Precise Processes | Passionate People

eClerx Services Limited | Annual Report 2012-13

About eClerx

WHO WE ARE

eClerx is a specialist Knowledge and Business Process Outsourcing (“KPO” / “BPO”) Company providing operational support, data management, and analytics solutions to over 50 Global Fortune 1000 clients, including many of the world’s leading High Tech, and Industrial Manufacturing, Financial Services, E-Commerce, Retail and Distribution, Broadband, Cable & Telco, Interactive Media and Entertainment, Travel and Leisure, and Software Vendor companies. Incorporated in 2000, eClerx is India’s first publicly listed KPO Company and is today traded on both the BSE Limited and National Stock Exchange of India. In October 2012, eClerx was recognised as Asian Most Admired Knowledge Enterprises (MAKE) Winner 2012. This recognition builds on eClerx winning the MAKE India award in 2011 and being a MAKE Asia finalist in 2010 and 2011.

WHAT WE DO

Financial Services

eClerx enables financial institutions to balance their 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

Sales And Marketing Services

eClerx powers the operations of the Sales and Marketing divisions of some of the largest Fortune / FT / Internet Retailer 500 scale companies globally, augmenting bandwidth to drive greater quality and control to their digital operations, data management, and analytics needs.

Our Services

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

Cable And Telecommunication Services

For the cable and telco industry, we offer a wide range of services that span all lines of business (data, video, and voice), all support channels (chat, email, and phone), and multiple functional areas (care, repair, billing, retention, sales and technical operations).

Our Services

- 3rd Party Vendor Monitoring & Analysis
- Revenue Assurance & Account Accuracy
- Customer Interaction Measurement
- Chat End User Services
- Voice Provisioning
- Tiered Technical Support

OUR VALUES

Quality: Make it our religion

- Deepen knowledge of client people, processes, and systems
- Fulfill spoken, and unspoken client needs
- Data work means detail; focus zealously on it
- Help our clients be successful in their organisations

People: Attract and invest in the best

- Create a meritocratic 'up-or-out' culture
- Invest aggressively in recruiting and training
- Provide cross-functional transfer opportunities
- Encourage active work-life balance

Culture: Develop a professional, client-centric culture

- Create an environment of trust, openness, mutual respect, fairness, and equal opportunity
- Become an extension of your customer organisation
- Maintain the highest standards of ethics and integrity
- Respect the organisation, its goals, and the opportunities provided
- Nurture entrepreneurship
- Develop business capability through continuous competency development, knowledge harvesting and sharing

eClerx CARES

While eClerx has been participating in philanthropic activities since 2006, we formalised our corporate citizenship initiative with eClerx Cares in 2009. The eClerx Cares council is responsible for championing all CSR initiatives of the Company. We continue to earmark a corpus every year on eClerx Cares activities. The program undertakes initiatives in the area of education by being participants of progress and ensuring effective support to bring visible improvements in the lives of the underprivileged. Our partner NGOs are selected for their projects on child rights and education which is one cause that resonates broadly within the eClerx family.

Mumbai Marathon 2013

Employee Engagement

Children Activities Arranged at eClerx

WHERE WE ARE

REGISTERED OFFICE

Sonawala Building, 1st Floor,
29 Bank Street, Fort
Mumbai – 400 023,
Maharashtra, India.
Ph: +91 (022) 6614 8301

CORPORATE OFFICE

Indiabulls Finance Center,
1102, Tower-2, 11th Floor, 612/613,
S.B.Road, Elphinstone Road (West),
Mumbai – 400 013,
Maharashtra, India.
Ph: +91 (022) 6614 8300

DELIVERY CENTRES

Ghatkopar – Raheja Plaza

301, 3rd Floor,Raheja Plaza-1,
L.B.S. Road, Ghatkopar (West),
Mumbai – 400 086,
Maharashtra, India.
Ph: +91 (022) 4094 3456
Fax: +91 (022) 4094 3605

Ghatkopar – ASM

202, Ashok Silk Mills Compound,
L.B.S. Road, Opp. Damodar Park,
Ghatkopar (West),
Mumbai – 400 086,
Maharashtra, India.
Ph: +91 (022) 4047 5500
Fax: +91 (022) 6773 5600

Airoli

Building # 14, 4th & 5th Floor,
K Raheja Mindspace,
Plot # 3,TTC Industrial Area,
Thane Belapur Road,
Airoli, Navi Mumbai – 400 708,
Maharashtra, India.
Ph: +91 (022) 6114 1555
Fax: +91 (022) 6114 1333

Pune

Block 01, 5th Floor,
Quadron Business Park Limited,
Rajiv Gandhi Infotech Park,
Hinjewadi Phase-II,
Pune – 411 057,
Maharashtra, India.
Ph: +91 (020) 4027 7990
Fax: +91 (020) 6676 4480

Chandigarh

Agilyst Consulting Pvt. Ltd.
2nd Floor,Towers A & B,
DLF Technology Park,
Chandigarh – 160 101.
Ph: +91 (172) 6633600

Pune II

Block 04, 2nd Floor, Quadron Business Park
Plot No. 28, Rajiv Gandhi Infotech Park,
Hinjewadi Phase II,
Pune – 411057,
Maharashtra, India.

SALES OFFICES

AMERICAS

286 Madison Avenue, 14th Floor,
New York, NY 10017,
United States of America
Ph:+1 212-551 – 4150

1800 John F Kennedy Blvd,
3rd Floor, Philadelphia,
PA 19103
Ph:+1 267-238 – 3800

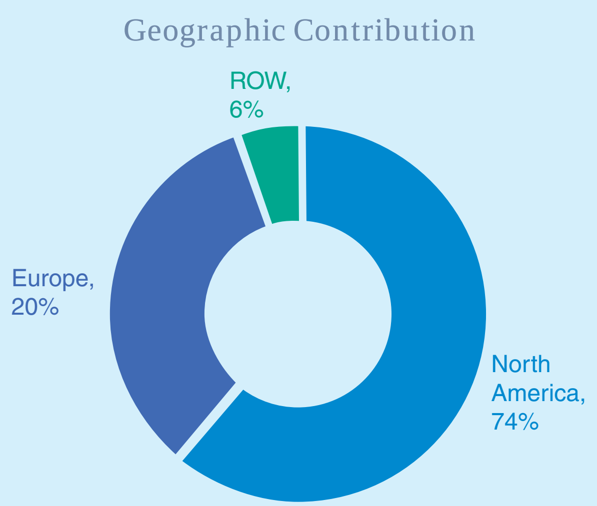
EMEA

1 Dover Street, 1st floor,
London, W1S 4LA,
United Kingdom
Ph:+44 (0) 207 529 6000

APAC

9 Battery Road,
#11-00 Straits Trading Building,
Singapore 049910
Ph:+65 (0) 6225 2988

REVENUE BY GEOGRAPHY

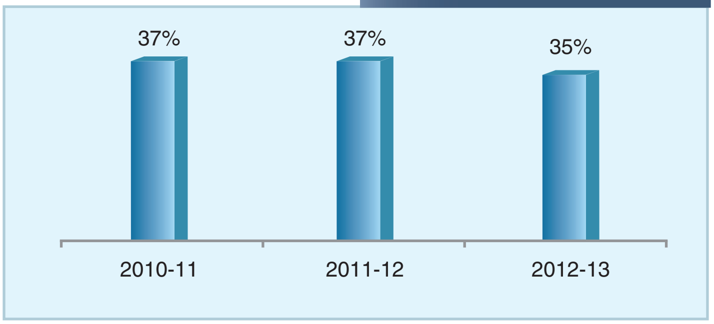


Financial Highlights

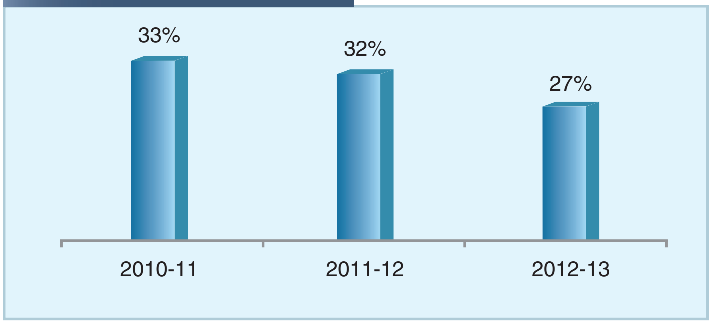
(Rs. in million)

PARTICULARS	2010-11	2011-12	2012-13
Net Sales/ Income from Operations	3,421.03	4,728.85	6,605.34
Other Income	240.16	223.00	-181.78
Earnings Before Interest, Depreciation, Taxes and Amortization (EBIDTA)	1,585.95	2,120.38	2,364.75
Exceptional Items	102.75	-	21.17
Tax Expenses	167.56	393.76	393.37
Profit After Tax (PAT)	1,224.38	1,597.73	1,716.02
Equity Share Capital	288.54	290.59	298.75
Reserves excluding Revaluation	2,094.68	3,138.62	4,084.53
Earnings Per Share (In Rs.)			
- Basic EPS	42.65	55.14	58.33
- Diluted EPS	40.68	52.99	56.92

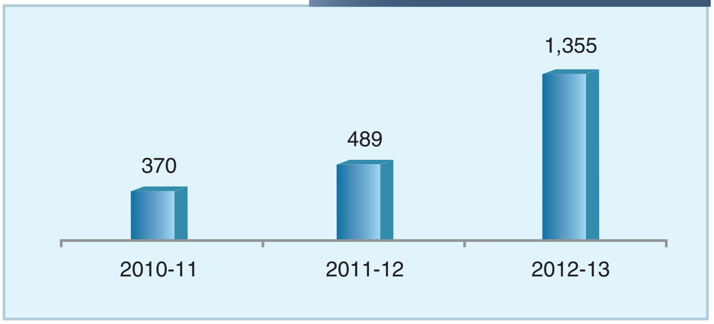
Operating Margin %



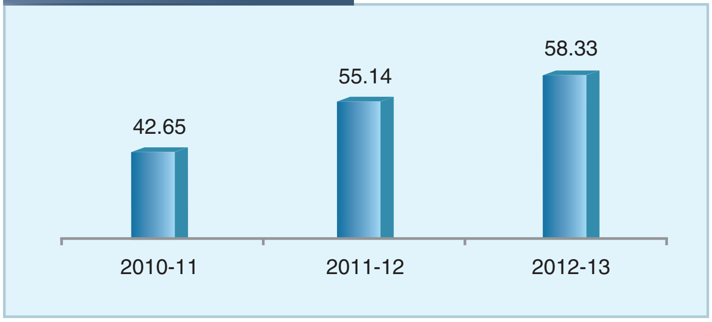
Profit After Tax %



Fixed Assets (Rs. in million)



Basic EPS (In Rs.)



Chairman's Message

The year 2012-13 saw us complete our fifth full year as a publicly listed company and I am very happy to report that it was another year of strong performance. We increased both US dollar revenues and operating profit by 30% over Financial Year 2011-12, well ahead of our peer group and laudable in the context of the difficult environment that our industry has faced. Today, we are almost a USD 125 million dollar revenue company with over 6,000 employees – notable achievements given our short time in existence as a Company, and even shorter one as a public one. In fact, since listing, the Company has grown revenues at a compound annual rate of about 32% per annum and operating profit at about 39%. I am sure you will agree with me that these are quite some achievements.

The year has kept the management team busy with the acquisition and integration of Agilyst, the company that we bought at the beginning of the fiscal year. I am happy to report that the integration is nearly complete, and erstwhile Agilyst is now eClerx's third business – Cable and Telecom Services (CTS) – complementing our Financial Services and Sales and Marketing Services businesses. I am even happier to announce that CTS has demonstrated excellent performance by growing by almost 50% since acquisition, on the back of a differentiated service offering, compelling value proposition and the sales and delivery investments made by eClerx. CTS today gives us access to new customers in the Cable and Telecom sector, adds new service lines and reduces our reliance on our existing large customers.

To ensure that our services continue to be relevant, important and attractive to our clients, we have continued our investment in people and knowledge management. Today we are just over 6,000 employees with India delivery spread across Mumbai, Pune and now Chandigarh. Our client engagement organisation, so critical to our maintaining domain-led offerings and competitive differentiation, is now over 60 people spanning Austin, London, New York, Philadelphia, and Singapore. We have continued to increase our investment in training by expanding the curriculum for imparting critical industry, product and process knowledge. Our people and our training programs continue to be the envy of our clients and competitors and the key ingredient of our success.

Our client focus on cost reduction and improved return on investment has continued to manifest through headcount reduction and offshoring, whilst discretionary spend has been focused on meeting regulatory requirements and automation initiatives, including online and ecommerce that overall reduce manual work. Our service portfolio has evolved to ensure that we remain competitive and highly relevant to our clients, and our broadening client engagement organisation and maturing delivery organisation has allowed closer partnership with our clients. Our clients appreciate our industry knowledge, ability to manage complex programs and our agility – all of these have helped us further deepen our footprint at our clients. I am also happy to report that customer satisfaction in our work continues to be high as seen by our renewal rate of long term engagements. This increased reliance by our clients on us is a true vote of confidence in our service quality and reliability as a service partner, and the relevance of our services also shows in the large growth we have experienced outside our top 5 clients this year.

Our focus on delivering services by combining process re-engineering, technology and knowledge management helps us deliver complex services of high quality, allowing us to present our clients with year on year cost savings and service improvements. This differentiates us from competitors and from our client's own offshore captive organisations.

Our automation and re-engineering teams have increased to meet these client needs, and our software team has been re-certified as CMM III – an important external validation of quality. In addition to the numerous client audits that we have passed this year, we have again passed the SSAE 16 audit for operational control. These certifications, together with the renewal of ISO 27001 for information security, help us benchmark our services to industry best practices and give our clients peace of mind about the soundness of the organisation that manages core processes for them.

In the year 2011, we won the MAKE (Most Admired Knowledge Enterprises) India award for the first time in recognition of our market leading knowledge management practices. In 2012, we not only won the MAKE India award again but also won the MAKE ASIA award after being a finalist in 2010 and 2011. eClerx further won the “Best Exporter – Services (Medium)” category at the ECGC – D&B Indian Exporters’ Excellence awards. We were also named in the Inc. India 500 list as among India’s 500 fastest growing mid-sized companies for the third consecutive year. The Company also moved up from rank 322 to 309 in India's Business Today (BT 500) Most valuable companies list and was recognised as "Leading Provider in Investment Banking BPO" by the Everest Group. The Company was also recognised as a Global Services 100 provider; featuring in the Leading Mid-tier BPO Providers and Global Knowledge Process Leaders lists. Moreover, eClerx ranked as Leader in the 2012 IAOP Global Outsourcing 100 ranking and was included in their 'Best 20 Companies – Financial Management Services' and the 'Best 10 Companies in Eastern Europe' sub-lists.

eClerx Cares – our philanthropic initiative aimed at charities working to improve the lives and futures of children has continued to see success. As many of you will know, we dedicate a percentage of our net income to this foundation each year and we partner with a number of charitable organisations such as Child Rights and You, Nanhi Kali, Snehalaya, SSRVM and sponsor numerous events aimed at supporting and nurturing underprivileged children. For instance, with our support to Snehalaya for six Bal Bhavans which are centres for children of destitute women in red light areas of Ahmednagar, Maharashtra, we were able to positively impact over 2,000 children with facilities for pre-primary and primary education, health & nutrition support. These Bal Bhavans also double up as vocational training centres providing life skills to the youth and women. With the Nanhi Kali alliance in the Sheopur district where female literacy rates are at a dismal low, eClerx contributions helped ensure 100% enrolment of young girls in school and close to 100% attendance. There is much to be done yet and with many of our employees also contributing in payroll giving programs, I am happy to say that the eClerx Cares initiative has been a great success and we are on the right path to do our best to give back to society.

This year, given our increased footprint onshore, we added a UK charity to our list. The Guy Mascolo Football Charity support underprivileged children in inner cities by involving them in football coaching and we are very proud of our partnership with them.

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

Sincerely

V. K. Mundhra
Chairman

Corporate Information

BOARD OF DIRECTORS

V. K. Mundhra	Chairman
P. D. Mundhra	Executive Director
Anjan Malik	Non-Executive Director
Pradeep Kapoor	Non-Executive Independent Director
Anish Ghoshal	Non-Executive Independent Director
Vikram Limaye	Non-Executive Independent Director
Biren Gabhawala	Non-Executive Independent Director
Alok Goyal	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.
Ph Nos.: 022 – 6614 8301
Fax No.: 022 – 6614 8655
Email: investor@eClerx.com

STATUTORY AUDITORS

Walker, Chandiok & Co
16th Floor, Tower II, Indiabulls Finance Centre,
S B Marg, Elphinstone (W), Mumbai – 400 013.

INTERNAL AUDITORS

Mahajan & Aibara
1, Chawla House,
62, Wodehouse Road,
Colaba, Mumbai – 400 005.

REGISTRAR & 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.
DBS Bank Limited
Hongkong & Shanghai Banking Corporation Ltd.
Kotak Mahindra Bank Ltd.
Standard Chartered Bank
YES Bank Limited

Directors' Report

Dear Members,

The Directors are pleased to present their Thirteenth Annual Report along with the audited annual accounts for the financial year ended March 31, 2013.

1. Financial Highlights

Financial / operating performance (Consolidated) of the Company and its subsidiaries for the financial year ended March 31, 2013 is tabulated below:-

(Rupees in million)

Particulars	2012-13	2011-12
Revenue from Operations	6,605.34	4,728.85
Other Income (net)	(181.78)	223.00
Total Revenue	**6,423.56**	**4,951.85**
Operating Expenses	4,058.81	2,831.47
EBITDA	**2,364.75**	**2,120.38**
EBITDA %	**36.81%**	**42.82%**
Depreciation and goodwill amortisation	255.36	128.88
Earnings before Interest & Tax	2,109.39	1,991.50
Taxes	393.37	393.77
Net Profit after Tax	**1,716.02**	**1,597.73**
NPM%	**26.71%**	**32.27%**

Year in Retrospect:

On a consolidated basis the total income increased to Rs. 6,423.56 million from Rs. 4,951.85 million in the previous year at a growth rate of 30%. The EBITDA amounted to Rs. 2,364.75 million as against Rs. 2,120.38 million in the previous year. The Company earned Net Profit After Tax (PAT) of Rs. 1,716.02 million for the year as against Rs. 1,597.73 million during the previous year registering Year on Year (YoY) growth of 7%.

2. Information on status of Company's affairs

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

3. Dividend

After considering the Company's profitability, cash flow and overall financial performance, the Directors are pleased to recommend a dividend of Rs. 25 (250%) per share. The total quantum of dividend, if approved by the Members will be about Rs. 746.86 million while about Rs. 126.93 million will be paid by the Company towards dividend distribution tax and surcharge on the same.

The Company had paid a dividend of Rs. 17.50 per share (175%) during the year ended March 31, 2012.

The Register of Members and Share Transfer Books will remain closed from Friday, August 16, 2013 to Thursday, August 22, 2013 (both days inclusive) for the purpose of ascertaining entitlement for the said dividend. The Thirteenth Annual General Meeting of the Company is scheduled to be held on Thursday, August 22, 2013.

4. Transfer to Reserve(s)

The Company proposes to transfer Rs. 156.10 million to the General Reserve out of the amount available for appropriations and an amount of Rs. 679.96 million is proposed to be retained in the Profit and Loss Account out of current year's profits.

5. Subsidiary Companies

The Company has following foreign subsidiaries as on March 31, 2013:

S. No.	Name of the subsidiary(ies)
1	eClerx Investments Limited (BVI)
2	eClerx LLC (USA)
3	eClerx Limited (UK)
4	eClerx Private Limited (Singapore)
5	Agilyst Inc (USA) (a step down subsidiary, being the subsidiary of eClerx Investments Limited (BVI))
6	Agilyst Consulting Private Limited (India) (a step down subsidiary, being the subsidiary of Agilyst Inc (USA))

The Members are requested to note that the Ministry of Corporate Affairs vide its general Circular No. 2/2011 dated February 8, 2011, has 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 of the subsidiary companies on any working day. 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 (www.eClerx.com). 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.

6. IPO Fund Utilisation

The Company completed its Initial Public Offer (IPO) and the equity shares were listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) effective December 31, 2007. The balance amount of Rs. 220 million out of IPO proceeds, as on March 31, 2012, earmarked for acquisition was fully utilized to acquire 100% of Agilyst Inc., a closely held US based KPO company, through its overseas subsidiary eClerx Investments Limited and accordingly there were no un-utilised IPO proceeds as on March 31, 2013.

7. Developments after the Balance Sheet Date

The Article 24 of the Articles of Association ("AOA") of the Company originally provided that the Company is allowed to buy-back its shares from the existing Members after passing a Special Resolution in accordance with Section 77A and other applicable provisions of the extant Companies Act, 1956 ("the Act") and SEBI (Buy-back of Securities) Regulations, 1998 and any amendment thereof.

The erstwhile Article 24 of the AOA of the Company is reproduced below:

24. The Company may, by special resolution, purchase its own securities or other securities, subject to such limits and on such terms and conditions specified under Section 77A and other applicable provisions of the Act and rules or regulations framed there under and SEBI (Buy Back of Securities) Regulations, 1998.

As per the extant Section 77A of the Act, a buy-back by the Board of Directors is allowed if the quantity of buy-back is or less than 10% of the paid up equity capital and free reserves of the Company. It was therefore proposed to amend the existing Article 24 of AOA so that the Board of Directors would be allowed to buy-back to the extent permitted pursuant to Section 77A of the Act and any other Acts or Rules as may be applicable from time to time. The Board of Directors of the Company at its Meeting held on April 9, 2013, *inter-alia*, proposed, for the approval of Members by way of a special resolution, to amend the Article so that the Board would be allowed to buy-back as aforesaid. The shareholders approval was sought by voting via Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956, read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011.

The Company completed dispatch of postal ballots on April 30, 2013 and outcome of the postal ballot was announced on June 4, 2013 and the resolution was carried with requisite majority. Accordingly the Articles of Association stands amended with effect from the said date.

8. Amendment(s) to ESOP Plan(s)/ Scheme(s) of the Company

SEBI vide its Circular CIR/CFD/DIL/3/2013 dated January 17, 2013 amended SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in respect of Trust Route under ESOP Plans, *inter-alia*, providing that listed entities will be prohibited from framing any employee benefit schemes involving acquisition of own securities from the secondary market.

ESOP Schemes viz., Employee Stock Option Plan ('ESOP 2005'), Employee Stock Option Scheme 2008 ('ESOP 2008') and Employee Stock Option Scheme 2011 ('ESOP 2011') of the Company contain enabling clause(s), as was earlier permitted under the then extant regulations, allowing the Company to set up ESOP Trust to purchase shares from open market. However, the Company does not have any ESOP Trust in place as on date. Furthermore, no such trust has dealt in Company's securities in the secondary markets, at any time.

