eClerx Services Limited
Annual Report 2009-10

precise processes
passionate people

Contents

Chairman's Message

Dear Shareowners,

Our second full year as a publicly listed company has been a year of consolidation - and thankfully less eventful than our first which saw a credit crisis and significant turmoil in our client base. The world seems to have come out of recession, and customers have started demonstrating cautious optimism in their investment decisions. Consulting and IT budgets have increased, as has focus on cost reduction, and these trends have been positive for companies such as eClerx.

We have once again done very well - revenues increased by 30% and profitability by almost 20% - very healthy rates compared to our competitors and very strong in the context of the GDP growth rates in our customers' markets. Our customers continue to view us as strategic partners in their enterprise and we have demonstrated excellent growth within our client base, entering newer business areas and developing new skills and capabilities.

Our performance has helped us win some remarkable accolades - most notably we featured in the 'Business Today 500' list of India's largest public companies, published in November 2009 - a list containing India's "who's-who" of public enterprise. It's a fantastic achievement for a young company like us. Once again we featured in the International Association of Outsourcing Professionals (IAOP) Global Outsourcing 100 - this time across seven different categories compared to two last year. Furthermore Telecos, in association with The KNOW Network shortlisted us among 14 finalists in the 2009 Indian Most Admired Knowledge Enterprises (MAKE) study. All recognitions we are very proud to have achieved.

Last year, we spoke about our investment in people at a time when customers and competitors were retrenching, and I am happy to say that investment is paying off. Our sales and marketing teams have generated some large client acquisitions and meaningful proposal wins in competition with large established vendors, and these wins lay the foundation for our growth in future years. Our strong and more experienced management team today demonstrates expertise, thought leadership and execution capability that helps drive new types of engagements, including consulting engagements, helping us increase our value proposition to clients. Our business is complex, and I am pleased to say that our customers continue to think and speak very highly of our quality of service and our commitment to them - all direct results of our investment in people.

Our strong growth has meant that we added almost a thousand employees over the year, and reached full capacity utilisation at our Pune SEZ facility. We therefore signed a lease for a new state-of-the-art SEZ facility in Airoli, Navi Mumbai, our sixth in India. The facility becomes operational in July and is another significant milestone in our growth journey. We also set up a subsidiary company in Singapore to establish a sales and marketing presence in the Asia Pacific market, a market that we believe will become an increasingly important one in the years to come.

This year, we increased our investment in our training and talent management processes, adding to and improving our curriculum for imparting critical industry, product and process training. The best compliment we receive about our training is from our clients, who often want to use our training materials to train their internal staff.

We also view our investment in technology skills as a key strategic differentiator in how we deliver our services. Our focus on automation and process re-engineering has helped eliminate redundant steps from our business processes, and thus maximised the efficiency of our services. This helps us present our clients with cost savings which exceed those from simple wage arbitrage, whilst also helping us reduce the need for costly, high skilled resources and giving us the ability to scale solutions quickly. Our clients like the way we run their business and our constant focus on efficiency and productivity.

Finally, in March 2010 we completed 10 years of operations. It has been a fulfilling journey - from a modest beginning to becoming India's leading, publicly listed knowledge process outsourcer. We thank you once again for your support and encouragement, and look forward to continuing our growth and performance.

Sincerely,

V. K. Mundhra
Chairman

" Our customers continue to view us as strategic partners in their enterprise and we have demonstrated excellent growth within our client base, entering newer business areas and developing new skills and capabilities."

Business Overview

eClerx Services Limited (eClerx) is a leading Knowledge Process Outsourcing (KPO) Company supporting its clients with two market-focused business units - Financial Services and Sales and Marketing Support.

Financial Services

eClerx provides an expert consulting and outsourcing option for managers of financial institutions that demand reliability, accuracy, control, and cost efficiency. We provide consulting and outsourcing services to support financial transactions from trade closing through settlement, clearing, asset servicing and exposure management. We provide reference data and risk management services, as well as financial control, accounting and reporting services to help our clients manage their increasingly complex businesses.

Our solutions for discrete and complex financial processes support the largest players in the global financial services industry and our expertise spans equities, bonds, derivatives, loans, commodities, foreign exchange and structured products.

9 of the FED 11 banks and 9 of the top-14 global investment banks are our customers for core and critical services.

200+ processes are managed by us, ranging from 2-30 full-time employees each across shifts and locations.

ISO 27001 certified for information security, CMMI 3 Certified software development teams create tools that provide control, efficiency and scalability.

Services

- Financial Transaction Operations • Reference Data Management • Finance Control, Accounting and Reporting
- Risk Management Services • Technology Prototyping and Migrations • Metrics and Control Reporting
- Consulting Services

Sales and Marketing Support

eClerx provides an expert outsourcing solution for sales and marketing managers who depend on immediate access to highly accurate decision support information and best in class online operations and marketing campaign support. The Sales and Marketing Support division closely partners with our clients to deliver optimal results using industry leading process management techniques and eClerx developed tools and process automation.

Over 300 Sales and Marketing processes are currently managed by us with 10 years experience in serving Fortune 500 companies.

Deep domain and process expertise on leading industry platforms in consumer electronics, retail and travel verticals.

CMMI 3 certified software development teams provide highly scalable tools that deliver robust controls and efficiency to critical processes for our clients.

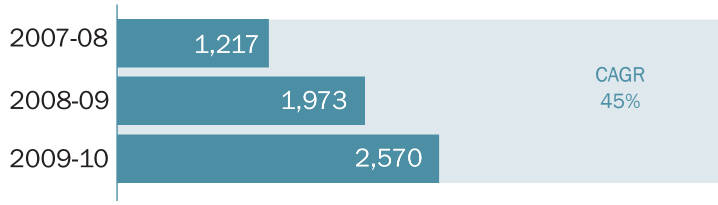
5 India offshore delivery services centres enable 24x7 operations real-time support to our clients in the Americas, Europe and Asia Pacific.

Services

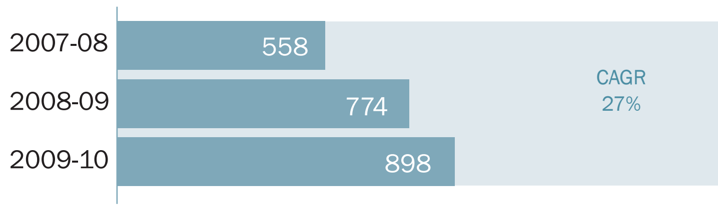
• Online Operations Support • Data Management Services • Pricing Operations Support • Reporting, Analytics and Business Intelligence • Compliance and Audit Programs

Performance at a Glance

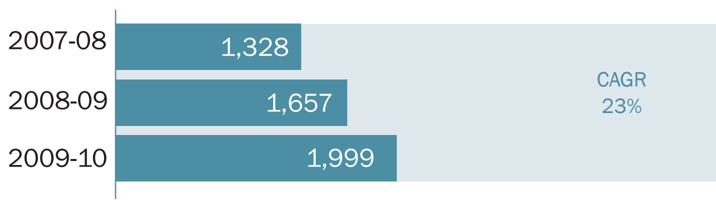
Income from Operations (Rupees in million)



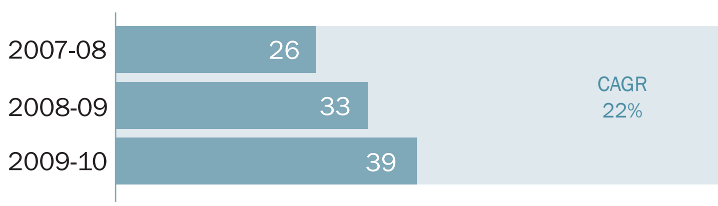
EBDITA (Rupees in million)



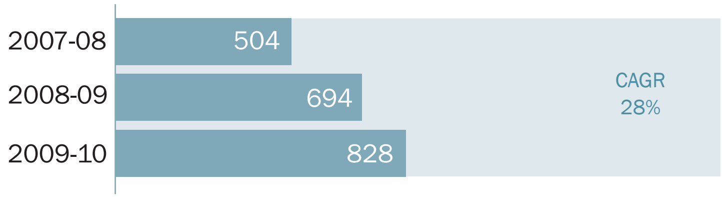
Networth (Rupees in million)



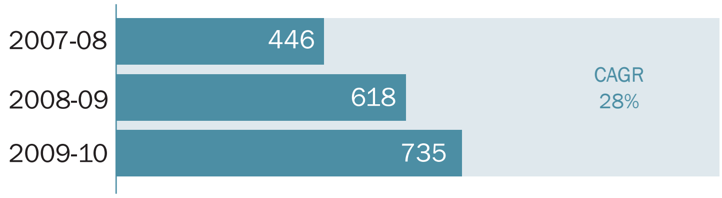
Earnings Per Share (In Rupees)



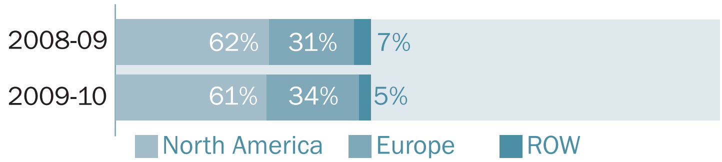
Profit Before Tax (Rupees in million)



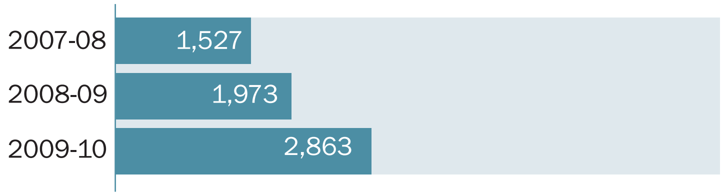
Profit After Tax (Rupees in million)



Revenue by Geography



Headcount



A Decade of Milestones

2000

- Incorporated as a Private Limited company
- Established eClerx Limited (UK)

2001

- Established eClerx LLC (USA)

2004

- Recognised as 'Best of Breed' in the BPO segment by AT Kearney
- Opened a delivery centre in Mumbai at Sewri
- A Business Today Top 20 Company to watch in 2005

2006

- Obtained ISO 27001 certification
- Opened a delivery centre in Mumbai at Raheja Plaza, Ghatkopar
- Listed by the Yankee Report as a 'Best of Breed' analytics provider

2007

- Established the UK office
- Opened a delivery centre in Mumbai at Ashok Silk Mills, Ghatkopar
- Crossed turnover of Rs. 500 million

2008

- Became a Public Limited company with listing on the BSE and the NSE
- Acquired Igentica Group, UK
- Crossed turnover of Rs. 1,000 million
- Total number of employees crossed the 1,000 mark

2009

- Software development teams certified for CMMI 3
- Opened a delivery centre in Pune at Hinjewadi - a SEZ Unit
- Set up sales office in New York, USA
- Listed among 'Top 200 under a Billion' companies by Forbes magazine
- Ranked as one of the '100 fastest growing companies in India' by Economic Times

2010

- Set up the Singapore subsidiary
- Crossed turnover of Rs. 2,500 million
- New state-of-the-art SEZ facility of 44,000 sq. ft. taken on lease in Airoli, Navi Mumbai
- Featured in the 'Business Today 500' list of India's largest public companies
- Shortlisted among the 14 finalists in the Indian Most Admired Knowledge Enterprises (MAKE) study
- An International Association of Outsourcing Rising Star

Board of Directors

V. K. Mundhra, Chairman

V. K. Mundhra, 66 years, holds a Bachelor's degree in Commerce from St. Xavier's College, Kolkata. V. K. Mundhra has over 35 years of varied business experience having successfully run and looked after large scale manufacturing units in the field of steel, engineering and chemicals. During the 1960s and 1970s, he was a director of Turner Morrison and Company Limited, which had several large manufacturing and industrial units under its fold such as Shalimar Tar Products Limited, Lodna Colliery Company Limited, Angelo Brothers Limited, Shalimar Works Limited etc. He converted Globe Steel from a mild steel manufacturing unit to an alloy steel manufacturing unit when they were hardly any such units in the private sector.

P. D. Mundhra, Executive Director

P. D. Mundhra, 37 years, is Co-founder and Executive Director of eClerx. He holds a Master of Business Administration degree in Finance from the Wharton School, University of Pennsylvania (USA) and a Bachelor's degree in Commerce from St. Xavier's College, Kolkata. He has over 16 years of experience in the manufacturing and financial services industries, having worked as an entrepreneur and with firms like Lehman Brothers and Citibank. He has spent ten of these years focused on the KPO/BPO sector.

Anjan Malik, Non-Executive Director

Anjan Malik, 40 years, is Co-founder and Director of eClerx, and Executive Director of its on-shore subsidiaries. He holds a Masters of Business Administration degree in Finance from the Wharton School, University of Pennsylvania (USA) and Physics undergraduate degree from Imperial College, London University. He has over 18 years of experience in investment banking, capital markets and consulting, and has spent nine years of his professional career focused on the KPO/BPO sector.

Jimmy Bilimoria, Non-Executive Independent Director

Jimmy Bilimoria, 63 years was the Managing Director and Country Head of Ciba Specialty Chemicals India Limited in India. He joined our Board in October 2007. He has been associated with the Ciba group since 1997 and has held various positions in Ciba viz. Finance Director, Managing Director & Country Head and Vice Chairman & Managing Director and Chairman. Besides operational responsibilities he was actively involved in various acquisition opportunities, restructuring of businesses and integration of new opportunities including joint ventures and strategic alliances and actively contributed to the merger between Sandoz & Hindustan Ciba Geigy in formation of Novartis India Limited, and subsequent demerger of the chemical businesses to form Ciba Specialty Chemicals India Limited.

Pradeep Kapoor, Non-Executive Independent Director

Pradeep Kapoor, 64 years, holds a Bachelor's degree in Mechanical Engineering from Regional Engineering College, Bhopal University. He joined our Board in August 2007. For about 40 years, he has been associated with the infrastructure industry, especially engineering and construction industry. Under his leadership many major cement plants; mineral processing plants and infrastructure projects have been constructed and commissioned successfully. He was the Managing Director & CEO of the Indian subsidiary of Trafalgar House, UK and of FLSmidth, Denmark and also the Chief Executive Officer of Dodsal Limited and Sanghi Industries Limited. Currently, he is the Managing Director and Chief Executive Officer of ABG Cement Limited, Managing Director of ABG Engineering and Constructions Limited and a Director of ABG Energy Private Limited.

Anish Ghoshal, Non-Executive Independent Director

Anish Ghoshal, 45 years, holds Bachelor's degree in Commerce with honours from St. Xavier's College, Kolkata, and Bachelor's degree in law from University of Bombay. He joined our Board in August 2007. He has been involved in legal practice since 1990, specialising in corporate, regulatory laws, acquisitions, joint ventures, labour laws, real estate and intellectual property laws. He is currently a partner in AM Law, Advocates and Solicitors.

Vikram Limaye, Non-Executive Independent Director

Vikram Limaye, 43 years, holds a Bachelor's degree in Commerce from University of Mumbai. He is also a chartered accountant from the Institute of Chartered Accountants of India and holds a Master's degree in Business Administration from the Wharton School, University of Pennsylvania (USA). He joined our Board in August 2007. He has over 20 years of experience with global investment banks, foreign banks and global accounting firms. He began his corporate career with Arthur Andersen in Mumbai and has also worked with the Business Advisory Services Group at Ernst and Young and the Global Consumer Banking Group at Citibank N.A. He has also worked with Credit Suisse First Boston, U.S.A. in a variety of roles in investment banking, capital markets, structured finance and credit portfolio management.

Sandeep Singhal, Non-Executive Non Independent Director

Sandeep Singhal, 41 years, received MBA with distinction from IIM Ahmedabad, MS in molecular simulation from University of Ilinois and B. Tech in Chemical Engineering from IIT Delhi. He joined our Board as Additional Director in April 2010. Sandeep Singhal is currently the Managing Director with Sequoia Capital India Advisors Pvt Ltd. ("Sequoia"). Prior to joining Sequoia, Sandeep Singhal was associated with West Bridge Capital Partners. Sandeep Singhal has worked at BCG, where he advised several mid-market Indian companies on their product and marketing strategies. Prior to BCG, Sandeep Singhal worked with Hindustan Lever Limited (HLL), where he was instrumental in eleven product launches targeting Indian consumer segments that have provided significant contribution to the Company's business.

Corporate Information

BOARD OF DIRECTORS

V. K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Non-Executive Director

Jimmy Bilimoria
Non-Executive Independent Director

Pradeep Kapoor
Non-Executive Independent Director

Anish Ghoshal
Non-Executive Independent Director

Vikram Limaye
Non-Executive Independent Director

Sandeep Singhal
Non-Executive Non Independent Director

COMPANY SECRETARY

Gaurav Tongia

STATUTORY AUDITORS

Walker Chandiok & Co.

Engineering Centre, 6th Floor,

9, Mathew Road, Opera House,

Mumbai - 400 004.

INTERNAL AUDITORS

Mahajan & Aibara

1, Chawla House,

62, Wodehouse Road,

Colaba, Mumbai - 400 005.

REGISTERED OFFICE

Sonawala Building,

1st Floor, 29 Bank Street,

Fort, Mumbai - 400 023.

Email: investor@eClerx.com

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Private Limited

Plot No. 17-24, Vittal Rao Nagar,

Madhapur, Hyderabad - 500 081.

Ph Nos.: 040 - 2342 0815 to 824

Fax No.: 040 - 2342 0814

Email: einward.ris@karvy.com

BANKERS

Bank of India

Hongkong & Shanghai Banking Corporation Ltd.

Citibank N.A.

Kotak Mahindra Bank Ltd.

Standard Chartered Bank

Directors' Report

Dear Members,

Your Directors are pleased to present their Tenth Annual Report along with the audited accounts for the financial year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS

Consolidated Financial Information of eClerx Services Limited and its Subsidiaries is as follows:

(Rupees in million)

Particulars	FY2010	FY2009
Income from Services	2,570.21	1,972.77
Other Income	54.17	50.54
Total Revenue	2,624.38	2,023.31
Operating Expenses	1,726.29	1,249.22
EBITDA	898.09	774.09
EBITDA %	34%	38%
Depreciation and Goodwill Amortization	69.94	79.41
EBIT	828.15	694.68
Interest	-	0.36
Taxes	92.78	76.50
Net Profit after Tax	735.37	617.82
NPM%	28%	31%

The year under review marked completion of 10 years by the Company and the Company recorded a turnover of more than Rs. 2,500 million for the first time in its history.

The total income increased to Rs. 2,624.38 million from Rs. 2,023.31 million in the prior year, at a growth rate of 30%. EBITDA amounted to Rs. 898.09 million (34% of total revenue) versus Rs. 774.09 million (38% of total revenues). The Company earned Net Profit After Tax (PAT) for the year of Rs. 735.37 million versus Rs. 617.82 million during the prior registering Year on Year (YoY) growth of 19%.

2. INFORMATION ON STATUS OF COMPANY'S AFFAIRS

Information on operational and financial performance, etc., is also provided in the Management Discussion and Analysis Report, which is annexed to the Directors' Report and has been prepared in compliance with the terms of Clause 49 of the Listing Agreement with Stock Exchanges.

3. DIVIDEND

After considering the Company's profitability and cash flow as well as the capital requirements for its growth plans, your Directors are pleased to recommend a final dividend of Rs. 10 per share. The total quantum of dividend, if approved, by the members, will be Rs. 286.16 million while Rs. 47.53 million will be paid by the Company towards dividend tax and surcharge on the same. The provision for proposed dividend of Rs. 190.31 million and dividend distribution tax of Rs. 31.61 million was provided in the books of accounts as per issued share capital as on March 31, 2010. The issue of bonus shares vide shareholders' resolution dated July 14, 2010 has resulted in additional dividend outgo of Rs. 95.39 million and Rs. 15.84 million towards dividend distribution tax.

After including the interim dividend of Rs. 7.50 per share already paid earlier, the total dividend for the year ended March 31, 2010 comes to Rs. 17.50 per share (175%). The Company paid a total dividend of Rs. 12.50 per share (125%) during the year ended March 31, 2009.

The register of members and share transfer books will remain closed from September 8, 2010 to September 16, 2010 (both days inclusive) for the purpose of ascertaining entitlement for the said final dividend. The Tenth Annual General Meeting of the Company is scheduled to be held on September 16, 2010.

4. TRANSFER TO RESERVE(S)

The Company proposes to transfer Rs. 72.59 million to the General reserve out of the amounts available for appropriations and an amount of Rs. 273.13 million is proposed to be retained in the Profit and Loss Account out of current year's profits.

5. INCREASE IN AUTHORISED SHARE CAPITAL AND ISSUE OF BONUS EQUITY SHARES

The Board of Directors of the Company vide resolution passed on June 7, 2010 accorded its consent, subject to shareholders' approval, for increase in authorised share capital of the Company from Rs. 300 million divided into 30,000,000 equity shares of Rs. 10 each to Rs. 500 million divided into 50,000,000 equity shares of Rs. 10 each. The Board of Directors vide resolution passed on the said date also recommended issue of bonus equity shares in the ratio of one fully paid-up bonus equity share of Rs. 10 each for every two equity shares of Rs. 10 each held and consequent capitalisation of free reserves of the Company. The shareholders of the Company accorded their consent for the aforesaid proposals for increase in authorised share capital and issue of bonus equity shares by capitalisation of free reserves, by way of postal ballot, result of which was announced on July 14, 2010. The record date for the purpose was fixed as July 26, 2010. Accordingly the bonus shares have been allotted on July 28, 2010.

The Company is currently in the process of effecting corporate action for credit of bonus shares into the demat accounts of shareholders of the company holding shares in electronic mode, while the shareholders holding shares in physical mode are being issued share certificates.

6. FOREIGN SUBSIDIARIES

The Company has acquired eClerx Private Limited in Singapore with effect from January 28, 2010. The said Company is now a wholly owned subsidiary of eClerx Services Ltd., India and caters to Asia-pacific clients of the Company.

The Company has following foreign subsidiaries as on March 31, 2010:

1. eClerx Investments Limited (BVI)
2. eClerx LLC (USA)
3. eClerx Limited (UK)
4. Igentica Travel Solutions Limited (UK)
5. eClerx Private Limited (Singapore)

In terms of exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 vide letter No. 47/534/2010/CL-III dated June 7, 2010, copy of the Balance Sheet, Profit and Loss account, Report of the Board of Directors and Auditors Report of the aforementioned subsidiaries for the financial year ended March 31, 2010 are not being attached with the Balance Sheet of the Company. These documents and related information will be made available to concerned member upon request. These documents will also be available for inspection during business hours at the registered office of the Company and that of the subsidiary company concerned. We believe that the consolidated accounts represent a full and fair picture of the state of affairs and the financial condition of the Company and its subsidiary companies. The requisite financial information of the subsidiary companies, as required by the said exemption approval, is disclosed in the Annual Report.

