter considered a strong indicator of near-term growth (~80% of work continues to be FTE-based)
- Staff Utilization (delivery) stood at 76.5%; Attrition stood at 19.3%
- Near-term volatility expected, with 4Q potentially softer than the first three quarters
- 4Q margin may be impacted by planned capex in Peru and ongoing initiatives in Mohali, potentially spanning 4QFY26 or 1QFY27. Additional investments expected on the people front as well
- Underlying demand remains healthy with a robust pipeline supported by sustained client engagement
- Overall outlook and pipeline remain positive despite potential QoQ fluctuations. Medium to long term demand outlook remains positive, with cautious optimism due to geopolitical and macroeconomic factors
- Opportunities exist across industry segments and capability sets due to company size and scale
- Management said that clients have not demanded fixed productivity improvements, as they recognize the overall value proposition
- Management said that the agentic AI initiatives are still in the pilot stage and largely focused on areas where the company already has domain expertise. It's too early to quantify revenue impact or benefit the clients will get
- Emerging markets strategy centered on upsell and cross-sell of service offerings
 - Current performance described as consistent with strategy articulated 10–11 quarters earlier. Benefits of the long-term strategy now being seen
 - Emerging segment has steadily increased from 1Q through 3Q, reflecting a rising share of overall revenue
- Upsell and cross-sell traction observed across emerging markets, finance and accounting, customer operations, and new delivery center expansion

- Improvement in client metrics driven by a combination of new customer acquisitions and cross-sell and upsell initiatives. Growth in client metrics described as broad-based across industry segments
- Larger deal sizes in finance and accounting customer operations contributing to higher growth due to inherently higher ACVs
- Analytics services classified into three broad areas: customer analytics, product data analytics, and pricing analytics
 - Customer analytics focused on customer behavior on websites, including propensity to buy and customer journey analysis
 - Product data analytics focused on product performance, gross margins, identification of products to promote, and inventory optimization across geographies
 - Pricing analytics focused on comparison of client product pricing and metrics versus competitors to support effective pricing decisions and higher share of customer wallet
- Productivity improvement through AI measured in pilots, with projects progressing to production only when significant productivity gains achieved. Clients typically require a minimum of 15% productivity improvement for AI projects to move to production
- No cannibalization of existing revenue observed in completed pilots. Adoption is nascent, so no historical data to project 12-36 month impact. Agentic AI viewed as an opportunity to influence outcomes beyond current scope of work
- Impact of new labor code in the quarter was low as most designations already had basic pay at or above the 50% threshold required by the new wage definition
- QoQ volatility expected due to smaller size of emerging markets within the overall portfolio. Medium- to long-term outlook positive, with emerging markets expected to continue growing
- EBITDA margin growth expected to be driven by both top-line growth and operating leverage efficiencies
- BD headcount largely stable over eight quarters, supported by good performance management and repurposing; continued investment planned in BD, sales, AI, and technology
- Tech services headcount increase partly due to reclassification of analytics under the combined tech and analytics portfolio
 - Team broadly classified into three areas: employees enhancing proprietary IP and service offerings, employees managing change on third-party or client ERP, and employees handling traditional IT project demand
- Added 400 new seats in Chandigarh
- Buyback process completed in January with 625,000 shares extinguished
- Board approved a 1:1 bonus issue, to be placed for shareholder approval in the coming weeks

We have an Underweight stance on Indian IT Services

We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 ([Slow is the \(new/old\) normal](#)) and reiterated our view with an update on 12th March 2025 ([FY26 unlikely to be better than FY25](#)). Another report ([Uncertainty stays and 'eating the tariff' may impact even FY27](#)) and ([A fourth slow year?](#)) talks about our continued cautious stance on the sector.

While both earnings and PE multiples have corrected since 1 Jan 2025, the industry's structural organic revenue growth from here on will be lower vs ~7% CAGR seen during FY15-FY20; possibly ~5% CAGR over FY25-FY30 in constant currency (CC) terms.

Multiple speed breakers drive our Underweight stance

Trump policies raise uncertainty: Tariffs, a wider fiscal deficit from the 'one big, beautiful bill' (OBBB), and tighter immigration rules (including the new hurdles in H1-B visas), etc., may lead to delay in decision making in the near term.

While tariffs drove uncertainty in 2025, Trump's multiple proposals to address affordability crisis in the US ahead of the mid-terms in Nov'26 will be the key monitorable in 2026 (eg: freezing credit card interest rate at 10%, controlling prices of products and services, cash payments to citizens, buying of US\$200bn MBSs, etc.). There will be winners/ losers due to this in USA Inc and that could reflect in the IT spending outcomes.

Higher for longer interest rate environment: Lately, based on inflation prints and fears of a higher fiscal deficit, US 10Y yields have remained firm. There are fears of sustained high interest rates potentially reducing IT outsourcing demand; particularly in BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

The Covid-induced pull forward of demand requires a multi-year unwind. We think there were excesses during the compressed transformation phase that are yet to be fully unwound.

Gen AI and GCCs are going to disrupt growth: We believe that AI/Gen AI will lead to compression of revenue for the industry in the next 24-36 months, as companies self-cannibalize to hold on to their existing clients. Rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend: Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to Cloud/SaaS and move it away from the ones with lower bargaining power – global IT Services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture, Tier-2 players and Cognizant, likely slowing their growth vs FY15-FY20. This

is besides the fact that by FY25, Tier-1 revenue has reached US\$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

How we are valuing companies: We are using PE methodology, as also TCS, as our industry benchmark. Target PE for TCS is 21.7x, which is the average PE multiple of TCS over the last 10 years less 0.5SD. This has been raised from 19x (average PE multiple of TCS over the last 10 years less 1SD). We have been giving subjective premium/discount to the benchmark target PE to arrive at target PE multiples for the rest of our coverage.

Reason for raising Target PE multiple: With Nifty IT underperforming by ~23ppt vs the Nifty in 2025, we believe much of the downside is factored in. With a modest uptick in growth rates in FY27, we believe the stocks will trade a bit higher.

