eClerx

precise processes | passionate people

precise processes

passionate people

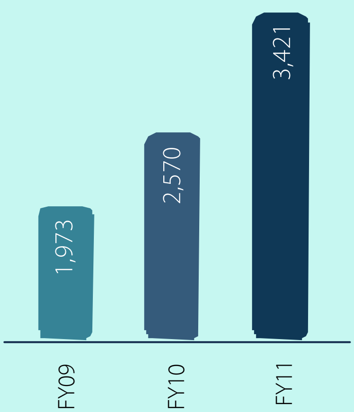
eClerx Services Limited | Annual Report 2010-11

Contents

Performance at a Glance

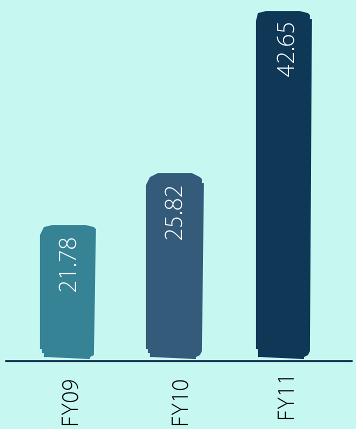
OPERATING REVENUE (₹ Mn.)

+33% YoY growth



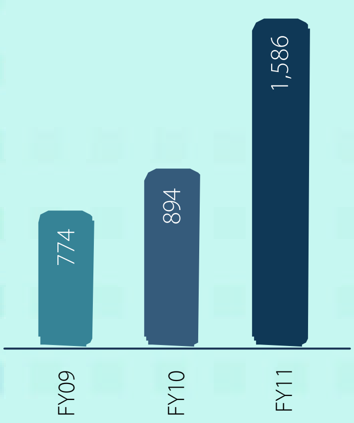
EARNINGS PER SHARE (₹)

+65% YoY growth



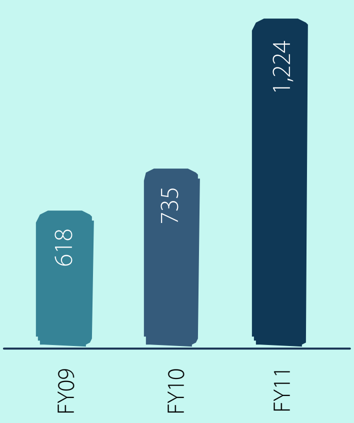
EBIDTA (₹ Mn.)

+77% YoY growth



PAT (₹ Mn.)

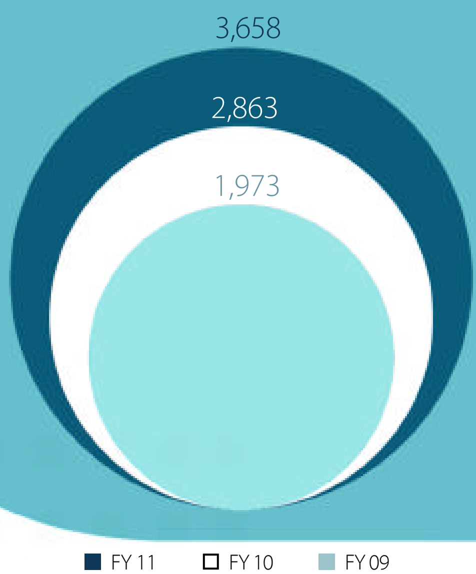
+67% YoY growth



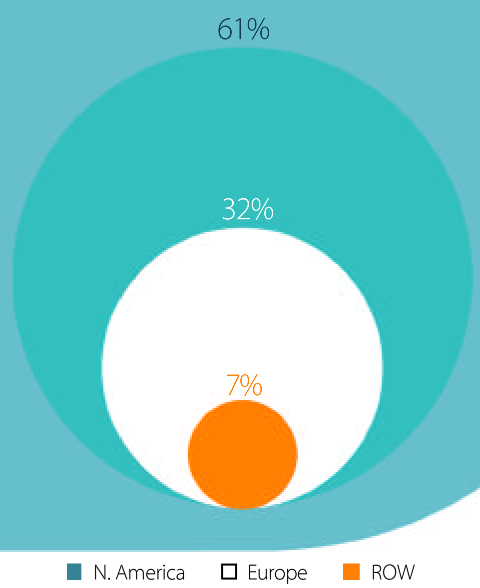
Operational Highlights

- Operating profit margin of 37%
- Net margin of 33%
- Cash and cash equivalents of ₹ 1,794 million
- Commencement of the Airoli facility
- 59% of revenue coming from SEZ facilities
- # 14 on the Black Book of Outsourcing Top 20
- Entered the 2010 Most Admired Knowledge Enterprises (MAKE) List for Asia & India
- Joined the Web Analytics Association (WAA) as Corporate Member. WAA helps shape the evolution of the digital marketing industry
- Inc500 - 8th among ITES Mid-cap Indian Companies
- Asia Finance Best Indian Mid-cap
- Inclusion in the BSE Mid-cap index

Head Count Growth



Geographic Concentration

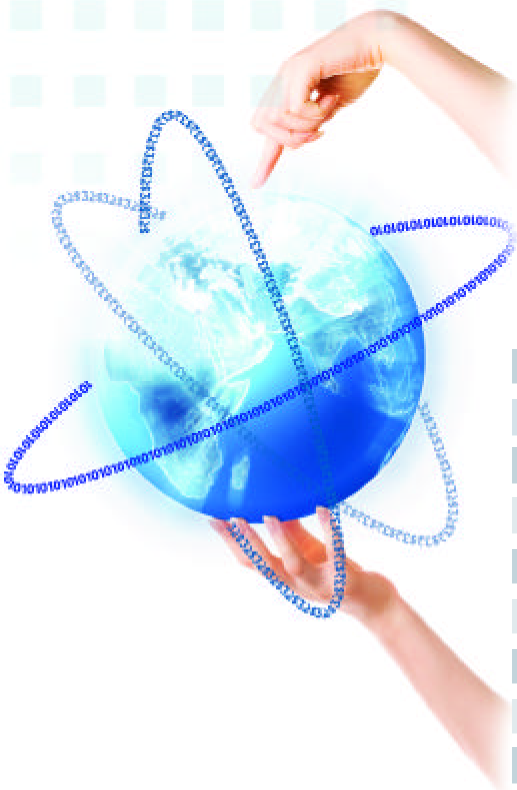


Core2Clients

Financial Services

Financial services firms are being asked to perform more with less, due to an increasingly stringent operating environment and a focus on minimizing costs. While optimizing current infrastructure, firms are also investing considerably in strategic change programs to meet regulatory requirements, streamline operations, and provide better client service.

eClerx enables financial institutions to balance these priorities by partnering with them to increase control, execute ongoing functions with a significant reduction in cost, and accelerate change initiatives by providing domain specific re-engineering expertise. We provide a broad suite of services that allow our clients to operate on a day to day basis, including trade processing, reference data, accounting and finance, and expense management activities. Our professional services practice includes consulting, business analysis and solution testing.



Our Services

- Trade Processing Support
- Reference Data Maintenance
- Contract Risk Review
- Reconciliation and Controls
- Margin and Exposure Management
- Metrics and Reporting
- Expense Management
- Accounting and Finance
- Consulting Services

Our Key Differentiators

eClerx, through years of experience, has developed a specialist capability in the financial services space. Our clients include the largest banks in the world as well as buy-side institutions, which gives us a broad perspective of the marketplace across products and allows us to develop a range of services.

As a specialist we are able to provide complex process support, promote best practices among clients, and continuously improve processes. Our shared services support functions, such as knowledge management allows us to quickly institutionalize process knowledge, while our IT teams allow us to deconstruct, design, and automate functions leading to control and efficiency.

This combination of differentiating factors, in addition to the level of responsiveness our onsite offices enable, has led to our status as a preferred vendor for financial services engagements.


9
of the top 14 global investment banks rely on eClerx for critical processes and analytics
120,000+
cash flows aggregating to 4 billion dollars confirmed every month
$500 Bn.
of risks reduced across 10 global banks by compressing trade cycles.
3,500+
portfolio investment report flows generated every month
7,500,000+
trades processed every month

Core2Clients

Sales and Marketing Services

eClerx powers the operations of the Sales & Marketing divisions of some of the largest Fortune / Financial Times / Internet Retailer 500 scale companies globally, augmenting bandwidth to drive greater quality and control to their digital operations, data management and analytics needs. Some of the key Sales & Marketing functions we support include web content management & merchandising execution, web analytics, social media moderation and analytics, search engine analytics & support, CRM platform support, lead generation, customer data management, supply chain and channel analytics, price & catalogue competitive intelligence and broader data collection, cleansing, enriching and reporting.

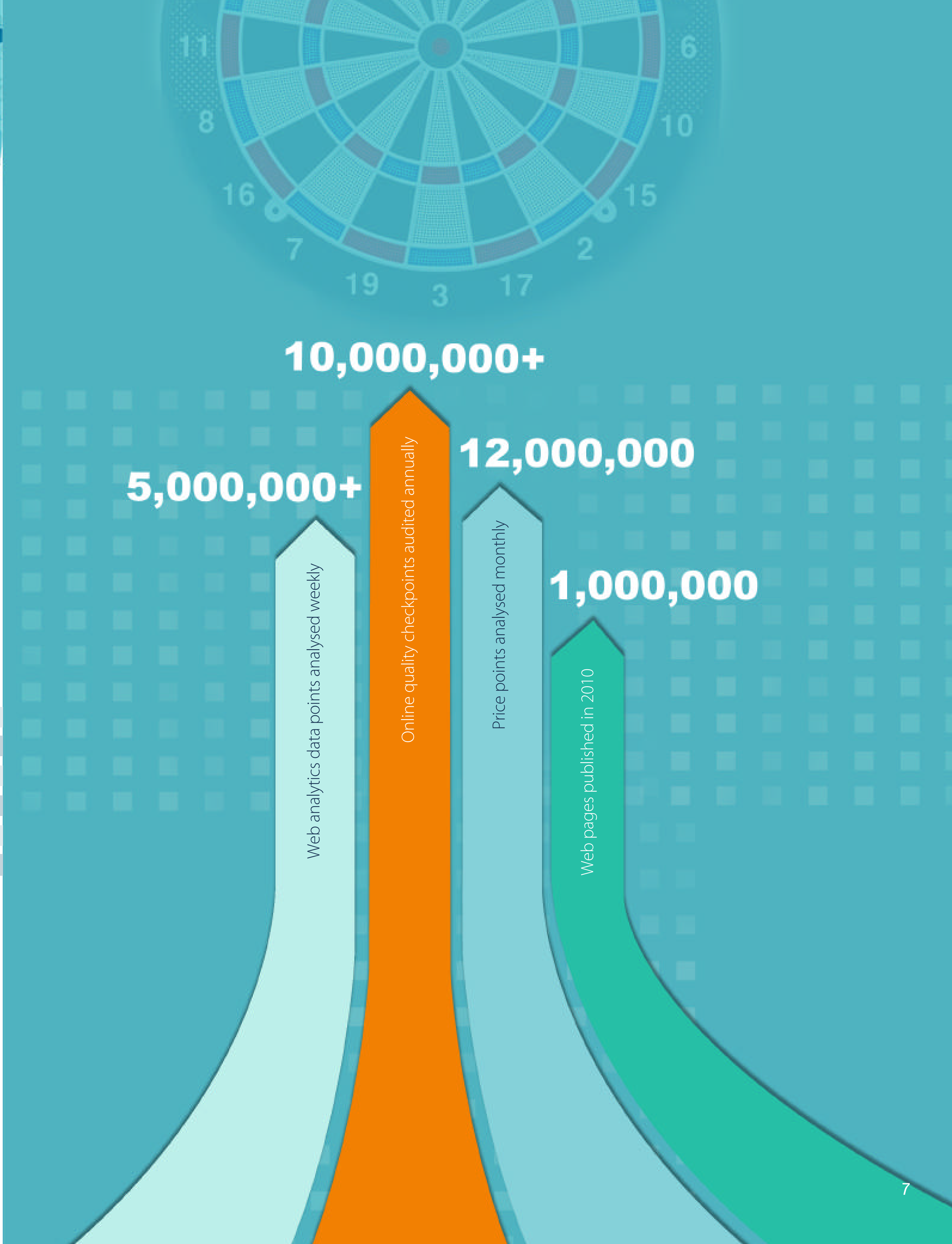
We work with over 30 Global Fortune 500 scale clients including many of the world's leading High Tech and Industrial Manufacturing & Distributors, Online Retail, Interactive Media & Entertainment, Software Vendors, Travel and Leisure and Financial Services companies.

Our Services

- Online Operations & Web Analytics
- CRM & Business Intelligence
- Data Management & Reporting
- Competitor Benchmarking & Pricing
- Quality & Compliance
- Business Process Consulting

Our Key Differentiators

As a leading offshore provider of end-to-end services to the Sales & Marketing universe, eClerx has deep domain knowledge and process expertise that enable it to serve and adapt to the fast growing and evolving digital marketplace. We deploy skilled resources together with process redesign and automation to provide best-in-class service delivery to industry leading firms. Our sales and marketing clients view us as trusted and expert partners, and come to us for our business solutions and our ability to provide cost effective scaling to their operations.


10,000,000+
Online quality checkpoints audited annually
12,000,000
Price points analysed monthly
5,000,000+
Web analytics data points analysed weekly
1,000,000
Web pages published in 2010

Chairman's Message

Dear Shareowners,

Financial Year 2011 represents our third full year as a publicly listed company, and I am happy to say that this third year has been another great year for us. We increased our US Dollar revenues by just under 40%, substantially faster than last year, and profitability by 67%. Over the past three years, we have maintained a compounded annual growth rate of 42% in revenue and 40% in net profit. Interestingly, over the past 13 quarters that we have been public, we have experienced sequential quarter on quarter revenue growth in each quarter bar one - the one in which one of our important clients filed for bankruptcy. This you would agree is an incredibly consistent performance, and even more so in the context of the trials and tribulations that our clients' economies have endured in that period.

Our client markets have continued to evolve. In our Financial Services business, clients are gearing up their businesses to address the slew of new regulatory initiatives being rolled out across the world, and this is leading to increased business and IT investments. Companies such as ours that are able to demonstrate problem solving ability combined with deep business understanding are benefiting from this increased spend. Our Sales and Marketing Services clients are substantially increasing spend on migrating and scaling their on-line presence, and in using new online tools like social media to enhance their brand and to improve customer perception. Our specialization and proven expertise in these areas is providing numerous opportunities for growth. These industry trends are broadly very supportive for us.

In the past year, we have further strengthened our client markets team and increased our investment in marketing. These investments have helped us expand our service offerings and offer our expertise and capabilities to a much broader prospect audience. . As a result, we are deepening our footprint with existing clients, and finding increased traction with new clients as well.

Our business is complex and a positive referral from an existing client continues to be the best way to close a business opportunity with a new client, so I am especially 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. We ended the year with 3658 people on payroll, and we continue our investment in training and career development by expanding the coverage of our curriculum for imparting critical industry, product and process training. Our people and our training programs continue to be the envy of our clients and competitors, and the key ingredient of our success.

Our focus on technology as a key strategic differentiator in how we deliver our services continues. Automation and process reengineering has helped eliminate redundant steps from our business processes, and maximized the efficiency of our services. This has helped us present our clients with cost savings which exceed those from simple offshore 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.

Our commitment to our business also manifests in the number of successful assessments as an organization we today have - ISO 27001 for information Security, CMM iii for software services, PCMM 3 for Human Resources practices. These help certify and communicate the soundness of our business to all stakeholders.

All of this has meant another year of great accolades, recognitions and awards. This year, we ranked in the Top 50 overall - and Top 10 of IT / ITeS - of INC 500's Mid-Cap Companies. We were ranked top Financial services KPO and top 20 Outsourcer in the Black Book of Outsourcing, we were runners up in the Best Outsourcing Practice, National Association of Outsourcing, and Global Services selected us in their Fastest Growing 100 Companies list. Our people practices were recognized by the Asia-Pacific HRD Congress and the Most Admired Knowledge Enterprise, and our technology adoption by the Asia Retail Congress in for Use of Technology in Operational Excellence. Finally, you will be happy to learn, we are now a part of the Bombay Stock Exchange Mid-Cap Index.

And now, something I am particularly proud of. Some of you may already know that as a firm, we have made charitable contributions from net income in each year of our existence. Last year we formalized this initiative by setting up eClerx Cares, our philanthropy organization, run by a group of senior managers. As a people business, we recognize the importance of education and upbringing, and eClerx Cares has a mandate to partner with charities aimed at improving the livelihood and education of children. Last year, we partnered with a number of charitable organizations such as Child Rights and You, Aseema, Nanhi Kali, SSRVM, MPSM, Goonj and sponsored numerous events aimed at bringing support, comfort and joy to the lives of underprivileged children. For instance, with the CRY-PREM project reaching out to 30 villages in the Melghat region, eClerx contribution helped enable changes to ensure 100% child-labour free villages and 100% enrollment of children in formal schools. I am happy to say that the eClerx Cares initiative has been a great success, with many of our employees volunteering time at events and programs to give back to the society that has helped their success.

We thank you once again for your support and encouragement, and look forward to continuing our growth and performance.

Sincerely

V. K. Mundhra,
Chairman

" We increased our US Dollar revenues by just under 40%, substantially faster than last year, and profitability by 67%."

Global Presence

India

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

105-108, 1st floor, B' Wing Navbharat Estate, Zakaria Bunder Road, Sewri (West), Mumbai - 400 015

301, 3rd Floor, Raheja Plaza-1, L.B.S. Road Ghatkopar (West), Mumbai - 400 086

202, Ashok Mills Compound, Opp - Damodar Park, L.B.S. Road, Ghatkopar (West), Mumbai - 400 086

Block # 01, 5th Floor, DLF Akruti IT Park, Rajiv Gandhi Infotech Park, Hinjewadi Phase-II, Pune - 411057

Building # 14, 4th Floor, K Raheja Mindspace, Plot # 3, TTC Industrial Area, Thane Belapur Road, Airoli, Navi Mumbai - 400708

United States	United Kingdom	Singapore
295 Madison Avenue, Suite 1830, New York, NY 10017	19 Berkeley Street, 6th floor, London, W1J 8ED, United Kingdom	1 North Bridge Road, #23-01, High Street Centre, Singapore 179094

eClerx Cares

Sponsored a special screening of an animation film at the Little Theatre in NCPA

Celebrated 2010 Christmas party with 25 children from Aseema

- 8000 Rural children's childhood enhanced by various initiatives.
- 100% enrollment of children into formal education in 30 villages in Melghat Region.
- 73 % Reduction in Child Mortality Rate.
- 29 % Reduction in Infant Mortality Rate.
- 3 New rural public health centres opened.
- 0% Child labour in 22 villages in Melghat Region.

Sponsored education for girl children with Nanhi Kali association

A day of fun and learning for 283 kids of the Sri Sri Ravi Shankar Vidya Mandir School (SSRVM) in Dharavi

Participated in the Standard Chartered Mumbai Marathon Dream Run pledging our support towards child rights

Board of Directors

V. K. Mundhra, Chairman

V.K. Mundhra, 67 years, is the Chairman of the Company. He joined the Company in March, 2000. He holds a bachelor's degree in commerce from St. Xavier's College, Calcutta. 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 and was actively associated in their management. During the 1970s, he managed Globe Motors Limited, Delhi which had a steel division by the name of Globe Steel and an auto component clutch manufacturing unit called Luk Auto Ancillary India Limited. 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

PD Mundhra, 38 years, is the executive director of eClerx Services Limited. PD Mundhra has over 17 years experience in the manufacturing and financial services industries, ten years in capital markets and the KPO / BPO sector. PD Mundhra, brings with him a wealth of experience from his tenure in Lehman Brothers' investment banking division and the corporate treasury at Citibank. Prior to his finance experience, he ran a number of entrepreneurial ventures including setting up a joint venture with Amco Veba of Italy for manufacturing and marketing mobile cranes in India, and a consumer products packaging plant for Unilever. He holds a Master of Business Administration degree in finance from The Wharton School, University of Pennsylvania (USA) and a Bachelors of Commerce from St. Xavier's College, Calcutta (India).

Anjan Malik, Director

Anjan Malik, 41 years, is the director of eClerx Services Limited and the executive director of its on-shore subsidiaries. Anjan has over 19 years experience in global markets sales and trading, consulting and technology consulting. His last nine years have been devoted to the KPO / BPO sector. Prior to his involvement with eClerx, Anjan ran a trading department for Lehman Brothers in London, and before that, he worked as senior consultant with Accenture's European capital markets practice.

Jimmy Bilimoria, Non-Executive and Independent Director

Jimmy Bilimoria, 64 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. Jimmy Bilimoria also served as a member on the Committee of the Bombay Chamber of Commerce and the Indo Swiss Business Forum.

Pradeep Kapoor, Non-Executive and Independent Director

Pradeep Kapoor, 66 years, is a non-executive and independent Director. He joined the Company in August 2007. He holds a bachelor's degree in Mechanical Engineering from Regional Engineering College, Bhopal University. He has been associated with the infrastructure industry, especially engineering and construction industry, for about 40 years and under his leadership a number of major cement plants, mineral processing plants and infrastructure projects have been constructed. In the past Pradeep Kapoor has been the Managing Director and CEO of Trafalgar House Construction India Ltd., Fuller India Ltd. and FLSmidth Ltd. He has also been the Chairman of Fuller Infotech Ltd. and FLS Automation Private Limited. Further, Pradeep Kapoor has been the CEO of some of the major Indian companies such as Dodsal Limited and Sanghi Industries Limited. Currently, he is the Managing Director and CEO of ABG Cement Limited, Managing Director of ABG Engineering & Constructions Limited and a Director of ABG Energy Private Limited.

Anish Ghoshal, Non-Executive and Independent Director

Anish Ghoshal, 47 years, is a non-executive and independent Director on the Board. He joined the Board in August, 2007. He graduated with a bachelor's degree in commerce with honours from St. Xavier's College, Calcutta, thereafter he obtained bachelor's degree in law from University of Bombay. He has been involved in legal practice since 1990, specialising in corporate, regulatory laws, acquisitions, joint ventures, labor laws, real estate and intellectual property laws. He is currently a partner in AM Law, Advocates and Solicitors.

Vikram Limaye, Non-Executive and Independent Director

Vikram Limaye, 44 years, is a non-executive and independent Director of the Company. He joined the Board in August, 2007. He graduated with 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. 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 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. He joined Infrastructure Development Finance Company Limited as an executive director in March, 2005.

