Eclerx Services Limited
Q3FY22 Earnings Conference Call

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ANJAN MALIK – COFOUNDER AND DIRECTOR
ROHITASH GUPTA – CHIEF FINANCIAL OFFICER
SRINIVASAN NADADHUR – HEAD OF OPERATIONS, FINANCIAL MARKETS

MODERATOR:
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CONFERENCE CALL PARTICIPANTS:
MANIK TANEJA - JM FINANCIAL
DIPESH MEHTA - EMKAY GLOBAL FINANCIAL SERVICES
SANDEEP SHAH – EQUIRUS SECURITIES
VP RAJESH – BANYAN CAPITAL
SHRADDHA AGARWAL – ASIAN MARKETS SECURITIES
HITESH ARORA – UNIFI CAPITAL
ABHISHEK SHINDADKAR – INCRED CAPITAL
ANUBHAV MUKHERJEE - PRESCIENT CAPITAL

Diwakar Pingle:

Good evening, friends. Thank you everyone to join the Q3FY22 earnings call of eClerx Services Limited. Please note that this webinar is being recorded. As usual, safe harbor clause applies.

Joining you today to give you an update about the quarter gone by and to answer your questions, we have with us the top management of eClerx. Mr. PD Mundhra, Co-Founder & Executive Director; Mr. Anjan Malik, Co-Founder & Director; Mr. Rohitash Gupta, Chief Financial Officer and Mr. Srinivasan Nadadhur who heads the financial business of eClerx. We will start the call withthe brief opening remarks by Rohitash and then we will have a brief update by PD and then will move to the Q&A.

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

Rohitash Gupta:

Thank you, Diwakar. Very good evening, and welcome to the eClerx Q3 FY '22 Earnings Call for the quarter and nine months year ended on 31st December 2021.

This quarter we built on the demand momentum and scaled business with very good operating leverage our operating revenue in this quarter was USD $73.4 million, which is sequentially up by 5.9% in constant currency terms. This quarter total revenue was INR 5,636 million which is up 7.4% sequentially and up 42% on y-o-y basis. Our net profit this quarter was INR 1,066 million. This quarter we had a one-off charge of about INR 50 million on account of Personiv earnouts. As a reminder, we have two earnouts as part of the Personiv deal, one for CY21 and one for CY22. And these were accounted in goodwill in our FY21 financials based on estimates, so this charge is towards the shortfall in the first earnout provision based on CY21 actual business performance of Personiv. We expect second and the last true up due to earnout two sometime during CY22 as and when we determine the likely CY22 business performance of Personiv. We had cash balance of INR 6,248 million at Q3 end, which has decreased since the last quarter due to completion of buyback and related payouts. The capex and associated depreciation are likely to increase in next two quarters as we refurbish our facilities for return to office. This plan got a little bit delayed because of wave three and that's why next two quarters instead of this and the last one. Our DSO has remained similar to last quarter at 66 days.

On people side, we continue to work from home for 90% plus of our staff, and substantially all our employees have been double vaccinated. Our hiring drive continued at an accelerated pace to support business growth that we have seen in the last quarter and we hired a net 540 employees globally this quarter. Overall demand environment and Personiv's revenue trajectory have remained strong in last few quarters and we see a very stable pricing environment also in the near term.

Lastly, our chairman Mr. Pradeep Kapoor resigned from his position as independent director after his 17 years long stint in leading the board due to his advancing age. Mr. Anish Ghosal, who has been independent director with the firm for 17 years, will be the new chairman of the board.

On a personal note, I have also decided to step down from a position of CFO and board has approved the appointment of Mr. Srinivasan Nadadhur, who is present with me in this call. I wish to take sabbatical leave for personal reasons from mid-May onwards after completing the due handover to Srini. I trust that you all will support and welcome Srini in his new role in due time. I would like to pass the call to PD now for any additional comments after which we can have the Q&A.

