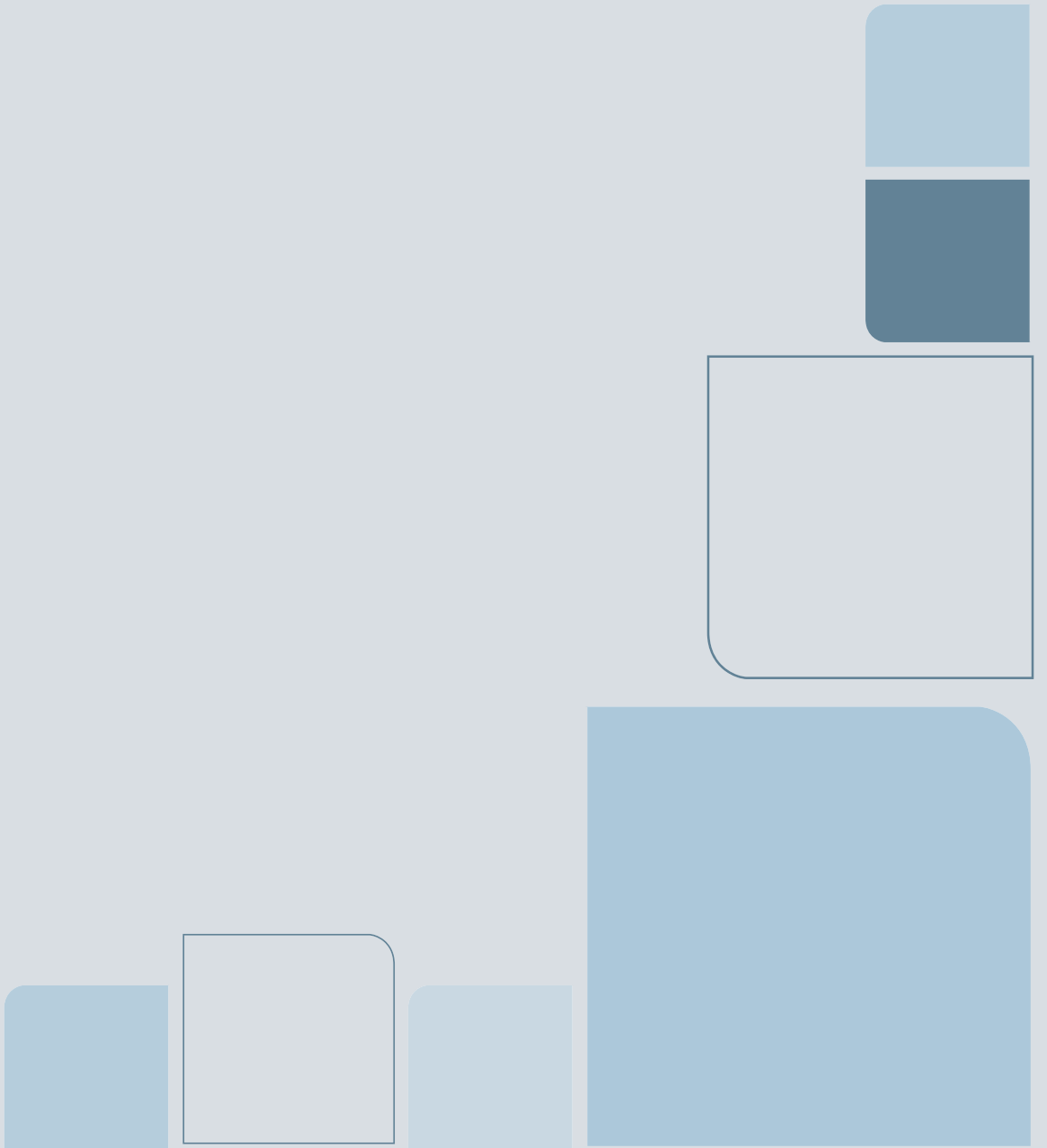




precise processes | passionate people

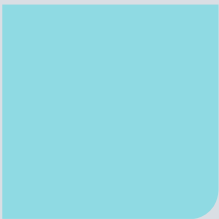
eClerx Services Limited | Annual Report 2011-12





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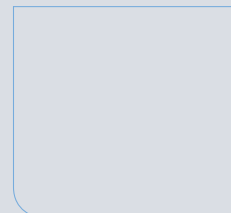
About eClerx

Who We Are

Incorporated in 2000, eClerx Services Limited (eClerx) is a Knowledge Process Outsourcing Company providing Data Analytics and Customized Process Solutions to global enterprise clients. eClerx supports core and complex activities for its clients using proprietary processes and a scalable offshore delivery model.

In May 2012, we acquired Agilyst Inc, a niche operational and analytics company focused on the U.S. media and telecom industry. In July 2007 we had acquired Igentica Group which introduced the Company to a client base of global corporation in travel and hospitality industry and strengthened the Company's presence in Western Europe.

eClerx equity shares are listed on the Bombay Stock Exchange and the National Stock Exchange of India. As on March 31, 2012 the market capitalization of the Company was Rs. 21,338 million.

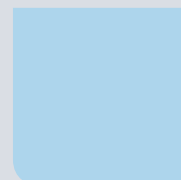
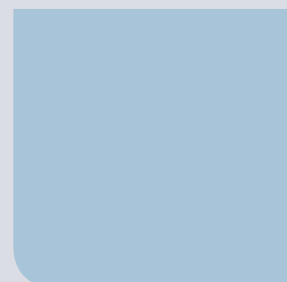


What We Do

The Company supports critical processes for more than 50 clients that include global leaders in Financial Services, Manufacturing, Retail, Media, Travel and Hospitality. About 97% of our revenues come from Fortune 500 or Financial Times 500 clients.

Financial Services

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





Our Services

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

Sales and Marketing Services

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

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



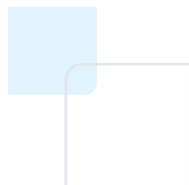


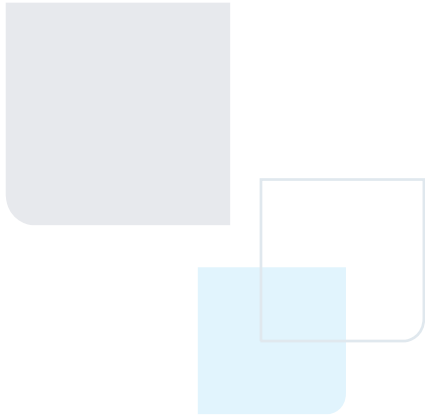
How We Operate

eClerx currently employs about 5500 people across five state-of-the-art delivery centres in India.

We have sales and marketing set-up across Europe, North America and Singapore.

CORPORATE OFFICE	DELIVERY CENTRES	
Indiabulls Finance Center, 1102, Tower 2, 11th Floor, 612/613, S.B. Marg, Elphinstone Road (West), Mumbai – 400013	301, 3rd Floor, Raheja Plaza 1, L.B.S. Road, Ghatkopar (West), Mumbai – 400086	202, Ashok Silk Mills Compound, Opp Damodar Park, L.B.S. Road, Ghatkopar (West), Mumbai – 400086
Building No. 14, K Raheja Mindspace, Plot No. 3, TTC Industrial Area, Thane Belapur Road, Airoli, Navi Mumbai – 400708	Block # 01, 5th Floor, Quadron Business Park, Rajiv Gandhi Infotech Park, Hinjewadi Phase-II, Pune – 411057	2nd Floor, Tower A & B, Rajiv Gandhi Chandigarh Technology Park, Kishangarh, Chandigarh – 160101
SALES OFFICES		
UNITED STATES	UNITED KINGDOM	SINGAPORE
295 Madison Avenue, Suite 1830, New York, NY – 10017 1055 Westlakes Drive, Suite 300 Berwyn, PA – 19312	19 Berkeley Street, 6th Floor, London, W1J 8ED, United Kingdom	1 North Bridge Road, #23-01, High Street Centre Singapore – 179094





■ Delivery Centre ■ Sales Office



Organized training on Computer fundamentals for students of Sri Sri Ravi Shankar Vidya Mandir School (SSRVM), Dharavi in eClerx facility.



Organized a Christmas fun and frolic event for the students of SSRVM, Dharavi.

A 75-member team of eClerx employees participated in the Mumbai marathon pledging their support to the cause of Child Rights and Education.



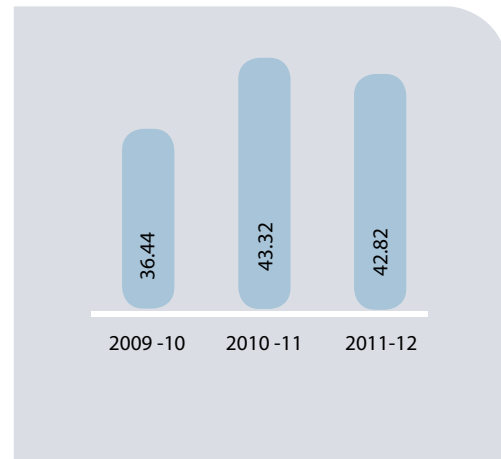
People's Rural Education Movement (PREM) run by CRY in Melghat, Maharashtra wherein 28 villages were covered under this initiative.

Financial Highlights

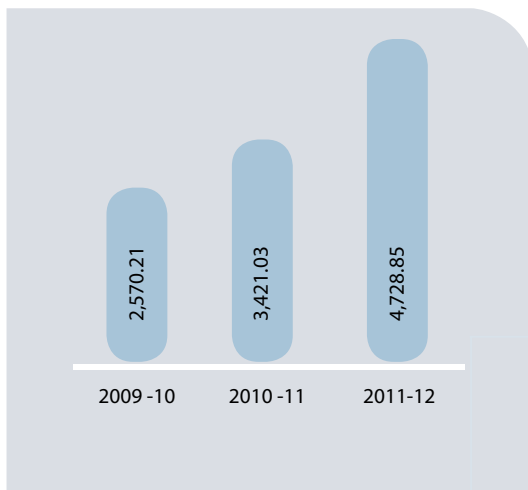
(Rupees in million)

Particulars	2009-10	2010-11	2011-12
Net Sales / Income from Operations	2,570.21	3,421.03	4,728.85
Earnings Before Interest, Depreciation, Taxes and Amortization (EBIDTA)	898.09	1,585.94	2,120.38
Exceptional Items	-	102.74	-
Tax Expenses	92.78	167.56	393.77
Profit After Tax (PAT)	735.37	1,224.39	1,597.73
Equity Share Capital	190.31	288.54	290.57
Earnings Per Share (In Rs.)			
- Basic EPS	25.82	42.65	55.14
- Diluted EPS	24.76	40.68	52.99

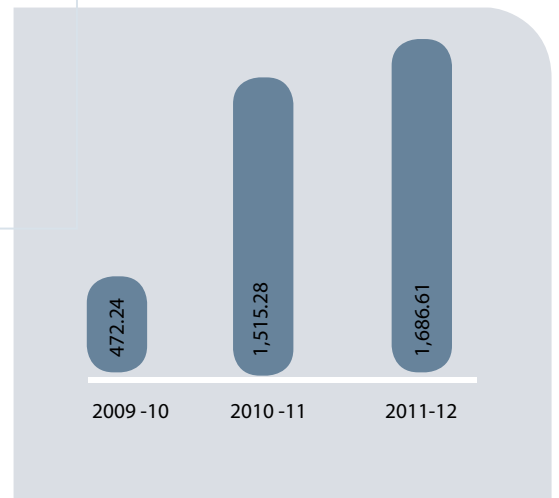
EBIDTA (%)



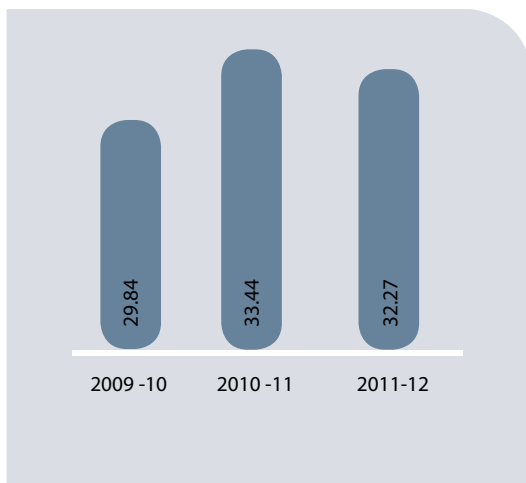
Operating Revenue (Rs. mn)



Cash and Cash Equivalent (Rs. mn)



Net Profit Margin (%)



Chairman's Message

Dear Shareowners,

Financial Year 2012 was a year of two halves. We experienced strong growth in the first half, but macro headwinds across our customer markets – the euro crisis, slowing global growth, increasing unemployment - impacted our second half, resulting in much slower growth.

We increased our US Dollar revenues by 29% and profitability by 30% in FY12, when compared to FY11. Most notably, we ended with USD revenues of just under 100 million, or INR 500 crores, a very notable achievement given our short time in existence as a company. This was our fourth year as a publicly listed company and we are almost 4 times larger today than what we were when we went public. You would agree, that is a very strong performance in the face of continuing uncertainty in our client markets.

This year also saw us acquire Agilyst Inc, a US company providing operations and data analysis support to some of the largest cable and telecommunication companies in the world. We are very excited about this acquisition as it provides us access to new customers and services and reduces our reliance on our existing large customers. The Agilyst business model is also very similar to ours and so we see many business synergies, including opportunities for cross-selling services across our combined customer base. The acquisition also adds delivery capability in Chandigarh – now our third location after Mumbai and Pune in India, and brings an additional 1,000 people into the eClerx family.

The common themes across all our clients this year have been those of cost reduction and improved return on spend. We have continued to see headcount reduction and cuts in discretionary spend at clients and a simultaneous increase in spend aimed at meeting regulatory requirements and at automation initiatives, including online and ecommerce. In response, we have continued our investments in further developing new services and improving existing ones in order to remain competitive

and highly relevant to our clients. As our customers have faced increasingly uncertain operating environments and greater complexity, we have been deepening our domain knowledge by further strengthening our on-shore client facing teams to be able to partner with our clients more effectively to help them meet their business goals. As a result, we have continued deepening our footprint at our large clients and we continue to see increased demand from our newer clients.

I am also happy to report that customer satisfaction in our work continues to be high and this manifests in the high renewal rate of our long term engagements and the high proportion of repeat business in our growth. This increased reliance by our clients on us is a true vote of confidence in our service quality and reliability as a service partner.

To ensure that our services continue to be relevant, important and attractive to our clients, we have continued our investment in our people. We exited the year with 4,405 people on payroll and we added to our investment in training and career development by expanding the coverage of our curriculum for imparting critical industry, product and process training. Our people and our training programs continue to be the envy of our clients and competitors and the key ingredient of our success.

Our focus on technology is a key and strategic differentiator from other competitors and our client's own offshore captive organizations. Automation and process reengineering has helped us simplify business processes and to improve efficiency and productivity, allowing us to present our clients with year on year cost savings and service improvements. In an



environment of great cost pressure and business uncertainty, such an approach to problem solving has helped us develop greater trust and closeness to customers.

This year, we successfully conducted our first SAS 70 Type II audit for operational control and I am again happy to report that that we passed with flying colors. In addition, we renewed our ISO 27001 certification for information Security and CMMI Level 3 for Software Services. These certifications help us benchmark our services to industry best practices and also give our clients peace of mind about the soundness of the organization that manages core processes for them.

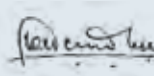
In 2011, eClerx was selected by Forbes in its '200 Best Under a Billion' list – a list of Asia-Pacific's top 200 small to medium public companies under a billion dollars in revenue, selected from 25,000 eligible companies – and won India's Most Admired Knowledge Enterprise (MAKE) Award in recognition of its market leading knowledge management practices, after being a runner up the previous two years. The Company was named in Top 10 by income and Top 14 by employee count in D&B 2011 annual 'India's Top ITES and BPO Companies' besides being titled as an 'Emerging IT Company in India' at the Bloomberg CXO Awards 2011. eClerx was also named in Inc. 500 as among India's 500 fastest growing mid-sized companies for the second consecutive year. Moreover the Company was rated as Best Overall Mid-Cap Company in Finance Asia's 2011 Investor and Analyst survey and won the Global HR Excellence Award in 2012 for 'Organisation with Innovative HR Practices'. eClerx was also included in S&P CNX 500.

Our philanthropic initiative – eClerx Cares – has also grown. eClerx Cares has a mandate to partner with charities aimed at improving the livelihood and education of children – as a people business providing employment to many young

people, this is a cause particularly close to our hearts. Each year, we dedicate a percentage of our net income to this foundation that is managed by our senior managers and this year we made some notable progress. We partnered with a number of charitable organizations such as Child Rights and You, Nanhi Kali, Snehalaya, SSRVM, Aseema and sponsored numerous events aimed at bringing support, learning and joy to the lives of underprivileged children. For instance, with the CRY-PREM project reaching out to 30 villages in the Melghat region, eClerx' contribution positively impacted the childhood of over 7,000+ children with overall malnutrition rate declining each year. The CRY-PREM project ensured 100% enrollment of children in school. With the Nanhi Kali alliance in the Sheopur district in Chambal region where female literacy rates are at a dismal low, eClerx contributions helped ensure 100% enrollment of young girls in school and 0% drop-outs. We also contributed around 200 computers to needy institutes to help them set up computer labs that will be used by the younger generation of today. I am happy to say that the eClerx Cares initiative has been a great success, with many of our employees volunteering time at events and also contributing in payroll giving programs to give back to the society that has helped their success.

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

Sincerely



V. K. Mundhra
Chairman

Board Of Directors

V. K. Mundhra, Chairman

Mr. V.K. Mundhra, 68 years, is the Chairman of the Company. He joined the Company in March, 2000. He holds a bachelor's degree in commerce from St. Xavier's College, Calcutta. Mr. Mundhra has over 35 years of varied business experience having successfully run and looked after large scale manufacturing units in the field of steel, engineering and chemicals. During the 1960s and 1970s, he was a director of Turner Morrison and Company Limited, which had several large manufacturing and industrial units under its fold such as Shalimar Tar Products Limited, Lodna Colliery Company Limited, Angelo Brothers Limited, Shalimar Works Limited etc and was actively associated in their management. During the 1970s, he managed Globe Motors Limited, Delhi which had a steel division by the name of Globe Steel and an auto component clutch manufacturing unit called Luk Auto Ancillary India Limited. He converted Globe Steel from a mild steel manufacturing unit to an alloy steel manufacturing unit when they were hardly any such units in the private sector.

PD Mundhra, Executive Director

Mr. PD Mundhra, 39 years, is the Executive Director of eClerx Services Limited. Mundhra has over 18 years experience in the manufacturing and financial service industries, ten years in capital market and the KPO / BPO sector. Mundhra brings with him a wealth of experience from his tenures in Lehman Brothers' investment banking division and the corporate treasury at Citibank. Prior to his finance experience, he ran a number of entrepreneurial ventures including setting up a joint venture with Amco Veba of Italy for manufacturing and marketing mobile cranes in India, and a consumer products packaging plant for Unilever. He holds a Master of Business Administration degree in finance from The Wharton School, University of Pennsylvania (USA) and a Bachelors of Commerce from St. Xavier's College, Calcutta (India).

