

eClerx/SECD/SE/2024/068

May 24, 2024

BSE Limited Corporate Relationship Department, Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street, Fort, Mumbai - 400 001	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, Block G, Bandra - Kurla Complex Bandra (East), Mumbai – 400 051
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Dear Sir/Madam,

Sub: Compliance under Regulation 30 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Reg.: Transcript of the earnings call - financial results for the quarter/period ended March 31, 2024

**Scrip Code: BSE - 532927
NSE – ECLERX**

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of earnings call held on May 17, 2024 with respect to the financial results of the Company for the quarter/period ended March 31, 2024.

This is for your information and records.

Thanking you,

Yours truly,
For **eClerx Services Limited**



Pratik Bhanushali
VP-Legal & Company Secretary
F8538

Encl.: as above

eClerx Services Limited Q4FY24 Earnings Conference Call

May 17, 2024

eCLERX MANAGEMENT:

KAPIL JAIN – MANAGING DIRECTOR AND GROUP CEO
PD MUNDHRA – CO-FOUNDER AND EXECUTIVE DIRECTOR
ANJAN MALIK – CO-FOUNDER AND DIRECTOR
SRINIVASAN NADADHUR – CHIEF FINANCIAL OFFICER

CONFERENCE CALL PARTICIPANTS:

AAYUSH RASTOGI – B&K SECURITIES
ABHISHEK SHINDADAKAR – INCRED EQUITIES
CHIRAG SHAH – WHITE PINE INVESTMENT MANAGERS
DIPESH MEHTA – EMKAY GLOBAL
MIHIR MANOHAR – CARNELIAN ASSET MANAGEMENT
NIKHIL CHOUDHARY – NUVAMA WEALTH MANAGEMENT
NITISH REGE – CHRYSOCAPITAL
SANDEEP SHAH – EQUIRUS SECURITIES
V.P. RAJESH - BANYAN CAPITAL ADVISORS LLP

Asha Gupta:

Hi, everyone. Good evening, participants. Welcome to the Q4 and Full Year FY '24 Earnings Call of eClerx Services Limited. Please note that this webinar will be recorded.

To take us through the results and to answer your questions, we have with us the top management of eClerx, represented by Kapil Jain - Managing Director and Group CEO; PD Mundhra - Co-Founder and Executive Director; Anjan Malik - Co-Founder and Director; Srinivasan Nadadhur - Chief Financial Officer. We will start the call with brief opening remarks by Kapil, followed by Srinivasan. After that, Kapil will take us through the strategy for the firm, and then we will open the floor for questions.

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

With that said, I will now hand over the call to Kapil. Over to you, Kapil.

Kapil Jain:

Thank you, Asha, and good evening, everyone. Let me start by giving you some highlights of our performance in Q4 FY '24 and for the full year.

We delivered a revenue growth in USD terms of 1.5% Q-o-Q in Q4, reaching operating revenue of USD 91.9 million, driven by growth in our customer operations and financial markets business. This is a strong performance, bearing in mind the slowdown in developed markets and the loss of one of our large clients in Personiv, whose revenue had to be replaced in this quarter. For the full year, our revenue in USD terms grew by 6.4% Y-o-Y to USD 353.9 million, exceeding the industry average. In INR terms, operating revenue for Q4 was INR 7,665 million, up 1.8% Q-o-Q and INR 29,255 million for the full year, up 10.5% over FY '23. There is a sequential decline in margin in this quarter, primarily going to our investments in strengthening our sales and delivery capabilities. For the full year, we delivered an EBITDA of 28.1%. Net profit for FY '24 was up 4.6% to INR 5,115 million. As in the previous few quarters, growth this quarter has been led by our customer operations and our financial markets business. We have seen exceptional growth in our large clients in these businesses. Our BPaaS business has grown by 4% Y-o-Y to USD 86 million. This has primarily come from the Financial Markets business. Our Analytics and Automation business at USD 65 million has shown an 8% Y-o-Y decline because business challenges faced by some of our clients and reduction in discretionary spending. New deal ACV for the year was USD 91 million, up 10% from FY '23, which was USD 82 million. Our pipeline is healthy across all 3 businesses as we get into FY '24/'25.

I'd like to give some commentary around our 3 businesses - Financial markets, CO and Digital.

Our Financial Markets and the CO business had a good Q4. We saw strong demand around our compliance offerings, client life cycle management from several clients. We also saw an increase in transaction volumes. And we have also started providing our KYC compliance services out of our delivery center in the U.S. The customer operations business showed strong Q-o-Q growth driven by existing clients, and some of the growth was due to higher transaction volumes driven by seasonality and supporting key client strategic initiatives, which required us to ramp up and ramp down on a very short notice. And we were well equipped to meet that demand from the clients.

It was a soft quarter for Digital with clients starting slowly with their 2024 budget allocations and renewals. We expect momentum to make up a little bit in Q1, but overall environment continues to be cautious for the digital business.

Many of you would be interested in knowing what we are doing on Gen AI, as I have spoken in a previous quarterly earnings call as well. And I like to cover it briefly. We continue to have discussions

and pilots with several clients, primarily around content operations, care operations and insights on demand. In content operations, for example, we are helping clients generate automated content image, audio and video. In insights, the work is mainly on generating real time insights and data analysis using conversations vary across structured and unstructured datasets. Gen AI is also embedded in our tools such as compliance manager, for KYC, market 360, for digital shelf analytics and Tech 360 for fintech operations.

Also, we welcome 3 senior leaders in the markets.

Manish Sharma has joined us as a Chief Revenue Officer based in New York. Manish has an impressive track record of driving growth winning strategic deals and alliancing partner relationships, he will play a pivotal role in driving our growth agenda in expanding our capabilities.

Karolina has joined us as the Chief Marketing Officer. She is based out of New York and will be responsible for the overall development and execution of the global brand, marketing, and PR strategy. She has spent over 20 years in B2B marketing and brings a wealth of experience from large global enterprises.

Michael Hutchison has joined us as a leader in our customer operations business. In his career he has demonstrated exceptional leadership, strategic foresight, and innovation. At eClerx, Michael will oversee the customer operations client portfolio with a focus on sustaining organic growth and fostering new client acquisitions.