PD Mundhra:

Yes Rohitash, thank you. So, thank you all for joining our Q3 call. I just wanted to take a moment and talk about the two transitions that Rohitash just referenced. So, Mr. Kapoor has been the chairman for quite a few years and on board since 2007. He recently turned 76 and I think this COVID era has also led lot of us to sort of question our allocation of time etc. and he expressed the desire to step down and reduce his commitments. So, the board was very appreciative of all his contributions and leadership of the firm during his in stint in the group and after his resignation we have elected Mr. Anish Ghosal as the Chairman as Rohitash mentioned. Anish is also a long tenure independent director on the board and also came on the board sometime in 2006–2007 time frame and we look forward to his leadership in the years to come.

As Rohitash mentioned, he is also taking a sabbatical leave and the board was very appreciative of his contributions during his time with the company. Rohitash has been with eClerx since 2003. Originally, in an operation's senior management role, and then as a CFO from 2010. During the past decade he has overseen the company's journey and also helped us adapt to ever changing regulations from a corporate finance and compliance perspective and has also led many initiatives internally to improve efficiencies and optimize operations. So the board was very thankful to Rohitash for all his contributions in this capacity, even take a sabbatical as he mentioned from mid-May onwards, for a period of time, and therefore, the board has appointed Srini to step in as CFO. Srini is also an eClerx veteran, having been with the firm for 10 plus years and for the last six, seven years was running delivery for our financial markets business out of India, and therefore understands our business intimately. And the board felt quite confident in his ability to be successful in this new role and newer challenge. So, just wanted to sort of provide that context and if there are any more questions on this topic, we would be happy to take them as part of the Q&A. Thank you.

Diwakar Pingle:
Thank you, PD. Thank you, Rohitash. We'll now open up the Q&A. So the first question is from line of Manik Taneja from JM Financial. Manik please go ahead.

Manik Taneja:
Hi, good evening, everyone. Thank you for the opportunity. Just wanted to pick your thoughts on a couple of things. Number one thing is that, when I look at your headcount metrics, there is a significant increase in terms of tech services headcount through the course of this year. So if you could help us understand what exactly is tech services headcount for us and what's driving this change? That's question number one. And the second question was with regards to the qualitative outlook for each of the three business segments for us ?

Rohitash Gupta:
So Manik, among all of our pieces of businesses, right from BPO to onshore to consulting, and tech, tech has been the fastest growing business over last year by some degree compared to others. Having said that it is smaller base compared to firm revenue. Nonetheless, that also required us to beef up tech strength for delivery of that revenue stream. In addition to that, as you can imagine, most of our managed services are also tech enabled at the backend. So even that has been growing very nicely and that also requires tech support. And that's why, that strength has been increasing over the year. Sorry, your second question was on the qualitative future outlook, right? PD you want to take that?

PD Mundhra:

I think, Manik, the demand environment continues to be quite supportive for all of our businesses. And therefore, at least I think, in the near to medium term, we hope that we can maintain decent growth momentum. And that's broadly true across all the three or four businesses, including Personiv as well. As you would have seen that, we had a true upon the Personiv and that obviously is a reflection of the fact that performance came in a little better than what we had anticipated, originally at the time of the deal closure.

Manik Taneja:
Sure. And if I can ask one more, so typically Q4 tends to be a better growth quarter for you versus Q3, should we expect a similar kind of a trend playing out in FY22 as well? With regards to the tech services, headcount is that billable workforce or that's purely support staff for us?

Rohitash Gupta:
So Manik, I will take the second one. So tech, as I mentioned, has two components. One is the direct revenue facing, so there is a significant part in that headcount that directly supports revenue. And then, some part of that is also for tools or IP that goes into delivery of our managed services, as well as some smaller internal applications for shared services. So it's a mix of two or three things. But I would say largest portion of this tech will be revenue facing.

Diwakar Pingle:
Thank you. The next question is in the line of the Dipesh Mehta from Emkay Global. Dipesh please go ahead.

