eClerx

eClerx/SECD/SE/2020/073

September 7, 2020

BSE Limited Corporate Relationship Department, Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Fort, Mumbai - 400 001	**National Stock Exchange of India Limited** Exchange Plaza, Plot No. C/1, Block G, Bandra - Kurla Complex Bandra (East), Mumbai – 400 051

Dear Sir/Madam,

Reg: **Compliance under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [‘Listing Regulations’]**

Sub: **Annual Report for FY 2019-2020 along with the Notice of the 20th Annual General Meeting (‘AGM’) of the Company**

Pursuant to Regulation 34 of the Listing Regulations, please find enclosed the Annual Report for FY 2019-2020 together with the Notice of the 20th AGM of the Company to be held on **Tuesday, September 29, 2020**, at **12.30 p.m. IST** through Video Conferencing or Other Audio Visual Means.

Pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively, issued by the Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, the Annual Report for FY 2019-2020 along with the Notice of 20th AGM is being sent electronically to all the Members of the Company whose email addresses are registered with the Company/Depository Participant(s).

The Notice of AGM along with the Annual Report for FY 2019-20 is also being uploaded on the website of the Company viz. www.eclerx.com.

This is for your information and record.

Thanking you,

Yours truly,
For **eClerx Services Limited**

pratik.bhanushali@eclerx.com
Digitally signed by pratik.bhanushali@eclerx.com
DN: cn=pratik.bhanushali@eclerx.com
Date: 2020.09.07 11:03:51 +05'30'

eClerx Services Limited Mumbai

Pratik Bhanushali
Company Secretary & Compliance Officer
F8538

Encl: A/a

eClerx

ANNUAL REPORT
2019-20

A DATA ANALYTICS AND PROCESS
MANAGEMENT COMPANY
www.eClerx.com

CONTENT

CONTENT

IN THIS YEAR'S REPORT

Disclaimer: This Annual Report contains forward-looking information to enable investors to comprehend the Company's prospects and make 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.

WHO WE ARE

ECLERX IS ONE OF INDIA'S LEADING **PROCESS MANAGEMENT** AND **DATA ANALYTICS** COMPANIES

eClerx provides critical business operations services to over fifty global Fortune 500 clients, including some of the world's leading companies across financial services, cable & telecom, retail, fashion, media & entertainment, manufacturing, travel & leisure, software and high-tech.

Incorporated in 2000, eClerx was the first Knowledge Process Outsourcing firm to get listed and is today traded on recognised Stock exchanges of India, which are BSE and NSE. eClerx employs more than 8,500 people across its global sites in the US, UK, India, Italy, Germany, Singapore, Thailand.

SERVICES

- Offices in the US, UK, India, Europe & Singapore
- 8,500+ Analysts, Project Managers, Specialists, and Consultants Across the Globe
- 50+ Fortune 500 Companies Served Globally
- $201MM in Revenue across Financial Markets, Digital, and Customer Operations

OUR VALUES

epic

Values define our organisation; they are our guiding principles. eClerx stands for EPIC– Excellence, People, Integrity & Client.

Excellence

Be passionate and commit to doing your best.

Excellence is a journey – we achieve our goals by constantly improving, innovating and applying the highest standards.

People

Invest in people and bring out the best in them.

We care deeply about our people – we encourage learning, promote growth and celebrate diversity.

Integrity

Maintain the highest standards of ethics, integrity and fairness.

We are thoughtful, honest and empathetic in our interactions with clients, vendors, shareholders and each other.

Client

Make clients the focus of what you do.

Our clients' success is our goal – everything we do keeps their best interest at the forefront.

Our core values are instrumental to our work culture. They are an inherent part of the organisation's decision-making process and a driving force to create a real sense of community across all our offices. Our focus on excellence, our people, maintaining the highest standards of integrity, and client-centricity makes eClerx a long-lasting, successful, and motivating place to work.

WHAT WE DO

CUSTOMER OPERATIONS

eClerx Customer Operations specialises in providing operational expertise and process excellence throughout the customer journey. We create solutions and services, utilising a blend of technology and domain knowledge that support our clients' evolving needs. Our suite of offerings enhances the customer experience by providing quality monitoring/insights, advanced analytics, automation, superior technical operations support, and digital care services. We assist companies in developing, implementing, and operating multichannel customer interaction capabilities – transforming everyday touch-points into a superior customer experience.

Operations Support | Technology Solutions | Data Analytics and Reporting | Customer Experience | Consulting Services

DIGITAL

eClerx Digital is the trusted partner of choice to the world's largest global brands for creative production, eCommerce/web operations, and analytics & insights services. We improve profitability for their digital businesses. Our team of 3000+ full-time digital delivery employees at our five production hubs in Mumbai, Pune, Chandigarh, Verona, and Phuket apply deep digital expertise to effectively support the most demanding global clients utilising a follow the sun delivery model. eClerx Digital's innovative delivery model drives the "metrics that matter" for our clients: improved acquisition, conversion and retention, and overall lifetime value of your customer 24x7x365.

Data Management | Analytics & Insights | Digital Marketing Operations | Creative Services

FINANCIAL MARKETS

For financial organisations across the world, eClerx Markets offers consulting, technological innovation, and process management expertise to uniquely solve operational challenges. With nearly two decades of industry experience complemented by the application of smart automation and robotics, our team of experts delivers holistic solutions across the trade lifecycle, change management, settlements and clearing, asset servicing, data and analytics, as well as the client lifecycle.

Derivative Trade Support | Cash Securities Operations | Regulatory Compliance and Data | Document Management | Analytics | Technology Products

AWARDS AND RECOGNITIONS

2020

eClerx Recognised as a
Finalist at the GSA UK 2019 Awards

Won the
CII's National Competition on Lean

Winner of the
CYPHER Data Science award for 'AI in Travel and Tourism' category

2019

eClerx was named the
Winner of two Stevie® Awards in the sixth annual Asia-Pacific Stevie® Awards

eClerx Services Ltd.
Received Prestigious 2019 CSO50 Award

eClerx Customer Operations Awarded
Two 2019 CRM Excellence Awards

eClerx Recognised With
Two Brandon Hall Awards

eClerx Won the
Prestigious NASSCOM Customer Excellence Award for RPA Implementation

2018

Won the
2018 Brandon Hall group excellence awards in learning and development

eClerx's 'eVigilPRo' recieved the
Prestigious 2018 cso50 award

Won the 2018
Golden peacock awards, 2018 for Quality

eClerx's Chatbot Solution Won
Prestigious nasscom award for it excellence

2017

Won the
Netapp innovation awards, 2017

eVigilPRo was recognised by
DataQuest Vertical Warrior award 2017

eClerx won Bronze at ASQ's (American Society for Quality)
SATEA (south asia team excellence award)

eClerx emerged runner-up in the
Process improvement category of the Qualtech prize 2017, organised by Qimpro

OUR LOCATIONS

REGISTERED OFFICE

eClerx Services Limited
CIN: L72200MH2000PLC125319
Sonawala Building, 1st Floor
29 Bank Street, Fort
Mumbai – 400 023
Maharashtra, India

Phone: +91 (022) 6614 8301
Fax: +91 (022) 6614 8655

E-mail: investor@eClerx.com
Website: www.eClerx.com

CORPORATE OFFICE

eClerx Services Limited
4th Floor, Express Tower
Nariman Point
Mumbai – 400 021.
Maharashtra, India.

Phone: +91 (022) 6614 8300

GLOBAL OFFICES

USA

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

12708 Riata Vista Circle,
Suite A-116
Austin, Tx 78727
United States of America

1880 John F Kennedy Blvd,
Suite 400
Philadelphia, PA 19103
United States of America
Phone: +1 267-488-8750

235 N McPherson Church Road,
Suite 202
Fayetteville, NC 28303
United States of America

UK

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

Germany

eClerx Clx, Barmbeker Str.8
22303 Hamburg
Germany
Phone: +49 40 5247 040-60
Fax: +49 (0)40 5247040-8

Italy

eClerx Clx, Via dell'Artigianato, 8A
37135 Verona
Italy
Phone:+39 045 8294 999
Fax: +39 045 8294 944

eClerx Clx, Via Donatello, 30
20131 Milano
Italy
Phone: +39 02 36 567 195
Fax: +39 02 36 569 007

Singapore

152 Beach Road, #14-05/06
Gateway East
Singapore 189721
Phone: +65 (0) 6225 2988

Thailand

eClerx Clx, Chaofa Rd, Palai Soi 2 44
Moo Chalong, Sub-District Muang
Phuket
Thailand
Phone: +66 76 380653

India

Building # 11, 4th, 5th & 6th Floor, and
Unit No. 702 on 7th Floor,
K Raheja Mindspace, Plot #3, TTC
Industrial Area, Thane Belapur Road,
Airoli, Navi Mumbai – 400 708
Maharashtra, India
Phone:+91 (022) 4183 2777
Fax: +91 (022) 4194 3292

Building #14, 4th & 5th Floor,
K Raheja Mindspace, Plot #3,
TTC Industrial Area, Thane Belapur Road,
Airoli, Navi Mumbai – 400 708
Maharashtra, India
Phone:+91 (022) 6114 1555
Fax : +91 (022) 6114 1333
+91 (022) 4183 1333

Block 1, LG, 1st, 2nd, 3rd Floor Wing A &
4th floor Wing A & B,
Quadron Business Park,
Rajiv Gandhi Infotech Park,
Hinjewadi Phase 2
Pune–411 057
Maharashtra, India
Phone: +91 (020) 4027 7990
Fax: +91 (020) 6676 4480

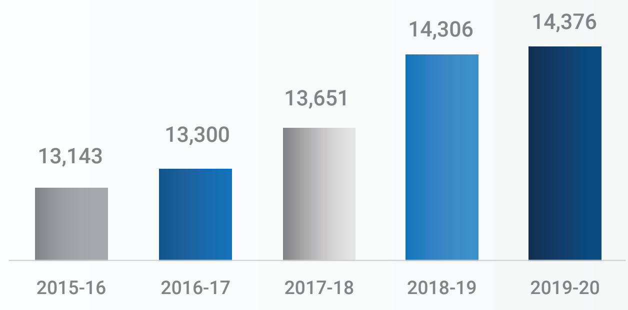
1st and 2nd Floor, Towers A & B,
DLF Info City Developer,
Rajiv Gandhi Chandigarh Technology Park,
Kishangarh,
Chandigarh–160 101,
India
Phone: +91 (172) 663 3600
Fax: +91 (172) 663 3623

FINANCIAL HIGHLIGHTS

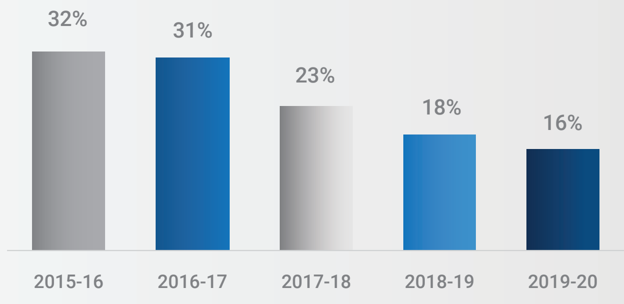
(Rupees in Million)

PARTICULARS	2019-20	2018-19	2017-18	2016-17	2015-16
Income From Operations	14,375.71	14,305.93	13,650.62	13,300.33	13,143.16
Other Income	467.05	485.92	402.31	282.00	369.46
Earnings Before Interest, Depreciation, Taxes And Amortisation	3,702.24	3,562.05	4,065.45	4,876.54	5,168.19
Tax Expenses	715.47	831.73	895.80	819.03	1,184.97
Profit After Tax	2,089.72	2,283.01	2,899.42	3,539.30	3,417.43
Equity Share Capital	361.00	377.90	381.41	397.10	407.89
Reserves	12,707.26	13,440.93	11,671.40	11,760.87	10,525.38