As you would see that we had 3 senior leaders in the market. With addition of these 3 senior leaders and me also sitting in the market, we have expanded our leadership presence in the markets to 7. We continue to invest in sales and delivery capability. We are also taking up additional space in 3 cities we operate. These investments will result in an impact of about 400 bps to EBITDA. So, we are revising the range for full year EBITDA to 24% to 28%.

Additionally, I would like to touch upon recent recognitions we have received. Our AI-powered Digital Shelf Analytics Platform, Market 360 was awarded bronze and then E-commerce Germany Award for Best Analytics and BI Solution. We also won 2 gold Asia Pacific's Stevie Awards, one for 'Innovation and Human Resources Management Planning and Practice', and the second for 'Innovative use of Technology in Human Resources'. These awards are testament to our focus on knowledge management and innovative use of technology.

Finally, I'd like to thank all the clients for their business and their confidence in us. I'd also like to thank my senior leadership team and all the employees of eClerx for their relentless focus on execution and client centricity. Thank you.

Now I'll hand it over to Sriniv, who will give more details on our financial performance.

Srinivasan Nadadhur:

Thank you, Kapil. Hello, everyone. I will take you through a bit more detail on financial performance for Q4 and the year.

As Kapil mentioned, operating revenue was USD 91.9 million. Sequentially, revenue grew 1.5% in USD terms, 1.4% in constant currency terms. Operating revenue was \$353.9mm, up 6.4% in USD terms and 5.9% in constant currency terms. Total revenue for Q4 was INR 7,896 million, up 2.1% sequentially. Full year total revenue was INR 29,910 million, up 10.2% over FY '23.

Coming to margin metrics. Full year EBITDA was INR 8,403 million, up 3.8%. Full year PAT was INR 5,115 million, up 4.6%. Other income was INR 230 million, mostly due to higher investible surplus funds. On delivery costs and S&D costs, so if you recall, commentary in the last earnings call, we had mentioned a reclass of about 90 bps from delivery to S&D. Now if you really take that out and you

factor with impact of reclass, an apples-to-apples comparison of Q3 versus Q4 is that S&D is not flat, but it's actually up 90 bps. And delivery costs are not up 160 bps, but they are up by about 70 bps. Both these increases are because of the investment to strengthen our teams in delivery and in onshore business development teams. There is a 50bps increase in G&A, primarily because of an increase in license and subscription costs and also in employee transport costs.

On the key business metrics slide, top 10 client concentration has gone up, partly because of the roll off of the client in Personiv, which was outside the top 10, and partly because of the strong growth in existing clients in customer operations and financial markets. The seat count has reduced because we gave up an office in Gurugram. But as Kapil mentioned, we will be adding seats in Mumbai, Pune, Chandigarh over the next few months and seat count will increase.

DSO is about 84 days, higher than the previous quarter, but in line with Q4 of last year. Headcount, i.e. exit headcount, is up by about 270 people over the previous quarter, [and] while attrition is up from 16% to 22%, it is still some way away from the range that we usually operate in. We have about INR 1100 crores of cash on our books and in line with the usual practice of returning excess cash to shareholders, we have announced a buyback of INR 385 crores and a dividend of INR 1, subject to shareholder approvals.

A couple of facility related updates. We opened a new office in Switzerland to be able to serve clients in that geography. And I also mentioned that we are adding space in Mumbai, Pune, Chandigarh and these additional spaces go live in about 6 months.

And finally, just to conclude, I would like to touch upon our work in the areas of CSR and ESG. So as part of our CSR program, we partnered with SAMPARC to support education, employability, and skill development for tribal communities. Over 3,800 children are the beneficiaries of this program. Through our partnership with Lighthouse Communities Foundation, we help provide foundational skills to over 2000 individuals from marginalized sections of society. We also continue to make progress on ESG initiatives. Across our India offices, the share of electricity from renewable sources has increased from 32% to 68% over the last year. And we have been awarded the bronze medal by Ecovadis, which places us in the top 35% of sustainability reporting across 1000+ companies.

Thank you, everyone. With this, I conclude my prepared remarks. I'm sure many of you keen to hear the firm's strategy. So, I will hand it over back to Kapil. He will take about, I guess, 20-25 minutes to share firm's strategy, and after that we will open the floor for questions.

Kapil Jain:

Thanks. So, lot of you have asked me this question in the previous earnings call, and it's almost a year since I took over this role. And in the last 12 months, I have met several clients and visited all our delivery centers and touched upon almost 70%, 80% of our employees. And from whatever I have gathered and seen is that [we have] a very strong client roster, very strong delivery capability, tech enabled and our ability to bring in technology and amplify human potential is very, very high. And we are at an inflection point, which is where the Board, I think thought that from a professional founders let's get a professional CEO, and the charter that I was given was [to] accelerate growth.

And when I started looking at the data and historical data, we have had impressive gross sales over the last 5 years. We have industry-leading margins in our KPO, BPO, IT, ITES industry. We have [a] marquee client base and great client references. 80% of our business comes from client referencability, client moving from client organization A to B, and they say these guys have done great job, so let's call them over and have them deliver this work for us. [We have] high NPS ratings, I'll give you some client quotes like that "you guys are no-nonsense guys, but whatever you guys promise, you deliver".

We have 3 distinct businesses as we covered in the initial commentary - Financial Markets, Customer Operations and Digital. And the buyers in all these 3 business segments are different. In Digital business, predominantly we are selling to CMO and CEO. In Customer Operations business, we are

selling to the Customer Experience, Ops Heads. And in the Financial Markets business, it is Compliance, Operations, Tech, [and] Change are the stakeholders that we sell [to]. We have a strong team onshore and offshore, and our sales are consultative led. We have onshore delivery centers; onshore consultants and we have strong client-centric, problem-solving culture. Because I ask people who have been with eClerx for 10 years, 15 years, what has made you stay in the company, and a single-minded focus on client. And the founders believe that clients have given us the work, it's our moral responsibility to deliver on whatever commitment we have made. We have very strong deep domain. I think I am the only generalist, every one of my direct reports - they have very strong domain, to the point that they can actually have a very meaningful discussion with the client and very strong delivery as I mentioned. And our entire book has a sliver of technology enablement. It's not that we are a tech company, but anything we do in Ops, be it in terms of learning management tool, be it in terms of training people, be it in terms of looking at data, looking at just to see how we automate, eliminate and enhance the overall experience.