Dipesh Mehta:
Thanks for the opportunity. Couple of question, can you provide some sense about which service band, which segment is driving growth from the three segment which we offer, if we can provide some segment related details? What is driving performance? And the second question is about the third party you addressed but if I look, this quarter, typically our gross revenue addition we used to refer is around $50 million, whether we have seen any material uptick in that number. When gross revenue booking which, we do in any given year, where has that number materially changed, and which gives this delta. If you can provide some detail on it?

PD Mundhra:
Dipesh on your first question as to what is driving more growth, I would say the company has been on a journey over the last couple of years to try and focus on a few chosen sub services for each of our businesses, where we believe we have a better right to compete and a better right to win. And those are the ones that are basically the managed services also that Rohitash was talking about where we've invested also in terms of technology, applications and potentially a different commercial model in terms of go to market with clients. And today, I would say more than half of our new sales, if I look back over the last few quarters that are coming in those 5-6 different service areas across the three businesses. So for example, in financial markets, a lot of that work is around client lifecycle. In our customer operations business, it's around optimizing customer experience. So there are select areas that we pick, where I think we've had better deal win rates and better success, and then in the past, and what we'd like to do probably is provide maybe a little bit more insight into this, perhaps with our full year earnings presentation in next quarter to give you guys a little bit more tangible sense of what you're talking about.

On your second question about gross sales? Yes, you're right. I think in the past, we've been averaging give or take $40-50 million a year. Certainly 2020 and 2021 have been better than that. And as we've also shared in prior calls, we benefited from having fewer roll offs than you had in prior years. So the combination of stronger growth sales and fewer roll offs has led to better net growth outcomes. And we'll have to see what 2022 hold in stores. But you're right, I think we did see an uptick in gross sales in the last couple of years.

Dipesh Mehta:
And is it because of the sales head count addition or productivity improvement? And considering the market dynamics and other factors, can you provide sense about what works well for us?

Anjan Malik:
I would say that what works well for us is what's been working well for us in the last three years, on the last few calls or in fact for the last couple of years of calls, we've been consistently mentioning that we've been investing in product services. These are areas of expertise in which we are developing deeper skill sets and developing also onshore capabilities and automation, like platform capabilities. These are the areas in which we've continued to see demand, as the overall macro trend has moved towards greater

offshore, which is obviously a function of tighter labor forces in our client markets and of course, the greater comfort with work from home and working virtually. So, I think, greater and broad demand and our very differentiated services are capturing our customer’s demand.

Diwakar Pingle:
Thank you Dipesh. The next question comes from the line of Sandeep Shah. Sandeep, please go ahead.

Sandeep Shah:
Thanks for the opportunity. Just a question in terms of some demand visibility trends can you share in each of the three segments, including financial or capital markets, customer operation and cable and wireless as a whole, that's question number one.

Anjan Malik:
So, I think, demand as PD mentioned in the beginning of the call has been broadly positive across the board. So we've definitely seen service demand for CX, which is the name we give to our customer support services, everything from quality to customer engagement in chat and voice, to some of the work that we do in advanceda trouble ticket support those areas in which we've seen a fair amount of demand, we think it's from people shutting down clients facing work away from high-cost locations, such as the US where it's getting harder and harder to run these functions given labor challenges. We've seen demand in the markets business, as PD mentioned, in areas like client lifecycle, things like KYC, client onboarding. And also actually in our market operations, as more and more clients have found it hard to continue these operations in their mid-cost markets and also where they're facing talent shortages even in captives they've set up in places like Philippines and India. And then digital, we continue to see a tremendous amount of demand in areas like in analytics and various parts of marketing automation, which are broadly the two or three large areas to be support for the fortune 2000 as they look to digitize their customer experience. So broadly supportive environment across the board.