Our target PE multiples are lower than those used by consensus/competitors. Through our choice of the benchmark target PE multiple, we seek to capture the probability of downside risks to consensus EPS expectations for FY27.

Tier- 2 valuation reflects growth gap with Tier-1

Tier-2 set has been taking away market share from the Tier-1 set, due to better execution as well as their smaller size. And, unlike previous cycles, they have performed better than the Tier-1 set, largely on better management teams.

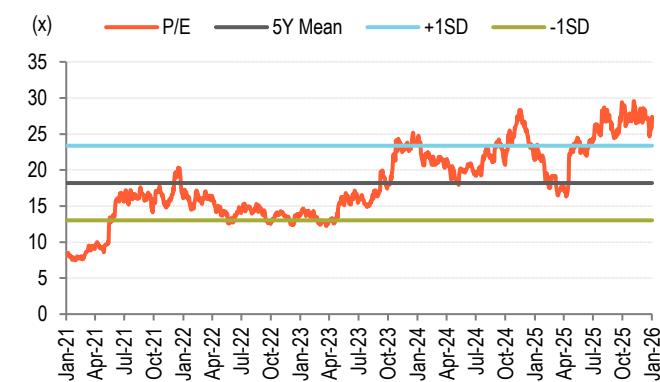
However, current PE premium to Tier-1s is excessive for certain stocks, because to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects that are likely to impact margins adversely.

Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

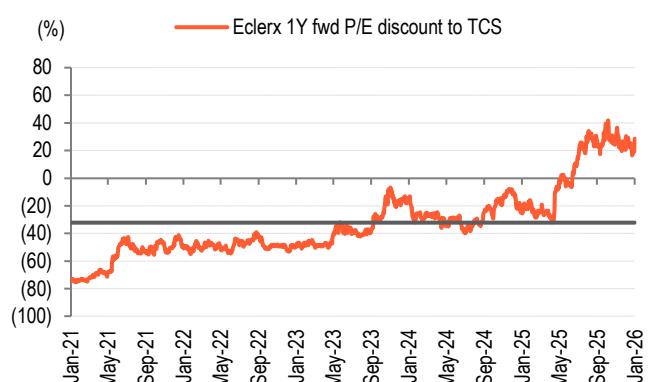
Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E Mar (Rs mn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)	3QFY26	Deviation (%)
Net Sales (USD mn)	101	116	122	20.9	5.4	120	1.8
Net Sales	8,538	10,049	10,703	25.4	6.5	10,658	0.4
Cost of Sales	6,472	7,369	7,941	22.7	7.8	7,925	0.2
% of Sales	75.8	73.3	74.2			74.4	
EBITDA	2,066	2,679	2,762	33.7	3.1	2,733	1.1
% of Sales	24.2	26.7	25.8			25.6	
Depreciation	358	425	463	29.4	9.0	509	(9.1)
EBIT	1,709	2,254	2,299	34.5	2.0	2,224	3.4
EBIT Margin (%)	20.0	22.4	21.5	147	(95)	20.9	
Interest Expenses	83	108	99	19.7	(8.2)	108	(8.2)
Other Income	214	304	301	40.8	(0.9)	186	62.0
PBT	1,840	2,450	2,501	35.9	2.1	2,302	8.7
Provision for Tax	468	615	583	24.6	(5.3)	578	0.8
Effective Tax Rate	25.4	25.1	23.3			25.1	
Minorities	1.3	2.7	(1.7)			1.0	
PAT (Reported)	1,371	1,832	1,920	40.1	4.8	1,723	11.4
NPM (%)	16.1	18.2	17.9			16.2	11.0

Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend

Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS

Source: Bloomberg, BOBCAPS Research

Fig 4 – Revised Estimates

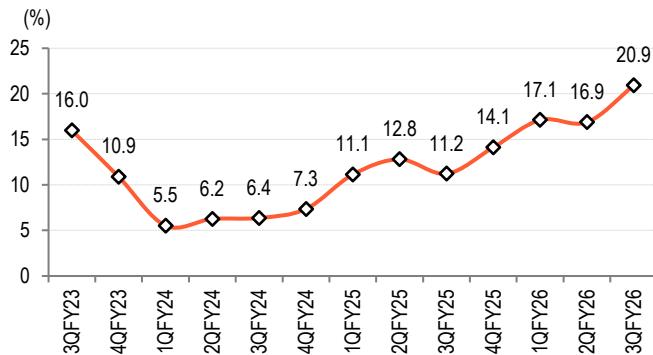
Change in Estimates	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
INR/USD	88.0	90.0	91.1	87.7	89.4	91.1	0.3	0.7	-
USD Revenue (USD mn)	472	550	619	468	549	626	0.9	0.2	(1.1)
USD Revenue Growth (%)	18.6	16.5	12.6	17.6	17.3	14.1			
Revenue (Rsmn)	41,365	49,463	56,377	41,011	49,036	57,005	0.9	0.9	(1.1)
EBIT (Rsmn)	8,876	10,850	12,591	8,619	10,639	13,059	3.0	2.0	(3.6)
EBIT Margin (%)	21.5	21.9	22.3	21.0	21.7	22.9			
PAT (Rsmn)	7,043	8,413	10,028	6,731	8,388	10,548	4.6	0.3	(4.9)
FDEPS (Rs)	147.9	176.6	210.5	139.9	174.3	219.3	5.7	1.3	(4.0)