Now the question you ask is if everything is so good, then where are the opportunities? And I felt that there needs to be a much more sharper focus on sales because you could only grow to a certain point if you continue on the referencability, we need to create a new muscle and new drivers for growth. We need to increase risk appetite in terms of what we can do, and how do we build use cases that we have delivered in a certain industry, how do we see relevance of those in other industry segments or in adjacent areas. How do we bring predictability of revenue in terms of growing top 10 [, and] outside of that? How do we add new clients and grow existing clients because as you all know, we have a very good client roster, referenceable clients, and there is a huge untapped opportunity and potential to grow those set of clients. And how will we deliver a common and consistent market messaging of one eClerx.

I think many of the stakeholders I met were sort of confused that what does eClerx do, what do we stand for, and how we will want to position ourselves. And how do we come together, like we have 3 businesses, but there are lot of commonalities across 3 businesses and what is the narrative we want to send to the market.

I am referring to our strategy deck, slide # 3. Our 4-year aspirations are that we want to be in a top quadrant on growth and [with] industry-leading margins. Our positioning would be on One eClerx and we want to be a preferred service provider for global clients across the 4 key industries: Financial Markets, Hi-Tech, Retail and Cable & Telco. We want to focus on cross-selling and filling white spaces in existing clients, like I mentioned, there's lot of untapped potential in our existing clients. Moving in adjacent areas, as well as moving into new areas as well. Execute multi-year deals which gives repeatable revenue and also focus on new revenues in certain business segments. Our unique value proposition is productized service delivery. And by that, I mean, it is where you are able to bring in technology and domain together and amplify the overall experience, efficiency, effectiveness. And on people and delivery, how do we bring in the growth mindset. We have very good capability, a good client roster, how do we bring the growth mindset and take it forward. Invest in senior management and institute a learning and innovative culture and promote collaboration across the 3 businesses, and promote entrepreneurship and our risk-taking ability, which I mentioned in the previous slide as well.

So going to Slide # 4, which is growth strategy. What it means - What it means is that we want to dominate profitable service niches and across 4 core industries. And why we have chosen this as an approach, it gives a focus that we will do a few things extremely well. When we look at adjacencies, we will utilize full share of wallet in existing clients and pursue new clients and geos. So, for example, if MarTech we have a presence in APAC and we have been able to grow [APAC], U.S. being the largest market, how we take that MarTech in the U.S. market, which is the biggest market. Then we assess what are the capabilities required to deliver on the growth strategy. And we said that you need client sponsor management, strong client referencing, you need large sales hunting teams and also build capabilities in adjacent areas. The reason we felt that the advantages for going with this strategy is that, it will take less time to build capabilities. So, we will have a better time-to-market. We will piggyback on existing referenceable clients, 80% of our business comes to reference ability. We will go deeper as well as look at it in terms from client-to-client change and look at the change or look at technology

projects and leverage our tech assets, which I will cover shortly across the 3 businesses.

Now what are the risks associated? As you know that there is a revenue concentration across volatile industry because the retail, financial markets have higher volatility than some of the evergreen industries. But our portfolio and balanced portfolio allows us to manage their risk. And obviously, we want to gain market share. So, there will be some pricing pressure on the deals. Because my view always has been you lose a deal, you lose a deal forever. So, we need to be competitive and see how we deliver, and market will determine the price [at which] we should do business.

Now I'll also cover briefly what it means for each of our business segments.

For Financial Markets, we will increase the wallet share in existing clients because we do feel that we have a very good client roster, good delivery and hence, looking at adjacent areas in existing clients is an opportunity for us. And we will look at both Run the Bank and Change the Bank. We will have some small success in these areas, and we want to see how we grow on that later. We'll also look at new buying segments for our key capabilities, which is Client Life Cycle (CLC) and Trade Life Cycle (TLC). These are 2 productized services we have.

If you look at Digital, again, we have a large roster of clients. The focus would be to pick and choose and look at increasing the wallet share and also focus on 4 key industries Hi Tech, Retail, Manufacturing, Luxury & Fashion.

On customer operations, we have 4 services: Chat & Voice, ATR, Logistics, Dispatch and Quality. And we need to offer disruptive proposals to gain new logos / market share, as well as look at new delivery centers, evaluate nearshore options basis the client demand.

Now if you look at the underlying key tech-enabled services, we have only highlighted a key technology differentiator here, this is a not an exhaustive list. So, in Financial Markets, the 2 key products that we use is one is the Compliance Manager, which is the KYC managed services that utilizes cognitive technology and efficient processes to reduce cost, manage risk as well as ensure timely adherence by our clients. And it gets data feeds from Dun & Bradstreet and LexisNexis. DocIntel is leveraged for digitizing complex documents for data extraction, analytics, for structured rows, drafting and feeding downstream systems.

On the Digital side, Market 360 is real time insights for Digital Shelf, enabling e-tailers to make data-driven decisions insights, products out of stock, Competitive Intelligence. Merchandiser+ allows companies to launch new products and accelerates the time it takes launch the new products through GenAI-infused data aggregation, product builds and data flows.

On the CO side, as I said, quality is one of the key service areas that we have. QA360, a Gen AI powered quality evaluation platform to analyze agent behavior, compliance adherence and conversation sentiment. And the Tech 360 is predictive dialing platform that we have to manage customer interaction journey with realtime assist capabilities for both voice and chat.

So, as I said, these are key products that we have. And it's not that these products are sitting on our shelf. These products are deployed with our marquee clients that we currently service.

To the next slide # 5. These are the 3 focus areas to deliver on the strategy. One is to strengthen our sales operations, more rigor [in] pipeline review, pipeline management, account management, optimizing sales account and utilization, strengthening the governance process, focusing on tech sales, which can help us value our automation and analytics sales. Continue to invest in sales and marketing. The ones that are in bold are the ones where we have already made progress and delivered on the same. And the ones not in bold that we will be working towards.

Mine existing clients and win new logos, you saw was the strategy we laid out in terms of building

adjacent capabilities, generating, and winning large deals. We have got >\$2 million ACV, which is about \$10 million in TCV if we are looking at 5-year deal count. How do we build integrated solutions and increase the overall size of the deal. Double the pipeline, cross sales, as I mentioned we have 3 businesses, some of it has capability, the verticals that we service. So, there is an opportunity for us to cross-sell some of our capabilities into new verticals, and we'll continue to deal with tech and analytics differentiation that we have.