Sandeep Shah:
Okay. Second question, with pandemic may turn endemic in most of the developed countries starting from Europe and one of the key drivers for the demand into FY20-FY21 has been shortage of skills even at the client locations. So we believe this may lead to lower order intake may be to higher in-sourcing or you believe most of our clients have realized the fruits of off-shoring, and even the work from office at client side continues, the ordering team may continue to remain robust over a longer period of time?

Anjan Malik:
So I think the fact that there's a tremendous amount of demand, and a lot of being driven by talent shortages in our customer markets continues. I think customers are solving the problem in two ways. One is they're trying to automate everything that they can. So I think a larger percentage of the budgets are moving towards what we would call digital first or straight through processing across the supply chain. And I think they move to offshoring and third-party vendors like us to solve what they would recognize as short to medium term talent shortages. So I think those two things are happening concurrently. You know what that means over the next 5 to 10 years, it's hard to predict but our clients are very motivated to try and automate, ultimately, as much as possible, which has always been the case, so there's nothing different. It does feel to the point that you made to the talent shortage remains. And of course, we're seeing that talent shortage being exacerbated even in technology, which is, of course, the most important skill set that's required as you run along the automation journey. And that's also why you're finding and one of your colleagues asked this question earlier in the call where we've seen greater demand for technology services, because as more clients have moved towards requirements for technology, they've also been telling to people like us to try and help automate their journey. So we have been benefiting from that demand as much as I'm sure the large IT services companies are in India.

Diwakar Pingle:
Thank you, Sandeep. The next question comes in line of VP Rajesh from Banyan Capital. VP go ahead.

VP Rajesh:
Thanks to Diwakar. PD I just wanted to clarify one point. You said you had to pay INR 5 crores extra to the Personiv team because their business outcomes were higher than what was incorporated in the earnout calculations. Is that correct?

PD Mundhra:
Yeah. So let me clarify, you know what happens is that a deal closure we make an estimate of the likely earnout payments based on all available information at that time. So it's a provisional number. And keep in mind that this deal closed in December 2020. So at that point in time, we made an estimate for likely payouts in December 2021 and December 2022. Business performance during calendar year 2021 was stronger than what had been modeled in those forecasts, and therefore the eventual earnout payment was more than what the provision was and that's true up that we have accounted for in this past quarter.

VP Rajesh:
Okay. And because of that reason, do you expect that the earnout will again, be higher in this year? Or how are you provisioning for potentially a higher earnout in this year?

PD Mundhra:
So we had made a provision in December 2020 for both tranches of the earnout. We have done the true up for tranche number one because we now have the information to do that true up accurately. For tranche number two, I think it's a fair estimate to say that the payments will be higher than our provision, simply because, in our business if they're already at a higher trajectory, there is every chance that you know, they will only continue to build on that in the year to come and not lose momentum. So you're right, I think the base case is that the payment will be higher, but we don't yet have enough information sitting in January to model what the performance for the full calendar year 2022 will be. So, our preference is that once we have better information, and we narrowed the range of possible outcomes, we do true up only at that stage. It will happen at some point, as Rohitash mentioned during the next financial year.

VP Rajesh:
Understood, that's a very good development actually. My second question is, when you had announced the deal, you had talked about a lot of cross selling between the two businesses. So if you can provide some update on that?

PD Mundhra:
So I think it's fair to say that progress on cross sales has been definitely better than what was originally anticipated one year into the deal. And that's at least in some ways, responsible also for better revenue and EBITDA outcomes. So with Personiv there are three deals that we have already closed, where services have been sold to eClerx clients, but delivery is happening, at least in part from Personiv facilities, both in India and in the Philippines. And there is another deal, which has been sold to a Personiv client, where eClerx is helping with some aspects of the technology backbone required to deliver those services. So there are at least four deals that have been closed, which involve tangible cooperation between the teams. And there are of course, a number of discussions that are still in progress and with some luck, hopefully, some of those will also close in 2022.

VP Rajesh:
Okay, and just my last question, any update on any major ramp downs in your core customers, the top 5-6 customers?