Sandeep Singhal, Non-Executive and Non Independent Director

Sandeep Singhal, 41 years, is the co-founder and Managing Director of WestBridge Advisors Private Limited. He is a Non-executive and Non independent director of the Company and joined the Board of Director with effect from April 30, 2010. Sandeep Singhal has over 10 years of venture capital and private equity investing experience in India. He is currently a board member at JustDial, Dr. Lal Pathlabs, Celon Labs, Stovekraft, Carzonrent, Applabs, and Nazara Technologies, and was previously on the board of MarketRx, GVK Bioscinces and What's on India. Sandeep was also a co-founder and Managing Director of Sequoia Capital India. Earlier, he worked at BCG where he advised several mid-market Indian companies on their product and marketing strategies. Prior to BCG, Sandeep worked with Hindustan Lever Limited where he was instrumental in eleven product launches targeting Indian consumer segments that have contributed significantly to the company's business. Sandeep has an MBA from IIM Ahmedabad, an MS in molecular simulation from the University of Illinois, and a B. Tech. in Chemical Engineering from IIT Delhi.

Biren Gabhawala, Non-Executive and Independent Director

Biren Gabhawala, 46 years, is a non-executive and independent Director of the Company. He joined the Board as an Additional Director with effect from May 18, 2011. Biren Gabhawala is a qualified Chartered Accountant and is a Fellow Member of the Institute of Chartered Accountants of India in practice for 23 years. Biren Gabhawala graduated from H. R. College of Commerce & Economics with a Bachelor of Commerce Degree, Mumbai. He is a Senior Partner of M/s. C. M. Gabhawala & Co. Chartered Accountants and specializes in Direct and Indirect Taxation, FEMA, International Taxation, Mergers and Acquisitions. He provides consultancy both to national and international companies, as well as Audit and Assurance Services.

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

Biren Gabhawala
Non-Executive Independent Director

Chief Financial Officer
Rohitash Gupta

Company Secretary
Gaurav Tongia

Registered Office
Sonawala Building

1st Floor, 29 Bank Street,

Fort, Mumbai - 400 023

Email: investor@eClerx.com

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

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

Citibank N.A.

Hongkong & Shanghai Banking Corporation Ltd.

Kotak Mahindra Bank Ltd.

Standard Chartered Bank

Directors' Report

Dear Members,

Your Directors are pleased to present their Eleventh Annual Report along with the audited annual accounts for the financial year ended March 31, 2011.

1. Financial Highlights

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

(Rupees in million)

Particulars	FY2011	FY2010
Income from Services	3,421.03	2,570.21
Other Income	75.51	54.17
Total Revenue	3,496.54	2,624.38
Operating Expenses	1,910.60	1,726.29
EBITDA	1,585.94	898.09
EBITDA %	45.36%	34.22%
Depreciation and Goodwill Amortisation	91.25	69.94
Earnings before Exceptional Items, Interest, & Tax	1,494.69	828.15
Diminution in value of Long Term Investment	102.74	-
Taxes	167.56	92.78
Net Profit after Tax	1,224.39	735.37
NPM%	35.02%	28.02%

On a consolidated basis the total income increased to Rs. 3,496.54 million from Rs. 2,624.38 million in the previous year at a growth rate of 33.23%. The EBITDA amounted to Rs. 1,585.94 million (45.36% of total revenue) as against Rs. 898.09 million (34.22% of total revenues). The Company earned Net Profit After Tax (PAT) of Rs. 1,224.39 million for the year as against Rs. 735.37 million during the previous year registering Year on Year (YoY) growth of 66.50%.

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 Director's Report and has been prepared in compliance with the terms of Clause 49 of the Listing Agreement entered into with Indian Stock Exchanges.

3. Dividend

After considering the Company's profitability, cash flow and overall financial performance, your Directors are pleased to recommend a final dividend of Rs. 22.50 (225%) per share. The total quantum of dividend if approved by the Members, will be Rs. 649.22 million while Rs. 105.32 million will be paid by the Company towards dividend distribution tax and surcharge on the same.

The Company paid out a total dividend of Rs. 17.50 per share (175%) during the year ended March 31, 2010.

The register of members and share transfer books will remain closed from August 17, 2011 to August 24, 2011 (both days inclusive) for the purpose of ascertaining entitlement for the said final dividend. The Eleventh Annual General Meeting of the Company is scheduled to be held on August 24, 2011.

4. Transfer to Reserve(s)

The Company proposes to transfer Rs. 131.50 million to the General reserve out of the amounts available for appropriations and an amount of Rs. 225.17 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 members' 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 Members 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 Equity Shares were allotted on July 28, 2010.

6. Raising of Long Term Funds and Increase in Borrowing Limits

The Board of Directors of the Company vide resolution passed on December 16, 2010 accorded its consent, subject to the Members' approval for raising of long term funds by way of issue of securities, *inter-alia*, under section 81(1A) of the Companies Act, 1956 upto an amount of Rs. 5,000 million. The Board of Directors vide resolution passed on the said date also accorded its consent, subject to the Members' approval for increasing limits on borrowing and creation of charges upon Company's properties, *inter-alia*, under Section 293(1)(d) and Section 293(1)(a) respectively of the Companies Act, 1956 upto Rs. 5,000 million. The Members of the Company accorded their consent for the aforesaid proposals for raising of long term funds, including but not limited to via qualified institutional placement, increasing of borrowing limits and creation of charges by way of postal ballot, result of which was announced on February 3, 2011.

Regulation 88 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 provides that the allotment pursuant to the special resolution approving the qualified institutions placement shall be completed within a period of 12 months from the date of passing of the resolution. The said time-limit of 12 months will expire upon 12 months from the date of declaration of results of postal ballots, i.e. on February 2, 2012, which is prior to the next Annual General Meeting of the Company.

This approval is regarded by the Board as an enabling resolution, which can be used to raise capital in an appropriate amount and using the appropriate mix of funding instruments, once the usage of funds has been more specifically identified. As such, the Board proposes to have enabling approval from the Members to allow it the necessary flexibility to quickly take advantage of emerging growth opportunities.

The Board would now like to take this opportunity to align the timing of this resolution with its AGM cycle to eliminate the need for extraordinary general meetings of the Members or postal ballots for this purpose. It is therefore proposed to seek fresh enabling authorisation from the members of the Company at the ensuing Eleventh Annual General Meeting for a period of 12 months from the date of the Annual General Meeting.

Furthermore, the Management has been working with its financial advisers over the past few months to identify suitable acquisition opportunities, and based on the feedback so far, would also like to take this opportunity to revise the ceiling from Rs. 5,000 million to Rs. 3,000 million. Hence, the Board proposes members' enabling approval at this Eleventh Annual General Meeting for raising Long Term Financial Resources via equity and/or equity linked instrument(s) route for an amount not exceeding Rs. 3,000 million, which is believed to be a better aligned quantum for raising funds via such route. The said resolution, as approved by the Members will supersede and replace the existing approval for Rs. 5,000 million. The Members are requested to consider approving the same, as set out in the notice convening this Eleventh Annual General Meeting.

7. Foreign Subsidiaries

The Company has following foreign subsidiaries as on March 31, 2011:

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

Igentica Travel Solutions Limited, a subsidiary of the Company, has been dormant for some time and as all the client contracts were transferred to the Company post acquisition in July 2007. It was thought prudent to wind-up the said subsidiary to save administrative costs. Hence, Igentica Travel Solutions Limited was wound up with effect from March 29, 2011.

The Ministry of Corporate Affairs has vide its General Circular No. 2/2011 dated February 8, 2011, granted a general exemption to all the companies under Section 212(8) of the Companies Act, 1956 with regard to attaching the Balance Sheet, Profit & Loss Account and other documents of the subsidiaries of the company after complying with the directions given therein. However, the members who wish to have a copy of the annual audited accounts of the subsidiaries will be provided the same upon receipt of a request from them and will also be available for inspection by any member at the registered office of the Company and head office of the subsidiary companies on all working days except Saturday between 11:00 a.m. to 6:00 p.m. The specified financial information of subsidiary companies is disclosed along with the consolidated financial statements and will also be available on the website of the Company. In accordance with the requirements of the Listing Agreement executed with the Stock Exchanges, the consolidated financial statements of the Company are annexed to the Annual Report.

8. IPO Fund Utilisation

Your Company completed its Initial Public Offer (IPO) and the Equity Shares were listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange limited (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 estimated to be utilised by the Company by Fiscal 2010 and 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 currently has Rs. 220.00 million balance lying out of IPO proceeds which is earmarked for 'Acquisition'. The Company is actively working with its financial advisors to identify suitable acquisition opportunities and put the aforesaid funds to the best use in the interest of the Company as well as the Members.

However, considering the feedback the Company is receiving over the acquisition landscape and due to lack of visibility around company(ies) available for acquisition, the Company may not be able to make optimum utilisation of the balance unutilised funds till March 31,2012 and accordingly it is proposed, inter-alia, as a corporate governance initiative to seek shareholders' approval at this Eleventh Annual General Meeting for extending the time-lines for utilising balance IPO proceeds earmarked for 'Acquisition' till March 31, 2015, without changing the purpose originally set out, as per schedule below:

(Rupees in million)

Sr. No.	Objects	Original Amount	Balance Amount as on March 31, 2011	Original Utilisation Schedule	Utilisation Schedule as approved by the Board of directors on May 25, 2010	Proposed Utilisation Schedule for which shareholders' approval is being sought at the Eleventh AGM
1	Acquisition	220.00	220.00	March 31, 2010	March 31, 2012	March 31, 2015
2	Infrastructure Investments	180.00	-	March 31, 2009	-	-
3	Setting Up of Additional Facilities	100.00	-	March 31, 2010	March 31, 2011	-
4	General Corporate Purposes	161.00	-	-	-	-
		661.00	**220.00**			

The Members are requested to consider approving the same.

9. 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.

10 Increase in Share Capital

During the year, the Company issued 9,538,674 bonus Equity Shares pursuant to Members resolution dated July 14, 2010. Further the Company has issued 284,661 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 19,031,099 shares of Rs. 10 each as at March 31, 2010 to 28,854,434 Equity Shares of Rs. 10 each as at March 31, 2011.

11. Awards and Accolades

Your Company is proud to have received the following awards and accolades during the period under review:

- o The International Association of Outsourcing Professionals (IAOP), leading professional association for organisations and individuals involved in transforming the world of business through outsourcing, offshoring and shared services, recognised eClerx in its 2010 Global Outsourcing 100 survey as one of the rising stars across seven different categories, up from the five categories for which eClerx was recognised in 2009. The seven categories are:
  - Rising Star – Financial Management Services
  - Rising Star – Western Europe
  - Rising Star – United Kingdom
  - Rising Star – Biggest Public Company
  - Rising Star – Overall Revenues
  - Rising Star – Number of Employees
  - Rising Star – Financial Services by Industry Focus (Banking, Markets)
- o eClerx entered the GS100 and was listed in two top performer categories in the 2010 GS100 survey, including 'Fastest Growing' and 'Top Industry Specific BPO Providers'. Global Services 100 (GS100) is a reputed study managed by Cybermedia – the company that publishes Dataquest, Voice & Data, CIOL, PC-Quest et cetera. Global Services 100 (GS100) represents an industry benchmark in recognising service provider leadership and excellence in service delivery on a global scale. The scope of the survey covers IT Outsourcing and BPO services industry across all countries. The report on the study would include:
  - a) The Global Services 100 List: The list of top 100 service providers who are chosen for their leadership, maturity, and excellence in service delivery.
  - b) The Global Services 100 Categories: There are 15 categories that include industry segments and geographies across which leading service providers would be ranked
- o Ranked Number 1 Financial Services KPO and featured in the Black Book of Outsourcing Top 50 outsourcers. Brown & Wilson (part of the Datamonitor Group) conducts annual outsourcing industry customer satisfaction benchmarking survey. The results are published in the Annual Black Book of Outsourcing that serves as a key independent benchmark for firms evaluating outsourcing services. The research is recognised as the most extensive and representative perception study of outsourcing vendors, validated by over 24,000 respondents from service users around the globe. Over 700 functions and 40 sectors are investigated to determine "best fit" vendors with multiple industry specifications. Known as the leading provider of independent and unbiased ranking of vendors, Black Book is regarded as key reference point for outsourced services.
- o eClerx included into the BSE Mid-cap index, an index to track the performance of the companies with relatively small market capitalisation, that would exclusively represent the Mid-cap Companies listed on BSE.

- Finance Asia magazine adjudged the Company as among Best Indian Mid-cap Companies in the Country.
- Selected as a runner up by NOA for the Award for Best Practice in Outsourcing. Headquartered in London, the NOA is a not-for-profit agency founded with the objective of boosting the effectiveness and success of outsourcing, through the promotion of best practice and innovation in the application and development of outsourcing.
- Selected for the MAKE (Most Admired Knowledge Enterprises) India Finalist group for the second consecutive year; and MAKE Asia finalist as well in 2010. This study is a benchmark to recognise the country's leading organisations for their ability to leverage enterprise knowledge to deliver superior performance in the areas of innovation, operational effectiveness and excellence in products and services.
- The Global HR excellence awards which is adjudged by the Asia Pacific HRD congress, conferred upon eClerx an award under the category 'Organisation with Innovative HR practices'. This award is hosted by the World HRD Congress.
- Recognised in two categories i.e. 'Use of Technology for Operations Excellence' and 'Professional Excellence Award' at the 'BPO Excellence Awards 2010' organised by the CMO Council, with the Asia Retail Congress – Asia's premier platform for the retail industry
- Ranked 50th among all Mid-cap and 8th among ITES Mid-cap Indian companies by Inc500 in 2010.

12. Corporate Social responsibility

Your Company takes pride in being associated with Child rights and education. It is one such cause that resonates broadly within the eClerx family. In 2006 eClerx partnered with CRY [Child Rights and You] to set up an annual funding program to which contributions are made both by the employees as well as the Company. Over the period employee participation towards this program has grown manifold. Further the Company continues to support the Mumbai Marathon and funding to the PREM project run by CRY. This year too, a team of 50 employees participated in the Dream Run to pledge their support to the cause, thereby contributing to various projects managed by CRY.

Furthermore in order to drive CSR in a more structured manner and to ensure that the principles of CSR remain at the core of the Company's activities, a Committee was formed last year comprising of members across verticals, which is named 'eClerxCares'.

The Committee is responsible for championing all the philanthropy and CSR initiatives of the Company. It has played an active role in leading and increasing the Company's reach to the society at large. This year particularly, eClerxCares has partnered with various NGO's other than CRY, inter-alia, to support Child education.

Following are some of the major activities carried out by eClerxCares during the period under review:

- Supported the Joy of Giving Week held from September 27 through October 3, 2010. The Joy of Giving Week is a national movement; conceptualised by Give India and supported by GoonJ (NGO), this unique and ambitious initiative aims to get people from all walks of life together to engage in acts of giving.
- Organised a reach out program on the eve of Christmas for children from Aseema, an educational centre for the underprivileged kids that has centers in Mumbai.
- Organised exciting events covering all the students of the Sri Sri Ravi Shankar Vidya Mandir School (SSRVM) in Dharavi. SSRVM school in Dharavi is part of the Art of Living group and provides quality and relevant education to the underprivileged children in and around the Dharavi area in Mumbai.

In addition, eClerxCares funded multiple other NGOs for their respective cause(s) and support to education.

13. Directors

Biren Gabhawala was appointed as an Additional Director of the Company w.e.f. May 18, 2011. As per provision of Section 260 of the Companies Act, 1956 ('the Act'), Biren Gabhawala 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 Act has been received from a Member signifying his intention to propose his appointment as Director. Biren Gabhawala has furnished the Form DD-A to the Company.

Further, in accordance with the Articles of Association of your Company, Anjan Malik and Anish Ghoshal 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 Biren Gabhawala, Anjan Malik and Anish Ghoshal, as required in terms of Clause 49 of the Listing Agreement entered into with the stock exchanges, is included as annexure to this Annual Report. Further, the required proposal for appointment of the above Directors at the forthcoming Annual General Meeting are included in the Notice convening this Annual General Meeting.

14. 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 2010-11, 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, 2011 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.

15. 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 Scheme/Plan 2005 (ESOP 2005) & Employee Stock Option Scheme/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/Plans 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, 2011:

Particulars	ESOP 2005*	ESOP 2008*
Gross options granted	723,750	1,845,438
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	723,750	Nil
Options exercised	446,911	Nil
The total number of Equity Shares arising as a result of exercise of options	446,911	Nil
Options lapsed/forfeited /expired	143,438	396,438
Variation of terms of options	Nil	Nil
Money realised by exercise of options	4,469,110	Nil
Total number of options in force	133,401	1,449,000
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 2011: Nil	Fiscal 2009: Scott McCartney, Alberto Corvo Fiscal 2010: Daniel Foarde, Scott Houchin Fiscal 2011: Scott Houchin, Sandeep Dembi, Marshall Terry
(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

Particulars	ESOP 2005*	ESOP 2008*
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. 40.68 for the year ended on March 31, 2011	
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. 40.83 million Diluted EPS : Rs. 39.32 (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.

* Pursuant to Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the number of options have been adjusted, as required, for Bonus issue in July 2010 in the ratio of 1:2, that is, one bonus option for every 2 options held.

Details of options granted to key managerial persons of foreign subsidiaries of your Company as on March 31, 2011:-

ESOP Scheme	Name of key managerial personnel	No. of options granted*	No. of options exercised*	No. of options outstanding*
ESOP 2005	Mahesh Muthu	84,375	61,875	22,500
ESOP 2008	Alberto Corvo	277,500	Nil	277,500
	Scott McCartney	225,000	Nil	225,000
	Scott Houchin	75,000	Nil	75,000
	Joseph Sursock	46,500	Nil	46,500
	Mahesh Muthu	38,250	Nil	38,250
	Stephen Jones	27,750	Nil	27,750
	Li Chien Koh	18,750	Nil	18,750

* Pursuant to Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the number of options have been adjusted, as required, for Bonus issue in July 2010 in the ratio of 1:2, that is, one bonus option for every 2 options held.

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. 0.48 million to the profit and loss account for the year ended on March 31, 2011 as employee compensation cost.

The Equity Shares issued/to be issued and allotted under both the ESOP Scheme/Plan i.e. ESOP 2005 and ESOP 2008 of the Company rank/shall rank ***pari-passu*** in all respects including dividend with the existing Equity Shares of the Company.

The Company appreciates the critical role of its personnel in the organisational growth. It strongly feels that the value created by its personnel should be shared with them. To further promote the culture of employee ownership in the Company, the Board of Directors, at its meeting held on May 18, 2011, considered the proposal for instituting a fresh Employee Stock Option Scheme/Plan to be called Employee Stock Option Scheme/Plan 2011 ('ESOP 2011') with the total number of options which may be granted under the Scheme being 1,600,000 (One Million Six Hundred Thousand Only). The proposal is set out in detail in the notice convening the Eleventh Annual General Meeting of the Company. The Members are requested to consider and approve the same.

16. Human Resources Management

We believe that the success of the Company's business model hinges on attracting and retaining the best and brightest talent. Towards this, we continue to focus on strengthening our HR practices that enable the Company to attract and retain high caliber employee and to create a quality work environment that motivates our people. During the year, the HR practices of the Company were assessed at Level 3 of the People Capability Maturity Model (PCMM).

The People Capability Maturity Model (People CMM) is a framework, developed by the Software Engineering Institute – Carnegie Mellon, which helps organisations successfully address their critical people issues. Based on the best current practices in fields such as human resources, knowledge management, and organisational development, the People CMM guides organisations in improving their processes for managing and developing their workforces.

At eClerx, PCMM is an integral part of our efforts to provide uniform and optimised levels of people capability across the Company's locations. To us PCMM is more than a certification, it is the foundation of our people framework.

17. 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.

18. 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 at its registered office.

19. Corporate Governance

The Securities and Exchange Board of India (SEBI) has prescribed certain corporate governance standards vide Clause 49 of the Listing Agreement entered into 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 hereto.

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.

20. 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.

21. Statutory Auditors

M/s. Walker Chandiok & Company, Chartered Accountants, Mumbai, [ICAI Registration No. 001076N] who are the statutory auditors of the Company, retire at the conclusion of Eleventh Annual General Meeting and confirm their willingness to accept office, if re-appointed. They have further confirmed that their appointment, if made, at the Annual General Meeting, will be within the limits prescribed under sub-section (1B) of Section 224 of the Companies Act, 1956 and that they are not beneficially holding any security of your Company as defined under Section 226(3)(e) of the said Act. They have also confirmed that they hold a valid peer review certificate as prescribed under Clause 41(1)(h) of the Listing Agreement. Members are requested to consider their re-appointment and authorise the Board and/or Committee of the Board of Directors to fix their remuneration for the financial year 2011-12.

22. Green Initiative by the Ministry of Corporate Affairs

The Ministry of Corporate Affairs ('MCA') has taken a Green Initiative in Corporate Governance by permitting electronic mode for service of documents to members (shareholders) after considering relevant provisions of the Information Technology Act, 2000 and Companies Act, 1956 ('the Act').

The Information Technology Act which came into force in the year 2000 has an overriding effect over other laws in providing legal recognition of electronic records and digital signatures.

Taking cognizance of the above, MCA has vide Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 clarified that service of documents to members may be now made by electronic mode. If a member has not registered an email address, other permitted conventional modes of service would continue to be applicable.

This initiative will ease the burden on Corporates (and the environment) of sending physical documents such as notices, annual reports etc. Your Company has therefore annexed a communique with this Annual Report requesting shareholders to register their email address with their Depository Participant, the Company and/or its Registrar and Transfer Agent Karvy Computershare Private Limited and support the Green Initiative of MCA. The Company will thus use the said email address for future communications, dissemination and sending notice/documents etc. in view of the above circular by the Ministry of Corporate Affairs. The members who opt for physical delivery of documents/have not registered their email address, will continue to receive communication(s), dissemination(s), notice(s), document(s) etc. via permitted conventional mode of service of documents.

23. Acknowledgement

The Directors thank the Company's 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 Members for their continuing confidence in the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 18, 2011

V. K. Mundhra
Chairman

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)

	2010-11	2009-10
Total Foreign Exchange Earnings realised	3,136.73	2,426.16
Total Foreign Exchange Used	570.65	428.20

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 18, 2011

V. K. Mundhra
Chairman

Management Discussion and Analysis

I. Industry Structure and Developments

After witnessing an uncertain 2009-10, the Global Information Technology (IT) Industry showed structural signs of improvement during 2010-11. There was an increase in IT spending across emerging as well as developed markets. World-wide technology products and services related spend is estimated to reach USD 1.6 trillion, growing by 4% and outpaced by global sourcing growth of 10%. (Source: NASSCOM Strategic Review 2011).