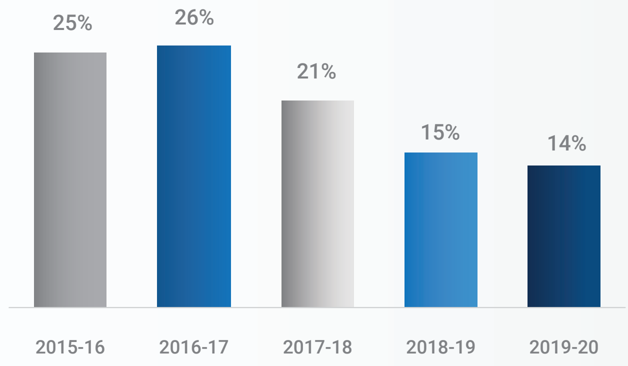
OPERATING REVENUE
(RUPEES IN MILLION)



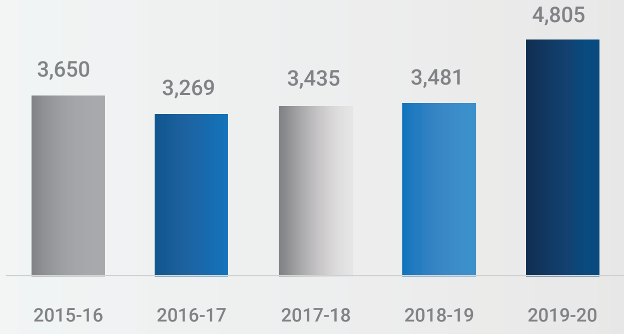
OPERATING MARGIN
(%)



NET PROFIT AFTER TAX
(%)



FIXED ASSETS
(RUPEES IN MILLION)



CHAIRMAN'S MESSAGE

Year in Review

FY 2020 revenues were almost identical to 2019 at USD 200.5 million with profitability ten percent lower due to the absence of SEIS benefits and a general increase in operating expenses. Performance showed improving trends until Q4, when growth was interrupted by the unwelcome introduction of Covid-19 into our societies, economies and ultimately financial statements. This effect, felt most in Q4, meant that overall new sales for the firm were down in aggregate whilst contracted roll-offs increased over the prior year.

There were notable achievements during the course of the year in spite of this challenging backdrop. Our top ten client concentration decreased further, we saw incremental additions in clients accruing between $500k and $5mm in annual revenue, and growth continued to skew towards our emerging clients. Each of our businesses showed resilience, and featured growth stories. eClerxMarkets tripled a client leveraging its data and compliance managed service and saw strong growth across two clients for onshore and offshore hybrid services. CustomerOperations substantially grew a new customer in field operations services across both onshore and offshore, won a new client for offshore chat and added to its service suite inbound calling in India. eClerxDigital implemented its largest global analytics program at a lifestyle brand, more than tripled its footprint for RPA services at a large enterprise technology client, and added a new $1mm logo in the creative space, all areas of secular growth. Overall, growth outside our top 10 clients proved robust at over 10% and the average size of these clients increased. We also saw improved pricing in FY20 across our portfolio – a testament to the value of our services to the marketplace.

Productising Services

We remain convinced that our focused approach to high domain services embedding onshore delivery, analytics and technology remains key to differentiation, relevance, stickiness, and long-term value for eClerx. So FY20 saw us redouble efforts towards productized services - managed service programs wrapping our automation tools and analytics in areas of competence where we service multiple clients. This drove growth across derivative operations, client lifecycle, agreement management in financial markets, dispatch support, truck roll avoidance and omni-channel contact support in customer operations and across creative, data management and customer analytics in digital services. In the year, this also meant greater overall automation and analytics revenue - together now almost 20% of firm revenue – and I am happy to report that today greater than a third of our over $1mm clients buy meaningful amounts of such services from us.

Onshore delivery continued to experience growth at a fast pace. Onshore consulting grew, capping three-year growth at just under sixty percent compounded. Our Fayetteville centre in North Carolina continued to add resources, and reached happy milestones in the year – EBITDA breakeven for the full fiscal year and net income positive in Q4. This speaks volumes for our execution focus and quality in these relatively new geographies.

The firm's response to COVID-19

Perhaps nothing captures the essence of your firm better than its agile response and performance during the ongoing Covid crisis. With employee wellbeing and business continuity top of mind, we were early in canvassing clients to permission Work From Home (WFH) – a new delivery model for us - and in procuring and delivering over 7,000 laptops and data cards to employee homes. Therefore, when the lockdown arrived across Italy, India, Thailand and the USA in quick succession, we continued to show up in force for our clients, ensuring that we met deadlines and deliverables. Successfully converting a firm of 8,500 employees to WFH, in the context of client constraints, movement restrictions, equipment shortages and compressed timelines, speaks to our people and their commitment to client more than words can ever do. As I write this, we are entering our fourth month of delivery in this model, and our focus remains firmly on delivery quality, resilience and risk mitigation.

Our people functions

The firm invested heavily in people functions through the year. We increased hiring at premier colleges in India to help grow advanced automation, data science and analytics capabilities within the firm, and started an onshore analytics junior hiring and training initiative in the US to help drive scaling. We streamlined candidate outreach, assessment, and on-boarding to accelerate new-hire assimilation. Across the firm, we saw a one-third increase in the number of colleagues upskilled across new techniques such as artificial intelligence, machine learning, robotics process automation and data science, and continued to add to management training and development programs. We also broadened our rewards and recognition programs to account for the firm's diverse skill requirements and implemented a number of initiatives to improve employee engagement. As a result, our annual employee satisfaction survey saw enhanced participation and steadily improving results. Overall employee retention improved across the firm, most notably within our cohort of high performing and experienced employees.

Our focus on efficiency and cost optimisation continued. We implemented processes and technologies targeting better cost reporting and management across payroll, infrastructure, third party services and travel and expenses. Our particular focus was onshore where we consolidated and automated support functions for outside India locations. Travel costs notably reduced over the year, but Covid-related WFH home equipment and logistics costs partially offset reduced travel costs. These initiatives helped preserve margin, adjusting for SEIS, in spite of wage inflation. We will of course evaluate our office and facility plans in light of WFH acceptance of clients, and this may provide further cost saving opportunities in the future.

Capital Efficiency

Our traditional business prudence and governance standards proved once again beneficial. We exited the year with over USD 100mm in cash and cash like instruments - at a time of great uncertainty, this balance sheet strength provided clients, our management teams and our employees' confidence in the firm. Most notably, our financial strength helped us continue as "normal", without layoffs and redundancies, even as we saw some fall in revenue entering FY21.

We continue our tradition of returning excess capital to shareholders this year as in the past and expect this to take the form of dividends and buybacks. The business environment is also likely to create increase M&A deal flow and hence to provide enhanced opportunities to deploy capital towards business accretive acquisitions.

Corporate Responsibility

In keeping with our responsibility to the environment, our local communities and societies, last year we launched energy savings initiatives such as motion sensing LED lighting, energy efficient climate control, and reduced computing hardware. We added to that this year by discontinuing single and multi-use plastics, moving to 100% recycled paper, reducing non-potable water usage, installing energy efficient power back-ups and helping install solar panel power systems at some our Corporate Social Responsibility partner projects. We further leveraged technologies aimed at the paperless office, and digitised invoice and expense submission processes to help reduce waste, to create more space and reduce environmental cost.

We consolidated our CSR efforts – by our charter targeted at providing children and youth financial independence through education and skills development – towards a fewer, deeper partnerships. In the year, our combined efforts touched over 15,000 individuals through various interventions, and with the help of some innovative activities, we contributed over 20,000 volunteering hours as a firm. Through employee and company giving, we helped in relief efforts for the Odisha cyclone relief and Assam and Bihar floods. A flagship project in Lonavala is worth highlighting– working with our partner NGO we provided work opportunities for over 550 tribal families reducing migration by over 80%, helping increase school enrolments to 100% and encouraging 4,000 youths to participate across vocational training programs. We are very proud to be associated with such impactful grass-roots initiatives.

Awards and Recognitions

The industry recognised our work in the past year. We were lauded for our work in Robotics Process Automation at the NASSCOM Excellence Awards. Our Learning and Development function won two Gold awards at the Brandon Hall Excellence Awards – for the 'Best Use of Games or Simulations for Learning' and for 'Best Customer Service Training Program'. Our Markets team won the CII's 'National Competition on Lean' and our Analytics function was a winner of this award CYPHER Data Science award for 'AI in Travel and Tourism' category. Finally yet importantly, we won Gold for a Chat project this award in the ASQ South Asian Team Excellence Awards.

Charting uncertain waters

We are navigating tremendous uncertainty. Covid-19 has ensured that the world we enter at the end of FY20 is markedly different from that at the end of FY19. As I write this, our 8,500 employees are in the majority working from home, leaving our multiple offices empty. Meetings are being conducted on phones and desktops through virtual presence, new technologies allowing collaboration that just a few years ago would have seemed impossible. This way of working is undoubtedly as empowering as it is novel, and certain to become a permanent feature of some of our delivery models. How we win and deliver future business will no doubt change, forcing a relook at our overall sales and delivery business models.

Whilst the pandemic will likely exacerbate demand uncertainty by creating new winners and losers across client geographies, industries and companies, the demand for cost reduction, niche skills, automation and more diversified global delivery will inevitably rise. The change journey we have embarked upon over the past few years with the increase of global delivery, embedded automation and analytics and product-aligned managed services has been therefore timely. Our focus must now be to consolidate our position as the go-to innovative and high quality partner for our clients.

A special thank you

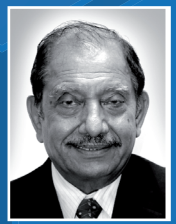
I want to end my note by recognizing the herculean work done by colleagues within the firm to ensure the firm stayed in business in March, albeit there are too many individual stories of entrepreneurship, personal risk taking and teamwork to each honour. This demonstration of determination and spirit is a timely reminder of what makes this firm so special – our EPIC focus on Excellence, People, Integrity and Client. With our people, our enviable client community, our capabilities and our hunger to always do better, I remain ever more confident of our future.

I thank you for your belief in us and for your ongoing support.

Sincerely,
PRADEEP KAPOOR
Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS



Pradeep Kapoor
Chairman & Non-Executive Independent Director

PD Mundhra
Executive Director

Anjan Malik
Non-Executive Director

Anish Ghoshal
Non-Executive Independent Director

Biren Gabhawala
Non-Executive Independent Director

Alok Goyal
Non-Executive Independent Director

Deepa Kapoor
Non-Executive Independent Director

Shailesh Kekre
Non-Executive Independent Director

AUDITORS

Statutory

S. R. Batliboi & Associates LLP
14th Floor, The Ruby,
29, Senapati Bapat Marg,
Dadar (W), Mumbai – 400 028,
Maharashtra, India.

Internal

Mahajan & Aibara,
Chartered Accountants LLP
Mafatlal Chambers, B Wing, 2nd Floor,
N.M. Joshi Marg, Lower Parel (E),
Mumbai- 400 013, India

CHIEF FINANCIAL OFFICER

Rohitash Gupta

COMPANY SECRETARY

Pratik Bhanushali

REGISTERED OFFICE

Sonawala Building, 1st Floor,
29 Bank Street, Fort,
Mumbai – 400 023,
Maharashtra, India.
Ph. No.: 022 – 6614 8301
Fax No.: 022 – 6614 8655
E-mail: investor@eClerx.com
CIN: L72200MH2000PLC125319

REGISTRAR & TRANSFER AGENT

KFin Technologies Private Limited
(formerly Karvy Fintech Private Limited)
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District,
Nanakramguda, Hyderabad – 500 032, Telangana.
Ph. Nos.: +91 (40) 67161569
Fax No.: +91 (40) 2342 0814
E-mail: einward.ris@Kfintech.com

BANKS

- Bank of India
- Citibank N.A.
- DBS Bank Limited
- Kotak Mahindra Bank Limited
- Standard Chartered Bank
- YES Bank Limited
- IDFC FIRST Bank Limited
- ICICI Bank Limited
- AXIS Bank Limited
- HDFC Bank Limited

ESG INITIATIVES

eClerx has been focused on good corporate governance and citizenship since its inception. As we saw success in our business, we increased our efforts on giving more back to the society and our stakeholders. Last year, eClerx started on its journey towards implementing a consolidated ESG (Environmental, Social, Governance) framework. The group of volunteering employees leading these ESG initiatives will find ways to improve what we have done last year and find new avenues to improve our environmental performance and giving back to the society while sticking to our uncompromising standards towards governance and cost prudence.