**Anjan Malik,
Director**

Mr. Anjan Malik, 42 years, is a Director of eClerx Services Limited and the Executive Director of its on-shore subsidiaries. He has over 20 years experience in investment banking, global markets sales and trading, consulting and technology consulting. His last 10 years have been devoted to the KPO / BPO sector. Prior to his involvement with eClerx, Anjan ran the credit trading department for Lehman Brothers in London and Prior to Lehman, he worked in Europe as a senior consultant with Accenture's capital markets practice. Anjan holds a Masters of Business Administration degree in finance from The Wharton School, University of Pennsylvania (USA) and a first class Bachelors of Science degree in Physics, with honors, from the Imperial College of Science and Technology, London (UK).

**Jimmy Bilimoria,
Non-Executive and Independent Director**

Mr. Jimmy Bilimoria, 65 years, is a Non-Executive and Independent Director of the Company. He has been on the Board of eClerx Services Limited since 2007. He was Managing Director and Country Head for the Ciba Group in India and had been associated with the group since 1997 in various capacities including Finance Director, Managing Director and Country Head as also Chairman. Besides driving the business model for Ciba in India, he was actively involved in various acquisition arrangements, restructuring of businesses and integration of new opportunities. He represented the Company at various International Group forums and business discussions. He has been on the Management Committees of the Bombay Chamber of Commerce & Industry and the Indo – Swiss Business Forum. Presently he is on the Board of several public listed companies as an Independent Director. He holds a Bachelor degree in Commerce and Economics from Sydenham College, Mumbai. He is also a Fellow member of the Institute of Chartered Accountant, England and Wales.

Pradeep Kapoor,
Non-Executive and Independent Director

Mr. Pradeep Kapoor, 67 years, is a Non-Executive and Independent Director on our board. He joined the Company in August 2007. He has been associated with the infrastructure industry, especially engineering and construction industry, for about 40 years and under his leadership a number of major cement plants, mineral processing plants and infrastructure projects have been constructed. In the past he was the Managing Director and CEO of Trafalgar House Construction India Ltd., Managing Director & CEO of FLSmidth Ltd., Chairman of Fuller Infotech Pvt. Ltd., and Director of FLS Automation Private Limited. Further, Mr. Pradeep Kapoor has been the CEO of some of the major Indian companies such as Dodsal Limited and Sanghi Industries Limited. Currently, he is the Managing Director and CEO of ABG Cement Limited. He holds a bachelor's degree in Mechanical Engineering from Regional Engineering College, Bhopal University.

Anish Ghoshal,
Non-Executive and Independent Director

Mr. Anish Ghoshal, 48 years, is a Non-Executive and Independent Director on our Board. He joined our Board in August, 2007. He has been involved in legal practice since 1990, specializing in corporate, regulatory laws, acquisitions, joint ventures, labor laws, real estate and intellectual property laws. He is currently a partner in PDS & Associates, Advocates and Solicitors. He graduated with a bachelor's degree in commerce with honours from St. Xavier's College, Calcutta, thereafter he obtained bachelor's degree in law from University of Bombay.

Vikram Limaye,
Non-Executive and Independent Director

Mr. Vikram Limaye, 45 years, is a Non-Executive and Independent Director of our Company. He joined our Board in August, 2007. He has over 25 years of experience with global investment banks, foreign banks and global accounting firms. He began his corporate career with Arthur Andersen in Mumbai and has also worked with the Business Advisory Services Group at Ernst and Young and the Global Consumer Banking Group at Citibank N.A. He has also worked with Credit Suisse First Boston, U.S.A. in a variety of roles in investment banking, capital markets, structured finance and credit portfolio management. He joined Infrastructure Development Finance Company Limited as an executive director in March, 2005 and is also a Member of the Board of Directors of IDFC.

**Sandeep Singhal,
Non-Executive and Non Independent Director**

Mr. Sandeep Singhal, 42 years, is a Non-Executive and Non Independent Director of the company and joined the Board with effect from April 30, 2010. He has over 10 years of venture capital and private equity investing experience in India. Sandeep is the Co-founder and Managing Director of WestBridge Advisors Pvt. Ltd. He was also a Co-founder and Managing Director of Sequoia Capital India. He is currently a board. He worked at BCG where he advised several mid-market Indian companies on their product and marketing strategies. Prior to BCG, Sandeep worked with Hindustan Lever Limited where he was instrumental in eleven product launches targeting Indian consumer segments that have contributed significantly to the company's business. Sandeep has an MBA from IIM Ahmedabad, an MS in molecular simulation from the University of Illinois, and a B. Tech. in Chemical Engineering from IIT Delhi.

**Mr. Biren Gabhawala,
Non-Executive and Independent Director**

Mr. Biren Gabhawala, 47 years, is a Non-Executive and Independent Director of our Company. He joined our Board in May 2011. He is a Senior Partner of M/s. C. M. Gabhawala & Co. Chartered Accountants and specializes in Direct and Indirect Taxation, FEMA, International Taxation, Mergers and Acquisitions. He provides consultancy both to national and international companies, as well as Audit and Assurance Services. He is a qualified Chartered Accountant and is a Fellow Member of the Institute of Chartered Accountants of India in practice for 23 years. Mr. Gabhawala graduated from H. R. College of Commerce & Economics with a Bachelor of Commerce Degree, Mumbai.

**Alok Goyal,
Non-Executive and
Independent Director**

Mr Alok Goyal, 41 years, is a Non-Executive and Independent Director of the Company. He joined our Board as an Additional Director with effect from May 18, 2012. He is the Chief Operating Officer (COO), SAP India and has been associated with SAP since 2004 in various leadership roles. Prior to his appointment as the COO, Mr Goyal was the Vice President, Strategic Accounts at SAP India. He played a critical role in conceptualizing and developing go-to-market programmes that contributed significantly in driving the company's revenues and customer satisfaction index. Amongst his other assignments, he was also responsible for setting up field facing Value Engineering practice for the company. Mr Alok Goyal is a veteran in the industry with nearly 20 years of experience. He began his career as software engineer in Cadence Design Systems followed by his tenure in organizations like McKinsey & Company, The McKenna Group and Siebel Systems. Mr. Goyal has done his MBA from INSEAD (France), MS in Computer Sciences from University of Texas, Austin and his B.Tech in Computer Science from IIT Delhi.

Corporate Information

Board of Directors

V. K. Mundhra	Chairman
PD Mundhra	Executive Director
Anjan Malik	Non-Executive Director
Jimmy Bilimoria	Non-Executive Independent Director
Pradeep Kapoor	Non-Executive Independent Director
Anish Ghoshal	Non-Executive Independent Director
Vikram Limaye	Non-Executive Independent Director
Sandeep Singhal	Non-Executive Non Independent Director
Biren Gabhawala	Non-Executive Independent Director
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 No.: 022 - 6614 8301
Fax No.: 022 - 6614 8655
Email: investor@eclerx.com

Statutory Auditors

Walker, Chandiok and Co.

16th Floor, Tower II, Indiabulls Finance Center,
S.B. Marg, Elphinstone Road (West), Mumbai - 400013

Internal Auditors

Mahajan and Aibara

1, Chawla House,
62, Wodehouse Road,
Colaba, Mumbai – 400005

Registrar and Transfer Agent

Karvy Computershare Private Limited

Plot No. 17 - 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500081
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 Ltd.
Hongkong and Shanghai Banking Corporation Ltd.
Kotak Mahindra Bank Ltd.
Standard Chartered Bank
YES Bank Ltd.

Directors' Report

Dear Members,

Your Directors are pleased to present their Twelfth Annual Report along with the audited annual accounts for the financial year ended March 31, 2012.

1. Financial Highlights

Financial Performance / Operating Performance (Consolidated) of the Company and its Subsidiaries for the year ended March 31, 2012 are tabulated below:

(Rupees in million)

Particulars	FY2011-12	FY2010-11
Income from Services	4,728.85	3,421.03
Other Income	223.00	240.16
Total Revenue	4,951.85	3,661.19
Operating Expenses	2,831.47	2,075.25
EBITDA	2,120.38	1,585.94
EBITDA %	42.82%	43.32%
Depreciation and Goodwill Amortization	128.88	91.25
Earnings before Exceptional Items, Interest & Tax	1,991.50	1,494.69
Diminution in Value of Long Term Investment	-	102.74
Taxes	393.77	167.56
Net Profit after Tax	1,597.73	1,224.39
NPM%	32.27%	33.44%

Year in Retrospect:

On a consolidated basis, the total income increased to Rs. 4,951.85 million from Rs. 3,661.19 million in the previous year at a growth rate of 35.25%. The EBITDA amounted to Rs. 2,120.38 million as against Rs. 1,585.94 million. The Company earned Net Profit After Tax (PAT) of Rs. 1,597.73

million for the year as against Rs. 1,224.39 million during the previous year registering Year on Year (YoY) growth of 30.49%.

2. Information on Status of Company's Affairs

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

3. Dividend

After considering the Company's profitability, cash flow and overall financial performance, your Directors are pleased to recommend a dividend of Rs. 17.50 (175%) per share. The total quantum of dividend if approved by the Members will be about Rs. 508.51 million while about Rs. 82.50 million will be paid by the Company towards dividend tax and surcharge on the same.

The Register of Members and Share Transfer books will remain closed from Thursday, August 16, 2012 to Thursday, August 23, 2012 (both days inclusive) for the purpose of ascertaining entitlement for the said dividend. The Twelfth Annual General Meeting of the Company is scheduled to be held on Thursday, August 23, 2012.

The Company had paid out a total dividend of Rs. 22.50 per share (225%) during the year ended March 31, 2011.

4. Transfer to Reserve(s)

The Company proposes to transfer Rs. 157.33 million to the General reserve out of the amount available for appropriations and an amount of Rs. 845.82 million is proposed to be retained in the Statement of Profit and Loss out of current year's profits.

5. Foreign Subsidiaries

The Company has the following foreign subsidiaries as on March 31, 2012:

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

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 ('the Act') with regard to attaching the Balance Sheet, the Statement of Profit & Loss 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 except Saturday, between 11.00 a.m. to 6.00 p.m. The specified financial information of subsidiary companies is disclosed along with the consolidated financial statements and will also be available on the website of the Company 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 Utilization

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

The actual utilization of the IPO proceeds as on March 31, 2012 are as under:

(Rupees in million)

Sr. No.	Objects	Original Amount	Balance Amount as on March 31, 2012	Original Utilization Schedule	Revised Utilization Schedule as Approved by the Shareholders at the Eleventh AGM
1	Acquisition	220.00	220.00	March 31, 2010	March 31, 2015
2	Infrastructure Investments	180.00	-	March 31, 2009	-
3	Setting up of Additional Facilities	100.00	-	March 31, 2010	-
4	General Corporate Purposes	161.00	-	-	-
		661.00	220.00		

7. Event after the Balance Sheet Date – Acquisition of Agilyst Inc.

Your Company has signed on April 12, 2012, a definitive agreement to acquire 100% of Agilyst Inc ("Agilyst"), a closely held US based KPO Company incorporated under the laws of the State of Delaware, United States of America, based at 1055, Westlakes Drive, Suite 300, Berwyn, PA - 19312, through its overseas subsidiary eClerx Investments Limited, British Virgin Islands, thereby making Agilyst a step-down subsidiary of eClerx Services Limited, India. The closing documents to effect the said acquisition were signed on May 4, 2012. The consideration for the acquisition will be all cash and includes a substantial earn out component based on Agilyst's future performance and will be routed via said subsidiary of the Company. Further, the transaction will be funded from the Company's internal resources including

IPO proceeds earmarked for 'Acquisition'. Post-acquisition, Agilyst will operate as a fully owned subsidiary of the Company and Agilyst's management team will continue to manage the day-to-day operations.

Agilyst is a five-year old company focused on large Fortune 500 media companies in the U.S. primarily doing data processing and analytics services with an employee base of around 1,000 employees. The range of services is very similar demographically to Company's service portfolio although the end vertical obviously is different. Agilyst gives another avenue of growth and diversification both from a client concentration perspective and from an end vertical perspective because it gives the Company a very strong foothold in the media industry which for a variety of reasons is believed to be an attractive opportunity for the Company.

Agilyst's presence in U.S. is like eClerx, wherein Agilyst has a small team of subject matter experts who come from the media industry and are focused on sales and account management for its client(s). In India, Agilyst has majority of the headcount, based in Chandigarh in the form of a subsidiary viz. Agilyst Consulting Private Limited, being a STPI unit, hence a lower cost location than Mumbai or Pune for eClerx.

8. Fixed Deposits

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

9. Increase in Share Capital

The Company has issued 203,100 equity shares on 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 28,854,434 shares of Rs. 10 each as at March 31, 2011 to 29,057,534 equity shares of Rs. 10 each as at March 31, 2012.

10. Awards and Accolades

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

- Was named in top 10 by income and top 14 by employee count in Dun & Bradstreet's 2011 annual "India's Top ITes and BPO Companies, 2011".
- Was named "Emerging IT Company in India of the year in Bloomberg CXO Awards, 2011".
- Moved to the position of 322 (from 381 earlier) in India's Business Today (BT 500), 2011 most valuable Companies List.
- Has entered Dataquest's Best BPO Employers at No. 11 while No. 10 for BPO Employee Satisfaction.
- Was named in Inc. 500, as among India's 500 fastest growing Mid-sized Companies for second straight year.
- Was selected as a finalist in the Most Admired Knowledge Enterprises (MAKE) Awards for third straight year.

- Was listed in Forbes Asia's 2011 "200 Best Under a Billion", one of only 35 Indian firms on the list and the only KPO firm.
- Graduated to 'an outsourcing Leader' in IAOP's 2011 Global Outsourcing 100.
- Once again got listed in Global Services 100 and featured as a Top 5 KPO Vendor.
- Has been rated Best Overall Mid-Cap Company in Finance Asia's 2011 Investor and Analyst survey.
- Has been named as one of the two Best Mid-Cap companies in India, in an Annual survey conducted by the Finance Asia Magazine, one of the leading financial publications in the Asia-Pacific region.
- Won Global HR Excellence Award in 2012 for "Organization with Innovative HR Practices".
- Was also included in S&P CNX 500.

11. Corporate Social Responsibility (CSR)

Your Company is committed towards playing its role as an enlightened corporate citizen and continues to earmark a corpus every year on the CSR activities. In order to reach out to society at large, eClerx Cares committee was formed which is entrusted with championing all the philanthropical and CSR related initiatives of the Company.

During the year, eClerx Cares supported many non-profit organizations spread over Maharashtra and Madhya Pradesh with the focus to provide quality education to the underprivileged children.

Prem Initiative:

Your Company supported the People's Rural Education Movement (PREM) run by CRY in Melghat, Maharashtra wherein 28 villages were covered under this initiative. It was observed that a 100% enrollment of children into schools was achieved under the PREM initiative. The instances of child labour, child marriage and school dropouts have been reduced and our aim is to eliminate it with sustained advocacy.

Nanhi Kali Program:

Your Company also continued to support education for underprivileged girls in Sheopur district of Madhya Pradesh through its association with the Nanhi Kali program. This

program has resulted in positive outcomes where we, along with our associates, were able to curtail the drop-outs and sustain the girl literacy drive due to the academic, material and social support provided to girls in primary and secondary schools.

Bal Bhavans:

Your Company also lent a helping hand to Snehalaya to completely support two (2) Bal Bhavans in Ahmednagar district in Maharashtra. Bal Bhavans provide kindergarten schools as well as coaching / informal learning centers, with the basic intention of bringing “out-of-school” children back into the mainstream curriculum. It is a pleasure to inform that the Bal Bhavan initiative was successful in supporting 500 children so far.

eClerx Employees Initiative(s):

We feel proud to inform that there has been an increasing amount of interest shown by employees to volunteer and support its partner NGO's. A steady increase is being observed in the funds received from employees via 'Payroll Giving Program' wherein Company matches employee's contribution by 1:1.

Some of the highlights of other CSR activities carried out by eClerx Cares during the period under review are as follows:

- A 75-member team of eClerx employees participated in the Mumbai marathon pledging their support to the cause of Child Rights and you.
- eClerx donated 200 computers to various schools and institutes in and around Maharashtra and helped to set up computer laboratory enabling computer education for the underprivileged.
- Organized training on Computer fundamentals for students of Sri Sri Ravi Shankar Vidya Mandir School (SSRVM), Dharavi in eClerx facility.
- Organized a Christmas fun and frolic event for the students of SSRVM, Dharavi.
- Organized an exhibition cum sale of handicrafts based on child art at eClerx facilities supporting the cause of education.
- eClerx supported numerous Cancer and the Alzheimer's Association. A Blood Donation campaign is being held every year at eClerx premises and eClerx employees give their whole hearted support to the noble cause.

12. Directors

Alok Goyal was appointed as an Additional Director of the Company with effect from May 18, 2012. As per the provisions of Section 260 of the Companies Act, 1956 ('the Act'), Alok Goyal in his capacity as Additional Director will cease to hold office at the forthcoming Annual General Meeting and is eligible for appointment. Notice under Section 257 of the Act has been received from a Member signifying his intention to propose his appointment as Director. Alok Goyal has furnished the requisite Form DD-A to the Company.

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

The brief resume of Pradeep Kapoor, Jimmy Bilimoria, Vikram Limaye and Alok Goyal, as required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is included as an annexure to the Notice convening Twelfth Annual General Meeting. The requisite resolutions for appointment / re-appointment of above Directors at the forthcoming Annual General Meeting are included in the Notice convening this Annual General Meeting.

13. Directors' Responsibility Statement

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

- (a) In the preparation of the annual accounts for the year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis.

14. Employees' Stock Option Plan

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

Further, during the year under review, your Company has also instituted Employee Stock Option Plan 2011 (ESOP 2011) pursuant to the special resolution passed at the Eleventh Annual General Meeting. In-Principle Approval(s) for ESOP 2011 have been received from the BSE Limited (BSE) and National Stock Exchange Limited (NSE) during the year.