In terms of enhancing our positioning. We have already on-boarded Karolina, our CMO. We will build tech partnerships and alliances, and establish our Gen AI proposition and also leverage the analysts and advisers community, which we have not done in the past. So, this is for FY'25 the key focus areas.

For FY'26 and FY'27, we expect to be pivot by industry and capabilities and driving more top growth as well as bottom line growth behavior through better and more rigorous performance management system. We will add multiple channels for lead generation which will help us double the pipeline. And our aspiration is to be featured as leaders in analyst rankings and also continue to productize our service offerings.

And FY'28 is continuing to focus on sustainable growth, strong margins, bring more predictability and as well as continue to invest in our leadership development and succession planning. And underpinning all of this is to continue focus on a robust delivery and strong margin profile.

So, I'll take a pause here, this was the last slide. And I will hand it over to Asha to open the floor for questions.

Asha Gupta:

Thank you, Kapil. We have first question from the line of Nikhil Choudhary from Nuvama.

Nikhil Choudhary:

My first question is regarding a possible outcome from the investment we are doing, and how long we plan to do this investment. So, Kapil, you highlighted the new margin guidance and some of the new opportunity as well as capability you are trying to tap in, as well as delivery centers we are trying to develop. So, any comment on how long we are planning to do that. So, timeline in terms of when basically this heightened investment phase could be over. And anything in terms of quantifying the impact on growth?

Kapil Jain:

So, terms of sales and marketing, we will continue to invest. We are running a business, and we continue to invest. And in terms of capabilities, in adjacent areas also, we will be building those capabilities. And like I said, we have given the margin guidance, and we will stay within that range, and we will keep a close watch in terms of growth. Our entry pipeline is strong. And that's all I can say at this time.

Nikhil Choudhary:

Sure, Kapil. In terms of the capability and investment, can you please help us understand how much is going towards building capability? Some of the product you mentioned do have a Generative AI capability. So, anything incremental we did in this area, especially positing us as a leader in this category?

Kapil Jain:

So, see, this is a real – time business and very hands-on business that we operate for our clients. In terms of services that we offer, these are critical core ops change programs that we deliver. So I think whatever is required to stay relevant, capture market share, continue to drive high performance culture and continue to invest in growth, technology, analytics, automation is what we will do. To quantify specifics in terms of what would be the growth in this area, I think that we rather not give that because that would be a function of the outcome that we are able to deliver. And the range that we have given is considering, investment we will be making in building capabilities.

Nikhil Choudhary:

Sure, Kapil. Just the last point from my side. One of the point you have mentioned is having the higher risk appetite, right? Can you give us some examples how basically eClerx will change as a company, especially from a risk appetite perspective, maybe targeting different clients. So, any example in that area?

Kapil Jain:

So, I'll give you an example. We were doing for one of the clients, we were running ops business and they wanted to build some technology products. And initially, we thought that we have never done it, so it's an uphill task, but then collectively, we put our heads together because we have strong domain process tech capabilities. The clients were building on Microsoft Azure, and we had capability on tech; Ops we were anyway doing. And we put together a cross-functional team and we are executing well on that project. Now, if we were too conservative and we didn't want to take the risk, we would have said no, which would have been an easier answer. But I think by doing some of these projects, we will get greater confidence and then we will double down on the same.

Nikhil Choudhary:

Sure, Kapil. Thanks a lot and good luck for coming period. Thank you.

Asha Gupta:

Thank you, Nikhil. The next question comes from line of Dipesh Mehta from Emkay Global.

Dipesh Mehta:

Thanks for the opportunity. A couple of questions. First, about the margin. If I look the margin guidance, if I understand correctly, 24% to 28% is for only FY'25 or it is for a 4-year kind of journey? That is first question. And in that after investment phase, how you expect margin trajectory to play out considering growth is accelerating based on the investment, and you started getting results from those investments from growth acceleration perspective?

Second question was M&A. I think you have not touched upon M&A focus. So, if you can provide some color about your overall strategy, including M&A, if it fits into strategy, or it is largely organic kind of thing? Then I have a couple of questions from additional data points, which you said in this quarter's presentation, the ACV which you said excluding CLX. If you can help us understand how to read it because the revenue growth in ACV trajectory seems to be not going good hand in hand. So, if you can help us understand based on your understanding how to read the ACV data?

Srinivasan Nadadhur:

I will cover first and third question. So, the 24% to 28%, Dipesh, is our estimate for this year, FY '25. Based on how the investment progress and what results we see out of them. I think towards the end of the year we will see if that range has to be revised, either upwards, hopefully, it doesn't happen downwards.

The second question you had was on M&A, so Kapil will take that, let me answer your third question. The ACV of new deals is basically for every deal that we sign, and this is new deal wins, not renewals. What is the annual value of that contract? So, if it is a multiyear contract, we will still take the revenue that we expect in year one and if it is a short-term contract, let's say it's 3 months or 6 months, then we will take a value of that for period of that part of 3 months or 6 months, and that's what it is. We have excluded CLX because they use different system to monitor deals, and that doesn't flow into us. In any case, a lot of the CLX business is very project based, and a lot of it needs to be resold every year.

Kapil Jain:

So, I think you had also asked the question and we covered it. The margin guidance that we have given 24% to 28% is for FY '25, and we will keep a very close watch and monitor it closely, growth and the margins that we are delivering. Like I said, it's a real time business that we are in. And we have already

laid out a very strong governance process to manage both the top line and bottom line. On the M&A, yes, that continues to be our strategy. We would be looking at areas where we bring in complementary and that also helps us on our capability access. So that's what we will continue, and we have a dedicated person who is looking at outbound as well as inbound M&A targets.

Dipesh Mehta

Couple of follow up questions. First, one on margins 24% to 28% is roughly 400 bps lower than what the previous year's margin guidance range. Now it is a significant investment in a way if we look in isolation. Considering the investment in FY'25, how long it will take for us to be in the prior range?

Srinivasan Nadadhur:

It is hard to answer the question Dipesh, I think it depends on how soon we get results on our investments.

Kapil Jain:

Like I said we are giving guidance on EBITDA margin for FY'25, and then as we get closer to our investments started to yield results. As I have mentioned, from 3 senior leaders we have in market, we had doubled down now it's 6 and 7, including me, I'm also based out of London. I think with all these assets in place, we will continue to invest. So as and when we have visibility, we will share the same with you.