Currently, we are directly working on the following 10 out of the 17 Sustainable Development Goals defined by UNDP. All United Nations Member States adopted these goals in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

- **1** No Poverty
- **3** Good Health And Well Being
- **4** Quality Education
- **5** Gender Equality
- **8** Decent Work And Economic Growth
- **10** Reduced Inequalities
- **11** Sustainable Cities And Communities
- **12** Responsible Consumption And Production
- **15** Life On Land
- **17** Partnership For The Goals

Below infographic and table represents some of our key initiatives in India this year and baseline measurement on various environmental and social metrics that we wish to track and improve in future.

Reduction in all (one-time/multiple use) plastic

100%

Reduction in non-recyclable Paper usage

93%

Reduction in paper based invoice processing

40%

Electricity Consumption (units per day per used seat)

4.6

Non-recycled Paper Consumption (Per employee per day)

<2g

Non-Drinking Water Consumption (Per employee per day)

12.76L

Co2 Emissions From Electricity

7429 Metric Tons

Co2 Emissions From Transport

5134 Metric Tons

Total Co2 Emission Electricity + Transport

12,563 Metric Tons

Gender Diversity Improved to

32%

Lives Touched through CSR

15,243

Employee Volunteer Hours for CSR

20,709

AWARENESS

- Awareness on food wastage in cafeteria
- EHS Awareness posters put up across the floors

PLASTIC

- Discontinuation of plastic water bottles in cafeteria
- Replacement of plastic dispensers with steel dispensers

GOVERNANCE

- 100% coverage of trainings for prohibition of insider trading regulation and anti-bribery
- Special fraud risk related training conducted for concerned group of employees

WATER

- Introduction of foam dispensers to reduce water usage
- Installation of aerator shower in taps to reduce water

ELECTRICITY

- Cold aisle containment installation in data centers and reduction of AC temp. in hub rooms
- Installation of energy efficient UPS with lithium-ion batteries and motion sensor lighting

HEALTH & SAFETY

- Installation of touch-free automatic hand sanitizer dispensers for mitigating covid-19 related risks
- Availability of 24X7 medical attendant and emergency services for all our employees

PAPER

- Introduction of recyclable paper for Notepads/checklist/log sheets
- Introduction of reusable of stationery materials

ENVIRONMENT PROTECTION

- Solar panels installed in 2 buildings of our partner NGO in Lonavala
- 400+ fruit trees planted in Lonavala by 40 of our employee volunteers

COVID-19 PRECAUTIONS

- Changes in existing infrastructure to ensure social distancing on work floor, cafeteria and transport fleet
- PPE, masks, gloves and hand sanitizers across all locations for all the employees and support staff

ECLERX CARES

As good corporate citizens, we feel responsible to actively contribute our best efforts to enhance the lives in our society and also give a platform for our employees to contribute using their time, efforts and skills. With eClerx's longstanding commitment to social welfare, we are determined to help create a better society through its CSR arm, eClerx Cares. This year, we have touched more than 15,000 lives in a significant way through our direct funding projects and employee volunteering activities.

A team of volunteer leaders forming eClerx Cares Council manages the employee volunteering activities at regional level under the banner of eClerx Cares. These leaders are chosen based on their contribution and interest in such activities and they are passionate about making a difference in the society. The council designs specific volunteering activities for each region and executes it with the help of our employees. Over years, we have seen gradual increase in the number of volunteering hours from our employees. More than 20,000 hours of volunteering was carried out by our employees in this year to support various causes promoted by eClerx.

Magic Bus Visit

A fun team building session conducted by eClerx Cares volunteers with kids from Sumanai Vidyamandir, Thane in association with Magic Bus

Chandigarh Painting activity

The Team of volunteers who painted classrooms at Jyoti Sarup Kanya Asra Society near Chandigarh

Tree plantation at SAMPARC

The team of eClerx Cares volunteers who planted 450+ trees in a SAMPARC School near Lonavala

Classroom painting at SAMPARC

Volunteers painting a study room at SAMPARC Balgram Lonavala

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of eClerx Services Limited ("the Company") will be held on Tuesday, September 29, 2020 at 12.30 p.m., Indian Standard Time ("IST") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") facility, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt:

   a. The Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon;

   b. The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Auditors thereon.

2. To declare dividend for the year ended March 31, 2020 amounting to Re. 1/- per share.

3. To appoint a Director in place of Mr. Anjan Malik (DIN: 01698542) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To approve continuation of directorship of Mr. Pradeep Kapoor (DIN: 00053199) as Non-Executive Independent Director of the Company.

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

   "RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable provisions, if any, of the Companies Act, 2013 and the applicable Rules made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby granted to Mr. Pradeep Kapoor (DIN: 00053199), who will attain the age of 75 (seventy five) years on November 4, 2020, to continue to be a Non-Executive Independent Director of the Company up to March 31, 2024, being the date of expiry of his current term of office.

   RESOLVED FURTHER THAT the Board of Directors of the Company or any Key Managerial Personnel of the Company for the time being are hereby severally authorised to do all acts, deeds, matters or things and take such steps as may be necessary, expedient or desirable in this regard."

By Order of the Board
For eClerx Services Limited
Pratik Bhanushali
Company Secretary & Compliance Officer
F8538

Place: Mumbai
Date: August 12, 2020

Registered Office:
Sonawala Building, 1st Floor, 29 Bank Street,
Fort, Mumbai - 400 023, Maharashtra, India.
CIN: L72200MH2000PLC125319

NOTES:

1. On account of the outbreak of COVID-19 pandemic, social distancing norms, restriction on movement of persons and pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 20th Annual General Meeting ("AGM") of the Company is being conducted through VC/OAVM facility, which does not require physical presence of Members at a common venue and accordingly, Attendance Slip is not annexed hereto.

2. Members attending the meeting through VC/OAVM will be counted as quorum. There is no requirement for appointment of proxies since the requirement of physical presence has been dispensed with for AGMs to be held this year. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the AGM and the Proxy Form is not annexed hereto. However, pursuant to Section 113 of the Act, Corporate Members are entitled to appoint their authorised representatives to attend and vote on their behalf at the AGM and are required to send through their registered e-mail address, a certified scanned copy of the Board resolution of such authorisation to investor@eclerx.com.

   The Company has engaged the services of KFin Technologies Private Limited ("Kfintech"), Registrar and Transfer Agent ("RTA"), to provide VC facility and e-voting facility for the AGM.

3. The Annual Report, Notice of the AGM and other documents sent through e-mail are also available on the Company's website www.eclerx.com.

4. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed hereto.

5. **DISPATCH OF ANNUAL REPORT**

   In terms of the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2020 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020 will also be available on the Company's website www.eclerx.com, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of Company's RTA, Kfintech at https://evoting.karvy.com.

6. **URGENT AND IMPORTANT – REGISTER YOUR E-MAIL ADDRESS**

   In order to receive all communications including Annual Report, Notices, Circulars, etc. from the Company electronically, Members holding shares in physical form and who have not registered their e-mail addresses so far, are requested to do so by clicking on https://ris.Kfintech.com/email_registration and providing the requisite details of their holdings and documents for registering their e-mail address or by writing to the Company/Kfintech at einward@Kfintech.com specifying their Folio No. and attaching self-attested copy of PAN card; and Members holding shares in dematerialised form are requested to register their e-mail address with their respective Depository Participant(s).

7. **PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM**

   (i) Members will be provided with a facility to attend the AGM electronically through Video Conference platform made available by Kfintech. For accessing the same, Members may visit the e-voting website of Kfintech i.e. https://emeetings.Kfintech.com/ under shareholders/Members login by using secure login credentials. The link for attending the AGM electronically will be available under shareholder/Members login where AGM event of eClerx Services Limited can be selected.

   (ii) For better experience, Members are requested to join the meeting using Google Chrome (preferred browser) or other browsers such as Safari, Internet Explorer, Microsoft Edge or Mozilla Firefox 22.

   (iii) Members are requested to grant access to the web-cam to enable two-way Video Conferencing and are advised to use stable Wi-Fi or LAN connection to ensure smooth participation at the AGM. Participants may experience audio/video loss due to fluctuation in their respective networks.

   (iv) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending request from their registered e-mail addresses mentioning name, DP/Client ID or Folio No., PAN and Mobile number at investor@eclerx.com from Thursday, September 24, 2020 (9:00 a.m. IST) up to Saturday, September 26, 2020 (5:00 p.m. IST). Alternatively, Members may register themselves as a speaker, during such time, by clicking 'Speaker Registration' tab available on the e-voting website of Kfintech https://emeetings.Kfintech.com/ and shall be provided a 'queue number' in advance. The Company reserves the right to restrict the number of speakers to those, who have done the prior-registration, depending on the availability of time at the AGM.

   (v) Members who may wish to post queries at the AGM, may visit https://emeetings.Kfintech.com/ and click on the Tab "Post Your Queries Here" to post their queries in the window provided, from Thursday, September 24, 2020 (9:00 a.m. IST) up to Saturday, September 26, 2020 (5:00 p.m. IST) by mentioning their name and demat account number. Members may note that depending upon the availability of time, questions may be answered during the AGM or responses will be shared separately after the AGM.

   (vi) Facility for attending the AGM through electronic means (VC/OAVM) shall be made available 15 minutes before the scheduled time for the AGM and will be available for atleast 1,000 Members at a time, on first come first serve basis ("FIFO") and shall be kept open throughout the proceedings of AGM.

   (vii) There will be no restrictions on account of FIFO entry into AGM for Members holding 2% or more shareholding as on the cut-off date for e-voting and also for the promoters, institutional investors, directors, key managerial pesonnel, auditors of the Company etc.

   (viii) For any assistance required in terms of using VC for the AGM, Members may contact Mr. S. V. Raju of Kfintech at einward.ris@Kfintech.com or call at 040-67162222 or at 1800 345 4001 (Toll Free).

8. Members of the Company under the category of Institutional Investors are also encouraged to attend and vote at the AGM.

9. In case of joint holders, a Member whose name appears as the first holder in the order of their names as per the Register of Members will be entitled to cast vote at the AGM.

10. In terms of the Listing Regulations, it is mandatory to furnish a copy of PAN card to the Company or Kfintech in the following cases viz. deletion of name, transmission of shares and transposition of shares.

11. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 18, 2020 to Tuesday, September 29, 2020 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2020, if any, approved by the Members.

12. An Explanatory Statement pursuant to Section 102 of the Act in respect of Item No. 4 of the Notice set out above, is annexed hereto.

13. Pursuant to Regulation 36(3) of the Listing Regulations, brief profile(s) of the Director(s) who are proposed to be re-appointed is annexed hereto.

14. The applicable statutory registers and the certificate from the Auditor's of the Company certifying that the Company's Employee Stock Option Scheme(s)/Plan(s) are being implemented in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and other applicable Regulations, if any, and in accordance with the resolutions passed by the Company in the earlier General Meeting(s), will be available electronically for inspection by the Members during the AGM. Members are requested to send an e-mail to investor@eclerx.com in advance, if they wish to inspect such documents during the AGM.

    Further, all documents referred to in the Notice will also be available electronically for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to investor@eclerx.com.

15. **PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM**

    Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Act, as amended, and Regulation 44 of Listing Regulations, the Company is providing to its Members facility to exercise their right to vote on resolutions proposed to be passed at AGM by electronic means. Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("**remote e-voting**"). Further, the facility for voting through electronic voting system will also be made available during the AGM ("**Instapoll**") and Members attending the AGM who have not cast their vote(s) by remote e-voting will be able to vote during the AGM through Instapoll. The Company has engaged the services of Kfintech as the agency to provide both remote e-voting and Instapoll.