Your Company has granted stock options from time to time under the said ESOP Schemes 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 and ESOP 2008 as on March 31, 2012:

Particulars	ESOP 2005	ESOP 2008
Options granted during the year	Nil	632,400
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) The average of the two weeks high and low price of the share preceding the date of grant of option on the Stock Exchange(s) on which the shares of the Company are listed
Options vested as on March 31, 2012 (net)	580,312	606,750
Options exercised and allotted during the year	76,900	126,200
The total number of equity shares arising as a result of exercise of options	76,900	126,200
Options lapsed / forfeited / expired during the year	Nil	72,425
Variation of terms of options	Nil	Nil
Money realised by exercise of options	769,000	1,262,000
Total number of options in force	56,501	1,882,775

Particulars	ESOP 2005	ESOP 2008
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 (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.	As per statement attached Fiscal 2006: Nilesh Patel, Neville Bharucha Fiscal 2007: Neville Bharucha, Venu Atmakur, Anees Merchant Gokul Perumal Fiscal 2008: Nil Fiscal 2009: Nil Fiscal 2010: Nil Fiscal 2011: Nil Nil	As per statement attached Fiscal 2009: Scott McCartney, Alberto Corvo Fiscal 2010: Scott Houchin Fiscal 2011: Scott Houchin Sandeep Dembi Marshall Terry Fiscal 2012: Alberto Corvo Scott Houchin 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. 52.99 for the year ended on March 31, 2012	
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. 86.94 million Diluted EPS: Rs. 50.11 (post adjustment for aforesaid impact on profits)	
Vesting Schedule	Options granted under ESOP 2005 would vest not earlier than one year and not later than five years from the date of grant of such options.	Options granted under ESOP 2008 would vest not earlier than one year and not later than five years from the date of grant of such options.

Details of options granted to key managerial persons of your Company during the year ended on March 31, 2012:

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	-
	Kishore Poduri	32,500	28,750	3,750
	Neville Bharucha	35,000	35,000	-
	Venu Atmakur	19,500	19,500	-
	Anees Merchant	25,900	25,900	-
	Gokulraj Perumal	27,000	13,750	13,250
ESOP 2008	Hoshi Mistry	57,000	15,000	42,000
	Rohitash Gupta	57,000	15,000	42,000
	Kishore Poduri	57,000	-	57,000
	Sandeep Dembi	42,000	-	42,000
	Swati Thakar	39,600	15,000	24,600
	Venu Atmakur	36,600	12,000	24,600
	Neville Bharucha	36,600	10,500	26,100
	Anees Merchant	32,100	10,500	21,600
	Sachin Vaidya	27,600	-	27,600
	Subhodip Basu	27,600	-	27,600
	Gurvinder Lamba	20,100	-	20,100
	Manoj Shelar	18,600	-	18,600
	Srinivasan Nadadhur	18,600	-	18,600
	Debobroto Ghosh	8,800	-	8,800
	Gokulraj Perumal	29,100	-	29,100
Shyam Iyengar	8,800	-	8,800	

Details of options granted to key managerial persons of foreign subsidiaries of your Company during the year ended on March 31, 2012:

ESOP Scheme	Name of Key Managerial Personnel	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
ESOP 2005	Mahesh Muthu	84,375	61,875	22,500
ESOP 2008	Alberto Corvo	327,500	-	327,500
	Scott McCartney	249,000	-	249,000
	Scott Houchin	150,000	-	150,000
	Joseph Sursock	58,500	-	58,500
	Mahesh Muthu	50,250	-	50,250
	Stephen Jones	39,750	-	39,750
	Li Chien Koh	30,750	-	30,750
	John Russ	35,250	-	35,250
	Scott Hamilton	16,000	-	16,000
	Shamez Dharamsi	16,000	-	16,000

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. 2.79 million to the Statement of Profit and Loss for the year ended on March 31, 2012 as employee compensation cost.

The equity shares to be issued and allotted under the ESOP schemes 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.

15. Human Resources Management

At eClerx, we believe that it is the caliber and competency of our people that provides a differentiated experience and superior quality processes to our customers. We understand that talent development is key to enable our people to hone their skills and remain cutting edge in new domains. Taking cognizance of this fact, we have facilitated specialist training programs for our employees on various advanced technology platforms and other key industry certification programs.

Given the growing demand for generalists from our delivery managers and also business school education from our employees, we also partnered with the S.P. Jain Institute of Management & Research and the Symbiosis Institute of Business Management for their management programs. These programs are given out as scholarships to our employees where they get to pursue executive MBA programs from these reputed centers of learning.

For experienced mid-level managers about to enter into the senior management team, we started a leadership development initiative that includes 360 degree feedback, coaching, individual development plans and action learning. While the 360 degree and project based action learning initiatives were driven by the firm's leadership team, for coaching, we partnered with one of the Big Four consultants for assistance in setting up a framework that is customized to our unique business landscape. We also invested significantly in bringing in world-class faculty to deliver training programs in-house on areas like advanced communication skills and financial management.

We recognize that professional development and learning is a competitive advantage and we renewed our focus for enabling our people to reach peak potential.

16. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

17. Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, (the Act) read with the Companies (Particulars of Employees) Rules, 1975 as amended, read with the companies (Particulars of Employees) Amendment Rules, 2011, 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 address of the Company.

18. Corporate Governance

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

The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines 2009, to strengthen the corporate governance framework. These guidelines provide for a set of requirements which may be voluntarily adopted by Companies and focuses on areas such as the Board of Directors, responsibilities of the Board, Audit Committee functions, roles and responsibilities, appointment of auditors, Compliance with Secretarial Standards and a mechanism for whistle blower support. Your Company by and large is in compliance with requirements laid down therein.

19. Enterprise Wide Risk Management System (EWRM)

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

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

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

20. 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 Annual General Meeting and confirm their willingness to accept office, if re-appointed. They have further confirmed that their appointment, if made, at the Annual General Meeting, will be within the limits prescribed under sub-section (1B) of Section 224 of the Companies Act, 1956, (the Act) and that they are not beneficially holding any security of your Company as defined under Section 226(3)(e) of the said Act. They have also confirmed that they hold a valid peer review certificate as prescribed under Clause 41(i)(h) of the Listing Agreement. Members are requested to consider their re-appointment and authorise the Board of Directors including any Committee thereof to fix their remuneration for the Financial Year 2012-13.

21. 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 / 2011 dated April 21, 2011 and Circular No. 18 / 2011 dated April 29, 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.

Your Company has accordingly taken requisite steps by giving advance opportunity to the Members to register their email address with the Company. The Members who do not wish to provide / register their email address will continue to receive communications, dissemination, notice(s), documents etc. via permitted conventional mode of service of documents. This initiative will ease the burden on Corporates (and the environment) of sending physical documents such as notices, annual reports etc. We are sure you would contribute towards furtherance of "Green Initiative".

22. 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 continued 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 other government 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: May 18, 2012

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)

	FY2011-12	FY2010-11
Total Foreign Exchange Earnings Realized	4,612.79	3,136.73
Total Foreign Exchange Used	834.54	570.65

For and on behalf of the Board of Directors

V. K. Mundhra
Chairman

Place: Mumbai
Date: May 18, 2012

Management Discussion and Analysis

I. Industry Structure and Developments

The year 2011-12 witnessed a gradual deterioration of economic conditions around the world, with the Eurozone crisis intensifying, and the economic recovery in the US also turning tepid. GDP growth in India also decelerated to 6.9% in 2011-12 from 8.5% in 2010-11 mainly reflecting a slowdown in industrial activity.

These macro economic trends impacted India's IT and ITES sector with slower growth in discretionary spends and continued delays in spending decisions. Consequently, many companies in the industry experienced a significant slowdown in growth rates in 2011-12.

For the year 2011-12, Nasscom pegs IT exports at USD 69 billion against USD 59 billion last year. The domestic industry contributed USD 32 billion. The share of IT-BPO in India's gross domestic product (GDP) has gone up to 7.5 % from 6.4 % in 2008.

II. Opportunities and Threats

The Information technology (IT), Information technology enabled services (ITES) and the Business process outsourcing (BPO) sector are core sectors that have had a very positive impact on the country's economy. Since emerging into prominence in 2001, they have created quality employment opportunities for a large number of professionals. Over the years, the industry players have been able to compete successfully against established global vendors, thus helping India carve out a distinct brand identity for these services.

The threats and challenges which were witnessed during previous years continue to remain. Cuts in budgets, slow growth in Western markets, rising unemployment rates and

increasing regulation and protectionism. Certain businesses are shutting down while others are undergoing corporate actions such as mergers. Clients are struggling with change, transitioning to comply with new regulation and new business dynamics. This has manifested itself in much slower growth rates for us in the recent past.

But at the same time, there is growing recognition that outsourcing and off-shoring is an important way to reduce cost and increase service quality in a sustainable manner. As our clients come to the conclusion that they need structural and sustained reductions in their cost bases, they are contemplating increasing their usage of offshore services. Given our track record, our domain knowledge and also our competitive pricing, we continue to remain optimistic about the medium term opportunity landscape. Consequently we continue to invest in our people, in adding capability and pitching more aggressively to clients.

Adding another avenue of growth and diversification, in May 2012 we acquired 100% of Agilyst Inc. ("Agilyst"), a closely held US based KPO Company, through our overseas subsidiary eClerx Investments Ltd. Agilyst is a niche pure play back office operation and analytics company focused on large Fortune 500 media companies in the US, primarily doing data processing and analytics services. This acquisition will give us a strong foothold in the media industry, which we consider to be an attractive space.

III. Risks and Concerns

The Management views effective risk management as integral to delivering the Company's strategic priorities. We have outlined the principal risks and uncertainties we face in delivering our strategic priorities.

Macro-economic risk	The Company derived 92% of its revenues during 2011-12 from the US and Europe. The changing economic conditions in the US, Euro Debt crisis and the competitive market environment are constantly challenging organizations. There is a constant cost pressure on clients and these changes in the macro-economic environment 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 86% of its total revenues during 2011-12 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 75% of our revenues in Dollar, 20% Euro, and 3-4% in Sterling and Australian Dollar. 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
Operational risk	
Key People	Failure to attract, retain and motivate key employees required to deliver the Company's strategic goals would impair the Company's ability to offer the right quality of service to clients.
Business disruption or IT system failure	Business disruption following a major event or if information systems are not continually improved to reflect current technological and external developments 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.

IV. Outlook

In the last couple of years, the Indian IT / ITeS Industry has shown great resilience in the face of the global economic turmoil. As per estimates by NASSCOM, the industry would have seen a growth of 16.3% for 2011-12 with total revenue of around USD 101 billion. Small and Medium players continue to be an integral part of the IT / ITeS growth story – emerging as winners given their focus on the right markets, developing niche offerings, increasing operational efficiencies and improving talent management.

However, the coming years are poised to bring in whole set of new opportunities and challenges. The current environment has become uncertain due to a variety of factors such as the elections in the US, Eurozone crisis and India's own growth related constraints among others. Clients across the board are ensuring that they get good value for money and they are constantly benchmarking all service providers. With this, Nasscom has forecast a growth rate of 11-14 % which is lesser than 16.3 % it pegged for 2011-12.

Given this backdrop, there is a constant need to innovate and differentiate oneself in the competitive landscape. At eClerx, we continue to focus on medium term competence building by investing in our management team, our

processes and our infrastructure. This coupled with our domain skill set around managing complex processes should enable us to create strong business growth and strengthen our profitability in the future.

V. Financial Performance

DISCUSSION ON FINANCIAL PERFORMANCE

I. Results of Operations

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

Particulars	FY2011-12	FY2010-11
Income from Services	4,728.85	3,421.03
Other Income	223.00	240.16
Total Revenue	4,951.85	3,661.19
Operating Expenses	2,831.47	2,075.25
EBITDA	2,120.38	1,585.94
EBITDA %	42.82%	43.32%
Depreciation and goodwill amortization	128.88	91.25
Earnings before Exceptional Items, Interest, & Tax	1,991.50	1,494.69
Diminution in value of Long Term Investment	--	102.74
Taxes	393.77	167.56
Net Profit after Tax	1,597.73	1,224.39
NPM%	32.27%	33.44%

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. 4,728.85 million in the year under review from Rs. 3,421.03 million in the previous year registering a growth of 38.23%.

Other income:

Other income primarily comprises of foreign exchange gains (net), interest on bank deposits and dividend from debt oriented mutual funds. Other income reported decreased to Rs. 223.00 million in the year under review from Rs. 240.16 million in the previous year primarily due to:

- Decrease in exchange gains(net) by Rs. 80.71 million primarily on account of rupee depreciation gains offset by higher forex hedge losses.
- Increase in dividends and bank interest by Rs. 63.55 million on higher cash accruals

b. Expenditure

Operating expenses comprises of employee costs and other expenses. The total operating expenses increased to Rs. 2,831.47 million in the year under review from Rs. 2,075.25 million in the previous year.

Employee costs increased to Rs. 2,038.69 million in the year under review from Rs. 1,476.53 million in the previous year, primarily due to increase in head count by about 20%.

Other Operating expenses increased to Rs. 792.78 million in the year under review from Rs. 598.72 million in the previous year due to :

- Increase in rent by Rs. 41.91 million due to additional facilities taken in Mumbai and Pune
- Increase in onsite travel to customer locations by Rs. 21.00 million
- Increase in electricity costs by Rs 17.52 million due to additional facilities taken and hike in tariff by service providers.
- Increase in Business promotion expenses by Rs. 14.87 million primarily spend for seminars, trades shows and conferences to reach out to potential customers
- Increase in legal and professional fees by Rs 10.38 million primarily on recruiting fees for additional sales persons hired in US, UK and Singapore
- Increase in other general administration costs by Rs.88.38 million namely housekeeping and security, local conveyance facility for employees, office supplies and insurance incurred due to additional facilities and head count increase.

c. Depreciation

Depreciation charge has increased to Rs. 128.88 million in the year under review from Rs. 91.25 million in the previous year primarily on account of investment in infrastructural facilities.

d. Income Tax Expense

Income tax expense comprises of tax on income from operations in India and foreign tax jurisdictions. The Company benefits in India from certain tax incentives under section 10AA of the Income Tax Act, 1961, for the services exported from designated Special Economic Zones (SEZ) in respect of units located in such zones.

Minimum alternative tax (MAT) paid in accordance with 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. 209.18 million as on March 31, 2012, 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) increased to Rs. 393.77 million in the year under review from Rs. 167.56 million in the previous year. This represented 19.77% of profit before taxes in the year under review as compared to 12.04% in previous year.

The increase in domestic tax expense by Rs. 219.07 million is primarily due to levy of MAT on profits of SEZ units.

II. Financial Condition

a. Share Capital

The Company has authorised capital of Rs. 500 million as on March 31, 2012. The issued, subscribed and paid up capital was Rs. 290.57 million of equity shares of Rs. 10 each in the year under review as compared to Rs. 288.54 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. 3,138.62 million in the year under review from Rs. 2,094.68 million in the previous year. Rs. 157.33 million (previous year Rs. 131.50 million) was transferred from the Statement of Profit and Loss to General Reserves.

c. Provisions

- Long term provisions increased to Rs. 45.08 million as on March 31, 2012 from Rs. 25.12 million as on March 31, 2011 due to increase in long term component of gratuity liability.

- Short term provisions decreased to Rs. 925.68 million as on March 31, 2012 from Rs. 968.57 million as on March 31, 2011. The decrease is attributable to lower dividend provision in the year under review offset by increase in provision for incentives payable to employees.

d. Trade Payables

Trade payables, representing payables for purchase of goods and services increased to Rs. 160.86 million as on March 31, 2012 from Rs. 102.98 million as on March 31, 2011 primarily on account of payables to vendors for capital expenditure on investments made in facilities.

e. Other Current Liabilities

Other current liabilities which comprises of bills raised in advance on clients, unclaimed dividend and statutory dues, marginally increased to Rs. 50.61 million as on March 31, 2012 from Rs. 47.59 million as on March 31, 2011.

f. Fixed Assets

The Gross block of fixed assets as on March 31, 2012 was Rs. 880.60 million (Rs. 639.27 million as on March 31, 2011) year and cumulative depreciation amounted to Rs. 436.87 million (Rs. 334.61 million as on March 31, 2011). Additions to fixed assets made during the year were Rs. 271.59 million (Rs. 197.03 million during the previous year) comprising of computers, software, furniture & fixture, leasehold improvement, and office equipment. In addition, capital work in progress as on March 31, 2012 amounted to Rs. 45.00 million (Rs. 65.32 million as on March 31, 2011).

g. Loans and Advances

- Long term loans and advances increased to Rs. 78.86 million as on March 31, 2012 from Rs. 63.24

million as on March 31, 2011 due to deposits paid for additional leased facilities in Mumbai and Pune.

- Short term loans and advances increased to Rs. 295.87 million as on March 31, 2012 from Rs. 223.16 million as on March 31, 2011. 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 increased to Rs. 998.84 million during the year under review from Rs. 278.28 million in the previous year due to investment of surplus funds earned during the year.

i. Trade Receivables

Debtors decreased to Rs. 421.84 million as on March 31, 2012 from Rs. 659.37 million as on March 31, 2011 due to additional efforts put in collecting receivables. The Company has provided for Rs. 0.22 million as doubtful debts and Rs.2.84 million of debtors were written off during the year under review.

j. Cash and Bank Balance

The cash and bank balances increased to Rs. 1,686.61 million as on March 31, 2012 from Rs. 1,515.28 million as on March 31, 2011. Out of this, Rs. 643.98 million (previous year Rs. 137.36 million) is held in exchange earnings in foreign currency accounts in India and Rs.73.73 million was held in foreign bank accounts as at March 31, 2012 (previous year Rs. 22.59 million). The remaining cash and bank balances mainly represent bank balances in current and fixed deposit accounts in India.

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

(Rupees in million)

	As on March 31, 2012	As on March 31, 2011
In Current Accounts		
Bank of India - EEFC (GBP)	8.73	2.24
Bank of India - EEFC (USD)	531.67	8.32
Bank of India - EEFC (Euro)	19.25	1.71
Citibank - EEFC (GBP)	3.40	1.71
Citibank - EEFC (USD)	34.47	6.73
HSBC Bank - EEFC (GBP)	1.22	3.59
HSBC Bank - EEFC (USD)	36.85	6.80
HSBC Bank - EEFC (Euro)	8.15	105.94
Standard Chartered Bank - EEFC (USD)	0.20	0.20
Standard Chartered Bank - EEFC (Euro)	0.04	0.12
Bank of India	10.73	3.95
Standard Chartered Bank	0.32	0.09
Citibank	0.68	2.76
Kotak Mahindra Bank	95.26	15.81
HSBC Bank	0.40	2.54
HSBC Bank - Unclaimed Dividend accounts	1.00	0.71
In Deposit Accounts		
Bank of India	293.39	768.92
Citibank	271.50	140.00
Kotak Mahindra Bank	295.00	420.00

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

(Rupees in million)

	As on March 31, 2012	As on March 31, 2011
HSBC Bank – U.K.	35.20	8.59
SG Hambros – U.K.	3.14	3.31
Bank of America – U.S.A.	28.95	9.49
HSBC Bank – Singapore	6.44	1.20

k. Other Current Assets

Other Current Assets increased to Rs. 635.63 million as on March 31, 2012 from Rs. 411.62 million as on March 31, 2011. The principal component of this was unbilled revenues which increased to Rs. 531.63 million from Rs. 358.68 million during the year under review.

l. Deferred Tax

The Company has a net deferred tax asset of Rs. 7.56 million as at March 31, 2012 (Rs. 6.83 million as at March 31, 2011). Deferred tax primarily arises out of provisions made of employee benefits, lease equalization and depreciation.