Source: BOBCAPS Research

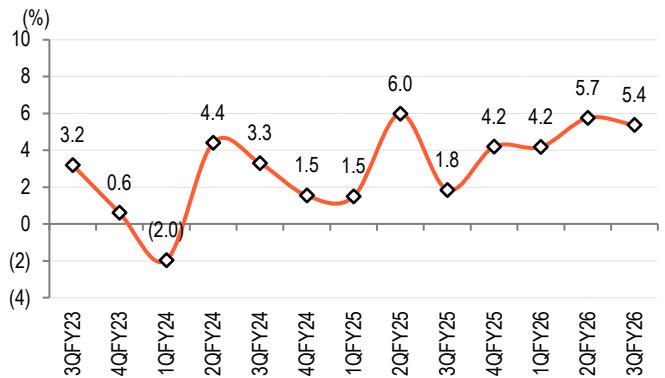
Fig 5 – P&L at a glance

(YE March) (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Average INR/USD	68.5	68.7	71.2	71.7	74.4	75.9	79.6	82.7	84.6	88.0	90.0	91.1
Net sales (US\$mn)	194.2	198.6	200.8	200.5	210.4	284.6	332.7	353.9	397.6	471.7	549.6	619.1
-Growth (%)	2.3	1.1	(0.1)	4.9	35.2	16.9	6.4	12.3	18.6	16.5	12.6	
Net Sales	13,300	13,651	14,305	14,376	15,644	21,605	26,479	29,255	33,659	41,365	49,463	56,377
-Growth (%)	2.6	4.8	0.5	8.8	38.1	22.6	10.5	15.1	22.9	19.6	14.0	
Direct cost	5,246	6,180	7,059	7,613	7,813	10,789	13,848	15,029	17,897	21,804	25,075	28,284
Gross Profit	8,054	7,470	7,246	6,763	7,831	10,816	12,631	14,226	15,762	19,561	24,388	28,093
Gross Margin	60.6	54.7	50.7	47.0	50.1	50.1	47.7	48.6	46.8	47.3	49.3	49.8
SGA Expenses	3,366	3,803	4,154	3,514	3,189	4,085	5,192	6,477	7,552	8,872	10,966	12,520
% of sales	25.3	27.9	29.0	24.4	20.4	18.9	19.6	22.1	22.4	21.4	22.2	22.2
Other operating income	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	4,688	3,668	3,092	3,249	4,642	6,731	7,439	7,750	8,209	10,689	13,422	15,573
% of sales	35.2	26.9	21.6	22.6	29.7	31.2	28.1	26.5	24.4	25.8	27.1	27.6
Depreciation & Amortisation	518	483	447	710	816	1,032	1,140	1,258	1,412	1,812	2,572	2,981
% of sales	3.9	3.5	3.1	4.9	5.2	4.8	4.3	4.3	4.2	4.4	5.2	5.3
EBIT	4,170	3,185	2,645	2,539	3,826	5,699	6,299	6,492	6,797	8,876	10,850	12,591
% of sales	31.4	23.3	18.5	17.7	24.5	26.4	23.8	22.2	20.2	21.5	21.9	22.3
Finance costs	-	-	-	188	203	201	212	235	349	403	396	396
Other income (net)	188	390	469	452	182	170	443	614	737	842	689	1,088
Exceptional Item	-	213	-	-	-	(57)	-	-	-	-	-	-
PBT	4,358	3,787	3,114	2,803	3,806	5,611	6,530	6,871	7,185	9,315	11,142	13,283
-PBT margin (%)	32.8	27.7	21.8	19.5	24.3	26.0	24.7	23.5	21.3	22.5	22.5	23.6
Provision for tax	819	896	832	715	978	1,427	1,638	1,753	1,773	2,272	2,730	3,254
Effective tax rate (%)	18.8	23.7	26.7	25.5	25.7	25.4	25.1	25.5	24.7	24.4	24.5	24.5
Net profit	3,539	2,891	2,282	2,087	2,828	4,184	4,892	5,117	5,413	7,043	8,413	10,028
Minority Interest	(1)	4	0	0	0	4	4	3	2	1	4	4
Net reported profit	3,541	2,887	2,283	2,087	2,828	4,180	4,888	5,115	5,411	7,042	8,409	10,024
-Growth (%)	(18.5)	(20.9)	(8.6)	35.5	47.8	16.9	4.6	5.8	30.1	19.4	19.2	
-Net profit margin (%)	26.6	21.1	16.0	14.5	18.1	19.3	18.5	17.5	16.1	17.0	17.0	17.8

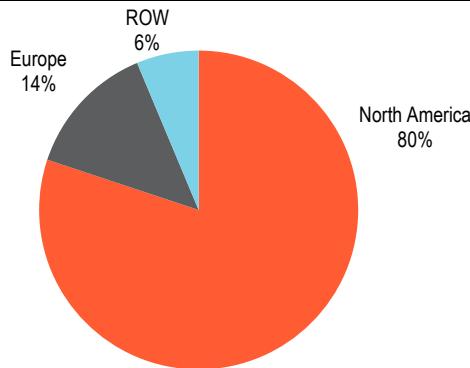
Source: Company, BOBCAPS Research

Fig 6 – USD Revenue growth rate (YoY)

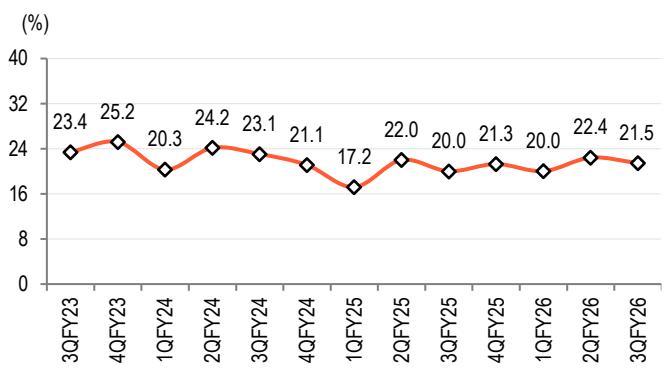
Source: Company, BOBCAPS Research

Fig 7 – USD Revenue growth rate (QoQ)