A person whose name is recorded in the Register of Members as on the cut-off date i.e. Thursday, September 17, 2020 only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Instapoll. The remote e-voting period will commence on Thursday, September 24, 2020 (9.00 a.m. IST) and will end on Monday, September 28, 2020 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date may cast his/her votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently or cast his/her vote again. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, September 17, 2020.

In case a person has become a Member of the Company after dispatch of this Notice but on or before the cut-off date, he/she may obtain the User ID and Password in the manner as mentioned below:

a) If the mobile number of the Member is registered against Folio No./DP ID and Client ID, the Member may send SMS: **MYEPWD**<space>E-voting Event number+Folio No. or DP ID Client ID to 9212993399
   Example for NSDL : MYEPWD <SPACE>IN12345612345678
   Example for CDSL : MYEPWD <SPACE>1402345612345678
   Example for Physical : MYEPWD <SPACE>XXX1234567890

b) If e-mail or mobile number of the Member is registered against Folio No./DP ID Client ID, then on the homepage of https://evoting.karvy.com/, the Member may click 'forgot password' and enter Folio No. or DP ID Client ID and PAN to generate a password.

c) Member may call on Kfintech's toll free number 1-800-3454-001.

d) Member may send an e-mail request to evoting@Kfintech.com. However, Kfintech shall endeavour to send User ID and Password to those new Members whose e-mail ids are available.

The Company has appointed Ms. Ashwini Inamdar, (Membership No. FCS 9409) and failing her, Mr. Atul Mehta (Membership No. FCS 5782) of M/s. Mehta & Mehta, Company Secretaries, Company Secretaries, to act as the Scrutinizer, to *inter-alia*, scrutinise the remote e-voting and Instapoll process in a fair and transparent manner.

The Members, who have not cast their vote through remote e-voting can exercise their voting rights through Instapoll. A Member can opt for only single mode of voting i.e. through remote e-voting or Instapoll. If a Member casts votes by both modes then voting done through remote e-voting shall prevail and voting done through Instapoll shall be treated as invalid.

The manner of voting through remote e-voting is as under:

I. In case of Members receiving an e-mail from Kfintech [for Members whose e-mail IDs are registered with the Company/Depository Participant(s)]

(i) Launch internet browser by typing the URL: https://evoting.karvy.com/

(ii) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by Folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and password for casting your vote.

(iii) After entering these details appropriately, click on – "Login".

(iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, e-mail ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

(v) You need to login again with the new credentials.

(vi) On successful login, the system will prompt you to select the "EVENT" i.e., 'eClerx Services Limited'.

(vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned above. You may also choose the option "ABSTAIN". If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

(viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

(ix) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

(x) You may then cast your vote by selecting an appropriate option and click on "Submit".

(xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

(xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail Evoting@mehtamehta.com with a copy marked to evoting@Kfintech.com and investor@eclerx.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

II. In case of Members whose e-mail IDs are not registered with the Company/Depository Participant(s)

(i) Members holding shares in physical mode and dematerialised form, who have not registered/updated their e-mail addresses with the Company, are requested to register/update the same by following the process mentioned in Point No. 6.

(ii) After due verification, the Company/Kfintech will forward your login credentials to your registered e-mail address. Thereafter, follow the instructions at (i) to (xii) to cast your vote.

III. In case of any query and/or grievance in respect of voting by electronic means or voting through Instapoll, Members may refer to the Help & Frequently Asked Questions (FAQs) and Evoting user manual available at the download section of https://evoting.karvy.com/ (Kfintech website) or contact Mr. S. V. Raju, Deputy General Manager (Unit: eClerx Services Limited) of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana, India or at evoting@Kfintech.com or phone no. 040 – 6716 1500 or call Kfintech's toll free No. 1-800-3454-001 for any further clarifications.

IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

V. Information and instructions for Instapoll

The e-voting window shall be activated upon instructions of the Chairman during the AGM proceedings.

Members shall then click on the "Instapoll" icon on the webpage and follow the instructions to vote on the resolutions.

VI. The results shall be declared at or after the meeting. The results declared along with the Scrutinizer's report shall be placed on the Company's website www.eclerx.com. The Company shall simultaneously submit the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

16. Members are requested to

a) send their queries, if any, on the operations/financials of the Company through e-mail at investor@eclerx.com on or before Saturday, September 26, 2020 (5.00 pm IST), so that the information could be compiled in advance.

b) immediately intimate change of address, if any, to Kfintech, Unit: eClerx Services Limited, KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana, India, quoting reference of their registered folio number, in case of shares held in physical form.

c) not leave their demat account(s) dormant for long and obtain periodic statement of holdings from your respective Depository Participant(s) and also verify your holdings to prevent fraudulent transactions.

17. Dividend and Related Information

a) Dividend, as recommended by the Board of Directors, if approved at the AGM, shall be paid after Tuesday, September 29, 2020 but within the statutory time limit of 30 days, to those Members whose names are registered in the Register of Members of the Company on Thursday, September 17, 2020 in case of shares held in physical form. In case of shares held in dematerialised form, the dividend thereon shall be paid to the Beneficial Owners as at the end of the business on Thursday, September 17, 2020, as per lists to be provided by the Depositories for the said purpose.

b) Members who wish to claim their dividends declared in past and which remains unclaimed, are requested to contact Kfintech, Unit: eClerx Services Limited, KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana, India or write to the Company at its Registered office. Members are requested to note that, pursuant to Section 124 of the Act read with the Rules framed thereunder, dividend 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.

c) In case the shares are held in physical form, requests for change of address, bank particulars/mandates/NECS mandates, PAN, registration of e-mail id for receiving electronic communication from the Company/Registrar and Transfer Agent should be lodged with Kfintech, Unit: eClerx Services Limited, KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana, India, before the book closure.

d) 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 utilise the National Electronic Clearing System (NECS) for receiving dividend(s).

e) Shareholders are requested to register/update their Bank Account details with their respective Depository Participant(s), if shares are held in dematerialised form or with Kfintech/Company by sending an e-mail on einward@Kfintech.com, if shares are held in physical mode by clearly specifying Name, Folio No., Bank name and address, Account No., IFSC and MICR details and attach self-attested copy of PAN Card and cancelled cheque. Final Dividend, if approved by the Members at this AGM, will be directly credited to the bank accounts of the shareholders as per the details available with the Company within the prescribed timelines. In case of shareholders who have not registered their bank details, demand drafts will be sent to them in due course of time and upon normalisation of postal services.

f) Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 01, 2020 and the

Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

g) Members are requested to refer to the communication available on Company's website at https://eclerx.com/shareholders-communication-deduction-of-tax-at-source-on-dividend/ for the information with respect to the deduction of tax at source on dividend and for availing tax exemptions, as mentioned therein. The said communication is also available on the website of stock exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

h) A resident shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail by visiting https://ris.Kfintech.com/form15/ or e-mail the documents on einward.ris@kfintech.com on or before Thursday, September 17, 2020 to enable the Company to determine the appropriate TDS/withholding tax rate applicable. Any communication on the tax determination/deduction received post Thursday, September 17, 2020 shall not be considered.

i) Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading the duly signed scanned documents by visiting https://ris.Kfintech.com/form15/ or e-mail the documents on einward.ris@kfintech.com on or before Thursday, September 17, 2020.

j) Members will be able to download the TDS certificate from the Income Tax Department's website https://incometaxindiaefiling.gov.in (Refer Form 26AS).

k) Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Book Closure dates and other documents available with the Company/Kfintech. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund.

l) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member(s), such Member(s) will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

18. Pursuant to the provisions of Section 72 of the Act read with Rules framed thereunder, Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to approach Kfintech by sending an e-mail on einward@Kfintech.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

SPECIAL BUSINESS - ITEM NO. 4

The Members of the Company through a special resolution dated October 26, 2018 passed by way of Postal Ballot had appointed Mr. Pradeep Kapoor as a Non-Executive Independent Director of the Company for his second term of 5 (five) consecutive years commencing from April 01, 2019 and expiring on March 31, 2024.

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') provides that no listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of 75 (seventy five) years unless a special resolution is passed to that effect.

Mr. Pradeep Kapoor (DIN 00053199), a Non-Executive Independent Director-Chairman of the Company, will be attaining the age of 75 (seventy five) years on November 4, 2020. Pursuant to Regulation 17(1A) of the Listing Regulations, a Special Resolution will be required to be passed for continuation of his directorship in capacity of Non-Executive Independent Director with effect from November 4, 2020 up to March 31, 2024, being the date of expiry of his current term of office. The Nomination and Remuneration Committee and the Board of Directors of the Company, at their respective meetings held on August 12, 2020, have unanimously approved the same. The Board recommends passing of this Special Resolution as stated at Item no. 4 of the Notice.

The relevant information to be taken into consideration by the Members before voting on this special business is stated hereunder:

- **Brief profile, skills and expertise of Mr. Pradeep Kapoor**

  Mr. Pradeep Kapoor, born on November 4, 1945, is a Non-Executive Independent Director of the Company. He holds a Bachelor's degree in Mechanical Engineering and has been associated with the infrastructure industry, especially engineering, manufacturing and construction industry for more than 5 decades.

  He has been the Managing Director and CEO of Trafalgar House Construction Limited and FL Smidth Limited and the Vice Chairman/ Managing Director/CEO of ABG Cement Limited and of ABG Energy Limited. He has also been the Chairman of Fuller Infotech Private Limited, the Director of FLS Automation Private Limited and the CEO of Dodsal Limited and of Sanghi Industries Limited.

  He possesses more than 51 years of rich and varied experience, requisite skills of leadership, facilitation and oversight, which helps in setting the tone for other Directors and stimulating Board discussions towards strategic planning.

- **Association, Participation and involvement with eClerx**

  Post enactment of Companies Act, 2013 ('the Act'), Mr. Kapoor's first term as Independent Director was from July 10, 2014 till March 31, 2019. Taking into account his skills, experience, and expertise, he was re-appointed as 'Independent Director' for second term of 5 (five) years from April 01, 2019 till March 31, 2024 by Members of the Company with 94.71% votes in favor.

  He has been an active Member of the Board, Audit Committee and Stakeholders' Relationship Committee, which can be inferred from his attendance records of the Board and Committee meetings given hereunder. He brings an independent judgement on the Board and his continued association will be valuable to the Company. As a Chairman, he has successfully led and effectively supervised the Board. He has promoted open communication and constructive debates in Boardroom helping in fair Board decisions, which worked in the interest of the Company and shareholders.

  Mr. Kapoor's attendance details at the Board and Committee Meetings held during the last 3 (three) financial years are given below:

Financial year	Board meeting		Audit Committee meeting		Stakeholders' Relationship Committee meeting	
FY2019-20	100%	5 out of 5	100%	5 out of 5	75%	3 out of 4
FY2018-19	83.33%	5 out of 6	80%	4 out of 5	75%	3 out of 4
FY2017-18	100%	6 out of 6	100%	5 out of 5	100%	4 out of 4

  Mr. Kapoor has also attended last Annual General Meeting of the Company held on August 29, 2019. Except for few Board and Committee meetings, which he could not attend owing to some personal reasons, Mr. Kapoor has attended almost all of such meetings in person regardless of his age. He is committed to maintain his strong attendance record for future Board and Committee meetings as well.

- **External Directorships and conflict of interest**

  Apart from eClerx Services Limited, Mr. Kapoor does not serve on any other public Board or its Committees and therefore is available to devote significant of his time and inputs both at eClerx Board Meetings and outside the Boardroom wherever required.

  As on the date of the notice of this meeting, Mr. Kapoor holds only 0.02% of share capital of the Company, which is not material and therefore does not affect his independence. He does not own any stock options of the Company.