Dipesh Mehta:

Just on the ACV data, which you said. You said renewal is not part of it. Am I right in understanding it?

Srinivasan Nadadhur:

That's right.

Dipesh Mehta:

So, it is only net new, which is included. And even from existing clients, if some additional business, we have covered it, or no?

Srinivasan Nadadhur:

New business from existing clients, it is included.

Dipesh Mehta:

Understand. And last question is about M&A. I think you indicated complementary area and capability driven. Can you help us understand the area where you intend to expand capabilities, and where you look M&A to expand capacity and reach in next 2 to 3 years?

Kapil Jain:

So, I think like as we have 3 distinct businesses - Financial Markets, Customer Operations and Digital. So, these are the areas. And like I said, on the market side, for example, in Digital, we have a strong presence in APAC. We are looking to expand in the U.S. So, depending upon in terms of capabilities, in our international markets, we have 2 distinct capabilities, in Client Life Cycle, Trade Life Cycle. We have predominantly sold Client Life Cycle in Financial markets business, so the relevance of it could be in other industry segments also. And hence, those are the adjacent areas like governance, risk and compliance is where we are tapping upon. So, when I say synergies, it's like the client, stakeholders, we are selling to some of or full capability that we have where we can bring in a differentiation from our tech and productized services.

I would want to share specific areas that look like this. If you know like in terms of customer operation, we have 2 productized services. In Financial markets, we predominantly have 2, and then in Hi-Tech, in the digital side, we have 4 distinct, and we continue to look at adjacent areas.

Asha Gupta:

Thank you, Dipesh. Next question we have from the line of Aayush Rastogi from B&K securities.

Aayush Rastogi:

So, just a couple of questions from my side. So, first is, like we are doing a great amount of investment. So, is it fair to assume that H1 would be kind of over with the investments and H2 should be kind of a growth heavy for part of the business because we would be done with the investments? Then the second part towards margin, I would like to understand with the wage hike coming in Q1 and investment that are still ahead of us. So fair to assume that from Q2 onwards, we would be back on to the margin expansion story? Or will it be totally driven by the H2 in terms of both growth and margin expansion?

Srinivasan Nadadhur:

I'll take the margin question. So, you are right Aayush, there will be wage hikes in Q1. And if you look at our history then every year, in Q1 is where we have the biggest dip in margin and as we go through Q2 to Q4, that percentage increase. That happens, whether there is high growth or less growth and that you can expect even in this year. So, you would expect that Q1 will be the quarter of the lowest margin, predominantly because of wage hikes and the full impact of the investments that we have made in Q4 that will hit Q1, and any additional investment that we might do.

Kapil Jain:

So, I think typically, we see in sales that there is a 6 to 9 months of lag from the investments made. So, you are right, H2 should start seeing results. But I think we'll continue to make investments because this is an ongoing business. So, it's not that you make an investment and then you stop because then you will only see the runway at that point. Leadership investments, yes, we have made. We would be very selective in making leadership investments. However, we will continue to expand the sales and hunting organization and the new Gen AI that we have built as well as on the capability side. So that's the thinking that we have at this point in time.

Aayush Rastogi:

Sure. So fair to assume that we would be kind of aspiring to reach for the double-digit growth for FY '25?

Kapil Jain

Absolutely, aspiration. Why wouldn't we aspire for double-digit. Our aspirations are higher, so.

Aayush Rastogi:

Correct. And just the last one. So just in terms of capabilities that we are building. So just wanted to understand what sort of capabilities are we looking forward for the Gen AI for our business? And what type of partnerships are we looking for towards building the Gen AI capabilities? And how are we driving the revenues at present and going forward?

Kapil Jain:

So first of all, I think what we are looking for is you saw the products that I laid out on each of our business segments. So first and foremost is our strategy and thinking is to bring Gen AI and make our products Gen AI enabled. That is the first approach we are taking. In Hi-tech, as well as in industrial segment, we are having conversations with the clients on doing pilots on Gen AI. We have created a workbench. So that's really what we are doing. We're also looking at getting the client advisory council. We are looking to invest and continue to build capabilities. So, it is not that you hire 5 people at Gen AI and capability will come. The question is, how do we make people that we have who are doing client operations and how do we make that Gen AI enabled, and we have strong learning & development program that we continue to invest in.

What was the second question you had? Sorry, you had asked a follow-up question also on this.

Aayush Rastogi:

So, on Gen AI, how are we tracking the revenues? Or when we will be kind of expecting the revenues to come in from the Gen AI specifically?

Kapil Jain:

So see our unique advantage that we bring in is bringing technology and human in a loop, and really amplify overall human potential. As I told you, we were able to meet client-specific strategic initiatives because I can train a guy and get him or her trained in 7 days because of the simulated learning platform that I have. So, in there, we will bring in Gen AI. The point that I want to make is it's not that we are tracking Gen AI revenues separately, tech revenue separately. Our unique differentiation is to bring technology, domain and ops together. And that's very few companies can do. We will continue to work and deliver on that. In fact, we are investing on the sales side in the technology from the tech Gen AI, automation and analytics to drive that growth engine as well.

Aayush Rastogi:

Sure. If I can go ahead with the last one on margins again. So just wanted to understand in terms of subcontracting costs. So consistently, if we see for the last 3 quarters, we have been into the range of 2.1, 2.3. And this quarter, it's 2.5. So how should we build in like for the next year? Are we kind of relying more on subcontracting? And what are the margin levers that we see from Q2 if we are seeing Q1 as the bottom for the margins?

Srinivasan Nadadhur:

So sub-contracting cost should remain in the same range, between 2-2.5 specifically in every quarter depends on what kind of search volume that we get, what kind of projects we get that we have to ramp up in a very short period of time. So, if those kinds of situations arise, then we have to engage subcontractors. I think the range is fairly narrow. To your second question on margin, I think usually, we see an impact of about 300 bps, 350 bps on Q1 margins because of the impact of wage hikes. And after that, the margins move up back to their original levels and we expect that to happen with Q1 as well.

Aayush Rastogi:

My question was what are the margin levers that we are seeing from Q2 if we are having the Q1 as the bottom?