India, as a primary sourcing location for this Industry, exhibited robust growth due to its strong value proposition and its ability to re-engineer. The Indian IT industry is estimated to have aggregate revenues of USD 88.1 billion in FY2011, contributing an estimated 6.4 per cent to the national GDP. The sector has also been a net-hirer with direct employment increasing by 240,000 to 2.5 million. An additional 8.3 million jobs were created indirectly. (Source: NASSCOM Strategic Review 2011).

The Indian BPO sector grew by 14 per cent to reach USD 14.1 billion, increasing India's share in global sourcing to 55%, up from 51% in 2009. While BFSI as a vertical and the US as geography accounted for the largest revenue growth, emerging verticals and new geographies grew at a rate of 1.3-1.5 times of core markets. (Source: NASSCOM Strategic Review 2010). The industry also witnessed a qualitative shift, with focus shifting from basic outsourcing advantages of cost and talent, to higher value added services, innovation and transformation. The growth has also been broad based with emerging verticals like Retail, Healthcare and Media growing faster than traditional ones. Global sourcing is now evolving from being tactical to being of strategic benefit and imperative to clients and India is playing a key role in this evolution. Companies are working on becoming core to their clients, expanding their services and increasing penetration across verticals.

In the developed markets, the regulatory landscape is forcing a fundamental reassessment of business models. Tough economic conditions are making the financial services industry re-look at technology which will enable them to rein in spending as well as comply with regulations. In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was enacted (the "Dodd-Frank Act"). The Dodd-Frank Act introduces substantial reforms related to supervision and operation of the financial services industry, and is likely to translate into higher compliance cost and transparency requirements for industry participants. It also calls for a number of studies to be conducted and requires significant additional rule-making. Whilst the full impact of this complex legislation will take some time to play out, it is clear that industry participants have to invest substantially in people, process and technology to be able to meet these stringent new requirements.

The internet landscape is constantly being re-invented. Increased Internet connectivity via devices like smartphones, tablets and game consoles are driving eCommerce growth while digital downloads of media are enjoying rapid adoption. Consumers are becoming more accustomed to the process of purchasing goods and services online. This, combined with the social media marketing efforts of retailers is increasing the share of online trade in total commercial activity. According to industry estimates, e-commerce revenue is expected to grow to USD 680 billion worldwide in 2011, up 18.9% from the 2010 revenue. Online retail commerce in the US alone is expected to grow to 13.2% of total sales to USD 187 billion.

These trends are very positive for eClerx as they create new opportunities for us to work with clients and help them achieve their business goals in a cost effective manner. Our endeavour is to increase our wallet share with existing clients and to continue adding additional new and higher value add services to our portfolio of offerings.

Outlook

For India, the outsourcing and offshoring industry is at a turning point. What began as a small-scale sector dedicated to application development, accounting, and payroll has become, as of FY2011, a USD 88 billion global industry, addressing a range of business processes and technology services. The importance of this industry to India's growth can be seen as follows - sector revenues have increased from 1.2% of the country's GDP in 1998 to approximately 6.4% in FY2011.

Companies are evolving from providing wage cost arbitrage to becoming strategic partners in helping their clients become more efficient and productive in their end markets. This is being driven largely by vendors acquiring greater and greater domain expertise and service delivery excellence.

As a result, most large global enterprises now have focused initatives around strategic sourcing and India continues to be a favoured destination in their choice of vendor countries. IT and outsourcing budgets for 2011-12 are likely to see greater offshore spending across both discretionary and non discretionary services. Pricing is stabilising and clients are once again focused on taking decisions which enhance the long term competitiveness of their businesses, after the slowdown due to the global financial crisis.

With the demand side looking more robust, the challenges for the industry have moved to the supply side - talent acquisition and retention, wage inflation and attrition, and currency fluctuations.

II. Risk Factors

In the course of conducting business operations, the Company is exposed to a variety of risks. However, the Company tries to ensure that the risks it undertakes are commensurate with appropriate returns. While the Company is confident about long-term prospects, the following risks and uncertainties could affect its ability to achieve its strategic vision and objectives for growth. If any of the following risks develop into actual events, our business, financial condition or results of operations could be adversely affected.

1. Our business may be adversely impacted by global market and economic conditions.

We derive a substantial part of our revenue from services we provide to multinational corporations headquartered in the USA and Europe. Given this concentration, we are exposed to the current global economic conditions facing these countries. A more troubled or prolonged poor economic environment could result in significant decreases in demand by current and potential clients for our products and services, may force companies to cancel, reduce or defer existing contracts, which could have a material adverse effect on our business, results of operations and financial condition.

2. We operate in a competitive business environment and may not be able to compete effectively.

The market for our services is competitive. Our competitors vary in size and in the scope and breadth of the services they offer. Some of our competitors have substantial resources. Sometimes we compete against our potential clients' in-house captive operations. In addition, the markets we operate in, will continue to attract new competitors and new solutions. If we are unable to compete successfully against current or future competitors or differentiate our services from those of our competitors, the competitive pressures could negatively impact our revenue and profitability.

3. **We depend upon a few clients for a large amount of our business. If we are unable to renew these contracts at favorable terms or lose these clients to competition, our results of operations and financial condition may be adversely affected.**

   We derive around 87% of our revenues from our Top 5 clients, which include large multi-national corporations and Fortune 500 companies. This translates into a high client concentration risk. Our profitability and revenue would be affected in case of loss of any of these clients to another competitor or in case of in-sourcing of work. Any significant downsizing of projects given to the Company by these clients could also lead to substantial loss of revenue. Failure to achieve favorable renewals of these client contracts could also negatively impact our business.

4. **Technological changes may reduce the demand for our products and services or render them obsolete, which would reduce our revenue and income.**

   The introduction of new technologies, products and services can render existing technology products and services obsolete. We must anticipate evolving industry trends, continue to apply advances in technology, enhance our existing products and services, and develop or acquire new products and services to meet the demands of our clients. We may also incur substantial costs in developing and employing new technologies. If we fail to adapt to develop and expand our service offerings to address emerging business demands and technology trends, we could lose clients.

5. **The failure of our network infrastructure and equipment could have a material adverse effect on our business.**

   Failure of our network infrastructure and equipment, or the occurrence of a natural disaster or political unrest could halt our services, damage network equipment, and result in substantial expense to repair or replace damaged equipment. Interruption in our processing or communications services could delay transfers of our clients' data, or damage or destroy the data. The inability to supply these services to our clients could negatively affect our business, reputation, operating results, and financial condition. Any of these occurrences could result in litigation or loss of clients and could also harm our reputation.

6. **The loss of key management personnel or other key employees could have a material adverse effect on our business.**

   Our key management personnel have substantial experience and domain expertise. Our client and marketing relationships would likely be impaired and our business would likely suffer if, for any reason, we lost their services. In addition, we believe that our success depends on the continued contribution of a number of our senior executive officers or key employees. The loss of services of any of these individuals would similarly adversely affect our business.

7. **Changes in governmental laws, regulations and taxation framework may have an adverse impact on our business.**

   Changes in state, local or foreign laws, rules or regulations could affect our business. There could also be a steady increase in the cost of compliance due to tightening of the regulatory framework. The imposition and increase in the Minimum Alternate Tax (MAT) rate as well as the end of the Software Technology Parks of India (STPI) scheme could translate into higher taxes, hence impacting margins. The impending International Financial Reporting Standards (IFRS) system of accounting is likely to change the way revenue is recognised. The new tax reforms of Direct Tax Code (DTC) and Goods and Service Tax (GST) Tax which will be implemented soon will have a significant impact on almost all aspects of businesses.

We could be required to invest a significant amount of time and resources to comply with additional regulations or to modify the manner in which we provide products and services to our clients. The changes in the taxation framework could negatively impact our revenue and profitability.

8. **Security breaches or computer viruses could harm our business by disrupting our delivery of services and damaging our reputation.**

We receive, process, store and transmit our clients' and their customers' sensitive information electronically. Unauthorised access to our computer systems could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in our operations. Computer viruses could infiltrate our systems, disrupting our delivery of services and making our applications unavailable. Any inability to prevent security breaches or computer viruses could have a negative impact on our reputation, and have a material adverse effect on our business, results of operations and financial condition.

9. **Our financial position and operating results may be adversely affected by fluctuations in currency exchange rates.**

We are exposed to currency exchange risk with respect to the US dollar and the Euro as we derive 75% and 21% of our revenues respectively in these currencies. Around 3% of revenues are derived from other currencies like GBP and 1% from other currencies. We have a hedging policy in place and we constantly monitor changes in our exposure to exchange rate risk that result from changes in our business situation. However, if there is any dramatic fluctuations in foreign currency exchange rates or if our hedging programs become ineffective, the effect of changes in the foreign currency exchange rates could become material to revenue, operating expenses, and income.

III. Human Resource Development

The Company continues to invest in human resources development. The total number of employees as at March 31, 2011 was 3,658 (2,863 as at March 31, 2010). The Company has recruited 2,406 employees (gross) in fiscal 2011 as compared to 1,836 employees (gross) in fiscal 2010. The Company's recruitment strategy ensured that employee addition was clearly aligned to business demand.

The attrition rate for the fiscal was 38.7%, which is in line with the industry, given the robust demand in the employment market. We have invested heavily in learning and development programs for employees in addition to providing them competitive compensation, open work culture and rapid growth opportunities. This we believe will help us become employer of choice and in attracting and retaining the best and brightest talent.

We are pleased to inform that eClerx has become one of India's first KPOs to be appraised for and rated at maturity level 3 of the People Capability Maturity Model® (PCMM®). The appraisal was led by an SEI authorised SCAMPI-A lead appraiser from QAI India Limited. The appraisal covered all the Strategic Business Units (SBUs) of eClerx across its facilities in Mumbai. With this appraisal, 13 process areas and 291 of eClerx' people practices are benchmarked against the PCMM® Framework.

IV. Financial Performance

I. 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	FY2011	FY2010
Income from Services	3,421.03	2,570.21
Other Income	75.51	54.17
Total Revenue	3,496.54	2,624.38
Operating Expenses	1,910.60	1,726.29
EBITDA	1,585.94	898.09
EBITDA %	45.36%	34.22%
Depreciation and Goodwill Amortisation	91.25	69.94
Earnings before Exceptional Items, Interest, & Tax	1,494.69	828.15
Diminution in value of Long Term Investment	102.74	-
Taxes	167.56	92.78
Net Profit after Tax	1,224.39	735.37
NPM%	35.02%	28.02%

a. Income

Income from operations

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

Income from operations increased to Rs. 3,421.03 million in the year under review from Rs. 2,570.21 million in the previous year registering a growth of 33%.

Other income:

Other income primarily comprises of interest on bank deposits and dividend from debt oriented mutual funds. Other income reported increased to Rs. 75.51 million in the year under review from Rs. 54.17 million in the previous year primarily due to shift of investments from mutual funds to high yield bank fixed deposits.

b. Expenditure

Operating expenses comprises of employee costs, general & administration expenses and selling and marketing expenses. The total operating expenses increased to Rs. 1,910.60 million in the year under review from Rs. 1,726.29 million in the previous year.

Employee costs increased to Rs. 1,476.53 million in the year under review from Rs. 1,077.81 million in the previous year, primarily due to increase in head count by about 28%.

General and administration costs, which also include gains or losses in foreign exchange, decreased to Rs. 310.43 million in the year under review from Rs. 552.22 million in the previous year. Foreign exchange gains were Rs. 164.65 million in the year under review compared Rs. 159.74 million foreign exchange loss in the previous year. The regular general administration costs increased by Rs. 82.60 million due to higher rent of Rs. 36.45 million and higher communication expenditure of Rs.13.04 million due to new delivery facility commissioned in Airoli, Navi Mumbai. Further, legal and professional fees increased by Rs. 28.71 million due to conscious effort made to have client contracts reviewed by law firms.

Selling and marketing expenses increased to Rs. 123.64 million in the year under review from Rs. 96.26 million in the previous year, due to increased onsite travel to customer locations.

c. Depreciation

Depreciation charge has increased to Rs. 91.25 million in the year under review from Rs. 69.94 million in the previous year due to additions to fixed assets on account of commissioning of new delivery facility at Airoli, Navi Mumbai during the year under review.

d. Income tax expense

Income tax expense comprises 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 expense 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 STPs expired in March 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. 168.69 million as on March 31, 2011, 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. 167.56 million in the year under review from Rs. 92.78 million in the previous year. This represented 12.04% of profit before taxes in the year under review as compared to 11.20% in previous year.

The increase in tax expense is attributable primarily to increase in domestic tax expense by Rs. 74.54 million

II. Financial Condition

a. Share Capital

The Company has authorised capital of Rs. 500 million as on March 31, 2011. The issued, subscribed and paid up capital was Rs. 288.54 million in the year under review as compared to Rs. 190.31 million in the previous year. The increase in paid up capital was primarily due to allotment of Bonus shares in the ratio of 1:2 on July 28, 2010 by capitalisation of reserves. The balance increase is due to allotment of shares on exercise of employee stock options.

b. **Reserves & Surplus**

The reserves and surplus of the Company increased to Rs. 2,091.93 million in the year under review from Rs. 1,806.04 million in the previous year. Rs. 131.50 million (previous year Rs. 72.59 million) was transferred from the Profit and Loss Account to General Reserves.

c. **Diminution in Value of Long Term Investments**

Pursuant to a Share Purchase Agreement ('SPA') dated July 24, 2007, the Company, through its subsidiary, eClerx Investments Limited (EIL), acquired 99.4% of Igentica Travel Solutions Limited (ITS) for GBP 1,428,441. Upon acquisition of such stake during 2007-08, the Company, in its consolidated financial statements, recognised the entire difference between the purchase consideration and book value of net assets acquired as 'goodwill' under Accounting Standard 21. ITS has been wound up on March 29, 2011 and the investment of GBP 1,428,441 equivalent to Rs. 102.75 million, in books of EIL has been written off in accordance with the provisions of the relevant accounting standard. However, all the major customers acquired by the Company through the acquisition of ITS continue to be associated with it and the revenue yield from such customers has grown on a year on year basis, post acquisition.

d. **Fixed Assets**

The Gross block of fixed assets as on March 31, 2011 was Rs. 639.27 million (Rs. 445.53 million as on March 31, 2010) and cumulative depreciation amounted to Rs. 334.61 million (Rs. 246.46 million as on March 31, 2010). Additions to fixed assets made during the year were Rs. 197.03 million (Rs. 68.41 million during the previous year) comprising of computers, software, leasehold improvement and office equipment. In addition, capital work in progress as on March 31, 2011 amounted to Rs. 65.32 million (Rs. 22.07 million as on March 31, 2010).

e. **Investments**

Investments represent surplus funds of the Company parked with 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. 278.58 million during the year under review from Rs. 774.58 million in the previous year due to investment of surplus in high yield bank fixed deposits and outflow on account of dividends in the year under review.

f. **Sundry Debtors**

Debtors increased to Rs. 659.37 million as on March 31, 2011 from Rs. 392.25 million as on March 31, 2010. The Company has not made any provision for doubtful debts during the year under review (previous year Rs. 1.42 million).

g. **Cash and Bank Balance**

The cash and bank balances increased to Rs. 1,515.28 million as on March 31, 2011 from Rs. 472.24 million as on March 31, 2010. Out of this, Rs. 137.36 million (previous year Rs. 180.21 million) is held in exchange earnings in foreign currency accounts in India and Rs. 22.59 million was held in foreign bank accounts as at March 31, 2011 (previous year Rs. 18.90 million). The remaining cash and bank balances mainly represent bank balances in current and fixed deposit accounts in India.

Further details of balances as on Balance Sheet dates with scheduled banks in India are as follows :

(Rupees in million)

	As on March 31, 2011	As on March 31, 2010
In Current Accounts		
Bank of India - EEFC (GBP)	2.24	0.95
Bank of India - EEFC (USD)	8.32	105.44
Bank of India - EEFC (Euro)	1.71	14.15
Citibank - EEFC (GBP)	1.71	4.66
Citibank - EEFC (USD)	6.73	2.53
HSBC Bank - EEFC (GBP)	3.59	1.53
HSBC Bank - EEFC (USD)	6.80	12.80
HSBC Bank - EEFC (Euro)	105.94	38.15
Standard Chartered Bank - EEFC (USD)	0.20	-
Standard Chartered Bank - EEFC (Euro)	0.12	-
Bank of India	3.95	108.72
Standard Chartered Bank	0.09	-
Citibank	2.76	(10.48)
Kotak Mahindra Bank	15.81	16.85
HSBC Bank	2.54	6.21
HSBC Bank - Unclaimed Dividend accounts	0.71	0.38
In Deposit Accounts		
Bank of India	768.92	151.22
Citibank	140.00	-
Kotak Mahindra Bank	420.00	-

The details of balances as on Balance Sheet dates with non-scheduled banks of overseas subsidiaries are as follows :

(Rupees in million)

	As on March 31, 2011	As on March 31, 2010
HSBC Bank - UK	8.59	6.02
SG Hambros - BVI	3.31	3.84
Barclays Bank - UK	-	0.09
Bank of America - USA	9.49	6.58
HSBC Bank - Singapore	1.20	2.37

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. 698.02 million as on March 31, 2011 from Rs. 501.12 million as on March 31, 2010. The principal component of this was unbilled revenues which increased to Rs. 358.68 million from Rs. 294.86 million during the year under review.

i. Current Liabilities

Current liabilities as on March 31, 2011 primarily comprise of sundry creditors of Rs. 102.98 million (Rs. 66.54 million for previous year) payable to vendors for supply of goods and services, incentive and benefits payable to the employees of Rs. 198.93 million (Rs. 137.03 million for previous year) and bills raised in advance on clients of Rs. 32.07 million (Rs. 4.88 million for previous year)

j. Provisions

Provisions for leave encashment, gratuity, taxes and dividend as on March 31, 2011 amounted to Rs. 794.76 million (Rs. 251.16 million for previous year). Provision for dividend and tax on dividend was Rs. 754.55 million (Rs. 221.92 million for previous year), provision for taxes (net) was Rs. 7.78 million (Rs. 8.63 million in previous year) and provision for gratuity was Rs. 27.19 million (Rs. 16.98 million in previous year).

k. Deferred Tax Asset (net)

The Company has deferred tax asset (net) of Rs. 6.83 million as at Mach 31, 2011 (Rs. 7.22 million as at March 31, 2010). Deferred tax assets primarily arise out of provisions made of employee benefits, lease equalisation and depreciation.

V. Internal Control Systems And Their Adequacies

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of corporate policies. Processes for formulating and reviewing annual and long term business plans have been laid down.

VI. 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 defer 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 in 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 mechanism is critical to retain and enhance investor's trust. The Company's corporate governance philosophy aims at ensuring, among others, the accountability of Board of Directors and uniformity in its decision towards all its stakeholders; viz, customers, employees, shareholders.

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

II Board of Directors

The Board of Directors meet 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 convened when necessary.

a) Composition of the Board of Directors

The Board of Directors of the Company represent an optimum combination of Executive and Non-Executive Directors for its independent functioning. The Board comprises of nine Directors, of which, one is Executive Director and eight 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) Brief Profile of Directors

The brief resume of Biren Gabhawala, Anjan Malik and Anish Ghoshal, 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. Further, the required proposal for appointment of the above Directors at the forthcoming Annual General Meeting are included in the Notice convening this Annual General Meeting.

c) Board Meetings

During the financial year 2010-11, 6 (Six) Board Meetings were held that is on May 25, 2010; July 30, 2010; September 16, 2010; October 21, 2010; December 16, 2010 and January 27, 2011. The Company held its last Annual General Meeting on September 16, 2010.

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
Biren Gabhawala*	Non Executive Independent Director	Director

*Appointed w.e.f. May 18, 2011

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	6	5	Yes	1	-	-
P. D. Mundhra	6	5	Yes	1	-	-
Anjan Malik	6	5	Yes	-	-	-
Jimmy Bilimoria	6	6	Yes	9	3	4
Pradeep Kapoor	6	3	Yes	3	-	-
Anish Ghoshal	6	6	Yes	1	-	-
Vikram Limaye	6	4	Yes	14	1	2
Sandeep Singhal	6	3	No	1	-	-
Biren Gabhawala*	NA	NA	NA	-	-	-

*Appointed w.e.f. May 18, 2011

As required by Clause 49 of the Listing Agreement, the disclosure includes memberships/chairmanship of audit committee and shareholders grievance committee in Indian Public Companies (listed and unlisted). The status is as on March 31, 2011.

d) **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 of conduct for the financial year 2010-11. A declaration to this effect signed by the Executive Director is given in this report. The aforesaid code has also been posted on the Company's website www.eClerx.com.

e) **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 & annual disclosures from them as stipulated in the said code of conduct. Further, Company has put in place a 'Pre-Intimation/Pre-Clearance of Trade' mechanism which makes it mandatory for all the designated employees to pre-intimate/obtain prior approval, before dealing in Company's securities, depending upon respective threshold limit set out in the said Code.

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, which lay down its roles, responsibilities and powers:

- 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 position 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/ annual 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/letters of internal control weakness and appointment, removal and terms of remuneration of the Internal Auditors and Statutory Auditors.

Composition of Audit Committee	
Jimmy Bilimoria	Chairman (Independent Director)
Pradeep Kapoor	Member (Independent Director)
Anish Ghoshal	Member (Independent Director)
P. D. Mundhra	Member (Executive Director)
Biren Gabhawala*	Member (Independent Director)

*Appointed w.e.f. May 18, 2011

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	4	4
Pradeep Kapoor	4	2
Anish Ghoshal	4	4
P. D. Mundhra	4	3
Biren Gabhawala*	NA	NA

*Appointed w.e.f. May 18, 2011

The Company has a well-qualified and independent Audit Committee consisting of four 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 4 (four) audit committee meetings were held, that is, on May 25, 2010; July 30, 2010; October 21, 2010 and January 27, 2011.

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 Head of Finance and Finance Controller of the Company.

The Chairman of the Audit Committee attended Tenth Annual General Meeting of the Company held on September 16, 2010.

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 the Executive Director(s) 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 Schemes/Plans, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines.

