

April 04, 2025

## 24/7 Customer Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Non-fund based	17.00	60.00	[ICRA]BBB (Stable); reaffirmed
Short-term – Fund-based	150.00	75.00	[ICRA]A3+; reaffirmed
Long-term/ Short-term – Unallocated	-	32.00	[ICRA]BBB (Stable)/ [ICRA]A3+; reaffirmed
<b>Total</b>	<b>167.00</b>	<b>167.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The reaffirmation of ratings of 24/7 Customer Private Limited (24/7 India) factors in the established track record of its parent company, [24]7.ai.inc (24/7 USA), in the business process outsourcing (BPO) industry and its long association along with a diverse and reputed client base that ensures repeat business. Moreover, the fixed cost-plus margin model that 24/7 India operates on provides stability to its margins, while mitigating the risks of input cost pressure to an extent. 24/7 India's revenues have remained flat over FY2024 and 9M FY2025 due to adverse impact of macro-economic headwinds in key markets. However, the company is expected to report a modest growth over the near term, aided by higher outsourcing from the parent, given its continued strategic importance to the Group. ICRA has also noted that the company, in FY2025, has fully paid out the balance of the total amount (\$33-35 million) related to the settlement for the litigation between 24/7 USA and LivePerson<sup>1</sup>, Inc.

Moreover, 24/7 India completed the sale and lease-back transaction with an investment firm for its Bengaluru office building over two tranches (FY2024 and FY2025). The gross total proceeds (~Rs. 350 crore in FY2024 and ~Rs. 310 crore in FY2025) from the same were partly utilised by the company to repay its entire outstanding short-term debt in June 2023 and sizeable dividend payout of ~\$50 million in FY2024 and ~\$80 million in FY2025 to the parent entity, funded also by the recovery from receivables from the parent as well as internal accruals. High dividend payout over two consecutive years led to a sharp decline in 24/7 India's net worth to ~Rs. 134 crore as on December 31, 2024, from ~Rs. 823 crore as on March 31, 2023. Nonetheless, the company's steady earnings, its external debt (excluding lease liabilities) free status and adequate liquidity continue to support its credit profile. Any sizeable dividend payout to the parent in the future and its impact on 24/7 India's liquidity profile will remain a key monitorable.

The ratings, however, remain constrained by the company's high revenue concentration in the US market, which exposes its operations to cyclicity and macro-economic uncertainties in the region. Also, the company is directly impacted by the performance of the parent on account of its total workflow dependency. The ratings also factor in the intense competition that the Group faces from companies in India as well as other low-cost countries, wage cost inflation and employee attrition. As its entire revenues are derived in foreign currency, 24/7 India is exposed to the forex risk, although the same is mitigated to an extent by the hedging practices followed by the company.

<sup>1</sup> LivePerson, Inc., filed an intellectual property suit against 24/7 USA seeking damages on the grounds that the latter reverse engineered and misappropriated LivePerson's technology to develop competing products and misused business information. On June 17, 2021, the jury awarded LivePerson \$6.7 million in compensatory damages along with \$23.6 million in punitive damages.

The Stable outlook on the long-term rating reflects ICRA's opinion that 24/7 India will continue to benefit from its strategic position as one of the key offshore centres for the Group, which provides revenue visibility and supports the company's credit profile.

## Key rating drivers and their description

### Credit strengths

**Established track record of 24/7 Group in BPO industry; long association with diversified and reputed client base** – Established in 2000, 24/7 USA is a privately-held company, employing over 11,000 people worldwide, providing customer service solutions. The 24/7 Group has a well-established and reputed clientele across industries, primarily in telecom, retail banking and financial services that are supported by traditional voice services and innovative web chat, mobile and self-service solutions. Also, over the years, the company has been able to add as well as retain customers across industries, thereby ensuring repeat business. The company operates six offshore centres around the world and has grown via organic as well as inorganic routes.

**Fixed cost-plus margin model ensures stable operating margins for 24/7 India** – The company provides BPO services through various interactive platforms such as interactive voice response (IVR), chat and email as well as call support to the customers of the parent entity. Thus, 24/7 India derives its entire revenue from 24/7 USA. The services are charged at 'cost plus 17% margin' as per the latest transfer pricing agreement between the company and tax authorities in India. This was valid till FY2024, following which it renewed until FY2029. The cost includes foreign exchange loss, except income tax, depreciation routed through other comprehensive income for BPO services, software development and support services. This in turn ensures relatively stable operating margins, insulating the company from any volatility arising from cost pressure.