Srinivasan Nadadhur:

Okay. So, there are 2 levers that we usually have, one is the growth. So that is the fundamental lever for the growing margins. We made a lot of investments on the delivery side. So, we have hired senior folks, and as revenue would kick in that will help to grow the margin because then we will add people to execute at the bottom. The second lever, as for most companies in our industry, tends to be attrition. So usually, attrition has been high in Q2, once they get increments and then they decide to move on, they're not happy with the increments that they have received. So that is an additional lever.

Asha Gupta:

Thank you, Aayush. Next question comes from Sandeep Shah from Equirus.

Sandeep Shah:

Thanks for the opportunity. Just the first question is, the definition margin guidance is including the other income, right? We have to relate to the 28.1%, which we have reported for FY 2024, right?

Srinivasan Nadadhur:

That's right.

Sandeep Shah:

Okay. So, this looks like a very big investment. And can you quantify which area the bulk of the

investment will go into? Will it be in sales and marketing? Will it be in leadership augmentation? Because I believe leadership augmentation is largely done and over and capability. And also, Kapil, you have also mentioned, you will not shy away to provide a billing rate discount if the deal win is very large. So, can you quantify the investment in these 4 areas? How will this look like in terms of investing for the growth?

Kapil Jain:

So, Sandeep, you are right, the leadership hiring that we have done, like the CRO, the CMO on the customer operations side so that's done. So, we will be very selective in leadership hiring if at all. Bulk of the investments would be in amplifying the sales and hunting team. We have a lot of people who are good at farming so we would be amplifying the hunting team. So that's one area where our investments will go. On a deal-by-deal basis, it will depend upon what the deal is, if the deal is opportunistic, if it helps add a capability. So, it's difficult to quantify. It's not like this is for this, this is for this deal. Like I said, we are in a real-time business, where you have to make some of these decisions on a real-time basis, and that's what we will continue to do. And we have already incorporated a strong governance process, and that will allow us to manage this and deliver the growth and the margins to the street in line with the guidance that we gave.

Sandeep Shah:

Understand, Kapil. So why I'm asking is, what we have said is if the investment does not yield a required result in terms of growth acceleration, then we may relook our margin guidance. The way I understand is in IT and BPO being a competitive business. Once you invest and lose the margin, it could be a permanent loss rather than a recoup it at later stage. So, what's your comment regarding this? Why I'm asking again is, if FY'22, if you look at, the reported margins were 32%. In FY'24, it has already gone to 28%. And from 28% at the lower end of the band, we are looking at 24%. That is a further dilution of 400 bps that also makes us believe that the management is not happy with the growth aspirations or the target which we have done well versus market. But we want to further redo it. So what gives us confidence this time that this further 400 bps margin dilution will take us to the growth aspiration where we want to go?

Kapil Jain:

So, 2 or 3 things, Sandeep. Number one is in terms of pipeline that we are starting FY'25 which gives me a higher confidence. Number Two, several of our clients that I have met along with the leadership team and the sort of discussions we are having in different areas that I highlighted. Third, our strong delivery as well as technology capability. If you look at all the assets are there, unless there is something external or the overall industry goes south, that's a different thing. I think, we are well poised to deliver the growth. And these are some of the levers that give me the confidence. Our delivery is very strong, 80% of business coming through references, that would not have been possible if delivery was not strong.

Sandeep Shah:

Okay. So, Kapil, why shy away not to give a quantitative growth guidance range as well if we are looking for investment and sure about the growth targets and the aspiration and the achievements?

Kapil Jain:

It's just like in the volatile industries that I mentioned to you, the volatility that we see in the market, I think we have given the EBITDA margin guidance and we will continue to operate in that range, and we will deliver. And that aspiration side, like some of your other colleagues asked right, our aspirations obviously are to deliver double-digit growth. Like in terms of what the number would be, I rather would not like to say at this stage, and we will continue as and when we get data visibility, we will keep you posted.

Sandeep Shah:

Okay. Just last few things. During Gen AI times, there is a possibility that the industry may foresee some amount of cannibalization pressure or a pricing pressure. So, during that time, to do an incremental

investment would be also slightly risky. Is there a way to churn the investment rather than look for an incremental investment? So how are we defending if Gen AI, after a couple of years, leads to additional pressure on the margins?

Kapil Jain:

Sandeep, in fact from a strategic point of view, if let's say, we want to envisage that threat and not as an opportunity, then you have to invest today so as to stay relevant. So that when it happens, you have brought in more predictability, more new clients, new engines of growth. I am already working well on the cross-sell and white spaces in existing clients. So that will help us de-risk the impact of Gen AI. We are also doubling down in terms of enabling our team in Gen AI. We are like I mentioned in all our productized services we are bringing in Gen AI capability.

I think one of the questions you asked was on the alliances, which are alliances you are looking at. We'll be able to come and tell you like in terms of technology companies, which are the alliances wherever we are doing ops. As and when we structure the alliances, we will come and give you the visibility and highlight. At this stage, I'd rather not give like this company, this is a company, or this is a company. Because this is confidential, and we are in some discussions. So as and when it happens, we will come and inform you.

Asha Gupta:

Thank you, Sandeep. The next question come from the line of Mihir Manohar from Carnelian asset management.

Mihir Manohar:

I just wanted to understand, are we entering into new service lines, in the existing verticals itself? Or this is like an investment, investment per se? The 400 basis points that you have quantified, is it going to be completely investment or we are going to entering into new service lines, which inherently will have lesser gross margins? I just wanted to have an understanding around that. Because once the margins come down by 400 basis points, I mean how to understand the recovery going ahead that becomes very important.

Kapil Jain:

So, like I said, we will look at building capabilities in adjacent areas, not new service lines, number one. Because we feel that the productized service offerings that we have, they have enough headroom within the industry segments we service and the existing set of clients that we have. So that answers your first question.

In terms of margin, in terms of we are investing in sales & hunting as I mentioned to you which will help us gain larger market share as well as bring in more deals. And then we will invest in bringing an adjacent capability. So that's where we are. And as and when we have more visibility, we'll continue providing you the visibility.

At this stage, we are seeing somewhere between 24% to 28%. I know you guys are assuming that we will be at 24%, which I think gives us only headroom to deliver better than what you are expecting.

Mihir Manohar:

That's interesting. Sure. Correct. You also mentioned that if there would be some deals which require margins to be compromised, what extent of compromise on margins would be there because of such large deals which could come in?