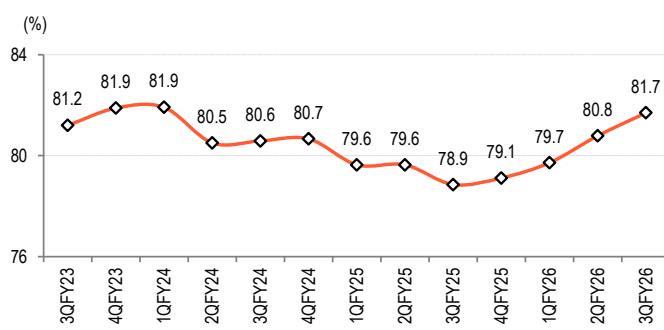
Source: Company, BOBCAPS Research

Fig 8 – 3QFY26 Geographical Revenue Mix

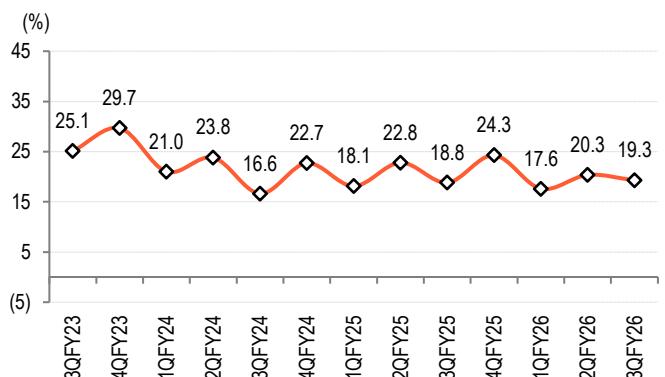
Source: Company, BOBCAPS Research

Fig 9 – EBIT Margin trend

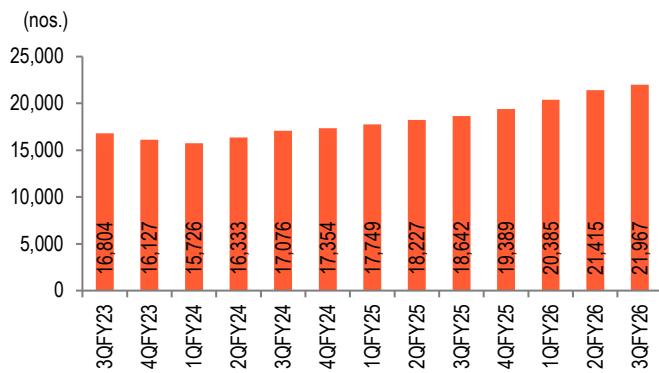
Source: Company, BOBCAPS Research

Fig 10 – Offshore Revenue (%)

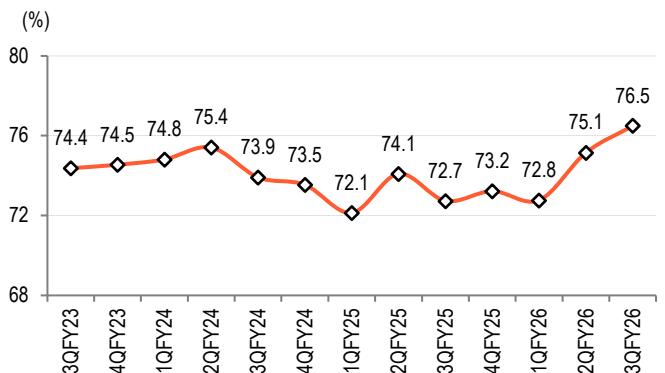
Source: Company, BOBCAPS Research

Fig 11 – Offshore Attrition (%)

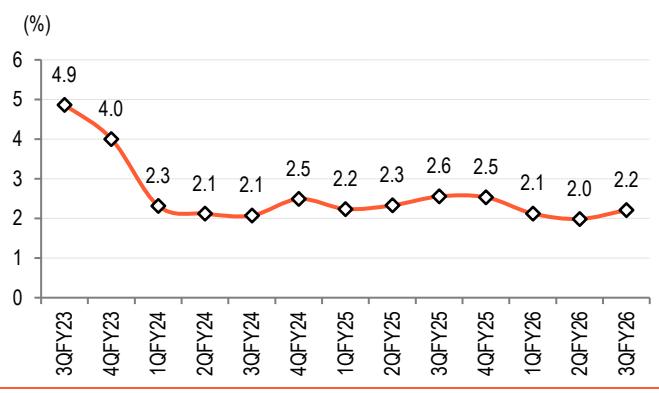
Source: Company, BOBCAPS Research

Fig 12 – Total Headcount

Source: Company, BOBCAPS Research

Fig 13 – Staff Utilisation - Delivery (%)

Source: Company, BOBCAPS Research

Fig 14 – Technical sub-contractor cost (as % of Revenue)