VI. Internal Control systems and their adequacy

The philosophy of the Company with regard to Internal control systems and their adequacy has been formulation of effective systems and their implementation to ensure that assets and interests of the Company are safeguarded and checks and balances are in place to determine the accuracy and reliability of accounting data.

Internal Control ensures that systems are designed and implemented in a manner commensurate with the size and operations; transactions are executed in accordance to the Company's policies and authorizations.

The audit committee has been constituted as a sub-committee to the Board of Directors and it consists of majority of Independent Directors; the meetings of the committee are held periodically to review the financial statements.

VII. Human Resource Development

The Company seeks to attract, retain and nurture technical and managerial talent across its operations and continues to create a workplace where every person can reach his or her full potential. Performance is recognized and rewarded through upgradation and job enrichment and performance incentives. The Company will continue to hire talent commensurate with its growth plans. As of March 31, 2012 there were 4,405 employees in the Company, with attrition rate being 30.9%.

Cautionary Statement

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

Corporate Governance Report

I. Company's Philosophy on Code of Governance

Effective Corporate Governance is necessary to maintain public trust and to achieve business success. The Company is committed to rigorously and diligently exercising the overall responsibilities throughout the organization, 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 investors' trust. The Company's corporate governance philosophy aims at ensuring, among others, the accountability of Board of Directors and uniformity in its decision towards all its stakeholders; viz. customers, employees, shareholders.

Your Company is compliant with 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 meet atleast once a quarter to review quarterly results and other items on the Agenda as well as on the occasion of the 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 ten Directors, of which one is Executive Director and nine 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 and other Particulars are given below:

Name	Category	Designation
V. K. Mundhra	Non-Executive Director	Chairman
PD Mundhra	Whole Time Director	Executive Director
Anjan Malik	Non-Executive Director	Director
Jimmy Bilimoria	Non-Executive Independent Director	Director
Pradeep Kapoor	Non-Executive Independent Director	Director
Anish Ghoshal	Non-Executive Independent Director	Director
Vikram Limaye	Non-Executive Independent Director	Director
Sandeep Singhal	Non-Executive Non Independent Director	Director
Biren Gabhawala	Non-Executive Independent Director	Director
Alok Goyal*	Non-Executive Independent Director	Director

* Appointed with effect from May 18, 2012

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 Board or Committee 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 2011-12, 6 (Six) Board Meetings were held as follows:

May 18, 2011	July 28, 2011	August 24, 2011
October 19, 2011	January 24, 2012	March 7, 2012

The Company held its last Annual General Meeting on August 24, 2011.

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	Outside Committee Positions Held	
	Held	Attended			Member	Chairman
V. K. Mundhra	6	5	Yes	1	-	-
PD Mundhra	6	5	Yes	1	-	-
Anjan Malik	6	5	Yes	-	-	-
Jimmy Bilimoria	6	4	Yes	9	3	4
Pradeep Kapoor	6	4	Yes	5	-	1
Anish Ghoshal	6	6	Yes	1	-	-
Vikram Limaye	6	6	Yes	13	-	-
Sandeep Singhal	6	3	No	1	-	-
Biren Gabhawala	6	6	Yes	-	-	-
Alok Goyal*	NA	NA	NA	-	-	-

* Appointed with effect from May 18, 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, 2012.

e. Brief Profile of Directors

The brief resume of Pradeep Kapoor, Jimmy Bilimoria, Vikram Limaye and Alok Goyal, as required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is included as an Annexure to the Notice convening Twelfth Annual General Meeting.

Further, the required resolutions for appointment / 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 2011-12.

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 designation subject to compliance of Code of Conduct and 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:

Members	Category	Meetings Held During the Tenure	Meetings Attended
Jimmy Bilimoria	Chairman (Non-Executive Independent Director)	5	3
Pradeep Kapoor	Member (Non-Executive Independent Director)	5	3
Anish Ghoshal	Member (Non-Executive Independent Director)	5	5
PD Mundhra	Member (Executive Director)	5	4
Biren Gabhawala*	Member (Non-Executive Independent Director)	4	4

* Appointed with effect from May 18, 2011

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

The Company has a well-qualified and independent Audit Committee consisting of four Non-Executive Independent Directors and an Executive Director, having adequate financial and accounting knowledge. The constitution, powers, duties and responsibilities of the Audit Committee are in line with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Statutory Auditors as well as Internal Auditors participate in the Audit Committee Meetings. In addition to the above, the Committee Meetings were

also attended by the 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 the Eleventh Annual General Meeting of the Company held on August 24, 2011.

d. During the Financial Year 2011-12, 5 (five) Audit Committee Meetings were held:

May 18, 2011	July 28, 2011	September 15, 2011
October 19, 2011	January 24, 2012	

IV. Remuneration Committee

The Board of Directors has constituted their 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 Meetings held and attended by its Members:

Name	Category	Meetings Held During the Tenure	Meetings Attended
Anish Ghoshal	Chairman (Non-Executive Independent Director)	5	5
Jimmy Bilimoria	Member (Non-Executive Independent Director)	5	3
Vikram Limaye	Member (Non-Executive Independent Director)	5	5
V. K. Mundhra	Member (Non-Executive Director)	5	4
Sandeep Singhal	Member (Non-Executive & Non Independent Director)	5	3
Alok Goyal*	Member (Non-Executive Independent Director)	NA	NA

*Appointed with effect from May 18, 2012

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

c. Details of remuneration paid / payable to Directors for Financial Year 2011-12 are as follows:

(Rs. '000)

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

*Appointed with effect from May 18, 2012

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

PD Mundhra, Executive Director of the Company at the Remuneration Committee and Board Meeting held on March 7, 2012, offered to forgo his annual remuneration hike for the Financial Year 2012-13 conveying that he believed that the current remuneration reflected fair value for his contribution to the Organization. The Board of Directors of the Company at the said Meeting accepted the said offer of the Executive Director.

d. Details of shareholding of Non-Executive Directors as on March 31, 2012

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

*Appointed with effect from May 18, 2012

e. Details of Stock Options held and exercised by Non-Executive Independent Directors as at March 31, 2012 during the year ended on that date:

Name	ESOP Scheme 2008			
	No. of Options	Vest Date	No. of Options Exercised	Expiry Date
Jimmy Bilimoria	15,000	April 1, 2011	15,000	-
	7,500	April 1, 2012	-	March 31, 2015
	5,250	April 1, 2013	-	March 31, 2016
	6,000	April 1, 2014	-	March 31, 2017
Pradeep Kapoor	15,000	April 1, 2011	-	March 31, 2014
	7,500	April 1, 2012	-	March 31, 2015
	5,250	April 1, 2013	-	March 31, 2016
	6,000	April 1, 2014	-	March 31, 2017
Anish Ghoshal	15,000	April 1, 2011	15,000	-
	7,500	April 1, 2012	-	March 31, 2015
	5,250	April 1, 2013	-	March 31, 2016
	6,000	April 1, 2014	-	March 31, 2017
Vikram Limaye	15,000	April 1, 2011	-	March 31, 2014
	7,500	April 1, 2012	-	March 31, 2015
	5,250	April 1, 2013	-	March 31, 2016
	6,000	April 1, 2014	-	March 31, 2017
Biren Gabhawala	8,000	April 1, 2014	-	March 31, 2017
Alok Goyal*	NA	NA	NA	NA

*Appointed with effect from May 18, 2012

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)
PD Mundhra	Member (Executive Director)
Biren Gabhawala	Member (Non-Executive Independent Director)

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

The constitution, duties and responsibilities of the Shareholders' Grievance Committee are in line with Clause 49 of the Listing Agreement with the Stock Exchanges.

The total number of shareholders' complaints received and replied by the Registrar & Transfer Agent to the satisfaction of shareholders during the year under review was 35. All complaints of shareholders were satisfactorily resolved. There are no complaints pending as on March 31, 2012.

a. Terms of Reference:

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

- Ensure that the Board comprises of a balanced combination of Executive Directors and non-Executive Directors;
- To search, evaluate and recommend appointments as Director(s) on the Board of the Company;
- To determine process for evaluating the skill, knowledge, 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
- Devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility and liability.

VI. Nomination Committee:

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

b. The Composition of Nomination Committee:

Name	Category	Designation
Vikram Limaye	Non-Executive Independent Director	Chairman
Jimmy Bilimoria	Non-Executive Independent Director	Member
Anjan Malik	Non-Executive Director	Member

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
2010-2011	August 24, 2011	10.15 a.m.	Walchand Hirachand Hall
2009-2010	September 16, 2010	10.15 a.m.	Indian Merchants Chamber LNM IMC Building, Churchgate
2008-2009	August 26, 2009	11.30 a.m.	Mumbai 400 020

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 AGMs:

Subject	Date of AGM
Raising of Long Term Financial Resources	
Revision in time-lines for utilization of Initial Public Offer (IPO) proceeds	
Issue of Stock Options to the Employees of the Company under Employee Stock Option Scheme / Plan 2011	August 24, 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	
Amendments to ESOP Scheme 2008 as regards the maximum number of options that can be granted / allotted to an eligible employee	August 26, 2009
Incorporation of Trust Mechanism in the ESOP Schemes of the Company	
Amendments to ESOP Scheme 2008 to increase the total number of options which can be granted under ESOP Scheme 2008 to the employees of the Company	
Amendments to ESOP Scheme 2008 to increase the total number of options which can be granted under ESOP Scheme 2008 to the employees of the subsidiary of the Company	

c. Postal Ballot

During the year under review, following special resolutions were passed by way of Postal Ballot with the requisite majority:

Particulars	Date of Declaration of Results	% of Votes in Favour as against Total Valid Votes
Raising Limit of investments by FII's upto the maximum sectoral cap / statutory limit as applicable to the Company.	October 24, 2011	99.99%

Ms. Savita Jyoti Associates, Company Secretary, Hyderabad, was appointed as Scrutinizer for overseeing the Postal Ballot process. No special resolution requiring a postal ballot is being proposed for the ensuing Annual General Meeting.

The procedure prescribed under Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 has been followed for the Postal Ballot conducted during the year for the resolution mentioned above.

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 the Voluntary Guidelines on Corporate Governance by the Ministry of Corporate Affairs and 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 prioritization of risks with the purpose of application of resources to minimize, monitor, and control the likelihood and / or impact of unfortunate events identified as risks. The purpose of the risk management framework is to assist the Board in identification, evaluation and mitigation of operational, strategic and external environment risks.

The objective of the Risk Management policy is to manage the risks involved in all activities of the Company to maximize opportunities and minimize

adversity. The policy aims to assist the Management in decision making processes that will minimize potential losses, improve the management of uncertainty and to approach the new opportunities, thereby helping the Company to achieve its objectives.

- 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 and develop risk mitigation plans in the interest of the Company.

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

X. Management Discussion and Analysis

The Management Discussion and Analysis Report for the Financial Year 2011-12, 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 Exchange(s) where the shares of the Company are listed and the same are published in Economic Times and Maharashtra Times. These financial results are also displayed on the Company's website www.eclerx.com. The quarterly investor presentations after declaration of quarterly, half-yearly and annual results are displayed on the Company's website. The Company's website also displays the official news releases.

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

Time of AGM	10.15 a.m.												
Venue of AGM	Walchand Hirachand Hall Indian Merchants' Chamber LNM IMC Building Churchgate Mumbai - 400 020												
Financial year	April to March												
Financial calendar (2012-13) (Tentative)	<table border="1"> <thead> <tr> <th>Declaration of Results for the Quarter Ending on</th> <th>Tentative Board Meeting Schedule</th> </tr> </thead> <tbody> <tr> <td>June 30, 2012</td> <td>Last week of July 2012</td> </tr> <tr> <td>September 30, 2012</td> <td>Last week of October 2012</td> </tr> <tr> <td>December 31, 2012</td> <td>Last week of January 2013</td> </tr> <tr> <td>March 31, 2013</td> <td>Last week of May 2013</td> </tr> <tr> <td>Thirteenth Annual General Meeting</td> <td>Second fortnight of August 2013</td> </tr> </tbody> </table>	Declaration of Results for the Quarter Ending on	Tentative Board Meeting Schedule	June 30, 2012	Last week of July 2012	September 30, 2012	Last week of October 2012	December 31, 2012	Last week of January 2013	March 31, 2013	Last week of May 2013	Thirteenth Annual General Meeting	Second fortnight of August 2013
Declaration of Results for the Quarter Ending on	Tentative Board Meeting Schedule												
June 30, 2012	Last week of July 2012												
September 30, 2012	Last week of October 2012												
December 31, 2012	Last week of January 2013												
March 31, 2013	Last week of May 2013												
Thirteenth Annual General Meeting	Second fortnight of August 2013												
Date of book closure	Thursday, August 16, 2012 to Thursday, August 23, 2012. (Both days inclusive)												
Dividend payment date	If declared, shall be paid on / after Tuesday, August 28, 2012.												
Shares held in physical form	<p>Shareholders holding shares in the physical form are requested to promptly notify / send the following details to the Registrar and Share Transfer Agent of the Company, to facilitate better servicing:</p> <ul style="list-style-type: none"> • 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. 												
Shares held in electronic form	<p>Shareholders holding shares in electronic form may please note that:</p> <ul style="list-style-type: none"> • 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. 												

Listing on Stock Exchanges	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.
Listing fees	The Company has paid the Annual Listing fees to the BSE and NSE for the Financial Year 2012-13.
ISIN number	For NSDL / CDSL: INE738I01010
BSE code	532927
NSE symbol	ECLERX
Registered office	Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai – 400023
Corporate office and delivery facilities	<ul style="list-style-type: none"> • Indiabulls Finance Center, 1102, Tower 2, 11th Floor, 612/613, S. B. Marg, Elphinstone Road (West), Mumbai – 400013 • 301, 3rd Floor, Raheja Plaza 1, L.B.S. Road, Ghatkopar (West), Mumbai – 400086 • 202, Ashok Silk Mills, Opp Damodar Park, L.B.S. Road, Ghatkopar (West), Mumbai – 400086 • Building No. 14, K Raheja Mindspace, Plot No. 3, TTC Industrial Area, Thane Belapur Road, Airoli, Navi Mumbai – 400708 • Block # 01, 5th Floor, Quadron Business Park, Rajiv Gandhi Infotech Park, Hinjewadi Phase-II, Pune – 411057 • 2nd Floor, Tower A & B, Rajiv Gandhi Chandigarh Technology Park, Kishangarh, Chandigarh – 160101
Registrar and Share Transfer Agents (R&T Agents)	<p>Karvy Computershare Private Limited Plot No. 17 to 24, Vittal Rao Nagar Madhapur, Hyderabad – 500081 Tel: 040 - 2342 0815 to 824 Fax: 040 - 2342 0814 Email: einward.ris@karvy.com</p>
Share transfer system	About 99.95% of the equity shares of the Company are in dematerialized 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).
Dematerialization of shares	All requests for dematerialization of shares are processed and confirmed to the depositories, viz, NSDL and CDSL, by our Registrar and Share Transfer Agent within a period of 21 days. The particulars of the dematerialization are reported to the Board Committee for its noting. (subject to the documents being valid and complete in all respects).
Shares in dematerialized mode	The shares of the Company are compulsorily traded in dematerialized form. The shares of the Company are admitted for trading under both depository systems in India: NSDL and CDSL. A total number of 29,043,414 Equity shares of the Company constituting over 99.95 per cent of the Company's equity shares were dematerialized as on March 31, 2012.

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 Statutory Auditors

Certificate from the Statutory Auditors of the Company, Walker, Chandio & 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).

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.

Year	Nature of Dividend	Dividend Per Share (Rs.)	Date of Declaration	Due Date for Transfer to IEPF	Amount* (Rs.)
2007-08	Final Dividend	2.00	September 1, 2008	September 30, 2015	73,866.18
2008-09	Interim Dividend	2.50	October 30, 2008	November 29, 2015	88,487.22
2008-09	Final Dividend	10.00	August 26, 2009	September 25, 2016	209,751.38
2009-10	Interim Dividend	7.50	October 28, 2009	November 27, 2016	150,579.51
2009-10	Final Dividend	10.00	September 16, 2010	October 15, 2017	184,059.70
2010-11	Final Dividend	22.50	August 24, 2011	September 23, 2018	291,298.21

*Amount unclaimed as on March 31, 2012

Balance in IPO Refund Account

The IPO Refund Account of the Company was having a balance of Rs. 376,855/- as on March 31, 2012 pertaining to IPO share application money of investors, made in December 2007. The said balance was Rs. 534,355/- as on March 31, 2011. 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.