Thus, in order to comply with the aforesaid Circular, the shareholders approval is being sought at the ensuing Annual General Meeting, for removing the clauses from existing ESOP Plans, pertaining to ESOP Trust/ESOS Trust/ Employee Welfare Trust, involving acquisition of its own securities from the secondary market.

Furthermore, the ESOP Schemes (ESOP 2008 & ESOP 2011) of the Company are silent on implications upon delayed payment of exercise and/or tax money by the employee(s) concerned (as set out in the respective ESOP Plan(s)/Scheme(s)), wherein the employee post exercise, makes delayed payment of exercise and/or tax money or does not pay the same for indefinite period as against the applicable cut off dates. It may become unduly advantageous to such employee in case of rising share price as otherwise a higher market price would have meant higher tax obligation upon the employee. It may also be disadvantageous to larger set of employees' interests wherein they are denied allotment in a particular cycle as their money was received late by say only one day.

In view of the above and in the larger interest of employees, Remuneration Committee and Board of Directors of the Company, accorded its consent for seeking shareholders approval and authorization for making necessary amendments to ESOP Plan(s)/ Scheme(s) to incorporate necessary clauses pertaining to the implications of upon delayed / non payment of exercise and tax money.

Further, the Board of Directors at its meeting held on May 24, 2013, also considered the proposal to increase maximum number of options available to be granted under ESOP 2011 from 1,600,000 to 2,600,000. The said proposal is set out in detail in the notice convening the Thirteenth Annual General Meeting.

The other terms and conditions of the ESOP Schemes viz. ESOP 2008 and ESOP 2011 would remain the same as envisaged in the respective ESOP Scheme(s) and earlier approved by the shareholders of the Company, as amended from time to time.

The Members are requested to consider approving the respective resolutions, as set out in the notice convening this Thirteenth Annual General Meeting.

9. Payment of remuneration by way of commission to Non-Executive Independent Directors of the Company

Non-Executive Independent Directors of the Company are not paid any remuneration except the sitting fees for attending Board and Committee meetings. It is proposed that Non-Executive Independent Directors be paid remuneration by way of commission, in aggregate, not exceeding 1% of the net profit of the Company for the respective financial year, subject to a limit of Rs.12 Lacs p.a. per Non-Executive Independent Director.

The Board of Directors of the Company accorded its consent to seek Members' approval for payment of remuneration by way of commission. The Members are requested to consider approving the same, as set out in the notice convening this Thirteenth Annual General Meeting.

10. Raising of Long Term Funds

The Board of Directors of the Company vide resolution passed on May 24, 2013 accorded its consent, to seek Members' enabling 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. 3,000 million.

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.

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 Institutional Placement shall be completed within a period of 12 months from the date of passing of the resolution. The Board would 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 / postal ballots for this purpose. The Members of the Company accorded its consent to a similar proposal at the Eleventh Annual General Meeting held on August 24, 2011 which expired in August 2012. It is therefore proposed to seek fresh enabling authorisation from the Members of the Company at the ensuing Thirteenth Annual General Meeting for a period of 12 months or otherwise as applicable from the date of the Annual General Meeting.

Hence, the Board proposes Members' enabling approval at this Thirteenth 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. The Members are requested to consider approving the same, as set out in the notice convening this Thirteenth Annual General Meeting.

11. Fixed Deposits

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

12. Increase in Share Capital

The Company has issued 817,051 equity shares during the year, upon the exercise of stock options by the employees under Employee Stock Option Scheme 2005 and 2008. Due to this, the outstanding issued, subscribed and paid-up equity share capital increased from 29,057,534 equity shares of Rs. 10 each as at March 31, 2012 to 29,874,585 equity shares of Rs. 10 each as at March 31, 2013.

13. Awards and Accolades

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

- Won the European Outsourcing Association (EOA) Outsourcing Works – Award for Delivering Business Value in a Pan-European Outsourcing Project.
- Won the 'Use of Technology for Operations Excellence' award at the BPO Excellence awards.

- Won the 2012 Indian Most Admired Knowledge Enterprises (MAKE) award.
- Was winner in the "Best Exporter – Services (Medium)" category at the ECGC – D&B Indian Exporters' Excellence Awards 2012.
- Won the Most Admired Knowledge Enterprises (MAKE) Asia award.
- Has been ranked 124th in the 2012 Inc India 500 ranking.
- Was recognized as "Leading Provider in Investment Banking BPO" by the Everest Group.
- Was recognized as 2012 Global Services 100 provider; also featured in the Leading Mid-tier BPO Providers and Global Knowledge Process Leaders lists.
- Was ranked as Leader in the 2012 IAOP Global Outsourcing 100 ranking and included in their 'Best 20 Companies – Financial Management Services' and the 'Best 10 Companies in Eastern Europe' sub-lists.

14. Corporate Social responsibility (CSR)

eClerx Cares - advancing children's lives through education

The Company continues to earmark a corpus every year for CSR activities. The eClerx Cares council is responsible for championing all philanthropy and CSR initiatives of the Company. The mission of eClerx Cares is committed to being participants of progress by supporting initiatives in education and child welfare to help measurably improve the lives of underprivileged children.

Our partner NGOs are selected for their projects on child rights and education which is one cause, that resonates broadly within the Company. At the Company, it is believed that money is only ever a small part of the solution and our ethos involve the entire organization heartily contributing to making a difference either through donating clothes, volunteering their time in training such as IT skills, running marathons for a cause or simply giving Christmas gifts.

Employee Engagement

There is an increasing amount of interest shown by our employees to volunteer and support our partner NGOs. The Company matches employee's contribution by 1:1. Employees can choose to contribute a fixed amount deducted monthly or choose to sponsor annual fees of a girl child (Nanhi Kali) for primary or secondary education.

Employees also participate enthusiastically in the engagement activities laid out across the year like:

- A 75-member team of Company employees participated in the Mumbai Marathon pledging their support to the cause of Child Rights and Education;
- Take up training on computer fundamentals for students in Company's facility;
- Annually organize Christmas learn-and-fun event for the students of local schools and institutes; and
- The Company celebrates the nationwide Joy of Giving week by arranging material giving drive in association with Goonj, an NGO.

While the Company continues to provide expert outsourcing options, it has not lost sight of its commitment to play its role as an enlightened corporate citizen. Corporate Social Responsibility had always been on our agenda and we have also seen increasing interest and partnership from our employees to join hands on various initiatives.

In the US and UK, the Company supports numerous child education and health-related causes for Cancer and the Alzheimer's Association.

Our Partner NGOs:

Child Rights and You (CRY)

The Company wholly funds the PREM initiative run by CRY in Melghat, Maharashtra – a commitment the Company has held since 2007. By providing education, healthcare and spreading awareness on child rights it has made great progress and brought about an improvement in the community.

Nanhi Kali

The Company supports education for underprivileged girls in Sheopur district of Madhya Pradesh through their association with the Nanhi Kali program. This program has resulted in positive outcomes where the Company was able to curtail drop-outs and sustain the girl literacy drive.

Snehalaya

The Company works with Snehalaya to wholly support 6 Bal Bhavans in slums of Ahmednagar district in Maharashtra. These Bal Bhavans double up as kindergarten schools as well as coaching/informal learning centres and aim to get "out-of-school" children back into the mainstream curriculum.

15. Directors

In accordance with the Articles of Association of the Company, Anjan Malik and Biren Gabhawala 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 Anjan Malik and Biren Gabhawala as required in terms of Clause 49 of the Listing Agreement with the stock exchanges, is included in this Annual Report. Further, the required resolutions for re-appointment of the above Directors at the forthcoming Annual General Meeting are included in the Notice convening this Annual General Meeting.

During the year under review Sandeep Singhal – Non Independent Non-Executive Director resigned with effect from June 1, 2012. Directors place their sincere appreciation for the assistance and guidance provided by him during his tenure as director of the Company.

Further it is with deep regret we state that Mr. Jimmy Bilimoria, Non-Executive Independent Director of the Company passed away on May 3, 2013. Late Mr. Bilimoria had been associated with the Company since October 2007. The Company was privileged to have worked with him as he was a rare individual who possessed a sharp intellect, wisdom, strong common sense, unwavering integrity and yet was so humble. He will be truly missed at eClerx. Late Mr. Bilimoria ceased to be a director of the Company from the date of his demise.

16. 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 2012-13, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) the Directors 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, 2013 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.

17. 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"), the Company had framed and instituted Employee Stock Option Plan 2005 (ESOP 2005), Employee Stock Option Scheme 2008 (ESOP 2008) & Employee Stock Option Scheme 2011 (ESOP 2011) to attract, retain, motivate and reward its employees and to enable them to participate in the growth, development and success of the Company.

The Company has granted stock options from time to time under the said ESOP Plan(s) / Scheme(s) to its employees and Independent Directors and also to employees of its subsidiaries.

The following table sets forth the particulars of stock options granted under ESOP 2005, ESOP 2008 and ESOP 2011 as on March 31, 2013:-

Particulars	ESOP 2005	ESOP 2008	ESOP 2011
Options granted during the year	Nil	Nil	633,083
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.	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 finalizes 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 as on 31.03.2013 (net)	580,312	1,097,250	Nil
Options exercised and allotted during the year	56,501	760,550	Nil
The total number of equity shares arising as a result of exercise of options	56,501	760,550	Nil

Particulars	ESOP 2005	ESOP 2008	ESOP 2011
Options lapsed/forfeited / expired during the year	Nil	112,500	88,082
Variation of terms of options	Nil	Nil	Nil
Money realised by exercise of options	565,010	7,605,500	Nil
Total number of options in force	Nil	1,009,725	545,001
Details of options granted to Employee: (i) Senior Managerial Personnel (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	As per statement attached Fiscal 2005-06: Nilesh Patel, Neville Bharucha Fiscal 2007: Neville Bharucha, Anees Merchant Gokul Perumal Fiscal 2007-08: Nil Fiscal 2008-09: Nil Fiscal 2009-10: Nil Fiscal 2010-11: Nil	As per statement attached Fiscal 2008-09: Scott McCartney Fiscal 2009-10: Scott Houchin Fiscal 2010-11: Scott Houchin Sandeep Dembi Fiscal 2011-12: Scott Houchin	As per statement attached Fiscal 2011-12: Scott Houchin Fiscal 2012-13: Nil

Particulars	ESOP 2005	ESOP 2008	ESOP 2011
(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.	Fiscal 2012-13: Nil	Fiscal 2012-13: Nil	Fiscal 2012-13: Nil
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS 20 'Earning Per Share')	Rs. 56.92 for the year ended on March 31, 2013		
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. 119.49 million Diluted EPS : Rs. 52.96 (post adjustment for aforesaid impact on profits)		
Vesting Schedule	Options granted under the respective ESOP Scheme(s)/ Plan(s) would vest not earlier than one year and not later than five years from the date of grant of such options.		

Details of options granted to key managerial persons of the Company as on March 31, 2013:

ESOP scheme	Name of key managerial personnel	No. of options granted*	No. of options exercised*	No. of options outstanding*
ESOP 2005	Hoshi Mistry	64,875	64,875	-
	Rohitash Gupta	38,250	38,250	-
	Neville Bharucha	35,000	35,000	-
	Anees Merchant	25,900	25,900	-
	Gokulraj Perumal	27,000	27,000	-
ESOP 2008	Hoshi Mistry	57,000	33,000	24,000
	Rohitash Gupta	57,000	33,000	24,000
	Sandeep Dembi	42,000	-	42,000
	Swati Thakar	39,600	27,000	12,600
	Neville Bharucha	36,600	24,000	12,600
	Anees Merchant	32,100	19,500	12,600
	Gokulraj Perumal	32,100	-	32,100
	Sachin Vaidya	27,600	15,000	12,600
	Subhodip Basu	27,600	-	27,600
	Gurvinder Lamba	20,100	7500	12,600
	Manoj Shelar	18,600	-	18,600
	Srinivasan Nadadhur	18,600	-	18,600
	Prashant Chaddah	18,000	12,000	6,000
	Pravin Borade	9,000	-	9,000
	Debobroto Ghosh	8,800	-	8,800
	Shyam Iyengar	8,800	-	8,800
ESOP 2011	Hoshi Mistry	10,000	-	10,000
	Rohitash Gupta	10,000	-	10,000
	Sandeep Dembi	10,000	-	10,000
	Sanjay Kukreja	13,335	-	13,335
	Anees Merchant	5,000	-	5,000
	Swati Thakar	5,000	-	5,000
	Neville Bharucha	5,000	-	5,000
	Prashant Chaddah	5,000	-	5,000
	Pravin Borade	5,000	-	5,000
	Sachin Vaidya	5,000	-	5,000
	Subhodip Basu	5,000	-	5,000
	Gurvinder Lamba	5,000	-	5,000
	Manoj Shelar	5,000	-	5,000
	Srinivasan Nadadhur	5,000	-	5,000
	Debobroto Ghosh	5,000	-	5,000
	Gokulraj Perumal	5,000	-	5,000
	Shyam Iyengar	5,000	-	5,000
	Devidas Iyer	6,667	-	6,667

Details of options granted to key managerial persons of foreign subsidiaries of the Company as on March 31, 2013:-

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	84,375	-
	Scott Houchin	150,000	35,000	115,000
ESOP 2008	Scott McCartney	249,000	170,000	79,000
	Joseph Sursock	58,500	10,000	48,500
	Mahesh Muthu	50,250	-	50,250
	Stephen Jones	39,750	18,750	21,000
	John Russ	35,250	18,750	16,500
	Li Chien Koh	30,750	-	30,750
	Scott Hamilton	16,000	-	16,000
	John Stephen	16,000	-	16,000
	Ben Sciortino	6,400	-	6,400
	Randall Ferguson	4,800	-	4,800
ESOP 2011	Scott Houchin	35,000	-	35,000
	Alan Paris	20,000	-	20,000
	Scott McCartney	15,000	-	15,000
	Peter Mullins	13,333	-	13,333
	Marianne Kroha	13,333	-	13,333
	Jinny Jun	13,335	-	13,335
	Gabrielle Browne	13,333	-	13,333
	Stephen Jones	10,000	-	10,000
	Mahesh Muthu	10,000	-	10,000
	John Russ	10,000	-	10,000
	John Stephens	10,000	-	10,000
	Joseph Sursock	10,000	-	10,000
	Li Chien Koh	10,000	-	10,000
	Randall Ferguson	10,000	-	10,000
	Scott Hamilton	10,000	-	10,000
	Ben Sciortino	10,000	-	10,000

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. 3.69 million to the profit and loss account for the year ended on March 31, 2013 as employee compensation cost.

The equity shares to be issued and allotted under the ESOP Plan(s) / Scheme(s) i.e. ESOP 2005, ESOP 2008 and ESOP 2011 of the Company shall rank pari-passu in all respects including dividend with the existing equity shares of the Company.

18. Human Resources Management

At the Company, we recognize that continuous interdisciplinary learning that is practical and current is a competitive advantage, and we're committed to investing in our people, so as to assist them to scale the peak of their potential.

To help new hires make a smooth transition into the Company, we deployed an intake program to institutionalize a standardized, consistent approach to ensure that all new recruits receive the same level of comprehensive, accurate information and instructions.

We also broad-based the scope of our in-house Foundation School so that the recruitment team is able to hire for aptitude and the Foundation School then equips new hires with the knowledge and skills that are essential for success at the Company. In 2012-13, domain and technology trainings by the Foundation School registered a 63% increase (in terms of number of employees trained year-on-year).

Two years back we introduced a learning intervention for first time managers. In the last year, the Learning and Development team collaborated with the leadership team to update the scope, curriculum, and depth of the program. The 20 hour program is now for 80 hours spread across 6 months, so new managers are provided with all the knowledge and skills that they will need to succeed.

Our partnership with a Mumbai based leading Management Institute for preparing general managers out of our functionally qualified domain specialists, witnessed a leap in the number of enrollments as more senior managers from across Mumbai and Pune signed up for the program.

To bring greater rigor to our employee engagement practices, we consolidated our HR Business Partners structures and introduced a scorecard to better manage and measure outcomes.

As a testament to our commitment to continuous learning and development, in October 2012, the Company won the MAKE (Most Admired Knowledge Enterprises) Asia award for the first time, alongside some of Asia's largest conglomerates and the MAKE India award for the second consecutive year – making the Company, the only BPO / KPO to win these awards.

19. 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 is given in the Annexure forming part of this report.

20. Particulars of Employees

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

21. Corporate Governance

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

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. The Company by and large is in compliance with requirements laid down therein.

22. Enterprise Wide Risk Management System (EWRM)

The 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.

23. 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 Thirteenth Annual General Meeting and confirmed 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 the 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 the Board of Directors (including committee thereof) to fix their remuneration for the financial year 2013-14.

24. 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 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. 17/95/2011 CL-V dated April 21, 2011 clarified that service of documents to Members can be now made by electronic mode provided the company has obtained the email addresses of the Members by giving an opportunity to all Members to register their email address with the Company. If a member has not registered an email address, other permitted conventional modes of service would continue to be applicable.

The Company sincerely appreciates Members who have contributed towards furtherance of Green Initiative. We further appeal to other Members to contribute towards furtherance of Green Initiative by opting for electronic communication.

This initiative will ease the burden on Corporates (and the environment) of sending physical documents such as notices, annual reports etc. The Members who do not opt for the same, will continue to receive communications, dissemination, notice(s), documents etc. via permitted conventional mode of service of documents. Further the Members who request for physical copies, will be provided the same at no additional cost to them.

25. Acknowledgement

Your Directors take this opportunity to express their sincere appreciation to the Company's customers, vendors, investors, consultants, business associates, bankers and employees for their support and co-operation to the Company.

Your Directors are also thankful to the Government of India, the Governments of various countries, the concerned State Governments and Regulatory Agencies for their co-operation.

Your 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

V. K. Mundhra
Chairman

Place: Mumbai
Date: July 9, 2013

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)

	2012-13	2011-12
Total Foreign Exchange Earnings realised	5,606.72	4,663.15
Total Foreign Exchange Used	1,093.35	834.54

For and on behalf of the Board of Directors

V. K. Mundhra
Chairman

Place: Mumbai
Date: July 9, 2013

Management Discussion and Analysis

I. Business Environment

The Indian economy is expected to register a growth rate of 5% for 2012-13, compared to 6.2% in 2011-12, the lowest in a decade, on account of a subdued performance of manufacturing, agriculture and services sectors. The soft global economic and financial conditions also contributed to the sluggish economy.

According to the National Association of Software and Services Companies (NASSCOM), export revenues from the IT and Business Process Management industry are projected at USD 84-87 billion for 2012-13, a growth of 12-14%. The growth has been faster than the predicted growth of 10.9% earlier, as economic recovery in the US and Europe prompted more companies to farm out work to India to save costs. Opportunities created through adoption of technologies such as social media, mobility, analytics and cloud computing are also expected to spur growth. The Indian IT-BPM sector continues to be one of the largest employers in the country directly employing nearly three million professionals, adding over 180,000 employees in 2012-13.

II. Business Overview

Our operating environment continues to be challenging as our clients confront an uncertain economic and demand outlook thus leading to increased scrutiny of any new spending proposals. On the other hand, there are also opportunities created for offshore vendors as clients attempt to restructure their cost base to align with reduced revenue levels, which is a trend we observe in the banking and financial services industry. In some instances, specialised skills in short supply in western markets are also leading companies to explore offshore alternatives, especially in areas like digital marketing and e-commerce. In this context, partners like us, who understand the industry and can speedily take on new engagements, represent an attractive and reliable route to achieving cost savings.

The banking and financial services industry continues to go through a secular change after the global financial crisis. Volumes and revenues for large industry participants have declined structurally, and there is also heightened oversight from regulators. Banks are responding to the new environment by continuing to look for efficiencies, and offshoring continues to be one route to drive savings. The regulatory pressure on banks to ensure operating control over key functions, especially those related to compliance, has led to captives of these organizations becoming a more attractive source for certain activities. For other functions, we believe there will be interesting opportunities for third party companies like us to partner with our clients and help them create low cost, efficient and reliable execution hubs. Our range of services for this business also continues to evolve in response to market and regulatory driven change, and we believe we are well positioned to be a relevant and reliable partner to our clients.

Our sales and marketing services business continues to remain focused on online operations and digital marketing. We are assisted by the secular trend of increasing e-commerce adoption across businesses.

Given the scarcity of relevant skills in the Western economies for this area, we see a healthy pipeline of opportunities for this business. This is also reflected in the fact that most of our new client additions during the year 2012-13 were from this part of our business. The challenge for us is to build larger footprints within individual clients for this business, so that we can achieve scale and meet our growth aspirations. Our teams continue to refine our service offerings to help us in this endeavor.

Our cable business is a new addition via the acquisition done in May, 2012. We have been working during the year 2012-13 to ensure a smooth integration of this business, and we are encouraged by the opportunities we now see for this unit. Our service portfolio helps our clients to directly improve customer service levels, while reducing the cost of delivering such services. As a result, we remain hopeful that we should continue to see good momentum for this business in the near and medium term as well.

One area of particular focus for us has been to reduce client concentration. We have taken a number of steps to address this, including expanding our investment in our sales force, and changing our compensation plans to incentivise our teams to grow the emerging account base. We are pleased to see some progress on this front with the reduction in the percentage of firm revenue coming from top 5 clients from 86% in FY12 to 79% in FY13.

III. Material Developments in human resources / industrial relations, including number of people employed

Our employees are the most valuable assets of the Company. The Company strives to provide the best working conditions for employees and create a professional and healthy work culture built around strong corporate values.

During the year we added 1,549 employees, taking our total strength to 5,954 employees. Our attrition rate stands at 27.3% as against 30.9% during the previous year.

We commissioned our second facility in Pune which has about 700 seats. We also commissioned our second facility in Chandigarh with about 450 seats through our Agilyst subsidiary. With this, across Mumbai, Pune and Chandigarh we will have, on a consolidated basis, about 5,800 seats which can accommodate about 6,500 people.

We moved to larger office spaces in London and New York, to accommodate our larger sales and account management teams. We also set up a new office in Philadelphia for our cable focused account management team. Our onshore sales and account management teams have now increased to approximately 60 people, split across the US, Europe and Asia, to give us the appropriate level of client presence and assist in the next wave of growth.

We continue to be opportunistic about skill acquisition and adding strong talent to our team as we see that as a vital component of our success.

IV. Risks and Concerns

Risk management is an integral part of our business and we aim at delivering superior shareholder value by achieving an appropriate trade-off between risk and returns. We have outlined the principal risks and uncertainties we anticipate in delivering our strategic priorities. However the risk related information provided below is not exhaustive and is for information purpose only.