Source: Company, BOBCAPS Research

Fig 15 – Quarterly Snapshot

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
INR/ USD	82.1	82.2	82.2	82.7	83.2	83.0	83.4	83.8	84.5	86.6	85.6	87.3	89.1
Revenue (USD mn)	85	86	84	88	91	92	93	98.8	100.7	105	109	116	122
INR mn													
Revenue	6,867	6,931	6,845	7,218	7,528	7,665	7,819	8,318	8,538	8,983	9,346	10,049	10,703
Gross margin	3,265	3,471	3,180	3,541	3,782	3,723	3,497	3,918	3,969	4,378	4,235	4,769	5,105
EBITDA	1,906	2,067	1,675	2,047	2,072	1,955	1,661	2,159	2,066	2,323	2,241	2,679	2,762
EBIT	1,607	1,748	1,390	1,744	1,737	1,620	1,344	1,832	1,709	1,913	1,872	2,254	2,299
Other income	125	(3)	16	80	131	152	135	47	131	75	8	196	202
PBT	1,732	1,745	1,406	1,825	1,868	1,772	1,479	1,879	1,840	1,988	1,881	2,450	2,501
Tax	419	421	340	463	477	473	359	484	468	462	465	615	583
PAT	1,312	1,325	1,063	1,360	1,386	1,305	1,116	1,402	1,371	1,522	1,417	1,832	1,920
Number of shares	50	49	48	48	48	48	48	47	47	47	47	47	47
EPS	26	27	22	28	29	27	23	30	29	32	30	39	41
YoY Growth													
USD revenue	16.0	10.9	5.5	6.2	6.4	7.3	11.1	12.8	11.2	14.1	17.1	16.9	20.9
Revenue	22.8	17.1	10.8	11.0	9.6	10.6	14.2	15.2	13.4	17.2	19.5	20.8	25.4
Gross profit	14.4	18.8	11.4	16.5	15.8	7.3	9.9	10.6	5.0	17.6	21.1	21.7	28.6
EBITDA	7.2	13.4	1.5	12.8	8.7	(5.4)	(0.8)	5.5	(0.3)	18.8	35.0	24.1	33.7
EBIT	6.2	13.3	(0.8)	13.2	8.1	(7.3)	(3.3)	5.0	(1.6)	18.1	39.3	23.1	34.5
Net profit	23.0	11.6	7.2	8.0	5.7	(1.5)	5.0	3.1	(1.1)	16.6	26.9	30.6	40.1
QoQ Growth													
USD revenue	3.2	0.6	(2.0)	4.4	3.3	1.5	1.5	6.0	1.8	4.2	4.2	5.7	5.4
Revenue	5.6	0.9	(1.2)	5.4	4.3	1.8	2.0	6.4	2.6	5.2	4.0	7.5	6.5
EBITDA	7.4	6.3	(8.4)	11.3	6.8	(1.6)	(6.1)	12.0	1.3	10.3	(3.3)	12.6	7.1
EBIT	4.3	8.8	(20.5)	25.5	(0.4)	(6.7)	(17.0)	36.3	(6.7)	12.0	(2.1)	20.4	2.0
Net profit	4.2	1.1	(19.8)	27.9	2.0	(5.8)	(14.5)	25.7	(2.3)	11.0	(6.9)	29.3	4.8
Margins (%)													
Gross margin	47.5	50.1	46.5	49.1	50.2	48.6	44.7	47.1	46.5	48.7	45.3	47.5	47.7
EBITDA	27.8	29.8	24.5	28.4	27.5	25.5	21.2	26.0	24.2	25.9	24.0	26.7	25.8
EBIT	23.4	25.2	20.3	24.2	23.1	21.1	17.2	22.0	20.0	21.3	20.0	22.4	21.5
PAT	19.1	19.1	15.5	18.8	18.4	17.0	14.3	16.9	16.1	16.9	15.2	18.2	17.9
SGA	24.1	24.9	26.2	24.9	27.2	27.4	27.5	25.1	26.5	27.4	25.3	25.0	26.2

Source: Company, BOBCAPS Research

Fig 16 – Key Metrics

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Total Headcount	16,804	16,127	15,726	16,333	17,076	17,354	17,749	18,227	18,642	19,389	20,385	21,415	21,967
Delivery and Support Staff													
Offshore Delivery	14,271	13,330	13,143	13,791	14,491	14,690	14,921	14,861	15,260	15,925	16,865	17,754	18,147
Onshore Delivery	607	599	535	585	611	630	683	637	627	656	655	651	652
Support Services	863	948	870	862	848	862	898	907	923	941	995	1,021	1,060
Tech Services	956	1,135	1,058	977	1,002	1,049	1,122	1,699	1,704	1,745	1,746	1,867	1,988
Selling and Distribution Staff (BD)	107	115	120	118	124	123	125	123	128	122	124	122	120
Revenue by Geography (%)													
North America	71.1	70.8	71.6	72.6	73.6	74.4	75.0	75.9	76.2	78.4	78.9	80.3	80.1
Europe	20.4	19.6	20.0	18.8	17.8	17.5	17.5	16.4	16.2	14.0	15.1	14.3	13.6
ROW	8.5	9.5	8.4	8.5	8.6	8.0	7.6	7.6	7.6	6.1	5.4	6.3	
Revenue by Industry (%)													
BFSI							41.8	43.8	43.7	43.7	43.2	41.4	40.1
CMT							26.4	26.1	25.2	25.7	25.4	25.9	25.0
HiTech and M&D							16.8	16.7	16.2	16.1	16.5	16.7	16.8
Fashion & Luxury and Retail							10.3	8.7	9.3	8.8	9.0	8.4	8.7
Emerging							4.7	4.8	5.5	5.7	5.9	7.7	9.5
Billing Mix (%)													
Onshore Revenue	18.8	18.1	18.1	19.5	19.4	19.3	20.4	20.4	21.1	20.9	20.3	19.2	18.3
Offshore Revenue	81.2	81.9	81.9	80.5	80.6	80.7	79.6	79.6	78.9	79.1	79.7	80.8	81.7
Currency Concentration (%)													
USD	81.8	82.6	82.4	82.8	83.5	85.5	85.8	86.7	86.3	86.2	86.3	86.4	86.1
EURO	10.2	10.1	10.1	9.6	9.4	9.5	9.4	8.3	8.4	8.0	8.0	7.7	7.9
GBP	3.1	3.0	3.3	3.2	3.4	3.4	3.0	3.0	3.2	3.0	3.4	3.3	3.2
Client Concentration													
Top 5 contribution	40.0	39.9	39.5	40.8	42.3	45.5	45.5	46.9	44.9	46.7	46.5	45.9	43.6
Top 10 contribution	58.7	58.9	58.6	59.2	59.3	62.6	62.0	63.5	62.3	64.1	63.2	62.7	60.4
Non-Top 10 contribution	41.3	41.1	41.4	40.8	40.7	37.4	38.0	36.5	37.7	35.9	36.8	37.3	39.6
Offshore Attrition (%)	25.1	29.7	21.0	23.8	16.6	22.7	18.1	22.8	18.8	24.3	17.6	20.3	19.3
Overall Staff utilization (%)	68.5	68.3	69.1	70.0	68.8	68.4	66.6	68.4	67.2	67.9	67.4	69.5	70.8
Staff utilization (Delivery) (%)	74.4	74.5	74.8	75.4	73.9	73.5	72.1	74.1	72.7	73.2	72.8	75.1	76.5
Client Contribution													
US\$ 500k-1mm Clients	31.0	32.0	39.0	39.0	38.0	41.0	37.0	36.0	36.0	37.0	42.0	44.0	44.0
US\$ 1mm-3mm Clients	24.0	27.0	24.0	22.0	21.0	23.0	22.0	24.0	23.0	25.0	24.0	26.0	27.0
US\$ 3mm-5mm Clients	3.0	4.0	4.0	4.0	7.0	4.0	6.0	5.0	5.0	4.0	5.0	5.0	6.0
US\$ 5mm-10mm Clients	6.0	6.0	5.0	5.0	3.0	4.0	4.0	4.0	4.0	5.0	5.0	6.0	7.0
US\$ 10mm++ Clients	8.0	8.0	9.0	9.0	10.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Seat Count	11,278.0	11,278.0	11,808.0	11,805.0	12,029.0	11,635.0	11,999.0	12,009.0	13,810.0	13,976.0	14,731.0	15,140.0	15,519.0
Profit and Loss Statement (in mn USD)													
Revenue	85.1	85.6	83.9	87.6	90.5	91.9	93.3	98.8	100.7	104.9	109.2	115.5	121.7
EBIT	19.9	21.6	17.0	21.2	20.9	19.4	16.0	21.8	20.1	22.3	21.9	25.9	26.1
PAT	16.3	16.4	13.0	16.5	16.7	15.6	13.3	16.7	16.2	17.8	16.6	21.1	21.8
Productivity Metrics													
Per Capita (Annualised)													
Revenue	20,256	21,233	21,346	21,457	21,200	21,181	21,018	21,689	21,597	21,635	21,436	21,577	22,163
EBIT	4,742	5,356	4,336	5,186	4,892	4,477	3,613	4,775	4,322	4,607	4,294	4,840	4,760
PAT	3,869	4,061	3,316	4,042	3,904	3,607	3,000	3,657	3,467	3,665	3,250	3,934	3,975