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, 2011	17	556
2	Number of Shareholders approached the Company to claim aforesaid unclaimed shares and to whom the shares were transferred	1	20
3	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2012	16	536

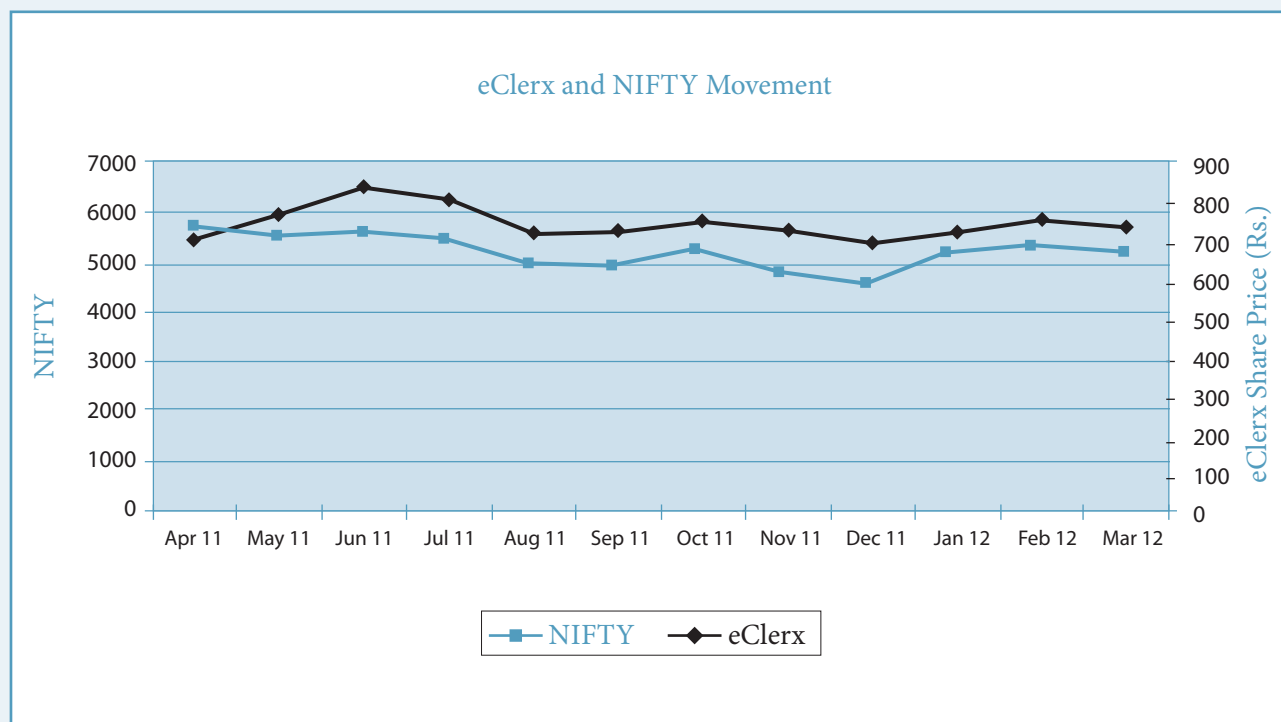
As required under the said Clause of the Listing Agreement, the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Market Price Data

Market Price Data (in Rs. per share)

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2011	775.00	635.00	773.00	635.20
May 2011	839.95	660.05	840.00	657.00
June 2011	859.90	750.00	860.80	760.00
July 2011	874.00	801.30	875.00	804.00
August 2011	839.80	701.00	848.40	696.10
September 2011	769.90	700.05	767.00	685.00
October 2011	767.00	707.05	790.00	710.00
November 2011	795.00	705.00	844.40	616.60
December 2011	775.00	658.00	780.00	658.00
January 2012	749.80	685.55	733.85	668.25
February 2012	799.00	713.00	799.15	710.00
March 2012	775.00	718.55	774.90	715.25

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



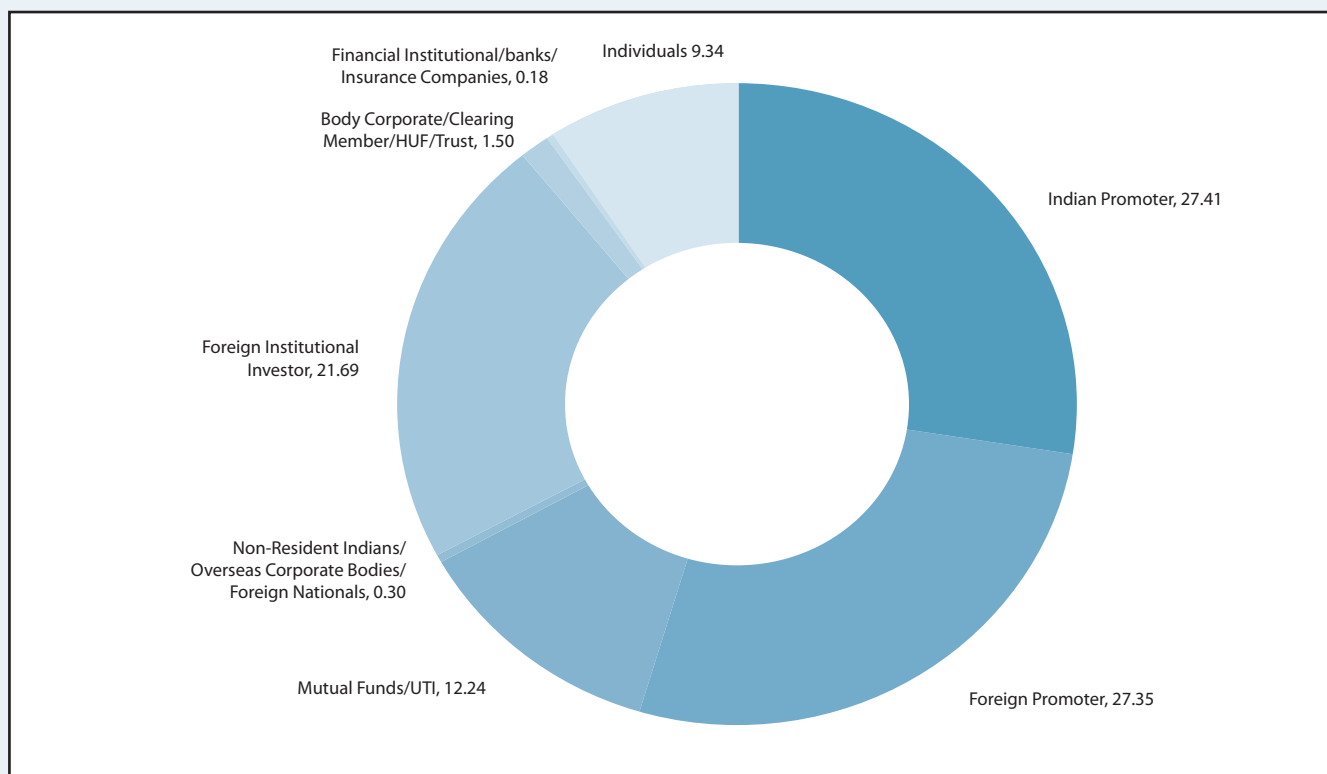
Distribution of Shareholding as at March 31, 2012

Category From - To	Number of Shareholders	% of Total Shareholders	No. of Shares Held	% of Total Shareholding
1 - 5000	14652	97.10	703,105	2.42
5001 - 10000	167	1.11	122,409	0.42
10001 - 20000	93	0.62	136,663	0.47
20001 - 30000	24	0.16	58,260	0.20
30001 - 40000	15	0.10	53,010	0.18
40001 - 50000	15	0.10	69,354	0.24
50001 - 100000	28	0.19	197,006	0.68
100001 & Above	96	0.64	27,717,727	95.39
Total	15,090	100	29,057,534	100

Shareholding Pattern

The shareholding pattern of the Company as on March 31, 2012 was as under:

S. No.	Category of Shareholder	No. of Shares	% Shareholding
(A) Shareholding of Promoter and Promoter Group			
1	Indian	7,964,436	27.41
2	Foreign	7,946,683	27.35
Total Promoters Shareholding (A)		15,911,119	54.76
(B) Public Shareholding			
1 Institutions			
(a)	Mutual Funds / UTI	3,555,977	12.24
(b)	Financial Institutions / Banks / Insurance Companies	51,115	0.18
(c)	Non-Resident Indians / Overseas Corporate Bodies / Foreign Nationals	86,598	0.30
(d)	Foreign Institutional Investor	6,302,074	21.69
2 Non-Institutional Investor			
(a)	Body Corporate / Clearing Member / HUF / Trust	436,131	1.50
(b)	Individuals	2,714,520	9.34
Total Public Shareholding (B)		13,146,415	45.25
Total (A)+(B)		29,057,534	100.00



Shareholder Inquiries

Questions concerning folio, share certificates, dividend, address changes, consolidation of certificates and related matters should be addressed to the Company at its Registered Office or its Registrar and Share Transfer Agent at the below mentioned addresses:

Registered Office:

eClerx Services Limited
 Sonawala Building,
 1st Floor, 29 Bank Street, Fort,
 Mumbai – 400 023
 Tel.: 022 6614 8301, Fax: 022 6614 8655
 Email: investor@eclerx.com

Registrar and Share Transfer Agent:

Karvy Computershare Private Limited
 Plot No. 17 to 24, Vittal Rao Nagar
 Madhapur, Hyderabad – 500 081
 Tel.: 040 - 2342 0815 to 824
 Fax: 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, 2012.

For **eClerx Services Limited**

PD Mundhra

Executive Director

Place: Mumbai

Date: May 18, 2012



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, 2012 and that to the best of our knowledge and belief:
 - i. Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. Financial statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. Significant changes, if any, in internal control over financial reporting during the year;
 - ii. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of any fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

PD Mundhra
Executive Director

Rohitash Gupta
Chief Financial Officer

Mumbai
May 18, 2012

Auditors' Certificate on compliance of conditions of Corporate Governance

To
The Members,
eClerx Services Limited

We have examined the compliance of the conditions of Corporate Governance by eClerx Services Limited for the year ended 31 March 2012 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
18 May 2012

Auditors' Report

To the Members of eClerx Services Limited

1. We have audited the attached Balance Sheet of eClerx Services Limited, (the 'Company') as at 31 March 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - ii) the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Mumbai
18 May 2012

Annexure to the Auditors' Report of even date to the members of eClerx Services Limited, on the financial statements for the year ended 31 March 2012.

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 two years which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The Company does not have any tangible inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) 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 area.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of the 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. 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, service tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute. The dues outstanding in respect of income-tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rupees in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demand	9.67	Assessment Year 2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax demand	3.53	Assessment Year 2007-08	Commissioner of Income Tax (Appeals)

- (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.
- (xviii) During the year the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. The management of the Company has disclosed the end use of monies raised by public issue in the previous year / earlier years in the current year financial statements and the same has been verified by us.
- (xxi) No fraud on or by the Company has been noticed or reported during the year covered by our audit.

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

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

Mumbai
18 May 2012

Balance Sheet as at March 31, 2012

(Rupees in million)

	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	290.57	288.54
Reserves and Surplus	4	3,060.72	2,049.79
		3,351.29	2,338.33
Share Application Money Pending Allotment	5	2.82	0.58
Non Current Liabilities			
Long-term Provisions	6	45.08	25.12
		45.08	25.12
Current Liabilities			
Trade Payables	7	288.20	202.39
Other Current Liabilities	8	50.35	47.42
Short-term Provisions	9	776.25	882.01
		1,114.80	1,131.82
Total		4,513.99	3,495.85
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	10	399.07	265.99
Intangible Assets	10	28.07	29.45
Capital work in Progress		45.00	65.32
Non-current Investments	11	7.53	7.53
Deferred Tax Assets (Net) (Refer Note 22)		9.29	6.83
Long-term Loans and Advances	12	78.65	60.04
		567.61	435.16
Current Assets			
Current Investments	11	998.84	278.28
Trade Receivables	13	421.07	659.37
Cash and Bank Balances	14	1,612.88	1,492.69
Short-term Loans and Advances	12	277.96	218.73
Other Current Assets	15	635.63	411.62
		3,946.38	3,060.69
Total		4,513.99	3,495.85
Notes 1 to 37 form an integral part of these financial statements			

As per our report of even date

For and on behalf of the Board of Directors

For Walker, Chandio & Co
 Chartered Accountants

Khushroo B. Panthaky
 Partner

V.K. Mundhra
 Chairman

PD Mundhra
 Executive Director

Anjan Malik
 Director

Jimmy Bilimoria
 Director

Rohitash Gupta
 Chief Financial Officer

Gaurav Tongia
 Company Secretary

 Place: Mumbai
 Date: May 18, 2012

Statement of Profit and Loss for the year ended March 31, 2012

(Rupees in million)

	Note	Year ended March 31, 2012	Year ended March 31, 2011
INCOME			
Revenue from Sale of Services		4,724.66	3,419.11
Other Income	16	223.25	240.49
		4,947.91	3,659.60
EXPENDITURE			
Employee Benefit expenses	17	1,583.87	1,183.18
Other expenses	18	1,283.99	912.91
Depreciation and amortisation	10	125.58	89.01
		2,993.44	2,185.10
Profit before Exceptional Items & Taxes		1,954.47	1,474.50
Diminution in value of Long Term Investment		-	126.77
Profit before taxes		1,954.47	1,347.73
Provision for taxation			
- Current Income Tax		383.64	161.72
- Deferred Income Tax		(2.46)	0.39
		381.18	162.11
Profit after tax		1,573.29	1,185.62
Earnings per share (Refer Note 28)			
Weighted average number of equity shares outstanding during the year			
-Basic		28,975,290	28,710,715
-Diluted		30,148,895	30,099,111
Earning per share (in Rs.)			
- Basic		54.30	41.30
- Diluted		52.18	39.39
Nominal value of shares (Rs)		10	10
Notes 1 to 37 form an integral part of these financial statements			

As per our report of even date

For Walker, Chandio & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 18, 2012

V.K. Mundhra
Chairman

PD Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

For and on behalf of the Board of Directors

Cash Flow Statement

for the year ended March 31, 2012

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Exceptional Items	1,954.47	1,347.73
Adjustments for:		
Depreciation	125.58	89.01
Stock Options Outstanding	2.78	0.45
(Profit) / Loss on Sale of Investments	(0.01)	-
Loss on Sale of assets	4.38	0.05
Provision for Doubtful debts	0.22	(0.44)
Bad Debts Written off	2.84	1.39
Diminution in Value of Long Term Investments	-	126.77
Dividend Income	(40.26)	(25.04)
Interest Income	(98.79)	(50.47)
Operating Profit Before Working Capital Changes	1,951.21	1,489.45
Adjustments for:		
Trade Receivables	235.24	(268.07)
Long-term Loans and Advances	(18.61)	(14.12)
Short-term Loans and Advances	(61.78)	(82.97)
Other Current Assets	(224.01)	(98.09)
Long-term Provisions	19.96	0.62
Trade Payables	85.81	74.61
Other Current Liabilities	2.93	31.29
Short Term Provisions	52.68	43.50
Cash Generated by Operating Activities	2,043.43	1,176.22
Income Taxes paid (net of refunds)	(376.00)	(161.15)
Net Cash generated by Operating Activities	1,667.43	1,015.07
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sale of Investments	2,681.77	3,139.69
Purchase of Investments	(3,402.32)	(2,643.69)
Sale of Fixed Assets	0.36	0.04
Purchase of Fixed Assets (including Capital work in progress)	(241.70)	(237.47)
Interest Received	98.79	50.47
Dividend Received	40.26	25.04
Net Cash (used in) / generated from Investing Activities	(822.84)	334.08

Cash Flow Statement for the year ended March 31, 2012

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from equity issued	33.72	25.29
Dividend Paid	(652.30)	(287.36)
Dividend Tax Paid	(105.82)	(47.73)
Net Cash used in Financing Activities	(724.40)	(309.80)
Net (Decrease) / Increase in Cash and cash equivalents	120.19	1,039.35
Cash and Cash Equivalents at the beginning of the year	1,492.69	453.34
Cash and Cash Equivalents at the end of the year	1,612.88	1,492.69
Notes to the Cash Flow Statement		
Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the Cash Flow Statement comprise the following:		
Cash and Cash Equivalents		
Cash in Hand	0.60	0.55
Balances in Current accounts with scheduled banks	751.39	162.51
Balance with scheduled banks in fixed deposit accounts (maturity less than 3 months)	521.50	392.70
Other Bank Balances		
Balance with scheduled banks in fixed deposit accounts (maturity more than 3 months)	337.50	935.00
Fixed deposits pledged with banks against bank guarantees	0.89	1.22
Unpaid Dividend account *	1.00	0.71
Total	1,612.88	1,492.69
* Not available for use by the Company		

As per our report of even date

For Walker, Chandio & Co

Chartered Accountants

Khushroo B. Panthaky

Partner

Place: Mumbai

Date: May 18, 2012

For and on behalf of the Board of Directors

V.K. Mundhra

Chairman

PD Mundhra

Executive Director

Anjan Malik

Director

Jimmy Bilimoria

Director

Rohitash Gupta

Chief Financial Officer

Gaurav Tongia

Company Secretary

Notes to Financial Statements for the year ended March 31, 2012

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) **Presentation and disclosure of financial statements**

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) **Revenue recognition**

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

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

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

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

c) **Fixed assets, depreciation and amortisation**

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation / amortisation. Fixed assets under construction, advances paid towards acquisition of fixed assets 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 / amortisation on fixed assets is provided under Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of leasehold improvements which are amortised over the period of lease and computer software which are amortised over the estimated useful lives which generally do not exceed six years. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Notes to Financial Statements for the year ended March 31, 2012

d) Investments

Investments, which are readily realizable 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) Retirement benefits

Provident Fund

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

Gratuity

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

Compensated Absences

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

g) Taxation

Current taxes

Current income-tax expense 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 that the

Notes to Financial Statements for the year ended March 31, 2012

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.

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.

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 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, 2012

(Rupees in million)

	As at March 31, 2012		As at March 31, 2011	
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				
29,057,534 (P.Y. 28,854,434) equity shares of Rs. 10 each		290.57		288.54
		290.57		288.54
a) Reconciliation of Paid - up Share Capital				
	No.	Rupees in million	No.	Rupees in million
Opening at the beginning of the year	28,854,434	288.54	19,031,099	190.31
Add: Shares allotted during the year on account of exercise of share options by employees	203,100	2.03	284,661	2.85
Add: Bonus Shares allotted in the ratio of 1:2 to shareholders vide resolution approved by shareholders through postal ballot on July 14, 2010	-	-	9,538,674	95.38
Outstanding at the end of the year	29,057,534	290.57	28,854,434	288.54

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 preceding the reporting date.