- **Performance Evaluation**

  The Board of Directors appoints an external expert for conducting the annual Board and individual Director's evaluation, which ensures that the process is unbiased. The performance evaluation reports are placed before the Nomination and Remuneration Committee and the Board for review and necessary action. Mr. Kapoor being a Chairman, his performance is also evaluated by Independent Directors collectively, taking into consideration views of Executive and Non-Executive Directors. Mr. Kapoor's annual performance evaluation reports have always been extraordinary.

Mr. Kapoor (including his relatives) is interested in this resolution set out at item No. 4 of the notice, to the extent of his shareholding and remuneration (which is line with the remuneration of other Directors of the Company) in the Company. Save and except this, none of the other Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

Taking into consideration the above mentioned factors justifying Mr. Kapoor's valuable association with the Company, the Members are requested to grant their approval by way of passing a Special Resolution for the continuation of directorship of Mr. Pradeep Kapoor as a 'Non-Executive Independent Director' of the Company, not liable to retire by rotation.

ANNEXURE(S) TO THE NOTICE

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

Name	Anjan Malik	Pradeep Kapoor
DIN	01698542	00053199
Designation	Non-Executive Director	Non-Executive Independent Director – Chairman
Age	50 years	74 years
Profession	Business Executive	Business Executive
Date of first appointment on the Board	May 10, 2000	August 11, 2007
Shareholding in the Company as on the date of this Notice	9,365,204 (26.84%)	7,008 (0.02%)
Qualifications	Bachelor's Degree in Physics, with honours from the Imperial College of Science and Technology, London (UK) and a Masters of Business Administration degree in Finance from the Wharton School of Pennsylvania (USA).	Bachelor's degree in Mechanical Engineering
Brief resume (Experience and Expertise)	Mr. Anjan Malik is a co-founder and Non-Executive Director of eClerx Services Limited and the Executive Director of its on-shore subsidiaries. He has over 29 years of experience across consulting, investment banking and knowledge process outsourcing. He has worked with Accenture in Europe and Lehman Brothers in the US before starting eClerx with Mr. PD Mundhra, in 2000.	Refer Explanatory Statement to Item No. 4
Terms and conditions of re-appointment	As per the existing terms and conditions and in accordance with the provisions of Companies Act, 2013.	
Relationship with other directors and Key Managerial Personnel of the Company	Not related to any Director/Key Managerial Personnel.	
Directorships held in other Companies	N.A.	N.A.
Memberships/Chairmanships held in committees of the Board of other companies	N.A.	N.A.
The number of meetings of the Board attended during the financial year 2019-2020	5 out of 5	5 out of 5
Remuneration last drawn	No remuneration had been paid by the Company, during FY 2019-20. However, as stated in Notes to Consolidated Financial Statements, he was paid Rs. 13.85 Million (which includes Rs. 6.63 Million of bonus provisions) from eClerx Limited, (U.K.) and Rs. 7.20 Million from eClerx Investments (U.K.) Limited, wholly owned subsidiaries of the Company, during FY 2019-20.	Commission of Rs. 1.90 Million and sitting fees of Rs. 0.30 Million was paid, by the Company during FY 2019-20.

Dear Members,

Your Directors are pleased to present their 20th Annual Report along with the audited annual accounts for the financial year ended March 31, 2020.

1. FINANCIAL HIGHLIGHTS

The key aspects of the Company's financial performance for the year ended March 31, 2020 are tabulated below:

(Rupees in Million)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Income from operations	11,201.67	11,398.18	14,375.71	14,305.93
Other Income	540.01	558.25	467.05	485.92
Total Revenue	**11,741.68**	**11,956.43**	**14,842.76**	**14,791.85**
Operating Expenses	8,797.55	8,851.24	11,140.52	11,229.80
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**2,944.13**	**3,105.19**	**3,702.24**	**3,562.05**
EBITDA%	**25.07%**	**25.97%**	**24.94%**	**24.08%**
Finance costs	176.62	-	188.10	0.39
Depreciation, goodwill & amortisation expenses	445.93	261.55	708.95	446.92
Earnings before Exceptional Items, Interest & Tax	2,321.58	2,843.64	2,805.19	3,114.74
Exceptional Items	488.40	-	-	-
Net Profit before Tax (PBT)	1,833.18	2,843.64	2,805.19	3,114.74
Taxes	597.47	747.51	715.47	831.73
Profit for the year before minority interest	1,235.71	2,096.13	2,089.72	2,283.01
Minority interest	-	-	(0.11)	0.38
Net Profit attributable to shareholders	**1,235.71**	**2,096.13**	**2,089.83**	**2,282.63**
NPM%	**10.52%**	**17.53%**	**14.08%**	**15.43%**

2. OPERATIONAL AND FINANCIAL STATE OF AFFAIRS OF THE COMPANY

The information on operational and financial performance etc. is provided under the Management Discussion and Analysis Report, which is annexed to the Directors' Report and has been prepared, *inter-alia*, in compliance with the terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Apart from the information contained in Notes to the Financial Statements, no material changes and commitments have occurred after the closure of FY 2019-20 till the date of this Report, which would affect the financial position of the Company.

3. COVID-19 IMPACT

In March 2020, when the COVID-19 pandemic developed into a global crisis, governments started enforcing lock-downs across countries, eventually resulting in stoppage of all economic activity. For the Company, the challenge was to ensure employee safety and to make sure that our employees were equipped to serve our clients. With a focus on employee well-being and business continuity, we were early in canvassing clients for Work From Home (WFH) approvals. The infrastructure team was quick to procure and deliver over 7,000 laptops and data cards to our employees. The Company also provisioned VPNs and VDI access for all its employees in this period so that data security was not compromised. Therefore, when the lockdown started expanding rapidly across Italy, India, Thailand, UK and the USA in quick succession, we were equipped to meet the deadlines and deliverables of our clients and ensured that we had zero downtime on deliverables and infrastructure. From an in office delivery model, the Company quickly moved to a Secure Anywhere Anytime (SAA) model which complied with our MSA commitments. The Company was able to equip 93% of employees for work from home in 4 weeks and this number ramped up week on week so that we could have 100% coverage.

4. GENERAL RESERVE

The Board has not recommended transfer of any amount of profit to reserves during the year under review. Hence, the entire amount of profit for the year under review has been carried forward to Retained Earnings.

5. DIVIDEND

Based on the overall Company's performance, the Directors are pleased to recommend a dividend of Re. 1/- (10%) per share. The total quantum of dividend payout, if approved by the Members, will be about Rs. 34.89 Million. The Dividend Distribution tax has been abolished w.e.f April 01, 2020 and the dividend income will now be taxed only in the hands of the shareholders as per the applicable tax rates.

The Company had paid a dividend of Re. 1/- per share (10%) in the previous year. The Company intends to maintain historical payout ratio and is exploring efficient methods to achieve the same. The historical data of dividend distributed by the Company is as follows:

Sr. No.	Dividend	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
1	Total Dividend for the year	1.00	1.00	1.00	1.00	35.00	35.00	25.00
2	Dividend as % EPS (Basic)	1.66%	1.8%	1.4%	1.2%	46%	41%	43%
3	Dividend as % Profit After Tax	1.66%	1.8%	1.4%	1.2%	46%	41%	44%
4	Tax Amount (Rs. in Million)	7.60	7.95	8.12	8.36	222.28	179.50	126.93

The Register of Members and Share Transfer Books will remain closed from Friday, September 18, 2020 to Tuesday, September 29, 2020 (both days inclusive) for the purpose of ascertaining entitlement for the said dividend. The 20th Annual General Meeting (AGM) of the Company is scheduled to be held on Tuesday, September 29, 2020.

The dividend declared and/or paid by the Company for FY 2019-20 is in compliance with the Dividend Distribution Policy.

6. DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the Listing Regulations, your Company has formulated a dividend distribution policy with regards to distribution of dividend to its shareholders and/or retaining or ploughback of its profits. The policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders. The policy has also been hosted on the Company's website at https://eclerx.com/investor-relations/corporate-governance/.

7. PUBLIC DEPOSITS

During the year, your Company has not accepted any deposits within the meaning of the provisions of Section 73 of the Companies Act, 2013 ("the Act") read with the Companies (Acceptance of Deposits) Rules, 2014.

8. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

The Company had 8 (eight) subsidiaries including step down subsidiaries and 1 (one) associate company as on March 31, 2020.

In terms of the provisions of Section 129(3) of the Act, a statement containing salient features of the performance and financial position of each of the subsidiaries is attached as **Annexure-I** to this report in Form AOC-1.

The Company's Wholly Owned Subsidiary, eClerx Investments (UK) Limited had incorporated a 100% subsidiary in form of a private limited company at Netherlands, Europe in the name of eClerx B.V. on May 6, 2020. There has been no material change in the nature of the business of subsidiaries and associate company, during the year under review.

Pursuant to Section 136 of the Act, the Financial Statements including Consolidated Financial Statements, along with relevant documents have been hosted on the Company's website www.eclerx.com.

9. CLIENT BASE

The client segmentation, based on the last 12 months' accrued revenue for the current and previous years, on a consolidated basis is as follows:

Clients	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16
US$ 0.5-1 Million	21	20	17	14	16
US$ 1-5 Million	22	18	17	18	17
More than US$ 5 Million	7	7	6	6	7

10. INTERNAL FINANCIAL CONTROLS RELATED TO THE FINANCIAL STATEMENTS

The details in respect of internal financial controls and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

Internal Financial Controls (IFC) of the Company provides reasonable assurance with respect to preparation of financial statements in compliance with the Acts, Rules and Regulations as applicable including Indian Accounting Standards and also reliability of financial reporting. The controls also provide assurance that the expenditures are made in accordance with the authority given to the management of the Company duly approved by the Directors of the Company. These controls are reviewed by your management and key areas are subject to various statutory, internal and operational audits based on periodic risk assessment. The findings of the audits are discussed with the management and key findings are presented before the Audit Committee and Board of Directors for review of actionable items. The review of the IFC, *inter-alia*, consists of the three components of internal controls, viz., Entity level controls, Key financial reporting controls and Internal controls in operational areas. In addition to this, the Company also has an Enterprise Wide Risk Management Framework (EWRM) where the Company has identified and documented risks with respect to financial reporting as well as the controls for such risks. The Internal Auditor of the Company annually conducts an audit/check of the effectiveness

of such framework and the observations are placed before the Audit Committee.

11. CHANGES IN SHARE CAPITAL

Particulars	No. of shares	Amount in Rupees
Issued, subscribed and paid-up capital as on April 01, 2019	38,711,095	387,110,950
Add: Number of shares allotted during FY 2019-20 pursuant to ESOP	18,972	189,720
Less: Shares bought back via "Tender Offer" route during FY 2019-20	1,746,666	17,466,660
Issued, subscribed and paid-up capital as on March 31, 2020	36,983,401	369,834,010

12. STATUTORY AUDITORS

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Mumbai [ICAI Registration No. 101049W/E300004], the Statutory Auditors of the Company, were appointed by the shareholders at their meeting held on August 29, 2019 for a period of 5 (five) years i.e. upto conclusion of 24th Annual General Meeting. Pursuant to the Companies Amendment Act, 2017, their appointment is not subject to annual ratification at the AGM. Accordingly, notice of 20th AGM of the Company does not contain proposal for ratification of their appointment.

M/s. S.R. Batliboi & Associates LLP have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company.

The Auditor's Report for the financial year ended March 31, 2020 does not contain any qualification, reservation or adverse remark.

13. SECRETARIAL AUDITORS

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. Mehta & Mehta, Company Secretaries as the Secretarial Auditors for conducting the audit of the secretarial records for the financial year ended March 31, 2020. The report of the Secretarial Auditor is attached as **Annexure-II**. The Secretarial Auditor's Report does not contain any qualification, reservation or adverse mark.

The Company is in compliance with the relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and notified by the Central Government.

14. MAINTENANCE OF COST RECORDS

The Company is not required to maintain cost records pursuant to Section 148 of the Act read with Companies (Cost Records and Audit) Rules, 2014.