Composition of Remuneration Committee	
Anish Ghoshal	Chairman (Independent Director)
Jimmy Bilimoria	Member (Independent Director)
Vikram Limaye	Member (Independent Director)
V. K. Mundhra	Member (Non-Executive Director)
Sandeep Singhal	Member (Non-Executive Director)

The Company Secretary of the Company acts as secretary to the Committee.

Meetings and Attendance during the year

Members	Meetings Held During the Tenure	Meetings Attended
Anish Ghoshal	3	3
Jimmy Bilimoria	3	3
Vikram Limaye	3	2
V. K. Mundhra	3	3
Sandeep Singhal	3	1

Details of remuneration paid/payable to Directors for financial year 2010-11 are as follows:

(Rupees in '000)

Name	Salary and Perquisites	Commission	Sitting Fees	Total
V. K. Mundhra	-	-	80	80
P. D. Mundhra	17,430	-	-	17,430
Anjan Malik	-	-	80	80
Jimmy Bilimoria	-	-	120	120
Pradeep Kapoor	-	-	60	60
Anish Ghoshal	-	-	120	120
Vikram Limaye	-	-	80	80
Sandeeep Singhal	-	-	40	40
Biren Gabhawala*	-	-	-	-

*Appointed w.e.f. May 18, 2011

The Non Executive Directors are not paid any cash compensation except sitting fees for attending the meeting of Board of Directors. Furthermore as a Corporate Governance initiative, the Board of Directors of the Company vide its meeting held on January 27, 2011 resolved that sitting fees will be paid only to the independent Directors. Accordingly, no sitting fee is paid to Non Executive Non Independent Directors from January 27, 2011 onwards.

P D Mundhra, Executive Director of the Company offered to forego his annual remuneration hike for the FY2012 conveying that he believed that the current remuneration reflected fair value for his contribution to the Organisation. The Board of Directors of the Company at its meeting held on May 18, 2011 accepted the said offer by the Executive Director.

Details of shareholding of Non-Executive Directors as on March 31, 2011:

Sr. No.	Name of the Director	Shareholding (No. of Shares)
1	V. K. Mundhra	32,287
2	Anjan Malik	8,522,250
3	Pradeep Kapoor	Nil
4	Jimmy Bilimoria	2,232
5	Vikram Limaye	68
6	Anish Ghoshal	Nil
7	Sandeep Singhal	Nil
8	Biren Gabhawala*	NA

*Appointed w.e.f. May 18, 2011

Details of options held by Non-Executive/Independent Directors as at March 31, 2011

Name	ESOP Scheme 2008		
	No. of Options	Vest Date	Expiry Date
Jimmy Bilimoria	15,000	April 1, 2011	March 31, 2014
	7,500	April 1, 2012	March 31, 2015
	5,250	April 1, 2013	March 31, 2016
Pradeep Kapoor	15,000	April 1, 2011	March 31, 2014
	7,500	April 1, 2012	March 31, 2015
	5,250	April 1, 2013	March 31, 2016
Anish Ghoshal	15,000	April 1, 2011	March 31, 2014
	7,500	April 1, 2012	March 31, 2015
	5,250	April 1, 2013	March 31, 2016
Vikram Limaye	15,000	April 1, 2011	March 31, 2014
	7,500	April 1, 2012	March 31, 2015
	5,250	April 1, 2013	March 31, 2016
Biren Gabhawala*	NA	NA	NA

*Appointed w.e.f. May 18, 2011

V Shareholders' Grievance Committee

The Committee facilitates effective redressal of investor complaints and oversees share transfers.

Composition of Shareholders' Grievance Committee	
Pradeep Kapoor	Chairman (Independent Director)
Anish Ghoshal	Member (Independent Director)
Jimmy Bilimoria (Resigned w.e.f May 25, 2010)	Member (Independent Director)
Priyadarshan Mundhra	Member (Executive Director)
Biren Gabhawala*	Member (Independent Director)

*Appointed w.e.f. May 18, 2011

The Company Secretary of the Company acts as Compliance Officer 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 & Transfer Agent to the satisfaction of shareholders during the year under review was 47. All complaints of shareholders were satisfactorily resolved. There are no complaints pending as on March 31, 2011.

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
2010	September 16, 2010	Walchand Hirachand Hall, Indian Merchants Chamber, LNM IMC Building, Churchgate, Mumbai 400 020	10.15 a.m.
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.N.D.T. Women's University, Nathibai Thackersay Road, Marine Lines, Mumbai - 400 020	12.30 p.m.

Following special resolutions were passed in the previous three AGMs:

Subject	Date of Meeting
Amendments to ESOP 2008 Scheme with regards to options granted/to be granted to the employees of the Company	September 16, 2010
Amendments to ESOP 2008 Scheme with regards to options granted/to be granted to the employees of Subsidiaries of the Company	September 16, 2010
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

Special resolutions passed through postal ballot:

During the year under review, following special resolutions were passed by way of Postal Ballot. Ms. Savita Jyoti, of M/s. Savita Jyoti Associates, Company Secretaries, Hyderabad, was appointed as the scrutinizer for overseeing the Postal Ballot Process. The resolutions have been passed with the requisite majority as per the details given below:

Subject	Date of Declaration of Results	% of votes in favour as against total valid votes
Raising of Long Term Financial Resources (not exceeding Rs. 5,000 million)	February 3, 2011	96.80%
Increase in Borrowing Limits (not exceeding Rs. 5,000 million)		96.80%
Authority to create charge(s) on Company's properties (not exceeding Rs. 5,000 million)		96.80%
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	99.99%
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		99.99%

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. The details of transactions with Related Parties have been given in the notes to Financial Statements.

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 as 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 prioritisation 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 while approaching 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, its 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;
- To create awareness among the employees to assess risks on a continuous basis & 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 shares of the Company are listed and the same are published in Economic Times and Maharashtra Times. These financial results are also displayed on the Company's website 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 inter-alia, in Management Discussion and Analysis, which forms a part of this Annual Report.

X Shareholders' Information

Annual General Meeting

Date : Wednesday, August 24, 2011

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, 2011 – March 31, 2012

Declaration of Results for the Quarter Ending on	Tentative Date
June 30, 2011	Last week of July 2011
September 30, 2011	Last week of October 2011
December 31, 2011	Last week of January 2012
March 31, 2012	Last week of May 2012
Twelfth Annual General Meeting	Second fortnight of August 2012

The financial year of the Company ends on March 31.

Dates of Book Closure: Wednesday, August 17, 2011 to Wednesday, August 24, 2011.

Dividend Payment Date: If declared, shall be paid on/after Wednesday, August 24, 2011.

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. Stock 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	74,032.18
2008-09	Interim Dividend	2.50	October 30, 2008	November 29, 2015	88,537.22
2008-09	Final Dividend	10.00	August 26, 2009	September 25, 2016	211,161.38
2009-10	Interim Dividend	7.50	October 28, 2009	November 27, 2016	147,812.48
2009-10	Final Dividend	10.00	September 16, 2010	October 15, 2017	187,809.70

*Amount unclaimed as on March 31, 2011

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, 2011 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

Sr. No.	Description	No. of Shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares lying unclaimed as on 1.4.2010	21	453
2	Number of shareholders approached the Company to claim aforesaid unclaimed shares and to whom the shares were transferred	3	69
3	Balance number of shareholders and the outstanding shares lying unclaimed prior to Bonus issue on July 28, 2010	18	384
4	Total number of shareholders and the outstanding shares lying unclaimed post Bonus issue in the ratio 1:2 (i.e one bonus equity share for every two shares held) on July 28, 2010 (i.e 384 shares+ 192 shares)	18	576
5	Number of shareholders approached the Company post bonus issue to claim unclaimed shares and to whom the shares were transferred	1	20
6	Aggregate number of shareholders and the outstanding shares lying unclaimed as on March 31, 2011	17	556

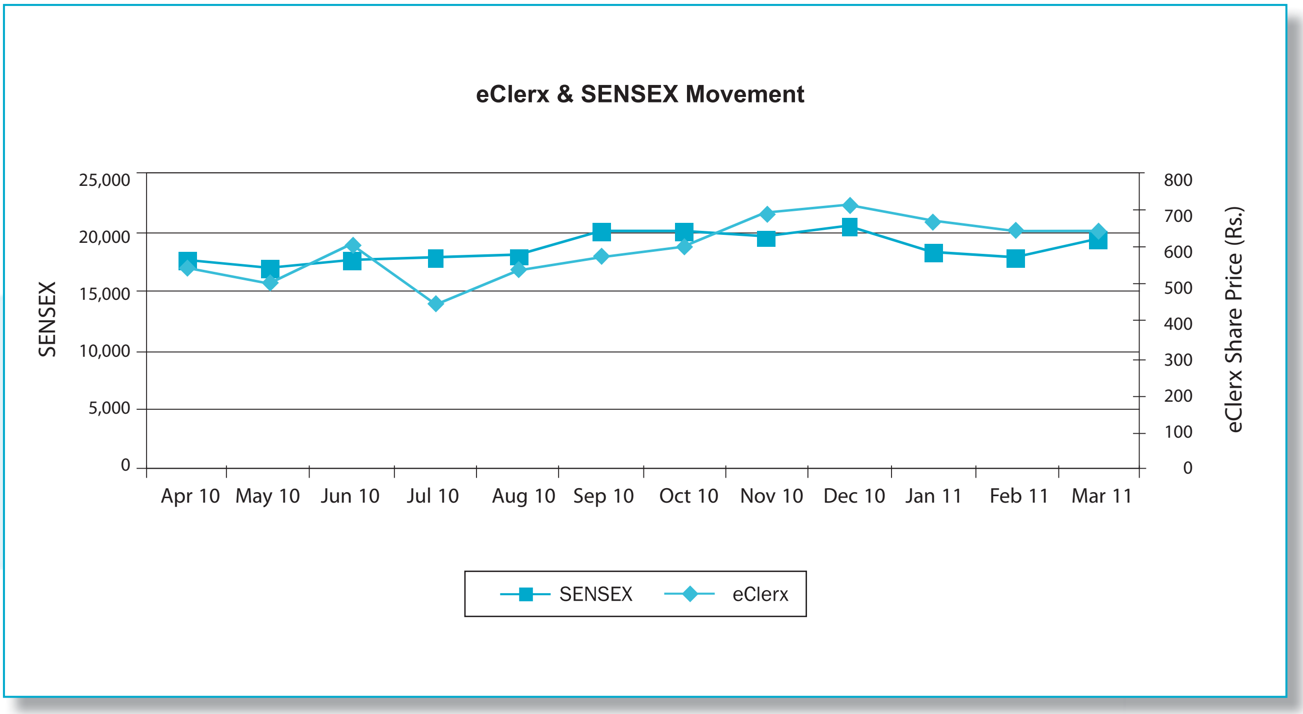
As required under the said Clause of the Listing Agreement, the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Market Price Data

Market Price Data (in Rs. per share)

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2010	605.25	495.00	588.90	491.05
May 2010	563.00	476.30	562.00	460.00
June 2010	662.80	498.05	665.00	500.00
July 2010	724.00	435.30	724.90	435.30
August 2010	589.00	445.00	583.00	445.15
September 2010	582.80	497.00	583.90	498.00
October 2010	637.95	572.75	638.00	572.40
November 2010	797.95	581.80	798.95	581.50
December 2010	761.90	672.00	761.95	670.60
January 2011	727.00	601.00	734.80	597.30
February 2011	690.00	580.05	691.30	575.15
March 2011	680.00	616.00	681.80	616.25

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 97.49% 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 dispatched to the shareholders within 30 days from the date of receipt (subject to the documents being valid and complete in all respects).

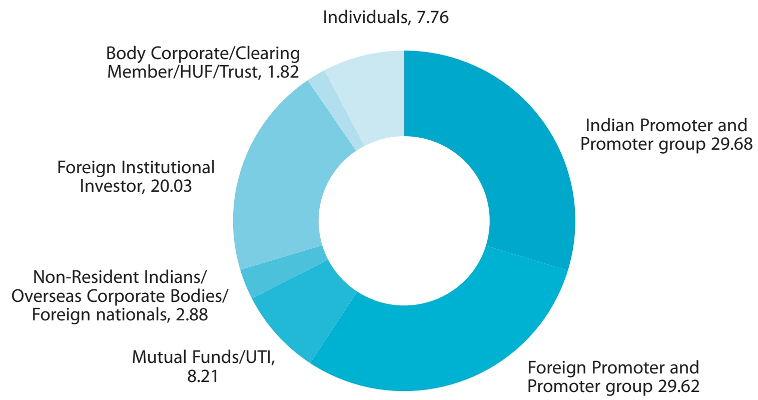
Distribution of Shareholding as at March 31, 2011:

Category	Number of Shareholders	% of Total Shareholders	No. of Shares Held	% of Total Shareholding
From - To				
1 - 5000	13,911	97.30	653,487	2.26
5001 - 10000	146	1.02	106,639	0.37
10001 - 20000	71	0.50	104,702	0.36
20001 - 30000	32	0.22	80,688	0.28
30001 - 40000	12	0.08	42,840	0.15
40001 - 50000	8	0.06	36,686	0.13
50001 - 100000	33	0.23	237,219	0.82
100001 & Above	84	0.59	27,592,173	95.63
Total	**14,297**	**100**	**28,854,434**	**100**

Shareholding Pattern

The shareholding pattern of the Company as on March 31, 2011 was as under:

S. No.		Category of Shareholder	No. of Shares	% Shareholding
(A)		**Shareholding of Promoter and Promoter Group**		
1		Indian	8,564,436	29.68
2		Foreign	8,547,683	29.62
		Total Promoters Shareholding (A)	17,112,119	59.30
(B)		**Public Shareholding**		
1		**Institutions**		
	(a)	Mutual Funds/UTI	2,367,953	8.21
	(b)	Financial Institutions/Banks/Insurance Companies	-	-
	(c)	Non-Resident Indians/Overseas Corporate Bodies	832,411	2.88
	(d)	Foreign Institutional Investor	5,780,038	20.03
2		**Non-Institutional Investor**		
	(a)	Body Corporate/Clearing Member/HUF/Trust	526,417	1.82
	(b)	Individuals	2,235,496	7.76
		Total Public Shareholding (B)	11,742,315	40.70
		Total (A)+(B)	**28,854,434**	**100.00**



Dematerialisation of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialised form. The shares of the Company are admitted for trading under both depository systems in India, viz., NSDL and CDSL. A total number of 28,129,128 Equity Shares of the Company constituting over 97.49 per cent of the Company's Equity Shares were dematerialised as at March 31, 2011.

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
  - 301, 3rd Floor, Raheja Plaza 1, L.B.S. Road,
    Ghatkopar (West), Mumbai - 400 086
  - 202, Ashok Silk Mills, L.B.S. Road,
    Ghatkopar (West), Mumbai - 400 086
  - Building no. 14, K Raheja Mindspace,
    Plot No. 3, TTC Industrial Area,
    Thane Belapur Road, Airoli,
    Navi Mumbai - 400 708
  - Block # 01, 5th Floor, DLF Akruti IT Park,
    Rajiv Gandhi Infotech Park,
    Hinjewadi Phase-II, Pune - 411057

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 below mentioned addresses:

Registered office:

eClerx Services Limited
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 to 24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
Ph Nos.: 040 - 2342 0815 to 824
Fax No.: 040 - 2342 0814
Email: einward.ris@karvy.com

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, 2011.

For **eClerx Services Limited**

P. D. Mundhra
Executive Director

Place: Mumbai
Date: May 18, 2011

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, 2011 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

Rohitash Gupta
Chief Financial Officer

Mumbai
May 18, 2011

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 ('the Company') for the year ended March 31, 2011 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 18, 2011

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, 2011, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2011 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, 2011;

      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 18, 2011

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, 2011

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 three 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 3.13 million and the year-end balance was Rupees 0.12 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	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax demand	11.52	Assessment Year 2006-07	Honorable Bombay High Court
Income Tax Act, 1961	Income tax demand	16.02	Assessment Year 2007-08	Income Tax Appellate Tribunal

(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) 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 18, 2011

Balance Sheet as at March 31, 2011

(Rupees in million)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	A	288.54	190.31
Stock Options Outstanding		2.75	2.30
Stock Options Pending Allotment		0.58	0.17
Reserves and Surplus	B	2,047.04	1,802.49
		2,338.91	**1,995.27**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	C	624.56	433.37
Less: Accumulated Depreciation and Amortisation		329.12	243.04
Net Block		**295.44**	**190.33**
Add: Capital Work in Progress (including capital advances)		65.32	22.07
		360.76	**212.40**
Investments	D	285.81	908.58
Deferred Tax Assets (Refer Note III-4 of Schedule N)		6.83	7.22
Current Assets, Loans and Advances			
Sundry Debtors	E	659.37	392.25
Cash and Bank Balances	F	1,492.69	453.34
Loans and Advances	G	690.39	497.12
		2,842.45	**1,342.71**
Less : Current Liabilities and Provisions			
Liabilities	H	364.84	226.64
Provisions	I	792.10	249.00
		1,156.94	**475.64**
Net Current Assets		**1,685.51**	**867.07**
		2,338.91	**1,995.27**
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 18, 2011

For and on behalf of the Board of Directors

V.K. Mundhra	**P.D. Mundhra**	**Anjan Malik**	**Pradeep Kapoor**
Chairman	Executive Director	Director	Director
		Rohitash Gupta	**Gaurav Tongia**
		Chief Financial Officer	Company Secretary

Profit and Loss Account for the year ended March 31, 2011

(Rupees in million)

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
INCOME			
Income from Operations		3,419.11	2,570.21
Other Income	J	75.51	54.27
		3,494.62	**2,624.48**
EXPENDITURE			
Employee compensation and related expenses	K	1,189.62	833.58
General and administration expenses	L	661.09	846.60
Selling and marketing expenses	M	80.40	62.27
Depreciation and amortisation	C	89.01	68.54
		2,020.12	**1,810.99**
Profit before Exceptional Items & Taxes		**1,474.50**	**813.49**
Diminution in value of Long Term Investment		126.77	-
Profit before taxes		**1,347.73**	**813.49**
Provision for taxation			
- Current Income Tax		161.72	87.65
- Deferred Income Tax		0.39	(0.08)
		162.11	87.57
Profit after tax		**1,185.62**	**725.92**
Balance brought forward from previous year		755.97	492.29
Profit available for appropriation		1,941.59	1,218.21
Less : Appropriations			
Interim Dividend		-	142.61
Tax on Interim Dividend		-	24.24
Short Provision for Dividend & Dividend Tax		113.17	0.88
Proposed Final Dividend		649.23	190.31
Tax on Proposed Final Dividend		105.32	31.61
Transfer to General Reserve		131.50	72.59
Balance carried to Balance Sheet		**942.37**	**755.97**
Earnings per share (Refer Note III-11 of Schedule N)			
Weighted average number of Equity Shares outstanding during the year			
- Basic		28,710,715	28,483,635
- Diluted		30,099,111	29,700,764
Earning per share (in Rs.)			
- Basic		41.30	25.49
- Diluted		39.39	24.44
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 18, 2011

For and on behalf of the Board of Directors

V.K. Mundhra — Chairman
P.D. Mundhra — Executive Director
Anjan Malik — Director
Pradeep Kapoor — Director
Rohitash Gupta — Chief Financial Officer
Gaurav Tongia — Company Secretary

Cash Flow Statement for the year ended March 31, 2011

(Rupees in million)

	Year ended March 31, 2011	Year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1,347.73	813.49
Adjustments for :		
Depreciation	89.01	68.54
Stock Options Outstanding	0.45	1.32
(Profit)/Loss on Sale of Investments	-	(3.17)
(Profit)/Loss on Sale of assets	0.05	0.22
Provision for Doubtful debts	(0.44)	0.35
Bad Debts Written off	1.39	-
Diminution in Value of Long Term Investments	126.77	-
Dividend Income	(25.04)	(17.97)
Interest Income	**(50.47)**	**(33.13)**
Operating Profit Before Working Capital Changes	1,489.45	829.65
Adjustments for :		
Trade and Other Receivables	(268.07)	57.99
Loans and Advances	(195.18)	(186.37)
Current Liabilities and Provisions	150.02	0.68
Cash Generated from Operating Activities	**1,176.22**	**701.95**
Income Taxes paid	(161.15)	(101.33)
Net Cash Generated from Operating Activities	**1,015.07**	**600.62**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Investments	3,139.69	3,544.11
Purchase of Investments	(2,643.69)	(3,464.78)
Investment in Subsidiaries	-	(0.01)
Sale of Fixed Assets	0.04	0.03
Purchase of Fixed Assets (including Capital work in progress)	(237.47)	(82.97)
Interest received	50.47	33.13
Dividend received	25.04	17.97
Net Cash generated from/(used in) Investing Activities	**334.08**	**47.48**

Cash Flow Statement for the year ended March 31, 2011

(Rupees in million)

	Year ended March 31, 2011	Year ended March 31, 2010
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from equity issued	25.29	5.22
Dividend Paid	(287.36)	(332.63)
Dividend Tax Paid	(47.73)	(56.55)
Net Cash used in Financing Activities	**(309.80)**	**(383.96)**
Net Increase in Cash and cash equivalents	**1,039.35**	**264.14**
Cash and Cash Equivalents at the beginning of the year	453.34	189.20
Cash and Cash Equivalents at the end of the year	**1,492.69**	**453.34**

Notes to the Cash Flow Statement

Cash and cash equivalents consist of cash in hand and balances with bank. Cash and cash equivalents included in the Cash Flow Statement comprise the following:

Cash in Hand	0.55	0.23
Balances with Scheduled Banks		
- In Current accounts	25.15	121.30
- In Unclaimed Dividend *	0.71	0.38
- In Exchange earnings in foreign currency accounts	137.36	180.21
- In Fixed deposit accounts **	1,328.92	151.22
Total	**1,492.69**	**453.34**

* Not available for use by the Company

** Cash and cash equivalents include Rs. 1.22 million (P.Y. Rs. 1.22 million) fixed deposits pledged with Banks.

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

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 18, 2011

For and on behalf of the Board of Directors

V.K. Mundhra — Chairman
P.D. Mundhra — Executive Director
Anjan Malik — Director
Pradeep Kapoor — Director

Rohitash Gupta — Chief Financial Officer
Gaurav Tongia — Company Secretary

Schedules to Financial Statements

(Rupees in million)