7. IPO FUND UTILISATION

Your Company completed its Initial Public Offer (IPO) and the equity shares were listed on the National Stock Exchange of India Ltd. (NSE) and the Bombay Stock Exchange Ltd. (BSE) effective December 31, 2007.

As the members are aware that as per the time-lines indicated in the Prospectus at the time of IPO, the entire IPO proceeds were expected to be utilised by the Company by Fiscal 2010. However in view of turmoil in global markets over the period, lack of viable avenues and absence of potential company(ies) for acquisition, the said funds could not be fully utilised.

In view of the same, the Board of Directors of the Company at its meeting held on May 25, 2010 approved enhancement in time-line for utilisation of un-utilised portion of IPO proceeds but without changing the purpose of utilisation of IPO proceeds as originally envisaged in the IPO prospectus. The Company has accordingly informed the Stock Exchanges about the said decision of Board of Directors of the Company.

Extended timelines in respect of un-utilised portion of IPO proceeds are as under:

(Rupees in million)

Particulars	Original Amount	Balance Amount as on March 31, 2010	Original Utilisation Schedule	Revised Utilisation Schedule
Acquisitions	220.00	220.00	Fiscal 2010	Fiscal 2012
Infrastructure Investments	180.00	-		
Setting up of Additional Facilities	100.00	74.81	Fiscal 2010	Fiscal 2011
General Corporate purposes	161.00	11.78		
Total	**661.00**	**306.59**		

8. FIXED DEPOSITS

During the year, your Company has not accepted any deposits within the meaning of the provisions of Section 58A of the Companies Act, 1956.

9. INCREASE IN SHARE CAPITAL

During the year, the Company has issued 104,100 equity shares on the exercise of stock options by the employees under Employee Stock Option Scheme 2005. Due to this, the outstanding issued, subscribed and paid-up equity share capital increased from 18,926,999 equity shares of Rs. 10 each as at March 31, 2009 to 19,031,099 equity shares of Rs. 10 each as at March 31, 2010.

10. AWARDS AND ACCOLADES

The Company was again recognised by The International Association of Outsourcing Professionals (IAOP) in its 2010 Global Outsourcing 100 survey as one of the rising stars across seven different categories i.e. Financial Management Services, Western Europe, United Kingdom, Biggest Public Company, Overall Revenues, Number of employees and Financial Services by Industry Focus (Banking, Markets).

Teleos, in association with The KNOW Network listed eClerx as one of the 14 finalists in the 2009 Indian Most Admired Knowledge Enterprises (MAKE) study. The MAKE study recognises organisations that best demonstrate an ability to leverage enterprise knowledge to deliver superior performance in the areas of innovation, operational effectiveness and excellence in products and services.

Finally the Company featured in the 'Business Today 500' list of India's largest public companies in 2010 – a list containing India's who's who of public enterprises.

11. CORPORATE SOCIAL RESPONSIBILITY

Your company takes pride in being associated with Child Rights and You (CRY), a Non government organisation, for the last 3 years, which works for India's marginalised children. The Company has partnered with CRY to set up an Annual funding program, contributions to which are made both by the employees as well as the Company. The Company sponsors one specific project – PREM (People's Rural Education Movement in Maharashtra) which operates in 44 villages in Amravati District, Maharashtra and aims to empower the tribal communities living on the periphery and multiuse area of the Melghat Tiger Reserve, ensuring their right to life, livelihood and self-development. Further, for the last 3 years consecutively, your Company sponsored a team for the Corporate Challenge - Mumbai Marathon. A team of 20 employees participated in the 7 km dream run to raise funds for CRY in January 2010.

12. DIRECTORS

Sandeep Singhal was appointed as an Additional Director of the Company w.e.f. April 30, 2010. As per provisions of section 260 of the Companies Act, 1956, Sandeep Singhal, in his capacity as Additional Director will cease to hold office at the forthcoming Annual General Meeting and is eligible for appointment. Notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose his appointment as Director. Sandeep Singhal has furnished the requisite form DD-A to the Company.

Further in accordance with the Articles of Association of your Company, Jimmy Bilimoria and Vikram Limaye retire from office by rotation, and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting of the Company.

The brief resume of Sandeep Singhal, Jimmy Bilimoria and Vikram Limaye, as required in terms of Clause 49 of the Listing Agreement entered into with the stock exchanges, is included as annexed to this Annual Report.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors confirm that:

(a) in the preparation of the annual accounts for the year 2009-10, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the year ended on that date;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis.

14. EMPLOYEES' STOCK OPTION PLAN

Pursuant to the applicable requirements of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI guidelines"), your Company had framed and instituted Employee Stock Option Plan 2005 (ESOP 2005) and Employee Stock Option Plan 2008 (ESOP 2008) to attract, retain, motivate and reward its employees and to enable them to participate in the growth, development and success of the Company.

Your Company has granted stock options from time to time under the said ESOP Schemes to its employees and also to employees of its subsidiaries.

The following table sets forth the particulars of stock options granted under ESOP 2005 and ESOP 2008 as on March 31, 2010:

Particulars	ESOP 2005	ESOP 2008
Gross options granted	599,525	1,000,000
Pricing formula	As decided by the Board of Directors.	The exercise price shall be equal to the lower of the following: a) the latest available closing market price (at a stock exchange where there is highest trading volume on said date) on the date prior to the date on which the Remuneration Committee finalises the specific number of options to be granted to the employees; or b) Average of the two weeks high and low price of the share preceding the date of grant of option on the stock exchange on which the shares of the company are listed
Options vested	285,650	Nil
Options exercised	162,250	Nil
The total number of equity shares arising as a result of exercise of options	162,250	Nil
Options lapsed/forfeited/expired	135,275	178,500
Variation of terms of options	Nil	Nil
Money realised by exercise of options	1,622,500	Nil

Total number of options in force	302,000	821,500
Details of options granted to Employee:		
(i) Senior Managerial Personnel	As per statement attached	As per statement attached
(ii) Any other employee receiving a grant in any one year of option amounting to 5% or more of the options granted during that year	**Fiscal 2006:** Nilesh Patel, Neville Bharucha **Fiscal 2007:** Neville Bharucha, Venu Atmakur, Anees Merchant, Gokul Perumal **Fiscal 2008:** Nil **Fiscal 2009:** Nil **Fiscal 2010:** Nil	**Fiscal 2009:** Scott McCartney, Alberto Corvo **Fiscal 2010:** Daniel Foarde, Scott Houchin
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	Nil
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS 20 'Earning Per Share')	Rs. 37.14 for the year ended on March 31, 2010	
Difference, if any, between the employees compensation cost calculated using the intrinsic value of stock options and the employee compensation cost recognised if the fair value of the options had been used and the impact of this difference on profits and EPS of the Company.	Impact on profits : Rs. 20.99 million Diluted EPS : Rs. 36.08 (post adjustment for aforesaid impact on profits)	
Vesting Schedule	Options granted under ESOP 2005 would vest not earlier than one year and not later than five years from the date of grant of such options.	Options granted under ESOP 2008 would vest not earlier than one year and not later than five years from the date of grant of such options.

Statement of options granted to senior managerial persons of your Company by grantee as on March 31, 2010:

ESOP scheme	Name of key managerial personnel	No. of options granted	No. of options exercised	No. of options outstanding
ESOP 2005	Hoshi Mistry	53,250	30,000	23,250
	Rohitash Gupta	38,250	27,750	10,500
	Kishore Poduri	25,500	9,500	16,000
	Neville Bharucha	28,500	11,500	17,000
	Venu Atmakur	19,500	14,250	5,250
	Anees Merchant	18,000	1,000	17,000
ESOP 2008	Hoshi Mistry	22,000	Nil	22,000
	Rohitash Gupta	22,000	Nil	22,000
	Kishore Poduri	22,000	Nil	22,000
	Sachin Rastogi	23,000	Nil	23,000
	Swati Thakar	18,000	Nil	18,000
	Venu Atmakur	16,000	Nil	16,000
	Neville Bharucha	16,000	Nil	16,000
	Anees Merchant	13,000	Nil	13,000
	Sachin Vaidya	10,000	Nil	10,000
	Subhodip Basu	10,000	Nil	10,000
	Gurvinder Lamba	5,000	Nil	5,000

Statement of options granted to senior managerial persons of foreign subsidiaries of your Company by grantee as on March 31, 2010:

ESOP scheme	Name of key managerial personnel	No. of options granted	No. of options exercised	No. of options outstanding
ESOP 2005	Daniel Foarde	37,500	Nil	37,500
	Mahesh Muthu	56,250	Nil	56,250
ESOP 2008	Alberto Corvo	185,000	Nil	185,000
	Scott McCartney	150,000	Nil	150,000
	Daniel Foarde	40,000	Nil	40,000
	Joseph Sursock	25,000	Nil	25,000
	Scott Houchin	20,000	Nil	20,000
	Mahesh Muthu	19,500	Nil	19,500
	Stephen Jones	12,500	Nil	12,500

The difference between the intrinsic value of the shares underlying the options granted on the date of grant of option and the option price is expensed as Employees Compensation over the period of vesting. Accordingly, the Company has charged a sum of Rs. 1.45 million to the profit and loss account for the year ended on March 31, 2010 as employee compensation cost.

The equity shares issued and allotted under both the ESOP schemes i.e. ESOP 2005 and ESOP 2008 of the Company rank pari-passu in all respects including dividend with the existing equity shares of the Company.

15. HUMAN RESOURCES MANAGEMENT

We believe that people are the most valuable assets of the Company as they contribute to the achievement of business objectives. Human resource policies of the Company though business focused, are employee friendly, clear and concise, thereby providing employees with appropriate opportunities to grow professionally and personally. Scalable recruitment and human resource management process enables the Company to attract and retain high caliber employees. The total manpower strength of your Company is 2863, as on March 31, 2010.

16. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of directors) Rules, 1988 are given in the annexure forming part of this report.

17. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(IV) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. A member, who is interested in obtaining such particulars, may write to the Company Secretary at the registered office of the Company.

18. CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed certain corporate governance standards vide Clause 49 of the Listing Agreement with stock exchanges. Your Directors reaffirm their commitments to these standards and a detailed Report on Corporate Governance together with the Auditors' Certificate on its compliance is annexed here to.

During the year under review, the Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines 2009, to strengthen the corporate governance framework. These guidelines provide for a set of requirements which may be voluntarily adopted by Companies and focuses on areas such as Board of Directors, responsibilities of the Board, audit committee functions, roles and responsibilities, appointment of auditors, compliance with Secretarial Standards and a mechanism for whistle blower support. Your Company by and large is in compliance with requirements laid down therein and has initiated appropriate action for further compliances.

19. ENTERPRISE WIDE RISK MANAGEMENT SYSTEM (EWRM)

Your Company has in place a well defined Enterprise Wide Risk Management (EWRM) framework which, *inter-alia,* aims at the following:

1. Alignment of risk appetite and strategy of the organisation by evaluating strategic alternatives, setting related objectives, and developing mechanisms to manage related risks.
2. Enhancement in risk response decisions by identifying and selecting among alternative risk responses – risk avoidance, reduction, sharing, and acceptance.
3. Reduction/elimination of operational surprises and losses by identifying potential events and establishing responses and reducing associated costs or losses.
4. Identification and management of multiple risks by facilitating effective response to the interrelated impacts, and integrated responses to such risks.
5. Improvement in deployment of capital by providing robust risk information to the Management so as to effectively assess overall capital needs and prudently manage capital allocation.

The framework is periodically reviewed by senior management personnel to ensure that the risks are identified, managed and mitigated.

20. AUDITORS

M/s. Walker Chandiok & Company, Chartered Accountants, Mumbai, who are the statutory auditors of the Company, retire at the conclusion of Tenth Annual General Meeting and confirm their eligibility and willingness to accept office, if re-appointed. You are requested to appoint auditors for the current financial year 2010-11.

21. ACKNOWLEDGEMENT

The Directors thank the customers, vendors, investors, consultants, business associates and bankers for their support and co-operation to the Company.

The Directors are also thankful to the Government of India, the Governments of various countries, the concerned State Governments and other government and regulatory agencies for their co-operation.

The Directors also acknowledge the hard work and effort made by every member of the eClerx family across the world and express their sincere gratitude to the shareholders for their continuing confidence in the Company.

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

Place: Mumbai
Date: July 30, 2010

Annexure to the Directors' Report

Particulars pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are furnished here under:

Disclosure under section 217 (1) (e) of the Companies Act, 1956

I. CONSERVATION OF ENERGY

Even though operations of the Company are not energy intensive, the management has been highly conscious of the importance of conservation of energy at all operational levels and efforts are made in this direction on a continuous basis. The requirement of disclosure of particulars with respect to conservation of energy is not applicable to the Company and hence not been provided.

II. TECHNOLOGY ABSORPTION

Being in the IT enabled service industry, the Company uses state-of-the-art technology to ensure superior processing and communication capabilities in its operations. The Company continuously makes investment in technological tools and imparts its employees training on the new technologies for deployment on development projects to support the business of the Company.

III. FOREIGN EXPORT EARNING AND EXPENDITURE

(Rupees in million)

	2009-10	2008-09
Total Foreign Exchange Earnings realised	2,426.16	1,804.24
Total Foreign Exchange Used	428.20	291.69

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

Place: Mumbai
Date: July 30, 2010

Management Discussion and Analysis

I. INDUSTRY OVERVIEW

India's IT and ITES exports continue to play an important role for the country, accounting for 25% of India's overall exports, with 90% of these revenues largely deriving from the USA and Europe. According to the National Association of Software and Service Companies (NASSCOM), India's software and services exports are forecasted to post double-digit export revenue growth of 13% to 15% to reach up to USD 57 billion in the year to March 2011.

This is a very bullish background to be operating within, and certainly after a difficult 2008-09, in which our industry faced a difficult period due to weakness in client markets and sustained unemployment in developed nations the fourth quarter of 2009 began exhibiting signs of improvement in business sentiment. Deals increased significantly, led by USA and Europe, as a large number of delayed contracts in 'pipeline' materialised. Improving market sentiment manifested in greater business volumes, and commensurate increase in people, technology and process investments by customers.

There continues to be broader acceptance of off-shoring and outsourcing as a critical component of cost reduction strategies, and this is helping the ITES/IT industry. Demographic demand for outsourcing continues to extend beyond just the very large global enterprises to the medium sized ones, and from the large financial services firms (that have been early adopters) to broader industry segments. Customer sophistication is increasing and vendors are increasingly required to provide solutions-based offerings. So instead of simply providing skilled "labour" or cost arbitrage, customers today require their vendors to provide consultative thinking, processes redesign and automation to bring about step jump improvements in their business processes. This requires the Indian IT/ITES industry to accelerate its investment in understanding its customers business and to increase the sophistication of its service offering. The organisations that are able to move up the value chain in this way are increasing their share of large customer budgets.

A trend consolidating over the past year is that of offshoring to India from mid-cost markets such Singapore and Eastern Europe – an increasing sign of confidence in the quality and size of the Indian talent markets. Additionally, as offshoring extends to a larger variety and size of customers and geographies, vendor sophistication grows, cost competitiveness increases and more and more customers understand the cost and management overhead of offshore captives, there is an increased acceptance of the third-party outsourcing model. A maturing vendor community that has demonstrated an ability to provide service benefits such as process re-engineering and continuous improvement, the ability to support complex processes across time-zone and a track record of providing services at fixed prices in the face of rampage wage inflation periods, has substantially increased customer confidence and the Company continues to expect this to be very positive trend for Indian IT/ITES vendors.

The credit crisis and the damaged balance sheets of the western economies however continue to cast a pall of uncertainty over customer markets. Some immediate impacts on western corporations have been, increased capital requirements, higher regulatory burdens and reduced operational independence. Additionally, tax burdens have increased, as have employee and consumer protectionism. Clearly, these all add substantial cost to our customer's businesses, which in turn, we expect will manifest as cost pressure on vendors. For instance, the new Value-Added Tax (VAT) rule introduced in January 2010 by the European Union on services delivered from Non-European Union (EU) nations such as India is expected to make off-shoring costlier for banking, healthcare and other industries and it is likely that some of the impact will be borne by vendors. Finally, many western governments are expected to be increasingly comfortable with weaker currencies and this, in turn will reintroduce an element of currency risk to the outsourcing business that has been absent over the past two years.

II. BUSINESS OVERVIEW

eClerx Services Limited (eClerx) is a Knowledge Process Outsourcing (KPO) Company providing data analytics, data management and process improvement solutions to global enterprise clients. eClerx supports its clients through two business units – Financial Services and Sales and Marketing Support.

Operational Review

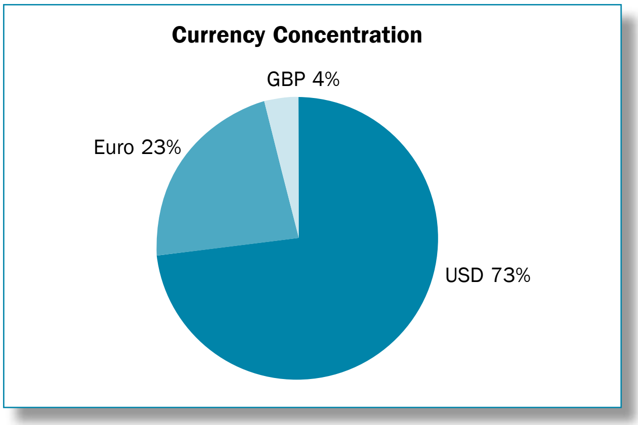
During 2009-10, total revenues were Rs. 2,570.21 million, a growth of 30% over the previous year. The Company increased its operating margin to Rs. 933.72 million a growth of 27%. The Company's results again demonstrate the differentiated and core nature of its services and its ability to navigate through challenging market conditions.

During the year, the Company substantially broadened its range of services to clients, thus expanding the addressable market for its services. An increasing number of these newer services are core and critical for clients, and thus continue to increase the Company's closeness to clients.

The last year also saw further vendor consolidation in the client community. The Company won an increasing share of business from strategic clients, and lost share in accounts where the Company was a peripheral vendor. This is reflected ultimately in higher client concentration, with 82% of the Company's revenues attributing to its top five clients against a corresponding figure of 75% in the prior year.

The Company takes pride in the high quality of its client base–of its approximately 45 clients, 20 are Fortune 500 names whilst the rest are large enterprise clients. The Company continues to be successful in winning a high proportion of repeat business from existing clients, a barometer of client satisfaction with the Company's services. Additionally, the large percentage of maturing contracts that continue to be renewed each year validates the annuity nature of the Company's business model.

The Company has also made significant progress in reducing its currency concentration with increased penetration in Europe. This led to revenue in USD reducing from 77% during 2008-09 to 73% during the year under review.

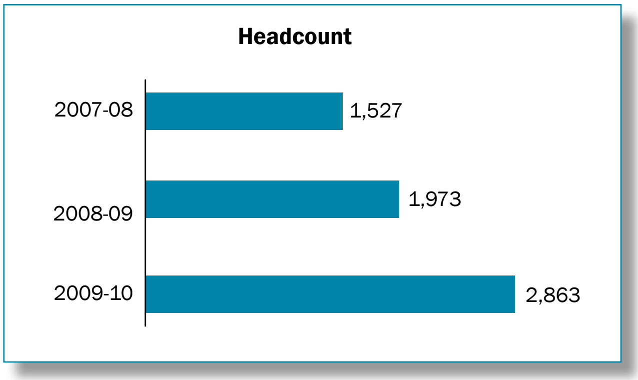


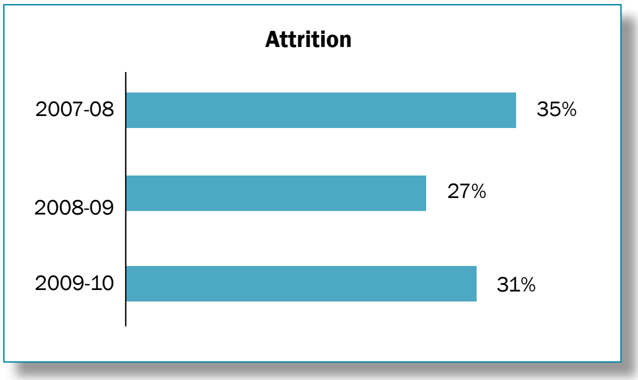
Infrastructure and Talent

Headquartered in Mumbai, eClerx has operations in India and sales and marketing presence in the USA, UK, Ireland and in Singapore. In India, the Company operates out of three STP facilities in Mumbai and a SEZ facility in Pune. The Company has set up a 100% subsidiary in Singapore during the year to cater to the growing opportunities in the Asian market.

With the Mumbai and Pune facilities reaching high utilisation levels, the Company has taken on lease additional space in Airoli, Navi Mumbai within a SEZ facility. The Company has taken 44,000 sq. ft. initially, with the option to add another 44,000 sq. ft. Operations for Phase-I have commenced in the second quarter of 2010-11.

During the year, the Company increased its headcount by 45% and today employs approximately 3,000 employees. The Company aggressively hired and upgraded its talent pool, with a special focus on senior management, both in India and overseas. The Company maintains an attrition rate of approximately 30%.





Services

eClerx supports its clients through its two business units-Capital Markets and Sales and Marketing Support. Across both these units, the Company supports and improves processes that are core to its customers' day to day business operations. The Company continues to focus on engagements where it can tap the largest percentage of client spend by leveraging its domain expertise and by bringing together consulting, project management and solution based service delivery.

In the Capital Markets division, the Company today provides end-to-end financial transaction support services such as trade booking, trade confirmation, asset servicing, cash settlements, client servicing, risk management and reference data integrity across all asset classes, and its services span both "sell-side" (the large banks) and "buy-side" (the funds and asset managers). Furthermore, the Company provides strategic and process consulting services, helping clients devise solutions to improve efficiency, reduce risk and meet regulatory and market demands.

Similarly in the Sales and Marketing Support division, the Company today supports clients in all elements of product and services marketing and sales–with a focus on online support to include content development and management, search engine management, web operations, pricing and customer analytics, product database management and catalog audits. The Company is also pursuing a strategy of creating a portfolio of platform attached services, by creating a suite of services that are complementary to industry standard IT platforms.

Currency

eClerx follows a consistent policy of hedging receivables for 12-18 months forward. During the year, the Company's net losses on account of foreign exchange fluctuation stood at Rs. 159.74 million. The Company has around USD 46.45 million in hedges across the combination of forward and option at an average rate of around Rs. 49/USD. This is a more favourable hedge position than the Company had the previous year and hence losses on account of foreign exchange are expected to be lower in 2010-11.