Kapil Jain:

I wish I have an answer to that question. As I said, having done this business, this is a call collectively we will have to take as to what is right for the clients, shareholders, employees and then make a collective call. And that's a strategic decision at that point in time to say, there's no stated guidance that we'll take a deal at this margin or we'll take at this negative margin or this is the M&A kitty that we

have created for going and buying deals. It depends upon the deal, the client and many factors that go in it.

Mihir Manohar:

Sure. Fairly. Just lastly, this would be once again the same question, but any indication, any expectations around growth would be really helpful.

Kapil Jain:

I think we are standing for double-digit growth is what I can say. And like I said, our starting pipeline is robust. That's what gives us the confidence.

Asha Gupta:

Thank you Mihir. Next question comes from the line of Abhishek Shindadkar from InCread Equities.

Abhishek Shindadkar:

I am going to ask the questions asked by the previous participant but going to change it or flip it. So, are you trying to say that it is difficult to win in the market with the current margin profile we have, and that is why we have to let go some margins as a form of investment to win business?

Kapil Jain:

No, that's not what I said. I'm saying that we need more sales bandwidth and hunting bandwidth to go and get a larger share of the market. Selectively, if there are deals that we have to pay, and they are strategic in nature and that meet our aspirations of growth margin, shareholders' expectation, employees' expectation, and we are able to deliver to the clients, we will make selective calls to build new business.

Abhishek Shindadkar:

Got it. That's helpful. Thank you for taking my question.

Asha Gupta:

Thank you, Abhishek. Next question comes from the line of V.P. Rajesh from Banyan Capital.

V.P. Rajesh:

So, most of my questions have been answered. Just 2 questions. This particular quarter, your revenue contribution from the top 10 clients is higher than in the previous quarter and the previous year as well same quarter. So, any commentary about that in terms of are you just focusing on winning more business from top 10 or something happened with the rest of the client base. Just trying to understand if this is sort of the new trend line.

Srinivasan Nadadhur:

So, if you remember, we had this client which went away in Personiv and that was not a top 10 client but fairly sizeable. So, the client outside the top 10 drops out and concentration of top 10 went up. So that is one reason for this. Second reason is also that at least in this quarter, in total growth for the top 10 clients have been actually quite faster, this is why we keep saying that there is enough headroom with existing clients for us to grow.

V.p. Rajesh:

Okay. And my second question was about the buyback. Are the promoters going to participate in that? What's the guidance on that front?

Srinivasan Nadadhur:

Yes.

Asha Gupta:

Thank you, V.P. Next question is a follow-up question from Dipesh Mehta.

Dipesh Mehta:

A couple of questions. First, about the assumption, let's say, which we have made for lower end of the margin range and upper end, if you can give some sense, 24% to 28% range, what can lead to us to closer to 24%? And what can drive it to 28%, if you can give some sense?

Second question is that we indicated about revenue growth of quarter. Can we say the same thing for absolute EBITDA growth, will we be among the absolute top quadrant in over 4-year period considering margin reset, which we are expecting in year one?

Third question is about the data related. If I look emerging client. This quarter, it is negative even on a Y-o-Y basis. So, if you can give some sense about what is playing out and how you expect it to change? I understand partly it can be because of digital business, but quantum wise, it appears to be much soft. So, if you can give some sense.

And last is about the advisory relationship, which you said, we intend to expand presence into building partnership, alliances kind of thing and as well as build relationship with advisory firms. So, if you can give some more details around it.

Srinivasan Nadadthur:

Okay. So, I will take the question on emerging client first. So, if you look at the clients that we report in each of our buckets - \$500k to \$ 1million, \$1 million to \$3 million and \$3+million - the total revenue [from our clients] in each of these buckets have gone up year-on-year, despite the decline # of clients that you see in \$1mn to \$3mn buckets. Actually, the total revenue also has each of the buckets has grown year to year. So the focus has been on strengthening what we already have in the below \$0 to 0.5+ million bucket plus and then sort of try and weed out the clients who are not performing for us. So that is what we are trying to do here.

The second question you had was on how we arrived at 24% to 28% and what assumptions went in. So broadly, we're looking at what investments we need to make in each area, what will be the cost of those investments, what would be a timing of those investments? And what would be the optimistic, likely, pessimistic kind of results from those investments. And in each of these 3 scenarios, how would the margin look? And that's how we have come up with this range.

Kapil Jain:

You have one question on advisory update. So, analysts and advisory channels, we will build, like I said, specific to alliances, I cannot give the names at this stage, as we tie up and build those partnerships, we will come and let you know in the subsequent earnings call. The intent would be, again where, let's say, if we are going offshore or digital marketing work, would we look at technology partnerships or alliances is what we would focus on. In terms of analysts and advisory channel that we will leverage, which I said we have not done in the past, is something that we are working with some the leading analyst and advisory firms. And we will see as and when they evaluate our capabilities, credentials as and when they get launched.

Dipesh Mehta:

I think one question is unanswered. So, we indicated about revenue to be among top quartile over 4-year strategy period. Whether it holds true for even EBITDA?

Kapil Jain:

Yes, absolutely. We said we would be in the top quartile of both growth as well as EBITDA margins. I think that's what we said on the slide but that's not in 4 years. We will be in the top quartile of both growth and margin.

Dipesh Mehta:

No. So there is a difference. What I'm asking is absolute EBITDA growth. I understand margin because we are already way above others. Even after a correction, we will be above it. But absolute EBITDA growth as implication because of the margin reset, which will happen.

Srinivasan Nadadhur:

Yes. So, I think I need get back to you after checking the numbers. So, first year, you can definitely assume that it will be lower than the revenue growth. And then for years 2 to 4, I will get back to you.

Asha Gupta:

Thank you, Dipesh. Next question come from the line of Nitish Rege from ChrysCapital.

Nitish Rege:

So sir, as an investor, how do we think about growth? Earlier, we used to say that we will focus on absolute profit growth, and will we still grow profits on an absolute basis despite this margin guidance of a 400 basis point contraction? I'm struggling to think about how are we thinking on growth here?

Kapil Jain:

So, I think what absolutely the focus will be on driving both topline and bottom line growth. There's no fun in just growing the topline. We are not just working to grow topline. So yes, the focus will continue to deliver both topline and bottom-line growth. We have given you the margin range, but definitely, there will be absolute EBITDA growth as well as EPS growth as well.