Source: Company, BOBCAPS Research

Fig 17 – QoQ and YoY growth of various parameters

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
QoQ Growth (%)													
Total Headcount	3.3	(4.0)	(2.5)	3.9	4.5	1.6	2.3	2.7	2.3	4.0	5.1	5.1	2.6
Delivery and Support Staff													
Offshore Delivery	4.9	(6.6)	(1.4)	4.9	5.1	1.4	1.6	(0.4)	2.7	4.4	5.9	5.3	2.2
Onshore Delivery	(5.9)	(1.3)	(10.7)	9.3	4.4	3.1	8.4	(6.7)	(1.6)	4.6	(0.2)	(0.6)	0.2
Support Services	0.2	9.8	(8.2)	(0.9)	(1.6)	1.7	4.2	1.0	1.8	2.0	5.7	2.6	3.8
Tech Services	(9.0)	18.7	(6.8)	(7.7)	2.6	4.7	7.0	51.4	0.3	2.4	0.1	6.9	6.5
Selling and Distribution Staff (BD)	1.9	7.5	4.3	(1.7)	5.1	(0.8)	1.6	(1.6)	4.1	(4.7)	1.6	(1.6)	(1.6)
US\$ Revenue	3.2	0.6	(2.0)	4.4	3.3	1.5	1.5	6.0	1.8	4.2	4.2	5.7	5.4
Revenue by Geography													
North America	2.2	0.2	(0.9)	5.9	4.7	2.7	2.2	7.4	2.1	7.2	4.8	7.7	5.1
Europe	5.1	(3.1)	(0.2)	(1.8)	(2.5)	0.2	1.1	(0.4)	0.6	(9.9)	12.0	0.2	0.2
ROW	7.4	12.9	(13.4)	5.9	4.2	(5.2)	(4.4)	7.0	1.6	4.2	(17.1)	(5.4)	22.4
Revenue by Industries													
BFSI									11.0	1.6	4.2	3.0	1.3
CMT									4.8	(1.5)	6.1	3.1	7.6
HiTech and M&D									5.1	(1.1)	3.4	6.8	7.2
Fashion & Luxury and Retail									(10.6)	9.4	(1.4)	5.6	(0.9)
Emerging									7.4	18.7	7.5	8.2	36.3
Billing Mix													
Onshore Revenue	(1.2)	(3.1)	(2.1)	12.5	2.9	1.1	6.9	6.0	5.8	2.9	1.1	0.2	0.4
Offshore Revenue	4.3	1.5	(1.9)	2.6	3.4	1.6	0.2	6.0	0.8	4.5	5.0	7.2	6.6
Currency Concentration													
USD	2.0	1.5	(2.2)	5.0	4.2	3.9	1.8	7.2	1.3	4.1	4.3	5.9	5.0
EURO	11.5	(0.4)	(2.0)	(1.6)	1.5	2.2	1.2	(7.3)	3.9	(0.5)	4.2	1.4	7.9
GBP	0.8	(2.0)	5.1	3.7	7.0	2.1	(10.1)	8.1	7.9	(3.6)	18.6	1.7	2.6
Client Concentration													
Top 5 contribution	(2.9)	0.4	(3.1)	8.0	7.0	9.2	1.6	9.3	(2.5)	8.3	3.8	4.3	0.2
Top 10 contribution	(0.6)	0.9	(2.5)	5.4	3.5	7.3	0.5	8.4	(0.1)	7.3	2.7	4.9	1.5
Non-Top 10 contribution	9.1	0.1	(1.2)	3.0	3.0	(6.8)	3.1	1.9	5.3	(0.9)	6.9	7.1	11.9
Client Contribution													
US\$ 500k-1mm Clients	14.8	3.2	21.9	0.0	(2.6)	7.9	(9.8)	(2.7)	0.0	2.8	13.5	4.8	0.0
US\$ 1mm-3mm Clients	(7.7)	12.5	(11.1)	(8.3)	(4.5)	9.5	(4.3)	9.1	(4.2)	8.7	(4.0)	8.3	3.8
US\$ 3mm-5mm Clients	50.0	33.3	0.0	0.0	75.0	(42.9)	50.0	(16.7)	0.0	(20.0)	25.0	0.0	20.0
US\$ 5mm-10mm Clients	(14.3)	0.0	(16.7)	0.0	(40.0)	33.3	0.0	0.0	0.0	25.0	0.0	20.0	16.7
US\$ 10mm++ Clients	14.3	0.0	12.5	0.0	11.1	0.0	(10.0)	0.0	0.0	0.0	0.0	0.0	0.0
Seat Count	0.0	0.0	4.7	0.0	1.9	(3.3)	3.1	0.1	15.0	1.2	5.4	2.8	2.5
YoY Growth (%)													
Total Headcount	19.1	8.2	(2.8)	0.4	1.6	7.6	12.9	11.6	9.2	11.7	14.9	17.5	17.8
Delivery and Support Staff													
Offshore Delivery	21.3	6.0	(2.8)	1.3	1.5	10.2	13.5	7.8	5.3	8.4	13.0	19.5	18.9
Onshore Delivery	(8.7)	(11.3)	(21.4)	(9.3)	0.7	5.2	27.7	8.9	2.6	4.1	(4.1)	2.2	4.0
Support Services	9.0	17.5	(8.5)	0.1	(1.7)	(9.1)	3.2	5.2	8.8	9.2	10.8	12.6	14.8
Tech Services	21.5	51.5	15.6	(7.0)	4.8	(7.6)	6.0	73.9	70.1	66.3	55.6	9.9	16.7
Selling and Distribution Staff (BD)	3.9	6.5	15.4	12.4	15.9	7.0	4.2	4.2	3.2	(0.8)	(0.8)	(0.8)	(6.3)
US\$ Revenue	16.0	10.9	5.5	6.2	6.4	7.3	11.1	12.8	11.2	14.1	17.1	16.9	20.9