Bonus Issue

The Company was incorporated in March 2000 and completed 10 years in March 2010. Commemorating this milestone, the Board of Directors of the Company by resolution passed on June 7, 2010 recommended the issue of bonus equity shares in the ratio of 1 bonus equity share of Rs. 10 each for every 2 equity shares of Rs. 10 each held in the Company. The Board also recommended an increase in the authorised share capital from Rs. 300 million to Rs. 500 million. The shareholders of the Company accorded their approval to both the proposals via postal ballot, the results of which were announced on July 14, 2010. The record date for the purpose of ascertaining entitlement for bonus shares was fixed as July 26, 2010. Accordingly the bonus shares were allotted on July 28, 2010. The Company is currently in the process of effecting corporate action for crediting shares in demat account of shareholders of the Company holding shares in the electronic mode, while the share holders holding share in physical mode are being issued share certificates. The Bonus equity shares so issued shall rank pari-passu in all respect with the existing equity shares.

III. SWOT ANALYSIS

Strengths

- Industry-focused and value-added service provider of core, critical and "sticky" services to customers
- Increasing scale of operations–the Company has a team of almost 3,000 people, revenues of more than USD 50 million and direct presence in five countries

- The Company's senior leadership team comes from the industries the Company supports, and helps the Company develop services and strategies that increases the Company's closeness and relevance to its customers
- The Company has entered new services and developed new capabilities in each year of operation

Weaknesses

- High client concentration - 82% of the Company's revenues attributes to five clients
- Concentrated currency billings - over 70% of the Company's billings are in USD, which exposes the Company to volatility in currency rates

Opportunities

- Established leadership in the industries in which the Company operates and high client satisfaction means high brand recall and enhanced ability to sell services
- A large pool of existing clients that can be grown to become strategic by replicating services
- Proven track record in continually broadening service portfolio which in turn increases addressable market place for the Company
- Demographic trend towards cost reduction and specifically third party outsourcing
- Increasing consulting and IT spend at customers to meet stringent regulatory, transparency and risk management, hence creating an opportunity for the Company to provide more value-added services

Threats

- Reduced customer profitability and increasing competition may affect pricing and profitability
- Increasing regulation for customers may require the Company to take on more business liability and/or additional cost
- Weakening western currencies may impact profitability
- Wage inflation in the Indian market may affect profitability
- Increasing percentage of business from Asia-Pacific countries may put downward pressure on prices and margins
- Increasing business complexity and customer demands means greater investment in sales and marketing and in people training, which again may affect profitability
- Increasing protectionism across western countries may affect business growth

IV. RISK MANAGEMENT

eClerx operates in a dynamic and rapidly changing environment that involves numerous risks and uncertainties. The following section describes material risks and uncertainties that the Company believes may adversely affect the business, financial condition, results of operations or profitability.

1. *Any adverse change in the regional and/or global economy or financial markets can adversely affect the revenue and profitability. As the business has grown, the Company has become increasingly subject to risks arising from adverse changes in the domestic and global economies. Unfavourable conditions such as reduction in capital spending by its customers, tightening of the credit markets, decrease in usage of its services by financial institutional clients or increased protectionism in USA and Europe are some of the factors that could impair its operations.*

   The global economy has started showing slow but steady signs of recovery. The stimulus packages offered by various governments have yielded results and unemployment rates are stabilising. The Company believes that next few years will witness a buoyant Indian economy and a stronger global economy. The Company actively monitors the external environment, government policies and local market conditions and strategy and plans are drawn accordingly.

2. *The market the Company operates in is highly competitive, quickly evolving and subject to reasonable competition from numerous companies. The Company also competes with companies which are larger, better financed and better known, companies of the same size and strength as well as captives. If the Company is unable to differentiate its services from those of its competitors, the competitive pressures could negatively impact its revenue and profitability.*

   The Company largely competes on the basis of the specialisation and depth of its services. Additionally, the Company competes on the basis of certain other factors, including prior performance, quality of services, support and price, and it believes it currently does so favourably with respect to its peers. Some of its key differentiating factors include its superior domain knowledge, its ability to mine customers and enter new service areas, its portfolio of existing clients which include 20 of the Fortune 500 companies, many of whom are emerging as strategic clients, and its execution capability and high customer satisfaction–endorsed by various awards achievements and survey results. eClerx has a high percentage of repeat business, demonstrating its emphasis on client satisfaction and the development of long-term relationships with clients. The Company believes these have all contributed to its high contract win and renewal rate and will continue to do so in the future.

3. *The loss of its key personnel, an increase in its personnel turnover rate, or the inability to attract and retain talent could adversely affect the Company's ability to grow successfully and may negatively impact its results of operations.*

   The Company believes its success depends upon its ability to attract and retain highly skilled personnel and key members of its management team. Over the years, the Company has been able to successfully attract and retain qualified staff thanks to its meritocratic culture, strong values and emphasis on career development as well as performance-driven remuneration. The Company believes that it is a preferred employer in the IT services industry. In fact during the year, the Company has increased its staff strength by approximately 45% to reach nearly 3,000 people. The Company's attrition rates are also in line with the industry.

4. *The Company depends on a few customers for a significant portion of its revenues, and the loss of one or more significant customers could affect its operations. During 2009-10, the Company has derived approximately 82% of its total revenues from top five clients. If the Company were to lose any of these customers, it could have a materially adverse effect on the business, financial condition and results of operations.*

   During the year, the Company expanded its service portfolio to include solution-based services that are larger and more core to customers. The Company has continued to increase its wallet share with its large and strategic clients as well as started providing services that are more core and critical to customers. Whilst this has led to client concentration, it has also translated into the Company expanding its services portfolio and becoming more relevant and important to its clients. The Company believes this to be a positive contributor to revenue quality and long-term growth prospects. Further, increasing complexity and sophistication of requirements plays to Company's domain expertise and this better positions the Company against larger peers.

5. *Since a substantial portion of eClerx's revenues are earned in foreign currency, the Company is exposed to risk from changes in foreign currency rates. The Company is mainly exposed to fluctuations in the US Dollar and the Euro.*

   The Company has a hedging strategy in place to protect itself, to the extent possible, against foreign currency exposure; but other than the use of financial products to deliver on its hedging strategy, the Company does not trade derivative financial instruments. While the Company believes it has effective management processes in place, volatility in currency can impact its profitability.

V. OUTLOOK

The Company continues to be very excited about its business prospects over the next few years. Whilst NASSCOM forecasts India's outsourcing industry to increase its revenue in 2010-11 by 15–16% as against 6% recorded during 2009-10, the Company believes the longer term opportunities are far greater. The demographic trends of cost reduction through outsourcing continues to gain adoption, and the number of companies considering outsourcing today is by far the greatest of recent history. As second-tier and mid size organisations look at off-shoring, they also increasingly turn to third party vendors as they themselves lack the scale to run offshore back offices as captives–the Company believes this to be a substantial supportive factor for it and the industry.

There continues to be increased recognition of the importance of domain expertise in process outsourcing and the Company feels that it is well positioned to benefit from this trend. Capturing increasing percentages of client spend will largely depend on providing end-to-end, industry-relevant and domain specific solutions that marry process, automation and people, and the Company has continued to demonstrate its expertise in delivering such solutions. Additionally, to capture client share of wallet and mind, the Company has continued its investments in senior management and its onshore consulting and client coverage teams. The Company believes that these investments will help it further consolidate its domain specialisation and in return will stand us apart from our larger, more generic competitors in the future. The Company believes that industry is at a tipping point and it sees significant opportunities on the horizon. The Company is optimistic about the scalable enterprise that it is today and believes it is in an excellent position to capture future opportunities.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's well defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. eClerx ensures that the internal audit and internal control procedures adopted by the Company are adequate and commensurate with the size and the complexity of the business. To ensure that actual spending is in accordance with the budgets, rigourous business planning as well as expense, capital and manpower budgeting processes have been put in place. Besides, the Company regularly updates its internal control system in line with the best available practices and supplements them with extensive internal audits, regular reviews by management and standard policies and guidelines. The Audit Committee acts as the catalyst in monitoring the internal audit system of the Company.

VII. DISCUSSION ON FINANCIAL PERFORMANCE

I. *Results of Operations*

The following table gives an overview of consolidated financial results of the Company: (Rupees in million)

Particulars	FY2010	FY2009
Income from Services	2,570.21	1,972.77
Other Income	54.17	50.54
Total Revenue	2,624.38	2,023.31
Operating Expenses	1,726.29	1,249.22
EBITDA	898.09	774.09
EBITDA %	34%	38%
Depreciation and goodwill amortisation	69.94	79.41
EBIT	828.15	694.68
Interest	-	0.36
Taxes	92.78	76.50
Net Profit after Tax	735.37	617.82
NPM%	28%	31%

a. Income

Income from operations

The Company's income from operations consist of revenue from data analytics services and process solutions comprises from both time/unit price and fixed fee based service contracts.

Income from operations increased to Rs. 2,570.21 million in the year under review from Rs. 1,972.77 million in the previous year registering a growth of 30%.

Other income

Other income primarily comprises of interest on bank deposits and dividend from debt oriented mutual funds. Other income reported increased to Rs. 54.17 million in the year under review from Rs. 50.54 million in the previous year.

b. Operating expenses

Operating expenses comprises of employee costs, general and administration expenses and selling and marketing expenses. The total operating expenses increased to Rs. 1,726.29 million in the year under review from Rs. 1,249.22 million in the previous year.

Employee costs increased to Rs. 1,077.81 million in the year under review from Rs. 748.84 million in the previous year, primarily due to increase in head count by about 45% which includes senior level employees hired in India, U.S., U.K. and Singapore operations.

General and administration costs increased to Rs. 552.22 million in the year under review from Rs. 442.65 million in the previous year primarily due to higher foreign exchange losses, upward revision in rent of one of the premises, higher communication expenditure and higher local conveyance due to increase in head count.

Selling and marketing expenses increased to Rs. 96.26 million in the year under review from Rs. 57.73 million in the previous year, due to increased onsite travel to customer locations.

c. Depreciation and goodwill amortisation

Depreciation charge has reduced to Rs. 69.94 million in the year under review from Rs. 73.14 million in the previous year, due to no major capital expenditure in current year.

Igentica Travel Solutions Limited had acquired Electrobug Technologies Limited and Igentica Limited in the year 2006 along with goodwill appearing in their books of accounts at the time of acquisition. This Goodwill of Rs. 6.27 million has been amortised in previous year.

d. Interest

There is no interest cost in current year as compared to Rs. 0.36 million in the previous year, since the pre-shipment export finance loan was repaid during the previous year.

e. Income tax expense

Income tax expense comprises of tax on income from operations in India and foreign tax jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expenses relating to overseas operations are determined in accordance with tax laws applicable in countries where such operations are carried out. The Company benefits in India from certain tax incentives under section 10A of the Income Tax Act, 1961, for the services exported from designated 'Software Technology Parks (STP)'. In addition, benefit from tax incentives applicable to Free Trade Zones are available to the Company in respect of units located in such zones. The benefits applicable to the Software Technology Parks (STPs) are due to expire by March 31, 2011.

Minimum Alternative Tax (MAT) paid in accordance to the tax laws gives rise to tax credit which according to the Income Tax Act, 1961, can be carried forward for subsequent seven years. The same is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period.

The Company has deferred the recognition of cumulative MAT credit of Rs. 1,349.67 lacs as at March 31, 2010, which could be available for set off against future tax liability under the provisions of the Income Tax Act, 1961 on account of uncertainty around the time frame within which income tax will be payable under the normal provisions against which the MAT credit can be utilised.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted as at the balance sheet date.

The Company's consolidated tax expense (including deferred taxes) increased to Rs. 92.78 million in the year under review from Rs. 76.50 million (including Fringe Benefit Tax) in the previous year. This represented 11.20% of profit before taxes in the year under review as compared to 11.02% in previous year.

The increase in tax expense is attributable primarily to increase in domestic tax expense by Rs. 18.47 offset by reduction in overseas tax expense by Rs. 2.19 million.

II. FINANCIAL CONDITION

a. Share Capital

The Company has authorised capital of Rs. 300 million as on March 31, 2010. The issued, subscribed and paid up capital was Rs. 190.31 million of equity shares of Rs. 10 each in the year under review as compared to Rs. 189.27 million in the previous year. The increase in paid up capital during was due to allotment of shares on exercise of employee stock options.

b. Reserves and Surplus

The reserves and surplus of the Company increased to Rs. 1,806.04 million in the year under review from Rs. 1,466.28 million in the previous year. Rs. 72.59 million (previous year Rs. 60.99 million) was transferred from the Profit and Loss Account to General Reserves.

c. Goodwill on Consolidation

Goodwill on consolidation as at March 31, 2010 was Rs. 101.40 million (Rs. 108.29 million as at March 31, 2009) is on account of eClerx Investments Limited acquiring 99.4% of Igentica Travel Solutions Limited (ITS). The reduction in goodwill is on account of exchange fluctuation.

d. Fixed Assets

The Gross block of fixed assets as on March 31, 2010 was Rs. 445.53 million (Rs. 382.72 million as on March 31, 2009) and cumulative depreciation amounted to Rs. 246.46 million (Rs. 181.65 million as on March 31, 2009). Additions to fixed assets made during the year were Rs. 68.41 million (Rs. 158.60 million during the previous year) comprising of computers, software and office equipment. In addition, capital work in progress as on March 31, 2010 amounted to Rs. 22.07 million (Rs. 0.97 million as on March 31, 2009).

e. Investments

Investment represents surplus funds of the Company parked with the mutual fund schemes that can be recalled at very short notice. The Company's treasury practices call for investing only in highly rated debt oriented mutual funds. Investment in mutual funds decreased to Rs. 774.58 million during the year under review from Rs. 850.74 million in the previous year due to investment of surplus funds in bank fixed deposits and outflow on account of dividends in the current year.

f. Sundry Debtors

Debtors decreased to Rs. 392.25 million as on March 31, 2010 from Rs. 450.59 million as on March 31, 2009. Rs. 1.42 million (previous year Rs. 1.07 million) has been provided for doubtful debts in the year under review.

g. Cash and Bank Balance

The cash and bank balances increased to Rs. 472.24 million as on March 31, 2010 from Rs. 212.80 million as on March 31, 2009. Out of this, Rs. 180.21 million (previous year Rs. 36.23 million) were held in exchange earnings in foreign currency accounts in India and Rs. 18.90 million were held in foreign bank accounts as at March 31, 2010 (previous year Rs. 23.60 million). The remaining cash and bank balances mainly represent bank balances in current and fixed deposit accounts in India.

h. Loans and Advances

Loans and advances represent the amount paid by the Company in advance for value and services to be received in future. These increased to Rs. 501.12 million as on March 31, 2010 from Rs. 306.62 million as on March 31, 2009. The principal component of this was unbilled revenues which increased to Rs. 294.86 million from Rs. 205.30 million during the year under review.

i. Current Liabilities

Current liabilities as on March 31, 2010 primarily comprise of sundry creditors of Rs. 66.54 million (Rs. 53.18 million for previous year) payable to vendors for supply of goods and services, Incentive and benefits payable to the employees of Rs. 137.03 million (Rs. 111.32 million for previous year) and bills raised in advance on clients of Rs. 4.88 million (Rs. 58.10 million for previous year)

j. Provisions

Provisions for leave encashment, gratuity, taxes and dividend as on March 31, 2010 amounted to Rs. 251.16 million (Rs. 251.05 million for previous year). Provision for dividend and tax on dividend was Rs. 221.92 million (Rs. 221.45 million for previous year), provision for taxes (net) was Rs. 8.63 million (Rs. 17.19 million in previous year) and provision for gratuity was Rs. 16.98 million (Rs. 9.14 million in previous year).

k. Deferred Tax Asset

The Company has deferred tax asset of Rs. 7.22 million as at March 31, 2010 (Rs. 7.14 million as at March 31, 2009). Deferred tax assets primarily arise out provisions made for employee benefits, lease equalization and depreciation.

VIII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES (HR)

eClerx recognises the importance of human capital and thus considers its people its key resource. As on March 31, 2010, the Company had 2,863 employees on its payrolls, a growth of 45% over the previous year.

The Company has a well drawn recruitment process to attract the best talent. This consists of a four stage recruitment procedure which also includes online tests. Further, individual performance management systems have been implemented to encourage merit and enhance innovative thinking among employees. Roles and responsibilities are clearly defined at all levels. Bi-annual employee reviews are conducted in which employees are appraised on both qualitative and quantitative terms. HR policies are regularly fine-tuned on the basis of feedback received from annual employee surveys and an internal suggestion portal. Initiatives undertaken to improve job satisfaction include a dynamic rewards programme, job rotations, ESOPs and fast track promotions.

eClerx also provides training and development opportunities to its people to enhance their skills and experience, which in turn enables the Company to achieve its business objectives. Some of the key areas in which training is imparted includes: industry, products and process specific knowledge, corporate and soft skills. Various systems have been put in place as well to institutionalise knowledge gained from industry initiatives, client programmes and internal experts.

IX. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements'; within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, changes in Government regulations, tax laws and other factors such as litigation and labour relations.

Corporate Governance Report

I COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Effective corporate governance is necessary to maintain public trust and to achieve business success. The Company is committed to rigorously and diligently exercising the oversight responsibilities throughout the organisation, managing its affairs in a manner consistent with the highest principles of business ethics, and exceeding the corporate governance requirements. The Company believes that sound corporate governance policy is critical to retain and enhance investor's trust. The Company's corporate governance policies ensure among others, the accountability of Board of Directors and uniformity in its decision towards all its participants: viz. customers, employees, stakeholders.

Your Company is compliant with all the provisions of clause 49 of the listing agreement of the Stock Exchanges. The details of compliance are as follows:

II BOARD OF DIRECTORS

The Board of Directors meets atleast once a quarter to review quarterly results and other items on the Agenda as well as on the occasion of Annual General Meeting of shareholders. Additional Board meetings are also convened when necessary.

a) Composition of the Board of Directors

The Board of Directors of the Company represents an optimum combination of Executive and Non-Executive directors for its independent functioning. The Board comprises of eight directors, of which one is Executive Director and seven Non-Executive Directors. The above composition is consistent with the relevant provisions of Clause 49 of the Listing agreement entered into with Stock Exchanges.

b) Board Meetings

During the financial year 2009-10 Board Meetings were held on April 27, 2009; June 8, 2009; June 30, 2009; July 27, 2009; August 26, 2009; October 28, 2009 and January 28, 2010. The Company held its last Annual General Meeting on August 26, 2009.

Details of Directors and other particulars are given below:

Name	Category	Designation
V.K. Mundhra	Non–Executive Director	Chairman
P.D. Mundhra	Whole Time Director	Executive Director
Anjan Malik	Non–Executive Director	Director
Jimmy Bilimoria	Non Executive Independent Director	Director
Pradeep Kapoor	Non Executive Independent Director	Director
Anish Ghoshal	Non Executive Independent Director	Director
Vikram Limaye	Non Executive Independent Director	Director
Sandeep Singhal*	Non Executive Non Independent Director	Director

**Appointed as an Additional Director w.e.f April 30, 2010.*

The Board of Directors of the Company have complete access to any information pertaining to activities and operations of the Company. Further respective functional heads are invited to attend Committee/Board meetings to discuss internal audit reports and/or to provide detailed insights on items pertaining to their program, forming part of agenda items. Regular updates at such meetings, *inter-alia*, include updates on operations of the Company, presentations on financials including details of foreign exchange exposure and steps taken to minimise exchange fluctuation risks, non-compliance of any regulatory, statutory or listing agreement requirements, if any, and major developments during the period.

Details of Directors' attendance and other particulars are given below:

Director	Number of Board Meetings Held During the Year		Last AGM Attended (Yes/ No)	Number of Directorships on the Board of Other Public Companies	Outside Committee Positions Held	
	Held	Attended			Member	Chairman
V.K. Mundhra	7	4	Yes	1	-	-
P.D. Mundhra	7	7	Yes	1	-	-
Anjan Malik	7	5	Yes	-	-	-
Jimmy Bilimoria	7	6	Yes	8	4	2
Pradeep Kapoor	7	7	Yes	3	-	-
Anish Ghoshal	7	7	Yes	1	-	-
Vikram Limaye	7	5	Yes	12	1	4
Sandeep Singhal*	-	-	-	-	-	-

**Appointed as an Additional Director w.e.f. April 30, 2010.*

As required by Clause 49 of the Listing Agreement, the disclosure includes memberships/chairmanship of audit committee and investor grievance committee in Indian Public Companies (listed and unlisted). The status is as on March 31, 2010.

c) Code of Conduct

Pursuant to Clause 49 of the Listing Agreement, the Board of Directors has laid down a code of conduct for Board members and senior management personnel of the Company. All the Board members and senior management personnel have affirmed compliance with the Code for the financial year 2009-10. A declaration to this effect signed by the Executive Director is given in this report. The code has also been posted on the Company's website www.eClerx.com

d) Policy on Prohibition of Insider Trading

The Company has in place a code of conduct for prevention of insider trading pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Company has designed reporting system to prevent insider trading by designated employees and also takes half yearly and annual disclosures from them as stipulated in the insider trading policy. Further, Company has put in place a 'Pre-Clearance of Trade' mechanism which makes it mandatory for all the designated employees to obtain prior approval before dealing in Company's securities.

III AUDIT COMMITTEE

The primary role of Audit Committee is to act as a catalyst in monitoring and supervising the management's financial reporting process as well as assisting the Board of Directors in overseeing the following:

- Integrity of Company's financial system
- Qualification, independence and performance of statutory and internal auditors
- Adequacy and efficacy of internal control system
- Compliance with legal and regulatory requirements

Terms of Reference

The Audit Committee has, *inter-alia*, the following mandate:

- Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair view and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of external auditors, fixation/recommendation of audit fee and also approval for payment for any other services.
- Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.

- Reviewing with management, the annual financial statements before submission to the Board
- Reviewing the Company's financial and risk management policies
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- Reviewing statement of significant related party transactions, management letter(s) of internal control weakness and appointment, removal and terms of remuneration of the Internal Auditor

Composition	
Jimmy Bilimoria	Chairman (Independent Director)
Pradeep Kapoor	Member (Independent Director)
Anish Ghoshal	Member (Independent Director)
P.D. Mundhra	Member (Executive Director)

The Company Secretary acts as secretary to the Committee.