Principal Risks and Uncertainties:

Macro-economic risk	The Company derived 95% of its revenues during 2012-13 from US and Europe. The weak economic outlook in US, Europe and the competitive market environment is constantly challenging our clients. This may affect the Company adversely in a number of ways. The Company may witness a reduction in prices, or the loss of key projects and customers, in turn affecting the financial performance.
Concentration risk	The Company derived 79% of its total revenues during 2012-13 from five clients. The Company's profitability and revenues would be significantly affected in case of loss of any of these clients or a significant downsizing of projects given to the Company by them.
Currency risk	We derived around 82% of our revenues in US Dollar, 13% in Euro, and 5% in Sterling and other currencies. Adverse changes in foreign exchange rates can have a negative impact on our financial performance.
Competition risk	New competitors may enter the markets, the Company operates in, or current competitors could decide to focus more on these markets, and thereby intensify the competition. They could also offer new technologies or offer a different service model or offer similar services at reduced prices. Such developments could harm the Company's business and results of operations.
Integration risks	The Company's recent acquisition poses challenges including financial, technological and people integration risks, which if not managed adequately could result in failure to achieve the strategic and financial objectives of the transaction.
Key People	Our business is critically dependent on the quality of our workforce. Failure to attract, retain and motivate key employees would impair the Company's ability to offer the right quality of service to the clients.
Business disruption or IT system failure	Business disruption following a major outage event or a failure of our IT systems could cause a disruption in the Company's services, thereby reducing client confidence.
Legal and regulatory	Failure to comply with legal or regulatory requirements could impact the Company's reputation and financial position. Legislation in certain countries in which we operate may restrict companies in those countries from outsourcing work to overseas entities like us, which could hamper our growth prospects in major markets.

V. Financial Performance – Consolidated

The financial statements of eClerx Services Limited are prepared in compliance with the Companies Act, 1956 and Generally Accepted Accounting Principles in India (Indian GAAP). The Company follows revised schedule VI as notified by the Ministry of Corporate Affairs (MCA).

The consolidated financial results depict the performance of the Company, including all its subsidiaries across the world. The consolidated results are more relevant for understanding the performance of the Company.

The following discussion and analysis should be read together with the consolidated Indian GAAP financial statements of eClerx Services Limited for the financial year ended March 31, 2013.

I. Results of Operations

The following table gives an overview of consolidated financial results of the Company:

(Rupees in million)

Particulars	2012-13	2011-12
Revenue from Operations	6,605.34	4,728.85
Other Income (net)	(181.78)	223.00
Total Revenue	**6,423.56**	**4,951.85**
Operating Expenses	4,058.81	2,831.47
EBITDA	**2,364.75**	**2,120.38**
EBITDA %	**36.81%**	**42.82%**
Depreciation and goodwill amortisation	255.36	128.88
Earnings before Interest & Tax	2,109.39	1,991.50
Taxes	393.37	393.77
Net Profit after Tax	**1,716.02**	**1,597.73**
NPM%	**26.71%**	**32.27%**

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. 6,605.34 million in the year under review from Rs. 4,728.85 million in the previous year registering a growth of 40% including revenue of Rs. 837.15 million from Agilyst, which was acquired on May 4, 2012.

Other income:

Other income primarily comprises of foreign exchange gains / (loss), interest on bank deposits and dividend from debt oriented mutual funds. The total other income decreased to Rs. (181.78) million in the year under review from Rs. 223.00 million in the previous year.

Foreign exchange losses increased to Rs. 267.76 million in the year under review versus a gain of Rs. 83.94 million in the previous year, primarily due to higher losses on hedges matured during the year

Income from investments decreased to Rs. 85.98 million in the year under review from Rs. 139.06 million in the previous year, primarily due to withdrawal of investments for payment of acquisition of Agilyst.

b. Expenditure

Operating expenses comprises of employee costs and other general and administrative expenses. The total operating expenses increased to Rs. 4,058.81 million in the year under review from Rs. 2,831.47 million in the previous year.

Employee costs increased to Rs. 2,952.88 million in the year under review from Rs. 2,038.69 million in the previous year, primarily due to increase in head count by about 35%.

Other expenses increased to Rs. 1,105.93 million in the year under review from Rs. 792.78 million in the previous year. The increase in other expenses was primarily due to:

- Increase in rent by Rs. 82.91 million due to additional facilities taken in Pune, Chandigarh, New York and London.
- Increase in onsite travel to customer locations by Rs. 66.07 million
- Increase in legal & professional fees by Rs. 60.59 million primarily due to fees paid on account of acquisition of Agilyst
- Increase in business promotion and marketing expenses by Rs. 29.13 million primarily for seminars, trade shows, and

conferences to reach out to potential customers

- Increase in electricity costs by Rs. 25.19 million due to additional facilities fully operational during the year
- Increase in other general administration costs by Rs. 49.26 million namely housekeeping and security, local conveyance facility for employees, office supplies and computer and electrical expenses incurred due to additional facilities fully operational during the year and head count increase

c. Depreciation

Depreciation charge has increased to Rs. 255.36 million in the year under review from Rs. 128.88 million in the previous year primarily on account of amortisation of goodwill by Rs. 75.16 million pertaining to acquisition of Agilyst during the year and balance due to additions to fixed assets on account of commissioning of new facilities at Pune, Chandigarh, New York and London 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 expenses relating to overseas operations are determined in accordance with tax laws applicable in countries where such operations are carried out. The Company benefits in India from certain tax incentives under section 10AA of the Income Tax Act, 1961, for the services exported from designated Free Trade Zones.

Minimum alternative tax (MAT) paid in accordance to the tax laws gives rise to tax credit which according to the Income Tax, 1961 can be carried forward for subsequent ten 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. 287.37 million as on March 31, 2013, 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.

The Company's consolidated tax expense (including deferred taxes) decreased marginally to Rs. 393.37 million in the year under review from Rs. 393.77 million in the previous year. This represented 18.65% of profit before taxes in the year under review as compared to 19.77% in previous year.

II. Financial Condition

a. Share Capital

The Company has authorised capital of Rs. 500 million as on March 31, 2013. The issued, subscribed and paid up capital was Rs. 298.75 million of equity shares of Rs. 10 each in the year under review as compared to Rs. 290.57 million in the previous year. The increase in paid up capital was due to allotment of shares on exercise of employee stock options.

b. Reserves & Surplus

The reserves and surplus of the Company increased to Rs. 4,084.53 million in the year under review from Rs. 3,138.62 million in the previous year. Rs. 156.10 million (previous year Rs. 157.33 million) was transferred from the Profit and Loss Account to General Reserves.

c. Short –term and Long-term Provisions

- Long term provisions increased to Rs. 72.59 million as on March 31, 2013 from Rs. 45.08 million as on March 31, 2012 due to increase in gratuity liability (long term component).
- Short term provisions increased to Rs. 1,262.46 million as on March 31, 2013 from Rs. 925.68 million as on March 31, 2012 primarily due to higher dividend provision in the year under review.

d. Trade Payables

Trade payables, representing payables for purchase of goods and services increased to Rs. 225.43 million as on March 31, 2013 from Rs. 160.86 million as on March 31, 2012. The increase is due to additional vendors servicing new facilities commissioned during the year.

e. Other Current Liabilities

Other current liabilities, which include bills raised in advance on clients and statutory dues increased to Rs. 67.68 million as on March 31, 2013 from Rs. 50.61 million as on March 31, 2012. The marginal increase is attributable to increase in bills raised in advance on clients.

f. Fixed Assets

The Gross block of fixed assets as on March 31, 2013 was Rs. 2,063.91 million (Rs. 880.60 million as on March 31, 2012) year and cumulative depreciation amounted to Rs. 716.02 million (Rs. 436.87 million as on March 31, 2012). Additions to fixed assets made during the year were Rs. 1,205.10 million (Rs. 271.59 million during the previous year) primarily due to goodwill on consolidation of Rs. 845.10 million and other fixed assets of Rs. 47.46 million on acquisition of Agilyst and Rs. 312.54 million due to commissioning of new facilities in Pune, Chandigarh, New York and London.

In addition, capital work in progress as on March 31, 2013 amounted to Rs.7.34 million (Previous year Rs. 45.00 million).

g. Loans and Advances

- Long term loans and advances increased to Rs. 99.91 million as on March 31, 2013 from Rs. 82.07 million as on March 31, 2012 due to rent deposits paid to lessors on account of additional facilities in Pune, Chandigarh, New York and London.
- Short term loans and advances increased to Rs. 473.40 million as on March 31, 2013 from Rs. 292.66 million as on March 31, 2012. The increase was primarily attributable to pending service tax refunds due to the Company.

h. Current Investments

Investment represents 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. 351.56 million during the year under review from Rs. 998.84 million in the previous year due to liquidation of mutual funds for acquisition of Agilyst.

i. Acquisition(s)

During the year under review, the Company has acquired the entire shareholding of Agilyst Inc (‘Agilyst’), a closely held US based Company, through its overseas subsidiary eClerx Investments Ltd effective May 4, 2012. The consideration towards the acquisition consist of an upfront payment of US$15.75 million and a variable earn out, which would range between US$ 0 to US$ 13 million, based on Agilyst’s future performance till September 30, 2013.

j. Trade Receivables

Debtors increased to Rs. 654.77 million as on March 31, 2013 from Rs. 421.84 million as on March 31, 2012. These debts are considered good and realisable and hence no provision for doubtful debts have been made. The need for provisions is assessed based on various factors, including collectability of specific dues, risk perceptions of the industry in which the customer operates and general economic factors that could affect the customers ability to settle. The Company monitors trade receivables closely.

k. Cash and Bank Balance

The cash and bank balances increased to Rs. 2,348.53 million as on March 31, 2013 from Rs. 1,686.61 million as on March 31, 2012. Out of this, Rs. 824.40 million (previous year Rs. 643.98 million) was held in exchange earnings in foreign currency accounts in India and Rs. 596.76 million (previous year Rs.73.73 million) was held in foreign bank accounts as at March 31, 2013 including Rs. 488.98 million in Escrow account held in trust for payment to sellers of Agilyst. The remaining cash and bank balances mainly represent bank balances in current and fixed deposit accounts in India.

l. Other Current Assets

Other Current Assets increased to Rs. 714.97 million as on March 31, 2013 from Rs. 635.63 million as on March 31, 2012. The increase is primarily on account of unbilled revenues.

m. Deferred Tax (net)

The Company has a net deferred tax asset of Rs. 12.77 million as at March 31, 2013 (Rs. 7.56 million as at March 31, 2012). Deferred tax primarily arises out of provisions made of employee benefits, lease equalisation and depreciation.

III. Cash Flows

The Company's cash flows from operating, investing and financing activities, as reflected in the consolidated statement of cash flow, is summarised in the table below.

Summary of cash flow statement:

(Rupees in million)

	2012-13	2011-12
Net cash generated by/ (used in)		
Operating activities	1,532.86	1,720.53
Investing activities	(348.56)	(832.39)
Financing activities	(526.77)	(724.40)
Exchange difference on translation of foreign currency cash and cash equivalents	4.39	7.59
Net increase in cash and cash equivalents	661.92	171.33

a. Cash flows from operating activities

(Rupees in million)

	2012-13	2011-12
Profit before tax	2,109.39	1,991.50
Adjustments: depreciation and Amortisation	255.36	128.88
Other non-cash adjustments	5.14	10.21
Non operating income (net)	(85.74)	(139.05)
Effect of working capital changes	(348.06)	113.37
Cash generated from operations	1,936.09	2,104.91
Taxes paid	(403.23)	(384.38)
Net cash generated by operating activities	1,532.86	1,720.53

An additional amount of Rs. 348.06 million was used in working capital in the year under review to meet the expanding business requirements as compared to Rs. 113.37 million generated in pervious year. As a result the net cash generated from operations reduced to Rs. 1,532.86 million in the year under review from Rs. 1,720.53 million in the previous year.

b. Cash flows from investing activities

(Rupees in million)

	2012-13	2011-12
Fixed asset (net)	(267.16)	(250.89)
Other investments (net)	647.31	(720.55)
Payment for acquisition of business, net of cash acquired	(814.45)	-
Non operating income (net)	85.74	139.05
Net cash used in investing activities	(348.56)	(832.39)

During the year under review Rs. 814.45 million was used towards payment for acquisition of Agilyst which was primarily financed by internal accruals resulting in a reduction in other investments by Rs. 647.31 million as compared to Rs. 720.55 million addition to other investments in previous year

During the year under review Rs. 267.16 million was also used in purchased of fixed assets as compared to Rs. 250.89 million in the previous year.

c. Cash flows from financing activities

(Rupees in million)

	FY2013	FY2012
Proceeds from equity issued	70.40	33.72
Dividend paid including dividend tax	(597.17)	(758.12)
Net cash used in financing activities	(526.77)	(724.40)

The proceeds from equity shares are on account of allotment of shares on exercise of employee stock options

Dividend paid during the year under review comprises of dividend payout for previous year ended March 31, 2012 approved by the shareholders at the last Annual General Meeting.

VI. Internal Control Systems and their adequacy

The Company has appropriate and sufficient internal control systems in line with the size and the industry it operates in. The Company has a well-laid framework of systems, processes, procedures and policies to ensure compliance to statues and laws, as well as ensure optimum and sufficient use of resources. The Company monitors expenses on a regular basis to ensure that these are within the budgeted targets.

The Company also carries out regular internal audit through external agency to test the adequacy and effectiveness of its internal control processes and also suggest improvement and upgrades to the management.

VII. Outlook

The near-term outlook looks soft, given there is an uncertainty in spend patterns. As a part of industry evolution, customers are also demanding more for the money that they pay. In this environment, we continue to be focused in making sure that we are differentiated in our product offering and our approach. We keep refining our service portfolio every year and are optimistic that the work that we are doing, the investments that we are making and the differentiation that we have created for ourselves in the business will position us well for the next couple of years.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations etc. may be 'forward-looking statements', within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, changes in Government regulations, tax laws and other factors such as litigation and labour relations. Readers are advised to exercise their own judgment in assessing risks associated with the Company, *inter-alia*, in view of discussion on risk factors herein and disclosures in regulatory filings, as applicable.

Corporate Governance Report

I. Company's Philosophy on code of Governance

Effective Corporate Governance is necessary to maintain public trust and to achieve business success. The Company is committed to exercise the overall responsibilities rigorously and diligently 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 decisions towards all its stakeholders, including customers, employees, shareholders.

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

II. Board of Directors

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

a. Composition of the Board of Directors

The Board of Directors of the Company represents an optimum combination of Executive and Non-Executive Directors for its independent functioning. The Board comprises of eight Directors, of which one is Executive Director and seven are Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

The above composition is consistent with the relevant provisions of Clause 49 of the Listing Agreement entered into with Stock Exchanges.

b. Details of Directors:

Name	Category
V. K. Mundhra	Chairman - Non - Executive Director
P. D. Mundhra	Whole Time Director
Anjan Malik	Non - Executive Director
Late Mr. Jimmy Bilimoria	Non - Executive and Independent Director
Pradeep Kapoor	Non - Executive and Independent Director
Anish Ghoshal	Non - Executive and Independent Director
Vikram Limaye	Non - Executive and Independent Director
Biren Gabhawala	Non - Executive and Independent Director
Alok Goyal	Non - Executive and Independent Director
Sandeep Singhal#	Non - Executive and Independent Director

#Resigned w.e.f. June 1, 2012

Late Mr. Jimmy Bilimoria, Non-Executive Independent Director of the Company passed away on May 3, 2013. The Company was privileged to have worked with him and he would be remembered for his wisdom, knowledge, humility and communication style. He was a consummate professional along with being a wonderful human being with an unshakable sense of ethics. He will be truly missed by everyone at the Company.

Pursuant to his demise, Late Mr. Jimmy Bilimoria ceased to be a Director of the Company and Chairman/Member of Audit Committee, Remuneration Committee and Nomination Committee w.e.f. May 3, 2013 (i.e. the date of his demise).

c. Board Meetings and Procedures

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.

During the Financial Year 2012-13, 6 (Six) Board Meetings were held as follows:

April 12, 2012	May 18, 2012	July 24, 2012
August 23, 2012	October 19, 2012	January 25, 2013

The Company held its last Annual General Meeting on August 24, 2012.

d. 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	Other Company Committee Positions Held	
	Held	Attended			Member	Chairman
V. K. Mundhra	6	4	Yes	1	-	-
P. D. Mundhra	6	5	Yes	1	-	-
Anjan Malik	6	4	Yes	-	-	-
Late Mr. Jimmy Bilimoria*	6	5	No	9	3	4
Pradeep Kapoor	6	3	No	2	-	-
Anish Ghoshal	6	6	Yes	1	-	-
Vikram Limaye	6	6	Yes	11	-	-
Biren Gabhawala	6	5	No	-	-	-
Alok Goyal	4	3	No	-	-	-
Sandeep Singhal#	2	0	NA	-	-	-

**Ceased to be director w.e.f. May 3, 2013.*
#Resigned w.e.f. June 1, 2012

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, 2013.

e. Brief Profile of Directors

The brief resume of Anjan Malik and Biren Gabhawala as required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is included as an Annexure to the Notice.

Further, the required resolutions for re-appointment of the above Directors at the forthcoming Annual General Meeting are included in the Notice convening this Annual General Meeting.

f. 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 2012-13.

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.

g. Policy on Prohibition of Insider Trading

The Company has in place a Code of Conduct for prohibition of insider trading pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Company has designed reporting system to prevent insider trading by designated employees and also takes half yearly and annual disclosures from them as stipulated in the 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 minimum threshold limit set out in the said Code. Pursuant to the Code, all the designated employee(s) of the Company are also required to inform his/her shareholding in the Company, if any, as on the date of joining, being promoted to the designated employees cadre and at the time of leaving the organisation.

III. Audit Committee

a. Primary role of Audit Committee

The primary role of Audit Committee of the Board 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.

b. Terms of Reference

The Audit Committee has, *inter-alia*, the following mandate, which lays 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 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.

c. The Composition of the Audit Committee and the details of its Meetings held and attended by its members:

Name	Category	Meetings Held During the Tenure	Meetings Attended
Late Mr. Jimmy Bilimoria*	Chairman (Non–Executive and Independent Director)	6	5
Biren Gabhawala#	Member (Non– Executive and Independent Director)	6	6
Pradeep Kapoor	Member (Non– Executive and Independent Director)	6	4
Anish Ghoshal	Member (Non– Executive and Independent Director)	6	5
P. D. Mundhra	Member (Executive Director)	6	5

**Ceased to be a Chairman and Member of the Committee w.e.f. May 3, 2013. Accordingly, the Committee was reconstituted vide Board resolution passed at the Meeting on May 24, 2013.*

#Appointed as Chairman of the Committee w.e.f. May 24, 2013.

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

The Company has a well-qualified and independent Audit Committee consisting of three Non–Executive and 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.

Statutory Auditors as well as Internal Auditors participate in the Audit Committee meetings. In addition to the above, the Committee meetings are also attended by the Chief Financial Officer of the Company alongwith Program Manager – Corporate Finance.

The minutes of the Audit Committee Meetings are placed before the Board. The Chairman of the Audit Committee briefs the Board Members about the significant discussions and the decisions taken at Audit Committee meetings.

The Chairman of the Audit Committee attended Twelfth Annual General Meeting of the Company held on August 23, 2012.

Late Mr. Jimmy Bilimoria was indisposed during the Twelfth Annual General Meeting. The Board of Directors of the Company appointed Mr. Anish Ghoshal as Chairman of Audit Committee effective August 22, 2012. Subsequently the Audit Committee was reconstituted on October 19, 2012 wherein Late Mr. Bilimoria was again appointed as Chairman of the Audit Committee.

d. During the financial year, 6 (six) Audit Committee Meetings were held:

May 18, 2012	July 24, 2012	September 6, 2012
October 19, 2012	January 25, 2013	March 8, 2013

IV. Remuneration Committee

The Board of Directors has constituted the Remuneration Committee to recommend/review remuneration, *inter-alia*, of Executive Director(s) based on performance and assessment criteria.

a. Terms of reference:

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

- To decide/approve the elements of remuneration package of the Executive Director(s) and senior managerial executives.
- To decide/approve details of fixed component and performance linked incentives along with the performance criteria.
- To oversee the implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines.

b. The Composition of the Remuneration Committee and the details of its Meeting held and attended by its members:

Name	Category	Meetings Held During the Tenure	Meetings Attended
Anish Ghoshal	Chairman (Non–Executive and Independent Director)	5	5
Late Mr. Jimmy Bilimoria*	Member (Non– Executive and Independent Director)	5	3
Vikram Limaye	Member (Non– Executive and Independent Director)	5	5
V. K. Mundhra	Member (Non-Executive Director)	5	4
Sandeep Singhal#	Member (Non-Executive Director)	2	0
Alok Goyal	Member (Non– Executive and Independent Director)	4	4

#Ceased to be a member w.e.f. June 1, 2012

**Ceased to be a member w.e.f. May 3, 2013. Accordingly, the Committee was reconstituted vide Board resolution passed at the Meeting on May 24, 2013.*

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

c. **Details of remuneration paid/payable to Directors for financial year 2012-13 are as follows:**

(Rs. '000)

Name	Salary & Perquisites	Commission	Sitting Fees	Total
V. K. Mundhra	-	-	-	-
P. D. Mundhra	21,275			21,275
Anjan Malik	-	-	-	-
Late Mr. Jimmy Bilimoria*	-	-	120	120
Pradeep Kapoor	-	-	80	80
Anish Ghoshal	-	-	140	140
Vikram Limaye	-	-	140	140
Biren Gabhawala	-	-	140	140
Sandeep Singhal#	-	-	-	-
Alok Goyal	-	-	80	80

**Ceased to be director w. e. f. May 3, 2013*

#Resigned w.e.f. June 1, 2012

The Non-Executive Directors of the Company are being paid sitting fees as per the Companies Act, 1956 and no sitting fee is paid to Non-Executive Non Independent Directors.

It is proposed that Non-Executive Independent Directors be paid remuneration by way of commission, in aggregate, not exceeding 1% of the net profit of the Company for the respective financial year, subject to limit of Rs. 12 lacs p.a. per Director, in addition to sitting fee payable to them for attending meetings of board of directors and any committee(s) thereof, subject to shareholders approval. The Special Resolution proposing payment of remuneration by way of commission including the Explanatory Statement thereto is included in the notice convening Thirteenth Annual General Meeting to seek shareholders' approval.