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

Name of the Shareholder	No. of Shares held	% of Share Capital	No. of Shares held	% of Share Capital
Anjan Malik	7,922,250	27.26	8,522,250	29.54
PD Mundhra	7,917,862	27.25	8,517,862	29.52
Nambe Investment Holdings	2,765,785	9.52	2,765,785	9.59

Notes to Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012		As at March 31, 2011	
4 RESERVES AND SURPLUS				
General Reserve				
Opening balance	438.10		306.79	
Add: Transfer during the year	157.33		131.50	
Less: Transfer to share capital on ESOP exercise	-	595.43	(0.19)	438.10
Securities Premium				
Opening balance	666.57		739.73	
Add: On shares issued during the year	29.45		22.23	
Less: Bonus shares issued	-	696.02	(95.39)	666.57
Stock Option Outstanding				
Opening balance	2.75		2.30	
Add: Transfer during the year	2.78	5.53	0.45	2.75
Net Surplus in the Statement of Profit and Loss		1,763.74		942.37
		3,060.72		2,049.79
Details of appropriations made:				
Profit after tax			1,573.29	1,185.62
Balance brought forward from previous year			942.37	755.97
Surplus available for appropriation			2,515.66	1,941.59
Less: Appropriations				
Short Provision for Dividend and Dividend Tax			3.58	113.17
Proposed Dividend			508.51	649.23
Tax on Proposed Dividend			82.50	105.32
Transfer to General Reserve			157.33	131.50
Balance carried to Balance Sheet			1,763.74	942.37

	No. of Options applied	Rupees of Securities premium	Allotment date / Tentative date by which allotment will be done
5 SHARE APPLICATION MONEY PENDING ALLOTMENT			
As on March 31, 2012	17,700	2.65	April 12, 2012
As on March 31, 2011	6,200	0.52	April 28, 2011

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, 2012

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
6 LONG-TERM PROVISIONS		
Provision for Gratuity* (Refer Note 29)	45.08	25.12
	45.08	25.12
* Provision for Gratuity is net of contribution of Rs. 1.83 million (P.Y. Rs. 1.35 million) paid to LIC Gratuity Fund.		
7 TRADE PAYABLES		
Payable to Micro, Small and Medium Enterprises	-	-
Other Trade Payables	288.20	202.39
	288.20	202.39
8 OTHER CURRENT LIABILITIES		
Unclaimed Dividend	1.00	0.71
Advance Billing	28.54	32.07
Other Liabilities	20.81	14.64
	50.35	47.42
9 SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Incentive Payable to employees	162.48	115.03
Provision for Gratuity (Refer Note 29)	1.91	2.07
Provision for Leave Encashment	10.64	5.24
	175.03	122.34
Others		
Provision for Taxation (Net)	10.21	5.12
Proposed Dividend #	508.51	649.23
Dividend Distribution Tax on Proposed Dividend	82.50	105.32
	601.22	759.67
Total	776.25	882.01
# Proposed dividend of Rs. 17.50/- per share (P.Y. Rs. 22.50/- per share)		

Notes to Financial Statements for the year ended March 31, 2012

10 FIXED ASSETS

(Rupees in million)

Assets	Gross Block - At Cost			Accumulated Depreciation / Amortisation				Net Carrying Value		
	"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

Assets	Gross Block - At Cost			Accumulated Depreciation / Amortisation				Net Carrying Value		
	"As on April 1, 2010"	Additions during the year	Deductions / Adjustments	"As on March 31, 2011"	"As on April 1, 2010"	Additions during the year	Deductions / Adjustments	"As on March 31, 2011"	"As on March 31, 2011"	"As on March 31, 2010"
Tangible										
Leasehold Improvements	91.04	22.72	-	113.76	39.16	10.74	-	49.90	63.86	51.88
Office Equipment	47.86	22.07	0.01	69.92	14.40	6.78	-	21.18	48.74	33.46
Computers	205.51	117.07	3.28	319.30	134.40	56.12	2.93	187.59	131.71	71.11
Furniture and Fixtures	40.20	8.64	-	48.84	22.19	4.97	-	27.16	21.68	18.01
	384.61	170.50	3.29	551.82	210.15	78.61	2.93	285.83	265.99	174.46
Intangible										
Computer Software	48.76	23.98	-	72.74	32.89	10.40	-	43.29	29.45	15.87
	48.76	23.98	-	72.74	32.89	10.40	-	43.29	29.45	15.87
Total	433.37	194.48	3.29	624.56	243.04	89.01	2.93	329.12	295.44	190.33

Notes to Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
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, USA	0.72	0.72
100 shares of GBP 1 each in eClerx Limited, UK	3.31	3.31
1,600,000 shares of GBP 1 each in eClerx Investments Limited, BVI	129.96	129.96
1 shares of SGD \$1 each in eClerx Private Limited, Singapore	0.01	0.01
Less: Provision for Diminution of Long Term Investment		
1,600,000 shares of GBP 1 each in eClerx Investments Limited, BVI	(126.77)	(126.77)
	7.23	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	7.53	7.53
Current Investments		
Investments in Mutual Funds		
14,500,723 (P.Y. Nil) units of Reliance Liquid Fund - Treasury Plan	221.68	-
Nil (P.Y. 3,001,574) units of DSP Black Rock FMP 3M Series 28	-	30.02
2,352,913 (P.Y. Nil) units of DSP Black Rock FMP 3M Series 40	23.53	-
Nil (P.Y. 3,000,000) units of ICICI Prudential Interval Fund	-	30.00
98,414 (P.Y. 933,741) units of ICICI Prudential Flexible Income Plan	10.41	98.73
808,442 (P.Y. Nil) units of Birla Sun Life Floating Rate Fund STP-IP-Daily Div-Reinvestment	80.86	-
32,236,110 (P.Y. Nil) units of Kotak Floater Short Term - Daily Dividend	326.11	-
Nil (P.Y. 3,576,412) units of Kotak Flexi Debt Scheme	-	35.93
Nil (P.Y. 5,000,000) units of Kotak QIP Series 4	-	50.00
79,243 (P.Y. 16,205) units of UTI Treasury Advantage	79.26	16.21
Nil (P.Y. 1,733,744) units of HDFC Cash Management Fund - Treasury Advantage	-	17.39
6,059,664 (P.Y. Nil) units of HDFC Liquid Fund - Premium Plan	74.29	-
4,920,947 (P.Y. Nil) units of DWS Ultra Short Term Fund	49.30	-
1,327,447 (P.Y. Nil) units of DWS Treasury Fund Cash - IP	133.40	-
Total	998.84	278.28
Aggregate value of unquoted investments	7.53	7.53
Aggregate value of quoted investments (Market value: Rs. 998.84 million (P.Y. Rs. 278.28 million))	998.84	278.28

Notes to Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
12 LOANS AND ADVANCES		
Non Current (Long Term) (Unsecured, considered Good)		
Corporate Premises Rent Deposit	77.38	59.05
Other Deposits	1.27	0.99
Total	78.65	60.04
Current (Short Term) (Unsecured, considered Good)		
Staff Accommodation Rent Deposit	0.61	1.13
Advance tax (Net)	7.79	10.34
Service Tax Credit	219.23	139.43
Prepaid Expenses	24.16	20.32
Other Advances	26.04	47.39
	277.83	218.61
Current (Short Term) (Unsecured, Considered good)		
Other Advances to related parties (Refer note 26B)	0.13	0.12
	0.13	0.12
Total	277.96	218.73
13 TRADE RECEIVABLES (UNSECURED)		
Considered good		
Outstanding for period exceeding six months	0.85	2.98
Other debts	420.22	656.39
Considered doubtful		
Debts outstanding for a period exceeding six months	0.22	-
Less: Provision for doubtful debts	(0.22)	-
	421.07	659.37

Notes to Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
14 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	0.60	0.55
Balances in Current accounts with scheduled banks	751.39	162.51
Balance with scheduled banks in fixed deposit accounts (maturity less than 3 months)	521.50	392.70
Other Bank Balances		
Balance with scheduled banks in fixed deposit accounts (maturity more than 3 months)	337.50	935.00
Fixed deposits pledged with banks against bank guarantees	0.89	1.22
Unpaid Dividend account	1.00	0.71
	1,612.88	1,492.69
15 OTHER CURRENT ASSETS		
Unbilled Revenues	531.63	358.68
Unamortized Premium on Forward Contracts	104.00	52.94
	635.63	411.62

Notes to Financial Statements for the year ended March 31, 2012

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
16 OTHER INCOME		
Interest on fixed deposit	98.79	50.47
[Tax deducted at Source Rs. 9.85 million (P.Y. Rs. 5.04 million)]		
Foreign Exchange Gain	84.19	164.98
Dividend	40.26	25.04
Profit on Sale of Investments (net)	0.01	-
	223.25	240.49
17 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	1,538.97	1,148.38
Employee Stock Option Scheme	2.79	0.48
Contribution to Provident fund	4.58	4.26
Gratuity (Refer Note 29)	22.40	12.56
Staff Welfare expenses	15.13	17.50
	1,583.87	1,183.18

Notes to Financial Statements for the year ended March 31, 2012

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
18 OTHER EXPENSES		
Contract for Services	660.81	437.15
Rent	164.48	126.89
Legal and Professional fees	58.65	43.84
Electricity	45.36	27.79
Communication expenses	61.06	57.79
Auditor's remuneration (Refer Note 20)	1.29	1.32
Office Expenses	15.06	8.52
Rates and Taxes	12.76	17.09
Computer and Server rental expenses	50.01	33.07
Printing and Stationery	5.62	4.05
Local Conveyance	47.40	32.76
Donation	6.02	5.27
Housekeeping Services	17.25	9.67
Security charges	23.33	13.71
Insurance	8.94	5.83
Repairs and Maintenance		
- Building	4.58	0.48
- Others	4.37	3.62
Board Meeting Sitting Fees	0.52	0.58
Provision for Doubtful debts	0.22	(0.44)
Bad Debts Written off	2.84	1.39
Loss on Sale of Assets	4.38	0.05
Advertisement expenses	1.00	1.32
Traveling expenses	77.82	74.66
Business Promotion expenses	5.74	4.42
Miscellaneous expenses	4.48	2.08
	1,283.99	912.91

Notes to Financial Statements for the year ended March 31, 2012

19. INVESTMENTS

- a) Pursuant to a Share Purchase Agreement ('SPA') dated July 24, 2007, the Company, through its subsidiary, eClerx Investments Limited (EIL), acquired 99.4% of Igentica Travel Solutions Limited (ITS) for GBP 1,428,441. ITS was wound up on March 29, 2011 and the provision for diminution in value of investment in EIL has been made for Rs. 126.77 millions, based on the revised net worth of EIL as at March 31, 2011.
- b) Subsequent to the balance sheet date, 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 will 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, 2014. The transaction will be funded from Group's internal resources including unutilised IPO proceeds.

20. AUDITORS' REMUNERATION (EXCLUDING SERVICE TAX) HAS BEEN CLASSIFIED AS UNDER

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
Statutory Audit	1.25	1.27
Out of Pocket Expenses	0.04	0.05
Others	-	-
	1.29	1.32

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)

	Year ended March 31, 2012	Year ended March 31, 2011
United States of America	3,148.91	2,074.08
United Kingdom	241.48	334.26
Europe	969.79	767.88
Asia Pacific	364.48	242.89
Total Revenues	4,724.66	3,419.11

(Rupees in million)

Segment	Segment-wise Assets		Segment-wise Additions to Fixed Assets	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
United States of America	287.63	486.68	-	-
United Kingdom	32.35	53.10	-	-
Europe	90.24	57.38	-	-
Asia Pacific	2,051.12	1,850.34	262.04	194.48

Notes to Financial Statements for the year ended March 31, 2012

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:

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
Deferred Tax Assets		
Depreciation	(0.41)	0.73
Provision for gratuity	5.07	3.57
Provision for compensated absences	1.77	0.07
Provision for lease equalization	2.86	2.46
Total	9.29	6.83

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, 2012	As at March 31, 2011
Lease payments recognised in the Statement of Profit and Loss	164.48	126.89
Future minimum lease payments for non-cancellable operating leases		
Not Later than one year	109.44	41.81
Later than one year, but not later than five years	84.56	59.23
Later than five years	-	-

24. COMMITMENTS

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	17.45	7.92
Other Commitments	-	-

Notes to Financial Statements for the year ended March 31, 2012

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.

	Year ended March 31, 2012		Year ended March 31, 2011	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Stock Options outstanding at the beginning of the year	133,401	104.54	302,000	132.66
Additional bonus on outstanding options	-	-	127,875	-
Forfeited / cancelled	-	-	11,813	106.67
Exercised	76,900	102.98	284,661	87.32
Balance as at the end of the year	56,501	106.67	133,401	104.54

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, 2012		Year ended March 31, 2011	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Stock Options outstanding at the beginning of the year	1,449,000	170.05	821,500	168.02
Granted during the year	632,400	690.26	314,625	510.21
Additional bonus on outstanding options	-	-	530,813	-
Forfeited / cancelled	72,425	644.12	217,938	267.58
Exercised	126,200	186.67	-	-
Balance as at the end of the year	1,882,775	337.94	1,449,000	170.05

Notes to Financial Statements for the year ended March 31, 2012

Proforma accounting for stock options granted

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

(Rupees in million, except per share data)

	Year ended March 31, 2012	Year ended March 31, 2011
Net Profit after tax as reported	1,573.29	1,185.62
Add - Intrinsic Value Cost	2.79	0.48
Less - Fair Value Cost	89.73	41.31
Adjusted proforma Net Profit	1,486.35	1,144.79
Basic EPS as reported	54.30	41.30
Proforma Basic EPS	51.30	39.87
Diluted EPS as reported	52.18	39.39
Proforma Diluted EPS	49.30	38.03

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%

Notes to Financial Statements for the year ended March 31, 2012

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%

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. Igentica Travel Solutions Limited *(99.4% held by eClerx Investments Limited)

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

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

1. Duncan Stratton & Company Limited

(c) Key Management Personnel:

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

Notes to Financial Statements for the year ended March 31, 2012

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, 2012	March 31, 2011	March 31, 2012	March 31, 2011
1	eClerx Limited, United Kingdom	Contract for Services	Wholly owned Subsidiary	246.08	192.12	54.14 Payable	51.84 Payable
		Expenses incurred by holding Company on behalf of subsidiary		5.02	5.35		
		Expenses incurred by subsidiary on behalf of holding Company		-	0.36		
		Realisations by subsidiary on behalf of holding company		-	0.55		
2	eClerx LLC, United States of America	Contract for Services	Wholly owned Subsidiary	353.74	222.30	87.11 Payable	58.71 Payable
		Expenses incurred by holding Company on behalf of subsidiary		3.01	1.77		
		Expenses incurred by subsidiary on behalf of holding Company		-	0.26		
3	eClerx Investments Limited	Expenses incurred on behalf of subsidiary	Wholly owned Subsidiary	0.13	0.13	0.10 Receivable	0.12 Receivable
4	Igentica Travel Solutions Limited	Write off of advance receivable from subsidiary	Subsidiary	-	1.39	-	-
5	Anjan Malik	Dividend	Director	178.25	85.22	-	-
		Sitting fees		-	0.08		
6	PD Mundhra	Remuneration	Executive Director	21.28	21.57	-	-
		Dividend		178.15	85.18		
7	V.K. Mundhra	Dividend	Director	0.73	0.32	-	-
		Sitting fees		-	0.08		
8	Duncan Stratton & Company Limited	Rent	Common Director	0.03	0.03	-	-
9	eClerx Private Limited, Singapore	Contract for Services	Wholly owned Subsidiary	60.99	22.73	10.89 Payable	6.98 Payable
		Expenses incurred by holding Company on behalf of subsidiary		0.67	0.69		

Notes to Financial Statements for the year ended March 31, 2012

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, 2012:

(Rupees in million)

Subsidiary Company	Outstanding as on March 31, 2012	Maximum amount outstanding during the year ended March 31, 2012	Outstanding as on March 31, 2011	Maximum amount outstanding during the year ended March 31, 2011
eClerx Private Limited	-	-	-	1.47
eClerx Investments Limited	0.13	0.13	0.12	0.27
Igentica Travel Solutions Limited	-	-	-	1.39

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, 2012	Year ended March 31, 2011
Profit after tax attributable to shareholders (Rupees in million)	A	1,573.29	1,185.62
Weighted average number of equity shares outstanding during the year.			
- Basic	B	28,975,290	28,710,715
- Diluted	C	30,148,895	30,099,111
Earnings per share (Rs.)			
- Basic	A/B	54.30	41.30
- Diluted	A/C	52.18	39.39
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.

The following table sets out the status of the gratuity plan for the year ended March 31, 2012 as required under AS 15 (Revised) as notified under the Companies Act, 1956

Notes to Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
Change in Defined Benefit Obligation		
Opening in Defined Benefit Obligation	21.85	13.63
Current service cost	13.03	9.85
Interest Cost	-	-
Actuarial (gain) / loss	1.13	0.44
Benefits paid	(2.24)	(2.07)
Closing defined benefit obligation	33.77	21.85

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
Change in fair value of assets		
Opening fair value of assets	1.35	0.93
Expected return on plan assets	-	-
Actuarial gain	0.12	0.14
Contribution by employer	2.60	2.35
Benefits paid	(2.24)	(2.07)
Closing fair value of plan assets	1.83	1.35
Net Liability	31.94	20.50
Net Liability as per actuarial valuation of LIC	31.94	20.50
Additional provision made based on independent actuarial valuation	15.05	6.69
Liability as per Balance Sheet (refer note 6 and 9)	46.99	27.19

(Rupees in million)

Expense for the year	Year ended March 31, 2012	Year ended March 31, 2011
Current service cost	7.47	6.01
Interest on defined benefit obligations	(0.12)	(0.14)
Expected return on Plan assets	-	-
Additional provision made based on independent actuarial valuation	15.05	6.69
Net actuarial losses / (gain)	-	-
Total included in employment expenses	22.40	12.56
Actual return on plan assets	9%	9%
Financial assumptions at valuation date		
Discount rate	8.5%	8%
Rate of increase in compensation levels of covered employees	4%	4%
Expected rate of return on plan assets	9%	9%

Notes to Financial Statements for the year ended March 31, 2012

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 counterparties 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, 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	\$ 5.0	47.00

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

As on the balance sheet date, the Company's net foreign currency exposure that is not hedged is Rs. 625.76 million (P.Y. 615.28 million).

31. The Company has deferred the recognition of cumulative Minimum Alternative Tax (MAT) credit of Rs. 209.18 million as at March 31, 2012 (P.Y. Rs. 168.69 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 Financial Statements for the year ended March 31, 2012

32. INITIAL PUBLIC OFFER (IPO)

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

(Rupees in million)

Particulars	Planned as per Prospectus	Utilisation as on March 31, 2012	Balance
Acquisitions	220.00	-	220.00
Infrastructure Investments	180.00	180.00	-
Setting up of Additional Facilities	100.00	100.00	-
General Corporate purposes	161.00	161.00	-
Total	661.00	441.00	220.00

33. 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.

34. 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. 29.13 million).

(Rupees in million)

Financial Year	Demand Amount	Status
2004-05	9.67	Appeal filed with Commissioner of Income Tax (Appeals)
2006-07	3.53	Appeal filed with Commissioner of Income Tax (Appeals)

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

Notes to Financial Statements for the year ended March 31, 2012

35. SUPPLEMENTARY STATUTORY INFORMATION.

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
CIF value of imports:		
Capital Goods	133.06	124.01
Expenditure in foreign currency:		
Travelling expenses	50.06	51.58
Marketing & other related expenses	637.78	383.48
Server rental expenses	13.64	11.58
Earnings in foreign exchange:		
Income from services	4,634.90	3,393.73
Remittance in foreign currency on account of dividend		
Dividend for the year		
2010-11	344.87	-
2009-10	-	138.13
Number of non-resident shareholders for the year		
2010-11	274	-
2009-10	-	164
Shares held by non-resident shareholders on which dividend was due for the year *		
2010-11	15,327,433	-
2009-10	-	13,812,525

*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 2009-10 and 2010-11.

36. 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.