Meetings and Attendance during the year

Members	Meetings Held During the Tenure	Meetings Attended
Jimmy Bilimoria	5	5
Pradeep Kapoor	5	5
Anish Ghoshal	5	5
P.D. Mundhra	5	5

The Company has a well-qualified and independent Audit Committee consisting of three Non–Executive Independent Directors and an Executive Director, having adequate financial and accounting knowledge. The constitution, powers, duties and responsibilities of the Audit Committee are in line with Clause 49 of the Listing Agreement entered into with the stock exchanges. During the financial year, five audit committee meetings were held on April 27, 2009, June 8, 2009; July 27, 2009, October 28, 2009 and January 28, 2010.

Statutory Auditors as well as Internal Auditors participate in the Audit Committee meetings. In addition to the above, the Committee meetings were also attended by the Associate Principal (Corporate Finance) and Finance Controller.

The Chairman of the Audit Committee attended Ninth Annual General Meeting of the Company held on August 26, 2009.

IV REMUNERATION COMMITTEE

The Company has constituted remuneration committee to recommend/review remuneration of executive director(s) based on performance and assessment criteria. The Committee has *inter-alia* the following mandate:

a) To decide/approve the elements of remuneration package of all the executive directors and senior managerial executives.

b) To decide/approve details of fixed component and performance linked incentives along with the performance criteria.

c) To oversee the implementation of ESOP Scheme, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI guidelines.

Composition	
Anish Ghoshal	Chairman (Independent Director)
Jimmy Bilimoria	Member (Independent Director)
Vikram Limaye	Member (Independent Director)
V.K. Mundhra	Member (Non-Executive Director)
Sandeep Singhal (w.e.f. May 25, 2010)	Member (Non-Executive Director)

The Company Secretary acts as secretary to the Committee.

Details of remuneration paid/payable to Directors for financial year 2009-10 are as follows: (Rupees in million)

Name	Salary and Perquisites	Commission	Sitting Fees	Total
V.K. Mundhra	-	-	0.08	0.08
P.D. Mundhra	17.50	-	-	17.50
Anjan Malik	-	-	0.10	0.10
Jimmy Bilimoria	-	-	0.12	0.12
Pradeep Kapoor	-	-	0.14	0.14
Anish Ghoshal	-	-	0.14	0.14
Vikram Limaye	-	-	0.10	0.10

Details of shareholding of Non-Executive Directors as on March 31, 2010:

Sr. No.	Name of the Director	Shareholding (No. of Shares)
1	V.K. Mundhra	21,525
2	Anjan Malik	5,681,500
3	Jimmy Bilimoria	1,488
4	Pradeep Kapoor	Nil
5	Anish Ghoshal	Nil
6	Vikram Limaye	23
7	Sandeep Singhal*	N.A.

** Appointed as an Additional Director w.e.f. April 30, 2010.*

Details of options held by Non Executive Independent Directors as at March 31, 2010:

Name	ESOP Scheme 2008		
	No. of Options	Vest Date	Expiry Date
Jimmy Bilimoria	10,000	April 1, 2011	March 31, 2014
	5,000	April 1, 2012	March 31, 2015
Pradeep Kapoor	10,000	April 1, 2011	March 31, 2014
	5,000	April 1, 2012	March 31, 2015
Anish Ghoshal	10,000	April 1, 2011	March 31, 2014
	5,000	April 1, 2012	March 31, 2015
Vikram Limaye	10,000	April 1, 2011	March 31, 2014
	5,000	April 1, 2012	March 31, 2015

V SHAREHOLDERS' GRIEVANCE COMMITTEE

The Committee facilitates effective redressal of Investor Complaints and oversees share transfers.

Composition	
Pradeep Kapoor	Chairman (Independent Director)
Anish Ghoshal	Member (Independent Director)
Jimmy Bilimoria (Resigned w.e.f. May 25, 2010)	Member (Independent Director)
P.D. Mundhra	Member (Executive Director)

The Company Secretary acts as secretary to the Committee.

The constitution, duties and responsibilities of the shareholders' grievance committee are in line with Clause 49 of the Listing Agreement entered into with the stock exchanges.

The total number of shareholders' complaints received and replied by the registrar to the satisfaction of shareholders during the year under review was 43. All complaints of shareholders were satisfactorily resolved.

VI GENERAL BODY MEETINGS

The location and time of the last three Annual General Meetings (AGMs) of the Company are given below:

Year	Date	Venue	Time
2009	August 26, 2009	Walchand Hirachand Hall, Indian Merchants Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020	11.30 a.m.
2008	September 1, 2008	Patkar Hall, #1, S.ND.T. Women's University, Nathibai Thackersay Road, Marine Lines, Mumbai - 400 020	12.30 p.m.
2007	August 1, 2007	Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai - 400 023	11.00 a.m.

Following special resolutions were passed in the previous three AGMs:

Subject	Date of Meeting
Amendments to ESOP scheme 2008 as regards the maximum number of options that can be granted / allotted to an eligible employee	August 26, 2009
Incorporation of Trust Mechanism in the ESOP schemes of the Company	August 26, 2009
Amendments to ESOP scheme 2008 to increase the total number of options which can be granted under ESOP 2008 to the employees of the Company	August 26, 2009
Amendments to ESOP scheme 2008 to increase the total number of options which can be granted under ESOP 2008 to the employees of the subsidiary of the Company	August 26, 2009
Conversion of Company into Public Limited Company	August 1, 2007
Change of name consequent upon conversion	August 1, 2007
Alteration of Memorandum and Articles of Association	August 1, 2007
Approval of Statement in lieu of Prospectus	August 1, 2007

Special resolutions passed through postal ballot since last Annual General Meeting:

Subject	Date of Declaration of Results
Approval for increase in Authorised Share Capital from Rs. 30 Crores to Rs. 50 Crores and consequent amendments to Memorandum and Articles of Association of the Company	July 14, 2010
Capitalisation of free reserves for issue of Bonus Equity Shares in the ratio of 1 bonus equity share of Rs. 10 each for every 2 equity shares of Rs. 10 each held in the Company	

VII DISCLOSURES

A. In respect of related party transactions, the Company does not have any transactions which may have potential conflict with the interest of the Company at large.

B. No penalties/strictures were imposed on the Company by the stock exchanges or SEBI or any statutory authority in any matters related to the capital markets during the last three years.

C. The Company does not have a formal Whistle Blower Policy (constitution of which is a non mandatory requirement). No employee has been denied access to the Audit Committee.

D. Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement, as applicable. Though the Company does not comply with the non-mandatory requirements on date, the Company is committed towards complying with Clause 49 as a whole and will take suitable measures as and when possible.

VIII RISK MANAGEMENT FRAMEWORK

Risk Management Framework is the process of identification, assessment, and prioritization of risks with the purpose of application of resources to minimize, monitor, and control the likelihood and/or impact of unfortunate events identified as risks. The purpose of the risk management framework is to assist the Board in identification, evaluation and mitigation of operational, strategic and external environment risks.

The objective of the Risk Management policy is to manage the risks involved in all activities of the Company to maximize opportunities and minimize adversity. The policy aims to assist the Management in decision making processes that will minimize potential losses, improve the management of uncertainty and to approach the new opportunities, thereby helping the Company to achieve its objectives.

The key objectives of the Risk Management policy are:

- To safeguard the Company properties, interests, and interest of all the stakeholders;
- To lay down a framework for identification, measurement, reporting, evaluation and mitigation of various risks;
- To evolve the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects, which the business and operations of the Company are exposed to;
- To maintain a balance between the cost of managing risk and the anticipated benefits; and
- To create awareness among the employees to assess risks on a continuous basis and develop risk mitigation plans in the interest of the Company.

The framework casts a responsibility on each risk owner to identify and analyse risks with the respective departmental head and mitigate the same in consultation with the Management. The status of risk analysis, review with risk scores is periodically presented before the Board of Directors of the Company.

IX MEANS OF COMMUNICATION

The Company publishes its quarterly, half yearly and annual results in the prescribed form, within the prescribed time. The results are submitted to the stock exchanges where the Company's shares are listed and the same are published in Economic Times and Maharashtra Times. These financial results are also displayed on the Company's web-site www.eClerx.com.

The quarterly investor presentations after declaration of quarterly, half-yearly and annual results are displayed on the Company's website. The Company's web-site also displays the official news releases.

As a transparency initiative, your Company has explained its business comprehensively in Management Discussion and Analysis, which forms part of this Annual Report.

X SHAREHOLDERS' INFORMATION

Annual General Meeting

Date : Thursday, September 16, 2010

Time : 10:15 a.m.

Venue : Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020

Financial Calendar (tentative) for the year April 1, 2010 – March 31, 2011	
June 30, 2010	Last week of July 2010
September 30, 2010	Last week of October 2010
December 31, 2010	Last week of January 2011
March 31, 2011	Last week of May 2011
Eleventh Annual General Meeting	Second fortnight of August 2011

The financial year of the Company ends on March 31.

Dates of Book Closure: Wednesday, September 8, 2010 to Thursday, September 16, 2010.

Dividend Payment Date: If declared, shall be paid on/after Thursday, September 16, 2010.

Bank Details

Shareholders holding shares in the physical form are requested to promptly notify/send the following details to the Registrar and Transfer Agent of the Company, to facilitate better servicing:-

(i) Any change in their address/mandate/bank details, and

(ii) Particulars of the bank account in which they wish their dividend to be credited, in case have not been furnished earlier.

Shareholders are advised that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares held in the physical form and in the dematerialised form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

Shares held in electronic form

Shareholders holding shares in electronic form may please note that:

(i) Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these depositories to the Company.

(ii) Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.

(iii) Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

Listing on Stock Exchanges

The equity shares of the Company got listed on December, 31 2007. The shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company's payment of listing fees is up-to-date.

Stock Codes

- The Bombay Stock Exchange Limited
  Scrip code : 532927
- National Stock Exchange of India Limited
  Scrip code : ECLERX
- ISIN No. for NSDL/CDSL : INE738I01010

Unclaimed Dividend

Section 205C of the Companies Act, 1956 requires the Company to transfer dividend that has not been claimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund.

In accordance with the schedule below, the dividend for the years mentioned therein, if unclaimed within the stipulated period of seven years, will be transferred to the said Investor Education and Protection Fund:

Year	Nature of Dividend	Dividend Per Share (Rs.)	Date of Declaration	Due Date for Transfer	Amount* (Rs.)
2007-08	Final Dividend	2.00	September 1, 2008	September 30, 2015	74,458
2008-09	Interim Dividend	2.50	October 30, 2008	November 29, 2015	89,268
2008-09	Final Dividend	10.00	August 26, 2009	September 25, 2016	108,269
2009-10	Interim Dividend	7.50	October 28, 2009	November 27, 2016	105,414

**Amount unclaimed as on March 31, 2010*

The shareholders who have not claimed their dividend are advised to do the same, as once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

Balance in IPO Refund Account

The IPO Refund Account of the Company was having a balance of Rs. 534,355/- as on March 31, 2010 pertaining to IPO share application money of investors, paid in December 2007. The Company has sent repeated communications to the concerned investors as per details available with it, however, it has not received any response from them. The investors concerned are requested to claim the same, as pursuant to Section 205 of the Companies Act, 1956, the balance in the said Account will be transferred to IEPF, if the same remains unclaimed for a period of seven years and thereafter no claim shall lie in respect thereof with the Company.

Details of Unclaimed shares pursuant to Clause 5A of the Listing Agreement are as follows:

Sr. No.	Description	No. of Shareholders	No. of Shares
1	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on April 1, 2009	27	588
2	Number of Shareholders approached the Company during the year to claim aforesaid unclaimed shares	6	135
3	Number of shareholders to whom shares were transferred during the year, as aforesaid	6	135
4	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2010	21	453

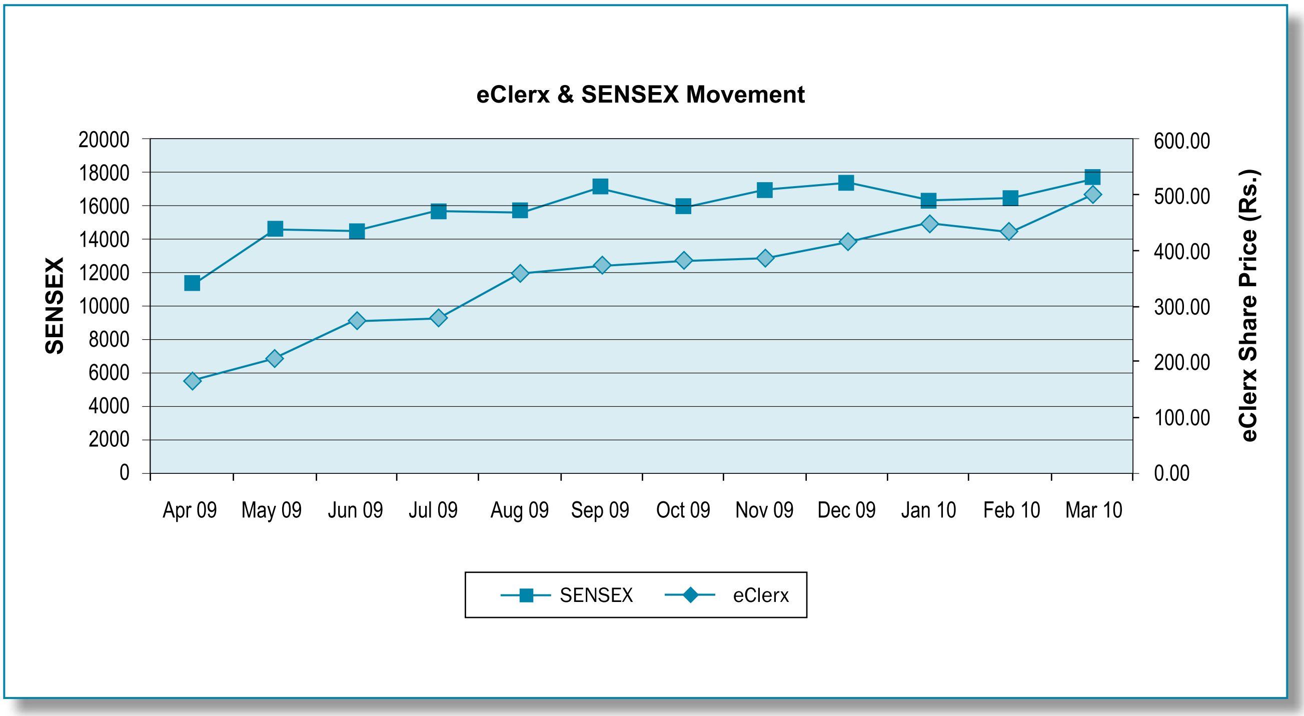
As required under the said Clause of the Listing Agreement the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Market Price Data

Market Price Data (in Rs. per share)

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	196.50	117.90	195.65	112.30
May 2009	215.00	150.00	215.00	148.10
June 2009	290.35	210.50	286.70	210.00
July 2009	318.60	206.00	315.60	220.00
August 2009	382.00	279.80	383.20	280.00
September 2009	388.00	330.00	389.00	332.00
October 2009	406.00	361.50	409.00	360.25
November 2009	432.20	365.20	433.00	362.05
December 2009	427.85	378.00	427.00	376.00
January 2010	508.00	410.15	510.00	411.15
February 2010	485.00	428.65	488.00	425.00
March 2010	553.00	426.30	553.70	428.00

The performance comparison of eClerx Services Limited's closing share prices at the end of each month with BSE SENSEX is presented below:



Share Transfer System

About 97% of the equity shares of the Company are in dematerialised form. Transfer of these shares is effected through depositories without involvement of the Company. As regards transfer of shares in physical form, the same are processed and approved on a regular basis and the certificates are returned to the shareholders within 30 days from the date of receipt (subject to the documents being valid and complete in all respects).

Distribution of Shareholding as at March 31, 2010:

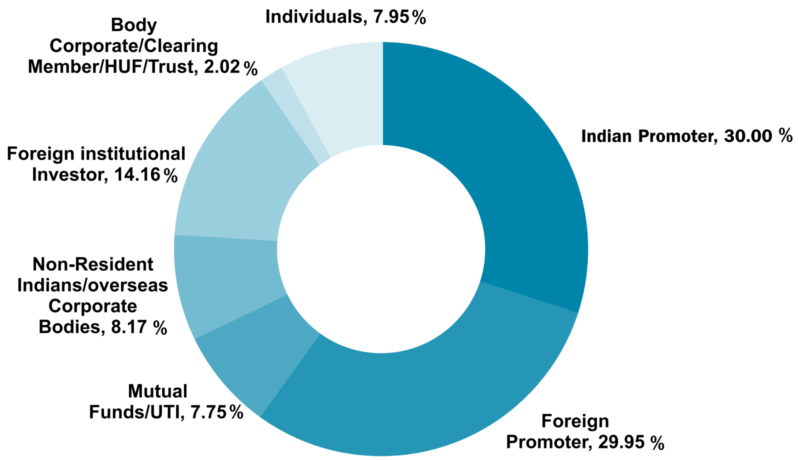
Category	Number of Shareholders	% of Total Shareholders	No. of Shares Held	% of Total Shareholding
From - To				
1 - 5000	14,184	98.32	479,806	2.52
5001 - 10000	87	0.60	68,432	0.36
10001 - 20000	54	0.37	78,712	0.41
20001 - 30000	20	0.14	53,557	0.28
30001 - 40000	15	0.10	54,431	0.29
40001 - 50000	6	0.04	28,454	0.15
50001 - 100000	20	0.14	153,719	0.81
100001 and Above	40	0.27	18,113,988	95.18
Total	**14,426**	**100**	**19,031,099**	**100**

Shareholding Pattern

The shareholding pattern of the Company as on March 31, 2010 was as under:

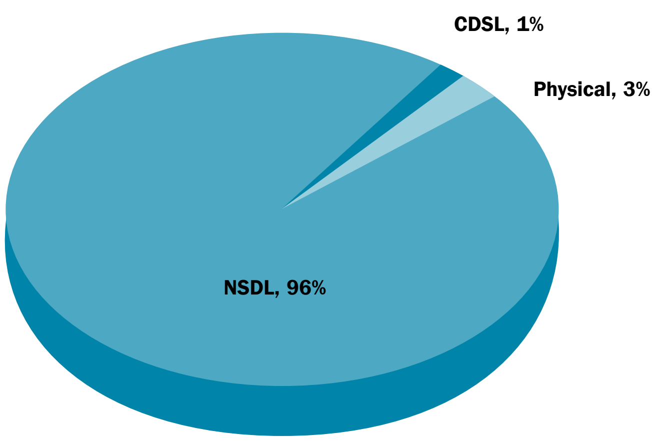
S. No.	Category of Shareholder	No. of Shares	% Shareholding
(A)	**Shareholding of Promoter and Promoter Group**		
1	Indian	5,709,625	30.00
2	Foreign	5,700,250	29.95
	Total Promoters Shareholding (A)	11,409,875	59.95
(B)	**Public Shareholding**		
1	**Institutions**		
(a)	Mutual Funds/UTI	1,474,199	7.75
(b)	Financial Institutions/Banks/Insurance Companies		
(c)	Non-Resident Indians/Overseas Corporate Bodies	1,554,158	8.17
(d)	Foreign Institutional Investor	2,694,826	14.16
2	**Non-Institutional Investor**		
(a)	Body Corporate/Clearing Member/HUF/Trust	384,418	2.02
(b)	Individuals	1,513,623	7.95
	Total Public Shareholding (B)	7,621,224	40.05
	Total (A)+(B)	**19,031,099**	**100.00**

Break-up of shareholding pattern as on March 31, 2010:



Dematerialisation of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialised form and are admitted for trading under both depository systems in India i.e NSDL and CDSL. A total number of 1,85,37,968 Equity shares of the Company constituting over 97.41 per cent of the Company's equity shares were dematerialised as at March 31, 2010.



Office Locations

- **Registered office:**
  - Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai - 400 023
- **Corporate offices:**
  - 105-108, B-Wing, Navbharat Estate, Zakaria Bunder Road, Sewri (West), Mumbai – 400 015
  - 202, Ashok Silk Mills, L.B.S. Road, Ghatkopar (West), Mumbai – 400 086
  - 301, 3rd Floor, Raheja Plaza 1, L.B.S. Road, Ghatkopar (West), Mumbai – 400 086
  - Unit No. 401, 4th Office Level, Building no. 14, Plot No. 3 (part), Airoli, Thane Belapur Road, Navi Mumbai - 400 708

- Block No. 1, 5th Floor, DLF Akruti IT Park, Rajiv Gandhi Infotech Park, Hinjewadi Phase-II, Pune - 411 057

Shareholder Inquiries

Questions concerning folio, share certificates, dividend, address changes, consolidation of certificates and related matters should be addressed to the Company at its Registered office or its Registrar and Transfer Agent at the respective addresses.

Registered office:
eClerx Services Ltd
Sonawala Building, 1st Floor
29 Bank Street, Fort, Mumbai - 400 023

Registrar and Transfer Agent:
Karvy Computershare Private Ltd
Plot No. 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081

Code of Conduct Declaration

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's code of conduct

To
The Members of
eClerx Services Limited

Pursuant to Clause 49I(D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board members and senior management personnel of the Company, for the year ended on March 31, 2010.

For **eClerx Services Limited**

P. D. Mundhra
Executive Director

Place: Mumbai
Date: July 30, 2010

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification, issued pursuant to the provisions of Clause 49 of the Listing Agreement

The Board of Directors

eClerx Services Limited

Dear Sirs,

We hereby certify that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2010 and that to the best of our knowledge and belief:

    i. Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    ii. Financial statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit committee:

    i. Significant changes if any in internal control over financial reporting during the year;

    ii. Significant changes if any in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

    iii. Instances of any fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

P.D. Mundhra
Executive Director

Sachin Rastogi
Associate Principal

Mumbai
May 25, 2010

Auditors' Certificate on compliance of conditions of Corporate Governance

To
The Members,
eClerx Services Limited

We have examined the compliance of the conditions of Corporate Governance by eClerx Services Limited for the year ended March 31, 2010 as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No.F-42423

Mumbai
May 25, 2010

Auditors' Report

To,

The Members of eClerx Services Limited

1. We have audited the attached Balance Sheet of eClerx Services Limited (the 'Company'), as at March 31, 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to above, we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. The financial statements dealt with by this report are in agreement with the books of account;

   d. On the basis of written representations received from the directors, as at March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

   e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

      i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

      ii) the Profit and Loss Account, of the profit for the year ended on that date; and

      iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No.F-42423

Mumbai
May 25, 2010

Annexure to the Auditors' Report of even date to the members of eClerx Services Limited, on the financial statements for the year ended March 31, 2010

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets are physically verified by the management in accordance with a phased programme designed to cover all the assets once in two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

ii) (a) The Company does not have any tangible inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.

(iii) (a) There are four companies covered in the register maintained under section 301 of the Act to which the Company has granted unsecured loans. The maximum amount outstanding during the year was Rupees 12.80 million and the year-end balance was Rupees 3.02 million.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.