		As at March 31, 2011		As at March 31, 2010
A CAPITAL				
Authorised				
50,000,000 (P.Y. 30,000,000) Equity Shares of Rs. 10 each		500.00		300.00
Issued, Subscribed and Paid - up				
28,854,434 (P.Y. 19,031,099) Equity Shares of Rs. 10 each		288.54		190.31
{Of the above shares 26,107,869 (P.Y. 16,547,700) Equity Shares of Rs. 10 each have been issued for consideration other than cash by way of Bonus shares by capitalising free reserves}				
		288.54		**190.31**
B RESERVES AND SURPLUS				
General Reserve				
Opening balance	306.79		234.52	
Add: Transfer during the year	131.50		72.59	
Less : Transfer to share capital pursuant to exercise of Stock Options	(0.19)	438.10	(0.32)	306.79
Securities Premium				
Opening balance	739.73		735.40	
Add: On shares issued during the year	22.23		4.33	
Less : Bonus shares issued	(95.39)	666.57	-	739.73
Profit and Loss Account		**942.37**		**755.97**
		2,047.04		**1,802.49**

C FIXED ASSETS

Assets	Gross Block - At Cost				Depreciation/Amortisation				Net Block	
	As on April 1, 2010	Additions during the year	Deductions/ Adjustments	As on March 31, 2011	As on April 1, 2010	For the year	Deductions/ Adjustments	As on March 31, 2011	As on March 31, 2011	As on March 31, 2010
Tangible										
Leasehold Improvements	91.04	22.72	-	113.76	39.16	10.74	-	49.90	63.86	51.88
Office Equipment	47.86	22.07	0.01	69.92	14.40	6.78	-	21.18	48.74	33.46
Computers	205.51	117.07	3.28	319.30	134.40	56.12	2.93	187.59	131.71	71.11
Furniture And Fixtures	40.20	8.64	-	48.84	22.19	4.97	-	27.16	21.68	18.01
Intangible										
Computer Software	48.76	23.98	-	72.74	32.89	10.40	-	43.29	29.45	15.87
Total	**433.37**	**194.48**	**3.29**	**624.56**	**243.04**	**89.01**	**2.93**	**329.12**	**295.44**	**190.33**
Previous Year	**377.40**	**61.16**	**5.19**	**433.37**	**179.44**	**68.54**	**4.94**	**243.04**	**190.33**	

Schedules to Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
D INVESTMENTS		
Long term (at cost) (Trade, unquoted)		
Investments in subsidiaries		
100 shares of US $1 each in eClerx LLC, USA	0.72	0.72
100 shares of GBP 1 each in eClerx Limited, UK	3.31	3.31
1,600,000 shares of GBP 1 each in eClerx Investments Limited, BVI	129.96	129.96
1 shares of SGD $1 each in eClerx Private Limited, Singapore	0.01	0.01
Less : Provision for Diminution of Long Term Investment 1,600,000 shares of GBP 1 each in eClerx Investments Limited, BVI	(126.77)	-
(A)	**7.23**	**134.00**
Short term (at lower of cost and fair value) (Non-trade, Unquoted)		
NIL (P.Y.: 18,844,034) units of LIC Liquid Fund	-	206.91
(35,424,659 units purchased, 172,021 units cumulated, 54,440,714 units sold)		
NIL (P.Y.: 26,457,260) units of LIC Income Plus Fund	-	264.57
(33,972,394 units purchased, 222,882 units cumulated, 60,652,536 units sold)		
3,001,574 (P.Y.: NIL) units of DSP Black Rock FMP 3M Series 28	30.02	-
(3,001,574 units purchased, NIL units cumulated, NIL units sold)		
30 (P.Y.: NIL) units of HDFC Debt Fund Cancer Care - 100% Dividend Donation	0.30	-
(30 units purchased, NIL units cumulated, NIL units sold)		
3,000,000 (P.Y. NIL) units of ICICI Prudential Interval Fund	30.00	-
(3,000,000 units purchased, NIL units cumulated, NIL units sold)		
NIL (P.Y. 310,912) units of ICICI Prudential Institutional Liquid Plan	-	31.10
(1,672,306 units purchased, 9,937 units cumulated, 1,993,155 units sold)		
933,741 (P.Y. 428,295) units of ICICI Prudential Flexible Income Plan	98.73	45.29
(1,656,001 units purchased, 38,911 units cumulated, 1,189,466 units sold)		
NIL (P.Y. : 1,808,533) units of Birla Sweep Fund	-	18.30
(5,722,274 units purchased, 676 units cumulated, 7,531,483 units sold)		
3,576,412 (P.Y. : NIL) units of Kotak Flexi Debt Scheme	35.93	-
(9,455,088 purchased, 92,958 units cumulated, 5,971,634 units sold)		
5,000,000 (P.Y. : NIL) units of Kotak QIP Series 4	50.00	-
5,000,000 units purchased, NIL units cumulated, NIL units sold)		

Schedules to Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
16,205 (P.Y. : NIL) units of UTI Treasury Advantage	16.21	-
(163,977 units purchased, 2,196 units cumulated, 149,968 units sold)		
1,733,744 (P.Y.: 5,768,052) units of HDFC Cash Management Fund - Treasury Advantage	17.39	57.86
(19,939,988 units purchased, 339,498 units cumulated, 24,313,794 units sold)		
NIL (P.Y.: 5,016,168) units of IDFC Cash Fund	-	50.17
(10,165,339 units purchased, 196,275 units cumulated, 15,377,782 units sold)		
NIL (P.Y.: 10,036,330) units of IDFC Money Manager Fund	-	100.38
NIL units purchased, 130,025 units cumulated, 10,166,355 units sold)		
(B)	**278.58**	**774.58**
(A)+(B)	**285.81**	**908.58**
E SUNDRY DEBTORS		
(Unsecured)		
Considered good		
Debts outstanding for period exceeding six months	2.98	1.42
Other debts	656.39	390.83
Considered doubtful		
Debts outstanding for a period exceeding six months	-	1.42
Other debts	-	-
Less: Provision for doubtful debts	-	(1.42)
	659.37	**392.25**

Schedules to Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
F CASH AND BANK BALANCES		
Cash in Hand	0.55	0.23
Balance with scheduled banks		
- in Current accounts	162.51	301.51
- in Unclaimed Dividend accounts	0.71	0.38
Balance with scheduled banks in fixed deposit accounts	1,328.92	151.22
{Rs. 1.22 million (P.Y. 1.22 million) of fixed deposits have been pledged with the banks against bank guarantees}		
	1,492.69	**453.34**
G LOANS AND ADVANCES		
(Unsecured, considered good)		
Unbilled Revenues	358.68	294.86
Foreign Currency Receivable	52.94	21.19
Advance receivable in cash or kind or for value to be received:		
Prepaid Expenses	20.30	17.79
Deposits	61.18	47.22
Advance tax (Net)	10.34	12.25
Service Tax Credit	139.43	87.64
Other Advances *	47.52	16.17
	690.39	**497.12**
*Includes amount outstanding from companies under the same management.		
eClerx Investments Limited	0.12	0.23
Igentica Travel Solutions Limited	-	1.32
eClerx Private Limited	-	1.47
Maximum outstanding balance during the year		
eClerx Investments Limited	0.27	0.23
Igentica Travel Solutions Limited	1.39	1.32
eClerx LLC	-	8.91
eClerx Private Limited	1.47	2.34

Schedules to Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
H LIABILITIES		
Sundry Creditors for Goods and Services*	202.39	127.78
Incentive Payable to employees	115.03	82.73
Unclaimed Dividend #	0.71	0.37
Advance Billing	32.07	4.89
Other Liabilities	14.64	10.87
	364.84	**226.64**
* includes amount outstanding to companies under the same management		
eClerx LLC	58.71	40.70
eClerx Limited	51.84	27.50
eClerx Private Limited	6.98	-
Maximum outstanding balance during the year		
eClerx LLC	58.71	40.70
eClerx Limited	51.84	27.50
eClerx Private Limited	6.98	-
# does not include any amount due to be credited to Investor Education and Protection Fund.		
I PROVISIONS		
Provision for Gratuity*	27.19	16.98
Provision for Compensated Absences	5.24	3.63
Provision for Taxation (Net)	5.12	6.47
Proposed Final Dividend	649.23	190.31
Dividend Distribution Tax on Proposed Final Dividend	105.32	31.61
	792.10	**249.00**
* Provision for Gratuity is net of contribution of Rs. 1.35 million (P.Y. Rs. 0.94 million) paid to LIC Gratuity Fund.		

Schedules to Financial Statements

(Rupees in million)

	Year ended March 31, 2011	Year ended March 31, 2010
J OTHER INCOME		
Interest on fixed deposit	50.47	33.03
[Tax deducted at Source Rs. 5.04 million (P.Y. Rs 5.16 million)]		
Dividend	25.04	17.97
Profit on Sale of Investments (net)	-	3.17
Interest on loan given to Sudsidiary	-	0.10
	75.51	**54.27**
K EMPLOYEE COMPENSATION AND RELATED EXPENSES		
Salary and Wages *	1,148.86	808.94
Contribution to Provident fund	4.26	2.59
Gratuity	12.56	9.04
Staff Welfare expenses	23.94	13.01
* includes Director's remuneration of Rs. 17.43 million	**1,189.62**	**833.58**
(P.Y.: Rs 17.50 million)		
L GENERAL AND ADMINISTRATION EXPENSES		
Contract for Services	437.15	368.28
Rent	126.89	91.28
Legal and Professional fees	39.48	31.46
Electricity	27.79	29.85
Foreign exchange (gain)/loss	(164.98)	159.97
Communication expenses	57.79	36.82
Auditor's remuneration (Refer Note III-2 of Schedule N)	1.32	1.40
Office Expenses	6.44	5.69
Rates and Taxes	17.09	30.57
Computer and Server rental expenses	33.07	29.38
Printing and Stationery	4.05	3.72
Local Conveyance	32.76	28.29
Donation	5.27	2.58
Housekeeping Services	9.67	6.77
Security charges	13.71	7.69
Insurance	5.83	5.76
Repairs and Maintenance		
-Building	0.48	0.58
-Others	3.62	4.11
Board Meeting Sitting Fees	0.58	0.68
Provision for Doubtful debts	(0.44)	0.35
Bad Debts Written off	1.39	-
Loss on Sale of Assets	0.05	0.22
Miscellaneous expenses	2.08	1.15
	661.09	**846.60**
M SELLING AND MARKETING EXPENSES		
Advertisement expenses	1.32	2.56
Travelling expenses	74.66	57.09
Business Promotion expenses	4.42	2.62
	80.40	**62.27**

Schedules to Financial Statements

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) Revenue recognition

Revenue from data analytics services and process solutions comprise of 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 represents costs incurred and revenue recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Revenue is recognised net of rebate. The rebate is accrued evenly based on the probability of achievement of the specified level of sales.

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.

Schedules to Financial Statements

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 determined by LIC based on an actuarial valuation done by an independent actuary as at the balance sheet date.

Compensated Absences

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.

Schedules to Financial Statements

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.

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

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. Pursuant to a Share Purchase Agreement ('SPA') dated July 24, 2007, the Company, through its subsidiary, eClerx Investments Limited (EIL), acquired 99.4% of Igentica Travel Solutions Limited (ITS) for GBP 1,428,441. ITS was wound up on 29th March 2011 and the provision for diminution in value of investment in EIL has hence been made for Rs. 126.77 millions, based on the revised net worth of EIL as at March 31, 2011.

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

(Rupees in million)

	Year ended March 31, 2011	Year ended March 31, 2010
Statutory audit	1.27	1.26
Out of Pocket Expenses	0.05	0.04
Others	-	0.10
	1.32	**1.40**

Schedules to Financial Statements

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, 2011	Year ended March 31, 2010
United States of America	2,074.08	1,573.85
United Kingdom	334.26	324.84
Europe	767.88	545.63
Asia Pacific	242.89	125.89
Total Revenues	**3,419.11**	**2,570.21**

(Rupees in million)

Segment	Segment-wise Assets		Segment-wise Additions to Fixed Assets	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
United States of America	486.68	272.67	--	--
United Kingdom	53.10	39.63	--	--
Europe	57.38	59.67	--	--
Asia Pacific	1,850.34	665.38	194.48	61.16

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, 2011	As at March 31, 2010
Deferred Tax Assets		
Depreciation	0.73	1.11
Provision for gratuity	3.57	3.56
Provision for compensated absences	0.07	0.03
Provision for lease equalisation	2.46	2.52
Total	**6.83**	**7.22**

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.

Schedules to Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
Lease payments recognised in the Profit and Loss Account	126.89	91.28
Future minimum lease payments for non-cancellable operating leases		
Not Later than one year	41.81	78.59
Later than one year, but not later than five years	59.23	42.38
Later than five years	-	-

6. Capital commitments

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
Capital Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7.92	36.36

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, 2011		Year ended March 31, 2010	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	302,000	132.66	473,975	116.21
Granted during the year	-	-	-	-
Additional bonus on o/s options	127,875	-	-	-
Forfeited/cancelled	11,813	106.67	67,875	148.66
Exercised	284,661	87.32	104,100	47.35
Balance as at the end of the year	133,401	104.54	302,000	132.66

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 Scheme was subsequently amended to increase the number of options to 1,600,000 stock options vide resolution passed at Ninth Annual General Meeting held on August 26, 2009.

Schedules to Financial Statements

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

	Year ended March 31, 2011		Year ended March 31, 2010	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	821,500	168.02	653,000	184.04
Granted during the year	314,625	510.21	314,500	167.21
Additional bonus on o/s options	530,813	-	-	-
Forfeited/cancelled	217,938	267.58	146,000	237.90
Exercised	-	-	-	-
Balance as at the end of the year	1,449,000	170.05	821,500	168.02

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, 2011	Year ended March 31, 2010
Net Profit after tax as reported	1,185.62	725.92
Add - Intrinsic Value Cost	0.48	1.45
Less - Fair Value Cost	41.31	22.44
Adjusted proforma Net Profit	1,144.79	704.93
Basic EPS as reported	41.30	25.49
Proforma Basic EPS	39.87	24.75
Diluted EPS as reported	39.39	24.44
Proforma Diluted EPS	38.03	23.73

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

ESOP 2008

Date of grant	July 30, 2010	May 25, 2010	April 27, 2009	January 19, 2009	January 19, 2009	May 26, 2008
Expected Volatility	59%	60%	67%	70%	72%	62%
Risk Free Interest Rate	7.51%	6.96%	5.86%	5.81%	5.70%	7.78%
Time to maturity (in years)	4.17	4.35	4.43	4.70	3.70	4.35
Dividend Yield	2.81%	2.81%	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 (wholly owned subsidiary)
2. eClerx LLC (wholly owned subsidiary)
3. eClerx Investments Limited (wholly owned subsidiary)
4. eClerx Private Limited (wholly owned subsidiary)
5. Igentica Travel Solutions Limited *(99.4% held by eClerx Investments Limited

* Igentica Travel Solutions Limited has been wound up on March 29, 2011

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

1. Duncan Stratton & Company 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

(Rupees in million)

Sr. No.	Name	Nature of Transaction	Relationship	Transactions during the year		Outstanding Balance as at	
				March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
1	eClerx Limited, United Kingdom	Contract for Services	Wholly owned subsidiary	192.12	183.54	51.84 Payable	27.50 Payable
		Expenses incurred by holding Company on behalf of subsidiary		5.35	4.29		
		Expenses incurred by subsidiary on behalf of holding Company		0.36	2.76		
		Realisations by subsidiary on behalf of holding company		0.55	--		
2	eClerx LLC, United States of America	Contract for Services	Wholly owned subsidiary	222.30	178.96	58.71 Payable	40.70 Payable
		Expenses incurred by holding Company on behalf of subsidiary		1.77	0.87		
		Expenses incurred by subsidiary on behalf of holding Company		0.26	0.38		
		Loan to Subsidiary		--	--	--	--
		Interest accrued on Loan to Subsidiary		--	0.10	--	--
3	eClerx Investments Limited	Expenses incurred on behalf of subsidiary	Wholly owned Subsidiary	0.13	0.25	0.12 Receivable	0.23 Receivable
4	Igentica Travel Solutions Limited	Expenses incurred on behalf of subsidiary	Subsidiary	--	0.18	--	1.32 Receivable
		Realisations by subsidiary on behalf of holding company		--	0.18		
		Write off of advance receivable from subsidiary		1.39	--		
5	Anjan Malik	Dividend	Director	85.22	99.43	--	--
		Sitting fees		0.08	0.10		
6	P. D. Mundhra	Remuneration	Director	17.43	17.50	--	--
		Dividend		85.18	99.38		
7	V.K. Mundhra	Dividend	Director	0.32	0.38	--	--
		Sitting fees		0.08	0.08		
8	Duncan Stratton & Company Limited	Rent	Common Director	0.03	0.03	--	--
9	eClerx Private Limited. Singapore	Investment in share capital	Wholly owned Subsidiary	--	0.01	6.98 Payable	1.47 Receivable
		Contract for Services		22.73	5.79		
		Expenses incurred by holding Company on behalf of subsidiary		0.69	2.43		

Schedules to Financial Statements

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, 2011:

(Rupees in million)

Subsidiary Company	Outstanding as on March 31, 2011	Maximum amount outstanding during the year ended March 31, 2011	Outstanding as on March 31, 2010	Maximum amount outstanding during the year ended March 31, 2010
eClerx LLC	-	-	-	8.91
eClerx Private Limited	-	1.47	1.47	2.34
eClerx Investments Limited	0.12	0.27	0.23	0.23
Igentica Travel Solutions Limited	-	1.39	1.32	1.32

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

(Rupees in million)

	Year ended March 31, 2011	Year ended March 31, 2010
Whole-time Director		
Salary and perquisites	17.43	17.50
Non-Whole-time Directors		
Sitting Fees	0.58	0.68
Total	**18.01**	**18.18**

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, 2011	Year ended March 31, 2010
Profit before tax as per Profit and Loss Account	1,347.73	813.49
Add: Non-whole time Directors sitting fees	0.58	0.68
Remuneration to whole time Director	17.43	17.50
Loss on sale of fixed assets (net)	0.05	0.22
Profits for computation of Directors Commission	1,365.79	831.89
Maximum remuneration of one whole time Director under provisions of the Companies Act, 1956 @ 5%	68.29	41.59
Maximum remuneration of non- whole time Director under provisions of the Companies Act, 1956 @ 1%	13.66	8.32

Schedules to Financial Statements

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, 2011	Year ended March 31, 2010
Profit after tax attributable to shareholders	A	1,185.62	725.92
Weighted average number of Equity Shares outstanding during the year.			
- Basic	B	28,710,715	28,483,635
- Diluted	C	30,099,111	29,700,764
Earnings per share (Rs.)			
- Basic	A/B	41.30	25.49
- Diluted	A/C	39.39	24.44
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, 2011 as required under AS 15 (Revised) as notified under the Companies Act, 1956

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
Change in Defined Benefit Obligation		
Opening in Defined Benefit Obligation	13.63	8.76
Current service cost	9.85	6.66
Interest Cost	-	-
Actuarial (gain)/loss	0.44	(0.34)
Benefits paid	(2.07)	(1.45)
Closing defined benefit obligation	21.85	13.63

Schedules to Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
Change in fair value of assets		
Opening fair value of assets	0.93	1.13
Expected return on plan assets	-	-
Actuarial gain	0.14	0.05
Contribution by employer	2.35	1.20
Benefits paid	(2.07)	(1.45)
Closing fair value of plan assets	1.35	0.93
Net Liability	20.50	12.70
Net Liability as per actuarial valuation of LIC	20.50	12.70
Additional provision made based on independent actuarial valuation	6.69	4.28
Liability as per Balance Sheet (refer schedule I)	27.19	16.98

(Rupees in million)

Expense for the year	Year ended March 31, 2011	Year ended March 31, 2010
Current service cost	6.01	4.80
Interest on defined benefit obligations	(0.14)	(0.05)
Expected return on Plan assets	-	-
Additional provision made based on independent actuarial valuation	6.69	4.29
Net actuarial losses/(gain)	-	-
Total included in employment expenses	12.56	9.04
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%

Schedules to Financial Statements

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 to foreign currency exchange rate fluctuations. The counter party is generally a bank.

The Company has following outstanding forward contracts and currency option contracts as on March 31, 2011:

As at March 31, 2011				
Contract Type	Maturity Year (Financial Year)	Currency	Amount (in million)	Average Rate (INR)
Forward	2011 – 12	USD	$ 37.00	47.91
		Euro	€ 12.75	61.86
	2012 – 13	USD	$ 14.50	48.75
		Euro	€ 4.65	64.15
Put Option	2011 – 12	USD	$ 5.0	45.60

As at March 31, 2010				
Contract Type	Maturity Year (Financial Year)	Currency	Amount (in million)	Average Rate (INR)
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

14. The Company has deferred the recognition of cumulative Minimum Alternative Tax (MAT) credit of Rs. 168.69 million as at March 31, 2011, 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.

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, 2011	Balance
Acquisitions	220.00	-	220.00
Infrastructure Investments	180.00	180.00	-
Setting up of Additional Facilities	100.00	100.00	-
General Corporate purposes	161.00	161.00	-
Total	**661.00**	**441.00**	**220.00**

Schedules to Financial Statements

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 & 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 (Previous Year Rs. 2.6 million).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.

The Company has received the following Income Tax demand notices amounting to Rs 29.13 million (Previous Year Rs. 29.13 million).