37. 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, Chandio & Co

Chartered Accountants

Khushroo B. Panthaky

Partner

Place: Mumbai

Date: May 18, 2012

For and on behalf of the Board of Directors

V.K. Mundhra

Chairman

PD Mundhra

Executive Director

Anjan Malik

Director

Jimmy Bilimoria

Director

Rohitash Gupta

Chief Financial Officer

Gaurav Tongia

Company Secretary

Auditors' Report

To the Board of Director of eClerx Services Limited

1. We have audited the attached Consolidated Balance Sheet of eClerx Services Limited and its subsidiaries, (hereinafter collectively referred to as 'the Group') as at 31 March 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'Consolidated Financial Statements'). These Consolidated Financial Statements are the responsibility of the Group's management and have been prepared by the Group's management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, in case of:
 - i) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;
 - ii) the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Mumbai
18 May 2012

Consolidated Balance Sheet as at March 31, 2012

(Rupees in million)

	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	290.57	288.54
Reserves & Surplus	4	3,138.62	2,094.68
		3,429.19	2,383.22
Share Application Money Pending Allotment	5	2.82	0.58
Non Current Liabilities			
Deferred Tax Liability (Net) (Refer Note 23)		1.73	-
Long-term Provisions	6	45.08	25.12
		46.81	25.12
Current Liabilities			
Trade Payables	7	160.86	102.98
Other Current Liabilities	8	50.61	47.59
Short-term Provisions	9	925.68	968.57
		1,137.15	1,119.14
Total		4,615.97	3,528.06
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	10	415.66	275.21
Intangible Assets	10	28.07	29.45
Capital work in Progress		45.00	65.32
Non-current Investments	11	0.30	0.30
Deferred Tax Assets (Net) (Refer Note 23)		9.29	6.83
Long-term Loans and Advances	12	78.86	63.24
		577.18	440.35
Current Assets			
Current Investments	11	998.84	278.28
Trade Receivables	13	421.84	659.37
Cash & Bank Balances	14	1,686.61	1,515.28
Short-term Loans and Advances	12	295.87	223.16
Other Current Assets	15	635.63	411.62
		4,038.79	3,087.71
Total		4,615.97	3,528.06

Notes 1 to 33 form an integral part of these financial statements

As per our report of even date

For and on behalf of the Board of Directors

For Walker, Chandio & Co

Chartered Accountants

Khushroo B. Panthaky
Partner

V.K. Mundhra
Chairman

PD Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

Place: Mumbai

Date: May 18, 2012

Consolidated Statement of Profit And Loss For the year ended March 31, 2012

(Rupees in million)

	Note	Year ended March 31, 2012	Year ended March 31, 2011
INCOME			
Revenue from Sale of Services		4,728.85	3,421.03
Other Income	16	223.00	240.16
		4,951.85	3,661.19
EXPENDITURE			
Employee benefit Expenses	17	2,038.69	1,476.53
Other Expenses	18	792.78	598.72
Depreciation and amortisation	10	128.88	91.25
		2,960.35	2,166.50
Profit before Exceptional Items & Taxes		1,991.50	1,494.69
Diminution in value of Long-Term Investment		-	102.74
Profit before taxes		1,991.50	1,391.95
Provision for taxation			
- Current Income Tax		394.66	167.17
- Deferred Income Tax		(0.89)	0.39
		393.77	167.56
Profit after tax		1,597.73	1,224.39
Earnings per share (Refer Note 28)			
Weighted average number of equity shares outstanding during the year			
- Basic		28,975,290	28,710,715
- Diluted		30,148,895	30,099,111
Earning per share (in Rs.)			
- Basic		55.14	42.65
- Diluted		52.99	40.68
Nominal value of shares (Rs)		10	10
Notes 1 to 33 form an integral part of these financial statements			

As per our report of even date

For Walker, Chandio & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 18, 2012

V.K. Mundhra
Chairman

PD Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

For and on behalf of the Board of Directors

Consolidated Cash Flow Statement for the year ended March 31, 2012

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Exceptional Items	1,991.50	1,391.95
Adjustments for:		
Depreciation	128.88	91.25
Stock Options Outstanding	2.78	0.45
(Profit) / Loss on Sale of Investments	(0.01)	-
(Profit) / Loss on Sale of assets	4.38	0.05
Provision for Doubtful debts	0.22	(0.44)
Bad Debts Written off	2.84	(0.02)
Diminution in Value of Long-Term Investments	-	102.74
Dividend Income	(40.26)	(25.04)
Interest Income	(98.79)	(50.47)
Operating Profit Before Working Capital Changes	1,991.54	1,510.47
Adjustments for:		
Trade Receivables	234.48	(266.66)
Long-term Loans and Advances	(15.61)	(14.19)
Short-term Loans and Advances	(75.26)	(86.45)
Other Current Assets	(224.02)	(98.17)
Long-term Provisions	19.96	0.62
Trade Payables	57.88	36.44
Other Current Liabilities	3.02	31.20
Short term Provision	112.92	73.09
Cash Generated by Operating Activities	2,104.91	1,186.35
Income Taxes paid (net of refunds)	(384.38)	(166.11)
Net Cash Generated by Operating Activities	1,720.53	1,020.24
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sale of Investments	2,681.77	3,139.69
Purchase of Investments	(3,402.32)	(2,643.69)
Sale of Fixed Assets	0.36	0.04
Purchase of Fixed Assets (including Capital work in progress)	(251.25)	(240.01)
Interest received	98.79	50.47
Dividend received	40.26	25.04
Net Cash used in Investing Activities	(832.39)	331.54

Consolidated Cash Flow Statement for the year ended March 31, 2012

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from equity issued	33.72	25.29
Dividend Paid	(652.30)	(287.36)
Dividend Tax Paid	(105.82)	(47.73)
Net Cash Generated by / (used in) Financing Activities	(724.40)	(309.80)
Effect of Exchange fluctuation on Cash and Cash Equivalents	7.59	1.06
Net (Decrease) / Increase in Cash and cash equivalents	171.33	1,043.04
Cash and Cash Equivalents at the beginning of the year	1,515.28	472.24
Cash and Cash Equivalents at the end of the year	1,686.61	1,515.28
Notes to the Cash Flow Statement		
Cash and cash equivalents consist of cash on hand and balances with bank. Cash and cash equivalents included in the Cash Flow Statement comprise the following:		
Cash and Cash Equivalents		
Cash in Hand	0.60	0.55
Balances in Current accounts with scheduled banks	751.39	162.51
Balances with Non Scheduled Banks in foreign currencies	73.73	22.59
Balance with scheduled banks in fixed deposit accounts (maturity less than 3 months)	521.50	392.70
Other Bank Balances		
Balance with scheduled banks in fixed deposit accounts (maturity more than 3 months)	337.50	935.00
Fixed deposits pledged with banks against bank guarantees	0.89	1.22
Unpaid Dividend account *	1.00	0.71
Total	1,686.61	1,515.28
* Not available for use by the Company		

As per our report of even date

For Walker, Chandio & Co
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: May 18, 2012

V.K. Mundhra
Chairman

PD Mundhra
Executive Director

Anjan Malik
Director

Jimmy Bilimoria
Director

Rohitash Gupta
Chief Financial Officer

Gaurav Tongia
Company Secretary

For and on behalf of the Board of Directors

Notes to Consolidated Financial Statements for the year ended March 31, 2012

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 network 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) Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c) 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.

Notes to Consolidated Financial Statements for the year ended March 31, 2012

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.

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

e) Investments

Investments, which are readily realizable 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.

f) 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.

g) Retirement 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 rate of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of

Notes to Consolidated Financial Statements for the year ended March 31, 2012

India. The Company's contributions are charged to Profit and Loss account on accrual basis. The Company has no further obligations under these plans beyond its monthly contributions.

Gratuity

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

Compensated Absences

The employees are entitled to leave encashment. Provision for the liability of employee's 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 US

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 income 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.

h) 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.

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2012

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.

i) 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.

j) 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.

k) 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.

l) Provisions and contingencies

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

Notes to Consolidated Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012		As at March 31, 2011	
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				
29,057,534 (P.Y. 28,854,434) equity shares of Rs. 10 each		290.57		288.54
		290.57		288.54
a) Reconciliation of Paid - up Share Capital				
	No.	Rupees in million	No.	Rupees in million
Opening at the beginning of the year	28,854,434	288.54	19,031,099	190.31
Add: Shares allotted during the year on account of exercise of share options by employees	203,100	2.03	284,661	2.85
Add: Bonus Shares allotted in the ratio of 1:2 to shareholders vide resolution approved by shareholders through postal ballot on July 14, 2010	-	-	9,538,674	95.38
Outstanding at the end of the year	29,057,534	290.57	28,854,434	288.54

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 preceding the reporting date.

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

Name of the Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Share Capital	No. of Shares held	% of Share Capital
Anjan Malik	7,922,250	27.26	8,522,250	29.54
PD Mundhra	7,917,862	27.25	8,517,862	29.52
Nambe Investment Holdings	2,765,785	9.52	2,765,785	9.59

Notes to Consolidated Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
4 RESERVES AND SURPLUS		
General Reserve		
Opening balance	438.81	307.37
Add: Transfer during the year	157.33	131.50
Add: Others	-	0.13
Less: Transfer to share capital on ESOP exercise	-	(0.19)
	596.14	438.81
Securities Premium		
Opening balance	666.57	739.73
Add: On shares issued during the year	29.45	22.23
Less: Bonus shares issued	-	(95.39)
	696.02	666.57
Stock Option Outstanding		
Opening balance	2.75	2.30
Add: Transfer during the year	2.78	0.45
	5.53	2.75
Net Surplus in the Statement of Profit and Loss	1,852.06	1,006.25
Foreign Currency Translation Reserve	(11.13)	(19.70)
	3,138.62	2,094.68
Details of appropriations made:		
Profit after tax	1,597.73	1,224.39
Balance brought forward from previous year	1,006.25	781.08
Profit available for appropriation	2,603.98	2,005.47
Less: Appropriations		
Short Provision for Dividend and Dividend Tax	3.58	113.17
Proposed Dividend	508.51	649.23
Tax on Proposed Dividend	82.50	105.32
Transfer to General Reserve	157.33	131.50
Balance carried to Balance Sheet	1,852.06	1,006.25

	No. of Options applied	Rupees of Securities premium	Allotment date / Tentative date by which allotment will be done
5 SHARE APPLICATION MONEY PENDING ALLOTMENT			
As on March 31, 2012	17,700	2.65	April 12, 2012
As on March 31, 2011	6,200	0.52	April 28, 2011

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 Consolidated Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
6 LONG-TERM PROVISIONS		
Provision for Gratuity*	45.08	25.12
	45.08	25.12
* Provision for Gratuity is net of contribution of Rs. 1.83 million (P.Y. Rs. 1.35 million) paid to LIC Gratuity Fund.		
7 TRADE PAYABLES		
Payable to Micro, Small and Medium Enterprises	-	-
Other Trade Payables	160.86	102.98
	160.86	102.98
8 OTHER CURRENT LIABILITIES		
Unclaimed Dividend	1.00	0.71
Advance Billing	28.54	32.07
Other Liabilities	21.07	14.81
	50.61	47.59
9 SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Incentive Payable to employees	306.61	198.93
Provision for Gratuity	1.91	2.07
Provision for Leave Encashment	10.64	5.24
	319.16	206.24
Others		
Provision for Taxation (Net)	15.51	7.78
Proposed Dividend #	508.51	649.23
Dividend Distribution Tax on Proposed Dividend	82.50	105.32
	606.52	762.33
Total	925.68	968.57
# Proposed dividend of Rs. 17.50/- per share (P.Y. Rs. 22.50/- per share)		

Notes to Consolidated Financial Statements for the year ended March 31, 2012

10 FIXED ASSETS

(Rupees in million)

Assets	Gross Block - At Cost				Accumulated Depreciation / Amortisation					Net Carrying Value		
	"As on April 1, 2011"	Additions during the year	Deductions / Adjustments	Translation Exchange Difference	"As on March 31, 2012"	"As on April 1, 2011"	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

(Rupees in million)

Assets	Gross Block - At Cost				Accumulated Depreciation / Amortisation					Net Carrying Value		
	"As on April 1, 2010"	Additions during the year	Deductions / Adjustments	Translation Exchange Difference	"As on March 31, 2011"	"As on April 1, 2010"	Additions during the year	Deductions / Adjustments	Translation Exchange Difference	"As on March 31, 2011"	"As on March 31, 2011"	"As on March 31, 2010"
Tangible												
Leasehold Improvements	94.75	22.72	-	0.15	117.62	39.89	11.27	-	0.03	51.19	66.43	54.86
Office Equipment	51.43	22.20	0.01	(0.03)	73.59	14.71	7.25	-	(0.01)	21.95	51.64	36.72
Computers	209.13	119.13	3.40	0.04	324.90	136.26	57.24	3.05	-	190.45	134.45	72.87
Furniture and Fixtures	41.46	9.00	0.10	0.06	50.42	22.71	5.09	0.10	0.03	27.73	22.69	18.75
	396.77	173.05	3.51	0.22	566.53	213.57	80.85	3.15	0.05	291.32	275.21	183.20
Intangible												
Computer Software	48.76	23.98	-	-	72.74	32.89	10.40	-	-	43.29	29.45	15.87
	48.76	23.98	-	-	72.74	32.89	10.40	-	-	43.29	29.45	15.87
Total	445.53	197.03	3.51	0.22	639.27	246.46	91.25	3.15	0.05	334.61	304.66	199.07

Notes to Consolidated Financial Statements for the year ended March 31, 2012

	As at March 31, 2012	As at March 31, 2011
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		
14,500,723 (P.Y. Nil) units of Reliance Liquid Fund - Treasury Plan	221.68	-
Nil (P.Y. 3,001,574) units of DSP Black Rock FMP 3M Series 28	-	30.02
2,352,913 (P.Y. Nil) units of DSP Black Rock FMP 3M Series 40	23.53	-
Nil (P.Y. 3,000,000) units of ICICI Prudential Interval Fund	-	30.00
98,414 (P.Y. 933,741) units of ICICI Prudential Flexible Income Plan	10.41	98.73
808,442 (P.Y. Nil) units of Birla Sun Life Floating Rate Fund STP-IP-Daily Div-Reinvestment	80.86	-
32,236,110 (P.Y. Nil) units of Kotak Floater Short Term - Daily Dividend	326.11	-
Nil (P.Y. 3,576,412) units of Kotak Flexi Debt Scheme	-	35.93
Nil (P.Y. 5,000,000) units of Kotak QIP Series 4	-	50.00
79,243 (P.Y. 16,205) units of UTI Treasury Advantage	79.26	16.21
Nil (P.Y. 1,733,744) units of HDFC Cash Management Fund - Treasury Advantage	-	17.39
6,059,664 (P.Y. Nil) units of HDFC Liquid Fund - Premium Plan	74.29	-
4,920,947 (P.Y. Nil) units of DWS Ultra Short Term Fund	49.30	-
1,327,447 (P.Y. Nil) units of DWS Treasury Fund Cash - IP	133.40	-
	998.84	278.28
Aggregate value of unquoted investments	0.30	0.30
Aggregate value of quoted investments (Market value: Rs. 998.84 million (P.Y. Rs. 278.28 million))	998.84	278.28

Notes to Consolidated Financial Statements for the year ended March 31, 2012

	As at March 31, 2012	As at March 31, 2011
12 LOANS AND ADVANCES		
Non Current (Long Term) (Unsecured, considered Good)		
Corporate Premises Rent Deposit	77.59	62.25
Other Deposits	1.27	0.99
Total	78.86	63.24
Current (Short Term) (Unsecured, considered Good)		
Staff Accommodation Rent Deposit	0.80	1.13
Corporate Premises Rent Deposit	3.72	-
Advance Tax (Net)	7.79	10.34
Prepaid Expenses	29.64	22.36
Service Tax Credit	219.23	139.43
Other Advances	34.69	49.90
Total	295.87	223.16
13 TRADE RECEIVABLES (UNSECURED)		
Considered good		
Debts outstanding for period exceeding six months	0.85	2.98
Other debts	420.99	656.39
Considered doubtful		
Debts outstanding for a period exceeding six months	0.22	-
Other debts	-	-
Less: Provision for doubtful debts	(0.22)	-
Total	421.84	659.37

Notes to Consolidated Financial Statements for the year ended March 31, 2012

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
14 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash in Hand	0.60	0.55
Balances in Current accounts with scheduled banks	751.39	162.51
Balances with Non Scheduled Banks in foreign currencies	73.73	22.59
Balance with scheduled banks in fixed deposit accounts (maturity less than 3 months)	521.50	392.70
Other Bank Balances		
Balance with scheduled banks in fixed deposit accounts (maturity more than 3 months)	337.50	935.00
Fixed deposits pledged with banks against bank guarantees	0.89	1.22
Unpaid Dividend account	1.00	0.71
	1,686.61	1,515.28
15 OTHER CURRENT ASSETS		
Unbilled Revenues	531.63	358.68
Unamortized Premium on Forward Contracts	104.00	52.94
	635.63	411.62

	Year ended March 31, 2012	Year ended March 31, 2011
16 OTHER INCOME		
Interest on fixed deposit	98.79	50.47
[Tax deducted at Source Rs. 9.85 million (P.Y. Rs. 5.04 million)]		
Foreign exchange gain	83.94	164.65
Dividend	40.26	25.04
Profit on Sale of Investments (net)	0.01	-
	223.00	240.16
17 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	1,989.23	1,435.29
Employee Stock Option Scheme	2.79	0.48
Contribution to Provident fund and other employee benefits	9.14	4.26
Gratuity	22.40	12.56
Staff Welfare expenses	15.13	23.94
	2,038.69	1,476.53

Notes to Consolidated Financial Statements for the year ended March 31, 2012

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
18 OTHER EXPENSES		
Rent	178.53	136.62
Legal and Professional fees	104.57	94.19
Electricity	45.47	27.95
Communication expenses	77.67	71.43
Auditor's remuneration (Refer Note 21)	2.54	2.55
Office Expenses	19.51	9.41
Rates and Taxes	14.76	18.54
Computer and Server rental expenses	51.22	33.71
Printing and Stationery	7.39	5.61
Local Conveyance	47.40	32.76
Donation	7.03	5.67
Housekeeping Services	17.88	10.04
Security charges	23.33	13.71
Insurance	9.11	5.91
Repairs and Maintenance		
- Building	4.58	0.49
- Others	4.75	4.14
Board Meeting Sitting Fees	0.52	0.58
Provision for Doubtful debts	0.22	(0.44)
Bad Debts Written off	2.84	(0.02)
Loss on Sale of Assets	4.38	0.05
Advertisement expenses	6.47	1.44
Traveling expenses	132.99	111.99
Business Promotion expenses	25.08	10.21
Miscellaneous expenses	4.54	2.18
	792.78	598.72

Notes to Consolidated Financial Statements for the year ended March 31, 2012

19. INVESTMENTS

- a) Pursuant to a Share Purchase Agreement ('SPA') dated July 24, 2007, the Company, through its subsidiary, eClerx Investments Limited (EIL), acquired 99.4% of Igentica Travel Solutions Limited (ITS) for GBP 1,428,441. ITS was wound up on March 29, 2011 and the provision for diminution in value of investment in EIL has hence been made for Rs. 126.77 millions, based on the revised net worth of EIL as at March 31, 2011.
- b) 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 will 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, 2014. The transaction will be funded from Group's internal resources including unutilised IPO proceeds.