PD Mundhra:
There's nothing at this point that could be material, which is why we made that major statement that at least as of now the demand environment, we feel continues to be broadly supportive. So as of now we don't anticipate any material roll offs in the near future that would change revenue trajectory.

VP Rajesh:
Okay, thank you.

Diwakar Pingle:
Thank you, VP. The next question comes from the line of Shraddha Agarwal. Shraddha, please go ahead.

Shraddha Agarwal:
Hi. Congratulations on a great quarter and thanks for taking my question. PD, how should we take the margin profile going ahead? What should be baked in for margins going to next quarter, and the year ahead, some directional sense would be helpful?

PD Mundhra:
I'll share some thoughts and then I'll ask Rohitash to supplement because you know, he'd be closer to some of these numbers than myself.

I think in the near term, barring any large moves in the currency, we should not see too much change in the margins or volatility in the margins, because the onshore offshore mix, all of that is quite stable. So that's a big driver of margins. I will say that we do anticipate that in our next increment cycle effectively April 1, we do expect increment this year to be higher than what we were in the last year. And that therefore, will have a near term impact on margins. But we also feel that, as usual, we should be able to mitigate some of that impact as the next financial year proceeds. And, you have some of the effects of attrition and growth which moderates the effect of the increments that happened on April 1. So on net basis, in the very near future, no reason to believe that there is a material upside or downside to margins. In next financial year expect increments to be higher than what we were in the last year or two, given the demand situation, but we hope to mitigate that, in fact, in remaining quarters of the year. Over to you Rohitash.

Rohitash Gupta:
It covers all but just to add Shraddha, so if you remember about in Q1, we have answered this question as EBITDA percentage range to be around 28-32%, in foreseeable future. And if you see the results of Q2 and this quarter, Q3, we have remained close to 32%, which is the upper end. And as PD mentioned, at least in the near term, which is, let's say, next quarter, we see the dynamics to be similar on that metric. So probably it will be closer to the upper end, but next year as the wage hikes impact, I think it can go down and sit firmly in the middle of the range. So let's see how things pan out, especially on the demand side, because wages we know, to a greater certainty, but the demand you know, two quarters out is little uncertain to predict.

Shraddha Agarwal:
Yeah, Rohitash got it. But barring wage hike, the return of travel expenses, or other discretionary expenses, would that further put pressure on margins next year?

Rohitash Gupta:
So they are only a couple of things that I can count for which are material, so one, basically, and that event has been delayed, is that we are refurbishing some of our offices, to welcome people back to office when things become a little more normal, but then wave three came. So, there will be some capex spend on that front during Q4 and Q1 and that obviously will increase a little bit on the depreciation side. Other than that on travel, I think there will be a slight increase both in employee transport which goes in G&A and the general business travel with goes under marketing or S&D cost, there will be a moderate increase. But if you take the two years trend, chances are that things will remain more the same as opposed to changing in a couple of quarters on travel.

Shraddha Agarwal:
Right. And you expect this high offshore percentage to sustain going ahead as well?

Rohitash Gupta:
Offshore? you mean the demand side?

Shraddha Agarwal:
Yeah, the high offshore revenue mix vis-à-vis onshore.

PD Mundhra:
Shraddha, again, there is no reason to assume a big change in those numbers. So, the point Anjan was making, I think, this post experiment of remote working for the last two years that our clients have been enduring, I think has made them realize that many assumptions that were made in the past may not necessarily be accurate, and a lot more work can be done in this remote configuration model than what they may have presumed possible earlier and if you are going to be remote then why not pick the most efficient lowest cost location for sourcing that service. So I do believe that, in that sense, COVID has changed that dynamic somewhat structurally and has increased, if you want to use the term addressable market for offshore delivered services than was a case in the past.

Shraddha Agarwal:
Thanks. And if I can ask one more, it was good to see attrition rates cooling off at least for some company. So do you see further led down in attrition number in number next quarter? Or what are your thoughts on attrition?