Nitish Rege:

This is for FY'25 also, right?

Kapil Jain:

Yes.

Asha Gupta:

Thank you, Nitish. Next question comes from the line of Chirag Shah from White Pine.

Chirag Shah:

So three questions interrelated. One, at what point of this 4-year period you would relook at your margin guidance? That is one. Second, are you making a statement that the historical guidance of 28% to 32% is behind and even if you look for an upgrading margin guidance, it would be lower than that. Why I'm saying this, if I look at your last 10, 12, 15-year history, we started with upwards of 35% margin, then we went as low as closer to 20% and now where we are. So, business has seen a lot of changes over the years. So, is there a big change that you are foreseeing for the next 3, 5 years, and hence, the margin guidance, which we had in the past is not relevant? So, if you can just highlight this to then I'll come back to the third question.

Srinivasan Nadadhur:

So, the guidance on EBITDA of 24%-28% is for year one. And every year, we will come back and let you know if that range changes. Regarding second question on 28%-32% is it behind us? I'm actually unable to comment. It really depends on the growth that we are able to achieve, and whether we need pump in fresh investments year after year to be able to sustain that. We will probably come back to you in 6 months or 12 months and give you a better [and] thought-through answer.

Chirag Shah:

Okay. Just a follow-up on this. So, if I look at last 5 years, you know a broader picture. Your revenue was up by 15% and your profit was up by 18%, 20% range depending upon how you look at it, okay? Now how should we look at these 2 metrics that is, I think, what is the basic question that we are all boiling down to? Whether this 15%, 18% profit growth is what we are aspiring, or you are indicating

that given the investment phase you are looking at, this 4-year CAGR or a 5-year CAGR could be lower than that? I think so this is where the crux of the question is!!

Srinivasan Nadadhur:

So, I think all our commentary for now regarding EBITDA margin is for year one only, and therefore, by extension for topline also is for year one. And we really have to see how well the investments play out obviously, we have some plan in mind, and we have some ideas how this will look like over 3-4 year period, but we would like to see how it pans out and then talk about implications or what the outputs for the next 3 year period.

Chirag Shah:

Okay. And in case Kapil wants to comment on this 28% - 32% margin range, which was indicated, which was valid for a particular business period, are business dynamics changing that range is kind of not relevant at all? Or how do you look at it?

Kapil Jain:

So, I think it is the reason we have given the guidance, what we have given is not a function of change in business dynamics or client sentiment or our relevance or anything like that. It's purely a function of investing ahead of the curve in sales and marketing and capability with which we will continue to do and we'll continue to monitor the effectiveness of those investments on a real-time basis with strong governance process that we have made. Right now, we have given you the visibility for year one, which is for FY'25. As and when we get more visibility, we will come and provide you that visibility, if not earlier, then we will give you as when we disclose the FY'26 and FY'27 and FY'28. Having said that, we are also saying that we will be in the top quadrant of our industry growth and margins. Because we are operating in a competitive market, we are operating in an industry. So, we are saying we will continue to maintain our core position on both growth as well as margin.

Asha Gupta:

Thank you, Chirag. Follow up question come from the line of Mihir Manohar.

Mihir Manohar:

Sir, I mean the 400 basis points that we have quantified, if you can split that between capabilities and building of sales and development, sales and business people, that will be helpful. And since given the fact that we are building a business development team, what kind of expectations are we going to have from them at the overall company level on the growth side? Because I just wanted to understand what the expectations is around when we're building a business development team, that will be helpful? And just a clarification, I think you mentioned that even in absolute EBITDA and absolute profit. So, the absolute profit is INR 550 crores FY'24. You are still looking in FY'25 absolute profit to grow. So, what essentially you are saying is that the growth will offset the EBITDA cut, which is happening, and we will still report a profit growth. Is that understanding, correct?

Kapil Jain:

Yes, that's correct. See, the split between what we are investing in sales, capability, infrastructure and other things. I think it's difficult to give a line by line which I've been saying. You asked that will report the increase of the bottom-line profit despite the margin guidance we have given. And I said, yes, it's a real time business. So, depending upon the situation, the market needs and demand, we will continue to invest in and build capabilities as well as all the sales engine.

Mihir Manohar:

Sure Understood. So that's roughly \$10 million to \$12 million. I mean, any quantification at all, let's say, what number of people are we looking to hire in these geographies? Is it like we want to build a 10-people sales team, 20-people sales team, some indication around that?

Kapil Jain:

See the point is it's not like we have said okay we will build 20 people sales team and let's go and add

on. You understand what I'm saying, we'll have to also see what is the return I'm getting from this team that I am building. We will also see what the market sentiment is, what is the market environment. Like I said, any sales investment that we make will take 6 to 9 months to give you results. And we'll continue to monitor it on real time basis. That's what we will continue. Leave it to management team and the executive committee to make some of those decisions. At this stage, I think we have provided the guidance that we have visibility on.

Asha Gupta:

That was the last question for the day. Now I will hand over the call to PD for the closing remark.

PD Mundhra:

So, everybody, thank you so much for joining our call today. Appreciate you making the time. Slightly longer session today than we usually have. Also, Anjan & I wanted to take this opportunity to thank you for the support that we have received from all of you over the years. It's been almost 15-plus years that we had the privilege of enjoying your support. With Kapil and the team taking all the reins of executive management, we feel confident that it's a massive upgrade on the previous management team and we're in for an exciting ride.

So, from the next quarter onwards, the aim is for Kapil and Srini to lead these calls. We will, of course, be involved with the company with our ownership stake on the Board. But we feel it's no longer appropriate for us to join these calls going forward. So, I wanted to take this opportunity once again to thank you all for your support. And I'm sure you all will give Kapil the same support and guidance and benefit of your counsel over time.

I don't know if Anjan wants to add a few words before we sign off today.

Anjan Malik:

No, PD, I think you said things very well. I guess, the only thing I'll remind people and the investor community is that ultimately, it's a long game, and we should just play for the long game.

Kapil Jain:

Thank you, PD. Thank you, Anjan. Thank you for giving the opportunity. Thank you very much.

Asha Gupta:

Thank you, everyone. Bye, and have a nice weekend.