20. CFS AS AT MARCH 31, 2012 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%

21. AUDITORS' REMUNERATION (EXCLUDING SERVICE TAX) HAS BEEN CLASSIFIED AS UNDER

(Rupees in million)

	Year ended March 31, 2012	Year ended March 31, 2011
Statutory Audit	2.50	2.50
Out of Pocket Expenses	0.04	0.05
Others	-	-
	2.54	2.55

22. 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)

	Year ended March 31, 2012	Year ended March 31, 2011
United States of America	3,151.39	2,074.08
United Kingdom	243.19	336.18
Europe	969.79	767.88
Asia Pacific	364.48	242.89
Total Revenues	4,728.85	3,421.03

Notes to Consolidated Financial Statements for the year ended March 31, 2012

(Rupees in million)

Segment	Segment-wise Assets		Segment-wise Additions to Fixed Assets	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
United States of America	328.21	501.24	7.93	1.27
United Kingdom	75.21	68.85	1.39	1.05
Europe	90.24	57.38	--	--
Asia Pacific	2,058.00	1,851.84	262.27	194.71

23. 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, 2012	As at March 31, 2011
Deferred Tax Assets		
Depreciation	(0.41)	0.73
Provision for gratuity	5.07	3.57
Provision for compensated absences	1.77	0.07
Provision for lease equalization	2.86	2.46
Total	9.29	6.83

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
Deferred Tax Liability		
Depreciation	1.73	-
Total	1.73	-

24. 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, 2012	As at March 31, 2011
Lease payments recognised in the Statement of Profit and Loss	178.53	136.62
Future minimum lease payments for non-cancellable operating leases		
Not Later than one year	118.78	49.94
Later than one year, but not later than five years	89.96	69.77
Later than five years	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2012

25. COMMITMENTS

(Rupees in million)

	As at March 31, 2012	As at March 31, 2011
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	17.45	7.92
Other Commitments	-	-

26. 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, 2012		Year ended March 31, 2011	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	133,401	104.54	302,000	132.66
Additional bonus on outstanding options	-	-	127,875	-
Forfeited / cancelled	-	-	11,813	106.67
Exercised	76,900	102.98	284,661	87.32
Balance as at the end of the year	56,501	106.67	133,401	104.54

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.

Notes to Consolidated Financial Statements for the year ended March 31, 2012

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

	Year ended March 31, 2012		Year ended March 31, 2011	
	No. of Options	Weighted Average exercise price	No. of Options	Weighted Average exercise price
Stock Options outstanding at the beginning of the year	1,449,000	170.05	821,500	168.02
Granted during the year	632,400	690.26	314,625	510.21
Additional bonus on outstanding options	-	-	530,813	-
Forfeited / cancelled	72,425	644.12	217,938	267.58
Exercised	126,200	186.67	-	-
Balance as at the end of the year	1,882,775	337.94	1,449,000	170.05

Proforma accounting for stock options granted

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

(Rupees in million, except per share data)

	Year ended March 31, 2012	Year ended March 31, 2011
Net Profit after tax as reported	1,597.73	1,224.39
Add - Intrinsic Value Cost	2.79	0.48
Less - Fair Value Cost	89.73	41.31
Adjusted proforma Net Profit	1,510.79	1,183.56
Basic EPS as reported	55.14	42.65
Proforma Basic EPS	52.14	41.22
Diluted EPS as reported	52.99	40.68
Proforma Diluted EPS	50.11	39.32

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

Notes to Consolidated Financial Statements for the year ended March 31, 2012

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%

27. 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. PD Mundhra (Executive Director)
3. Anjan Malik (Director)

Notes to Consolidated Financial Statements for the year ended March 31, 2012

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, 2012	March 31, 2011	March 31, 2012	March 31, 2011
1	Anjan Malik	Remuneration	Director	23.75	21.66	-	-
		Dividend		178.25	85.22		
		Sitting fees		-	0.08		
2	PD Mundhra	Remuneration	Director	21.28	21.57	-	-
		Dividend		178.15	85.18		
3	V.K. Mundhra	Dividend	Director	0.73	0.32	-	-
		Sitting fees		-	0.08		
4	Duncan Stratton & Company Limited	Rent	Common Director	0.03	0.03	-	-

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, 2012	Year ended March 31, 2011
Profit after tax attributable to shareholders (Rupees in million)	A	1,597.73	1,224.39
Weighted average number of equity shares outstanding during the year.			
- Basic	B	28,975,290	28,710,715
- Diluted	C	30,148,895	30,099,111
Earnings per share (Rs.)			
- Basic	A/B	55.14	42.65
- Diluted	A/C	52.99	40.68
Nominal value of shares (Rs.)		10	10

Notes to Consolidated Financial Statements for the year ended March 31, 2012

29. 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 counterparties 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, 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	\$ 5.0	47.00

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

As on the balance sheet date, the Company's net foreign currency exposure that is not hedged is Rs. 625.76 million (P.Y. Rs. 615.28 million).

30. The Company has deferred the recognition of cumulative Minimum Alternative Tax (MAT) credit of Rs. 209.18 million as at March 31, 2012 (P.Y. Rs. 168.69 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 utilized.

Notes to Consolidated Financial Statements for the year ended March 31, 2012

31. 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. 29.13 million).

(Rupees in million)

Financial Year	Demand Amount	Status
2004-05	9.67	Appeal filed with Commissioner of Income Tax (Appeals)
2006-07	3.53	Appeal filed with Commissioner of Income Tax (Appeals)

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

32. 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.
33. Previous year figures have been regrouped, wherever necessary to conform with the current year's presentation.

As per our report of even date

For Walker, Chandiok & Co

Chartered Accountants

Khushroo B. Panthaky

Partner

Place: Mumbai

Date: May 18, 2012

For and on behalf of the Board of Directors

V.K. Mundhra

Chairman

PD Mundhra

Executive Director

Anjan Malik

Director

Rohitash Gupta

Chief Financial Officer

Jimmy Bilimoria

Director

Gaurav Tongia

Company Secretary

Statement pursuant to exemption received u/s 212(8) of the Companies Act , 1956, relating to subsidiary companies for the Financial Year 2011-12

(Rupees in million)

Name of Subsidiary	eClerx Limited March 31, 2012	eClerx LLC March 31, 2012	eClerx Investments Limited March 31, 2012	eClerx Private Limited March 31, 2012
Financial Period ended	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
Holding Company's interest(in equity shares)	100%	100%	100%	100%
Shares held by the Holding Company in the subsidiary	100	100	1,600,000	1
The net aggregate of profits or losses of the subsidiary for the current period so far as it concerns the members of the holding Company.				
a. dealt with or provided for the account of the holding Company.	-	-	-	-
b. not dealt with or provided for in the accounts of the Holding Company.	13.5	7.21	(1.05)	4.78
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.	7.05	5.52	(111.35)	1.48
"Issued and Subscribed share capital (equity shares)"	0.01	0.01	130.86	0.01
Reserves	45.18	30.12	(128.34)	7.26
Total Assets	103.45	136.52	3.14	19.07
Total Liabilities	58.26	106.39	0.62	11.80
Investment other than investment in subsidiaries				
Turnover	245.79	355.49	-	63.47
Profit / (Loss) before Tax	17.96	14.91	(1.05)	5.21
Provision for tax	4.46	7.70	-	0.43
Profit / (Loss) after Taxation	13.50	7.21	(1.05)	4.78
Proposed dividend	-	-	-	-

Notice

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of eClerx Services Limited ('the Company') will be held on Thursday, August 23, 2012 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, 2012, 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, 2012.
3. To appoint a Director in place of Pradeep Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Jimmy Bilimoria, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Vikram Limaye, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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 authorise the Board of Directors (including any committee thereof) to fix their remuneration.

"RESOLVED THAT M/s. Walker, Chandiok & Co., Chartered Accountants, Mumbai, bearing Registration No. 001076N be and are hereby re-appointed as the Statutory Auditors of the

Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be agreed between Auditors and Board of Directors (including any Committee thereof) of the Company."

Special Business:

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

Appointment of Alok Goyal as a Director of the Company, liable to retire by rotation

"RESOLVED THAT Alok Goyal, who was appointed as an Additional Director of the Company with effect from May 18, 2012 and who holds office up to the date of this Twelfth Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director, liable to retire by rotation."

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

Gaurav Tongia
Company Secretary

Place: Mumbai
Date: May 18, 2012

Registered Office:

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY(S) TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy in order to be valid / effective must be duly filled in all respects and should be lodged with Company at its Registered Office at least 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 16, 2012 to Thursday, August 23, 2012 (both days inclusive).
3. As required under Clause 49(IV)(G)(i) of the Listing Agreements entered into with the Stock Exchanges, particulars of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting ('AGM') are given in the Annexure to the Notice of the AGM to be held on August 23, 2012.
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;
 - 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 Share 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 28, 2012, whose names appear in the Register of Members of the Company as per the book closure fixed for the purpose. In case of shares held in dematerialized 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, Vittalrao Nagar, Madhapur, Hyderabad – 500081 or write to the Company at its Registered Office. Members are requested to note that, pursuant to Section 205C 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. The Shareholders who have not claimed their dividend are advised to do the same as once dividend is transferred to IEPF no claim shall lie in respect thereof with the Company.
10. Investors who have not claimed their IPO refunds / money are requested to contact Registrar and Share Transfer Agent (RTA) of the Company viz., Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500081 or write to the Company at its

Registered Office. Investors are requested to note that, pursuant to Section 205C of the Companies Act, 1956, if balance in IPO Refund Account remains unclaimed for a period of seven years, the same will be transferred to Investor Education and Protection Fund and thereafter no claim shall lie in respect thereof with the Company.

11. The Company will upload requisite information on its website pursuant to Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012.
12. 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, Vittalrao 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 National Electronic Clearing System (NECS) for receiving dividends.
13. Members are requested to furnish to the registrars/ depository participants, the name and branch of the bank and account number to enable the Company to distribute dividend through National Electronic Clearing Services (NECS). In the absence of NECS facility with the shareholder's bank, the bank account details will be printed on the dividend warrants, if available.
14. 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.

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 7

Alok Goyal was appointed as an Additional Director of the Company with effect from May 18, 2012 pursuant to Section 260 of the Companies Act, 1956, ('the Act') read with Article 125 of the Articles of Association of the Company. Alok Goyal holds office of Director upto the date of this Annual General Meeting. The Company has received notice in writing along with requisite deposit from a Member proposing his candidature for the office of Director under the provision of Section 257 of the Act.

As on May 18, 2012, Alok Goyal does not hold any shares in the Company in his personal capacity either directly or through his dependent relatives. If appointed, he would hold office as a Non Executive and Independent Director.

Brief profile of Alok Goyal in terms of Clause 49 the Listing Agreement is attached as an annexure to this Notice.

None of the Directors of the Company other than Alok Goyal himself are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 7 for the approval of the Members.

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

Gaurav Tongia
Company Secretary

Place: Mumbai
Date: May 18, 2012

Registered Office:

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

Annexure

Information regarding Directors seeking appointment / re-appointment at the Twelfth Annual General Meeting
(Pursuant to Clause 49 of Listing Agreement entered into by the Company with Stock Exchanges)
Item No. 3, 4, 5 and 7 of the Notice convening the Annual General Meeting

Name	Pradeep Kapoor	Jimmy Bilimoria	Vikram Limaye	Alok Goyal
Profession	Business Executive	Business Executive	Business Executive	Business Executive
Qualification	Bachelor's degree in Mechanical Engineering from Regional Engineering College, Bhopal University.	Bachelor's degree in Commerce from Sydenham College of Commerce & Economics, Mumbai. He is a fellow member of the Institute of Chartered Accountant, England and Wales.	Bachelor's degree in commerce from University of Mumbai, Chartered Accountant from the Institute of Chartered Accountants of India, Master's degree in Business Administration from Wharton School, University of Pennsylvania.	Bachelor's Degree in Computer Science from IIT Delhi, MS in Computer Science from University of Texas at Austin and MBA from INSEAD (France)
Expertise in specific functional area	He has been associated with the infrastructure industry, especially engineering and construction industry, for about 40 years and under his leadership a number of major cement plants, mineral processing plants and infrastructure projects have been constructed. In the past, he was the Managing Director and CEO of Trafalgar House Construction India Ltd., Managing Director & CEO of FLSmidth Ltd., Chairman of Fuller Infotech Pvt. Ltd., and Director of FLS Automation Private Limited. Further, Pradeep Kapoor has been the CEO of some of the major Indian companies such as Dodsal Limited and Sanghi Industries Limited. Currently, he is the Managing Director and CEO of ABG Cement Limited.	He has been on the Board of eClerx Services Limited since 2007. He was Managing Director and Country Head for the Ciba Group in India and had been associated with this group since 1997 in various capacities including Finance Director, Managing Director and Country Head as also Chairman. Besides driving the business model for Ciba in India, he was actively involved in various acquisition arrangements, restructuring of businesses and integration of new opportunities. He represented the Company at various International Group forums and business discussions. He has been on the Management Committees of the Bombay Chamber of Commerce & Industry and the Indo - Swiss Business Forum. Presently he is on the Board of several public listed companies as an Independent Director.	He has over 25 years of experience with global investment banks, foreign banks and global accounting firms. He began his corporate career with Arthur Andersen in Mumbai and has also worked with the Business Advisory Services Group at Ernst and Young and the Global Consumer Banking Group at Citibank N.A. He has also worked with Credit Suisse First Boston, U.S.A. in a variety of roles in investment banking, capital markets, structured finance and credit portfolio management. He joined Infrastructure Development Finance Company Limited as an Executive Director in March, 2005 and is also a Member of the Board of Directors of IDFC.	He is the Chief Operating Officer (COO) of SAP India Pvt. Ltd. and has been associated with SAP since 2004. Prior to his appointment as COO, he was Vice-President, Strategic Accounts, at SAP India. He played a critical role in conceptualizing and developing go-to-market programmes that contributed significantly in driving the company's revenues and customer satisfaction index. Amongst his other assignments, he was also responsible for setting up field facing value engineering practice for the company. Alok Goyal is a veteran in the industry with nearly 20 years of experience. He began his career as Software Engineer in Cadence Design Systems followed by his tenure in organizations like McKinsey & Company, The McKenna Group and Siebel Systems.

Name	Pradeep Kapoor	Jimmy Bilimoria	Vikram Limaye	Alok Goyal
Directorships held in other Companies	<ul style="list-style-type: none"> • ABG Cement Limited • ABG Energy Limited • ABG Energy (Gujarat) Limited • ABG Energy Himachal Pradesh Limited • ABG Energy (M.P.) Limited 	<ul style="list-style-type: none"> • Champion Dai-Ichi Technologies India Limited • Dai-Ichi Karkaria Limited • Godrej Industries Limited • Infiniti Retail Limited • National Peroxide Limited • Oberoi Realty Limited • Tata Global Beverages Limited • Tata Realty and Infrastructure Limited • Voltas Limited • ING Investment Management (India) Private Limited 	<ul style="list-style-type: none"> • IDFC Private Equity Company Limited • IDFC Investment Advisors Limited • IDFC Trustee Company Limited • IDFC Capital Limited • IDFC Securities Limited • IDFC Project Equity Company Limited • Asset Reconstruction Company (India) Limited • Sharekhan Limited • Human Value Developers Private Limited • IDFC Projects Limited • IDFC Limited • STCI Finance Limited • IDFC Pension Fund Management Company Limited • IDFC Asset Management Company Limited 	NIL
Memberships held in committees of the Board of other Companies	Chairman of Board Committee(s): Audit Committee: <ul style="list-style-type: none"> • ABG Energy (Gujarat) Limited 	Chairman of Board Committee(s): Audit Committee: <ul style="list-style-type: none"> • Infiniti Retail Limited • National Peroxide Limited • Tata Global Beverages Limited • Voltas Limited Member of Board Committee(s): Audit Committee: <ul style="list-style-type: none"> • Dai-Ichi Karkaria Limited • Oberoi Realty Limited • Tata Realty and Infrastructure Limited 	NIL	NIL
Shares held in the Company as on the date of Notice	NIL	17,232	34	NIL

As required by Clause 49 of the Listing Agreement, the disclosures includes Membership / Chairmanship of Audit Committee and Shareholders Grievance Committee in Indian Public Companies (listed and unlisted). The status is as on May 18, 2012.



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 Twelfth Annual General Meeting of the Company to be held on Thursday, August 23, 2012 at 10:15 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020 and at any adjournment thereof.

Signed this day of2012.

Affix
Re. 1/-
Revenue
Stamp

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.

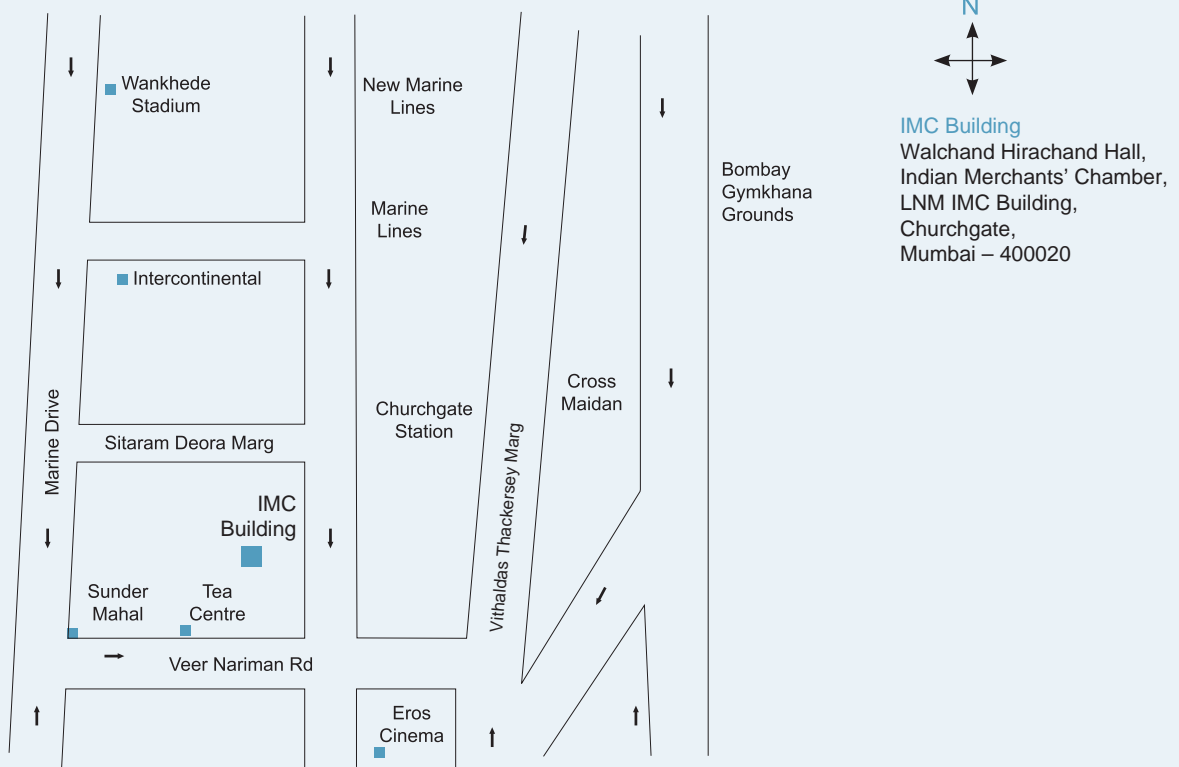
Twelfth Annual General Meeting of the Company to be held on Thursday, August 23, 2012 at 10:15 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020.

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



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

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