(c) In respect of such loans granted, repayment of the principal amounts is as stipulated and payment of interest has been regular.

(d) There is no amount overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sells any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.

(b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of the services rendered by the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.

(b) There are no amounts in respect of sales tax, customs duty, wealth tax, service tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rupees in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demand	1.59	Assessment Year 2005-06	Commissioner of Income Tax
Income Tax Act, 1961	Income tax demand	11.52	Assessment Year 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax demand	16.02	Assessment Year 2007-08	Commissioner of Income Tax

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank during the year.

(xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) In our opinion, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) The Company did not have any term loans outstanding during the year. Accordingly the provisions of clause 4(xvi) of the Order are not applicable.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements covered by our audit report.

(xxi) In our opinion, no fraud on or by the Company has been noticed or reported during the year covered by our audit.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No.F-42423

Mumbai
May 25, 2010

Balance Sheet as at March 31, 2010

(Rupees in million)

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	A	190.31	189.27
Stock Options Outstanding		2.30	0.98
Stock Options Pending Allotment		0.17	-
Reserves and Surplus	B	1,802.49	1,462.21
		1,995.27	**1,652.46**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	C	433.37	377.40
Less: Accumulated Depreciation and Amortisation		243.04	179.44
Net Block		**190.33**	**197.96**
Add: Capital Work in Progress (including capital advances)		22.07	0.26
		212.40	**198.22**
Investments	D	908.58	984.73
Deferred Tax Assets (Refer Note III-4 of Schedule N)		7.22	7.14
Current Assets, Loans and Advances			
Sundry Debtors	E	392.25	450.59
Cash and Bank Balances	F	453.34	189.20
Loans and Advances	G	497.12	301.16
		1,342.71	**940.95**
Less : Current Liabilities and Provisions			
Liabilities	H	226.64	234.16
Provisions	I	249.00	244.42
		475.64	**478.58**
Net Current Assets		**867.07**	**462.37**
		1,995.27	**1,652.46**
Significant Accounting Policies and Notes to Accounts	N		

The schedules referred to above form an integral part of the financial statements.

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

V.K. Mundhra Chairman

P.D. Mundhra Executive Director

Anjan Malik Director

Jimmy Bilimoria Director

Sachin Rastogi Associate Principal

Gaurav Tongia Company Secretary

Place : Mumbai
Date : May 25, 2010

Profit and Loss Account for the year ended March 31, 2010

(Rupees in million)

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Income from Operations		2,570.21	1,970.85
Other Income	J	54.27	48.72
		2,624.48	**2,019.57**
EXPENDITURE			
Employee compensation and related expenses	K	833.58	577.31
General and administration expenses	L	846.60	660.46
Selling and marketing expenses	M	62.27	33.67
Interest on fixed loan		-	0.36
Depreciation and amortisation	C	68.54	72.26
		1,810.99	**1,344.06**
Profit before taxes		**813.49**	**675.51**
Provision for taxation			
- Current Income Tax		87.65	68.92
- Deferred Income Tax		(0.08)	(4.86)
- Fringe Benefits Tax		-	5.02
		87.57	**69.08**
Profit after tax		**725.92**	**606.43**
Balance brought forward from previous year		492.29	223.80
Profit available for appropriation		**1,218.21**	**830.23**
Less : Appropriations			
Interim Dividend		143.36	47.44
Tax on Interim Dividend		24.37	8.06
Proposed Final Dividend		190.31	189.27
Tax on Proposed Final Dividend		31.61	32.18
Transfer to General Reserve		72.59	60.99
Balance carried to Balance Sheet		**755.97**	**492.29**
Earnings per share (Refer Note III-11 of Schedule N)			
Weighted average number of equity shares outstanding during the year			
- Basic		18,989,090	18,910,379
- Diluted		19,800,509	19,009,240
Earning per share (in Rs.)			
- Basic		38.23	32.07
- Diluted		36.66	31.90
Nominal value of shares (in Rs)		10	10
Significant Accounting Policies and Notes to Accounts	N		

The schedules referred to above form an integral part of the financial statements.

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 25, 2010

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P.D. Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Sachin Rastogi
Associate Principal

Gaurav Tongia
Company Secretary

Cash Flow Statement for the year ended March 31, 2010

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	813.49	675.51
Adjustments for :		
Depreciation and amortisation	68.54	72.26
Stock Options Outstanding	1.32	0.09
Profit on Sale of Investments (Net)	(3.17)	(0.42)
Loss on Sale of Assets	0.22	0.25
Provision for Doubtful debts	0.35	1.07
Dividend Income	(17.97)	(45.85)
Interest Income	(33.13)	(2.45)
Interest Expense	-	0.36
Operating Profit Before Working Capital Changes	**829.65**	**700.82**
Adjustments for :		
Trade and Other Receivables	57.99	(205.94)
Fixed Deposit proceeds on release of pledge	0.76	-
Loans and Advances	(186.37)	(84.97)
Current Liabilities and Provisions	0.68	101.71
Cash Generated from Operating Activities	**702.71**	**511.62**
Income Taxes paid	(101.33)	(69.59)
Net Cash Generated from Operating Activities	**601.38**	**442.03**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Investments	3,544.11	3,049.88
Purchase of Investments	(3,464.78)	(3,246.51)
Investment in Subsidiaries	(0.01)	-
Sale of Fixed Assets	0.03	0.26
Purchase of Fixed Assets (including Capital work in progress)	(82.97)	(89.62)
Interest received	33.13	2.45
Dividend received	17.97	45.85
Net Cash generated from/(used in) Investing Activities	**47.48**	**(237.69)**

Cash Flow Statement for the year ended March 31, 2010

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Short Term Loan	-	(39.97)
Proceeds from equity issued	5.22	0.19
Dividend Paid	(332.63)	(85.01)
Dividend Tax Paid	(56.55)	(14.48)
Interest paid	-	(0.36)
Net Cash used in Financing Activities	**(383.96)**	**(139.63)**
Net Increase in Cash and cash equivalents	264.90	64.71
Cash and Cash Equivalents at the beginning of the year	187.22	122.51
Cash and Cash Equivalents at the end of the year	**452.12**	**187.22**

Notes to the Cash Flow Statement

1. Cash and cash equivalents does not include Rs. 1.22 million (P.Y. Rs. 1.98 million) fixed deposits pledged with Banks.
2. Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the Cash Flow Statement comprise the following:

Cash on Hand	0.23	0.47
Balances with Scheduled Banks		
- In Current accounts	121.30	54.35
- In Unclaimed Dividend	0.38	0.17
- In Exchange earnings in foreign currency accounts	180.21	36.23
- In Fixed deposit accounts	150.00	96.00
Total	**452.12**	**187.22**

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 25, 2010

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P.D. Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Sachin Rastogi
Associate Principal

Gaurav Tongia
Company Secretary

Schedules to Financial Statements for the year ended March 31, 2010

(Rupees in million)

			As at March 31, 2010		As at March 31, 2009
A	**CAPITAL**				
	Authorised				
	30,000,000 (P.Y. 30,000,000) equity shares of Rs. 10 each		300.00		300.00
	Issued, Subscribed and Paid - up				
	19,031,099 (P.Y. 18,926,999) equity shares of Rs. 10 each		190.31		189.27
	{Of the above shares 16,547,700 (P.Y. 16,503,273) equity shares of Rs. 10 each have been issued for consideration other than cash by way of regular bonus shares and bonus shares accrued to shares issued by way of employee stock options, by capitalising free reserves}				
			190.31		**189.27**
B	**RESERVES AND SURPLUS**				
	General Reserve				
	Opening balance	234.52		173.92	
	Add: Transfer during the year	72.59		60.99	
	Less : Transfer to share capital pursuant to exercise of Stock Options	(0.32)	306.79	(0.39)	234.52
	Securities Premium				
	Opening balance	735.40		735.40	
	Add: On shares issued during the year	4.33	739.73	-	735.40
	Profit and Loss Account		755.97		492.29
			1,802.49		**1,462.21**

C FIXED ASSETS

Assets	Gross Block - At Cost				Depreciation / Amortisation				Net Block	
	As on April 1, 2009	Additions during the year	Deductions/ Adjustments	As on March 31, 2010	As on April 1, 2009	For the year	Deductions/ Adjustments	Upto March 31, 2010	As on March 31, 2010	As on March 31, 2009
Tangible										
Leasehold Improvements	89.87	1.17	-	91.04	24.84	14.32	-	39.16	51.88	65.03
Office Equipment	39.20	8.68	0.02	47.86	9.96	4.44	-	14.40	33.46	29.24
Computers	172.03	38.65	5.17	205.51	104.07	35.27	4.94	134.40	71.11	67.96
Furniture And Fixtures	39.44	0.76	-	40.20	18.07	4.12	-	22.19	18.01	21.37
Intangible										
Computer Software	36.86	11.90	-	48.76	22.50	10.39	-	32.89	15.87	14.36
Total	**377.40**	**61.16**	**5.19**	**433.37**	**179.44**	**68.54**	**4.94**	**243.04**	**190.33**	**197.96**
Previous Year	**223.21**	**158.27**	**4.08**	**377.40**	**110.75**	**72.26**	**3.57**	**179.44**	**197.96**	

Schedules to Financial Statements for the year ended March 31, 2010

(Rupees in million)

		As at March 31, 2010	As at March 31, 2009
D	**INVESTMENTS**		
	Long term (at cost) (Trade, unquoted)		
	Investments in subsidiaries		
	100 shares of US $1 each in eClerx LLC, United States of America	0.72	0.72
	100 shares of GBP 1 each in eClerx Limited, United Kingdom	3.31	3.31
	1,600,000 shares of GBP 1 each in eClerx Investments Limited, BVI	129.96	129.96
	1 share of Singapore $1 each in eClerx Private Limited, Singapore	0.01	-
	(A)	**134.00**	**133.99**
	Current (at lower of cost and fair value) (Non-trade, Unquoted)		
	18,844,034 (P.Y. 22,566,050) units of LIC Liquid Fund	206.91	247.78
	(89,161,301 units purchased, 700,919 units cumulated, 93,584,236 units sold)		
	26,457,260 (P.Y. Nil) units of LIC Income Plus Fund	264.57	-
	(38,750,000 units purchased, 207,260 units cumulated, 12,500,000 units sold)		
	NIL (P.Y. 20,507,579) units of ICICI Prudential Floating Rate Plan	-	205.12
	(NIL units purchased, 23,239 units cumulated, 20,530,818 units sold)		
	310,912 (P.Y. NIL) units of ICICI Prudential Inst. Liquid Plan	31.10	-
	(1,314,711 units purchased, 6,142 units cumulated, 1,009,941 units sold)		
	428,295 (P.Y. NIL) units of ICICI Prudential Flexible Income Plan	45.29	-
	(425,592 units purchased, 2,703 units cumulated, NIL units sold)		
	1,808,533 (P.Y. Nil) units of Birla Sweep Fund	18.30	-
	(62,637,250 units purchased, 7,382 units cumulated, 60,836,099 units sold)		
	NIL (P.Y. 5,200,000) units of HSBC Fixed Term Series 52	-	52.00
	(NIL purchased, NIL units cumulated, 5,200,000 units sold)		
	NIL (P.Y. 184,648) units of UTI Liquid cash plan Institutional	-	188.23
	(259,945 units purchased, 1,843 units cumulated, 446,436 units sold)		
	NIL (P.Y. 7,849,036) units of HDFC Liquid Fund	-	96.23
	(44,862,003 units purchased, 303,262 units cumulated, 53,014,301 units sold)		
	5,768,052 (P.Y. NIL) units of HDFC cash Mgmt Fund - Treasury Advantage	57.86	-
	(5,731,944 units purchased, 36,108 units cumulated, NIL units sold)		
	5,016,168 (P.Y. NIL) units of IDFC Cash Fund	50.17	-
	(14,996,251 units purchased, 17,418 units cumulated, 9,997,501 units sold)		
	10,036,330 (P.Y. NIL) units of IDFC Money Manager Fund	100.38	-
	(9,998,500 units purchased, 37,830 units cumulated, NIL units sold)		
	NIL (P.Y. 6,113,257) units of Canara Robeco Liquid Fund	-	61.38
	(NIl units purchased, 5,601 units cumulated, 6,118,858 units sold)		
	(B)	**774.58**	**850.74**
	(A)+(B)	**908.58**	**984.73**

Schedules to Financial Statements for the year ended March 31, 2010

(Rupees in million)

		As at March 31, 2010	As at March 31, 2009
E	**SUNDRY DEBTORS**		
	(Unsecured)		
	Considered good		
	Debts outstanding for period exceeding six months	1.42	2.85
	Other debts	390.83	447.74
	Considered doubtful		
	Debts outstanding for a period exceeding six months	1.42	1.07
	Other debts	-	-
	Less: Provision for doubtful debts	(1.42)	(1.07)
		392.25	**450.59**
F	**CASH AND BANK BALANCES**		
	Cash in Hand	0.23	0.47
	Balance with scheduled banks		
	- in Current accounts	301.51	90.58
	- in Unpaid Dividend accounts	0.38	0.17
	- in Fixed Deposit accounts	151.22	97.98
	{Rs. 1.22 million (P.Y. 1.98 million) of fixed deposits have been pledged with the banks against bank guarantees}		
		453.34	**189.20**
G	**LOANS AND ADVANCES**		
	(Unsecured, considered good)		
	Unbilled Revenues	294.86	205.30
	Foreign Currency Receivable	21.19	15.82
	Advance receivable in cash or kind or for value to be received:		
	Prepaid Expenses	17.79	12.81
	Deposits	47.22	36.21
	Advance tax (Net)	12.25	2.66
	Service Tax Credit	87.64	16.09
	Other Advances *	16.17	12.27
		497.12	**301.16**
	*Includes amount outstanding from companies under the same management.		
	eClerx Investments Limited, BVI	0.23	-
	Igentica Travel Solutions Limited	1.32	1.12
	eClerx LLC, United States of America	-	8.91
	eClerx Private Limited, Singapore	1.47	-
	Maximum outstanding balance during the year		
	eClerx Investments Limited, BVI	0.23	0.37
	Igentica Travel Solutions Private Limited	1.32	7.11
	eClerx LLC, United States of America	8.91	8.91
	eClerx Private Limited, Singapore	2.34	-

Schedules to Financial Statements for the year ended March 31, 2010

(Rupees in million)

		As at March 31, 2010	As at March 31, 2009
H	**LIABILITIES**		
	Sundry Creditors for Goods and Services* (Refer Note III-16 of Schedule N)	127.78	97.90
	Incentive Payable to employees	82.73	70.54
	Unclaimed Dividend #	0.37	0.17
	Advance Billing	4.89	58.10
	Other Liabilities	10.87	7.45
		226.64	**234.16**
	* includes amount outstanding to companies under the same management		
	eClerx LLC, United States of America	40.70	28.23
	eClerx Limited, United Kingdom	27.50	20.82
	Maximum outstanding balance during the year		
	eClerx LLC, United States of America	40.70	28.23
	eClerx Limited, United Kingdom	27.50	20.82
	Duncan Stratton & Company Limited	-	0.01
	# does not include any amount due to be credited to		
	Investor Education and Protection Fund.		
I	**PROVISIONS**		
	Provision for Gratuity*	16.98	9.14
	Provision for Leave Encashment	3.63	3.27
	Provision for Taxation (Net)	6.47	10.56
	Proposed Final Dividend	190.31	189.27
	Dividend Distribution Tax on Proposed Final Dividend	31.61	32.18
		249.00	**244.42**
	* Provision for Gratuity is net of contribution of Rs. 0.94 million (P.Y. Rs. 1.14 million) paid to LIC Gratuity Fund.		

Schedules to Financial Statements for the year ended March 31, 2010

(Rupees in million)

		Year ended March 31, 2010	Year ended March 31, 2009
J	**OTHER INCOME**		
	Interest on fixed deposit (gross)	33.03	2.26
	[Tax deducted at Source Rs. 5.16 million (P.Y. Rs. 0.46 million)]		
	Dividend	17.97	45.85
	Profit on Sale of Investments (net)	3.17	0.42
	Interest on loan given to Sudsidiary	0.10	0.19
		54.27	**48.72**
K	**EMPLOYEE COMPENSATION AND RELATED EXPENSES**		
	Salary, Bonus and Allowances *	808.94	561.93
	Contribution to Provident Fund	2.59	-
	Gratuity	9.04	3.93
	Staff Welfare	13.01	11.45
	* includes Directors remuneration of Rs. 17.50 million (P.Y. Rs. 11.08 million)	**833.58**	**577.31**
L	**GENERAL AND ADMINISTRATION EXPENSES**		
	Contract for Services	368.28	266.59
	Rent	91.28	87.85
	Legal and Professional fees	31.46	30.76
	Electricity	29.85	38.44
	Foreign Exchange Loss (Net)	159.97	91.01
	Communication expenses	36.82	32.90
	Auditor's remuneration (Refer Note III-2 of Schedule N)	1.40	1.13
	Office Expenses	5.69	7.29
	Rates and Taxes	30.57	5.29
	Computer and Server rental expenses	29.38	32.00
	Printing and Stationery	3.72	3.55
	Local Conveyance	28.29	17.27
	Donation	2.58	2.26
	Housekeeping Services	6.77	6.03
	Security charges	7.69	6.15
	Insurance	5.76	2.12
	Repairs and Maintenance		
	-Building	0.58	0.75
	-Others	4.11	2.88
	Sitting Fees	0.68	0.58
	Provision for Doubtful debts	0.35	1.07
	Bad Debts Written off	-	23.44
	Loss on Sale of Assets	0.22	0.25
	Miscellaneous expenses	1.15	0.85
		846.60	**660.46**
M	**SELLING AND MARKETING EXPENSES**		
	Advertisement expenses	2.56	1.05
	Travelling expenses	57.09	29.59
	Business Promotion expenses	2.62	3.03
		62.27	**33.67**

Schedules to Financial Statements for the year ended March 31, 2010

SCHEDULE N:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. a) Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards (AS) as notified under the Companies Act, 1956.

b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future period's results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

II. Significant Accounting Policies

a) Revenue recognition

Revenue from data analytics services and process solutions comprises from both time/unit price and fixed fee based service contracts. Revenue from time/unit price based contracts is recognised on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones specified in the customer contracts. Unbilled revenue represent costs incurred and revenues recogniseds on contracts to be billed in subsequent periods as per the terms of the contract.

Interest income is recognised using the time proportion method, based on rates implicit in the transaction.

Dividend income is recognised when Company's right to receive dividend is established.

b) Fixed assets, depreciation and amortisation

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation/amortisation. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for use before the year-end, are disclosed as capital work in progress.

Depreciation/amortisation on fixed assets is provided under Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of leasehold improvements which are amortised over the period of lease and computer software which are amortised over the estimated useful lives which generally do not exceed six years. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

c) Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment.

Long-term investments are carried at cost and provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value.

Profit or loss on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment.

d) Impairment of Assets

In accordance with AS 28 'Impairment of Assets' notified under the Companies Act, 1956, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the Profit and Loss Account or against revaluation surplus where applicable.

e) Retirement benefits

Provident Fund

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. The Company's contributions are charged to Profit and Loss account on accrual basis. The Company has no further obligations under these plans beyond its monthly contributions.

Gratuity

The Company provides for gratuity benefit, which is a defined benefit plan, covering all its eligible employees. Liability under gratuity plan is determined on actuarial valuation done by Life Insurance Corporation of India (LIC) during the year, based upon which the Company contributes to the scheme with LIC. The Company also provides for the additional liability over the amount contributed to LIC based on an actuarial valuation done by an independent actuary as at the balance sheet date.

Leave Encashment

The employees are entitled to leave encashment. Provision for the liability of employee's unutilised leave balances has been made based on an actuarial valuation carried out by an independent actuary as at the balance sheet date.

f) Taxation

Current taxes

Current income-tax expense is recognised in accordance with the provisions of Indian Income Tax Act, 1961.

Minimum alternative tax (MAT) paid in accordance to the tax laws gives rise to future economic benefits in the form of adjustment of future income tax liability. The same is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT credit is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Fringe Benefits

Provision for Fringe Benefits Tax is made in accordance with the Income Tax Act, 1961.

g) Leases

Operating Lease

Aggregate of lease rentals payable under the non-cancellable operating lease arrangements (over the initial and subsequent periods of lease) are expensed to the Profit and Loss Account as computed under the straight line method.

Schedules to Financial Statements for the year ended March 31, 2010

h) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the year is recognised in the Profit and Loss Account.

Foreign currency denominated assets and liabilities at year end are translated at exchange rates as on that date and the resulting net gain or loss is recognised in the Profit and Loss Account.

i) Forward contracts and options in foreign currencies

Forward contracts are entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on maturity, cancellation or renewal of forward contracts is recognised as income or as expense for the year.

The premium on option contract is recognised as an expense over the life of the contract.

j) Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

III. Notes to Accounts

1. Investments

The Company entered into a share purchase transaction on January 28, 2010 with shareholders of eClerx Private Limited, Singapore to acquire the entire share capital of that Company for a consideration of Singapore $ 1.

2. Auditors' remuneration (excluding service tax) has been classified as under

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
Statutory audit	1.26	1.00
Out of Pocket Expenses	0.04	0.02
Others	0.10	0.11
	1.40	**1.13**

3. Segment Reporting

The Company operates under a single primary segment i.e. data analytics and process outsourcing services.

Details of secondary segments i.e. geographical segments are as under:

(Rupees in million)

Operation revenue	Year ended March 31, 2010	Year ended March 31, 2009
United States of America	1,573.85	1,218.91
United Kingdom	324.84	385.47
Europe	545.63	220.22
Asia Pacific	125.89	146.25
Total Revenues	**2,570.21**	**1,970.85**

Schedules to Financial Statements for the year ended March 31, 2010

4. Deferred Tax Balances

The components of deferred tax assets arising on account of timing differences between taxable income and accounting income are as follows:

(Rupees in million)

	As at March 31, 2010	As at March 31, 2009
Deferred Tax Assets		
Depreciation	1.11	1.39
Provision for gratuity	3.56	3.39
Provision for leave encashment	0.03	0.13
Provision for lease equalisation	2.52	2.23
Total	**7.22**	**7.14**

5 Operating Leases

The Company has various operating leases for office facilities and residential premises for employees which include leases that are renewable on a yearly basis, cancellable at its option and other long term leases.