(Rupees in million)

Financial Year	Demand Amount	Status
2004-05	1.59	Appeal filed by Income Tax Department with Income Tax Appellate Tribunal
2005-06	11.52	Appeal filed by Income Tax Department with Honorable Bombay High Court
2006-07	16.02	Appeal filed by Income Tax Department with Income Tax Appellate Tribunal

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, 2011	Year ended March 31, 2010
CIF value of imports:		
Capital Goods	124.01	39.57
Expenditure in foreign currency:		
Travelling expenses	51.58	31.03
Marketing expenses	383.48	346.18
Server rental expenses	11.58	11.42
Earnings in foreign exchange:		
Income from services on receipt basis	3,136.73	2,426.16

Schedules to Financial Statements

	Year ended March 31, 2011	Year ended March 31, 2010
Remittance in foreign currency on account of dividend		
Dividend for the year		
2009-10	138.13	78.70
2008-09	-	103.90
Number of non-resident shareholders for the year		
2009-10	164	157
2008-09	-	139
Shares held by non-resident shareholders on which dividend was due for the year *		
2009-10	13,812,525	10,493,791
2008-09	-	10,389,962

*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 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 18, 2011

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P.D. Mundhra
Executive Director

Anjan Malik
Director

Pradeep Kapoor
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
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-11
II	**Capital raised during the year**	
	(Amount in Rs.'000)	
	Public Issue	Nil
	Rights Issue	Nil
	Private Placement	Nil
	Bonus Issue	95,387
	Issue of Shares on exercise of Employee Stock Options	2,846
III	**Position of mobilisation and deployment of funds**	
	(Amount in Rs.'000)	
	Total Liabilities	2,338,909
	Total Assets	2,338,909
	SOURCES OF FUNDS	
	Paid up Capital	288,544
	Stock Option Outstanding	2,747
	Stock Options Pending Allotment	581
	Reserves and surplus	2,047,037
	Secured Loans	Nil
	Unsecured Loans	Nil
	APPLICATION OF FUNDS	
	Net Fixed Assets	360,759
	Investments	285,797
	Net Current Assets	1,685,520
	Deferred Tax	6,833
	Misc. Expenditure	Nil
	Accumulated Losses	Nil
IV	**Performance of the Company :**	
	(Amount in Rs.' 000)	
	Turnover (including other incomes)	3,494,622
	Total Expenditure	2,020,124
	Profit Before Exceptional Items	1,474,498
	Exceptional Items	126,774
	Profit Before Tax	1,347,724
	Net Profit After Tax	1,185,615
	Earnings Per Share (Rs.)	41.30
	Interim Dividend Rate (%)	0%
	Proposed Final Dividend Rate (%)	225%
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	P.D. Mundhra	Anjan Malik	Pradeep Kapoor
Chairman	Executive Director	Director	Director

Rohitash Gupta	Gaurav Tongia
Chief Financial Officer	Company Secretary

Place : Mumbai
Date : May 18, 2011

Auditors' Report

To,

The Members 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, 2011, 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, 2011;

   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 18, 2011

Consolidated Balance Sheet as at March 31, 2011

(Rupees in million)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	A	288.54	190.31
Stock Options Outstanding		2.75	2.30
Stock Options Pending Allotment		0.58	0.17
Reserves and Surplus	B	2,091.93	1,806.04
Minority Interest		-	-
		2,383.80	**1,998.82**
APPLICATION OF FUNDS			
Goodwill		-	101.40
Fixed Assets			
Gross Block	C	639.27	445.53
Less: Accumulated Depreciation and Amortisation		334.61	246.46
Net Block		**304.66**	**199.07**
Add: Capital Work in Progress (including capital advances)		65.32	22.07
		369.98	**221.14**
Investments	D	278.58	774.58
Deferred Tax Assets (Refer Note III-5 of Schedule N)		6.83	7.22
Current Assets, Loans and Advances			
Sundry Debtors	E	659.37	392.25
Cash and Bank Balances	F	1,515.28	472.24
Loans and Advances	G	698.02	501.12
		2,872.67	**1,365.61**
Less : Current Liabilities and Provisions			
Liabilities	H	349.50	219.97
Provisions	I	794.76	251.16
		1,144.26	**471.13**
Net Current Assets		**1,728.41**	**894.48**
		2,383.80	**1,998.82**
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 18, 2011

For and on behalf of the Board of Directors

V.K. Mundhra	**P.D. Mundhra**	**Anjan Malik**	**Pradeep Kapoor**
Chairman	Executive Director	Director	Director
		Rohitash Gupta	**Gaurav Tongia**
		Chief Financial Officer	Company Secretary

Consolidated Profit and Loss for the year ended March 31, 2011

(Rupees in million)

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
INCOME			
Income from Operations		3,421.03	2,570.21
Other Income	J	75.51	54.17
		3,496.54	**2,624.38**
EXPENDITURE			
Employee compensation and related expenses	K	1,476.53	1,077.81
General and administration expenses	L	310.43	552.22
Selling and marketing expenses	M	123.64	96.26
Depreciation and amortisation	C	91.25	69.94
		2,001.85	1,796.23
Profit before Exceptional Items and taxes		1,494.69	828.15
Diminution in value of Long Term Investment		102.74	-
Profit before taxes		1,391.95	828.15
Provision for taxes			
- Current Income Tax		167.17	92.86
- Deferred Income Tax		0.39	(0.08)
		167.56	92.78
Profit after tax		**1,224.39**	**735.37**
Minority Interest		-	-
Profit for the year		**1,224.39**	**735.37**
Balance brought forward from previous year		781.08	507.95
Profit available for appropriation		2,005.47	1,243.32
Less : Appropriations			
Interim Dividend		-	142.61
Tax on Interim Dividend		-	24.24
Short Provision for Dividend & Dividend Tax		113.17	0.88
Proposed Final Dividend		649.23	190.31
Tax on Proposed Final Dividend		105.32	31.61
Transfer to General Reserve		131.50	72.59
Balance carried to Balance Sheet		**1,006.25**	**781.08**
Earnings per share (Refer Note III-10 of Schedule N)			
Weighted average number of Equity Shares outstanding during the year			
- Basic		28,710,715	28,483,635
- Diluted		30,099,111	29,700,764
Earnings per share (In Rs.)			
- Basic		42.65	25.82
- Diluted		40.68	24.76
Nominal value of shares (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 18, 2011

For and on behalf of the Board of Directors

V.K. Mundhra	**P.D. Mundhra**	**Anjan Malik**	**Pradeep Kapoor**
Chairman	Executive Director	Director	Director
		Rohitash Gupta	**Gaurav Tongia**
		Chief Financial Officer	Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2011

(Rupees in million)

	Year ended March 31, 2011	Year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1,391.95	828.15
Adjustments for :		
Depreciation and amortisation	91.25	69.94
Stock Options Outstanding	0.45	1.32
Profit on Sale of Investments (Net)	-	(3.17)
Loss on Sale of Fixed Assets	0.05	0.22
Provision for Doubtful debts	(0.44)	0.35
Bad Debts Written off	(0.02)	0.47
Diminution in Value of Long Term Investments	102.74	-
Dividend Income	(25.04)	(17.97)
Interest Income	(50.47)	(33.03)
Operating Profit Before Working Capital Changes	**1,510.47**	**846.28**
Adjustments for :		
Trade and Other Receivables	(266.66)	57.52
Loans and Advances	(198.81)	(184.91)
Current Liabilities and Provisions	141.35	(2.47)
Cash Generated from Operating Activities	**1,186.35**	**716.42**
Income Taxes paid	(166.11)	(111.01)
Net Cash Generated from Operating Activities	**1,020.24**	**605.41**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Investments	3,139.69	3,544.11
Purchase of Investments	(2,643.69)	(3,464.78)
Investment in subsidiaries	-	(0.01)
Sale of Fixed Assets	0.04	0.03
Purchase of Fixed Assets (including Capital work in progress)	(240.01)	(89.51)
Interest received	50.47	33.03
Dividend received	25.04	17.97
Net Cash generated from/(used in) Investing Activities	**331.54**	**40.84**

Consolidated Cash Flow Statement

for the year ended March 31, 2011

(Rupees in million)

	Year ended March 31, 2011	Year ended March 31, 2010
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Equity Shares issued	25.29	5.22
Dividend Paid	(287.36)	(332.63)
Dividend Tax Paid	(47.73)	(56.55)
Net Cash used in Financing Activities	**(309.80)**	**(383.96)**
Effect of Exchange fluctuation on Cash and Cash Equivalents	1.06	(2.85)
Net (Decrease)/ Increase in Cash and cash equivalents	**1,043.04**	**259.44**
Cash and Cash Equivalents at the beginning of the year	472.24	212.80
Cash and Cash Equivalents at the end of the year	**1,515.28**	**472.24**

Notes to the Cash Flow Statement

Cash and cash equivalents consist of cash in hand and balances with bank. Cash and cash equivalents included in the Cash Flow Statement comprise the following:

Cash in Hand	0.55	0.23
Balances with Scheduled Banks		
- In Current accounts	25.15	121.30
- In Unclaimed Dividend *	0.71	0.38
- In Exchange earnings in foreign currency accounts	137.36	180.21
- In Fixed deposit accounts **	1,328.92	151.22
Balances with Non-scheduled Banks in foreign currencies	22.59	18.90
Total	**1,515.28**	**472.24**

* Not available for use by the Company

** Cash and cash equivalents include Rs. 1.22 million (P.Y. Rs. 1.22 million) fixed deposits pledged with Banks.

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

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : May 18, 2011

For and on behalf of the Board of Directors

V.K. Mundhra Chairman

P.D. Mundhra Executive Director

Anjan Malik Director

Pradeep Kapoor Director

Rohitash Gupta Chief Financial Officer

Gaurav Tongia Company Secretary

Schedules to Consolidated Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
A CAPITAL		
Authorised		
50,000,000 (P.Y. 30,000,000) Equity Shares of Rs. 10 each	500.00	300.00
Issued, Subscribed and Paid - up		
28,854,434 (P.Y. 19,031,099) Equity Shares of Rs. 10 each	288.54	190.31
{Of the above shares 26,107,869 (P.Y. 16,547,700) Equity Shares of Rs. 10 each have been issued for consideration other than cash by way of Bonus shares by capitalising free reserves}		
	288.54	**190.31**
B RESERVES AND SURPLUS		
General Reserve		
Opening balance	307.37	235.10
Add : Transfer from Profit and Loss account	131.50	72.59
Add : Others	0.13	-
Less :Transfer to share capital on ESOP exercise	(0.19)	(0.32)
	438.81	**307.37**
Share Premium		
Opening Balance	739.73	735.40
Less : Bonus Shared issued	(95.39)	
Add : On shares issued during the year	22.23	4.33
	666.57	**739.73**
Profit and Loss Account	1,006.25	781.08
Foreign Currency Translation Reserve	(19.70)	(22.14)
	2,091.93	**1,806.04**

C FIXED ASSETS

Assets	Gross Block - At Cost					Depreciation/Amortisation					Net Block	
	As on April 1, 2010	Additions during the year	Deductions/ Adjustments	Translation Exchange Difference	As on March 31, 2011	As on April 1, 2010	Additions during the year	Deductions/ Adjust ments	Translation Exchange Difference	As on March 31, 2011	As on March 31, 2011	As on March 31, 2010
Tangible												
Leasehold Improvements	94.75	22.72	-	0.15	117.62	39.89	11.27	-	0.03	51.19	66.43	54.86
Office Equipment	51.43	22.20	0.01	(0.03)	73.59	14.71	7.25	-	(0.01)	21.95	51.64	36.72
Computers	209.13	119.13	3.40	0.04	324.90	136.26	57.24	3.05	-	190.45	134.45	72.87
Furniture Fixtures	41.46	9.00	0.10	0.06	50.42	22.71	5.09	0.10	0.03	27.73	22.69	18.75
Intangible												
Computer Software	48.76	23.98	-	-	72.74	32.89	10.40	-	-	43.29	29.45	15.87
Total	**445.53**	**197.03**	**3.51**	**0.22**	**639.27**	**246.46**	**91.25**	**3.15**	**0.05**	**334.61**	**304.66**	**199.07**
Previous Year	**382.72**	**68.41**	**5.19**	**(0.41)**	**445.53**	**181.65**	**69.94**	**4.94**	**(0.19)**	**246.46**	**199.07**	

Schedules to Consolidated Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
D INVESTMENTS		
Short term (at lower of cost and fair value) (Non-trade, Unquoted)		
NIL (P.Y.: 18,844,034) units of LIC Liquid Fund	-	206.91
(35,424,659 units purchased, 172,021 units cumulated, 54,440,714 units sold)		
NIL (P.Y.: 26,457,260) units of LIC Income Plus Fund	-	264.57
(33,972,394 units purchased, 222,882 units cumulated, 60,652,536 units sold)		
NIL (P.Y. 310,912) units of ICICI Prudential Institutional Liquid Plan	-	31.10
(1,672,306 units purchased, 9,937 units cumulated, 1,993,155 units sold)		
933,741 (P.Y. 428,295) units of ICICI Prudential Flexible Income Plan	98.73	45.29
(1,656,001 units purchased, 38,911 units cumulated, 1,189,466 units sold)		
3,001,574 (P.Y.: NIL) units of DSP Black Rock FMP 3M Series 28	30.02	-
(3,001,574 units purchased, NIL units cumulated, NIL units sold)		
30 (P.Y.: NIL) units of HDFC Debt Fund Cancer Care - 100% Dividend Donation	0.30	-
(30 units purchased, NIL units cumulated, NIL units sold)		
3,000,000 (P.Y. NIL) units of ICICI Prudential Interval Fund	30.00	-
(3,000,000 units purchased, NIL units cumulated, NIL units sold)		
3,576,412 (P.Y. : NIL) units of Kotak Flexi Debt Scheme	35.93	-
(9,455,088 purchased, 92,958 units cumulated, 5,971,634 units sold)		
5,000,000 (P.Y. : NIL) units of Kotak QIP Series 4	50.00	-
5,000,000 units purchased, NIL units cumulated, NIL units sold)		
16,205 (P.Y. : NIL) units of UTI Treasury Advantage	16.21	-
(163,977 units purchased, 2,196 units cumulated, 149,968 units sold)		
NIL (P.Y. : 1,808,533) units of Birla Sweep Fund	-	18.30
(5,722,274 units purchased, 676 units cumulated, 7,531,483 units sold)		
1,733,744 (P.Y.: 5,768,052) units of HDFC cash Mgmt Fund - Treasury Advantage	17.39	57.86
(19,939,988 units purchased, 339,498 units cumulated, 24,313,794 units sold)		
NIL (P.Y.: 5,016,168) units of IDFC Cash Fund	-	50.17
(10,165,339 units purchased, 196,275 units cumulated, 15,377,782 units sold)		
NIL (P.Y.: 10,036,330) units of IDFC Money Manager Fund	-	100.38
NIL units purchased, 130,025 units cumulated, 10,166,355 units sold)		
	278.58	**774.58**

Schedules to Consolidated Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
E SUNDRY DEBTORS		
(Unsecured)		
Considered good		
Debts outstanding for period exceeding six months	2.98	1.42
Other debts	656.39	390.83
Considered doubtful		
Debts outstanding for a period exceeding six months	-	1.42
Other debts	-	-
Less: Provision for doubtful debts	-	(1.42)
	659.37	**392.25**
F CASH AND BANK BALANCES		
Cash in Hand	0.55	0.23
Balance with scheduled banks		
- in Current accounts	162.51	301.51
- in Unclaimed Dividend accounts	0.71	0.38
- in Fixed Deposit accounts	1,328.92	151.22
Balance with scheduled banks in fixed deposit accounts	22.59	18.90
{Rs. 1.22 million (P.Y. 1.22 million) of fixed deposits have been pledged with the banks against bank guarantees}		
	1,515.28	**472.24**
G LOANS AND ADVANCES		
(Unsecured, considered good)		
Unbilled Revenues	358.68	294.86
Foreign Currency Receivable	52.94	21.19
Advance receivable in cash or kind or for value to be received:		
Prepaid Expenses	22.36	19.76
Deposits	64.37	50.34
Advance tax (Net)	10.34	12.25
Service Tax Credit	139.43	87.64
Other Advances	49.90	15.08
	698.02	**501.12**

Schedules to Consolidated Financial Statements

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
H LIABILITIES		
Sundry Creditors for Goods and Services	102.98	66.54
Accrued Employee Bonus and Incentives	198.93	137.03
Unclaimed Dividend #	0.71	0.38
Advance Billing	32.07	4.88
Other Liabilities	14.81	11.14
	349.50	**219.97**
# does not include any amount due to be credited to Investor Education and Protection Fund.		
I PROVISIONS		
Provision for Gratuity *	27.19	16.98
Provision for Compensated Absences	5.24	3.63
Provision for Taxation (Net)	7.78	8.63
Proposed Final Dividend	649.23	190.31
Dividend Distribution Tax on Proposed Final Dividend	105.32	31.61
	794.76	**251.16**
* Provision for Gratuity is net of contribution of Rs 1.35 million (P.Y. 0.94 million) paid to LIC Gratuity Fund.		

Schedules to Consolidated Financial Statements

(Rupees in million)

	Year ended March 31, 2011	Year ended March 31, 2010
J OTHER INCOME		
Interest Income (gross)	50.47	33.03
[Tax deducted at Source Rs. 5.04 million (P.Y. Rs 5.16 million)]		
Dividend	25.04	17.97
Profit on Sale of Investments (net)	-	3.17
	75.51	**54.17**
K EMPLOYEE COMPENSATION AND RELATED EXPENSES		
Salary, Bonus and Allowances *	1,435.77	1,053.18
Contribution to Provident Fund	4.26	2.59
Gratuity	12.56	9.03
Staff Welfare	23.94	13.01
* includes Director's remuneration of Rs. 34.85 Million (P.Y. Rs 34.72 Million)	**1,476.53**	**1,077.81**
L GENERAL AND ADMINISTRATION EXPENSES		
Rent	136.62	100.17
Legal and Professional fees	94.19	65.48
Electricity	27.95	29.84
Foreign exchange (gain)/loss	(164.65)	159.74
Communication expenses	71.43	58.39
Auditors remuneration (Refer Note III-3 of Schedule N)	2.55	2.64
Office Expenses	9.41	6.80
Rates and Taxes	18.54	32.15
Computer and Server Rental Expenses	33.71	29.59
Printing and Stationery	5.61	6.09
Local Conveyance	32.76	28.29
Donation	5.67	3.22
Housekeeping Services	10.04	6.98
Security Charges	13.71	7.69
Insurance	5.91	6.41
Repairs and Maintanence		
-Building	0.49	0.58
-Others	4.14	4.21
Sitting Fees	0.58	0.68
Provision for Doubtful debts	(0.44)	0.35
Bad Debts Written off	(0.02)	0.47
Loss on Sale of Fixed Assets	0.05	0.22
Miscellaneous expenses	2.18	2.23
	310.43	**552.22**
M SELLING AND MARKETING EXPENSES		
Advertisement Expenses	1.44	3.15
Travelling Expenses	111.99	86.87
Business Promotion Expenses	10.21	6.24
	123.64	**96.26**

Schedules to Consolidated Financial Statements

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 period. 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 comprise of 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 represents costs incurred and revenue recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Revenue is recognised net of rebate. The rebate is accrued evenly based on the probability of achievement of the specified level of sales.

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.

Schedules to Consolidated Financial Statements

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 determined by LIC based on an actuarial valuation done by an independent actuary as at the balance sheet date.

Compensated Absences

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 of 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.

Schedules to Consolidated Financial Statements

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.

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.

h) 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. Pursuant to a Share Purchase Agreement ('SPA') dated July 24, 2007, the Company, through its subsidiary, eClerx Investments Limited (EIL), acquired 99.4% of Igentica Travel Solutions Limited (ITS) for GBP 1,428,441. Upon acquisition of such stake during 2007-08, the Company, in its consolidated financial statements, recognised the entire difference between the purchase consideration and book value of net assets acquired as 'goodwill ' under Accounting Standard 21 on Consolidated Financial Statements. ITS was wound up on March 29, 2011

Schedules to Consolidated Financial Statements

and the investment of GBP 1,428,441, equivalent to Rs. 102.74 million, in the books of EIL has been written off in accordance with the provisions of relevant Accounting Standard. However, all the major customers acquired by the Company through the acquisition of ITS continue to be associated with it and the revenue yield from such customers has grown on a year on year basis, post acquisition.

2. CFS as at March 31, 2011 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	Singapore	100%
4	eClerx Investments Limited	British Virgin Islands	100%
5	Igentica Travel Solutions Limited (wound up with effect from March 29, 2011)	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, 2011	Year ended March 31, 2010
Statutory audit	2.50	2.50
Out of Pocket Expenses	0.05	0.04
Others	-	0.10
	2.55	**2.64**

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)

Operation revenue	Year ended March 31, 2011	Year ended March 31, 2010
United States of America	2,074.08	1,573.85
United Kingdom	336.18	324.84
Europe	767.88	545.63
Asia Pacific	242.89	125.89
Total Revenues	**3,421.03**	**2,570.21**

(Rupees in million)

Segment	Segment-wise Assets		Segment-wise Additions to Fixed Assets	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
United States of America	501.24	284.50	1.27	5.74
United Kingdom	68.85	52.95	1.05	1.37
Europe	57.38	59.67	--	--
Asia Pacific	1,851.84	667.88	194.71	61.30

Schedules to Consolidated Financial Statements

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, 2011	As at March 31, 2010
Deferred Tax Assets		
Depreciation	0.73	1.11
Provision for gratuity	3.57	3.56
Provision for compensated absences	0.07	0.03
Provision for lease equalisation	2.46	2.52
Total	**6.83**	**7.22**

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, 2011	As at March 31, 2010
Lease payments recognised in the Profit and Loss Account	136.62	100.17
Future minimum lease payments for non-cancellable operating leases		
Not Later than one year	49.94	87.82
Later than one year, but not later than five years	69.77	62.08
Later than five years	-	-

7. Capital commitments

(Rupees in million)

	As at March 31, 2011	As at March 31, 2010
Capital Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7.92	36.36

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, 2011		Year ended March 31, 2010	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	302,000	132.66	473,975	116.21
Granted during the year	-	-	-	-
Additional bonus on o/s options	127,875	-	-	-
Forfeited/cancelled	11,813	106.67	67,875	148.66
Exercised	284,661	87.32	104,100	47.35
Balance as at the end of the year	133,401	104.54	302,000	132.66

Schedules to Consolidated Financial Statements

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 Scheme was subsequently amended to increase the number of options to 1,600,000 stock options vide resolution passed at Ninth Annual General Meeting held on August 26, 2009.

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

	Year ended March 31, 2011		Year ended March 31, 2010	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	821,500	168.02	653,000	184.04
Granted during the year	314,625	510.21	314,500	167.21
Additional bonus on o/s options	530,813	-		
Forfeited/cancelled	217,938	267.58	146,000	237.90
Exercised	-	-	-	-
Balance as at the end of the year	1,449,000	170.05	821,500	168.02

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, 2011	Year ended March 31, 2010
Net Profit after tax as reported	1,224.39	735.37
Add - Intrinsic Value Cost	0.48	1.45
Less - Fair Value Cost	41.31	22.44
Adjusted proforma Net Profit	1,183.56	714.38
Basic EPS as reported	42.65	25.82
Proforma Basic EPS	41.22	25.08
Diluted EPS as reported	40.68	24.76
Proforma Diluted EPS	39.32	24.05

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

Schedules to Consolidated Financial Statements

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	July 30, 2010	May 25, 2010	April 27, 2009	January 19, 2009	January 19, 2009	May 26, 2008
Expected Volatility	59%	60%	67%	70%	72%	62%
Risk Free Interest Rate	7.51%	6.96%	5.86%	5.81%	5.70%	7.78%
Time to maturity (in years)	4.17	4.35	4.43	4.70	3.70	4.35
Dividend Yield	2.81%	2.81%	2.72%	0.00%	1.19%	0.00%

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

(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:

Schedules to Consolidated Financial Statements

(Rupees in million)

Sr. No.	Name	Nature of Transaction	Relationship	Transactions during the year		Outstanding Balance as at	
				March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
1	Anjan Malik	Remuneration	Director	17.42	17.22	-	-
		Dividend		85.22	99.43		
		Sitting fees		0.08	0.10		
2	P. D. Mundhra	Remuneration	Director	17.43	17.50	-	-
		Dividend		85.18	99.38		
3	V.K. Mundhra	Dividend	Director	0.32	0.38	-	-
		Sitting fees		0.08	0.08		
4	Duncan Stratton & Company Limited	Rent	Common Director	0.03	0.03	-	-

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.