15. EXTRACT OF ANNUAL RETURN

The extract of Annual Return as on March 31, 2020 in Form MGT-9, in accordance with Section 92 of the Act read with the Companies (Management and Administration) Rules, 2014 is attached as **Annexure-III** and the Annual Return in Form MGT-7 is available on the website of the Company www.eclerx.com.

16. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY`S OPERATIONS IN FUTURE

There were no significant or material orders passed by any regulatory Authority, Court or Tribunal which shall impact the going concern status and Company`s operations in future during the financial year.

17. DIRECTORS

In accordance with the Section 152 and other applicable provisions, if any, of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company, Mr. Anjan Malik, (DIN: 01698542) who is not a Key Managerial Personnel pursuant to the provisions of the Act, retires from office by rotation, and being eligible, offers himself for re-appointment at the forthcoming AGM of the Company.

Mr. Pradeep Kapoor (DIN: 00053199), Non-Executive Independent Director of the Company will be attaining 75 (seventy five) years on November 4, 2020 and accordingly, in terms of the provisions of Regulation 17(1A) of the Listing Regulations, approval of the Members is sought for his continuation of Directorship upto March 31, 2024, being the date of expiry of his current term of office. The proposal for this approval is included in the Notice of the AGM.

The brief profile and other information of the aforesaid Directors, as required under Regulation 36 of the Listing Regulations and Secretarial Standards on General Meetings is also included in the Notice of the AGM.

In the opinion of the Board, all the Independent Directors have acted with integrity and have the requisite experience and expertise in the context of the business of the Company to make a significant contribution to the deliberations of the Board of Directors.

18. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the Certificate of Independence from all of its Independent Directors pursuant to Section 149 of the Act and Regulation 16 of the Listing Regulations, confirming and certifying that they have complied with all the requirements of being an Independent Director of the Company.

The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct. The Company has also received declarations under Regulation 25(8) of Listing Regulations from the Independent Directors confirming that there were no existence or anticipation of any circumstances during the year, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

19. PERFORMANCE EVALUATION

The Board of Directors of the Company had appointed an external expert for conducting evaluation of the performance of the Chairman, Board, individual Directors including peer review and self-assessment and of the Committees of the Board. The report of the performance evaluation of the individual Directors were submitted to the respective Directors whereas the observations and the report on the performance evaluation of the Board and its Committees was placed before the Nomination and Remuneration Committee. The feedback of the Nomination and Remuneration Committee was then placed before the Board of Directors for review and taking appropriate action on the basis of the findings in the performance evaluation report.

The said evaluation for the Board and individual Directors was carried out, based on pre-defined comprehensive checklist(s) which was circulated to the Directors covering various evaluation criteria(s), *inter-alia*, modelled on the following factors:

- Accountability towards shareholders;
- Critical review of business strategy;
- Conducive environment for the communication and rigorous decision making;
- Board's focus on wealth maximisation for shareholders;
- Board's ability to demand and foster higher performance;
- Business Continuity preparedness;
- Skill Set and mix thereof among Board members;
- Flow of information so as to enable informed opinions by the Directors;
- Adequacy of meetings of Directors in terms of frequency as well as the time dedicated for discussions and deliberations.

The performance evaluation criteria(s) for the Committees of the Board, was modelled on the following factors:

- Contribution, control and counselling by the Committee on various matters;
- Qualitative comments/inputs;
- Deficiencies observed, if any;
- Qualification of members constituting the Committee;
- Attendance of Committee members in the respective meetings;
- Frequency of meetings.

In addition, the Chairman of the Board was also evaluated on the key aspects of his role and the report on his performance evaluation was placed before the separate meeting of the Independent Directors for review. During the year, the separate meeting of Independent Directors was held on May 23, 2019. In this meeting, the performance of the Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Director and Non-Executive Directors. The same was also discussed in the subsequent Nomination and Remuneration Committee Meeting and Board Meeting that followed the meeting of Independent Directors.

20. FAMILIARISATION PROGRAMME

The Company conducts familiarisation programme for Independent Directors to enable them to get a clear understanding about the business of the Company, organisational set-up, functioning of various verticals/departments, industry scenario, changes in the regulatory framework and its impact on the business of the Company.

Further, when a new Director is inducted on the Board, the introductory familiarisation program is undertaken, which, *inter-alia*, covers the following:

a) Introduction and meeting with other Directors on the Board and the Senior Management;

b) Brief introduction about the business and nature of industry of the Company in which it operates;

c) Roles, rights and responsibilities of Directors including Independent Director(s);

d) Extant Committees of Board of Directors;

e) Meetings of Board and Committees, venue, generic dates and timings when such meetings are generally held and the Annual General Meeting of shareholders of the Company;

f) The Codes of Conduct which are in place and applicable to the Directors;

g) Remuneration payable to Directors pursuant to Shareholders approval to that effect;

h) Liability Insurances taken by the Company to cover Directors.

In addition to this, periodic familiarisation programmes are conducted for the Directors about the business operations, industry overview, threats, opportunities and challenges in respective verticals. Furthermore, detailed business presentations are made at quarterly meetings of Board of Directors. The details of familiarisation programmes/training imparted to Independent Directors have been hosted on the Company's website at https://eclerx.com/investor-relations/corporate-governance/.

The Independent Directors are encouraged to attend educational programs in the area of Board/Corporate governance.

The Directors have access to Management to seek any additional information, clarification and details as may be required. In terms of the Listing Regulations, the standard letter of appointment of Non–Executive Independent Directors of the Company containing the requisite familiarisation details has been hosted on the Company's website at https://eclerx.com/investor-relations/corporate-governance/.

21. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act and other applicable Rules and Regulations, the Directors, to the best of their knowledge and ability, confirm that:

a. In the preparation of the annual financial statements for the FY 2019-20, 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, 2020 and of the profit or loss 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 Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the Directors had prepared the annual financial statements on a going concern basis;

e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. BOARD MEETINGS

During FY 2019-20, 5 (five) Board Meetings were held details of which, along with particulars of attendance of the Directors at each of the Board Meetings are given in the Corporate Governance Report of the Company, which forms a part of this report. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Regulations.

23. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Biren Gabhawala, Mr. Pradeep Kapoor, Mr. Anish Ghoshal, Ms. Deepa Kapoor and Mr. PD Mundhra. The majority of the Members are Independent Directors and Mr. Biren Gabhawala, Independent Director is the Chairperson of the Committee. During the year, all recommendations made by the Audit Committee were accepted by the Board.

24. REPORTING OF FRAUD BY THE STATUTORY AUDITORS

There were no instances of fraud reported by the Statutory Auditors during FY 2019-20 in terms of the Section 134 of the Act read with the Companies (Audit and Auditors) Rules, 2014.

25. NOMINATION AND REMUNERATION POLICY

The Company has formulated the Nomination and Remuneration Policy in accordance with the provisions of the Act and the Listing Regulations. The said policy acts as a guideline for determining, *inter-alia*, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees. The aforesaid policy is hosted on the Company's website at https://eclerx.com/investor-relations/corporate-governance/.

26. VIGIL MECHANISM

Pursuant to the provisions of the Act and Listing Regulations, the Company has in place Whistle Blower Policy to encourage all employees or any other person dealing with the Company to disclose any wrong-doing that may adversely impact the Company, the Company's customers, shareholders, employees, investors, or the public at large. This policy, *inter-alia*, also sets forth (i) procedures for reporting of questionable auditing accounting, internal control and unjust enrichment matters (ii) reporting instances of leak or suspected leak of Unpublished Price Sensitive Information and (iii) an investigative process of reported acts of wrong-doing and retaliation from employees, *inter-alia*, on a confidential and anonymous basis.

The aforesaid policy has also been hosted on the Company's website at https://eclerx.com/investor-relations/corporate-governance/.

27. PARTICULARS OF LOAN, GUARANTEE AND INVESTMENTS

Details of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on March 31, 2020, are set out in Note 8 and 5.1 respectively to the Standalone Financial Statements of the Company. The Company has not provided any guarantee during the year under review.

28. PARTICULARS OF TRANSACTIONS, CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year, all the transactions that the Company entered into with related parties were in the ordinary course of business and at arms' length basis. All such transactions were approved by the Audit Committee and were reviewed by it on a periodic basis. Further, the Company has not entered into material contracts or arrangements as defined under Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014.

The policy on Related Parties as approved by the Board is hosted on the Company's website at https://eclerx.com/investor-relations/corporate-governance/.

The particulars of the transactions with related parties pursuant to the provisions of Section 188 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 are in Form AOC-2 given on page no. 32. Further, details with respect to related party transactions are also set out in the Note No. 33 to the Standalone Financial Statements of the Company for the year ended March 31, 2020.

Pursuant to the related party disclosure requirements under Part A of Schedule V of Listing Regulations, there were no loans and advances in nature of loans outstanding for the financial year ended March 31, 2020, from subsidiaries, associate companies or firms/companies in which Directors are interested.

Form AOC-2

[Pursuant to clause (h) of sub section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   There were no contracts or arrangements or transactions entered into during the year ended March 31, 2020, which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

(Rupees in Million)

Name of the related party	Nature of contract/ arrangement/transactions	Relationship	Salient Terms of the contracts or arrangements or transactions including the value, if any:	Duration of the contracts / arrangements/ transactions	Date of Approval by the Board, if any	Transactions during the year March 31, 2020	Outstanding Balance as at March 31, 2020
eClerx LLC	Sales and Marketing Services	Wholly Owned Subsidiary	Contract of Sales and Marketing	Ongoing	May 20, 2014 / July 31, 2014/ ongoing	1,908.59	887.18 Payable
	Expenses incurred by subsidiary company on behalf of holding company					17.78	
	ITES services by subsidiary company to holding company					28.11	
	Expenses incurred by holding company on behalf of subsidiary					1.48	
	ITES services by holding company to subsidiary company					3.55	

For and on behalf of the Board of Directors
eClerx Services Limited

Place: Mumbai
Date: August 12, 2020

Pradeep Kapoor
Chairman

29. BUSINESS RESPONSIBILITY REPORT

As stipulated under Regulation 34 of the Listing Regulations, the Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective forms part of the Annual Report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required, *inter-alia*, under Section 134 of the Act read with the Companies (Accounts) Rules, 2014 is given in the **Annexure-IV** forming part of this report.

31. ENTERPRISE WIDE RISK MANAGEMENT SYSTEM AND RISK MANAGEMENT POLICY

Risk management is an integral part of the Company's business strategy and the Company believes that its ability to identify and address such risks is central to achieving its objectives.

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

- Safeguarding the Company assets, interests and interest of all stakeholders by identifying, assessing and mitigating various risks.
- Laying down a framework for identification, measurement, evaluation, mitigation & reporting of various risks.
- Evolving 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.
- Balancing between the cost of managing risk and the anticipated benefits.
- Creating awareness among the employees to assess risks on a continuous basis & develop risk mitigation plans in the interest of the Company.

The Risk Management Committee has been delegated monitoring and reviewing of the risk management policy and the EWRM framework of the Company. The policy and the EWRM framework are periodically reviewed by senior management to ensure that the risks are identified, managed and mitigated. The same is also periodically reported to the Risk Management Committee, Audit Committee and the Board of Directors. The Company has also laid down procedures to inform the Board of Directors about risk assessment and minimisation procedures.

32. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with requirements, *inter-alia*, of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainee) are covered under this policy.

During FY 2019-20, 2 cases of sexual harassment were reported; all cases have been addressed satisfactorily within the defined timelines. Out of 2 cases, 1 case was resolved through conciliation. There was 1 pending case at the year-end.

33. CORPORATE SOCIAL RESPONSIBILITY

During the financial year, the Company had incurred Rs. 70.07 Millions towards CSR expenditure. The Company's CSR policy statement and the Annual Report on CSR activities undertaken during the financial year ended March 31, 2020, in accordance with Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure-V** to this report.