(Rupees in million)

	As at March 31, 2010	As at March 31, 2009
Lease payments recognised in the Profit and Loss Account	89.34	85.64
Future minimum lease payments for non-cancellable operating leases		
Not Later than one year	108.36	83.15
Later than one year, but not later than five years	422.20	283.12
Later than five years	455.40	227.47

6. Capital commitments

(Rupees in million)

	As at March 31, 2010	As at March 31, 2009
Capital Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	36.36	0.17

7. Employees Stock Option Plan (ESOP)

ESOP 2005 scheme:

The Company instituted ESOP 2005 scheme under which 750,000 stock options have been allocated for grant to the employees. The scheme was approved by our shareholders at the Extra Ordinary General Meeting held on November 16, 2005.

	Year ended March 31, 2010		Year ended March 31, 2009	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	473,975	116.21	591,375	106.93
Granted during the year	-	-	-	-
Forfeited / cancelled	67,875	84.13	59,250	136.92
Exercised	104,100	28.39	58,150	0.67
Balance as at the end of the year	**302,000**	**132.66**	**473,975**	**116.21**

Schedules to Financial Statements for the year ended March 31, 2010

ESOP 2008 scheme:

The Company instituted ESOP 2008 scheme under which 1,000,000 stock options have been allocated for grant to the employees. The scheme was approved by the shareholders by way of postal ballot, the result of which was declared on May 19, 2008.

The details of options granted, forfeited and exercised under the aforementioned schemes are given below:

	Year ended March 31, 2010		Year ended March 31, 2009	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	653,000	184.04	-	-
Granted during the year	314,500	167.21	685,500	188.58
Forfeited/cancelled	146,000	167.38	32,500	280.00
Exercised	-	-	-	-
Balance as at the end of the year	**821,500**	**168.02**	**653,000**	**184.04**

Proforma accounting for stock options granted

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share (EPS) as reported would have been as per the proforma amounts as indicated herein below:

(Rupees in million except per share data)

	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit after tax as reported	725.92	606.43
Add - Intrinsic Value Cost	1.45	0.25
Less - Fair Value Cost	22.44	17.70
Adjusted proforma Net Profit	**704.93**	**588.98**
Basic EPS as reported	38.23	32.07
Proforma Basic EPS	37.12	31.15
Diluted EPS as reported	36.66	31.90
Proforma Diluted EPS	35.60	30.98

The fair value of each option is estimated on the grant date based on the following assumptions:

ESOP 2005

Date of grant	August 30, 2007	July 1, 2007	April 1, 2007	April 1, 2007	April 1, 2007	July 1, 2006	July 1, 2006	April 1, 2006	October 1, 2005
Expected Volatility	59%	55%	63%	55%	56%	58%	57%	58%	56%
Risk Free Interest Rate	7.68%	7.54%	7.96%	7.92%	7.92%	6.69%	6.52%	7.18%	6.58%
Time to maturity (in years)	4.09	4.25	2.00	3.50	4.00	4.25	2.75	4.50	3.50
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Schedules to Financial Statements for the year ended March 31, 2010

ESOP 2008

Date of grant	April 27, 2009	January 19, 2009	January 19, 2009	May 26, 2008
Expected Volatility	67%	70%	72%	62%
Risk Free Interest Rate	5.86%	5.81%	5.70%	7.78%
Time to maturity (in years)	4.43	4.70	3.70	4.35
Dividend Yield	2.72%	0.00%	1.19%	0.00%

8. Related Party Information

As per Accounting Standard 18 - Related Party Transactions, as notified under the Companies Act, 1956, the Company's related parties and transactions with them are enumerated below:

A. Related Parties

(a) Where control exists:

1. eClerx Limited, United Kingdom (wholly owned subsidiary)
2. eClerx LLC, United States of America (wholly owned subsidiary)
3. eClerx Investments Limited, British Virgin Island (wholly owned subsidiary)
4. eClerx Private Limited, Singapore (wholly owned subsidiary) (w. e. f. January 28, 2010)
5. Igentica Travel Solutions Limited (99.4% held by eClerx Investments Limited, BVI)
6. * Igentica Limited (100% held by Igentica Travel Solutions Limited)
7. * Electrobug Technologies Limited (100% held by Igentica Travel Solutions Limited)
8. * E-Bug Pricing Intelligence Limited (100% held by Electrobug Technologies Limited)

* These companies have been wound up on March 17, 2009

(b) Enterprises where Key Managerial Person and/or relative of such personnel have significant influence:

1. Duncan Stratton & Company Limited
2. Inner Challenges Private Limited

(c) Key Management Personnel:

1. V.K. Mundhra (Chairman)
2. P. D. Mundhra (Executive Director)
3. Anjan Malik (Director)

B. Details of Related Party Transactions

The Company has identified the following related party transactions in accordance with the requirement under AS 18, as notified under the Companies Act, 1956:

Schedules to Financial Statements for the year ended March 31, 2010

(Rupees in million)

Sr. No.	Name	Nature of Transaction	Relationship	Transactions during the year		Outstanding Balance as at	
				March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
1	eClerx Limited, United Kingdom	Contract for Services	Wholly owned subsidiary	183.54	142.80	27.50 Payable	20.82 Payable
		Expenses incurred by holding Company on behalf of subsidiary		4.29	2.33		
		Expenses incurred by subsidiary on behalf of holding Company		2.76	0.03		
2	eClerx LLC, United States of America	Contract for Services	Wholly owned subsidiary	178.96	123.79	40.70 Payable	28.23 Payable
		Expenses incurred by holding Company on behalf of subsidiary		0.87	3.08		
		Expenses incurred by subsidiary on behalf of holding Company		0.38	--		
		Loan to Subsidiary		--	7.25	--	8.72 Receivable
		Interest accrued on Loan to Subsidiary		0.10	0.19	--	0.19 Receivable
3	eClerx Investments Limited	Expenses incurred on behalf of subsidiary	Wholly owned Subsidiary	0.25	0.25	0.23 Receivable	--
4	Igentica Travel Solutions Limited	Expenses incurred on behalf of subsidiary	Subsidiary	0.18	0.57	1.32 Receivable	1.12 Receivable
		Realisations by subsidiary on behalf of holding company		0.18	--		
5	Anjan Malik	Dividend	Director	99.43	25.57	--	--
		Sitting fees		0.10	0.10		
6	P. D. Mundhra	Remuneration	Director	17.50	11.08	--	--
		Dividend		99.38	25.55		
7	V.K. Mundhra	Dividend	Director	0.38	0.10	--	--
		Sitting fees		0.08	0.08		
8	Duncan Stratton & Company Limited	Rent	Common Director	0.03	0.03	--	--
9	Inner Challenges Private Limited	Travel accommodation	Relative of Director	--	0.65	--	--
10	eClerx Private Limited. Singapore	Investment in share capital	Wholly owned Subsidiary	0.01	--	1.47 Receivable	--
		Contract for Services		5.79	--		
		Expenses incurred by holding Company on behalf of subsidiary		2.43	---		

Schedules to Financial Statements for the year ended March 31, 2010

9. Disclosure pursuant to clause 32 of listing agreement

Amount of loans and advances in nature of loans outstanding from subsidiary for the year ended March 31, 2010:

(Rupees in million)

Subsidiary Company	Outstanding as on March 31, 2010	Maximum amount outstanding during the year ended March 31, 2010	Outstanding as on March 31, 2009	Maximum amount outstanding during the year ended March 31, 2009
eClerx LLC, United States of America	-	8.91	8.91	8.91
eClerx Private Limited, Singapore	1.47	2.34	-	-
eClerx Investments Limited	0.23	0.23	-	-
Igentica Travel Solutions Pvt. Ltd.	1.32	1.32	1.12	7.12

10. The aggregate managerial remuneration under section 198 of the Companies Act, 1956 to the directors is:

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
Whole-time Director		
Salary and perquisites	17.50	11.08
Non-Whole-time Directors		
Sitting Fees	0.68	0.58
Total	**18.18**	**11.66**

The above does not include gratuity and leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the director are not available.

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and calculation of maximum remuneration payable to directors is as follows:

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
Profit before tax as per Profit and Loss Account	**813.49**	**675.51**
Add: Non-whole time Directors sitting fees	0.68	0.58
Remuneration to whole time Director	17.50	11.08
Less: Loss on sale of fixed assets (net)	(0.22)	(0.25)
Profits for computation of Directors Commission	**831.45**	**686.92**
Maximum remuneration of one whole time Director under provisions of the Companies Act, 1956 @ 5%	41.57	34.35
Maximum remuneration of non- whole time Director under provisions of the Companies Act, 1956 @ 1%	8.32	6.87

Schedules to Financial Statements for the year ended March 31, 2010

11. Earnings Per Share

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

(Rupees in million)

		Year ended March 31, 2010	Year ended March 31, 2009
Profit after tax attributable to shareholders	A	725.92	606.43
Weighted average number of equity shares outstanding during the year.			
- Basic	B	18,989,090	18,910,379
- Diluted	C	19,800,509	19,009,240
Earnings per share (Rs.)			
- Basic	A/B	38.23	32.07
- Diluted	A/C	36.66	31.90
Nominal value of shares		10	10

12. Employee Benefit Plans

The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme of the Life Insurance Corporation of India (LIC) from July 2008. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following table sets out the status of the gratuity plan for the year ended March 31, 2010 as required under AS 15 (Revised) as notified under the Companies Act, 1956

(Rupees in million)

	As at March 31, 2010	As at March 31, 2009
Change in Defined Benefit Obligation		
Opening in Defined Benefit Obligation	8.76	6.50
Current service cost	6.32	2.47
Interest Cost	-	-
Actuarial (gain)/loss	-	-
Benefits paid	(1.45)	(0.21)
Closing defined benefit obligation	**13.63**	**8.76**

Schedules to Financial Statements for the year ended March 31, 2010

(Rupees in million)

	As at March 31, 2010	As at March 31, 2009
Change in fair value of assets		
Opening fair value of assets	1.13	-
Expected return on plan assets	-	-
Actuarial gain	0.05	0.05
Contribution by employer	1.20	1.29
Benefits paid	(1.45)	(0.21)
Closing fair value of plan assets	0.93	1.13
Net Liability	**12.70**	**7.63**
Net Liability as per actuarial valuation of LIC	12.70	7.63
Additional provision made based on independent actuarial valuation	4.28	1.51
Liability as per Balance Sheet (refer schedule I)	**16.98**	**9.14**

(Rupees in million)

Expense for the year	Year ended March 31, 2010	Year ended March 31, 2009
Current service cost	4.80	2.47
Interest on defined benefit obligations	(0.05)	(0.05)
Expected return on Plan assets	-	-
Additional provision made based on independent actuarial valuation	4.29	1.51
Net actuarial losses/(gain)	-	-
Total included in employment expenses	**9.04**	**3.93**
Actual return on plan assets	9%	9%
Financial assumptions at valuation date		
Discount rate	8%	8%
Rate of increase in compensation levels of covered employees	4%	4%
Expected rate of return on plan assets	9%	9%

13. Forward contracts and options in foreign currencies

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and currency option contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank.

Schedules to Financial Statements for the year ended March 31, 2010

The Company has following outstanding forward contracts and currency option contracts as on March 31, 2010:

(Rupees in million, except average rate)

As at March 31, 2010				
Contract Type	Maturity Year (Financial Year)	Currency	Amount	Average Rate
Forward	2010 – 11	USD	$ 27.30	48.93
		Euro	€ 3.90	69.17
	2011 – 12	USD	$ 8.25	48.01
		Euro	-	-
Put Option	2010 - 11	USD	$ 6.0	46.50

As at March 31, 2009				
Contract Type	Maturity Year (Financial Year)	Currency	Amount	Average Rate
Forward	2009 – 10	USD	$ 31.00	44.20
		Euro	€ 3.75	65.67
	2010 – 11	USD	$ 6.00	50.22
		Euro	-	-
Put Option	2009 - 10	USD	$ 3.0	47.67
Forward	2009 – 10	Euro	€ 1.00	1.39

14. Secured Loans

The Company has been sanctioned working capital facilities and short term loan to the tune of Rs. 250 million from Citi Bank. The amount outstanding on account of pre-shipment export finance loan as on March 31, 2010 is Nil (P.Y. Nil). The loan is secured by way of charge on movable assets, book debts, outstanding monies, receivables, claims, bills, investments, rights to or in movable properties/movable assets forming part of current assets both present and future.

15. Initial Public Offer (IPO)

The actual utilisation of proceeds from IPO complete in the financial year 2007-08 is as under:

(Rupees in million)

Particulars	Planned as per Prospectus	Utilisation as on March 31, 2010	Balance
Acquisitions	220.00	-	220.00
Infrastructure Investments	180.00	180.00	-
Setting up of Additional Facilities	100.00	25.19	74.81
General Corporate purposes	161.00	149.22	11.78
Total	**661.00**	**354.41**	**306.59**

16. Dues to Small scale, micro and medium enterprises

Based on the information available with the Company, there are no dues payable to micro, small and medium enterprises as defined in The Micro, Small and Medium Enterprises Development Act, 2006.

17. Contingent Liabilities

Guarantees have been given by the Company on behalf of various subsidiaries against credit facilities amounting to Rs. 2.6 million (P.Y. Rs. NIL).These guarantees have been given in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of the beneficiaries fulfilling their ordinary commercial obligations.

Schedules to Financial Statements for the year ended March 31, 2010

The Company has received the following Income Tax demand notices amounting to Rs 29.13 million (P.Y. Rs. 11.52 million).

(Rupees in million)

Financial Year	Demand Amount	Status
2004-05	1.59	Appeal filed by Company with Commissioner of Income Tax
2005-06	11.52	Appeal filed by Income Tax Department with Income Tax Appellate Tribunal
2006-07	16.02	Appeal filed by Company with Commissioner of Income Tax

The amounts represent best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. Hence no provision has been made in the financial statements for these Income Tax demands.

18. Other information pursuant to Schedule VI of the Companies Act, 1956.

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
CIF value of imports:		
Capital Goods	39.57	37.38
Expenditure in foreign currency:		
Travelling expenses	31.03	9.25
Marketing expense	346.18	230.84
Server rental expenses	11.42	14.22
Earnings in foreign exchange:		
Income from services on receipt basis	2,426.16	1,804.24
Interest Income		
Remittance in foreign currency on account of dividend		
Dividend for the year		
2009-10	78.70	-
2008-09	103.90	26.10
2007-08	-	20.88
Number of non-resident shareholders for the year		
2009-10	157	-
2008-09	139	156
2007-08	-	158
Shares held by non-resident shareholders on which dividend was due for the year *		
2009-10	10,493,791	-
2008-09	10,389,962	10,440,641
2007-08	-	10,440,336

Schedules to Financial Statements for the year ended March 31, 2010

*The Company does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars given are for dividends declared and paid to non-resident shareholders for the year 2007-08, 2008-09 and 2009-10.

19. Quantitative details

The Company is in the business of providing Knowledge Process Outsourcing services. Such services are not capable of being expressed in generic unit and hence, it is not possible to give the quantitative details required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

20. The Company has a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company appoints independent consultants for conducting a Transfer Pricing Study to determine whether the transactions with associate enterprises are undertaken, during the financial year, on an "arms length basis". Adjustments, if any, arising from the transfer pricing study in the respective jurisdictions shall be accounted for as and when the study is completed for the current financial year. However the management is of the opinion that its international transactions are at arms' length so that the aforesaid legislation will not have any impact on the financial statements.

21. Previous year figures have been regrouped, wherever necessary to conform with the current year's presentation.

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 25, 2010

For and on behalf of the Board of Directors

V.K. Mundhra	**P.D. Mundhra**	**Anjan Malik**	**Jimmy Bilimoria**
Chairman	Executive Director	Director	Director
		Sachin Rastogi	**Gaurav Tongia**
		Associate Principal	Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I	**Registration Details**	
	Registration no.	125319
	State Code	11
	Balance Sheet Date	31-Mar-10
II	**Capital raised during the year**	
	(Amount in Rs.'000)	
	Public Issue	Nil
	Rights Issue	Nil
	Private Placement	Nil
	Bonus Issue	Nil
	Issue of Shares on exercise of Employee Stock Options	1041
III	**Position of mobilization and deployment of funds**	
	(Amount in Rs.'000)	
	Total Liabilities	1,995,274
	Total Assets	1,995,274
	SOURCES OF FUNDS	
	Paid up Capital	190,311
	Stock Option Outstanding	2,301
	Stock Options Pending Allotment	173
	Reserves and surplus	1,802,489
	Secured Loans	Nil
	Unsecured Loans	Nil
	APPLICATION OF FUNDS	
	Net Fixed Assets	212,401
	Investments	908,572
	Net Current Assets	867,077
	Deferred Tax	7,224
	Misc. Expenditure	Nil
	Accumulated Losses	Nil
IV	**Performance of the Company :**	
	(Amount in Rs.' 000)	
	Turnover (including other incomes)	2,624,481
	Total Expenditure	1,811,000
	Profit Before Tax	813,481
	Net Profit After Tax	725,914
	Earnings Per Share (Rs.)	38.23
	Interim Dividend Rate (%)	75%
	Proposed Final Dividend Rate (%)	100%
V	**Generic names of Principal Product/Services of the Company**	
	Item Code No.(ITC Code)	Not Applicable
	Product Description	Knowledge Process Outsourcing

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P.D. Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Sachin Rastogi
Associate Principal

Gaurav Tongia
Company Secretary

Place : Mumbai
Date : May 25, 2010

Auditors' Report

To,

The Board of Directors of eClerx Services Limited

1. We have audited the attached Consolidated Balance Sheet of eClerx Services Limited and its subsidiaries, (the 'Group') as at March 31, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, as notified under the Companies Act, 1956 and on the basis of separate audited financial information of the Group.

4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

   i) the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

   ii) the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

   iii) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No.F-42423

Mumbai
May 25, 2010

Consolidated Balance Sheet as at March 31, 2010

(Rupees in million)

	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	A	190.31	189.27
Stock Options Outstanding		2.30	0.98
Stock Options Pending Allotment		0.17	-
Reserves and Surplus	B	1,806.04	1,466.28
Minority Interest		-	-
		1,998.82	**1,656.53**
APPLICATION OF FUNDS			
Goodwill		101.40	108.29
Fixed Assets			
Gross Block	C	445.53	382.72
Less: Accumulated Depreciation and Amortisation		246.46	181.65
Net Block		**199.07**	**201.07**
Add: Capital Work in Progress (including capital advances)		22.07	0.97
		221.14	**202.04**
Investments	D	774.58	850.74
Deferred Tax Assets (Refer Note III-5 of Schedule N)		7.22	7.14
Current Assets, Loans and Advances			
Sundry Debtors	E	392.25	450.59
Cash and Bank Balances	F	472.24	212.80
Loans and Advances	G	501.12	306.62
		1,365.61	**970.01**
Less : Current Liabilities and Provisions			
Liabilities	H	219.97	230.64
Provisions	I	251.16	251.05
		471.13	**481.69**
Net Current Assets		**894.48**	**488.32**
		1,998.82	**1,656.53**
Significant Accounting Policies and Notes to Accounts	N		

The schedules referred to above form an integral part of the financial statements.

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 25, 2010

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P.D. Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Sachin Rastogi
Associate Principal

Gaurav Tongia
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2010

(Rupees in million)

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Income from Operations		2,570.21	1,972.77
Other Income	J	54.17	50.54
		2,624.38	**2,023.31**
EXPENDITURE			
Employee compensation and related expenses	K	1,077.81	748.84
General and administration expenses	L	552.22	442.65
Selling and marketing expenses	M	96.26	57.73
Interest on fixed loan		-	0.36
Depreciation and amortisation	C	69.94	73.14
		1,796.23	**1,322.72**
Profit before goodwill amortisation and taxes		**828.15**	**700.59**
Goodwill amortisation		-	6.27
Profit before taxes		**828.15**	**694.32**
Provision for taxation			
- Current Income Tax		92.86	76.34
- Deferred Income Tax		(0.08)	(4.86)
- Fringe Benefits Tax		-	5.02
		92.78	**76.50**
Profit after tax		**735.37**	**617.82**
Minority Interest		-	-
Profit for the period		**735.37**	**617.82**
Balance brought forward from previous year		507.95	228.07
Profit available for appropriation		**1,243.32**	**845.89**
Less : Appropriations			
Interim Dividend		143.36	47.44
Tax on Interim Dividend		24.37	8.06
Proposed Final Dividend		190.31	189.27
Tax on Proposed Final Dividend		31.61	32.18
Transfer to General Reserve		72.59	60.99
Balance carried to Balance Sheet		**781.08**	**507.95**
Earnings per share (Refer Note III-10 of Schedule N)			
Weighted average number of equity shares outstanding during the year			
- Basic		18,989,090	18,910,379
- Diluted		19,800,509	19,009,240
Earning per share (in Rs.)			
- Basic		38.73	32.67
- Diluted		37.14	32.50
Nominal value of shares (in Rs)		10	10
Significant Accounting Policies and Notes to Accounts	N		

The schedules referred to above form an integral part of the financial statements.