P. D. Mundhra, Executive Director of the Company at the Remuneration Committee meeting held on March 8, 2013, offered to forgo his annual remuneration increment for the Financial Year 2013-14 conveying that he believed that the current remuneration reflected fair value for his contribution to the Organisation. The Committee at the said Meeting, accepted the said offer of the Executive Director, however, considering the fact that the Executive Director had forgone any increment for last two financial years, recommended to the Board of Directors that the annual performance bonus, which is merit based and takes into account the Company's performance, be fixed as not exceeding Rs. 10,350,000 for the year 2013-14 as against Rs. 6,900,000 for the year 2012-13. The Board of Directors at its meeting held on May 24, 2013 deliberated upon the same and approved annual performance bonus for the year 2013-14 as not exceeding Rs. 10,350,000.

d. Details of shareholding of Non-Executive Directors as on March 31, 2013

Sr. No.	Name of the Director	Shareholding (No. of Shares)
1	V. K. Mundhra	32,287
2	Anjan Malik	7,922,250
3	Late Mr. Jimmy Bilimoria*	17,232
4	Pradeep Kapoor	Nil
5	Anish Ghoshal	Nil
6	Vikram Limaye	34
8	Biren Gabhawala	Nil
9	Sandeep Singhal#	NA
10	Alok Goyal	Nil

**Ceased to be director of the Company w.e.f. May 3, 2013*
#Resigned w.e.f. June 1, 2012

e. Details of options held and/or exercised by Non-Executive Independent Directors as at March 31, 2013/during the year ended on that date:

Name	No. of Options Granted	ESOP Scheme	Vesting Date	No. of Options Exercised	Expiry Date
Late Mr. Jimmy Bilimoria*	15,000	ESOP Scheme 2008	1-Apr-2011	15,000	-
	7,500		1-Apr-2012	7,500	-
	5,250		1-Apr-2013	-	31-Mar-2016
	6,000		1-Apr-2014	-	31-Mar-2017
	4,500	ESOP Scheme 2011	1-Apr-2015	-	31-Mar-2018
Pradeep Kapoor	15,000	ESOP Scheme 2008	1-Apr-2011	-	31-Mar-2014
	7,500		1-Apr-2012	-	31-Mar-2015
	5,250		1-Apr-2013	-	31-Mar-2016
	6,000		1-Apr-2014	-	31-Mar-2017
	4,500	ESOP Scheme 2011	1-Apr-2015	-	31-Mar-2018
Anish Ghoshal	15,000	ESOP Scheme 2008	1-Apr-2011	15,000	-
	7,500		1-Apr-2012	7,500	-
	5,250		1-Apr-2013	-	31-Mar-2016
	6,000		1-Apr-2014	-	31-Mar-2017
	4,500	ESOP Scheme 2011	1-Apr-2015	-	31-Mar-2018
Vikram Limaye	15,000	ESOP Scheme 2008	1-Apr-2011	-	31-Mar-2014
	7,500		1-Apr-2012	-	31-Mar-2015
	5,250		1-Apr-2013	-	31-Mar-2016
	6,000		1-Apr-2014	-	31-Mar-2017
	4,500	ESOP Scheme 2011	1-Apr-2015	-	31-Mar-2018
Biren Gabhawala	8,000	ESOP Scheme 2008	1-Apr-2014	-	31-Mar-2017
	4,500	ESOP Scheme 2011	1-Apr-2015	-	31-Mar-2018
Alok Goyal	6,000	ESOP Scheme 2011	1-Apr-2015	-	31-Mar-2018

**Ceased to be director w.e.f. May 3, 2013*

The options granted to the directors of the Company are aligned to materially improved Company performance. Quantum of the options granted to the Directors is also restricted to around 5% of the respective grant aggregate.

V. Shareholders Grievance Committee

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

a. Composition of the Committee:

Name	Category
Pradeep Kapoor	Chairman (Non-Executive Independent Director)
Anish Ghoshal	Member (Non-Executive Independent Director)
P. D. Mundhra	Member (Executive Director)
Biren Gabhawala	Member (Non-Executive Independent Director)

The Company Secretary of the Company acts as Secretary and 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 with the stock exchanges.

During the financial year, 4 (four) Shareholders Grievance Committee meetings were held

May 18, 2012	June 28, 2012	October 19, 2012
	January 25, 2013	

The total number of shareholders' complaints received and replied by the Registrar & Transfer Agent to the satisfaction of shareholders during the year under review were 39. All complaints of shareholders were satisfactorily resolved. There are no complaints pending as on March 31, 2013.

VI. Nomination Committee

The Board at its meeting held on January 24, 2012 constituted Nomination Committee, *inter-alia*, to evaluate and recommend suitable candidate(s) for appointment of Director(s) on the Board of the Company as and when required.

a. Terms of Reference:

The Committee has *inter-alia* the following terms of reference:

- To ensure that the Board comprises of a balanced combination of Executive Directors and non-Executive Directors;
- To search, evaluate and recommend appointments of Director(s) on the Board of Directors of the Company;
- To determine process for evaluating the skill, knowledge and experience and effectiveness of individual directors and the board as a whole;
- To lay down and review the nominating policies and procedures including but not limited to policy for specifying positive attributes of Independent Directors such as experience and expertise, foresight, managerial qualities etc.; and
- To devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility and liability.

b. The Composition of Nomination Committee:

Name	Category	Designation
Vikram Limaye	Non-Executive Independent Director	Chairman
Late Mr. Jimmy Bilimoria*	Non-Executive Independent Director	Member
Anjan Malik	Non-Executive Director	Member
Alok Goyal#	Non-Executive Independent Director	Member

**Ceased to be a member w.e.f. May 3, 2013. Accordingly, the Committee was reconstituted vide Board resolution passed at the Meeting on May 24, 2013.*

#Appointed w.e.f. May 24, 2013.

During the financial year, 1 (one) Nomination Committee meeting(s) was held on May 18, 2012.

VII. General Body Meetings

a. Annual General Meeting:

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

Year	Date	Time	Venue
2011-12	August 23, 2012	10.15 a.m.	Walchand Hirachand Hall, Indian Merchants Chamber, LNM IMC Building, Churchgate, Mumbai 400 020
2010-11	August 24, 2011	10.15 a.m.	
2009-10	September 16, 2010	10.15 a.m.	

b. Extraordinary General Meeting:

No Extraordinary General Meeting of the members was held during the year.

Following Special Resolutions were passed in the previous three Annual General Meetings:

Subject	Date of AGM
No Special Resolution was passed.	August 23, 2012
Raising of Long Term Financial Resources	August 24, 2011
Revision in time-lines for utilisation of Initial Public Offer (IPO) proceeds	
Issue of Stock Options to the Employees of the Company under Employee Stock Option Scheme/Plan 2011	
Issue of Stock Options to the Employee of subsidiary of the Company under Employee Stock Option Scheme /Plan 2011	
Approval under section 81(1A) and other applicable provisions of the Companies Act, 1956 for issue of shares to Employee Welfare Trust(s)	
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	

c. Postal Ballot

During the year under review, no Special Resolution was passed by way of postal ballot. However the Board of Directors of the Company vide its meeting held on April 9, 2013 approved a proposal for seeking shareholders approval via postal ballot for amending the Articles of Association of the Company so as to afford requisite authority to the Board of Directors to effect buyback of shares of the Company, if and when deemed appropriate, pursuant to the provisions of the Companies Act 1956. The dispatch of postal ballots was completed on April 30, 2013 and outcome of the postal ballot was announced on June 4, 2013 and the resolution was carried with requisite majority. Accordingly the Articles of Association stand amended with effect from the said date.

VIII. 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 has in place Whistle Blower Policy pursuant to Non-Mandatory requirements of Clause 49 of Listing Agreement. Further 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 some of the non-mandatory requirements on date, the Company is committed towards complying with Clause 49 as a whole and will take suitable measures as and when possible.

IX. Risk Management Framework

a. Risk Management Framework

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

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

b. The key objectives of the Risk Management policy are:

- To safeguard the Company properties, interests, and interest of all the stakeholders;
- To lay down a framework for identification, measurement, reporting, evaluation and mitigation of various risks;
- To evolve the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects, which the business and operations of the Company are exposed to;
- To maintain a balance between the cost of managing risk and the anticipated benefits;
- 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 is periodically presented before the Board of Directors of the Company.

X. Management Discussion and Analysis

The detailed Management Discussion and Analysis Report for the Financial Year 2012-13, as per the requirements of Listing Agreement, is given in a separate section forming part of the Annual Report.

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

A list of Frequently Asked Questions (FAQs) giving details about the Company is uploaded on the Company's website. The Management Discussion and Analysis Report is part of the Company's Annual Report.

XII. Shareholders' Information

This section, *inter-alia*, provides information to the shareholders pertaining to the Company, its shareholding pattern, share price movements and other information as required under the listing agreement.

<table>
<tr><td>Date of AGM</td><td>Thursday, August 22, 2013</td></tr>
<tr><td>Time of AGM</td><td>10.15 a.m.</td></tr>
<tr><td>Venue of AGM</td><td>Walchand Hirachand Hall
Indian Merchants' Chamber, LNM IMC Building
Churchgate, Mumbai - 400 020</td></tr>
<tr><td>Financial Year</td><td>April to March</td></tr>
<tr><td>Financial Calendar (2013-14) (Tentative)</td><td>
<table>
<tr><th>Declaration of Results for the Quarter Ending on</th><th>Tentative Board Meeting Schedule</th></tr>
<tr><td>June 30, 2013</td><td>Last week of July 2013</td></tr>
<tr><td>September 30, 2013</td><td>Last week of October 2013</td></tr>
<tr><td>December 31, 2013</td><td>Last week of January 2014</td></tr>
<tr><td>March 31, 2014</td><td>Last week of May 2014</td></tr>
<tr><td>Fourteenth Annual General Meeting</td><td>Second fortnight of August 2014</td></tr>
</table>
</td></tr>
<tr><td>Date of book closure</td><td>Friday, August 16, 2013 to Thursday, August 22, 2013 (Both days inclusive)</td></tr>
<tr><td>Dividend payment date</td><td>If declared, shall be paid on / after Tuesday, August 27, 2013.</td></tr>
<tr><td>Shares held in physical form</td><td>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:
• Any change in their address/mandate/bank details, and
• 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 dematerialized form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.</td></tr>
<tr><td>Shares held in electronic form</td><td>Shareholders holding shares in electronic form may please note that:
• 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.
• 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.
• Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.</td></tr>
<tr><td>Listing on stock exchanges</td><td>The Equity shares of the Company got listed on December, 31 2007. The shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.</td></tr>
</table>

Listing fees	The Company has paid the Annual Listing fees to the BSE and NSE for the Financial Year 2013-14.
ISIN number	For NSDL/ CDSL : INE738I01010
BSE code	532927
NSE symbol	ECLERX
Registered office	Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai - 400 023
Corporate office & Delivery Facilities	• Indiabulls Finance Center, 1102, 11th Floor, Tower 2, 612/613, S B Marg, Elphinstone Road (West), Mumbai 400 013 • 301, 3rd Floor, Raheja Plaza 1, L.B.S. Road, Ghatkopar (West), Mumbai – 400 086 • 202, Ashok Silk Mills Compound, L. B. S. Road, Opp Damodar Park, Ghatkopar (West), Mumbai – 400 086 • Building # 14, 4th & 5th Floor, K Raheja Mindspace, Plot # 3, TTC Industrial Area, Thane Belapur Road, Airoli, Navi Mumbai 400 708 • Block 01, 5th Floor, Quadron Business Park Limited, Rajiv Gandhi Infotech Park, Hinjewadi Phase-II, Pune – 411 057 • Block 04, 2nd Floor, Quadron Business Park, Plot No 28, Rajiv Gandhi Infotech Park, Hinjewadi Phase II, Pune – 411 057
Registrars and share transfer agents (R&T Agents)	Karvy Computershare Private Ltd Plot No. 17 to 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
Share transfer system	About 99.95% of the equity shares of the Company are in dematerialised form. Transfer of these shares is effected through depositories without involvement of the Company. As regards transfer of shares in physical form, the same are processed and approved on a regular basis and the certificates are returned to the shareholders within 30 days from the date of receipt (subject to the documents being valid and complete in all respects).
Dematerialisation of shares	All requests for dematerialisation of shares are processed and confirmed to the depositories, viz, NSDL and CDSL, by our R&T Agents within a period of 21 days. (subject to the documents being valid and complete in all respects). The particulars of the dematerialisation are reported to the Board/Committees for its noting.
Shares in dematerialised mode	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: NSDL and CDSL. A total number of 29,860,465 Equity shares of the Company constituting over 99.95 per cent of the Company's equity shares were dematerialized as on March 31, 2013.
Outstanding GDRs / ADRs / warrants or any convertible instruments, conversion and likely impact on equity	The Company has not issued any of these instruments.
Compliance certificate of the auditors	Certificate from the Statutory Auditors of the Company, Walker, Chandiok & Co., confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed and forms part of the Report on Corporate Governance.
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 ('IEPF').

Unclaimed Dividend as on March 31, 2013:

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	73,820.18
2008-09	Interim Dividend	2.50	October 30, 2008	November 29, 2015	88,299.22
2008-09	Final Dividend	10.00	August 26, 2009	September 25, 2016	209,501.38
2009-10	Interim Dividend	7.50	October 28, 2009	November 27, 2016	150,129.51
2009-10	Final Dividend	10.00	September 16, 2010	October 15, 2017	183,689.70
2010-11	Dividend	22.50	August 24, 2011	August 23, 2018	284,602.50
2011-12	Dividend	17.50	August 23, 2012	August 22, 2019	182,575.00

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. 326,655/- as on March 31, 2013 pertaining to IPO share application money of investors, made in December 2007. The said balance was Rs. 376,855/- as on March 31, 2012. The Company has been sending repeated communications to the concerned investors as per details available with it however it has not received much of response from them. The investors contacting the Company in response to such communication are paid off their respective money promptly. The investors who have not yet claimed their money, are requested to claim the same, as pursuant to Section 205C 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. The due date for the said transfer is December 18, 2014. The details of such investors are available on the website of 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 April 1, 2012	16	536
2	Number of Shareholders approached the Company to claim aforesaid unclaimed shares and to whom the shares were transferred	1	33
3	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2013	15	503

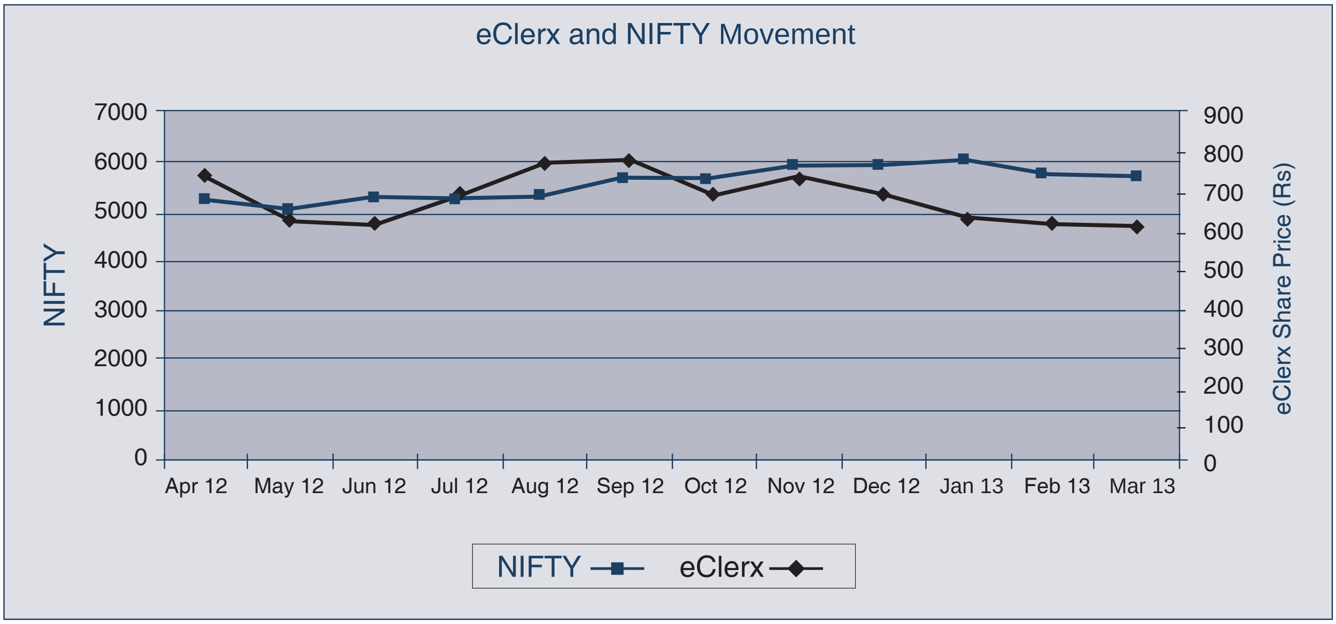
As required under the said Clause of the Listing Agreement the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Market Price Data

Market Price Data (in Rs. per share)

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2012	765.00	710.00	760.00	706.30
May 2012	778.95	615.00	774.40	614.25
June 2012	641.95	570.00	694.00	571.05
July 2012	734.90	606.15	734.95	606.00
August 2012	830.00	684.05	829.90	683.40
September 2012	900.00	748.95	910.00	750.55
October 2012	828.00	681.15	829.90	680.00
November 2012	769.55	612.95	769.40	635.05
December 2012	745.00	670.00	748.00	670.00
January 2013	737.75	615.10	747.00	610.50
February 2013	659.80	600.05	658.00	600.10
March 2013	664.95	599.00	667.00	597.00

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



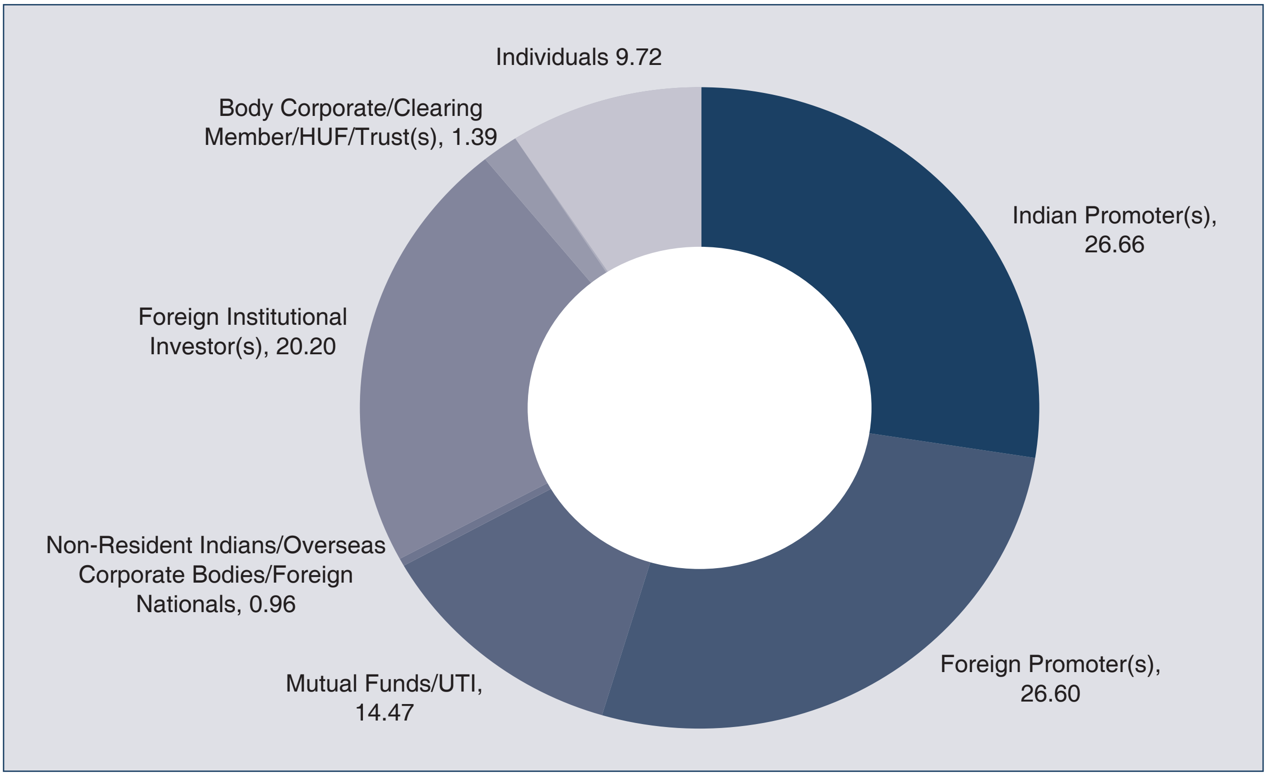
Distribution of Shareholding as at March 31, 2013

Category	Number of Shareholders	% of Total Shareholders	No. of Shares Held	% of Total Shareholding
From - To				
1 - 5000	15,611	96.42	901,232	3.02
5001 - 10000	263	1.62	192,541	0.64
10001 - 20000	120	0.74	167,004	0.56
20001 - 30000	44	0.27	104,528	0.35
30001 - 40000	17	0.11	60,133	0.20
40001 - 50000	14	0.09	64,487	0.22
50001 - 100000	38	0.23	268,992	0.90
100001 & Above	83	0.51	28,115,668	94.11
Total	**16,190**	**100**	**29,874,585**	**100**

Shareholding Pattern

The shareholding pattern of the Company as on March 31, 2013 was as under:

S. No.		Category of Shareholder	No. of Shares	% Shareholding
(A)		**Shareholding of Promoter and Promoter Group**		
1		Indian	7,964,436	26.66
2		Foreign	7,946,683	26.60
		Total Promoters Shareholding (A)	15,911,119	53.26
(B)		**Public Shareholding**		
1		**Institutions**		
	(a)	Mutual Funds/UTI	4,323,377	14.47
	(b)	Financial Institutions/Banks/Insurance Companies	330	0.00
	(c)	Non-Resident Indians/Overseas Corporate Bodies/ Foreign Nationals	285,553	0.96
	(d)	Foreign Institutional Investor(s)	6,034,072	20.20
2		**Non-Institutional Investor**		
	(a)	Body Corporate/Clearing Member/HUF/Trust(s)	416,322	1.39
	(b)	Individuals	2,903,812	9.72
		Total Public Shareholding (B)	13,963,466	46.74
		Total (A)+(B)	**29,874,585**	**100.00**



Shareholder Inquiries

Questions concerning folio, share certificates, dividend, change in address, 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
Ph. No.: 022-66148301
Email ID: investor@eclerx.com

Registrar and Transfer Agent:

Karvy Computershare Private Ltd
Plot No. 17 to 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

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 49 I (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, 2013.

For eClerx Services Limited

P. D. Mundhra
Executive Director

Place: Mumbai
Date: May 24, 2013

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, 2013 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. that there were no significant changes, in internal control over financial reporting during the year;

   ii. that there were no Significant changes, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. that there were no instances of any fraud, of which we have become aware and the involvement therein, of the management or an employee having a significant role in the company's internal control system over financial reporting.