Rohitash Gupta:
Shraddha, I think there are two factors playing here, at least from Q3 perspective. One is that Q2 has been historically at least traditionally highest attrition quarter for eClerx and probably for industry also. And that's why a little bit of tapering down was expected even in normal course. And the second is obviously there has been some recent correlation that has been developing with the COVID waves and the attrition. So I think that might have also played in moderating the attrition. So I think those two factors. So, we are not surprised that it is down and it's a good thing.

Shraddha Agarwal:
Yeah and sustainability.

PD Mundhra:
I think we lost you for a second, but I guess the question was about future trajectory of attrition. Look, I think it's very hard to predict that but if I were to go purely by gut feel, I think the sense is that the high that we saw in the last 2-3 months, that was a local high and we do expect it to moderate a little bit going forward. I think it's also worth keeping in mind that, as our peer and larger companies in the industry, have adapted to stronger demand, they've also made adjustments in the staffing model in terms of hiring lots of trainees and, creating a larger pool of skilled manpower on the bench. And so at some point the competitive hiring, lateral hiring that has taken place in the industry will also slow down because they have the new resources to draw on. So for a variety of reasons, we feel yes attrition will moderate a little bit. But, hard to predict exactly where it stabilizes.

Diwakar Pingle:
The next question comes from line of Hitesh Arora. Hitesh please go ahead.

Hitesh Arora:
One of the questions was answered on a roll off. So that was one of my questions. But let me ask one more. There was a question by the previous Participant I think that was missed, do you expect Q4 generally even better than Q3 that has been understood, would expect the trend to continue in the coming quarter as well?

PD Mundhra:
To my knowledge, there is no seasonality in our business. So, I think if you look back the last 10-15 years, it's not that systematically one quarter is stronger, another quarter is weaker. And even if that happens, it's purely by coincidence, not by any repeatable factor in our demand environment. So, I don't know if Q4 will be better or worse than Q3 but, as we shared earlier in the call, the demand environment continues to be supportive. So, we would hope for a good showing in Q4, that's all I can say.

Hitesh Arora:
Understood. Thank you so much.

Diwakar Pingle:
Thank you so much Hitesh. We have a follow on from the line of VP Rajesh. VP, go ahead.

VP Rajesh:
My question is, what you guys are seeing on the captive side? Are you seeing them expanding their businesses in India or other low-cost locations and how does that change the competitive dynamics?

Anjan Malik:
We feel like there's really not in sufficient data to make long sweeping generalizations. However, if you look at just the last 2 years, we have seen fewer transitions to captive or at least at a slower rate than has been pre pandemic. We've also seen more work coming to third party vendors than we have seen in the past, I guess for the first time we also saw work moving from captive to vendor. Suddenly, in areas like markets space, that's definitely true. We've also seen it for example, in some parts of our customer services business. So, you know, while that has happened, we're not sure if this is an enduring trend, or if it's just a reaction to short term supply pressures in local markets, because obviously the speed of attrition in all supply markets have increased dramatically and our clients tend to be set up for low attrition rates than the vendor models are typically. So, short to medium term we have seen a demand wave from captives, but medium to long term, we're not sure that if there's a change in trend.

VP Rajesh:
Okay, that's really helpful. My other question is on the M&A side. So what are you guys thinking now in terms of the areas or sector or geographic location for the next deal?

PD Mundhra:
To be very honest, I don't think we can be that prescriptive. Our approach on the M&A front has always been to sort of keep an open mind and look at all the opportunities that gets shown to us. And then sort of look at each one on its own merits because each company is different. So again, as we have explained in the past, I think for us the revenue demographics of the company are really important in making that determination because our business is all about building long tenured deep relationships with large corporates. And we feel more comfortable with companies that have a similar customer base and sort of similar annuity streams of revenues, like we do because we feel we understand at least that dynamic a little bit better. So, I think it's more about that the revenue demographics of the company, the nature of client relationships, the opportunity to build large and enduring client accounts that attracts us and we are flexible, I think in terms of location, etc. So, as of now we keep looking at new opportunities and if you find the right one, we recognize that inorganic growth is an important contributor to growth in our industry, so we keep looking on that basis.