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Revenue by Geography													
North America	17.8	13.5	8.0	7.5	10.1	12.8	16.4	17.9	15.0	20.1	23.2	23.6	27.2
Europe	2.9	(4.6)	(4.0)	(0.1)	(7.4)	(4.3)	(3.0)	(1.7)	1.5	(8.7)	1.1	1.7	1.3
ROW	40.6	32.6	9.6	11.2	7.9	(9.4)	0.1	1.1	(1.5)	8.3	(6.2)	(17.0)	0.0
Revenue by Industries													
BFSI											21.0	10.4	10.8
CMT											12.9	16.0	19.9
HiTech and M&D											14.9	17.1	25.6
Fashion & Luxury and Retail											1.8	12.8	12.1
Emerging											48.3	88.2	106.5
Billing Mix													
Onshore Revenue	14.8	(0.6)	(8.4)	5.5	9.8	14.6	25.1	17.8	21.1	23.3	16.7	10.3	4.7
Offshore Revenue	16.3	13.8	9.2	6.4	5.5	5.7	8.0	11.6	8.8	11.9	17.3	18.6	25.3
Currency Concentration													
USD	18.6	13.5	6.6	6.3	8.6	11.1	15.7	18.1	14.9	15.1	17.9	16.5	20.7
EURO	10.5	(1.3)	2.1	7.2	(2.4)	0.1	3.3	(2.7)	(0.4)	(3.0)	(0.2)	9.2	13.4
GBP	(19.1)	(0.4)	4.8	7.6	14.2	19.0	1.9	6.2	7.0	1.0	33.3	25.4	19.3
Client Concentration													
Top 5 contribution	2.6	2.7	(1.4)	2.1	12.5	22.3	28.2	29.7	18.1	17.1	19.8	14.3	17.5
Top 10 contribution	12.5	8.6	2.6	3.1	7.4	14.1	17.7	21.1	16.8	16.8	19.3	15.4	17.3
Non-Top 10 contribution	21.3	14.3	10.0	11.1	4.9	(2.4)	1.9	0.8	3.1	9.6	13.6	19.4	26.9
Client Contribution													
US\$ 500k-1mm Clients	72.2	28.0	21.9	44.4	22.6	28.1	(5.1)	(7.7)	(5.3)	(9.8)	13.5	22.2	22.2
US\$ 1mm-3mm Clients	(4.0)	12.5	14.3	(15.4)	(12.5)	(14.8)	(8.3)	9.1	9.5	8.7	9.1	8.3	17.4
US\$ 3mm-5mm Clients	0.0	33.3	100.0	100.0	133.3	0.0	50.0	25.0	(28.6)	0.0	(16.7)	0.0	20.0
US\$ 5mm-10mm Clients	(14.3)	(14.3)	(28.6)	(28.6)	(50.0)	(33.3)	(20.0)	(20.0)	33.3	25.0	25.0	50.0	75.0
US\$ 10mm++ Clients	33.3	33.3	28.6	28.6	25.0	25.0	0.0	0.0	(10.0)	(10.0)	0.0	0.0	0.0
Seat Count	2.2	2.2	11.6	4.7	6.7	3.2	1.6	1.7	14.8	20.1	22.8	26.1	12.4

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	29,255	33,659	41,365	49,463	56,377
EBITDA	7,750	8,209	10,689	13,422	15,573
Depreciation	1,258	1,412	1,812	2,572	2,981
EBIT	6,492	6,797	8,876	10,850	12,591
Net interest inc./exp.)	(235)	(349)	(403)	(396)	(396)
Other inc./exp.)	614	737	842	689	1,088
Exceptional items	0	0	0	0	0
EBT	6,871	7,185	9,315	11,142	13,283
Income taxes	1,753	1,773	2,272	2,730	3,254
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	3	2	1	4	4
Reported net profit	5,115	5,411	7,042	8,409	10,024
Adjustments	0	0	0	0	0
Adjusted net profit	5,115	5,411	7,042	8,409	10,024