P. D. Mundhra	Rohitash Gupta
Executive Director	Chief Financial Officer

Mumbai
May 24, 2013

Auditors' Certificate
on compliance of conditions of Corporate Governance

To

The Members of

eClerx Services Limited

We have examined the compliance of the conditions of Corporate Governance by eClerx Services Limited for the year ended 31 March 2013 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
24 May 2013

Independent Auditors' Report

To The Members of eClerx Services Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of eClerx Services Limited, ('the Company'), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

ii. in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

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

Report on Other Legal and Regulatory Requirements

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

8. As required by Section 227(3) of the Act, 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 purpose 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 book.

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

   d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and

   e. on the basis of written representations received from the directors, as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

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

Mumbai
24 May 2013

Annexure to the Independent Auditors' Report of even date to the members of eClerx Services Limited, on the financial statements for the year ended 31 March 2013.

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) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of 2 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 inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.

(iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii) (d) of the Order are not applicable.

(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 internal control system in respect of these areas.

(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) There are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act during the year aggregating to rupees five lakhs or more in respect of any party.

(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 Company's services. 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 slight delay in a few cases. Further 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 dues in respect of sales tax, customs duty, wealth 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 and service tax on account of 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	9.67	Assessment Year 2005-06	Order received from Commissioner of Income Tax (Appeals) in favour of the Company. Income tax department yet to file appeal with ITAT.
Income Tax Act, 1961	Income tax demand	3.53	Assessment Year 2007-08	Order received from Commissioner of Income Tax (Appeals) in favour of the Company. Income tax department yet to file appeal with ITAT.
The Finance Act, 1994-Service Tax	Service tax demand	7.44	Financial Year 2007-08 to 2011-12	Commissioner of Service Tax

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

(xi) The Company has no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 4(xi) of the Order are not applicable.

(xii) 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) In our opinion, 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) In our opinion, 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) 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 by the Company.

(xviii) During the year the Company has not made any preferential allotment of shares to (parties /and 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) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(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
24 May 2013

Balance Sheet as at March 31, 2013

(Rupees in million)

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	298.75	290.57
Reserves and Surplus	4	3,808.72	3,060.72
		4,107.47	**3,351.29**
Share Application Money Pending Allotment	5	-	2.82
Non Current Liabilities			
Long-term Provisions	6	62.14	45.08
		62.14	**45.08**
Current Liabilities			
Trade Payables	7	257.54	288.20
Other Current Liabilities	8	60.58	50.35
Short-term Provisions	9	1,105.32	776.25
		1,423.44	**1,114.80**
Total		**5,593.05**	**4,513.99**
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	10	426.59	399.07
Intangible Assets	10	25.91	28.07
Capital work in Progress		3.16	45.00
Non-current Investments	11	1,265.83	7.53
Deferred Tax Assets (Net) (refer note 22)		13.35	9.29
Long-term Loans and Advances	12	78.94	78.65
		1,813.78	**567.61**
Current Assets			
Current Investments	11	351.56	998.84
Trade Receivables	13	564.93	421.07
Cash and Bank Balances	14	1,695.01	1,612.88
Short-term Loans and Advances	12	458.32	277.96
Other Current Assets	15	709.45	635.63
		3,779.27	**3,946.38**
Total		**5,593.05**	**4,513.99**
Notes 1 to 36 form an integral part of these financial statements			

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

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 24, 2013

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2013

(Rupees in million)

	Note	As at March 31, 2013	As at March 31, 2012
INCOME			
Revenue from Operations		5,709.21	4,724.66
Other Income (net)	16	(206.82)	223.25
		5,502.39	**4,947.91**
EXPENDITURE			
Employee Benefit expenses	17	1,820.98	1,583.87
Other expenses	18	1,617.73	1,283.99
Depreciation and amortisation expenses	10	157.34	125.58
		3,596.05	**2,993.44**
Profit before taxes		**1,906.34**	**1,954.47**
Provision for taxation			
- Current Income Tax		351.17	383.64
- Deferred Income Tax		(4.06)	(2.46)
		347.11	**381.18**
Profit after tax		**1,559.23**	**1,573.29**
Earnings per share (refer note 28)			
Weighted average number of equity shares outstanding during the year			
-Basic		29,417,374	28,975,290
-Diluted		30,147,349	30,148,895
Earning per share (in Rs.)			
-Basic		53.00	54.30
-Diluted		51.72	52.18
Nominal value of shares (Rs)		10	10
Notes 1 to 36 form an integral part of these financial statements			

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

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 24, 2013

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Cash Flow Statement for the year ended March 31, 2013

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Exceptional Items	1,906.34	1,954.47
Adjustments for :		
Depreciation	157.34	125.58
Stock Options Outstanding	3.69	2.78
Profit on Sale of Investments	(0.03)	(0.01)
(Profit) / Loss on Sale of assets	(0.15)	4.38
Provision for Doubtful debts	(0.22)	0.22
Bad Debts Written off	-	2.84
Dividend Income	(27.77)	(40.26)
Interest Income	(61.06)	(98.79)
Operating Profit Before Working Capital Changes	**1,978.14**	**1,951.21**
Adjustments for :		
Trade Receivables	(143.64)	235.24
Long-term Loans and Advances	(0.29)	(18.61)
Short-term Loans and Advances	(180.22)	(61.78)
Other Current Assets	(73.82)	(224.01)
Long-term Provisions	17.06	19.96
Trade Payables	(30.66)	85.81
Other Current Liabilities	10.23	2.93
Short Term Provisions	32.46	52.68
Cash Generated by Operating Activities	**1,609.26**	**2,043.43**
Income Taxes paid (net of refunds)	(337.48)	(376.00)
Net Cash generated by Operating Activities	**1,271.78**	**1,667.43**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Investments	4,219.23	2,681.77
Purchase of Investments	(3,571.92)	(3,402.32)
Investments in subsidiaries	(1,258.32)	-
Sale of Fixed Assets	7.58	0.36
Purchase of Fixed Assets (including Capital work in progress)	(148.28)	(241.70)
Interest received	61.06	98.79
Dividend received	27.77	40.26
Net Cash used in Investing Activities	**(662.88)**	**(822.84)**

Cash Flow Statement for the year ended March 31, 2013

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from equity issued	70.40	33.72
Dividend Paid	(513.82)	(652.30)
Dividend Tax Paid	(83.35)	(105.82)
Net Cash used in Financing Activities	**(526.77)**	**(724.40)**
Net Increase in Cash and cash equivalents	82.13	120.19
Cash and Cash Equivalents at the beginning of the year	1,612.88	1,492.69
Cash and Cash Equivalents at the end of the year (refer note 14)	**1,695.01**	**1,612.88**

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

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 24, 2013

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Notes to Financial Statements for the year ended March 31, 2013

1. 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 (the Act) and comply in all material aspects with AS prescribed by the Central Government, in accordance with Company (AS) Rules, 2006.

b) Use of estimates

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

2. 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 are disclosed as Capital Advances under Loans and Advances and cost of assets not ready for use before the year-end, are disclosed as capital work in progress.

Depreciation on fixed assets is provided under Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956. Leasehold improvements are amortised over the remaining primary period of lease. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis which generally do not exceed ten years. Assets costing less than Rs. 5,000 are depreciated over a period of one year from date of acquisition.

c) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Notes to Financial Statements for the year ended March 31, 2013

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

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 carrying value of the investment.

d) Impairment of Assets

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

e) Employee 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 the Statement of Profit and Loss 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 unutilized 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 with 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

Notes to Financial Statements for the year ended March 31, 2013

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 recognized 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.

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 Statement of Profit and Loss 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 Statement of Profit and Loss.

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 Statement of Profit and Loss.

i) Forward contracts and options in foreign currencies

Forward contracts are entered into to hedge the foreign currency risk. 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 a 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.

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

		As at March 31, 2013	As at March 31, 2012
3	SHARE CAPITAL		
	Authorised		
	50,000,000 (P.Y. 50,000,000) equity shares of Rs. 10 each	500.00	500.00
	Issued, Subscribed and Paid - up		
	29,874,585 (P.Y. 29,057,534) equity shares of Rs. 10 each	298.75	290.57
		298.75	**290.57**

		No.	Rupees in million	No.	Rupees in million
a)	**Reconciliation of Paid - up Share Capital**				
	Opening at the beginning of the year	**29,057,534**	**290.57**	**28,854,434**	**288.54**
	Add : Shares allotted during the year on account of exercise of share options by employees	817,051	8.18	203,100	2.03
	Outstanding at the end of the year	**29,874,585**	**298.75**	**29,057,534**	**290.57**

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per equity share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) The Company has issued 26,107,869 shares (P.Y. 26,107,869) by way of bonus shares by capitalising free reserves during the period of five years immediately preceeding the reporting date.

d) Details of Shareholders holding more than 5% of Shares in the Company

Name of the Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Share Capital	No. of Shares held	% of Share Capital
Anjan Malik	7,922,250	26.52	7,922,250	27.26
Priyadarshan Mundhra	7,917,862	26.50	7,917,862	27.25
Nambe Investment Holdings	2,765,785	9.26	2,765,785	9.52

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

		As at March 31, 2013		As at March 31, 2012	
4	RESERVES AND SURPLUS				
	General Reserve				
	Opening balance	595.43		438.10	
	Add: Transfer during the year	156.10	751.53	157.33	595.43
	Securities Premium				
	Opening balance	696.02		666.57	
	Add: On shares issued during the year	65.04	761.06	29.45	696.02
	Stock Option Outstanding				
	Opening balance	5.53		2.75	
	Add: Transfer during the year	3.69	9.22	2.78	5.53
	Net Surplus in the Statement of Profit and Loss		**2,286.91**		**1,763.74**
			3,808.72		**3,060.72**
	Details of appropriations made:				
	Profit after tax		**1,559.23**		**1,573.29**
	Balance brought forward from previous year		1,763.74		942.37
	Surplus available for appropriation		**3,322.97**		**2,515.66**
	Less : Appropriations				
	Short Provision for Dividend and Dividend Tax		6.17		3.58
	Proposed Dividend		746.86		508.51
	Tax on Proposed Dividend		126.93		82.50
	Transfer to General Reserve		156.10		157.33
	Balance carried to Balance Sheet		**2,286.91**		**1,763.74**

		No. of Options applied	Rupees of Securities premium (Rupees in million)	Allotment date / Tentative date by which allotment will be done
5	SHARE APPLICATION MONEY PENDING ALLOTMENT			
	As on March 31, 2013	-	-	-
	As on March 31, 2012	17,700	2.65	April 12, 2012

The company has received the above applications from employees by virtue of ESOP granted to these employees under the respective ESOP schemes. The company has sufficient authorised capital to cover the share capital amount resulting from allotment of shares out of such share application money.

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

		As at March 31, 2013	As at March 31, 2012
6	LONG-TERM PROVISIONS		
	Provision for Gratuity* (refer note 29)	62.14	45.08
		62.14	**45.08**
	* Provision for Gratuity is net of contribution of Rs. 2.87 million (P.Y. Rs. 1.83 million) paid to LIC Gratuity Fund.		
7	TRADE PAYABLES		
	Payable to Micro, Small and Medium Enterprises (refer note 32)	-	-
	Other Trade Payables	257.54	288.20
		257.54	**288.20**
8	OTHER CURRENT LIABILITIES		
	Unclaimed Dividend	1.17	1.00
	Advance Billing	38.44	28.54
	Other Liabilities	20.97	20.81
		60.58	**50.35**
9	SHORT TERM PROVISIONS		
	Provision for Employee Benefits		
	Incentive Payable to employees	185.61	162.48
	Provision for Gratuity (refer note 29)	2.67	1.91
	Provision for Leave Encashment	19.21	10.64
		207.49	**175.03**
	Others		
	Provision for Taxation (Net)	24.04	10.21
	Proposed Dividend #	746.86	508.51
	Dividend Distribution Tax on Proposed Dividend	126.93	82.50
		897.83	**601.22**
	TOTAL	**1,105.32**	**776.25**
	# Proposed dividend of Rs. 25/- per share (P.Y. Rs. 17.50/- per share)		

Notes to Financial Statements for the year ended March 31, 2013

10 FIXED ASSETS

(Rupees in million)

	Gross Block - At Cost				Accumulated Depreciation / Amortisation				Net Carrying Value	
Assets	As on April 1, 2012	Additions during the year	Deductions / Adjustments	As on March 31, 2013	As on April 1, 2012	Additions during the year	Deductions / Adjustments	As on March 31, 2013	As on March 31, 2013	As on March 31, 2012
Tangible										
Leasehold Improvements	151.39	58.44	-	209.83	59.34	18.31	-	77.65	132.18	92.05
Office Equipment	89.03	52.40	6.38	135.05	27.90	16.60	1.47	43.03	92.02	61.13
Computers	469.81	57.50	2.62	524.69	258.62	95.15	0.07	353.70	170.99	211.19
Furniture And Fixtures	57.54	1.49	-	59.03	22.84	4.77	(0.02)	27.63	31.40	34.70
	767.77	**169.83**	**9.00**	**928.60**	**368.70**	**134.83**	**1.52**	**502.01**	**426.59**	**399.07**
Intangible										
Computer Software	86.48	20.40	-	106.88	58.41	22.51	(0.05)	80.97	25.91	28.07
	86.48	**20.40**	**-**	**106.88**	**58.41**	**22.51**	**(0.05)**	**80.97**	**25.91**	**28.07**
TOTAL	**854.25**	**190.23**	**9.00**	**1,035.48**	**427.11**	**157.34**	**1.47**	**582.98**	**452.50**	**427.14**

(Rupees in million)

	Gross Block - At Cost				Accumulated Depreciation / Amortisation				Net Carrying Value	
Assets	As on April 1, 2011	Additions during the year	Deductions / Adjustments	As on March 31, 2012	As on April 1, 2011	Additions during the year	Deductions / Adjustments	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011
Tangible										
Leasehold Improvements	113.76	39.44	1.81	151.39	49.90	11.21	1.77	59.34	92.05	63.86
Office Equipment	69.92	21.95	2.84	89.03	21.18	8.47	1.75	27.90	61.13	48.74
Computers	319.30	165.92	15.41	469.81	187.59	85.56	14.53	258.62	211.19	131.71
Furniture And Fixtures	48.84	20.99	12.29	57.54	27.16	5.22	9.54	22.84	34.70	21.68
	551.82	**248.30**	**32.35**	**767.77**	**285.83**	**110.46**	**27.59**	**368.70**	**399.07**	**265.99**
Intangible										
Computer Software	72.74	13.74	-	86.48	43.29	15.12	-	58.41	28.07	29.45
	72.74	**13.74**	**-**	**86.48**	**43.29**	**15.12**	**-**	**58.41**	**28.07**	**29.45**
TOTAL	**624.56**	**262.04**	**32.35**	**854.25**	**329.12**	**125.58**	**27.59**	**427.11**	**427.14**	**295.44**

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

		As at March 31, 2013	As at March 31, 2012
11	INVESTMENTS		
	Non Current Investments (Trade, unquoted) (At cost)		
	Investments in Equity Instruments		
	Investments in subsidiaries		
	100 shares of US $1 each in eClerx LLC	0.72	0.72
	100 shares of GBP 1 each in eClerx Limited	3.31	3.31
	5,819,323 (P.Y. 1,600,000) equity shares of GBP 1 each in eClerx Investments Limited	352.40	129.96
	11,000,000 (P.Y. Nil) Optionally Convertible Redeemable preference shares of GBP 1 each in eClerx Investments Limited	909.09	-
	1 share of SGD $1 each in eClerx Private Limited	0.01	0.01
	Less : Provision for Diminution of Long Term Investment in eClerx Investments Limited	-	(126.77)
		1,265.53	**7.23**
	Other Non Current Investments (Non Trade, unquoted)		
	Investments in Mutual Funds		
	30 (P.Y. 30) units of HDFC Debt Fund Cancer Care - 100% Dividend Donation	0.30	0.30
		0.30	**0.30**
	TOTAL	**1,265.83**	**7.53**
	Current Investments		
	Investments in Mutual Funds		
	Nil (P.Y. 14,500,723) units of Reliance Liquid Fund - Treasury Plan	-	221.68
	16,570 (P.Y.Nil) units of Kotak Liquid Scheme Plan A - Daily Dividend	20.26	-
	Nil (P.Y. 2,352,913) units of DSP Black Rock FMP 3M Series 40	-	23.53
	12,548,784 (P.Y.Nil)Kotak Flexi Debt Scheme Plan A-Direct plan-Daily Div.	126.08	-
	Nil (P.Y. 98,414) units of ICICI Prudential Flexible Income Plan	-	10.41
	Nil (P.Y. 808,442) units of Birla Sun Life Floating Rate Fund STP-IP-Daily Div-Reinvestment	-	80.86
	Nil (P.Y. 32,236,110) units of Kotak Floater Short Term - Daily Dividend	-	326.11
	3,527,589 (P.Y. Nil) units of Reliance Medium Term Fund	60.31	-
	Nil (P.Y. 79,243) units of UTI Treasury Advantage	-	79.26
	144,856 (P.Y. Nil) units of BOI AXA Treasury Advantage Fund - Direct Plan	144.91	-
	Nil (P.Y. 6,059,664) units of HDFC Liquid Fund - Premium Plan	-	74.29
	Nil (P.Y. 4,920,947) units of DWS Ultra Short Term Fund	-	49.30
	Nil (P.Y. 1,327,447) units of DWS Treasury Fund Cash - IP	-	133.40
	TOTAL	**351.56**	**998.84**
	Aggregate value of unquoted investments	1,265.83	7.53
	Aggregate value of quoted investments (Market value : Rs. 351.56 million (P.Y. Rs. 998.84 million))	351.56	998.84

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
12 LOANS AND ADVANCES		
Non Current (Long Term) (Unsecured, considered Good)		
Corporate Premises Rent Deposit	76.99	77.38
Other Deposits	1.95	1.27
TOTAL	**78.94**	**78.65**
Current (Short Term) (Unsecured, considered Good)		
Staff Accommodation Rent Deposit	1.10	0.61
Advance tax (Net)	7.93	7.79
Service Tax Credit	347.34	219.23
Prepaid Expenses	29.46	24.16
Other Advances	42.49	26.04
	428.32	**277.83**
Current (Short Term) (Unsecured, Considered good)		
Other Advances to related parties (refer note 26B)	30.00	0.13
	30.00	**0.13**
TOTAL	**458.32**	**277.96**
13 TRADE RECEIVABLES (UNSECURED)		
Considered good		
Outstanding for period exceeding six months	-	0.85
Other debts	564.93	420.22
Considered doubtful		
Debts outstanding for a period exceeding six months	-	0.22
Less: Provision for doubtful debts	-	(0.22)
	564.93	**421.07**

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
14 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	0.75	0.60
Balances in Current accounts with banks	883.70	751.39
Balance with banks in fixed deposit accounts (maturity less than 3 months)	160.00	521.50
Other Bank Balances		
Balance with banks in fixed deposit accounts (maturity more than 3 months)	648.50	337.50
Fixed deposits pledged with banks against bank guarantees	0.89	0.89
Unpaid Dividend account*	1.17	1.00
	1,695.01	**1,612.88**
*not available for used by the Company		
15 OTHER CURRENT ASSETS		
Unbilled Revenues	631.37	531.63
Unamortised Premium on Forward Contracts	78.08	104.00
	709.45	**635.63**

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

		Year ended March 31, 2013	Year ended March 31, 2012
16	OTHER INCOME		
	Interest on fixed deposit	61.06	98.79
	Foreign Exchange (loss) / gain	(295.68)	84.19
	Dividend	27.77	40.26
	Profit on Sale of Investments (net)	0.03	0.01
		(206.82)	**223.25**
17	EMPLOYEE BENEFIT EXPENSES		
	Salaries, Wages and Bonus	1,768.95	1,538.97
	Employee Stock Option Scheme	3.69	2.79
	Contribution to Provident fund	5.23	4.58
	Gratuity (refer note 29)	24.82	22.40
	Staff Welfare expenses	18.29	15.13
		1,820.98	**1,583.87**

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
18 OTHER EXPENSES		
Contract for Services	890.38	660.81
Rent (refer note 23)	197.64	164.48
Legal and Professional fees	91.80	58.65
Electricity	65.25	45.36
Communication expenses	47.81	61.06
Auditor's remuneration (refer note 20)	2.11	1.29
Office Expenses	18.58	15.06
Rates and Taxes	13.58	12.76
Computer and Server rental expenses	58.36	50.01
Printing and Stationery	3.34	5.62
Local Conveyance	48.62	47.40
Donation	7.27	6.02
Housekeeping Services	20.89	17.25
Security charges	25.46	23.33
Insurance	5.58	8.94
Repairs and Maintenance		
- Building	0.62	4.58
- Others	3.57	4.37
Board Meeting Sitting Fees	0.70	0.52
Provision for Doubtful debts	(0.22)	0.22
Bad Debts Written off	-	2.84
Loss on Sale of Assets	(0.15)	4.38
Advertisement expenses	0.45	1.00
Traveling expenses	105.23	77.82
Business Promotion expenses	6.90	5.74
Miscellaneous expenses	3.96	4.48
	1,617.73	**1,283.99**

Notes to Financial Statements for the year ended March 31, 2013

19. Investments

During the year under review, the Company has acquired the entire shareholding of Agilyst Inc ('Agilyst'), a closely held US based Company, through its overseas subsidiary eClerx Investments Ltd effective May 4, 2012. The consideration towards the acquisition consist of an upfront payment of US$15.75 million and a variable earn out, which would range between US$ 0 to US$ 13 million, based on Agilyst's future performance till September 30, 2013.

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

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
Statutory audit	2.06	1.25
Out of Pocket Expenses	0.05	0.04
Others	-	-
	2.11	**1.29**

21. Segment Reporting

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

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

(Rupees in million)

Operational Revenues	Year ended March 31, 2013	Year ended March 31, 2012
United States of America	4,121.60	3,148.91
United Kingdom	217.84	241.48
Europe	1,005.10	969.79
Asia Pacific	364.67	364.48
Total Revenues	5,709.21	4,724.66

(Rupees in million)

Segment	Segment-wise Assets		Segment-wise Additions to Fixed Assets	
	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012
United States of America	370.00	287.63	-	--
United Kingdom	37.95	32.35	-	--
Europe	107.73	90.24	-	--
Asia Pacific	2,200.65	2,051.12	190.23	262.04

22. Deferred Tax Balances

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

Notes to Financial Statements for the year ended March 31, 2013

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
Deferred Tax Assets		
Depreciation	1.99	(0.41)
Provision for gratuity	6.31	5.07
Provision for compensated absences	1.87	1.77
Provision for lease equalisation	3.18	2.86
Total	**13.35**	**9.29**

23. 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, 2013	As at March 31, 2012
Lease payments recognised in the Statement of Profit and Loss	197.64	164.48
Future minimum lease payments for non-cancellable operating leases		
Not Later than one year	57.40	109.44
Later than one year, but not later than five years	24.75	84.56
Later than five years	-	-

24. Commitments

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1.11	17.45

25. 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.