VP Rajesh:
Great, thank you and all the best.

Diwakar Pingle:
Thank you, VP. We have a follow on from the line of Sandeep Shah. Sandeep please go ahead.

Sandeep Shah:
Just wanted to understand the entry into Australia market, how big could be the opportunity as a whole?

Anjan Malik:
I wouldn't characterize the setting up of us subsidiary as sweeping as a grand entry into Australia. The Australian market continues to be small and somewhat inward facing, we're setting up that more as a facilitator to help us service of our existing business and just look for incremental growth opportunity. I think it's just more of a logistical ease than a business opportunity, we think.

Sandeep Shah:
Thank you and just in terms of the post this buyback, the capital allocation policy changes or there are no M&A. Cash return payout ratio will continue to remain healthy as a whole and our intent is more to do buy back rather than the dividend.

Rohitash Gupta:
Sandeep that's accurate that our capital allocation policy is what we have already sort of stated in our annual report successively, and that will remain constant. Obviously, there can be one off M&A in a particular year which can delay that kind of payout to shareholders. Having said that, as you know, there is always 12-13 months effective moratorium period, within which you can't do such events. And by then, hopefully we will have better clarity on if any, suitable acquisition opportunities there in the horizon or not. And then, we can execute on our stated intent.

Diwakar Pingle:
Thank you, Sandeep. We have a question from line of Abhishek Shindadkar. Abhishek go ahead.

Abhishek Shindadkar:
Okay, thanks for the opportunity and congrats on a great quarter. Just going back to the earlier question of captives, wanted to understand that how easy/difficult it would be for clients to move work which you are getting right now to captives? What could be the lead times for you in such an environment? Just trying to understand it from a durability of the demand perspective.

Anjan Malik:
Do you mean work away from us or work towards us?

Abhishek Shindadkar:
Work away from you to capitive, which you're getting right now?

Anjan Malik:
Our clients tend to be multibillion dollar revenue companies with matching market capitalization. So with enough intent, and enough energy, they can do whatever they want. And I think if they really wanted to take something back in, it will typically be because of either a compliance or regulatory reason or because certain amount of capacity has been developed in the captive through automation. In those instances, they may be able to justify spending whatever it takes or in fact, justify not spending that much that much to take stuff in house. So I think that if people wanted to move stuff in it could be done within a space of 18-36 months in any given scenario. So, nothing ultimately is sacrosanct. However, as I've said, that's not the trend that we've been seeing. We've actually been seeing the opposite. The question we have to ask is, what is the ability for the captives to hire to the scale that they want, in the speed that they're looking at to do and then also to do this and also what is the incentive to effectively move from low cost to low cost when you've got a fast inflation curve for the cost of talent?

Abhishek Shindadkar:
Perfect, that's very helpful. Thank you for taking my question.

Diwakar Pingle:
Thank you so much. We have a question from the line of Anubhav Mukherjee. Anubhav please go ahead.

Anubhav Mukherjee:
Congrats on a good quarter. So, lot of IT services companies are saying that this is that strongest demand environment we are seeing in over a decade or so. And they're also committing to this being a very secular trend that will hold for like next two to three years. So would you like say the same thing for yourself. Do you think like this is the strongest demand environment for you that you have maybe seen in couple of years? What's your view on that?