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	0	0	0	0	0
Other current liabilities	3,914	4,459	5,440	6,505	7,414
Provisions	124	258	340	407	463
Debt funds	0	0	0	0	0
Other liabilities	2,756	3,660	4,327	5,029	5,654
Equity capital	482	470	463	463	463
Reserves & surplus	22,012	22,610	26,585	34,951	44,933
Shareholders' fund	22,495	23,080	27,049	35,415	45,397
Total liab. and equities	29,290	31,457	37,155	47,355	58,928
Cash and cash eq.	6,921	7,391	10,695	18,664	28,636
Accounts receivables	4,960	4,954	6,233	7,453	8,495
Inventories	6	2	2	2	2
Other current assets	3,993	5,370	6,233	7,453	8,495
Investments	4,065	3,090	3,090	3,090	3,090
Net fixed assets	2,097	2,409	1,921	931	(246)
CWIP	8	2	2	2	2
Intangible assets	3,993	4,079	4,079	4,079	4,079
Deferred tax assets, net	591	727	862	1,005	1,132
Other assets	2,663	3,434	4,039	4,677	5,245
Total assets	29,290	31,457	37,155	47,355	58,928

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	5,259	6,668	7,251	9,305	11,131
Capital expenditures	(643)	(1,151)	(1,324)	(1,583)	(1,804)
Change in investments	(1,064)	1,291	0	0	0
Other investing cash flows	(3,172)	1,165	451	293	691
Cash flow from investing	(4,879)	1,305	(873)	(1,290)	(1,113)
Equities issued/Others	0	(3,839)	(3,028)	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(1,017)	(2,210)	0	0	0
Dividends paid	(48)	(47)	(46)	(46)	(46)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,065)	(6,096)	(3,074)	(46)	(46)
Chg in cash & cash eq.	(685)	1,877	3,304	7,968	9,972
Closing cash & cash eq.	6,921	7,391	10,695	18,664	28,636

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	106.1	115.1	151.7	181.1	216.0
Adjusted EPS	104.0	113.1	147.9	176.6	210.5
Dividend per share	1.0	1.0	1.0	1.0	1.0
Book value per share	466.5	491.0	582.7	762.9	978.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	7.7	6.8	5.5	4.8	4.3
EV/EBITDA	29.1	27.7	21.5	17.5	15.7
Adjusted P/E	45.0	41.4	31.7	26.5	22.2
P/BV	10.0	9.5	8.0	6.1	4.8

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.4	75.3	75.6	75.5	75.5
Interest burden (PBT/EBIT)	105.8	105.7	104.9	102.7	105.5
EBIT margin (EBIT/Revenue)	22.2	20.2	21.5	21.9	22.3
Asset turnover (Rev./Avg TA)	112.2	110.8	120.6	117.1	106.1
Leverage (Avg TA/Avg Equity)	1.3	1.3	1.4	1.4	1.3
Adjusted ROAE	25.8	23.7	28.1	26.9	24.8

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	10.5	15.1	22.9	19.6	14.0
EBITDA	4.2	5.9	30.2	25.6	16.0
Adjusted EPS	5.8	8.7	30.8	19.4	19.2
Profitability & Return ratios (%)					
EBITDA margin	26.5	24.4	25.8	27.1	27.6
EBIT margin	22.2	20.2	21.5	21.9	22.3
Adjusted profit margin	17.5	16.1	17.0	17.0	17.8
Adjusted ROAE	25.8	23.7	28.1	26.9	24.8
ROCE	24.4	22.5	26.8	26.2	23.5
Working capital days (days)					
Receivables	58	54	49	50	52
Inventory	NA	NA	NA	NA	NA
Payables	NA	NA	NA	NA	NA
Ratios (x)					
Gross asset turnover	12.9	14.9	19.1	34.7	164.6
Current ratio	4.9	4.4	4.5	5.3	6.2
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.3)	(0.3)	(0.4)	(0.5)	(0.6)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: 1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051

SEBI Research Analyst Registration No: INH000000040 valid till 03 February 2025

Brand Name: **BOBCAPS**

Trade Name: www.barodaetrade.com

CIN: U65999MH1996GOI098009

Logo:  TRUST | INNOVATION | EXCELLENCE

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

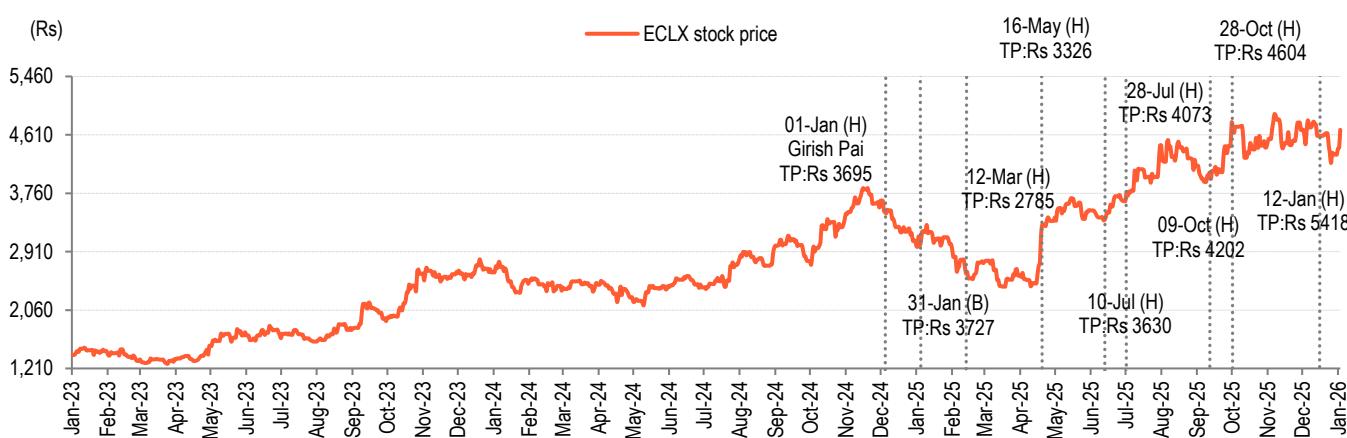
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ECLERX SERVICES (ECLX IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "MAYBANK"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.