34. AWARDS AND RECOGNITION

The Company was lauded for its work in Robotics Process Automation (RPA) at the NASSCOM Excellence Awards. Our Learning and Development function won two Gold awards at the Brandon Hall Excellence Awards – for the 'Best Use of Games or Simulations for Learning' and for 'Best Customer Service Training Program'. Our Markets team won the CII's 'National Competition on Lean' and our Analytics function was a winner of the CYPHER Data Science award for 'AI in Travel and Tourism' category. Finally yet importantly, we won Gold for a Chat project in the ASQ South Asian Team Excellence Awards.

It is gratifying when our clients and industry recognise us for the differentiated value we bring.

35. REMUNERATION DETAILS PURSUANT TO COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND OTHER APPLICABLE PROVISIONS

- Details of the ratio of the remuneration of each Director to the median employee's remuneration (approx.):- Executive Director: 70 times; Non-Executive Non Independent Director: NA; Non-Executive Independent Director: 6 times (excluding sitting fees)
- The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:- Executive Director: Nil, Non-Executive Independent Directors: 4.35%, Chief Financial Officer: 7%, Company Secretary: 7.2%
- The percentage increase in the median remuneration of employees in the financial year: 11.3% - During FY 2019-20, exits were more in comparison to hiring which mainly contributed to high increase in median of remuneration of employees;
- The global headcount of the Company as on March 31, 2020 was more than 8,500;
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and reasons for any exceptional circumstances for increase in managerial remuneration: 7.9% for employees other than senior managerial personnel v/s 7.4% increase in the senior managerial remuneration. The increase is determined based on salary benchmarking done with industry peers to ensure retention of experienced employees. Company performance has indirect linkage to overall compensation of senior management;
- The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this report. Further, the report and the annual financial statements are being provided to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary;
- The Company affirms that the remuneration is as per the remuneration policy of the Company.

Managerial Remuneration details:

Particulars	Executive Director	Non-Executive Independent Director	Non-Executive Director
All elements of remuneration package such as salary, benefits, stock options, pension etc. of all Directors.	Annual Gross Salary: Within the range between Rs. 13.80 Million to Rs. 27.60 Million per annum with annual increments effective 1st April each year as may be decided by the Board, based on merits and taking into account the Company's performance for the year. The benefits, perquisites and allowances will be determined by the Board of Directors from time to time.	The Remuneration is paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013 and such other applicable regulations, subject to an amount of Rs. 2.25 Million p.a. Remuneration will be paid in proportion to the term served in the Company, during the year.	Nil
Details of fixed component and performance linked incentives along with performance criteria.	Annual Gross Salary: Rs. 13.80 Million p.a. Annual Performance Bonus: Upto Rs. 13.80 Million p.a. The actual entitlement out of Annual Performance Bonus will be decided by the Board of Directors and will be merit based taking into account the Company's performance while factoring key parameters like: - Profitability (PAT, PBT, OPM) - Return on shareholders investment - Statutory compliances - Revenue and revenue quality		
Service contract, notice period, severance fees.	The tenure will be subject to termination by 3 (three) months prior notice in writing on either side and all other terms are as per the Company policy.	Pursuant to the provisions of the Companies Act, 2013 and other relevant regulations.	
Stock option details.	N.A.	N.A.	N.A.

The details of remuneration paid/payable to Directors for FY 2019-20 are provided in the Corporate Governance Report forming part of this report.

36. EMPLOYEES' STOCK OPTION SCHEME/PLAN

Pursuant to the applicable requirements of the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share Based Employee Benefits) Regulations 2014, your Company had framed and instituted Employee Stock Option Plan 2011 ('ESOP 2011') & Employee Stock Option Plan 2015 ('ESOP 2015') to attract, retain, motivate and reward its employees and to enable them to participate in the growth, development and success of the Company.

An ESOP trust which has been set up under ESOP Scheme 2015, is managed by independent trustee and is authorised for secondary market acquisition. During the year under review, ESOP Trust has not acquired any shares from open market. There would not be any dilution of equity shareholding for exercises done under ESOP 2015 Scheme considering the Trust route model.

The Company has granted stock options from time to time under the said ESOP Schemes to its employees and also to employees of its subsidiaries, and the disclosure in compliance with SEBI (Share Based Employee Benefits) Regulations 2014 are available on the Company's website at https://eclerx.com/investor-relations/financials/.

The equity shares to be issued and allotted under the ESOP schemes i.e. ESOP 2011 and ESOP 2015 of the Company shall rank *pari-passu* in all respects including dividend with the existing equity shares of the Company.

The Nomination and Remuneration Committee has approved the closure of ESOP 2005, ESOP 2008 and ESOP 2011 and there will not be any further grants/vests under the said Schemes/Plans. The vesting of options has commenced under ESOP 2015 as per the vesting schedule.

37. HUMAN RESOURCE MANAGEMENT

The Company recognises people development as a key strategic differentiator and invests in multiple high-value learning solutions besides engaging with industry experts, stalwarts from specialised practice areas. Further details on human resource management are set out in the Management Discussion and Analysis Report, describing the initiatives taken by the Company, which forms part of the Annual Report.

38. CORPORATE GOVERNANCE

The Securities and Exchange Board of India has prescribed certain corporate governance standards vide Regulations 24 and 27 of the

Listing Regulations. Your Directors reaffirm their commitments to these standards and a detailed Report on Corporate Governance together with the Auditor's Certificate on its compliance is annexed hereto.

39. SUCCESSION PLANNING

The Company has succession plan in place for orderly succession for appointments to Board and to senior management.

40. ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Government of India and Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of investors, vendors, dealers, business associates and employees in ensuring an excellent all around operational performance.

For and on behalf of the Board of Directors
eClerx Services Limited

Place: Mumbai
Date: August 12, 2020

Pradeep Kapoor
Chairman

ANNEXURE I

Statement pursuant to Section 129(3) of the Companies Act, 2013 and the Rules made thereunder, relating to subsidiary companies and associate companies for the Financial Year ended on March 31, 2020

Form AOC -1

Part A : Subsidiaries

(Rupees in Millions)

Name of Subsidiary	Reporting Financial Period ended	The date since when subsidiary was acquired	Reporting Currency	Exchange Rate as on March 31, 2020	Issued and Subscribed share capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment other than investment in subsidiaries	Turnover	Profit /(Loss) before Tax	Provision for Tax	Profit after tax	Proposed Dividend	Holding Company's interest (in equity shares)	Shares held by the Holding Company in the subsidiary
eClerx Limited	March 31, 2020	April 01, 2007	GBP	93.87	38.10	198.85	346.85	109.90	-	616.49	33.70	7.17	26.53	-	100%	100
eClerx LLC	March 31, 2020	April 01, 2007	USD	75.37	115.34	1,114.36	1,811.80	582.10	-	3,246.35	243.60	58.42	185.17	-	100%	100
eClerx Private Limited	March 31, 2020	December 29, 2009	SGD	53.01	5.79	125.20	161.50	30.51	-	325.29	23.14	2.65	20.49	-	100%	1
eClerx Canada Limited	March 31, 2020	September 23, 2016	CAD	53.39	2.67	0.84	6.24	2.73	-	22.87	2.88	0.73	2.15	-	100%	50,000
eClerx Investments (UK) Limited	March 31, 2020	March 14, 2015	INR	-	1,808.64	40.97	1,853.34	3.73	-	-	40.76	(1.07)	41.83	-	100%	18,686,112
CLX Europe S.P.A	March 31, 2020	April 22, 2015	EUR	83.08	1,936.79	(354.74)	2,604.94	1,022.89	-	1,472.29	100.85	54.92	45.93	-	100%	35,885,448
CLX Europe Media Solution GmbH	March 31, 2020	April 22, 2015	EUR	83.08	42.48	210.07	281.37	28.82	-	194.39	40.28	13.29	26.99	-	100%	511,292
CLX Europe Media Solution Limited	March 31, 2020	April 22, 2015	GBP	93.87	0.0002	80.43	196.43	116.00	-	382.88	2.41	(0.50)	2.91	-	100%	2

Part B : Associate Companies

Name of Associate	CLX Thai Company Limited (Thailand)
1. Latest audited Balance Sheet Date	March 31, 2020
2. Date on which the Associate or Joint Venture was associated or acquired	April 22, 2015
3. Shares of Associate held by the company on the year end	
No. of Shares	2,940
Amount of Investment in Associate	2,940,000
Extend of Holding %	49%
4. Description of how there is significant influence	Parent controls voting power
5. Reason why the associate is not consolidated	It is 100% consolidated as per accounting standard since CLX controls voting power and minority interest is shown separately
6. Networth attributable to Shareholding as per latest audited Balance Sheet	13.32
7. Profit/Loss for the year	(0.35)
i. Considered in consolidation	(0.24)
ii. Not considered in consolidation	(0.11)

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Place: Mumbai
Date: August 12, 2020

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

ANNEXURE II

Secretarial Audit Report

FORM MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
eClerx Services Limited,
Sonawala Building, 1st Floor,
29 Bank Street, Fort, Mumbai – 400023

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by eClerx Services Limited (hereinafter called 'the Company'). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment ~~and External Commercial Borrowings~~;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the period under review not applicable to the company);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the period under review not applicable to the Company);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the period under review not applicable to the Company); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by the Institute of Company Secretaries of India;

b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors, if any that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the Minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, Rules, regulations and guidelines.

We further report that during the audit period the Company had the following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, Rules, regulations, guidelines, standards, etc.

a) The Nomination and Remuneration Committee vide Circular Resolution dated April 10, 2019 allotted equity shares pursuant to Employee Stock Option Scheme 2011 of the Company as follows:

- 4,975 Equity shares to the employees of the Company
- 13,997 Equity shares to the employees of the subsidiaries of the Company

b) The Nomination and Remuneration Committee at their meeting held on August 02, 2019 has granted 3,43,451 options at an exercise price of Rs. 595.70/- per share pursuant to the Employee Stock Option Scheme 2015 of the Company.

c) Pursuant to the approval of members granted vide postal ballot on April 25, 2019 the Company bought back 17,46,666 Equity share at a price of Rs. 1,500/- each and the said buy back was completed on June 24, 2019.

d) The members of the Company at the Annual General Meeting held on August 29, 2019 declared a dividend of Re. 1/- per share for Financial Year 2018-19.

Note: Due to lockdown under COVID-19, Certification on this Form MR-3 is done on the basis of the documents made available to us in electronic form (i.e. through e-mail) by the Secretarial Team of the Company and such documents will be verified physically after the lockdown is lifted.