(Rupees in million)

		Year ended March 31, 2011	Year ended March 31, 2010
Profit after tax attributable to shareholders	A	1,224.39	735.37
Weighted average number of Equity Shares outstanding during the year.			
- Basic	B	28,710,715	28,483,635
- Diluted	C	30,099,111	29,700,764
Earnings per share (Rs.)			
- Basic	A/B	42.65	25.82
- Diluted	A/C	40.68	24.76
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 currency exchange rate fluctuations. The counter party is generally a bank.

Schedules to Consolidated Financial Statements

The Company has following outstanding forward contracts and currency option contracts as on March 31, 2011:

As at March 31, 2011				
Contract Type	Maturity Year (Financial Year)	Currency	Amount (in million)	Average Rate (INR)
Forward	2011 – 12	USD	$ 37.00	47.91
		Euro	€ 12.75	61.86
	2012 – 13	USD	$ 14.50	48.75
		Euro	€ 4.65	64.15
Put Option	2011 – 12	USD	$ 5.0	45.60

As at March 31, 2010				
Contract Type	Maturity Year (Financial Year)	Currency	Amount (in million)	Average Rate (INR)
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

12. The Company has deferred the recognition of cumulative Minimum Alternative Tax (MAT) credit of Rs. 168.69 million as at March 31, 2011, 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.

13. **Contingent Liabilities**

Guarantees have been given by the Company on behalf of various subsidiaries against credit facilities amounting to Rs. 2.6 million (Previous Year Rs. 2.6 million).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.

The Company has received the following Income Tax demand notices amounting to Rs 29.13 million (Previous Year Rs. 29.13 million).

(Rupees in million)

Financial Year	Demand Amount	Status
2004-05	1.59	Appeal filed by Income Tax Department with Income Tax Appellate Tribunal
2005-06	11.52	Appeal filed by Income Tax Department with Honorable Bombay High Court
2006-07	16.02	Appeal filed by Income Tax Department with Income Tax Appellate Tribunal

Schedules to Consolidated Financial Statements

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 18, 2011

For and on behalf of the Board of Directors

V.K. Mundhra	**P.D. Mundhra**	**Anjan Malik**	**Pradeep Kapoor**
Chairman	Executive Director	Director	Director
		Rohitash Gupta	**Gaurav Tongia**
		Chief Financial Officer	Company Secretary

Statement pursuant to general exemption u/s 212(8) of the Companies Act, 1956, relating to subsidiary companies for financial year 2010-11

(Rupees in Million)

Name of Subsidiary	eClerx Limited	eClerx LLC	eClerx Investments Limited	Igentica Travel Solutions Limited (see note 1)	eClerx Private Limited
Financial Period ended	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
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	-	-	(111.35)	-	-
b. not dealt with or provided for in the accounts of the Holding Company	7.05	5.52	-	9.00	1.48
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	-	-	(0.54)	-	-
b. not dealt with or provided for in the accounts of the holding Company	20.16	14.23	-	(9.00)	0.46
"Issued and Subscribed share capital (Equity Shares)"	0.01	0.01	115.09	-	0.01
Reserves	27.21	19.75	(111.89)	-	1.94
Total Assets	70.40	75.84	3.41	-	8.67
Total Liabilities	43.18	56.08	0.21	-	6.72
Investment other than investment in subsidiaries					
Turnover	193.89	222.56	-	-	22.78
Profit/(Loss) before Tax	9.26	8.64	(111.35)	9.30	1.60
Provision for tax	2.21	3.12	-	-	0.12
Profit/(Loss) after Taxation	7.05	5.52	(111.35)	9.30	1.48
Proposed dividend	-	-	-	-	-

Notes:

1. Ignetica Travel Solutions Limited a subsidiary of eClerx Investment Limited was wound up w.e.f. March 29, 2011.

Notice

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of eClerx Services Limited ('the Company') will be held on Wednesday, August 24, 2011 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, 2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date together with the Schedules forming part of the accounts and annexure thereto, reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the year ended March 31, 2011.
3. To appoint a Director in place of Anjan Malik, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Anish Ghoshal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To 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, bearing Registration No. 001076N be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be agreed between Auditors and Board of Directors ('including any Committee thereof') of the Company."

Special Business:

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

   Appointment of Biren Gabhawala as a Director of the Company, liable to retire by rotation

   "RESOLVED THAT Biren Gabhawala, who was appointed as an Additional Director of the Company on May 18, 2011 and who holds office up to the date of this Eleventh Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act signifying his intention to propose him as a candidate 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 as **Special Resolution:**

   Raising of Long Term Financial Resources

   "RESOLVED THAT in supersession of Resolution No. 1 passed by way of postal ballot on February 3, 2011, and in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) ('hereinafter referred to as the Act') and in accordance with the provisions of the Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 and Issue of Foreign Currency Convertible Bonds and Equity Shares (through Depositary Receipt Mechanism) Scheme 1993, the Listing Agreements entered into by the Company with Stock Exchanges on which the Equity Shares of the Company are listed and the rule(s)/ regulation(s)/guideline(s)/notification(s)/circular(s) and clarification(s), if any, issued by the Government of India (GOI), the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), or any other relevant authority from time to time, to the extent applicable and subject to such approval(s), consent(s), permission(s) and sanction(s) as may be necessary or required and subject to such condition(s) and modification(s) as may be prescribed by any of them while granting such approval(s), permission(s), consent(s) and sanction(s) and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board in its absolute discretion to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in one or more tranches whether denominated in rupees or in foreign currency, in the course of domestic and/or international offerings, representing Equity Shares/other securities by whatever name called including but not limited to non-convertible debt instruments along with warrants and convertible securities other than warrants (hereinafter collectively referred to as 'Eligible Securities') and Equity Shares whether through Depository Receipts, including American Depository Receipts/Global Depository Receipts (ADRs/GDRs)/other depository receipts or otherwise, debentures or bonds whether partly/optionally/fully convertible and/or securities linked to Equity Shares including Foreign Currency Convertible Bonds (FCCBs) and/or any other financial instruments convertible into or linked to Equity Shares, with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares, and/or otherwise, in registered or bearer form, secured or unsecured (along with 'Eligible Securities' hereinafter collectively referred to as 'Securities') such that the total amount raised through the aforesaid Securities should not exceed Rs. 3,000 Million (Rupees Three Thousand Million Only) inclusive of premium (with or without green shoe option, as applicable) by offering the same to any domestic/foreign institution(s), individual(s), non-resident Indian(s), foreign citizen(s), corporate body(ies), mutual fund(s), bank(s), insurance company(ies), pension fund(s), trust(s), stabilizing agent(s), or otherwise, whether shareholder(s) of the Company or not, and Eligible Securities to Qualified Institutional Buyer(s) pursuant to a Qualified Institutional Placement as provided under Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, (SEBI ICDR Regulations 2009), (collectively called 'Investors') through public issue(s) of prospectus, private placement(s) or rights issue or Qualified Institutional Placement (QIP) or a combination thereof or any other permitted route, at such time or times, at such price or prices, at a discount or at premium to the market price, or price in such manner and on such term(s) and condition(s) including but not limited to security and rate of interest through a prospectus, placement document or an offering memorandum, as per the term(s) and condition(s) that the Board may in its absolute discretion deem fit and appropriate at the time of issue and where necessary, in consultation with the Book/Running Lead Manager(s), Merchant Banker(s) and/or other Advisor(s) or otherwise, including the discretion to determine the categories of investor(s) to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investor(s) at the time of such offer, issue and allotment considering the then prevailing market condition(s) and other relevant factor(s) wherever necessary.

RESOLVED FURTHER THAT in case of an issuance of ADRs/GDRs/FCCBs, the relevant date for the determination of the issue price of the securities offered, shall be determined, inter-alia, in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as may be amended, from time to time.

RESOLVED FURTHER THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Act and the provisions of Chapter VIII of the SEBI ICDR Regulations 2009 as amended and the provisions of the FEMA, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the Board of Directors may at their absolute discretion, issue, offer and allot Equity Shares or Securities linked/convertible into Equity Shares of the Company for a value up to the amount of Rs. 3,000 million (Rupees Three Thousand Million Only) inclusive of premium, if any, to Qualified Institutional Buyer(s) (as defined by the SEBI ICDR Regulations 2009 pursuant to a Qualified Institutional Placement, as provided under Chapter VIII of the SEBI ICDR Regulations 2009.

RESOLVED FURTHER THAT in case of a Qualified Institutional Placement pursuant to Chapter VIII of the SEBI ICDR Regulations 2009, the allotment of Securities shall only be to Qualified Institutional Buyer(s) within the meaning of the said Chapter and the relevant date for the determination of the price of the Equity Shares/Securities to be issued or issued pursuant to conversion, shall be determined in accordance with the SEBI ICDR Regulations 2009, as may be amended, from time to time.

RESOLVED FURTHER THAT subject to Section 81 and other applicable provisions, if any, of the Act and the provisions of Chapter VIII of the SEBI ICDR Regulations 2009 as amended and the provisions of, inter-alia, FEMA, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the Board of Directors may at their absolute discretion, issue, offer and allot Equity Shares or equity linked instruments for a value up to the amount of Rs. 3,000 million (Rupees Three Thousand Million Only) inclusive of such premium, as applicable, to the existing Members of the Company on a rights basis.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such feature(s) and attribute(s) or any terms or combination of terms in accordance with international and domestic practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the duration of the Securities and the Board be and is hereby authorised in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT:

(a) the Securities to be so created, offered, issued and allocated shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and

(b) the Equity Shares issued shall rank ***pari-passu*** with then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the issue of Equity Shares underlying the Securities convertible into Equity Shares to the holders of the Securities shall, inter alia, be subject to the following terms and conditions:

(a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the conversion of the convertible securities into Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the Equity Share capital increases as a consequence of such bonus issued and the premium, if any, stand adjusted accordingly and as applicable;

(b) in the event of the Company making rights offer by issue of Equity Shares prior to the conversion of the convertible securities into Equity Shares, the entitlement to the Equity Shares shall stand augmented in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders, and

(c) in the event of any merger, amalgamation, takeover or any other re-organisation, the number of shares, the price and the time period as aforesaid shall be suitably adjusted.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering all such Equity Shares ranking pari-passu with the existing Equity Shares of the Company in all respect, except the rights, if any permitted under law and this resolution at Eleventh Annual General Meeting, which shall be as provided under the terms of the issue and in the offering documents.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint Lead Manager(s), Manager(s), Underwriter(s), Guarantor(s), Depositor(s), Custodian(s), Registrar(s), Trustee(s), Banker(s), Lawyer(s), Advisor(s) and all such Agencies as may be involved or required or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents as may be required with such agencies and also to seek the listing of such Securities on one or more National and International Stock Exchange(s) as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the issue(s), in accordance with applicable regulations, prevalent market practices, including but not limited to the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue/conversion of Securities/exercise of warrants/redemption of Securities, rate of interest, redemption period, listings on one or more Stock Exchange(s) in India and/or abroad as the Board, in its absolute discretion may deem fit and as permitted under the relevant rule(s), regulation(s) and guideline(s), as may be applicable, and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including signing and executing of necessary deeds, documents and writings and with power on behalf of the Company to settle any questions or difficulties that may arise in regard to the issue(s), as it may, in its absolute discretion, deem fit, 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.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give full effect to the aforesaid resolutions, including but not limited to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with the power to further delegate to any Officer(s) of the Company."

RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and 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 as **Special Resolution:**

Revision in time-lines for utilisation of Initial Public Offer (IPO) proceeds

"RESOLVED THAT in supersession of resolution passed by the Board of Directors of the Company on May 25, 2010 and pursuant to the applicable provisions of the Companies Act, 1956, if any, and in accordance with the provisions prescribed under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, Listing Agreement entered into with the Stock Exchanges and other statutory rules and regulation as applicable and subject to such other conditions, if any, imposed by the regulatory authorities, consent of the Members of the Company be and is hereby accorded for revision in the time-lines for utilisation of balance unutilised proceeds of Initial Public Offer (IPO) without any change in the original purpose of utilisation thereof indicated in the prospectus of the Company, as given below:

Sr. No.	Objects	Original Amount	Balance Amount as on March 31, 2011	Original Utilisation Schedule	Utilisation Schedule as approved by the Board of Directors on May 25, 2010	Revised Utilisation Schedule (Upto)
1	Acquisition	220.00	220.00	March 31, 2010	March 31, 2012	March 31, 2015
2	Infrastructure Investments	180.00	-	March 31, 2009	-	-
3	Setting Up of Additional Facilities	100.00	-	March 31, 2010	March 31, 2011	-
4	General Corporate Purposes	161.00	-	-	-	-
		661.00	**220.00**			

RESOLVED FURTHER THAT the Board of the Company, be and is hereby authorised to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual and proper, to give full effect to the above resolution."

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

Issue of Stock Options to the Employees of the Company under Employee Stock Option Scheme/ Plan 2011

"**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any statutory modification or re-enactment thereof for the time being in force), 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 (hereinafter referred to as 'SEBI Guidelines') and other rules and regulations, as applicable and subject to such other approvals, permissions and sanction as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company and authority be and is hereby accorded/afforded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee, including the Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, whether working in India or outside India including any Director of the Company whether whole time or otherwise (hereinafter referred as 'Employees'), as may be decided solely at the discretion of the Board, under Employee Stock Option Scheme/Plan 2011 (hereinafter referred as 'the Scheme'), such number of Equity Shares and/or other equity linked instruments, including options and/or any other instruments or securities of the Company (hereinafter referred as 'the Securities') which Securities, when issued and allotted would give rise to the issuance of Equity Shares of the face value of Rs. 10 each not exceeding 1,600,000 (One Million Six Hundred Thousand Only) in number to the Employees, in such manner, at such time or times and at such price or prices, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the Scheme, the law and/or guidelines issued by the relevant Authority prevailing at that time AND THAT each option would be exercisable for one Equity Share of a face value of Rs.10 each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT the Securities may be allotted in accordance with Employee Stock Option Scheme/Plan 2011 either directly and/or through a trust and/or in any other permissible manner and that financial assistance may be provided, to enable the trust/such other mechanism so as to acquire, purchase or subscribe to the Securities of the Company.

RESOLVED FURTHER THAT the maximum number of options may be granted to any specific Employee under the Scheme shall not exceed 1,600,000 (One Million Six Hundred Thousand Only), being the maximum available under the scheme.

RESOLVED FURTHER THAT the number of options/shares that may be granted/issued to any Non-Executive director (including any independent director) in any financial year under the Scheme shall not exceed 1% of the issued and paid up capital of the Company at the time of grant/issue of options/shares.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, share splits, merger and sale of division and others, if any additional Equity Shares are issued by the Company to the option grantees/trust for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 1,600,000 (One Million Six Hundred Thousand Only) Equity Shares shall be deemed to be increased, accordingly, to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity Shares upon exercise of options from time to time in accordance with the Scheme and such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT subject to the terms stated herein, the Equity Shares allotted pursuant to the aforesaid Resolution shall in all respects rank pari passu inter se with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under Employee Stock Option Scheme/Plan 2011 on the Stock Exchanges, where the Equity Shares of the Company are listed, as per the provisions of the Listing Agreement executed with the concerned Stock Exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT at the time of grant, vesting or exercise of the options by the options grantee, in whole or in part, if any tax obligation of the Company, which may arise in connection with the Employee Stock Option, including obligations arising upon (i) the exercise of the Employee Stock Option, and/or (ii) the transfer, of any shares acquired upon exercise of the Employee Stock Option, will be recovered from the Employee, by the methods as prescribed by the Remuneration Committee and as permissible under the law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in the said scheme(s) as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws."

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

Issue of Stock Options to the Employees of subsidiary of the Company under Employee Stock Option Scheme/Plan 2011

"**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any statutory modification or re-enactment thereof for the time being in force), 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 (hereinafter referred to as 'SEBI Guidelines') and other rules and regulations, as applicable and subject to such other approvals, permissions and sanction as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company and authority be and is hereby accorded/afforded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee, including the Remuneration Committee which the Board constitutes/has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the subsidiaries of the Company both present and future, including any Director of subsidiary of the Company, whether whole time or otherwise, (hereinafter referred as 'Employees'), as may be decided solely at the discretion of the Board, under Employee Stock Option Scheme/Plan 2011 (hereinafter referred as 'the Scheme'), such number of Equity Shares and/or other equity linked instruments, including options and/or any other instruments or securities of the Company (hereinafter referred as 'the Securities') which Securities, when issued and allotted would give rise to the issuance of Equity Shares of the face value of Rs. 10 each not exceeding 1,600,000 (One Million Six Hundred Thousand Only) in number to the Employees, in such manner, at such time or times and at such price or prices, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the scheme, law and/or guidelines issued by the relevant Authority prevailing at that time AND THAT each option would be exercisable for one equity share of a face value of Rs. 10 each fully paid-up, upon payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT the Securities may be allotted in accordance with Employee Stock Option Scheme/Plan 2011 either directly and/ or through a trust and/or in any other permissible manner and that financial assistance may be provided, as permitted, to enable the trust/employee to acquire, purchase or subscribe to the securities of the Company.

RESOLVED FURTHER THAT the maximum number of options may be granted to any specific Employee under the Scheme shall not exceed 1,600,000 (One Million Six Hundred Thousand Only), being the maximum available under the scheme.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, share splits, merger and sale of division and others, if any additional Equity Shares are issued by the Company to the option grantees/trust for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 1,600,000 (One Million Six Hundred Thousand Only) Equity Shares shall be deemed to be increased accordingly to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per equity share bears to the revised face value of the Equity Shares of the Company after such subdivision or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT subject to the terms stated herein, the Equity Shares allotted pursuant to the aforesaid Resolution shall in all respects rank pari passu inter se with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under Employee Stock Option Scheme/Plan 2011 on the Stock Exchanges, where the Equity Shares of the Company are listed, as per the provisions of the Listing Agreement executed with the concerned Stock Exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT at the time of grant, vesting or exercise of the Employee Stock Options by the options grantee, in whole or in part, if any tax obligation of the Company, which may arise in connection with the option, including obligations arising upon (i) the exercise of the Employee Stock Option, and/or (ii) the transfer, of any shares acquired upon exercise of the Employee Stock Option, will be recovered from the employee, by the methods as prescribed by the Remuneration Committee and as permissible under the law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make modifications, changes, variations, alterations or revisions in the said scheme(s) as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws."

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

Approval under section 81(1A) and other applicable provisions of the Companies Act, 1956 for issue of shares to Employee Welfare Trust(s)

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any statutory modification or re-enactment thereof for the time being in force), 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 (hereinafter referred to as 'SEBI Guidelines') and other rules and regulation, as applicable and subject to such other approvals, permissions and sanction as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee(s), including the Remuneration Committee, which the Board constitutes/has constituted to exercise its powers including the powers conferred by this resolution) to create, offer, issue and allot, at its sole discretion, Equity Shares of the Company, of face value of Rs. 10 each fully paid-up, for cash at par and/or at such price as permitted under law and as decided by the Remuneration Committee, to one or more Employee Welfare Trust(s), which may be called eClerx Services Limited Employees Stock Option Trust(s) constituted/ to be constituted in future for the benefit of the Employees of the Company and/or its subsidiaries including any Director of the Company/its subsidiary Company, whether whole time or otherwise, to be utilised against exercise of Stock Options granted/ to be granted under the Employee Stock Option Scheme/Plan 2005 (ESOP 2005), Employee Stock Option Scheme/Plan 2008 (ESOP 2008), Employee Stock Option Scheme/Plan 2011 (ESOP 2011), as modified from time to time, and other Employee Stock Option Schemes/Plans as may be formulated from time to time for granting Stock Options to the Employees of the Company and/or its subsidiaries, including any Director of the Company/its subsidiary Company, whether whole time or otherwise,

RESOLVED FURTHER THAT in partial modification of resolution number 9 passed by the Members of the Company at the Annual General Meeting held on August 26, 2009, for the purpose of creating, issuing and allotting the shares of the Company as aforesaid, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion- deem fit, necessary or desirable for such purpose including but not limited to setting up one or more employee welfare trust(s) and to close/wind-up all or any of them as deemed fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the aforesaid shares on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) and any other Stock Exchange as may be required pursuant to the provisions of the Listing Agreements executed with the concerned Stock Exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT the Securities may be allotted in accordance with Employee Stock Option Scheme(s)/Plan(s), both present and future, either directly and/or through a trust and/or in any other permissible manner and that financial assistance may be provided, inter-alia, to enable the trust/such other mechanism so as to acquire, purchase, subscribe and/or hold the securities of the Company, in its own name on behalf of the beneficiaries of Employee Stock Option Scheme(s)/Plan(s).