Notes to Financial Statements for the year ended March 31, 2013

	Year ended March 31, 2013		Year ended March 31, 2012	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Stock Options outstanding at the beginning of the year	56,501	106.67	133,401	104.54
Exercised	56,501	106.67	76,900	102.98
Balance as at the end of the year	-	-	56,501	106.67

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. Pursuant to bonus issue by the Company on July 29, 2010, the number of options available under the scheme accordingly increased to 2,400,000 pursuant to relevant SEBI regulations.

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

	Year ended March 31, 2013		Year ended March 31, 2012	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Stock Options outstanding at the beginning of the year	1,882,775	337.94	1,449,000	170.05
Granted during the year	-	-	632,400	690.26
Forfeited / cancelled	112,500	620.87	72,425	644.12
Exercised	760,550	88.35	126,200	186.67
Balance as at the end of the year	1,009,725	464.99	1,882,775	337.94

ESOP 2011 scheme:

The Company instituted ESOP 2011 scheme under which 1,600,000 stock options have been allocated for grant to the employees. The scheme was approved by the shareholders at the Eleventh Annual General Meeting held on August 24, 2011.

	Year ended March 31, 2013		Year ended March 31, 2012	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Stock Options outstanding at the beginning of the year	-	-	-	-
Granted during the year	633,083	740.44	-	-
Forfeited / cancelled	88,082	740.44	-	-
Balance as at the end of the year	545,001	740.44	-	-

Notes to Financial Statements for the year ended March 31, 2013

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)

	Year ended March 31, 2013	Year ended March 31, 2012
Net Profit after tax as reported	1,559.23	1,573.29
Add - Intrinsic Value Cost	3.69	2.79
Less - Fair Value Cost	118.93	89.73
Adjusted proforma Net Profit	1,443.99	1,486.35
Basic EPS as reported	53.00	54.30
Proforma Basic EPS	49.09	51.30
Diluted EPS as reported	51.72	52.18
Proforma Diluted EPS	47.90	49.30

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

ESOP 2005

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

ESOP 2008

Date of grant	May 18, 2011	July 30, 2010	May 25, 2010	April 27, 2009	January 19, 2009	January 19, 2009	May 26, 2008
Expected Volatility	55%	59%	60%	67%	70%	72%	62%
Risk Free Interest Rate	8.30%	7.51%	6.96%	5.86%	5.81%	5.70%	7.78%
Time to maturity (in years)	4.37	4.17	4.35	4.43	4.70	3.70	4.35
Dividend Yield	3.20%	2.81%	2.81%	2.72%	0.00%	1.19%	0.00%

Notes to Financial Statements for the year ended March 31, 2013

ESOP 2011

Date of grant	May 18, 2012
Expected Volatility	49.10%
Risk Free Interest Rate	8.31%
Time to maturity (in years)	4.45
Dividend Yield	2.32%

26. 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. Agilyst Inc (100% subsidiary of eClerx Investments Limited)
6. Agilyst Consulting Private Limited (100% subsidiary of Agilyst Inc.)

(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)

Notes to Financial Statements for the year ended March 31, 2013

B. Details Of Related Party Transactions

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

(Rupees in million)

Sr. No.	Name	Nature of Transaction	Relationship	Transactions during the year		Outstanding Balance as at	
				March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
1	eClerx Limited	Contract for Services	Wholly owned subsidiary	354.51	246.08	56.72 Payable	54.14 Payable
		Expenses incurred by holding Company on behalf of subsidiary		5.27	5.02		
2	eClerx LLC	Contract for Services	Wholly owned subsidiary	470.99	353.74	33.72 Payable	87.11 Payable
		Expenses incurred by holding Company on behalf of subsidiary		6.40	3.01		
3	eClerx Investments Limited	Expenses incurred on behalf of subsidiary	Wholly owned subsidiary	0.07	0.13	--	0.10 Receivable
4	Anjan Malik	Dividend	Director	138.64	178.25	--	--
5	P. D. Mundhra	Remuneration	Director	21.28	21.28	-	-
		Dividend		138.56	178.15		
6	V.K. Mundhra	Dividend	Director	0.57	0.73	--	--
7	Duncan Stratton & Company Limited	Rent	Common Director	0.03	0.03	--	--
8	eClerx Private Limited	Contract for Services	Wholly owned subsidiary	64.88	60.99	14.65 Payable	10.89 Payable
		Expenses incurred by holding Company on behalf of subsidiary		0.78	0.67		
9	Agilyst Inc.	Expenses incurred by the Company on behalf of subsidiary	Subsidiary	0.08	--	--	--
10.	Agilyst Consulting Private Limited	Loan given	Subsidiary	30.00	--	30.00 Receivable	--
		Interest on loan		3.94	--	--	--
		Expenses incurred by the Company on behalf of subsidiary		14.17	--	--	--
		Sale of Fixed Assets		7.91	--	7.91 Receivable	--

Notes to Financial Statements for the year ended March 31, 2013

27. 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, 2013:

(Rupees in million)

Subsidiary Company	Outstanding as on March 31, 2013	Maximum amount outstanding during the year ended March 31, 2013	Outstanding as on March 31, 2012	Maximum amount outstanding during the year ended March 31, 2012
eClerx Investments Limited	--	--	0.13	0.13
Agilyst Consulting Private Limited	30.00	30.00	--	--

28. 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.

		Year ended March 31, 2013	Year ended March 31, 2012
Profit after tax attributable to shareholders (Rupees in million)	A	1,559.23	1,573.29
Weighted average number of equity shares outstanding during the year.			
- Basic	B	2,94,17,374	28,975,290
- Diluted	C	3,01,47,349	30,148,895
Earnings per share (Rs.)			
- Basic	A/B	53.00	54.30
- Diluted	A/C	51.72	52.18
Nominal value of shares (Rs.)		10	10

29. Employee Benefit Plans

The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme of the Life Insurance Corporation of India (LIC). 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.

Notes to Financial Statements for the year ended March 31, 2013

The following table sets out the status of the gratuity plan for the year ended March 31, 2013 as required under AS 15 (Revised) as notified under the Companies Act, 1956

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
Change in Defined Benefit Obligation		
Opening in Defined Benefit Obligation	48.82	28.54
Interest cost	4.15	2.36
Current service cost	18.43	13.91
Benefits paid	(6.13)	(2.24)
Actuarial (gain) / loss	2.41	6.25
Closing defined benefit obligation	67.68	48.82

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
Change in fair value of assets		
Opening fair value of assets	1.83	1.35
Expected Return on plan assets	0.16	0.11
Contribution by employer	7.00	2.60
Benefits paid	(6.13)	(2.24)
Actuarial gain	0.01	0.01
Closing fair value of plan assets	2.87	1.83
Liability as per Balance Sheet (refer note 6 and 9)	64.81	46.99

(Rupees in million)

Expense for the year	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	18.43	13.91
Interest cost	4.15	2.36
Expected Return on plan assets	(0.16)	(0.11)
Actuarial (gain) / loss	2.40	6.24
Total included in employment expenses	24.82	22.40
Actual return on plan assets	9%	9%
Financial assumptions at valuation date		
Discount rate	8%	8.5%
Rate of increase in compensation levels of covered employees	5%	4%
Expected rate of return on plan assets	9%	9%

Notes to Financial Statements for the year ended March 31, 2013

30. Forward contracts and options in foreign currencies

The Company is exposed to foreign currency fluctuations on assets / liabilities denominated in foreign currency. The use of forward contracts to hedge foreign currency risk is governed by the Company's strategy, which provides principles on the use of such forward contracts and currency options consistent with the Company's Foreign Exchange Risk Management Policy. The counter- parties in these instruments are banks and the Company considers the risks of non-performance by the counterparty as non-material. The Company does not use forward contracts and currency options for speculative purposes.

As at March 31, 2013				
Contract Type	Maturity Year (Financial Year)	Currency	Amount (in million)	Average Rate (INR)
Forward	2013 – 14	USD	$ 42.75	54.86
		Euro	€ 7.55	72.23
	2014 – 15	USD	$ 12.00	59.60
		Euro	€ 1.20	78.38
Put Option	2013 – 14	USD	$ 2.00	52.50

As at March 31, 2012				
Contract Type	Maturity Year (Financial Year)	Currency	Amount (in million)	Average Rate (INR)
Forward	2012 – 13	USD	$ 53.00	48.68
		Euro	€ 10.95	66.81
	2013 – 14	USD	$ 16.50	49.64
		Euro	€ 3.90	69.33
Put Option	2012 – 13	USD	$ 5.00	47.00

As on the balance sheet date, the Company's net foreign currency exposure that is not hedged is Rs. 267.60 million (P.Y. Rs. 625.76 million).

31. The Company has deferred the recognition of cumulative Minimum Alternative Tax (MAT) credit of Rs.287.37 million as at March 31, 2013 (P.Y. Rs. 209.18 million), 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.

32. Dues to Micro, Small 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.

Notes to Financial Statements for the year ended March 31, 2013

33. 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. 13.20 million (Previous Year Rs.13.20 million).

Financial Year	Demand Amount	Status
2004-05	9.67	Order received from Commissioner of Income Tax (Appeals) in favour of the Company. Income tax department yet to file appeal with ITAT.
2006-07	3.53	Order received from Commissioner of Income Tax (Appeals) in favour of the Company. Income tax department yet to file appeal with ITAT.

The Company has also received demand notices from Service tax department amounting to Rs. 7.44 million (Previous Year Nil).The Company has filed responses against each of the notices with the department.

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 demands.

34. Supplementary statutory information.

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
CIF value of imports:		
Capital Goods	74.08	133.06
Expenditure in foreign currency:		
Travelling expenses	52.07	50.06
Marketing & other related expenses	956.46	637.78
Server rental expenses	10.74	13.64
Earnings in foreign exchange:		
Income from services	5,606.72	4,663.15

Notes to Financial Statements for the year ended March 31, 2013

	Year ended March 31, 2013	Year ended March 31, 2012
Remittance in foreign currency on account of dividend		
Dividend for the year		
2011-12	242.94	--
2010-11	--	344.87
Number of non-resident shareholders for the year		
2011-12	364	--
2010-11	--	274
Shares held by non-resident shareholders on which dividend was due for the year *		
2011-12	13,882,236	--
2010-11	--	15,327,433

*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 2010-11 and 2011-12.

35. 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.

36. 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 24, 2013

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Independent Auditors' Report

To The Board of Directors of eClerx Services Limited

1. We have audited the accompanying consolidated financial statement of eClerx Services Limited, ('the Company') and its subsidiaries, (hereinafter collectively referred to as the 'Group') which comprise the consolidated Balance Sheet as at 31 March 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2013;

   ii) in the case of consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

   iii) in the case of 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
24 May 2013

Consolidated Balance Sheet as at March 31, 2013

(Rupees in million)

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	298.75	290.57
Reserves & Surplus	4	4,084.53	3,138.62
		4,383.28	**3,429.19**
Share Application Money Pending Allotment	5	-	2.82
Non Current Liabilities			
Deferred Tax Liability (Net) (refer note 24)		9.93	1.73
Long-term Provisions	6	72.59	45.08
		82.52	**46.81**
Current Liabilities			
Trade Payables	7	225.43	160.86
Other Current Liabilities	8	67.68	50.61
Short-term Provisions	9	1,262.46	925.68
		1,555.57	**1,137.15**
TOTAL		**6,021.37**	**4,615.97**
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	10	552.98	415.66
Intangible Assets	10	794.91	28.07
Capital work in Progress		7.34	45.00
Non-current Investments	11	0.30	0.30
Deferred Tax Assets (Net) (refer note 24)		22.70	9.29
Long-term Loans and Advances	12	99.91	82.07
		1,478.14	580.39
Current Assets			
Current Investments	11	351.56	998.84
Trade Receivables	13	654.77	421.84
Cash & Bank Balances	14	2,348.53	1,686.61
Short-term Loans and Advances	12	473.40	292.66
Other Current Assets	15	714.97	635.63
		4,543.23	**4,035.58**
TOTAL		**6,021.37**	**4,615.97**
Notes 1 to 34 form an integral part of these financial statements			

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

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 24, 2013

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(Rupees in million)

	Note	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from Operations		6,605.34	4,728.85
Other Income (net)	16	(181.78)	223.00
		6,423.56	**4,951.85**
EXPENDITURE			
Employee benefit expenses	17	2,952.88	2,038.69
Other expenses	18	1,105.93	792.78
Depreciation and amortisation expenses	10	255.36	128.88
		4,314.17	**2,960.35**
Profit before taxes		**2,109.39**	**1,991.50**
Provision for taxation			
- Current Income Tax		403.80	394.66
- Deferred Income Tax		(10.43)	(0.89)
		393.37	**393.77**
Profit after tax		**1,716.02**	**1,597.73**
Earnings per share (refer note 29)			
Weighted average number of equity shares outstanding during the year			
- Basic		29,417,374	28,975,290
- Diluted		30,147,349	30,148,895
Earning per share (in Rs.)			
- Basic		58.33	55.14
- Diluted		56.92	52.99
Nominal value of shares (Rs)		10	10
Notes 1 to 34 form an integral part of these financial statements			

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

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 24, 2013

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2013

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Exceptional Items	**2,109.39**	**1,991.50**
Depreciation	180.20	128.88
Goodwill Amortisation	75.16	-
Stock Options Outstanding	3.69	2.78
Profit on Sale of Investments	(0.03)	(0.01)
Loss on Sale of assets	1.70	4.38
Provision for Doubtful debts	(0.22)	0.22
Bad Debts Written off	-	2.84
Dividend Income	(27.77)	(40.26)
Interest Income	(57.97)	(98.79)
Operating Profit Before Working Capital Changes	**2,284.15**	**1,991.54**
Adjustments for :		
Trade Receivables	(232.71)	234.48
Long-term Loans and Advances	(17.84)	(15.61)
Short-term Loans and Advances	(166.61)	(75.26)
Other Current Assets	(79.34)	(224.02)
Long-term Provisions	27.51	19.96
Trade Payables	64.57	57.88
Other Current Liabilities	17.07	3.02
Short term Provision	39.29	112.92
Cash Generated by Operating Activities	**1,936.09**	**2,104.91**
Income Taxes paid (net of refunds)	(403.23)	(384.38)
Net Cash Generated by Operating Activities	**1,532.86**	**1,720.53**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Investments	4,219.23	2,681.77
Purchase of Investments	(3,571.92)	(3,402.32)
Payment for acquisition of business, net of cash acquired	(814.45)	-
Sale of Fixed Assets	0.09	0.36
Purchase of Fixed Assets (including Capital work in progress)	(267.25)	(251.25)
Interest received	57.97	98.79
Dividend received	27.77	40.26
Net Cash used in Investing Activities	**(348.56)**	**(832.39)**

Consolidated Cash Flow Statement for the year ended March 31, 2013

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from equity issued	70.40	33.72
Dividend Paid	(513.82)	(652.30)
Dividend Tax Paid	(83.35)	(105.82)
Net Cash used in Financing Activities	**(526.77)**	**(724.40)**
Effect of Exchange fluctuation on Cash and Cash Equivalents	4.39	7.59
Net (Decrease) / Increase in Cash and cash equivalents	**661.92**	**171.33**
Cash and Cash Equivalents at the beginning of the year	1,686.61	1,515.28
Cash and Cash Equivalents at the end of the year (refer note 14)	**2,348.53**	**1,686.61**

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

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 24, 2013

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Notes to Consolidated Financial Statements for the year ended March 31, 2013

1. 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 (the Act) and comply in all material aspects with AS prescribed by the Central Government, in accordance with Company (AS) Rules, 2006.

b) **Use of estimates**

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

2. 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 recognized 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 unrealized 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

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 are disclosed as Capital Advances under Loans and Advances and cost of assets not ready for use before the year-end, are disclosed as capital work in progress.

Depreciation on fixed assets is provided under Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956. Leasehold improvements are amortised over the remaining primary period of lease. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis which generally do not exceed ten years. Assets costing less than Rs. 5,000 are depreciated over a period of one year from date of acquisition.

d) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

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 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 Statement of Profit and Loss or against revaluation surplus where applicable.

f) Employee benefits

India

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

Notes to Consolidated Financial Statements for the year ended March 31, 2013

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 the Statement of Profit and Loss 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 unutilized leave balances has been made based on an actuarial valuation carried out by an independent actuary as at the balance sheet date.

Subsidiary in United States of America (USA)

The Company has a saving and investment plan under section 401(k) of the Internal Revenue Code of the United States of America. This is a defined contribution plan. Contributions are charged to the Statement of Profit and Loss in the period in which they accrue.

Subsidiary in Singapore

Provident Fund

As required by law, the Company contributes to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore in respect of eligible employees. The Company's contributions are charged to the Statement of Profit and Loss on accrual basis.

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 with 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

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 recognized 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

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 Statement of Profit and Loss.

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. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on maturity, cancellation or renewal of forward contracts is recognised as income or as expense for the year.

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

k) Provisions and contingencies

The Company creates a provision when there is a 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(Rupees in million)

		As at March 31, 2013	As at March 31, 2012
3	SHARE CAPITAL		
	Authorised		
	50,000,000 (P.Y. 50,000,000) equity shares of Rs. 10 each	500.00	500.00
	Issued, Subscribed and Paid - up		
	29,874,585 (P.Y. 29,057,534) equity shares of Rs. 10 each	298.75	290.57
		298.75	**290.57**

		No.	Rupees in million	No.	Rupees in million
a)	**Reconciliation of Paid - up Share Capital**				
	Opening at the beginning of the year	**29,057,534**	**290.57**	**28,854,434**	**288.54**
	Add : Shares allotted during the year on account of exercise of share options by employees	817,051	8.18	203,100	2.03
	Outstanding at the end of the year	**29,874,585**	**298.75**	**29,057,534**	**290.57**

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per equity share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) The Company has issued 26,107,869 shares (P.Y. 26,107,869) by way of bonus shares by capitalising free reserves during the period of five years immediately preceeding the reporting date.

d) Details of Shareholders holding more than 5% of Shares in the Company

Name of the Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Share Capital	No. of Shares held	% of Share Capital
Anjan Malik	7,922,250	26.52	7,922,250	27.26
Priyadarshan Mundhra	7,917,862	26.50	7,917,862	27.25
Nambe Investment Holdings	2,765,785	9.26	2,765,785	9.52

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
4 RESERVES AND SURPLUS		
General Reserve		
Opening balance	596.14	438.81
Add: Transfer during the year	156.10	157.33
	752.24	**596.14**
Securities Premium		
Opening balance	696.02	666.57
Add: On shares issued during the year	65.04	29.45
	761.06	**696.02**
Stock Option Outstanding		
Opening balance	5.53	2.75
Add: Transfer during the year	3.69	2.78
	9.22	**5.53**
Net Surplus in the Statement of Profit and Loss	**2,532.02**	**1,852.06**
Foreign Currency Translation Reserve	29.99	(11.13)
	4,084.53	**3,138.62**
Details of appropriations made:		
Profit after tax	**1,716.02**	**1,597.73**
Balance brought forward from previous year	1,852.06	1,006.25
Profit available for appropriation	**3,568.08**	**2,603.98**
Less : Appropriations		
Short Provision for Dividend and Dividend Tax	6.17	3.58
Proposed Dividend	746.86	508.51
Tax on Proposed Dividend	126.93	82.50
Transfer to General Reserve	156.10	157.33
Balance carried to Balance Sheet	2,532.02	1,852.06

Notes to Consolidated Financial Statements for the year ended March 31, 2013

		No. of Options applied	Rupees of Securities premium (Rupees in million)	Allotment date / Tentative date by which allotment will be done
5	SHARE APPLICATION MONEY PENDING ALLOTMENT			
	As on March 31, 2013	-	-	-
	As on March 31, 2012	17,700	2.65	April 12, 2012

The company has received the above applications from employees by virtue of ESOP granted to these employees under the respective ESOP schemes. The company has sufficient authorised capital to cover the share capital amount resulting from allotment of shares out of such share application money.