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 25, 2010

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P.D. Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Sachin Rastogi
Associate Principal

Gaurav Tongia
Company Secretary

Cash Flow Statement for the year ended March 31, 2010

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	828.15	694.32
Adjustments for :		
Depreciation and amortisation	69.94	73.14
Stock Options Outstanding	1.32	0.09
Profit on Sale of Investments (Net)	(3.17)	(0.42)
Loss on Sale of Fixed Assets	0.22	0.25
Provision for Doubtful debts	0.35	1.07
Dividend Income	(17.97)	(45.85)
Interest Income	(33.03)	(4.27)
Interest Expense	-	0.36
Goodwill amortisation	-	6.27
Operating Profit Before Working Capital Changes	**845.81**	**724.96**
Adjustments for :		
Trade and Other Receivables	57.99	(195.47)
Fixed Deposit proceeds on release of pledge	0.76	-
Loans and Advances	(184.91)	(93.81)
Current Liabilities and Provisions	(2.47)	48.36
Cash Generated from Operating Activities	**717.18**	**484.04**
Income Taxes paid	(111.01)	(72.19)
Net Cash Generated from Operating Activities	**606.17**	**411.85**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Investments	3,544.11	3,049.88
Purchase of Investments	(3,464.78)	(3,246.51)
Investment in subsidiaries	(0.01)	(37.18)
Sale of Fixed Assets	0.03	0.26
Purchase of Fixed Assets (including Capital work in progress)	(89.51)	(90.80)
Interest received	33.03	4.27
Dividend received	17.97	45.85
Net Cash generated from/(used in) Investing Activities	**40.84**	**(274.23)**

Cash Flow Statement for the year ended March 31, 2010

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Short Term Loan	-	(39.97)
Proceeds from equity shares issued	5.22	0.19
Dividend Paid	(332.63)	(85.01)
Dividend Tax Paid	(56.55)	(14.48)
Interest paid	-	(0.36)
Net Cash used in Financing Activities	**(383.96)**	**(139.63)**
Effect of Exchange fluctuation on Cash and Cash Equivalents	2.85	8.75
Net (Decrease)/Increase in Cash and cash equivalents	**260.20**	**(10.76)**
Cash and Cash Equivalents at the beginning of the year	210.82	221.58
Cash and Cash Equivalents at the end of the year	**471.02**	**210.82**

Notes to the Cash Flow Statement

1. Cash and cash equivalents does not include Rs. 1.22 million (P.Y. Rs. 1.98 million) fixed deposits pledged with Banks.
2. Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the Cash Flow Statement comprise the following:

Cash on Hand	0.23	0.47
Balances with Scheduled Banks		
- In Current accounts	121.30	54.35
- In Unclaimed Dividend	0.38	0.17
- In Exchange earnings in foreign currency accounts	180.21	36.23
- In Fixed deposit accounts	150.00	96.00
Balances with Non-scheduled Banks in foreign currencies	18.90	23.60
Total	**471.02**	**210.82**

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 25, 2010

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P.D. Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Sachin Rastogi
Associate Principal

Gaurav Tongia
Company Secretary

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

(Rupees in million)

		As at March 31, 2010	As at March 31, 2009
A	**CAPITAL**		
	Authorised		
	30,000,000 (P.Y. 30,000,000) equity shares of Rs. 10 each	300.00	300.00
	Issued, Subscribed and Paid - up		
	19,031,099 (P.Y. 18,926,999) equity shares of Rs. 10 each	190.31	189.27
	{Of the above shares 16,547,700 (P.Y. 16,503,273) equity shares of Rs. 10 each have been issued for consideration other than cash by way of regular bonus shares and bonus shares accrued to shares issued by way of employee stock options, by capitalising free reserves}		
		190.31	**189.27**
B	**RESERVES AND SURPLUS**		
	General Reserve		
	Opening balance	235.10	174.50
	Add: Transfer during the year	72.59	60.99
	Less : Transfer to share capital pursuant to exercise of Stock Options	(0.32)	(0.39)
		307.37	235.10
	Securities Premium		
	Opening Balance	735.40	735.40
	Add : On shares issued during the year	4.33	-
		739.73	735.40
	Profit and Loss Account	781.08	507.95
	Foreign Currency Translation Reserve	(22.14)	(12.17)
		1,806.04	**1,466.28**

C FIXED ASSETS

Assets	Gross Block - At Cost					Depreciation / Amortisation					Net Block	
	As on April 1, 2009	Additions during the year	Deductions/ Adjustments	Translation Exchange Difference	As on March 31, 2010	As on April 1, 2009	For the year	Deductions/ Adjust ments	Translation Exchange Difference	Upto March 31, 2010	As on March 31, 2010	As on March 31, 2009
Tangible												
Leasehold Improvements	92.02	2.87	-	(0.14)	94.75	25.18	14.73	-	(0.02)	39.89	54.86	66.84
Office Equipment	39.22	12.23	0.02	-	51.43	9.96	4.75	-	-	14.71	36.72	29.26
Computers	173.96	40.53	5.17	(0.19)	209.13	105.54	35.80	4.94	(0.14)	136.26	72.87	68.42
Furniture Fixtures	40.66	0.88	-	(0.08)	41.46	18.47	4.27	-	(0.03)	22.71	18.75	22.19
Intangible												
Computer Software	36.86	11.90	-	-	48.76	22.50	10.39	-	-	32.89	15.87	14.36
Total	**382.72**	**68.41**	**5.19**	**(0.41)**	**445.53**	**181.65**	**69.94**	**4.94**	**(0.19)**	**246.46**	**199.07**	**201.07**
Previous Year	**228.36**	**158.60**	**4.08**	**(0.16)**	**382.72**	**111.94**	**73.14**	**3.57**	**0.14**	**181.65**	**201.07**	**-**

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

(Rupees in million)

		As at March 31, 2010	As at March 31, 2009
D	**INVESTMENTS**		
	Current (at lower of cost and fair value) (Non-trade, Unquoted)		
	18,844,034 (P.Y.22,566,050) units of LIC Liquid Fund	206.91	247.78
	(89,161,301 units purchased, 700,919 units cumulated, 93,584,236 units sold)		
	26,457,260 (P.Y. Nil) units of LIC Income Plus Fund	264.57	-
	(38,750,000 units purchased, 207,260 units cumulated, 12,500,000 units sold)		
	NIL (P.Y. 20,507,579) units of ICICI Prudential Floating Rate Plan	-	205.12
	(NIL units purchased, 23,239 units cumulated, 20,530,818 units sold)		
	310,912 (P.Y. NIL) units of ICICI Prudential Inst. Liquid Plan	31.10	-
	(1,314,711 units purchased, 6,142 units cumulated, 1,009,941 units sold)		
	428,295 (P.Y. NIL) units of ICICI Prudential Flexible Income Plan	45.29	-
	(425,592 units purchased, 2,703 units cumulated, NIL units sold)		
	1,808,533 (P.Y. Nil) units of Birla Sweep Fund	18.30	-
	(62,637,250 units purchased, 7,382 units cumulated, 60,836,099 units sold)		
	NIL (P.Y. 5,200,000) units of HSBC Fixed Term Series 52	-	52.00
	(NIL purchased, NIL units cumulated, 5,200,000 units sold)		
	NIL (P.Y. 184,648) units of UTI Liquid cash plan Institutional	-	188.23
	(259,945 units purchased, 1,843 units cumulated, 446,436 units sold)		
	NIL (P.Y. 7,849,036) units of HDFC Liquid Fund	-	96.23
	(44,862,003 units purchased, 303,262 units cumulated, 53,014,301 units sold)		
	5,768,052 (P.Y. NIL) units of HDFC cash Mgmt Fund - Treasury Advantage	57.86	-
	(5,731,944 units purchased, 36,108 units cumulated, NIL units sold)		
	5,016,168 (P.Y. NIL) units of IDFC Cash Fund	50.17	-
	(14,996,251 units purchased, 17,418 units cumulated, 9,997,501 units sold)		
	10,036,330 (P.Y. NIL) units of IDFC Money Manager Fund	100.38	-
	(9,998,500 units purchased, 37,830 units cumulated, NIL units sold)		
	NIL (P.Y.6,113,257) units of Canara Robeco Liquid Fund	-	61.38
	(NIl units purchased, 5,601 units cumulated, 6,118,858 units sold)		
		774.58	**850.74**

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

(Rupees in million)

		As at March 31, 2010	As at March 31, 2009
E	**SUNDRY DEBTORS**		
	(Unsecured)		
	Considered good		
	Debts outstanding for period exceeding six months	1.42	2.85
	Other debts	390.83	447.74
	Considered doubtful		
	Outstanding for a period exceeding six months	1.42	1.07
	Others	-	-
	Less: Provision for doubtful debts	(1.42)	(1.07)
		392.25	**450.59**
F	**CASH AND BANK BALANCES**		
	Cash in Hand	0.23	0.47
	Balance with scheduled banks		
	- in Current accounts	301.51	90.58
	- in Unpaid Dividend accounts	0.38	0.17
	- in Fixed Deposit accounts	151.22	97.98
	Balances with non-scheduled Banks in foreign currencies	18.90	23.60
	{Rs. 1.22 million (P.Y. 1.98 million) of fixed deposits have been pledged with the banks against bank guarantees}		
		472.24	**212.80**
G	**LOANS AND ADVANCES**		
	(Unsecured, considered good)		
	Unbilled Revenues	294.86	205.30
	Foreign Currency Receivable	21.19	15.82
	Advance receivable in cash or kind or for value to be received:		
	Prepaid Expenses	19.76	15.33
	Deposits	50.34	48.70
	Advance tax (Net)	12.25	2.66
	Service Tax Credit	87.64	16.09
	Other Advances	15.08	2.72
		501.12	**306.62**

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

(Rupees in million)

		As at March 31, 2010	As at March 31, 2009
H	**LIABILITIES**		
	Sundry Creditors for Goods and Services	66.54	53.18
	Accrued Employee Bonus and Incentives	137.03	111.32
	Unclaimed Dividend #	0.38	0.17
	Advance Billing	4.88	58.10
	Other Liabilities	11.14	7.87
		219.97	**230.64**
	# does not include any amount due to be credited to Investor Education and Protection Fund.		
I	**PROVISIONS**		
	Provision for Gratuity *	16.98	9.14
	Provision for Leave Encashment	3.63	3.27
	Provision for Taxation (Net)	8.63	17.19
	Proposed Final Dividend	190.31	189.27
	Dividend Distribution Tax on Proposed Final Dividend	31.61	32.18
		251.16	**251.05**
	* Provision for Gratuity is net of contribution of Rs 0.94 million (P.Y. Rs. 1.14 million) paid to LIC Gratuity Fund.		

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

(Rupees in million)

		Year ended March 31, 2010	Year ended March 31, 2009
J	**OTHER INCOME**		
	Interest Income (gross)	33.03	4.27
	[Tax deducted at Source Rs. 5.16 million (P.Y. Rs. 0.46 million)]		
	Dividend	17.97	45.85
	Profit on Sale of Investments (net)	3.17	0.42
		54.17	**50.54**
K	**EMPLOYEE COMPENSATION AND RELATED EXPENSES**		
	Salary, Bonus and Allowances *	1,053.18	733.46
	Contribution To Provident Fund	2.59	-
	Gratuity	9.03	3.93
	Staff Welfare	13.01	11.45
	* includes Directors remuneration of Rs. 34.72 million (P.Y. Rs. 21.64 million)	**1,077.81**	**748.84**
L	**GENERAL AND ADMINISTRATION EXPENSES**		
	Contract for Services	-	4.56
	Rent	100.17	94.06
	Legal and Professional fees	65.48	46.28
	Electricity	29.84	38.44
	Foreign exchange loss (net)	159.74	90.88
	Communication expenses	58.39	46.60
	Auditor's remuneration (Refer Note III-3 of Schedule N)	2.64	2.63
	Office Expenses	6.80	7.81
	Rates and Taxes	32.15	6.89
	Computer and Server Rental Expenses	29.59	32.00
	Printing and Stationery	6.09	3.63
	Local Conveyance	28.29	17.27
	Donation	3.22	2.26
	Housekeeping Services	6.98	6.03
	Security Charges	7.69	6.15
	Insurance	6.41	2.23
	Repairs and Maintenance		
	- Building	0.58	0.76
	- Others	4.21	3.78
	Sitting Fees	0.68	0.58
	Provision for Doubtful Debts	0.35	1.07
	Bad Debts Written off	0.47	25.31
	Loss on Sale of Fixed Assets	0.22	0.25
	Miscellaneous Expenses	2.23	3.18
		552.22	**442.65**

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
M SELLING AND MARKETING EXPENSES		
Advertisement Expenses	3.15	2.26
Travelling Expenses	86.87	49.70
Business Promotion Expenses	6.24	5.77
	96.26	**57.73**

SCHEDULE N : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. a) BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards (AS) as notified under the Companies Act, 1956.

b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future period's results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

II. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The Consolidated Financials Statements (CFS) relates to eClerx Services Limited and its subsidiaries. The CFS have been prepared on the following basis:

i) The financial statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of the items like assets, liabilities, income and expenses.

ii) The CFS have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. The impact of change in accounting policies, if not material has been ignored.

iii) The excess/deficit, as on the date of acquisition, of the Company's investment cost over the subsidiaries networth is recognised as goodwill/capital reserve.

iv) In case of the foreign subsidiaries, the revenue items are consolidated using "average exchange rate" prevailing during the year. All the assets and liabilities as at the balance sheet date are converted at the rate of exchange prevailing at the end of the year.

v) CFS are prepared by fully eliminating intra-group balances, intra group transactions and unrealised profits from intra-group transactions

b) Revenue recognition

Revenue from data analytics services and process solutions comprises from both time/unit price and fixed fee based service contracts. Revenue from time/unit price based contracts is recognised on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones specified in the customer contracts. Unbilled revenue represent costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Interest income is recognised using the time proportion method, based on rates implicit in the transaction.

Dividend income is recognised when Company's right to receive dividend is established.

c) Fixed assets, depreciation and amortisation

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation/amortisation. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for use before the year-end, are disclosed as capital work in progress.

Depreciation/amortisation on fixed assets is provided under Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of leasehold improvements which are amortised over the period of lease and computer software which are amortised over the estimated useful lives which generally do not exceed six years. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

d) Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the management's intention at the time of purchase. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment.

Long-term investments are carried at cost and provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value.

Profit or loss on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment.

e) Impairment of Assets

In accordance with AS 28 'Impairment of Assets' notified under the Companies Act, 1956, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the Profit and Loss Account or against revaluation surplus where applicable.

f) Retirement benefits

Provident Fund

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. . The Company's contributions are charged to Profit and Loss account on accrual basis. The Company has no further obligations under these plans beyond its monthly contributions.

Gratuity

The Company provides for gratuity benefit, which is a defined benefit plan, covering all its eligible employees. Liability under gratuity plan is determined on actuarial valuation done by Life Insurance Corporation of India (LIC) during the year, based upon which the Company contributes to the scheme with LIC. The Company also provides for the additional liability over the amount contributed to LIC based on an actuarial valuation done by an independent actuary as at the balance sheet date.

Leave Encashment

The employees are entitled to leave encashment. Provision for the liability of employee's unutilised leave balances has been made based on an actuarial valuation carried out by an independent actuary as at the balance sheet date.

g) Taxation

Current taxes

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Minimum alternative tax (MAT) paid in accordance to the tax laws gives rise to future economic benefits in the form of adjustment of future income tax liability. The same is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT credit is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Fringe Benefits

Provision for Fringe Benefits Tax is made in accordance with the Income Tax Act, 1961.

h) Leases

Operating Lease

Aggregate of lease rentals payable under the non-cancellable operating lease arrangements (over the initial and subsequent periods of lease) are expensed to the Profit and Loss Account as computed under the straight line method.

i) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the year is recognised in the profit and loss account.

Foreign currency denominated assets and liabilities at year end are translated at exchange rates as on that date and the resulting net gain or loss is recognised in the Profit and Loss Account.

In respect of non-integral foreign operations, both monetary and non-monetary assets and liabilities are translated at exchange rate prevailing at the date of balance sheet while income and expense are translated at average rate for the period. The resulting exchange differences are accumulated in Foreign Currency Translation Reserve.

j) Forward contracts and options in foreign currencies

Forward contracts are entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on maturity, cancellation or renewal of forward contracts is recognised as income or as expense for the year.

The premium on option contract is recognised as an expense over the life of the contract.

k) Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

III. NOTES TO ACCOUNTS

1. Investments

a) The Company entered into a share purchase transaction on January 28, 2010 with shareholders of eClerx Private Limited, Singapore to acquire the entire share capital of that Company for a consideration of Singapore $ 1.

b) Igentica Travel Solutions Limited had acquired Electrobug Technologies Limited and Igentica Limited in the year 2006 along with goodwill which was appearing in their books of accounts as at the time of acquisition. Based on the report from an independent valuation consultant, the goodwill has been amortised in the books of account.

2. CFS as at March 31, 2010 comprise the financial statements of eClerx Services Limited and its subsidiaries as below:

Sr. No.	Name of the Company	Country of Incorporation	Shareholding and voting power
1	eClerx Limited	United Kingdom	100%
2	eClerx LLC	United States of America	100%
3	eClerx Private Limited (w. e. f. January 28, 2010)	Singapore	100%
4	eClerx Investments Limited	British Virgin Islands	100%
5	Igentica Travel Solutions Limited	United Kingdom	99.4% held by eClerx Investments Limited

3. Auditors' remuneration (excluding service tax) has been classified as under

(Rupees in million)

	Year ended March 31, 2010	Year ended March 31, 2009
Statutory audit	2.50	2.50
Out of Pocket Expenses	0.04	0.02
Others	0.10	0.11
	2.64	**2.63**

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

4. Segment Reporting

The Company operates under a single primary segment i.e. data analytics and process outsourcing services.

Details of secondary segments i.e. geographical segments are as under:

(Rupees in million)

Operational Revenues	Year ended March 31, 2010	Year ended March 31, 2009
United States of America	1,573.85	1,218.91
United Kingdom	324.84	387.39
Europe	545.63	220.22
Asia Pacific	125.89	146.25
Total Revenues	**2,570.21**	**1,972.77**

5. Deferred Tax Balances

The components of deferred tax assets arising on account of timing differences between taxable income and accounting income are as follows:

(Rupees in million)

	As at March 31, 2010	As at March 31, 2009
Deferred Tax Assets		
Depreciation	1.11	1.39
Provision for gratuity	3.56	3.39
Provision for leave encashment	0.03	0.13
Provision for lease equalisation	2.52	2.23
Total	**7.22**	**7.14**

6. Operating Leases

The Company has various operating leases for office facilities and residential premises for employees which include leases that are renewable on a yearly basis, cancellable at its option and other long term leases.

(Rupees in million)

	As at March 31, 2010	As at March 31, 2009
Lease payments recognised in the Profit and Loss Account	98.23	91.85
Future minimum lease payments for non-cancellable operating leases		
Not Later than one year	117.59	91.57
Later than one year, but not later than five years	451.61	317.93
Later than five years	464.59	241.24

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

7. Capital commitments

(Rupees in million)

	As at March 31, 2010	As at March 31, 2009
Capital Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	36.36	0.63

8. Employees Stock Option Plan (ESOP)

ESOP 2005 scheme:

The Company instituted ESOP 2005 scheme under which 750,000 stock options have been allocated for grant to the employees. The scheme was approved by our shareholders at the Extra Ordinary General Meeting held on November 16, 2005.

	Year ended March 31, 2010		Year ended March 31, 2009	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	473,975	116.21	591,375	106.93
Granted during the year	-	-	-	-
Forfeited/cancelled	67,875	84.13	59,250	136.92
Exercised	104,100	28.39	58,150	0.67
Balance as at the end of the year	**302,000**	**132.66**	**473,975**	**116.21**

ESOP 2008 scheme:

The Company instituted ESOP 2008 scheme under which 1,000,000 stock options have been allocated for grant to the employees. The scheme was approved by the shareholders by way of postal ballot, the result of which was declared on May 19, 2008.

The details of options granted, forfeited and exercised under the aforementioned schemes are given below:

	Year ended March 31, 2010		Year ended March 31, 2009	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	653,000	184.04	-	-
Granted during the year	314,500	167.21	685,500	188.58
Forfeited/cancelled	146,000	167.38	32,500	280.00
Exercised	-	-	-	-
Balance as at the end of the year	**821,500**	**168.02**	**653,000**	**184.04**

Proforma accounting for stock options granted

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share (EPS) as reported would have been as per the proforma amounts as indicated herein below:

(Rupees in million except per share data)

	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit after tax as reported	735.37	617.82
Add - Intrinsic Value Cost	1.45	0.25
Less - Fair Value Cost	22.44	17.70
Adjusted proforma Net Profit	**714.38**	**600.37**
Basic EPS as reported	38.73	32.67
Proforma Basic EPS	37.62	31.75
Diluted EPS as reported	37.14	32.50
Proforma Diluted EPS	36.08	31.58

The fair value of each option is estimated on the grant date based on the following assumptions:

ESOP 2005

Date of grant	August 30, 2007	July 1, 2007	April 1, 2007	April 1, 2007	April 1, 2007	July 1, 2006	July 1, 2006	April 1, 2006	October 1, 2005
Expected Volatility	59%	55%	63%	55%	56%	58%	57%	58%	56%
Risk Free Interest Rate	7.68%	7.54%	7.96%	7.92%	7.92%	6.69%	6.52%	7.18%	6.58%
Time to maturity (in years)	4.09	4.25	2.00	3.50	4.00	4.25	2.75	4.50	3.50
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

ESOP 2008

Date of grant	April 27, 2009	January 19, 2009	January 19, 2009	May 26, 2008
Expected Volatility	67%	70%	72%	62%
Risk Free Interest Rate	5.86%	5.81%	5.70%	7.78%
Time to maturity (in years)	4.43	4.70	3.70	4.35
Dividend Yield	2.72%	0.00%	1.19%	0.00%

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

9. Related Party Information

As per Accounting Standard 18 - Related Party Transactions, as notified under the Companies Act, 1956, the Company's related parties and transactions with them are enumerated below:

A. Related Parties

(a) Enterprises where Key Managerial Person and/or relative of such personnel have significant influence:

1. Duncan Stratton & Company Limited
2. Inner Challenges Private Limited

(b) Key Management Personnel:

1. V.K. Mundhra (Chairman)
2. P. D. Mundhra (Executive Director)
3. Anjan Malik (Director)

B. Details of Related Party Transactions

The Company has identified the following related party transactions in accordance with the requirement under AS 18, as notified under the Companies Act, 1956:

(Rupees in million)

Sr. No.	Name	Nature of Transaction	Relationship	Transactions during the year		Outstanding Balance as at	
				March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
1	Anjan Malik	Remuneration	Director	17.22	10.56	--	--
		Dividend		99.43	25.57		
		Sitting fees		0.10	0.10		
2	P. D. Mundhra	Remuneration	Director	17.50	11.08	--	--
		Dividend		99.38	25.55		
3	V.K. Mundhra	Dividend	Director	0.38	0.10	--	--
		Sitting fees		0.08	0.08		
4	Duncan Stratton & Company Limited	Rent	Common Director	0.03	0.03	--	--
5	Inner Challenges Private Limited	Travel accommodation	Relative of Director	--	0.65	--	--

10. Earnings Per Share

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

(Rupees in million)

		Year ended March 31, 2010	Year ended March 31, 2009
Profit after tax attributable to shareholders	A	735.37	617.82
Weighted average number of equity shares outstanding during the year			
- Basic	B	18,989,090	18,910,379
- Diluted	C	19,800,509	19,009,240
Earnings per share (Rs.)			
- Basic	A/B	38.73	32.67
- Diluted	A/C	37.14	32.50
Nominal value of shares		10	10

11. Forward contracts and options in foreign currencies

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and currency option contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank.

The Company has following outstanding forward contracts and currency option contracts as on March 31, 2010:

(Rupees in million, except average rate)

As at March 31, 2010				
Contract Type	Maturity Year (Financial Year)	Currency	Amount	Average Rate
Forward	2010 – 11	USD	$ 27.30	48.93
		Euro	€ 3.90	69.17
	2011 – 12	USD	$ 8.25	48.01
		Euro	-	-
Put Option	2010 – 11	USD	$ 6.0	46.50

As at March 31, 2009				
Contract Type	Maturity Year (Financial Year)	Currency	Amount	Average Rate
Forward	2009 – 10	USD	$ 31.00	44.20
		Euro	€ 3.75	65.67
	2010 – 11	USD	$ 6.00	50.22
		Euro	-	-
Put Option	2009 – 10	USD	$ 3.0	47.67
Forward	2009 – 10	Euro	€ 1.00	1.39

Schedules to Consolidated Financial Statements for the year ended March 31, 2010

12. Secured Loans

The Company has been sanctioned working capital facilities and short term loan to the tune of Rs. 250 million from Citi Bank. The amount outstanding on account of pre-shipment export finance loan as on March 31, 2010 is Nil (P.Y. Rs. Nil). The loan is secured by way of charge on movable assets, book debts, outstanding monies, receivables, claims, bills, investments, rights to or in movable properties/movable assets forming part of current assets both present and future.