RESOLVED FURTHER THAT the said Employee Welfare Trust(s) already constituted, pursuant to resolution number 9 passed by the Members of the Company at the Annual General Meeting held on August 26, 2009, and/or as may be constituted in future, which may co-exist, is/are further authorised, subject to applicable laws and regulations, to do all such acts, deeds and things as deemed necessary to enable, facilitate, expedite exercise of options by the employee stock options grantee, both Indian and Foreign including non-resident Indians, via such mechanism(s) as permitted, including but not limited to effecting cashless exercise, activities required thereunder, sale of shares to third parties on behalf of the employee stock options grantees, payment/remittance of net proceeds to the option grantee or beneficiary, recovery of whole or in part, any tax obligation which arises during the process and other ancillary and related activities, under overall supervision of the Remuneration Committee of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give full effect to the aforesaid resolution, including but not limited to settle any questions or difficulties that may arise in this regard, if any, as it may, in its absolute discretion, deem fit, 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**

Gaurav Tongia
Company Secretary

Place : Mumbai
Date : May 18, 2011

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. The instrument appointing a proxy in order to be valid/effective must be duly filled in all respects and should be lodged with Company at its registered office at least 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from August 17, 2011 to August 24, 2011 (both days inclusive).
3. The Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business is annexed herewith.
4. Brief profiles of the Directors as required pursuant to Clause 49(IV)(G)(i) of the Listing Agreement entered into with the Stock Exchanges who are proposed to be appointed/re-appointed are given as Additional Information on Directors, which forms part of the Notice.
5. The certificate from the Auditors of the Company certifying that the Company's Employee Stock Option Scheme/Plan 2005 and Employee Stock Option Scheme/Plan 2008 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 Annual General Meeting.
6. All documents referred to in the Notice and are required to be kept available for inspection by the members, 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.
7. Statutory Registers maintained pursuant to the provisions of the Companies Act, 1956, will be accordingly available for inspection by the Members at the Annual General Meeting.
8. Members are requested to:
   a. produce the duly filled-in attendance slip at the entrance of the meeting hall;
   b. bring their copy of the Annual Report to the venue of the Annual General Meeting; and
   c. send their queries, if any, on the operations of the Company, to reach the Company's Registered Office atleast 10 days before the Annual General Meeting, so that the information could be compiled in advance.
9. Dividend as recommended by the Board of Directors, if declared at the meeting, shall be paid to the shareholders on or after August 24, 2011, 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.
10. All transfer deeds, requests for change of address, bank particulars/mandates/NECS mandates, PAN should be lodged with the Registrar and Share Transfer Agent (RTA) of the Company viz., 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.
11. 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

Biren Gabhawala was appointed as an Additional Director of the Company with effect from May 18, 2011 pursuant to Section 260 of the Companies Act, 1956 read with Article 125 of the Articles of Association of the Company. Biren Gabhawala holds office of Director upto the date of this Annual General Meeting. The Company has received notice in writing along with 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 May 18, 2011, Biren Gabhawala does not hold any shares in the Company in his personal capacity either directly or through his dependent relatives. If appointed, he would hold office as a Non Executive and Independent Director.

Details of Biren Gabhawala in terms of the Listing Agreement are attached as an annexure to this Notice.

None of the Directors of the Company other than Biren Gabhawala 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

The Company has grown into a more than Rs. 3,400 million entity within a span of about a decade and has charted out extensive expansion plan in terms of services being provided. Further in order to enhance its global competitiveness and the ability to compete with the peer group in the international markets, the Company needs to further strengthen its financial position by augmenting long term financial resources. Thus as part of its future organic and inorganic growth strategy, the Company plans to incur significant amount in the next 3-4 years towards, inter-alia, acquisition of company(ies), expenditure in capacity enhancement, establishing new geographic presence and other meaningful growth opportunities. The expenditure required for meeting these plans would be spread over the next 3-4 years and a long term financing plan would be evolved in the near future. The Company had already earmarked in its prospectus an amount of Rs.220 Million out of its Initial Public Offering (IPO) proceeds towards acquisition of company(ies) for inorganic growth.

While it is envisaged that the internal generation of funds as well as the IPO funds earmarked for the purpose, would partially fund the above expenditure programme, it is thought prudent at this stage for the Company to meet a part of its funds requirement for the said acquisition of Company(ies), capital expenditure establishing new geographic presence as well as for such corporate purposes including investments in subsidiary companies in India or overseas for their business growth/other requirement, as may be permitted under applicable laws through issue of Securities as mentioned in the resolution at Item No. 7 of the Notice.

In view of the good performance of the Company and positive outlook of the industry, globally and also Company's funds requirements, it is thought prudent to raise resources at an opportune time. It is therefore proposed to issue the said Securities for an amount not exceeding Rs. 3,000 Million (Rupees Three Thousand Million) only, inclusive of premium, in one or more tranches, in such form, in such manner, at such price or prices and at such time as may be considered appropriate by the Board, to the various categories of Investors in the domestic and/or international market as set out in the Resolution at item no. 7 of the Notice. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue.

While the fund(s) raising programme may be through a mix of equity/debt/equity related instruments, to the extent that any part of the above mentioned capital raising plan includes issue of securities linked to or convertible into Equity Shares and/or other Securities of the Company, Members' approval is being sought under Section 81 and sub-section (1A) of the Companies Act,1956 ('the Act') and other relevant regulations, which inter-alia, provide, that whenever it is proposed to increase the subscribed capital of a company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the Equity Shares of the company in proportion to the capital paid-up on that date unless shareholders in general meeting decide otherwise. Whilst no specific instrument(s) have been identified at this stage, in the event that the Company issues any equity/equity linked instruments, in one or more tranches, the Equity Shares, if any, allotted on issue, conversion of securities or exercise of Warrants shall rank pari passu inter-se with the then existing Equity Shares of the Company, as the case may be.

In the event of the issue of Eligible Securities as set out in the Resolution at item no. 7 of the Notice by way of Qualified Institutional Placement(s), it will be ensured that:-

- o the relevant date for the purpose of pricing of the Equity Shares/Securities and/or detachable warrants would, pursuant to Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI ICDR Regulations") and/or other applicable regulations, be the date of the meeting in which the Board decides to open the proposed issue of the specified securities, and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of securities;
- o the issue and allotment of securities shall be made only to Qualified Institutional Buyers (QIBs) within the meaning of the SEBI ICDR Regulations and such securities shall be fully paid up on its allotment, which shall be completed within 12 months of the date of passing this Resolution;
- o the total amount raised in such manner, including the over allotment option as per the terms of the issue of Securities, would not exceed 5 times of the Company's net worth as per the audited balance sheet of the relevant previous financial year; and
- o the securities shall not be eligible to be sold for a period of 1 year from the date of allotment, except on a recognised stock exchange or except as may be permitted from time to time by the SEBI ICDR Regulations.

In case the said SEBI ICDR Regulations are amended then the relevant applicable provisions as in vogue will apply and prevail accordingly for any such Qualified Institutional Placement(s), as permitted.

The Members of the Company had accorded their consent for the aforesaid proposal(s) for raising of long term fund(s), including but not limited to via qualified institutional placement, by way of postal ballot, result of which was announced on February 3, 2011.

Regulation 88 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 provides that the allotment pursuant to the special resolution approving the Qualified Institutions Placement shall be completed within a period of 12 months from the date of passing of the resolution. The said time-limit of 12 months will expire upon 12 months from the date of declaration of results of postal ballots, i.e. on February 2, 2012, which is prior to the next Annual General Meeting of the Company.

This approval is regarded by the Company as an enabling resolution, which can be used to raise capital in an appropriate amount and using the appropriate mix of funding instruments, once the usage of funds has been more specifically identified. As such, the Company proposes to have enabling approval from Members to allow it the necessary flexibility to quickly take advantage of emerging growth opportunities.

The Company would now like to take this opportunity to align the timing of this resolution with its Annual General Meeting cycle to eliminate the need for extraordinary general meetings of the Members or postal ballots for this purpose subject to relevant regulations. It is therefore proposed to seek fresh enabling authorisation from the shareholders of the Company at this Eleventh Annual General Meeting for a period of 12 months from the date of the Annual General Meeting.

Furthermore the Company has been working with its financial advisers over the past few months to identify suitable acquisition opportunities, and based on the feedback so far, is also proposing to revise the ceiling from Rs. 5,000 million earlier approved, to Rs. 3,000 million.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution, except to the extent of their shareholding in the Company or to the extent of the Securities that may be subscribed by the companies/institutions of which they are directors or members, if any.

The Board accordingly recommends the resolution set forth in item No. 7 for the approval of the members.

Item No. 8

The Equity Shares of the Company got listed on the National Stock Exchange of India Limited., (NSE) and the Bombay Stock Exchange Limited., (BSE) with effect from December 31, 2007.

As per the time-lines indicated in the Prospectus at the time of the Initial Public Offering (IPO), it was estimated that the entire IPO proceeds would be utilised by the Company by Fiscal 2010. However, in view of turmoil in the global market over the period, lack of viable avenues and absence of potential company(ies) for acquisition, 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 up till March 31, 2012.

The Company currently has Rs 220.00 Million balance lying out of IPO proceeds which is earmarked for 'Acquisition'. The Company is actively working with its financial advisors to identify suitable acquisition opportunities and put the aforesaid funds to the best use in the interest of the Company as well as the shareholders.

However, considering the feedback the Company is receiving over the acquisition landscape and due to lack of visibility around company(ies) available for acquisition, the Company may not be able to make optimum utilisation of the balance unutilised funds till March 31, 2012 and accordingly it is proposed to seek Members' approval at this Eleventh Annual General Meeting for extending the time-lines for utilising balance IPO proceeds earmarked for 'Acquisition' upto March 31, 2015, without changing the purpose originally set out, as per schedule below:

Sr. No.	Objects	Original Amount	Balance Amount as on March 31, 2011	Original Utilisation Schedule	Utilisation Schedule as approved by the Board of Directors on May 25, 2010	Revised Utilisation Schedule (Upto)
1	Acquisition	220.00	220.00	March 31, 2010	March 31, 2012	March 31, 2015
2	Infrastructure Investments	180.00	-	March 31, 2009	-	-
3	Setting Up of Additional Facilities	100.00	-	March 31, 2010	March 31, 2011	-
4	General Corporate Purposes	161.00	-	-	-	-
		661.00	**220.00**			

The proposed extension is in the best interest of the Company and the same has been approved by the Audit Committee and the Board at their respective meetings held on May 18, 2011.

None of the Directors is concerned or interested in the proposed resolution except to the extent of their shareholding in the Company.

Item No. 9 and 10

The Company appreciates the critical role of its personnel in the organisational growth. It strongly feels that the value created by its personnel should be shared with them. To promote the culture of employee ownership in the Company, approval of the Members is being sought for issue of stock options to the employees of the Company and its subsidiaries under Employee Stock Option Scheme/Plan 2011 Scheme.

The main features of the Employee Stock Option Schemes are as under:

1. **Total number of options to be granted:**

   The total of 1,600,000 (One Million Six Hundred Thousand Only) options would be available for being granted to eligible employees of the Company and its subsidiaries under Employee Stock Option Scheme/ Plan 2011. Each option when exercised would be converted into one Equity share of Rs.10 each fully paid-up. Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

   Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) require that in case of any corporate action(s) such as rights issues, bonus issues, split, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option Grantees for making such fair and reasonable adjustment, the ceiling of 1,600,000 (One Million Six Hundred Thousand Only) shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

2. **Identification of classes of Employees entitled to participate in the Employee Stock Option Scheme(s):**

   All permanent employees of the Company and its subsidiaries (both present and future) including the Directors and Non-Executive Directors, whether wholetime or otherwise, and whether in India or abroad, but excluding the promoters of the Company, as may be decided by the Remuneration Committee from time to time and as permitted under law, would be entitled to be granted stock options under the Employee Stock Option Scheme/Plan.

3. **Requirements of vesting, period of vesting and maximum period within which options shall be vested:**

   The options would vest not earlier than one year and not later than five years from the date of grant of options. The Remuneration Committee may, at its discretion, lay down certain performance metrics for each round of grant, on the achievement of which the granted options would vest; the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest. The exact proportion in which and the exact period over which the options would vest would be determined by the Remuneration Committee, subject to the minimum vesting period permitted under relevant guidelines, as amended from time to time.

4. **Exercise Price/Pricing formula:**

   The options would be granted at an exercise price 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. the average of the two weeks high and low price of the share preceding the date of grant of option on the stock exchange(s) on which the shares of the company are listed.

5. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of three years from the date of vesting of options. The options will be exercisable by the Employees by a written application to the Company to exercise the options and/or in such manner, and/or on execution of such documents, as may be prescribed by the Remuneration Committee from time to time. The options will lapse if not exercised within the specified exercise period.

6. Appraisal Process for determining the eligibility of the employees to Employee Stock Option Scheme/ Plan:

The appraisal process for determining the eligibility of the employee will be specified by the Remuneration Committee, and will be based on various criteria including role/designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Remuneration Committee at its sole discretion, which would be final and binding.

7. Maximum number of options to be issued per Employee and in aggregate:

No Employee shall be granted Options under the Scheme entitling such Employee to acquire more than 1,600,000 (One Million Six Hundred Thousand Only) Equity Shares of the face value of Rs.10 each of the Company being the maximum available under the Scheme/Plan. The Remuneration Committee may decide not to grant any option to the employees.

The total numbers of Options that may be issued and offered pursuant to this Scheme are limited to a maximum of 1,600,000 (One Million Six Hundred Thousand Only) Options under one or more series thereunder.

The number of options/shares that may be granted/issued to any Non-Executive Director (including any independent director) in any financial year under the Scheme shall not exceed 1% of the issued and paid up capital of the Company at the time of grant/issue of options/shares.

8. Disclosure and Accounting Policies:

The Company shall conform to the applicable provisions of the SEBI Guidelines, including the disclosure and the accounting policies as specified in Schedule I to the said Guideline and/or such Guideline as may be applicable from time to time.

9. Method of option valuation

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

In case the Company adopts Fair Value method, the Company shall disclose in the Directors' Report all statutorily prescribed disclosures including but not limited to the difference between the employee compensation cost so computed and the cost that shall have been recognised if it had used the Fair Value of the options and also its impact on the profits and EPS of the Company.

As the Employee Stock Option Schemes provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the Members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and relevant SEBI Guidelines.

A copy of Employee Stock Option Scheme/Plan 2011 is available 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.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the said Scheme/Plan.

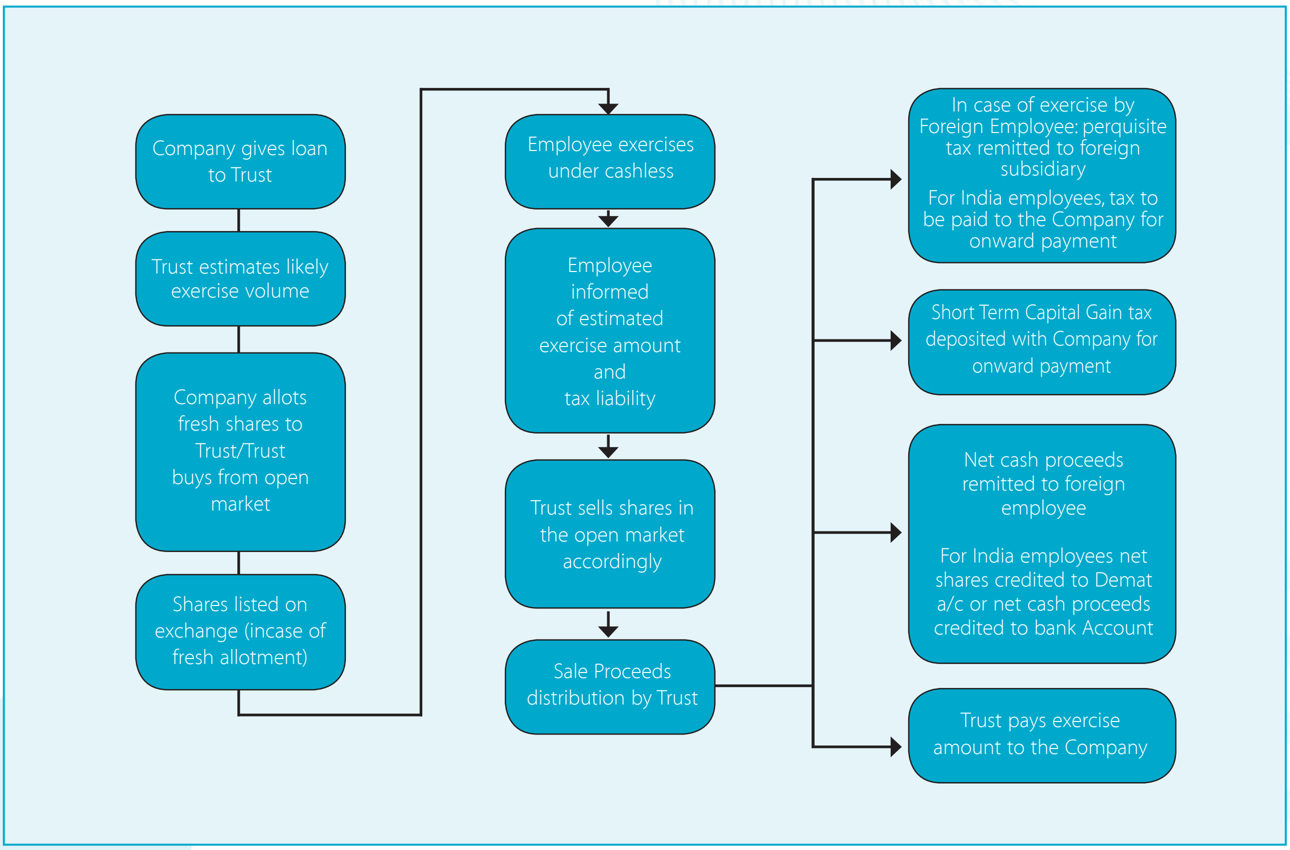
Item No. 11

In order to provide better scope to the management to allot employee stock options and implement the ESOP Schemes, the shares may also be issued to/managed and/or administered via one or more Employee Welfare Trust(s), as already set up by the Company or may be set up in future, under overall supervision of the Remuneration Committee.

Cashless Exercise of Options via Employee Welfare Trust

The Employee Welfare Trust(s) under the overall supervision of the Remuneration Committee may employ/engage such permitted measures, mechanism and framework which it deems fit to enable seamless and expeditious exercise of employee stock options by the beneficiaries of Employee Stock Options Schemes/Plans of the Company, both present and future. One such mechanism could be facilitating cashless exercise of options.

The cashless exercise of employee stock options facilitated by Employee Welfare Trust(s), subject to rules and regulations and requisite approvals, as applicable, may tentatively involve following process flow:



The aforesaid is an indicative process and the actual process may differ in case required pursuant to applicable rules, regulations and requisite approvals.

In partial modification of the resolution number 9 passed by the Members of the Company at the Annual General Meeting held on August 26, 2009, it is proposed to authorise the Employee Welfare Trust(s) to take necessary steps so as to, evolve and engage such mechanisms as deemed prudent for facilitating seamless and convenient exercise of options including but not limited to facilitating cashless exercise of options as well as authorise the Board of Directors or any committee thereof to set up one or more Employee Welfare Trust(s) and to close/wind-up all or any of such Trust(s).

As the aforesaid preposition under employee stock option schemes may involve issue of shares to persons other than existing shareholders of the Company, consent of the Members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The Board recommends the passing of the Resolution set out at item No. 11 in the Notice convening the Meeting.

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/may be offered to them under the Employee Stock Option Scheme(s)/ Plan(s).

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

Place : Mumbai
Date : May 18, 2011

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 at the Eleventh Annual General Meeting (Pursuant to clause 49 of Listing Agreement entered into by the Company with Stock Exchanges) Item No. 3,4 and 6

Item No. 3, 4 and 6

Name	Anjan Malik	Anish Ghoshal	Biren Gabhawala
Profession	Business Executive	Lawyer	Practicing Chartered Accountant
Qualification	Holds a Master of Business Administration degree in finance from The Wharton School, University of Pennsylvania (USA) and a first class Bachelor's of Science degree in Physics, with honors, from the Imperial College of Science and Technology, London (UK).	Holds Bachelor's degree in commerce with honors from St. Xavier's College, Calcutta and Bachelor's degree in law from University of Mumbai	Fellow Member of the Institute of Chartered Accountants of India and commerce graduate from the H. R. College of Commerce & Economics, Mumbai
Expertise in specific functional area	He has over 19 years experience in global market sales and trading, consulting and technology consulting. His last nine years have been devoted to KPO/BPO sector. Prior to his involvement with eClerx, he ran a trading department for Lehman Brothers in London and before that, he worked as Senior Consultant with Accenture's European Capital Markets practice.	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	He is a qualified Chartered Accountant and is a Fellow Member of the Institute of Chartered Accountants of India in practice for 23 years. He is a Senior Partner of M/s. C. M. Gabhawala & Co. Chartered Accountants and specialises in Direct and Indirect Taxation, FEMA, International Taxation, Mergers and Acquisitions. He provides consultancy to both national and international companies, as well as Audit and Assurance Services.
Directorships held in other Companies	• eClerx LLC, US • eClerx Limited, UK • eClerx Private Limited, Singapore	• Koch Chemical Technology Group India Private Limited • Indiam Advisory Services Private Limited • Nu Skin Enterpises India Private Limited • Pi Global-Brand Id Consultants Private Limited • Urau Resources Private Limited • Netel (India) Limited • MAN Truck and Bus India Private Limited • RGA Services India Private Limited	NIL
Memberships held in committees of the Board of other Companies	NIL	NIL	NIL
Shares held in the Company as on the date of Notice	8,522,250 Equity Shares	NIL	NIL

Notes

eClerx Services Limited

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

Dear Member(s),

Sub: Green Initiative of Ministry of Corporate Affairs- Registration of E-mail address.

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular No. 17/2011 dated April 21, 2011 and circular No. 18/2011 dated April 29, 2011 issued by the Ministry, Companies can now send various notices and documents, including Annual Report, to its members through electronic mode to the registered e-mail addresses of members.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

In view of the same, we propose to send future communication, including but not limited to Notice of Annual General Meeting and Annual Report of the Company, in electronic mode to the e-mail address available in the Register of Members of the Company and/or with your Depository Participant.

For supporting the above 'Green Initiative' of MCA –

- ### If you are holding shares in Electronic Form:

  Please intimate your e-mail address to your Depository Participant (DP). Your email ID in the records of your DP will be deemed to be your registered e-mail address for serving notices/documents.

- ### If you are holding shares in Physical Form:

  Please send a request letter mentioning your e-mail address and Folio Number, duly signed by the sole/first holder as per the specimen signature recorded with us, to our Registrar and Transfer Agent at:

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081

Please note that such documents will also be available on the Company's website www.eClerx.com for download by the members. If you desire to get a physical copy of all the documents, you may intimate the Company accordingly.

We are sure you would appreciate the "Green Initiative" taken by MCA and as a responsible citizen will whole-heartedly support this initiative.

Thanking you,

For eClerx Services Limited

Gaurav Tongia
Company Secretary

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eClerx Services Limited

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 Eleventh Annual General Meeting of the Company to be held on Wednesday, August 24, 2011 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 ....2011.

Note: 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 Limited

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.

Eleventh Annual General Meeting of the Company to be held on Wednesday, August 24, 2011 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.

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eClerx Services Limited
Sonawala Building, 1st Floor,
29 Bank Street, Fort, Mumbai - 400 023.
www.eclerx.com Email: investor@eClerx.com