PD Mundhra:
So, Anubhav on a backward-looking basis, if I look at the absolute dollar amounts of revenue that we've added organically over the past four quarters, it's accurate to say it's the most in any four-quarter period in our history. So obviously, it has been very strong demand environment, even in our business for the last 5-6 quarters. If I look forward now and say, is this a secular trend, will this continue for 3-5 years, whatever it is, I will say we don't have enough information to answer that. The only perspective I can add is if I look at the growth that we have enjoyed over the last few quarters, it doesn't feel like that there is any one deal or something very one off about that growth, that growth has come across the spectrum of the number of deals across multiple clients in all of our three or four businesses. So in that sense, it's not super concentrated and it's a function of reasonably healthy demand across the board. And again, tying back to our opening remarks, we feel at least as of now, those demand conditions are continuing. And for the near future, at least, we think that the demand will stay hopefully. Beyond that, it's hard to say in our business, I think to say that the next 2-3 years we will continue seeing the same growth, I think is we don't have enough information to make that assumption.

Anubhav Mukherjee:
Thanks. And another question is your top 10 counts also seem to be growing at a very healthy pace. So can you give some qualitative aspect on like how you're seeing your top clients grow? Do you see some next level of top 5-10 clients becoming significantly larger? Some view on that will be helpful.

Rohitash Gupta:
So, Anubhav let me just put context to it. So basically, the y-o-y line chart that you see in one of our slides presentations materials is basically top 10 of a particular period compared to top 10 of corresponding period last year. And because Personiv acquisition happened, and they have their own client concentration, the December quarter revenue in 2020, was for a very small part period of 7-8 days and this quarter it's obviously the full quarter revenue from those big clients of Personiv. So that's one big change because of is those numbers look abnormally high on y-o-y basis. Having said that, even if you exclude the acquired clients and look only at the remaining of the native top 10 clients, I think your point is right directionally that growth has been strong. It is somewhat lower than the company trajectory, but it is much better than what we have seen over the last 3-4 years in aggregate where top 10 native clients have been declining, if you remember till 20. So, from that we have moved to a decent secular single digit growth trajectory at least on a quarterly basis. PD would you like to talk about any new direction for future?

PD Mundhra:
No Rohitash, I think you've covered it nothing more to add to that. Thank you.

Anubhav Mukherjee:
Thanks that's all from my side.

Diwakar Pingle:
Thank you Anubhav. We have a follow on from the line of appreciation Abhishek Shindadkar. Abhishek please go ahead.

Abhishek Shindadkar:
Yeah, hi. Thanks for the opportunity again. Just the question for PD and maybe Anjan also. How would you compare the current demand versus what you saw the post GFC any color in terms of client interactions, velocity of spending, and Anjan also alluded to the fact that capital markets business is seeing higher adoption towards the offshoring again. Any color could be really helpful?

Anjan Malik:
I love to be able to answer that in a comparable but it's kind of hard because when we listed in 2007. We were 10th of the size that we are in revenue terms right now. So, what felt like tremendous demand back then may not feel like a tremendous amount of demand right now, that's first of all. I do think that, if you consider this whole thing like a sine wave it does feel like we're closer to the high end of the spectrum in terms of demand and if you look back in history right after GFC that felt like high end the of the demand because we certainly had a period in the middle as you know, where we felt like demand was languishing

or at least whatever demand we were getting was being offset by losses. So this environment does feel different from that. Now, as I've said, for many reasons, we've explained why we think that is and we've also explained that we don't see any necessarily reason for it to change. We continue to see supply side constraints, which we feel is ultimately one of the drivers of why demand continues to be high for people like us. We don't see any immediate change in the future for that. So, I guess that we should expect to see demand continue, but we will give up the business of trying to predict the future. So we can't really guess what's going to happen next.

Abhishek Shindadkar:
Thank you. Thank you for answering my question.

Diwakar Pingle:
Thank you so much. That was our last question hand it back to PD for his closing comments.

PD Mundhra:
Thank you, everyone for taking the time to join our Q3 call. We look forward to connecting again with our full year results and as I alluded to earlier, we'll try and use that opportunity to perhaps share a little bit more tangibly, some of the initiatives that we've been working on. So we look forward to that opportunity to connect with you then. Thank you.

Diwakar Pingle:
Thanks, everyone and have a good evening. Bye.