### Credit challenges

**Total dependence on workflow from 24/7 USA resulting in high geographical concentration and exposure to forex risk** – 24/7 India is involved in the business of providing IT-enabled services, primarily customer relationship management services and customer analytics, and is entirely dependent on the workflow outsourced by its parent entity. While the company caters to several reputed multi-national companies (MNCs) across diverse sectors, a significant portion of its revenues comes from the US market. Thus, the high geographical concentration of end-customers in the US market exposes the operations of the 24/7 Group and the workflow of 24/7 India to cyclicity and macro-economic conditions prevalent in this region. The impact of the same was seen in FY2024 and 9M FY2025, when the revenue growth was impacted by macro-economic headwinds in its key market. Any major loss of market share or key customers at the parent level may have a direct impact on the performance of 24/7 India.

**Company operates in intensely competitive BPO industry** – Operating in the BPO industry, the 24/7 Group faces intense competition from other international BPOs such as Genpact Global as well as Indian IT services companies and their BPO arms with strong technical and financial capabilities. Also, the revenues of 24/7 India remain vulnerable to competition from both India and other low-cost countries. The company faces competition from smaller outsourcing firms for its outsourcing and transaction services. As outsourcing is primarily driven by cost savings, the industry remains competitive with regards to the pricing of such services. This exposes the company to wage cost inflation and employee attrition that are inherent to the BPO industry in India.

**Exposure to employee attrition, forex risk and any adverse regulatory changes in key markets** – The BPO industry faces high employee attrition due to limited career growth opportunity. The company's entire revenues are derived in foreign currency. Hence, it is exposed to forex risk, nonetheless, the same is mitigated to an extent by the hedging practices followed by the company. The US is a highly regulated market, so any adverse change in regulation could impact the business prospects of companies like 24/7.

## Liquidity position: Adequate

The company's liquidity position is adequate, supported by cash/bank balance of Rs. 70-80 crore and buffer in the form of undrawn bank lines of Rs. 75 crore as on December 31, 2024. However, the bank lines can be utilised in the future in case of a further increase in receivables from the parent entity. Further, the company is debt free (excluding lease liabilities) and does not have any major capex plan, which provides some comfort.

## Rating sensitivities

**Positive factors** – ICRA could upgrade the ratings if the company can generate healthy internal accrual and materially reduce its working capital intensity, leading to improved liquidity position.

**Negative factors** – ICRA could downgrade the ratings if a considerable decline in scale of operations and accruals, a further stretch in the working capital intensity and/or any sizeable upstreaming of funds to the parent entity, weaken the liquidity position and credit metrics on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for entities in the IT – Software and Services industry</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of 24/7 India

## About the company

Incorporated in March 2000, 24/7 India is a wholly-owned subsidiary of 24/7.ai.inc, USA, promoted by Mr. PV Kannan and Mr. Shanmugam Nagarajan in 2000. 24/7 USA is headquartered in Campbell, California, and provides cloud-based customer engagement solutions from its six back-office units (BPO/KPO), three of which are in India (Bengaluru, Hyderabad and Shillong), two in The Philippines, and one Latin America. The company caters to several reputed MNCs in the telecom, financial services, retail, technology, and travel industries. 24/7 India provides services through various interactive platforms such as IVR, chat and email as well as call support to the customers of 24/7 USA. The company provides its entire services to 24/7 USA from Bengaluru, Hyderabad and Shillong with an aggregate employee strength of ~7,000.

## Key financial indicators (audited)

24/7 India – Standalone	FY2023	FY2024	9M FY2025*
Operating income	611.2	616.7	457.4
PAT	92.5	183.8	125.3
OPBDIT/OI	22.0%	22.0%	21.6%
PAT/OI	15.1%	29.8%	27.4%
Total outside liabilities/Tangible net worth (times)	0.3	0.4	2.5
Total debt/OPBDIT (times)	1.3	1.2	2.0
Interest coverage (times)	7.9	8.8	8.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; \*Unaudited abridged financials

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	04-Apr-2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Non fund based	Long term	60.00	[ICRA]BBB (Stable)	-	-	26-Feb-2024	[ICRA]BBB (Stable)	23-Nov-2022	[ICRA]BBB (Stable)
				-	-	-	-	17-Nov-2022	[ICRA]BBB (Stable)
Fund based	Short term	75.00	[ICRA]A3+	-	-	26-Feb-2024	[ICRA]A3+	13-Nov-2022	[ICRA]A3+
				-	-	-	-	17-Nov-2022	[ICRA]A3+
Unallocated	Long term/ Short term	32.00	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Non fund-based	Simple
Short -term – Fund-based	Simple
Long-term/ Short -term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

#### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Non-fund Based	NA	NA	NA	60.00	[ICRA]BBB (Stable)
NA	Fund-based	NA	NA	NA	75.00	[ICRA]A3+
NA	Unallocated	NA	NA	NA	32.00	[ICRA]BBB (Stable)/ [ICRA]A3+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure II: List of entities considered for consolidated analysis – Not applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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### Branches



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