(Rupees in million)

		As at March 31, 2013	As at March 31, 2012
6	LONG-TERM PROVISIONS		
	Provision for Gratuity*	72.59	45.08
		72.59	**45.08**
	* Provision for Gratuity is net of contribution of Rs. 2.87 million (P.Y. Rs .1.83 million) paid to LIC Gratuity Fund.		
7	TRADE PAYABLES		
	Payable to Micro, Small and Medium Enterprises	-	-
	Other Trade Payables	225.43	160.86
		225.43	**160.86**
8	OTHER CURRENT LIABILITIES		
	Unclaimed Dividend	1.17	1.00
	Advance Billing	39.22	28.54
	Other Liabilities	27.29	21.07
		67.68	**50.61**
9	SHORT TERM PROVISIONS		
	Provision for Employee Benefits		
	Incentive Payable to employees	334.60	306.61
	Provision for Gratuity	2.67	1.91
	Provision for Leave Encashment	21.18	10.64
		358.45	**319.16**
	Others		
	Provision for Taxation (Net)	30.22	15.51
	Proposed Dividend #	746.86	508.51
	Dividend Distribution Tax on Proposed Dividend	126.93	82.50
		904.01	**606.52**
	TOTAL	**1,262.46**	**925.68**
	# Proposed dividend of Rs. 25/- per share (P.Y. Rs. 17.50/- per share)		

Notes to Consolidated Financial Statements for the year ended March 31, 2013

10 FIXED ASSETS

(Rupees in million)

	Gross Block - At Cost						Accumulated Depreciation / Amortisation						Net Carrying Value	
Assets	As on April 1, 2012	Additions on Business Purchase	Additions during the year	Deductions / Adjustments	Translation Exchange Difference	As on March 31, 2013	As on April 1, 2012	Additions on Business Purchase	Additions during the year	Deductions / Adjustments	Translation Exchange Difference	As on March 31, 2013	As on March 31, 2013	As on March 31, 2012
Tangible														
Leasehold Improvements	155.79	1.88	94.94	3.38	0.09	249.32	61.39	0.21	20.39	1.62	(0.04)	80.33	168.99	94.40
Office Equipment	93.45	4.66	71.60	6.45	0.27	163.53	29.25	2.53	18.59	1.50	0.07	48.94	114.59	64.20
Computers	485.25	18.66	106.58	2.62	0.81	608.68	264.06	5.90	107.91	0.06	0.23	378.04	230.64	221.19
Furniture And Fixtures	59.63	4.57	7.93	-	0.02	72.15	23.76	4.41	5.22	(0.02)	(0.02)	33.39	38.76	35.87
	794.12	**29.77**	**281.05**	**12.45**	**1.19**	**1,093.68**	**378.46**	**13.05**	**152.11**	**3.16**	**0.24**	**540.70**	**552.98**	**415.66**
Intangible														
Goodwill	-	-	845.10	-	(10.53)	834.57			75.16	-	5.79	80.95	753.62	-
Computer Software	86.48	17.69	31.49	-	-	135.66	58.41	7.82	28.09	(0.05)	-	94.37	41.29	28.07
	86.48	**17.69**	**876.59**	**-**	**(10.53)**	**970.23**	**58.41**	**7.82**	**103.25**	**(0.05)**	**5.79**	**175.32**	**794.91**	**28.07**
TOTAL	**880.60**	**47.46**	**1,157.64**	**12.45**	**(9.34)**	**2,063.91**	**436.87**	**20.87**	**255.36**	**3.11**	**6.03**	**716.02**	**1,347.89**	**443.73**

(Rupees in million)

	Gross Block - At Cost						Accumulated Depreciation / Amortisation						Net Carrying Value	
Assets	As on April 1, 2011	Additions on Business Purchase	Additions during the year	Deductions / Adjustments	Translation Exchange Difference	As on March 31, 2012	As on April 1, 2011	Additions on Business Purchase	Additions during the year	Deductions / Adjustments	Translation Exchange Difference	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011
Tangible														
Leasehold Improvements	117.62	-	39.44	1.81	0.54	155.79	51.19	-	11.75	1.77	0.22	61.39	94.40	66.43
Office Equipment	73.59	-	22.17	2.84	0.53	93.45	21.95	-	8.91	1.75	0.14	29.25	64.20	51.64
Computers	324.90	-	174.96	15.41	0.80	485.25	190.45	-	87.66	14.53	0.48	264.06	221.19	134.45
Furniture And Fixtures	50.42	-	21.28	12.29	0.22	59.63	27.73	-	5.44	9.54	0.13	23.76	35.87	22.69
	566.53	**-**	**257.85**	**32.35**	**2.09**	**794.12**	**291.32**	**-**	**113.76**	**27.59**	**0.97**	**378.46**	**415.66**	**275.21**
Intangible														
Computer Software	72.74	-	13.74	-	-	86.48	43.29	-	15.12		-	58.41	28.07	29.45
	72.74	**-**	**13.74**	**-**	**-**	**86.48**	**43.29**	**-**	**15.12**	**-**	**-**	**58.41**	**28.07**	**29.45**
TOTAL	**639.27**	**-**	**271.59**	**32.35**	**2.09**	**880.60**	**334.61**	**-**	**128.88**	**27.59**	**0.97**	**436.87**	**443.73**	**304.66**

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
11 INVESTMENTS		
Non Current Investments (Trade, unquoted) (At cost)		
Investments in Mutual Funds		
30 (P.Y. 30) units of HDFC Debt Fund Cancer Care - 100% Dividend Donation	0.30	0.30
	0.30	**0.30**
Current Investments		
Investments in Mutual Funds		
Nil (P.Y. 14,500,723) units of Reliance Liquid Fund - Treasury Plan	-	221.68
16,570 (P.Y.Nil) units of Kotak Liquid Scheme Plan A - Daily Dividend	20.26	-
Nil (P.Y. 2,352,913) units of DSP Black Rock FMP 3M Series 40	-	23.53
12,548,784 (P.Y.Nil)Kotak Flexi Debt Scheme Plan A-Direct plan-Daily Div.	126.08	-
3,527,589 (P.Y. Nil) units of Reliance Medium Term Fund	60.31	-
Nil (P.Y. 98,414) units of ICICI Prudential Flexible Income Plan	-	10.41
Nil (P.Y. 808,442) units of Birla Sun Life Floating Rate Fund STP-IP-Daily Div-Reinvestment	-	80.86
Nil (P.Y. 32,236,110) units of Kotak Floater Short Term - Daily Dividend	-	326.11
144,856 (P.Y. Nil) units of BOI AXA Treasury Advantage Fund - Direct Plan	144.91	-
Nil (P.Y. 79,243) units of UTI Treasury Advantage	-	79.26
Nil (P.Y. 6,059,664) units of HDFC Liquid Fund - Premium Plan	-	74.29
Nil (P.Y. 4,920,947) units of DWS Ultra Short Term Fund	-	49.30
Nil (P.Y. 1,327,447) units of DWS Treasury Fund Cash - IP	-	133.40
	351.56	**998.84**
Aggregate value of unquoted investments	0.30	0.30
Aggregate value of quoted investments (Market value : Rs. 351.56 million (P.Y. Rs. 998.84 million))	351.56	998.84

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
12 LOANS AND ADVANCES		
Non Current (Long Term) (Unsecured, considered Good)		
Corporate Premises Rent Deposit	97.53	80.80
Other Deposits	2.38	1.27
TOTAL	**99.91**	**82.07**
Current (Short Term) (Unsecured, considered Good)		
Staff Accommodation Rent Deposit	1.10	0.80
Corporate Premises Rent Deposit	0.56	0.51
Advance tax (Net)	21.92	7.79
Prepaid Expenses	14.08	29.64
Service Tax Credit	355.49	219.23
Other Advances	37.76	34.69
Interest Accrued but Not Due	42.49	-
	473.40	**292.66**
13 TRADE RECEIVABLES (UNSECURED)		
Considered good		
Debts outstanding for period exceeding six months	-	0.85
Other debts	654.77	420.99
Considered doubtful		
Debts outstanding for a period exceeding six months	-	0.22
Other debts	-	-
Less: Provision for doubtful debts	-	(0.22)
	654.77	**421.84**

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
14 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash in Hand	0.75	0.60
Balances in Current accounts with banks	1002.07	825.12
Balance with banks in fixed deposit accounts (maturity less than 3 months)	205.41	521.50
Other Bank Balances		
Balance with banks in fixed deposit accounts (maturity more than 3 months)	649.26	337.50
Earmarked balance with bank*	488.98	-
Fixed deposits pledged with banks against bank guarantees	0.89	0.89
Unpaid Dividend account*	1.17	1.00
	2,348.53	**1,686.61**
*not available for use by the Company		
15 OTHER CURRENT ASSETS		
Unbilled Revenues	636.89	531.63
Unamortised Premium on Forward Contracts	78.08	104.00
	714.97	**635.63**

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(Rupees in million)

		Year ended March 31, 2013	Year ended March 31, 2012
16	OTHER INCOME		
	Interest on fixed deposit	57.97	98.79
	Foreign exchange (loss) / gain	(267.76)	83.94
	Dividend	27.77	40.26
	Profit on Sale of Investments (net)	0.03	0.01
	Other Income	0.21	-
		(181.78)	**223.00**
17	EMPLOYEE BENEFIT EXPENSES		
	Salaries, Wages and Bonus	2,897.94	1,989.23
	Employee Stock Option Scheme	(0.56)	2.79
	Contribution to Provident fund and other employee benefits	12.39	9.14
	Gratuity	24.82	22.40
	Staff Welfare expenses	18.29	15.13
		2,952.88	**2,038.69**

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
18 OTHER EXPENSES		
Rent (refer note 25)	261.44	178.53
Legal and Professional fees	165.16	104.57
Electricity	70.66	45.47
Communication expenses	79.17	77.67
Auditor's remuneration (refer note 22)	4.44	2.54
Office Expenses	25.46	19.51
Rates and Taxes	23.50	14.76
Computer and Server rental expenses	69.08	51.22
Printing and Stationery	5.44	7.39
Local Conveyance	61.21	47.40
Donation	8.50	7.03
Housekeeping Services	23.26	17.88
Security charges	26.89	23.33
Insurance	7.97	9.11
Repairs and Maintenance		
-Building	1.63	4.58
-Others	4.47	4.75
Board Meeting Sitting Fees	0.70	0.52
Provision for Doubtful debts	(0.22)	0.22
Bad Debts Written off	-	2.84
Loss on Sale of Assets	1.70	4.38
Advertisement expenses	6.87	6.47
Traveling expenses	199.06	132.99
Business Promotion expenses	54.21	25.08
Miscellaneous expenses	5.33	4.54
	1,105.93	**792.78**

Notes to Consolidated Financial Statements for the year ended March 31, 2013

19. Investments

During the year under review, the Company has acquired the entire shareholding of Agilyst Inc ('Agilyst'), a closely held US based Company, through its overseas subsidiary eClerx Investments Ltd effective May 4, 2012. The consideration towards the acquisition consist of an upfront payment of US$15.75 million and a variable earn out, which would range between US$ 0 to US$ 13 million, based on Agilyst's future performance till September 30, 2013.

20. The Company, in its consolidated financial statements has recognized the difference between the purchase consideration and book value of net assets acquired as "goodwill" under Accounting Standard 21. This goodwill will be amortised over its estimated useful life and tested for impairment annually. Accordingly, an amount of Rs. 75.16 million has been amortised from May 5, 2012 to March 31, 2013.

21. CFS as at March 31, 2013 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	Agilyst Inc	United States of America	100% subsidiary of eClerx Investments Limited
6	Agilyst Consulting Private Limited	India	100% subsidiary of Agilyst Inc

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

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
Statutory audit	4.39	2.50
Out of Pocket Expenses	0.05	0.04
Others	-	-
	4.44	2.54

23. Segment Reporting

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

Notes to Consolidated Financial Statements for the year ended March 31, 2013

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

(Rupees in million)

Operational Revenues	Year ended March 31, 2013	Year ended March 31, 2012
United States of America	4,954.26	3,151.39
United Kingdom	281.31	243.19
Europe	1005.10	969.79
Asia Pacific	364.67	364.48
Total Revenues	**6,605.34**	**4,728.85**

(Rupees in million)

	Segment-wise Assets		Segment-wise Additions to Fixed Assets	
	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012
United States of America	522.88	328.21	24.78	7.93
United Kingdom	89.42	75.21	20.78	1.39
Europe	1,448.10	90.24	--	--
Asia Pacific	2,296.09	2,058.00	266.98	262.27

24. Deferred Tax Balances

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

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
Deferred Tax Assets		
Depreciation	(3.68)	(0.41)
Provision for gratuity	9.80	5.07
Provision for compensated absences	2.51	1.77
Provision for lease equalisation	6.42	2.86
Others	7.65	--
Total	**22.70**	**9.29**

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liability		
Depreciation	9.93	1.73
Total	**9.93**	**1.73**

Notes to Consolidated Financial Statements for the year ended March 31, 2013

25. 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, 2013	As at March 31, 2012
Lease payments recognised in the Statement of Profit and Loss	261.44	178.53
Future minimum lease payments for non-cancellable operating leases		
Not Later than one year	90.53	118.78
Later than one year, but not later than five years	96.83	89.96
Later than five years	-	-

26. Commitments

(Rupees in million)

	As at March 31, 2013	As at March 31, 2012
Capital Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1.11	17.45

27. 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, 2013		Year ended March 31, 2012	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Stock Options outstanding at the beginning of the year	**56,501**	**106.67**	**133,401**	**104.54**
Exercised	56,501	106.67	76,900	102.98
Balance as at the end of the year	**-**	**-**	**56,501**	**106.67**

Notes to Consolidated Financial Statements for the year ended March 31, 2013

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. Pursuant to bonus issue by the Company on July 29, 2010, the number of options available under the scheme accordingly increased to 2,400,000 pursuant to relevant SEBI regulations.

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

	Year ended March 31, 2013		Year ended March 31, 2012	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Stock Options outstanding at the beginning of the year	**1,882,775**	**337.94**	**1,449,000**	**170.05**
Granted during the year	-	-	632,400	690.26
Forfeited / cancelled	112,500	620.87	72,425	644.12
Exercised	760,550	88.35	126,200	186.67
Balance as at the end of the year	**1,009,725**	**464.99**	**1,882,775**	**337.94**

ESOP 2011 scheme:

The Company instituted ESOP 2011 scheme under which 1,600,000 stock options have been allocated for grant to the employees. The scheme was approved by the shareholders at the Eleventh Annual General Meeting held on August 24, 2011.

	Year ended March 31, 2013		Year ended March 31, 2012	
	No. of Options	Weighted Average exercise price (Rs.)	No. of Options	Weighted Average exercise price (Rs.)
Stock Options outstanding at the beginning of the year	**-**	**-**	**-**	**-**
Granted during the year	633,083	740.44	-	-
Forfeited / cancelled	88,082	740.44	-	-
Balance as at the end of the year	**545,001**	**740.44**	**-**	**-**

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:

Notes to Consolidated Financial Statements for the year ended March 31, 2013

(Rupees in million)

	Year ended March 31, 2013	Year ended March 31, 2012
Net Profit after tax as reported	1,716.02	1,597.73
Add - Intrinsic Value Cost	(0.56)	2.79
Less - Fair Value Cost	118.93	89.73
Adjusted proforma Net Profit	1,596.53	1,510.79
Basic EPS as reported	58.33	55.14
Proforma Basic EPS	54.27	52.14
Diluted EPS as reported	56.92	52.99
Proforma Diluted EPS	52.96	50.11

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

ESOP 2005

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

ESOP 2008

Date of grant	May 18, 2011	July 30, 2010	May 25, 2010	April 27, 2009	January 19, 2009	January 19, 2009	May 26, 2008
Expected Volatility	55%	59%	60%	67%	70%	72%	62%
Risk Free Interest Rate	8.30%	7.51%	6.96%	5.86%	5.81%	5.70%	7.78%
Time to maturity (in years)	4.37	4.17	4.35	4.43	4.70	3.70	4.35
Dividend Yield	3.20%	2.81%	2.81%	2.72%	0.00%	1.19%	0.00%

ESOP 2011

Date of grant	May 18, 2012
Expected Volatility	49.10%
Risk Free Interest Rate	8.31%
Time to maturity (in years)	4.45
Dividend Yield	2.32%

Notes to Consolidated Financial Statements for the year ended March 31, 2013

26. 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:

(Rupees in million)

Sr. No.	Name	Nature of Transaction	Relationship	Transactions during the year		Outstanding Balance as at	
				March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
1	Anjan Malik	Remuneration	Director	23.90	23.75	--	--
		Dividend		138.64	178.25		
2	P. D. Mundhra	Remuneration	Director	21.28	21.28	-	-
		Dividend		138.56	178.15		
3	V.K. Mundhra	Dividend	Director	0.57	0.73	--	--
4	Duncan Stratton & Company Limited	Rent	Common Director	0.03	0.03	--	--

29. 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

		Year ended March 31, 2013	Year ended March 31, 2012
Profit after tax attributable to shareholders (Rupees in million)	A	1,716.02	1,597.73
Weighted average number of equity shares outstanding during the year.			
- Basic	B	29,417,374	28,975,290
- Diluted	C	30,147,349	30,148,895
Earnings per share (Rs.)			
- Basic	A/B	58.33	55.14
- Diluted	A/C	56.92	52.99
Nominal value of shares (Rs.)		10	10

30. Forward contracts and options in foreign currencies

The Company is exposed to foreign currency fluctuations on assets / liabilities denominated in foreign currency. The use of forward contracts to hedge foreign currency risk is governed by the Company's strategy, which provides principles on the use of such forward contracts and currency options consistent with the Company's Foreign Exchange Risk Management Policy. The counter- parties in these instruments are banks and the Company considers the risks of non-performance by the counterparty as non-material. The Company does not use forward contracts and currency options for speculative purposes.

As at March 31, 2013				
Contract Type	Maturity Year (Financial Year)	Currency	Amount (in million)	Average Rate (INR)
Forward	2013 – 14	USD	$ 47.25	55.12
		Euro	€ 7.55	72.23
	2014 – 15	USD	$ 12.00	59.60
		Euro	€ 1.20	78.38
Put Option	2013 – 14	USD	$ 2.00	52.50

As at March 31, 2012				
Contract Type	Maturity Year (Financial Year)	Currency	Amount (in million)	Average Rate (INR)
Forward	2012 – 13	USD	$ 53.00	48.68
		Euro	€ 10.95	66.81
	2013 – 14	USD	$ 16.50	49.64
		Euro	€ 3.90	69.33
Put Option	2012 – 13	USD	$ 5.00	47.00

As on the balance sheet date, the Company's net foreign currency exposure that is not hedged is Rs. 267.60 million (P.Y. Rs. 625.76 million).

31. The Company has deferred the recognition of cumulative Minimum Alternative Tax (MAT) credit of Rs. 287.37 million as at March 31, 2013 (P.Y. Rs. 209.18 million), 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2013

32. 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. 13.20 million (Previous Year Rs.13.20 million).

Financial Year	Demand Amount	Status
2004-05	9.67	Order received from Commissioner of Income Tax (Appeals) in favour of the Company. Income tax department yet to file appeal with ITAT.
2006-07	3.53	Order received from Commissioner of Income Tax (Appeals) in favour of the Company. Income tax department yet to file appeal with ITAT.

The Company has also received demand notices from Service tax department amounting to Rs. 7.44 million (Previous Year Nil).The Company has filed responses against each of the notices with the department.

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 demands.

33. 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.

34. 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 24, 2013

For and on behalf of the Board of Directors

V.K. Mundhra
Chairman

P. D. Mundhra
Executive Director

Anjan Malik
Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Statement pursuant to General Exemption u/s 212(8) of the Companies Act , 1956, relating to subsidiary companies for the Financial Year 2012-13

(Rupees in million)

Name of Subsidiary	eClerx Limited	eClerx LLC	eClerx Private Limited	eClerx Investments Limited	Agilyst Inc. (W.e.f. May 5,2012)	Agilyst Consulting Private Limited (W.e.f. May 5,2012)
Financial Period ended	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
Holding Company's interest(in equity shares)	100%	100%	100%	100%	*100%	**100%
Shares held by the Holding Company in the subsidiary	100	100	1	^1,68,19,323	1,000,000	10,000
The net aggregate of profits or losses of the subsidiary for the current period so far as it concerns the members of the holding Company.						
a. dealt with or provided for the account of the holding Company.	-	-	-	-		
b. not dealt with or provided for in the accounts of the Holding Company.	18.53	12.76	4.90	33.47	111.95	50.34
The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding Company.						
a. dealt with or provided for in the account of the holding Company.	-	-	-	-	-	-
b. not dealt with or provided for in the accounts of the holding Company.	13.50	7.21	4.78	(1.05)	-	-
Issued and Subscribed share capital	0.01	0.01	0.01	1,384.57	1.59	0.10
Reserves	62.78	44.34	12.55	(95.73)	40.78	125.36
Total Assets	120.01	125.00	21.66	1,288.84	142.20	239.63
Total Liabilities	57.22	80.65	9.10	-	99.83	114.17
Investment other than investment in subsidiaries						
Turnover	362.66	520.19	64.70	-	837.15	563.34
Profit/(Loss) before Tax	24.88	23.05	5.11	33.47	118.21	73.49
Provision for tax	6.35	10.29	0.21	-	6.25	23.15
Profit/(Loss) after Taxation	18.53	12.76	4.90	33.47	111.95	50.34
Proposed dividend	-	-	-	-		

* Held by eClerx Investments Limited

** Held by Agilyst Inc.

^ Out of which 11,000,000 are Optionally Convertible Redeemable Preference Shares

Notice

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of eClerx Services Limited ('the Company') will be held on Thursday, August 22, 2013 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, 2013, the Statement of Profit & Loss 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, 2013.

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 Biren Gabhawala, 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 appointed as the Statutory Auditors of the Company for the financial year 2013-14, 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 **Special Resolution**:-

   Amendment(s) to ESOP Plan(s)/Scheme(s) of the Company with regards to removal/deletion of Clauses permitting the Employee Welfare Trust (ESOP trust) to acquire the securities of the Company from Secondary Market.

   "**RESOLVED THAT** in partial modification to the earlier special resolution No. 9 passed by the members at the Ninth Annual General Meeting of the Company held on August 26, 2009 and special resolution No. 9 & 10 passed at Eleventh Annual General Meeting held on August 24, 2011, and any other resolution(s), if any passed in this behalf and pursuant to the SEBI Circular No. CIR/CFD/DIL/3/2013 dated January 17, 2013 and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and subject to such other approvals, permissions and sanctions 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 make amendments to all existing ESOP Scheme(s)/Plan(s) of the Company, *inter-alia*, including Employee Stock Option Plan 2005 ('ESOP 2005'), Employee Stock Option Scheme 2008 ('ESOP 2008') and Employee Stock Option Scheme 2011 ('ESOP 2011'), to remove/delete the clause(s) permitting the Employee Welfare Trust(s) (ESOP Trust(s)) to acquire the securities of the Company from secondary market, including but not limited to the clauses set out below, so as to make these Scheme / Plans compliant with Securities & Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase) Guidelines, 1999 amended till date:

a) ESOP 2005 - sub clause (ii) of main clause 4.2 be deleted and accordingly the existing sub clauses of the said main clause be renumbered.

b) ESOP 2008 - sub clause (ii) of main clause 4.1 be deleted and accordingly the existing sub clauses of the said main clause be renumbered.

c) ESOP 2011 - clause 8.4 and 15.2 be suitably amended and rest of the clauses be renumbered accordingly.

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.

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."

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

Amendment(s) to Employee Stock Option Scheme 2008 (ESOP 2008) to incorporate the clause(s) pertaining to implication upon delayed/ non-payment of exercise and/or tax money.

RESOLVED THAT pursuant to the provisions, of the Companies Act, 1956 ('the Act') if any, (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 subject to such other approvals, permissions and sanctions 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 make amendments to ESOP 2008 by inserting the following sub clause(s) numbered as b) under main Clause 7 and accordingly all other existing sub clauses b), c) and d) will be renumbered as c), d) and e) respectively:

b) Implications upon delayed or non-payment of exercise or tax money:

i) Case where there is delayed payment:

1. The very first instance of delayed payment will be entertained for allotment provided the applicant pays off the underlying exercise and tax money within 7 days of the cut-off date, which the applicant was supposed to pay. The allotment will be made post receipt of payment within aforesaid time-limit, and as per the available allotment cycle.

2. The second such instance will result into the said exercise getting cancelled and 3 months debar from further exercise of options. However the options underlying such exercise will remain valid and live and may be exercised later. In case the said 3 months go beyond March, in which the exercise period is expiring for such options, the applicant would be allowed an opportunity to pay off by respective March or such other date as decided by the Board, which shall be final and binding, and have the shares allotted, subsequently.

3. In the third such instance of delayed payment, the underlying options for that particular exercise of options will be forfeited and cancelled. The money if paid, post said time-limit, will be refunded back.

ii) Case where there is no payment (Payment beyond 7 days of the applicable cut-off date will be considered as no payment):

1. The first such instance will result into the said exercise getting cancelled and 3 months debar from further exercise of options. However, the options underlying such exercise will remain valid and live and may be exercised later. In case the said 3 months go beyond March, in which the exercise period is expiring for such options, the applicant would be allowed an opportunity to pay off by respective March or such other date as decided by the Board, which shall be final and binding, and have the shares allotted, subsequently.