13. Contingent Liabilities

The Company has received the following Income Tax demand notices amounting to Rs. 29.13 million (P.Y. Rs. 11.52 million).

(Rupees in million)

Financial Year	Demand Amount	Status
2004-05	1.59	Appeal filed by Company with Commissioner of Income Tax
2005-06	11.52	Appeal filed by Income Tax Department with Income Tax Appellate Tribunal
2006-07	16.02	Appeal filed by Company with Commissioner of Income Tax

The amounts represent best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. Hence no provision has been made in the financial statements for these Income Tax demands.

14. The Company and its various subsidiaries are required to comply with the local transfer pricing regulations, which are contemporaneous in nature. The Company appoints independent consultants annually for conducting a Transfer pricing study to determine whether transactions with associate enterprises are undertaken, during the financial year, on an arms length basis. Adjustments, if any, arising from the transfer pricing study in the respective jurisdictions shall be accounted for as and when the study is completed for the current financial year. The management is of the opinion that its international transactions are at arms length so that aforesaid legislation will not have any impact on the financial statements.

15. Previous year figures have been regrouped, wherever necessary to conform with the current year's presentation.

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 25, 2010

For and on behalf of the Board of Directors

V.K. Mundhra Chairman

P.D. Mundhra Executive Director

Anjan Malik Director

Jimmy Bilimoria Director

Sachin Rastogi Associate Principal

Gaurav Tongia Company Secretary

Statement pursuant to exemption received u/s 212(8) of the Companies Act, 1956, relating to subsidiary companies for financial year 2009-10

(Rupees in Million)

Name of Subsidiary	eClerx Limited	eClerx LLC	eClerx Investments Limited	Igentica Travel Solutions Limited (see note 1)	eClerx Private Limited (see note 2)
Financial Period ended	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
Holding Company's interest(in equity shares)	100%	100%	100%	99.40%	100%
Shares held by the Holding Company in the subsidiary	100	100	1,600,000	994	1
The net aggregate of profits or losses of the subsidiary for the current period so far as it concerns the members of the holding Company					
a. dealt with or provided for the account of the holding Company	-	-	-	-	
b. not dealt with or provided for in the accounts of the Holding Company	6.55	3.99	(0.63)	(0.8)	0.36
The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding Company					
a. dealt with or provided for in the account of the holding Company					
b. not dealt with or provided for in the accounts of the holding Company	8.09	7.40	0.98	5.06	(5.06)
"Issued and Subscribed share capital (equity shares)"	0.01	0.01	108.85	0.07	0.01
Reserves	18.98	14.51	(0.49)	(9.00)	0.37
Total Assets	41.63	54.77	108.59	0.39	2.81
Total Liabilities	22.64	40.25	0.23	9.32	2.43
Investment other than investment in subsidiaries	-	-	-	-	-
Turnover	183.89	178.95	-	-	5.81
Profit/(Loss) before Tax	8.38	7.35	(0.63)	(0.82)	0.38
Provision for tax	1.83	3.36	-	-	0.02
Profit/(Loss) after Taxation	6.55	3.99	(0.63)	(0.82)	0.36
Proposed dividend	-	-	-	-	

Notes:

1. Igentica Travel Solutions Limited is subsidiary of eClerx Investments Limited
2. eClerx Private Limited, Singapore became a wholly owned subsidiary of the Company, w.e.f. January 28, 2010.

Notice

NOTICE is hereby given that the Tenth Annual General Meeting of the members of eClerx Services Limited will be held on Thursday, September 16, 2010 at 10.15 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Financial Statements of the Company comprising of the Balance Sheet as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date along with the Schedules forming part of the accounts and annexures thereto, Report of the Directors and the Auditors thereon.

2. To declare the final dividend for the year ended March 31, 2010.

3. To re-appoint M/s. Walker, Chandiok & Co., Chartered Accountants, as statutory auditors of the Company, who retire at this Annual General Meeting, and being eligible, offer themselves for re-appointment and to fix their remuneration.

"RESOLVED THAT M/S. Walker, Chandiok & Co., Chartered Accountants, Mumbai having ICAI Registration no. 001076N be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at remuneration to be agreed between Auditors and Audit Committee of the Board of Directors."

4. To appoint a Director in place of Jimmy Bilimoria, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Vikram Limaye, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass with or without modification(s) the following resolution(s) as an **Ordinary Resolution(s):**

Appointment of Sandeep Singhal as a Director of the Company, liable to retire by rotation

"RESOLVED THAT Sandeep Singhal, who was appointed as an Additional Director of the Company w.e.f. April 30, 2010 and who holds office up to the date of this Tenth Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director, liable to retire by rotation."

7. To consider, and if thought fit, to pass with or without modification(s) the following resolution(s) as a **Special Resolution(s):**

Amendment(s) to ESOP 2008 Scheme with regards to options granted/to be granted to the employees of the Company

"RESOLVED THAT in partial modification to the earlier special resolution(s) passed by the members vide postal ballot on May 19, 2008, and Ninth Annual General Meeting held on August 26, 2009, pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and such other Regulations, as may be applicable, consent of the members be and is hereby accorded towards amending the ESOP 2008 Scheme to the effect that all unvested options as on the date of termination of employment of an employee(s) for reasons other than breach of terms of employment or policies of the Company, shall stand terminated with effect from the date of termination by the Company and specifically towards inserting following clause 7(i) after Clause 7(h) and thereby renumbering of existing clause 7(i) as 7(j):

'7 (i) In the event of termination of employment of an Option Grantee for reasons other than breach of terms of employment or policies of the Company, all unvested options as on the date of termination, shall stand terminated with effect from the date of termination by the Company.'

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the

Company be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubt that may arise in this regard at any stage and also to agree to such terms and conditions, as may be laid down by relevant authorities while granting any requisite approval, without requiring the Board to secure any further consent or approval of the members of the Company to the intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

8. To consider, and if thought fit, to pass with or without modification(s) the following resolution(s) as a **Special Resolution(s):**

Amendment(s) to ESOP 2008 Scheme with regards to options granted/to be granted to the employees of Subsidiaries of the Company

"RESOLVED THAT in partial modification to the earlier special resolution(s) passed by the members vide postal ballot on May 19, 2008, and Ninth Annual General Meeting held on August 26, 2009, pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and such other Regulations, as may be applicable, and ESOP 2008 Scheme which enables the Company to grant options to employee(s) who are in permanent employment of the subsidiaries of the Company, *inter-alia*, including the following and any of its directors whether whole time or otherwise

1. eClerx LLC
2. eClerx Limited
3. eClerx Investment Limited

the consent of the members of the Company be and is hereby accorded towards amending the ESOP 2008 Scheme to the effect that all unvested options as on the date of termination of employment of the aforesaid employee(s) for reasons other than breach of terms of employment or policies of the Company, shall stand terminated with effect from the date of termination by the Company and specifically towards inserting following clause 7(i) after Clause 7(h) and thereby renumbering of existing clause 7(i) as 7(j):

'7 (i) In the event of termination of employment of an Option Grantee for reasons other than breach of terms of employment or policies of the Company, all unvested options as on the date of termination, shall stand terminated with effect from the date of termination by the Company.'

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubt that may arise in this regard at any stage including at the time of listing of Securities and also to agree to such terms and conditions, as may be laid down by relevant authorities while granting any requisite approval, without requiring the Board to secure any further consent or approval of the members of the Company to the intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

By Order of the Board
For **eClerx Services Limited**

Place : Mumbai
Date : July 30, 2010

Gaurav Tongia
Company Secretary

Registered Office:
Sonawala Building,
1st Floor, 29 Bank Street,
Fort, Mumbai - 400 023

Notes:

1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY(S) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** In order to be effective, the proxy forms duly completed should be lodged with the Company at its registered office at least 48 hours before the commencement of the meeting.

2) The Register of Members and Share Transfer Books shall remain closed from September 8, 2010 to September 16, 2010 (both days inclusive).

3) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business is annexed herewith.

4) The certificate from the Auditors of the Company certifying that the Company's ESOP 2005 and ESOP 2008 schemes are being implemented in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions passed by the Company in the General Meeting will be available for inspection by the members at the AGM.

5) All documents referred to in the Notice are open for inspection at the registered office of the Company on all working days except Saturday between 11.00 a.m. to 6.00 p.m. up to the date of the Annual General Meeting.

6) Statutory Registers maintained pursuant to the provisions of the Companies Act, 1956, will be accordingly available for inspection by the members at the AGM.

7) Members are requested to:

   a) immediately intimate change of address, if any, to the Company quoting reference of their registered folio number;

   b) produce the duly filled-in attendance slip at the entrance of the meeting hall;

   c) bring their copy of the Annual Report to the venue of the Meeting; and

   d) send their queries, if any, on the operations of the Company, to reach the Company's Registered Office atleast 10 days before the meeting, so that the information could be compiled in advance.

8) Dividend as recommended by the Board of Directors, if declared at the meeting, shall be paid to the shareholders whose names appear on the Register of Members of the Company as per the book closure fixed for the purpose. In case of shares held in dematerialised form, the dividend thereon shall be paid to the beneficial owners, as per list provided by the Depositories for the said purpose.

9) All transfer deeds, requests for change of address, bank particulars/mandates/NECS mandates, PAN should be lodged with Company's registrar and share transfer agent, Karvy Computershare Private Limited, Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad – 500081, in case of shares held in physical form, before the book closure. The above details in respect of the shares held in electronic form should be sent to the respective depository participants by the shareholders well in time.

10) Members are requested to furnish to the registrars/ depository participants, the name and branch of the bank and account number to enable the Company to distribute dividend through National Electronic Clearing Services (NECS). In the absence of NECS facility with the shareholder's bank, the bank account details will be printed on the dividend warrants, if available.

Annexure to Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 6

Sandeep Singhal was appointed as an Additional Director of the Company w.e.f. April 30, 2010 pursuant to Section 260 of the Companies Act, 1956 read with Article 125 of the Articles of Association of the Company. Sandeep Singhal holds office of Director upto the date of this Annual General Meeting. The Company has received notice in writing alongwith requisite deposit from a member proposing his candidature for the office of Director under the provision of Section 257 of the Companies Act, 1956.

As on July 30, 2010, Sandeep Singhal does not hold any shares in the Company in his personal capacity either directly or through his dependent relatives. However, Nambe Investment Holdings, which is holding about 2,765,785 Equity Shares of Rs. 10 each of eClerx Services Limited, constituting about 9.67% of the paid up capital, is an affiliate of Sequoia Capital India Advisors Pvt. Ltd., in which Sandeep Singhal is associated as a Managing Director. Therefore, if appointed, Sandeep Singhal would hold office as a Non Executive and Non Independent Director.

Details of Sandeep Singhal in terms of the Listing Agreement are attached as an annexure to this notice. The Company has received the requisite form DD-A from Sandeep Singhal.

None of the Directors of the Company other than Sandeep Singhal himself are interested or concerned in the resolution.

The Board recommends the resolution set forth in item No.6 for the approval of the members.

ITEM NO. 7 AND 8

Pursuant to ESOP 2008 Scheme all the unvested options as on the date of resignation by the concerned employee stand terminated with effect from the date of the resignation. Further in case the Company terminates the services of an employee for breach of terms of employment/policies of the Company, options granted to the concerned employee, stand terminated with effect from the date of breach.

However the ESOP 2008 Scheme does not clearly lay down the treatment to be made to unvested options in case the services of an employee are terminated for reasons other than breach of terms of employment/policies of the Company.

The Board of Directors of the Company at its meeting held on May 25, 2010 approved the amendment(s) in ESOP 2008 scheme in a manner that, if in case the services of an employee are terminated by the Company for reason(s) other than breach of terms of employment/policies of the Company, then all unvested options as on the date of termination, will stand terminated from the said date.

Since the ESOP 2008 Scheme enables the Company to grant options to the permanent employees of its subsidiary companies, the proposed amendment will also be accordingly applicable to the employees of subsidiary companies.

A copy of the draft amended ESOP Scheme(s) is available for inspection by members at the Registered office of the Company during working hours on all working days except Saturday, between 11:00 a.m and 6:00 p.m. upto September 16, 2010.

The amendment(s) in the said ESOP schemes requires approval of the shareholders and therefore resolution proposed in item no. 7 and 8 are recommended for your approval.

None of the Directors of the Company is in any way, concerned or interested in the resolution, except to the extent of the securities that have been offered/may be offered to them under the scheme.

By Order of the Board
For **eClerx Services Limited**

Place : Mumbai
Date : July 30, 2010

Gaurav Tongia
Company Secretary

Registered office:
Sonawala Building,
1st Floor, 29 Bank Street,
Fort, Mumbai, 400 023

Annexure

Information regarding Directors seeking appointment/re-appointment in the Tenth Annual General Meeting (Pursuant to clause 49 of Listing Agreement entered into by the Company with Stock Exchanges)

Item No. 4, 5 and 6

Name	**Jimmy Bilimoria**	**Vikram Limaye**	**Sandeep Singhal**
Profession	Business Executive	Business Executive	Business Executive
Qualification	Bachelor's degree in Commerce from Sydenham College of Commerce and Economics, Mumbai. He is a Fellow Member of the Institute of Chartered Accountant, England and Wales.	Bachelor's degree in commerce from University of Mumbai, Chartered Accountant from the Institute of Chartered Accountants of India, Master's degree in business administration from Wharton School, University of Pennsylvania.	MBA with distinction from IIM Ahmedabad, an MS in molecular simulation from University of Illinois, B.Tech in Chemical Engineering from IIT Delhi.
Expertise in specific functional area	He was the Managing Director and Country Head of Ciba Speciality Chemicals India Limited in India. He has been associated with the Ciba group since 1997 and has held various positions in Ciba viz. Finance Director, Managing Director & Country Head and Vice Chairman & Managing Director. In 2007 he was appointed as a Chairman of the Company. Besides operational responsibilities, he was actively involved in various acquisition opportunities, restructuring of businesses and integration of new opportunities including joint ventures and strategic alliances. He actively contributed to the merger between Sandoz & Hindustan Ciba Geigy in formation of Novartis India Limited, and subsequent demerger of the chemical businesses to form Ciba Speciality Chemicals India Limited. Presently he is on the board of various listed companies and also Chairman/Member of various board committees.	He has over 20 years of experience with global investment banks, foreign banks and global accounting firms. He joined Infrastructure Development Finance Corporation Limited as an executive director in March, 2005.	He is a Managing Director with Sequoia Capital India Advisors Pvt Ltd. Prior to joining Sequoia Capital India, he was with WestBridge Capital Partners. Earlier, Sandeep Singhal has worked at BCG, where he advised several mid-market Indian companies on their product and marketing strategies. Prior to BCG, he worked with Hindustan Lever Limited (HLL), where he was instrumental in eleven product launches targeting Indian consumer segments that have provided significant contribution to the Company's business. Sandeep Singhal, *inter-alia*, serves on the board of the Internet and Mobile Association of India (IAMAI).
Directorships held in other Companies	• Dai-Ichi Karkaria Ltd. • Basic Oil Treating (India) Ltd. • Voltas Ltd. • Godrej Industries Ltd. • Infinity Retail Ltd. • ING Investment Management (India) Pvt Ltd. • Oberoi Realty Ltd. • National Peroxide Ltd. • Tata Tea Ltd. • Tata Realty and Infrastructure Ltd. (w.e.f. May 31, 2010)	• IDFC Ltd. • IDFC Trustee Company Ltd. • IDFC Private Equity Company Ltd. • IDFC Project Equity Company Ltd. • IDFC Projects Ltd. • IDFC Capital Ltd. • IDFC Securities Ltd. • IDFC Pension Fund Management Company Ltd. • IDFC AMC Trustee Company Pvt. Ltd. • IDFC Investment Advisors Ltd. • Securities Trading Corporation of India Ltd. • Asset Reconstruction Company (India) Ltd. • Sharekhan Ltd. • Human Value Developers Pvt. Ltd. • Orbis Capital Ltd. (w.e.f. April 19, 2010)	• Sequoia Capital India Advisors Pvt. Ltd. • Strand Life Sciences Pvt. Ltd. • Dr. Lal PathLabs Pvt. Ltd. • People Interactive (India) Pvt. Ltd. • Nazara Technologies Pvt. Ltd. • AppLabs Technologies Pvt. Ltd. • Carzonrent (India) Pvt. Ltd. • GVK Biosciences Pvt. Ltd. • What's on Media India Pvt. Ltd. • Just Dial Pvt. Ltd. • Stovekraft Pvt. Ltd. • Reamatrix Inc. • SC India Holdings Ltd.
Memberships held in committees of the Board of other Companies	<u>Chairman of Board Committee(s)</u> *Audit Committee* • National Peroxide Ltd. • Tata Tea Ltd. • Infinity Retail Ltd. <u>Member of the Board Committee</u> *Audit Committee* • Dai-Ichi Karkaria Ltd. • Infinity Retails Ltd. • Oberoi Realty Ltd. • Voltas Ltd. • Tata Realty and Infrastructure Ltd. *Investment Committee* • Voltas Ltd. *Management Remuneration Committee* • Dai-Ichi India Ltd. • Tata Tea Ltd.	<u>Chairman of Board Committee(s)</u> *Audit Committee* • IDFC Capital Ltd. • IDFC Securities Ltd. • IDFC AMC Trustee Co. Pvt. Ltd. • IDFC Investment Advisors Ltd. <u>Member of the Board Committee</u> *Investment Committee* • IDFC Capital Ltd. • IDFC Securities Ltd. *Deal Selection Committee* • IDFC Capital Ltd. *Management Compensation Committee* • IDFC Capital Ltd. • IDFC Securities Ltd. *ESOP/Compensation/Compliance Committee* • IDFC Securities Ltd. *NBFC Steering Committee* • Securities Trading Corporation of India Ltd. *Business Development & Credit Committee* • Securities Trading Corporation of India Ltd.	<u>Chairman of Board Committee(s)</u> None <u>Member of the Board Committee</u> None
Shares held in the Company as on the date of Notice	2,232 Equity shares	34 Equity shares	Nil However, Nambe Investment Holdings, which is holding about 2,765,785 Equity Shares of Rs. 10 each of eClerx Services Limited, constituting about 9.67% of the paid up capital, is an affiliate of Sequoia Capital India Advisors Pvt Ltd, in which Sandeep Singhal is associated as a Managing Director.

Notes

eClerx Services Ltd

Regd. Office: Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai - 400 023, India.

PROXY FORM

Reg. Folio No.		No. of Shares	
Client ID No.		DP ID No.	

I /We...
of..being Member/s of eClerx Services Limited hereby appoint...of...
....or failing him/her.. of...
as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held on Thursday, September 16, 2010 at 10:15 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020 and at any adjournment thereof.

Affix
Re. 1/-
Revenue
Stamp

Signed this .... day of ....2010.

Note:

1. This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

eClerx Services Ltd

Regd. Office: Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai - 400 023, India.

ATTENDANCE SLIP

Reg. Folio No.		No. of Shares	
Client ID No.		DP ID No.	

I/We, certify that I/We, am/are a Member/Proxy for the Member of the Company.

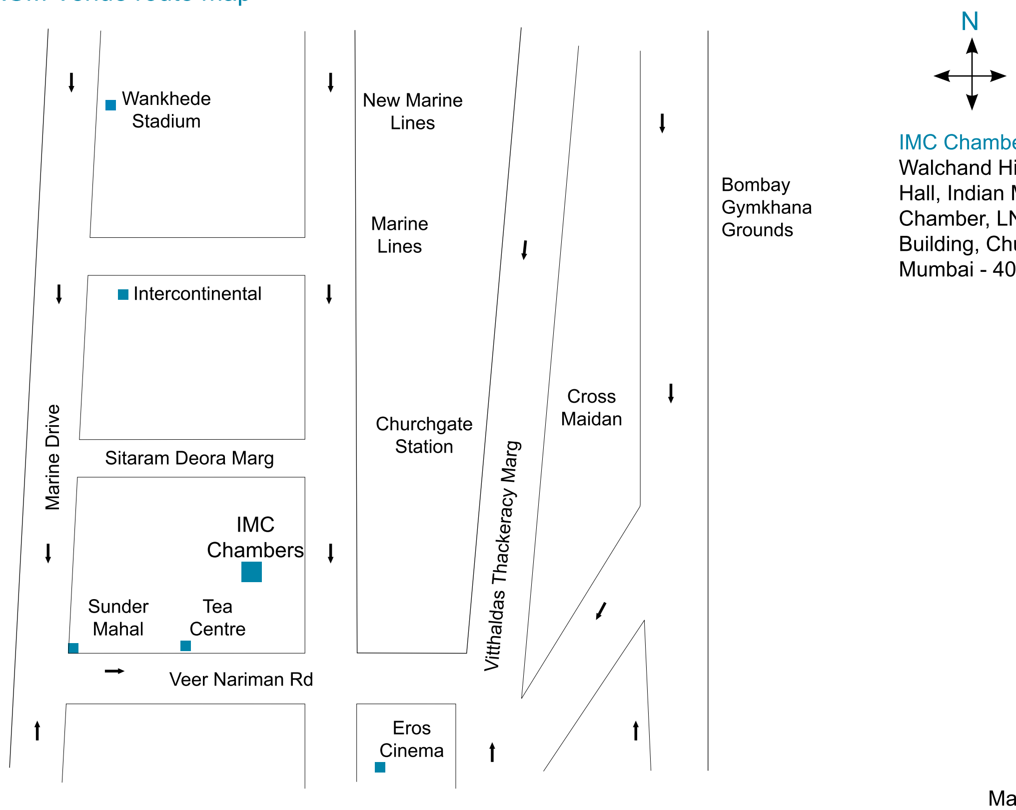
Tenth Annual General Meeting of the Company to be held on Thursday, September 16, 2010 at 10:15 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020.

Shareholder's/Proxy's name in block letters

Signature of Shareholder/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

AGM Venue route map



IMC Chambers
Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020

Map not to scale

Disclaimer : This Annual Report contains forward-looking information to enable investors to comprehend company's prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties, and assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

eClerx Services Limited
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