2. In the second such instance of delayed payment, the underlying options for that particular exercise of options will be forfeited and cancelled.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make modifications, changes, variations, alterations or revisions in the said ESOP 2008 as it may deem fit, from time to time, as well as to design, modify and keep updating a process around aforesaid terms pertaining to delayed/non-payment of exercise and/or tax money by the employee(s) of the Company and that of its subsidiaries and/or as set out under the respective scheme(s), as the Board in its sole and absolute discretion considers necessary, 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.

RESOLVED FURTHER THAT the Board be and is hereby further authorised to make exception to these rule(s) in a genuine case, if and when it deems fit, in the larger interest of the applicant and the spirit of ESOP programs 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 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.”

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

Amendment(s) to Employee Stock Option Scheme 2011 (ESOP 2011) to incorporate the clause(s) pertaining to implication upon delayed/ non-payment of exercise and/or tax money.

RESOLVED THAT pursuant to the provisions , of the Companies Act, 1956 (‘the Act’) if any, (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 subject to such other approvals, permissions and sanctions 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 make amendments to ESOP 2011 by inserting the following sub clause(s) numbered as 7.2 under main Clause 7 and accordingly the existing sub clauses 7.2 will be renumbered as 7.3:

7.2 Implications upon delayed or non- payment of exercise or tax money:

i) Case where there is delayed payment:

1. The very first instance of delayed payment will be entertained for allotment provided the applicant pays off the underlying exercise and tax money within 7 days of the cut-off date which the applicant was supposed to pay. The allotment will be made post receipt of payment within aforesaid time-limit, and as per the available allotment cycle.
2. The second such instance will result into the said exercise getting cancelled and 3 months debar from further exercise of options. However the options underlying such exercise will remain valid and live and may be exercised later. In case the said 3 months go beyond March, in which the exercise period is expiring for such options, the applicant would be allowed an opportunity to pay off by respective March or such other date as decided by the Board, which shall be final and binding, and have the shares allotted, subsequently.
3. In the third such instance of delayed payment, the underlying options for that particular exercise of options will be forfeited and cancelled. The money if paid, post said time-limit, will be refunded back.

ii) Case where there is no payment. (Payment beyond 7 days of the applicable cut-off date will be considered as no payment):

1. The first such instance will result into the said exercise getting cancelled and 3 months debar from further exercise of options. However the options underlying such exercise will remain valid and live and may be exercised later. In case the said 3 months go beyond March, in which the exercise period is expiring for such options, the applicant would be allowed an opportunity to pay off by respective March or such other date as decided by the Board, which shall be final and binding, and have the shares allotted, subsequently.
2. In the second such instance of delayed payment, the underlying options for that particular exercise of options will be forfeited and cancelled.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make modifications, changes, variations, alterations or revisions in the said ESOP 2011 as it may deem fit, from time to time, as well as to design, modify and keep updating a process around aforesaid terms pertaining to delayed/non-payment of exercise and/or tax money by the employee(s) of the Company and that of its subsidiaries and/or as set out under the respective scheme(s), as the Board in its sole and absolute discretion considers necessary, 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.

RESOLVED FURTHER THAT the Board be and is hereby further authorised to make exception to these rule(s) in a genuine case, if and when it deems fit, in the larger interest of the applicant and the spirit of ESOP programs 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 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."

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

Amendment(s) to Employee Stock Option Scheme 2011 (ESOP 2011) to increase number of options which can be granted under ESOP 2011 to the employees of the Company

"**RESOLVED THAT** in partial modification to the earlier special resolution(s) passed by the members in the Annual General Meeting held on August 24, 2011 and pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines") and subject to such other approvals, permissions and sanctions 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 for increasing number of options which may be granted under ESOP 2011, from 1,600,000 to 2,600,000 to be granted in one or more tranches, to the employees of the Company, on such terms and conditions, as may be fixed or determined by 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), in accordance with the provisions of the law or guidelines issued by the relevant Authority; 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 consent of the Company be and is hereby accorded to the Board 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.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue(s), bonus issue(s), share split(s), 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 2,600,000 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 employee stock option scheme and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the securities may be allotted in accordance with ESOP 2011 either directly and/ or through a trust which may be set up and/or in any other permissible manner and that financial assistance may be provided to the trust/such other mechanism, as permitted.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the securities allotted under ESOP 2011 on the Stock Exchanges, where the securities 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 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 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, the same will be recovered from the employee, by the methods as prescribed by the Board 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."

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

Amendment(s) to Employee Stock Option Scheme 2011 (ESOP 2011) to increase number of options which can be granted under ESOP 2011 to the employees of the subsidiaries of the Company

"RESOLVED THAT in partial modification to the earlier special resolution(s) passed by the members at its Annual General Meeting held on August 24, 2011, and pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines") and subject to such other approvals, permissions and sanctions 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, 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, options exercisable into shares or securities convertible into equity shares within the limit mentioned in item No. 9 i.e 2,600,000 equity shares of the Company under ESOP 2011, 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 law or guidelines issued by the relevant Authority; 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 in case of any corporate action(s) such as rights issue(s), bonus issue(s), share split(s), 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 2,600,000 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 the securities may be allotted in accordance with ESOP 2011 either directly and/ or through a trust which may be set up and/or in any other permissible manner and that financial assistance may be provided to enable the trust/such other mechanism, as permitted.

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 ESOP 2011 on the Stock Exchanges, where the securities 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 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 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, the same will be recovered from such person, by the methods as prescribed by the Board and as permissible under the law.

RESOLVED FURTHER THAT for the purpose of giving 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."

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

Payment of remuneration by way of commission to Non-Executive Independent Directors of the Company.

"RESOLVED THAT pursuant to section 198 and 309 and all other applicable provisions, if any, of

Companies Act, 1956, (including any amendment or re-enactment thereof), and the laws prevailing for the time being and subject to the approval of the Central Government, if required, and such alterations and modifications, if any, that may be effected pursuant to any change in policies, Acts or Laws, guidelines, rules and regulations relating to Managerial Remuneration or in response to any application(s) for review and reconsideration submitted by the Company in that behalf to the concerned authorities, if any, the consent of the Company, be and is hereby accorded to the Board of directors of the Company (hereinafter referred as 'the Board' which term shall be deemed to include any Committee, including any Committee, which the Board has constituted to exercise its powers, including the powers conferred by this resolution), for making payment of remuneration by way of commission to Non-Executive Independent Directors of the Company, an aggregate sum not exceeding 1% of net profit of the Company for the respective financial year, as calculated, *inter-alia*, in accordance with the provisions of section 198 of the Act, subject to a limit of Rs.12 Lacs p.a. per Non-Executive Independent Director in addition to the fee payable to them for attending the meetings of Board of directors of the Company or any committee(s) thereof, besides reimbursement of actual expenses for attending the same, as permitted.

RESOLVED FURTHER THAT subject to the provisions of the Companies Act, 1956 and / or any other rules, regulations and legislations present and future as are / may become applicable, the Board be and is hereby authorised to define the process and periodicity pertaining to such payment provided the total aggregate remuneration to the Non-Executive Independent Directors will not exceed the limits as aforesaid for the respective financial year in conformity with the provisions of the rules, regulations, legislations, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.

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."

12. 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 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 Company's Equity shares are listed and the rules/regulations/guidelines, notifications, circulars and clarifications, 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 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), corporate body(ies), mutual fund(s), bank(s), insurance company(ies), pension fund(s), trust(s), stabilizing agent(s), or otherwise, whether shareholders of the Company or not, and Eligible Securities to Qualified Institutional Buyers 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 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 terms and conditions including security, rate of interest, etc. through a prospectus, placement document or an offering memorandum, as per the terms and conditions 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 investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary.

RESOLVED FURTHER THAT in case of an issuance of FCCBs/ADRs/GDRs, 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 Companies Act, 1956 (including any amendments thereto or re-enactment thereof), and the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”), as amended and the provisions of the Foreign Exchange Management Act, 2000 (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 convertible into Equity Shares 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 Buyers (as defined by the SEBI ICDR Regulations) pursuant to a Qualified Institutional Placement, as provided under Chapter VIII of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT in case of a Qualified Institutional Placement pursuant to Chapter VIII of the SEBI ICDR Regulations, the allotment of securities shall only be to Qualified Institutional Buyers 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 as may be amended from time to time.

RESOLVED FURTHER THAT subject to the applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of the SEBI ICDR Regulations 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 equity linked instruments for a value up to the amount of Rs. 3000 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 features and attributes 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 the 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 capitalization of its profits or reserves prior to the conversion of the convertible securities into Equity Shares, the number of 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 a 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 increased 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-organization, 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 right so as to dividend which shall be as provided under the terms of the issue and in the offering documents, as may be permitted under law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint Lead 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, etc., with such agencies and also to seek the listing of such Securities on one or more National and International Stock Exchange(s).

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 exchanges in India and/or abroad as the Board, in its absolute discretion may deem fit and as permitted under the relevant rules, regulation and guidelines, as 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 sign all 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 power to delegate to any Officer of the Company."

By Order of the Board
For eClerx Services Ltd

Gaurav Tongia
Company Secretary

Place: Mumbai
Date: July 9, 2013

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 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 Friday, August 16, 2013 to Thursday, August 22, 2013 (both days inclusive).

3. Pursuant to Clause 49(IV)(G)(i) of the Listing Agreement entered with the Stock Exchanges, brief profiles of the Directors who are proposed to be re-appointed are included as annexed to this Annual Report.

4. The certificate from the Auditors of the Company certifying that the Company's Employee Stock Option Scheme(s) / Plan(s) 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.

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

6. Statutory Registers maintained pursuant to the provisions of the Companies Act, 1956, will be accordingly available for inspection by the Members at the Annual General Meeting.

7. Members are requested to:

   a. produce the duly filled-in attendance slip, which shall also be made available at the entrance of the meeting hall;

   b. 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; and

   c. immediately intimate change of address, if any, to the Registrar and Transfer Agent quoting reference of their registered folio number.

8. Dividend as recommended by the Board of Directors, if declared at the meeting, shall be paid to the shareholders on or after Tuesday, August 27, 2013, whose names appear on the Register of Members of the Company as per the book closure fixed for the purpose. In case of shares held in dematerialised form, the dividend thereon shall be paid to the beneficial owners, as per list provided by the Depositories for the said purpose.

9. Members who wish to claim their dividends declared in past and which remains unclaimed, are requested to contact Registrar and Share Transfer Agent (RTA) of the Company viz., Karvy Computershare Private Limited, Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500081 or write to the Company at its Registered Office. Members are requested to note that, pursuant to Section 205A of the Companies Act, 1956 dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to Investor Education and Protection Fund.

10. In case the shares are held in physical form, 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, 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 Members well in time. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.

11. Members are requested to furnish to the RTA/ 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.

12. Members are entitled to make nomination in respect of the shares held by them in physical form. Members desirous of making nominations may approach the RTA of the Company.

Annexure to Notice

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

Item No. 6

SEBI vide its Circular CIR/CFD/DIL/3/2013 dated January 17, 2013 amended SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in respect of Trust Route under ESOP Plan(s)/Scheme(s), providing as below:

- It has been decided to prohibit the listed entities from framing any employee benefit schemes involving acquisition of own securities from the secondary market.
- In respect of those companies, which have already framed and implemented before the date of this Circular any employee benefit schemes involving dealing in the securities of the Company, which are not in accordance with SEBI (ESOS and ESPS) Guidelines, it has been decided that:-
    - (i) such companies will be required to inform the details of their schemes to the Stock Exchanges within 30 days from date of this circular, in the prescribed format and to disseminate the said information on their website.
    - (ii) such companies shall align any existing employee benefit schemes with SEBI (ESOS and ESPS) Guidelines on or before June 30, 2013.*

** SEBI vide its circular No. CFD/DIL/7/2013, DATED 13-5-2013 extended the time-line for aligning the existing schemes, from June 30, 2013 to December 31, 2013.*

ESOP Plan(s)/Scheme(s) of the Company contain enabling clause(s), as was permitted under the then extant regulations, allowing the Company to set up ESOP Trust to purchase shares from open market. However the Company doesn't have any ESOP Trust in place as on date. Furthermore, no such trust has dealt in Company's securities in the secondary markets, at any time.

Thus in order to comply with the aforesaid Circular, the Board of Directors of the Company approved amendment(s) to the ESOP Schemes / Plans of the Company and recommended the same for shareholders' approval. The shareholders approval is thus being sought for removing the clauses pertaining to ESOP Trust/ESOS Trust/ Employee Welfare Trust, involving acquisition of its own securities from the secondary market.

The other terms and conditions of the existing ESOP Schemes viz. ESOP 2005, ESOP 2008 and ESOP 2011 would remain the same as envisaged in the respective ESOP Scheme(s) and earlier approved by the shareholders of the Company, amended from time to time.

The Board recommends the passing of the Resolution set out at item No. 6 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 may be offered to them under the scheme(s).

Item No. 7 & 8

The ESOP Schemes (ESOP 2008 & ESOP 2011) of the Company are silent on implications upon delayed payment of exercise and tax money by the employee(s) concerned, wherein the employee post exercise makes delayed payment of exercise and/or tax money or does not pay the same for indefinite period as against the applicable cut off dates. It may become unduly advantageous to such employee in case of rising share price as otherwise a higher share price would have meant higher tax obligation upon the employee. It may also be disadvantageous to larger set of employees' interests wherein they are denied allotment in a particular cycle as their money was received late by say only one day.

In view of the above and in the larger interest of employees, Remuneration Committee and Board of Directors of the Company, accorded its consent for seeking shareholders approval and authorisation for making amendments to ESOP Schemes to incorporate clauses pertaining to the implication upon delayed / non payment of exercise and tax money.

The other terms and conditions of the ESOP Schemes viz. ESOP 2008 and ESOP 2011 would remain the same as envisaged in the respective ESOP Scheme(s) and earlier approved by the shareholders of the Company, as amended from time to time.

The Board recommends the passing of the Resolution set out at item No. 7 & 8 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 may be offered to them under the scheme(s).

Item No. 9 & 10

The Company instituted the Employee Stock Option Scheme 2011 ("ESOP 2011") in the year 2011. The Scheme was duly approved by the members of the Company in the Annual General Meeting held on August 23, 2011. ESOP 2011 provides for the issue of 1,600,000 (One Million Six Hundred Thousand) options convertible into equity shares to be granted to eligible employees of the Company and its subsidiaries. A total of 1,257,741 options have been granted till date, under ESOP 2011.

The Company appreciates the critical role of its personnel in the organizational 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 24, 2013, considered the proposal for amendment of ESOP 2011 so as to increase the number of options that may be granted under the Scheme from 1,600,000 (One Million Six Hundred Thousand) to 2,600,000 (Two Million six Hundred Thousand), As a result of the same, additional 1,000,000 (One Million) options would be available for being granted to eligible employees of the Company and its subsidiaries under ESOP 2011. Each option when exercised would be converted into one equity share of Rs. 10 each fully paid-up.

The Board recommends the passing of the Resolution set out at item No. 9 & 10 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 may be offered to them under the scheme.

Item No. 11

Non-Executive Independent Director of your Company are not paid any remuneration except the sitting fees for attending Board and committee meetings.

The Board of your Company comprises of Qualified and Professional Non-Executive Independent Directors. The Board is of view that, it is necessary that adequate compensation should be given to Non-Executive Independent Directors for their valuable time, efforts and guidance as also to retain pool of experience, diversity and talent for the growth of the Company.

It is therefore proposed that Non-Executive Independent Directors be paid remuneration by way of commission, in aggregate, not exceeding 1% of the net profit of the Company for the respective financial year, computed, *inter-alia*, in accordance with section 198 of the Companies Act, 1956, subject to a limit of Rs. 12 Lacs p.a. per Non-Executive Independent Director. The said limit of Rs. 12 Lacs p.a. is the upper ceiling and the Board of Directors (including any committee thereof) based on the performance of the Company will decide the actual amount payable to the Non-Executive Independent Directors in terms of commission, which may not necessarily be Rs.12 Lacs p.a. but may even be lower than that.

Section 309(4) of the Companies Act, 1956 requires that Special Resolution to be passed by the members of the Company in General Meeting for a payment of remuneration by way of commission to Non-Executive Independent Director.

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

All the Non-Executive Independent Directors of the Company shall be deemed to be interested in Special Resolution to the extent of the commission which may be received by them in pursuance hereof.

Item No. 12

The Company has grown into a more than Rs. 6600 million entity within a span of little over 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.

While it is envisaged that the internal generation of funds 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. 12 of the Notice.

In view of the performance of the Company and 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 Securities as set out in the resolution and/or a mix thereof 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. 12 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. 12 of the Notice by way of Qualified Institutional Placement(s), it will be ensured that:-

- 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;
- 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 or such other time, as permitted;

- 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

- 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 and/or any other relevant regulations/guidelines 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, vide resolution passed at the Eleventh Annual General Meeting of the Company held on August 24, 2011.

Regulation 88 of SEBI ICDR Regulations 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. Shareholders of the Company at its Eleventh Annual General held on August 24, 2011 had approved the Special Resolution for Raising the Long Term Financial Resources the said time-limit of 12 months expired on August 23, 2012. It is therefore proposed to seek fresh enabling authorisation from the shareholders of the Company at this Thirteenth Annual General Meeting for a period of 12 months from the date of the Annual General Meeting. The Company would 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

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.

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. 12 for the approval of the members.

By Order of the Board
For eClerx Services Ltd

Gaurav Tongia
Company Secretary

Place: Mumbai
Date: July 9, 2013

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

Annexure

Information regarding Directors seeking re-appointment at the Thirteenth Annual General Meeting (Pursuant to Clause 49 of Listing Agreement entered into by the Company with Stock Exchanges)

Item Nos. 3 and 4

Name	Anjan Malik	Biren Gabhawala
Profession	Business Executive	Practicing Chartered Accountant
Qualification	Bachelors Degree in Physics, with honours from the Imperial College of Science and Technology, London (UK) and he holds a Masters of Business Administration degree in Finance from the Wharton School of Pennsylvania (USA)	Bachelor's degree in Commerce from University of Mumbai, Chartered Accountant from the Institute of Chartered Accountants of India.
Expertise in specific functional area	He is Executive Director of on-shore subsidiaries of the Company. He has over 21 years of experience in investment banking, global market sales and trading, consulting and technology consulting. Prior to his involvement to eClerx, Anjan Malik ran the Credit Rating Department for Lehman Brothers in London and prior to Lehman, he worked in Europe as a senior consultant with Accenture's capital market's practice.	He is a qualified Chartered Accountant and fellow member of Institute of Chartered Accountants of India. He is into practice for last 26 years. 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.
Directorships held in other Companies	• eClerx LLC • eClerx Limited • eClerx Private Limited • Agilyst Inc.	NIL
Memberships held in committees of the Board of other Companies	-	-
Shares held in the Company as on the date of Notice	7,922,250	NIL

eClerx Services Limited

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

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 Thirteenth Annual General Meeting of the Company to be held on Thursday, August 22, 2013 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 ....2013.

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.

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.

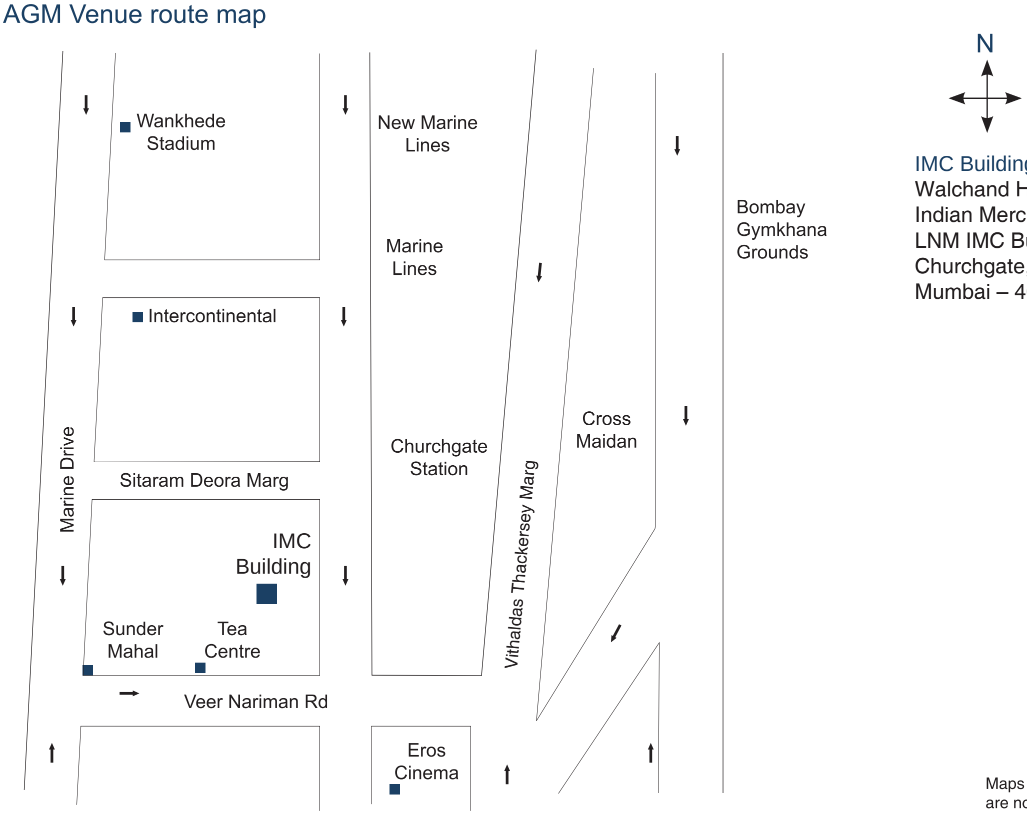
Thirteenth Annual General Meeting of the Company to be held on Thursday, August 22, 2013 at 10:15 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020.

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 Building
Walchand Hirachand Hall,
Indian Merchants' Chamber,
LNM IMC Building,
Churchgate,
Mumbai – 400020

Maps in this Annual Report are not necessarily 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
precise processes | passionate people

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

eClerx Services Limited
Regd Office : Sonawala Building, 1st Floor
29 Bank Street, Fort, Mumbai, 400 023 India
Phone: +91-22-40941000;
Website : www. eclerx.com

FORM A

Sr. No.	Particulars	Remarks
1	Name of the Company	eClerx Services Limited
2	Annual financial statements for the year ended	March 31, 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable

For **eClerx Services Limited**

P.D. Mundhra
Executive Director

For **eClerx Services Limited**

Biren Gabhawala
Director and Chairman of the Audit Committee

For **eClerx Services Limited**

Rohitash Gupta
Chief Financial Officer

eClerx Services Limited Mumbai

For Walker, Chandiok and Co
Chartered Accountants

Amyn Jassani
Partner

WALKER, CHANDIOK & CO MUMBAI CHARTERED ACCOUNTANTS