For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

Ashwini Inamdar
Partner
PCS No: 9409 Place: Mumbai UDIN: F009409B000327012
CP No: 11226 Date: June 9, 2020

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

Annexure A

To,
eClerx Services Limited,
Sonawala Building, 1st Floor,
29 Bank Street, Fort, Mumbai – 400023

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Mehta &Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

Ashwini Inamdar
Partner
PCS No: 9409 Place: Mumbai UDIN: F009409B000327012
CP No: 11226 Date: June 9, 2020

ANNEXURE III

Extract of Annual Return

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	L72200MH2000PLC125319
(ii)	Registration Date	March 24, 2000
(iii)	Name of the Company	eClerx Services Limited
(iv)	Category/ Sub-Category of the Company	Public Company having Share Capital
(v)	Address of the Registered office and contact details	Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai – 400023, Maharashtra, India. Ph. No.: +91 (22) 6614 8301 Fax No.: +91 (22) 6614 8655 E-mail ID: investor@eclerx.com Website: www.eClerx.com
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Tower B, Plot 31 & 32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032 Telangana, India. Ph. No.: +91 (40) 6716 2222 Fax No.: +91 (40) 2342 0814 E-mail: einward.ris@Kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service		% to total turnover of the company
		Group	Class	
(i)	Knowledge Process Outsourcing	631	6311	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	Address	CIN/ GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section#
1.	eClerx LLC	286 Madison Avenue, 14th floor, New York, NY 10017, USA	NA	Wholly Owned Subsidiary	100%	Section 2(87)
2.	eClerx Limited	1 Dover Street, 1st floor, London, W1S 4LA, United Kingdom	NA	Wholly Owned Subsidiary	100%	Section 2(87)
3.	eClerx Private Limited	1 North Bridge Road #01/02 & #20-01 High Street Centre, Singapore 179094	NA	Wholly Owned Subsidiary	100%	Section 2(87)
4.	eClerx Investments (U.K.) Limited	First Floor, 1 Dover Street, London W1S 4LA, United Kingdom	NA	Wholly Owned Subsidiary	100%	Section 2(87)
5.	eClerx Canada Limited	1700-1075 West Georgia Street, Vancouver BC V6E 3C9 Canada	NA	Step Down Subsidiary	100%	Section 2(87)
6.	CLX Europe S.P.A.	Via dell'Artigianato, 8A 37135 Verona – Italy	NA	Step Down Subsidiary	100%	Section 2(87)
7.	CLX Europe Media Solution GmbH	Barmbeker Str.8, 22303, Hamburg – DE	NA	Step Down Subsidiary	100	Section 2(87)
8.	CLX Europe Media Solution Limited	1 Dover Street, 1st floor, London, W1S 4LA, United Kingdom	NA	Step Down Subsidiary	100%	Section 2(87)
9.	eClerx B.V.*	Herengracht 420, 1017BZ Amsterdam	NA	Step Down Subsidiary	100%	Section 2(87)
10.	CLX Thai Co. Limited	Chaofa Rd, Palai Soi 2 44 Moo Chalong Sub-District Muang Phuket - Thailand	NA	Associate Company	49%	Section 2(6)

\# Applicable Section of the Companies Act, 2013
* eClerx B.V. was incorporated on May 6, 2020

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i. CATEGORY-WISE SHARE HOLDING

Category of Shareholders	Number of Shares held at the beginning of the year i.e. April 01, 2019				Number of Shares held at the end of the year i.e. March 31, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
1. Indian									
a. Individual/HUF	9,802,262	0	9,802,262	25.32	9,407,152	0	9,407,152	25.44	0.12
b. Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c. State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d. Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e. Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f. Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub–Total (A)(1)	**9,802,262**	**0**	**9,802,262**	**25.32**	**9,407,152**	**0**	**9,407,152**	**25.44**	**0.12**

Category of Shareholders	Number of Shares held at the beginning of the year i.e. April 01, 2019				Number of Shares held at the end of the year i.e. March 31, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI–Individuals	9,759,430	0	9,759,430	25.21	9,365,204	0	9,365,204	25.32	0.11
b. Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c. Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d. Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e. Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub–Total (A)(2)	**9,759,430**	**0**	**9,759,430**	**25.21**	**9,365,204**	**0**	**9,365,204**	**25.32**	**0.11**
Total Shareholding of Promoter A = (A)(1) + (A)(2)	**19,561,692**	**0**	**19,561,692**	**50.53**	**18,772,356**	**0**	**18,772,356**	**50.76**	**0.23**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	6,478,556	0	6,478,556	16.74	7,806,429	0	7,806,429	21.11	4.37
b. Alternate Investment Fund	6,558	0	6,558	0.02	30,419	0	30,419	0.08	0.07
c. Banks/Financial Institutions	14,336	0	14,336	0.04	18,146	0	18,146	0.05	0.01
d. Central Government	0	0	0	0.00	0	0	0	0.00	0.00
e. State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
f. Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
g. Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
h. Foreign Institutional Investors/Foreign Portfolio Investors	8,928,213	0	8,928,213	23.06	6,493,334	0	6,493,334	17.56	(5.51)
i. Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
j. Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(1)	**15,427,663**	**0**	**15,427,663**	**39.85**	**14,348,328**	**0**	**14,348,328**	**38.80**	**(1.06)**
2. Non–Institutions									
a. Bodies Corporate									
I. Indian	306,340	0	306,340	0.79	209,896	0	209,896	0.57	(0.22)
II. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b. Individual									
I. Individual shareholders holding nominal share capital upto Rs. 1 Lakh	1,921,009	23	1,921,032	4.96	1,966,501	22	1,966,523	5.32	0.35
II. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	233,213	0	233,213	0.60	238,240	0	238,240	0.64	0.04
c. Others									
I. Non Resident Indians	90,966	0	90,966	0.23	276,024	0	276,024	0.75	0.51
II. Clearing Members	25,990	0	25,990	0.07	26,110	0	26,110	0.07	0.00

Category of Shareholders	Number of Shares held at the beginning of the year i.e. April 01, 2019				Number of Shares held at the end of the year i.e. March 31, 2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
III. Trusts	0	0	0	0.00	78	0	78	0.00	0.00
IV. NBFC	910	0	910	0.00	500	0	500	0.00	0.00
V. NRI–Non Repatriation	31,720	0	31,720	0.08	55,660	0	55,660	0.15	0.07
VI. ESOP Trust	916,060	0	916,060	2.37	883,605	0	883,605	2.39	0.02
VII. Foreign Nationals	40,080	0	40,080	0.10	40,080	0	40,080	0.11	0.00
VIII. HUF	155,004	0	155,004	0.40	165,226	0	165,226	0.45	0.05
IX. IEPF	425	0	425	0.00	775	0	775	0.00	0.00
Sub-total (B)(2):-	**3,721,717**	**23**	**3,721,740**	**9.61**	**3,862,695**	**22**	**3,862,717**	**10.44**	**0.83**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**19,149,380**	**23**	**19,149,403**	**49.47**	**18,211,023**	**22**	**18,211,045**	**49.24**	**(0.23)**
Total (A+B)	**38,711,072**	**23**	**38,711,095**	**100.00**	**36,983,379**	**22**	**36,983,401**	**100.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Grand Total (A+B+C)	**38,711,072**	**23**	**38,711,095**	**100.00**	**36,983,379**	**22**	**36,983,401**	**100.00**	**0.00**

ii. SHAREHOLDING OF PROMOTERS

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year i.e. April 01, 2019			Shareholding at the end of the year i.e. March 31, 2020			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Anjan Malik	9,759,430	25.21	0.00	9,365,204	25.32	0.00	0.11
2.	Priyadarshan Mundhra	9,763,430	25.22	0.00	9,369,043	25.33	0.00	0.11
3.	Shweta Mundhra	292	0.00	0.00	292	0.00	0.00	0.00
4.	Supriya Modi	17,761	0.05	0.00	17,038	0.05	0.00	0.00
5.	Vijay Kumar Mundhra	20,779	0.05	0.00	20,779	0.06	0.00	0.01
	Total	**19,561,692**	**50.53**	**0.00**	**18,772,356**	**50.76**	**0.00**	**0.23**

iii. CHANGES IN PROMOTERS SHAREHOLDING

Sr. No.	Particulars	Shareholding at the beginning of the year i.e. April 01, 2019		Increase/ Decrease	Cumulative Shareholding at the end of the year i.e. March 31, 2020	
		No. of Shares	% of total Shares of the Company	No. of Shares	No. of Shares	% of total Shares of the Company
1.	**Anjan Malik**	9,759,430	25.21	-	-	-
	Buy-Back of shares on 24/06/2019	-	-	(394,226)	9,365,204	25.32
2.	**Priyadarshan Mundhra**	9,763,430	25.22	-	-	-
	Buy-Back of shares on 24/06/2019	-	-	(394,387)	9,369,043	25.33
3.	**Shweta Mundhra**	292	0.00	-	292	0.00
4.	**Supriya Modi**	17,761	0.05	-	-	-
	Buy-Back of shares on 24/06/2019	-	-	(717)	17,044	0.05
	Sale of shares on 09/07/2019	-	-	(6)	17,038	0.05
5.	**Vijay Kumar Mundhra**	20,779	0.05	-	20,779	0.06

iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs)

Sr. No.	Name	Shareholding at the beginning of the year i.e. April 01, 2019		Cumulative Shareholding at the end of the year i.e. March 31, 2020	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	**Matthews India Fund**				
	At the beginning of the year	2,080,797	5.38	-	-
	Bought during the year	-	-	2,080,797	5.63
	Sold during the year	(2,080,797)	5.63	-	-
	At the end of the year	-	-	-	-
2.	**SBI Technology Opportunities Fund**				
	At the beginning of the year	1,753,223	4.53	-	-
	Bought during the year	62,100	0.16	1,815,323	4.91
	Sold during the year	(71,722)	0.19	1,743,601	4.71
	At the end of the year	-	-	1,743,601	4.71
3.	**Fidelity Puritan Trust-Fidelity Low-Priced Stock Fund**				
	At the beginning of the year	1,684,608	4.35	-	-
	Bought during the year	-	-	1,684,608	4.56
	Sold during the year	(75,338)	0.20	1,609,270	4.35
	At the end of the year	-	-	1,609,270	4.35
4.	**UTI-Unit Linked Insurance Plan**				
	At the beginning of the year	1,679,228	4.34	-	-
	Bought during the year	19,850	0.05	1,699,078	4.59
	Sold during the year	(184,959)	0.50	1,514,119	4.09
	At the end of the year	-	-	1,514,119	4.09
5.	**Templeton India Value Fund**				
	At the beginning of the year	1,468,309	3.79	-	-
	Bought during the year	1,657,160	4.28	3,125,469	8.45
	Sold during the year	(1,588,706)	4.30	1,536,763	4.16
	At the end of the year	-	-	1,536,763	4.16
6.	**HDFC Trustee Company Limited - HDFC Tax Saverfund**				
	At the beginning of the year	1,245,387	3.22	-	-
	Bought during the year	1,431,620	3.70	2,677,007	7.24
	Sold during the year	(213,163)	0.58	2,463,844	6.66
	At the end of the year	-	-	2,463,844	6.66
7.	**Pinebridge Investments GF Mauritius Limited**				
	At the beginning of the year	1,112,347	2.87	-	-
	Bought during the year	-	-	1,112,347	3.01
	Sold during the year	(1,112,347)	3.01	-	-
	At the end of the year	-	-	-	-
8.	**Franklin Templeton Investment Funds**				
	At the beginning of the year	707,400	1.83	-	-
	Bought during the year	-	-	707,400	1.91
	Sold during the year	(365,035)	0.99	342,365	0.93
	At the end of the year	-	-	342,365	0.93

Sr. No.	Name	Shareholding at the beginning of the year i.e. April 01, 2019		Cumulative Shareholding at the end of the year i.e. March 31, 2020	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
9.	**DSP Small Cap Fund**			-	-
	At the beginning of the year	292,152	0.75	-	-
	Bought during the year	248,817	0.64	540,969	1.46
	Sold during the year	(12,199)	0.03	528,770	1.43
	At the end of the year	-	-	528,770	1.43
10.	**Pinebridge Global Funds - Pinebridge India Equity**				
	At the beginning of the year	301,195	0.78	-	-
	Bought during the year	1,281,807	3.31	1,583,002	4.28
	Sold during the year	(301,985)	0.82	1,281,017	3.46
	At the end of the year	-	-	1,281,017	3.46
11.	**UTI India Dynamic Equity Fund**				
	At the beginning of the year	191,192	0.49	-	-
	Bought during the year	140,550	0.36	331,742	0.90
	Sold during the year	(32,155)	0.09	299,587	0.81
	At the end of the year	-	-	299,587	0.81
12.	**Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds**				
	At the beginning of the year	295,196	0.76	-	-
	Bought during the year	2,031	0.01	297,227	0.80
	Sold during the year	(12,287)	0.03	284,940	0.77
	At the end of the year	-	-	284,940	0.77

Note: The shareholding is as per information received from the RTA.

v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Details of each of the Directors and KMP	Shareholding at the beginning of the year i.e. April 01, 2019		Cumulative Shareholding at the End of the year i.e. March 31, 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Alok Goyal–Non Executive Independent Director**	-	-	-	-
2.	**Anish Ghoshal–Non Executive Independent Director**	2	0.00	2	0.00
3.	**Anjan Malik–Non Executive Director**	9,759,430	25.21	-	-
	Buy-Back of shares on 24/06/2019	(394,226)	1.02	9,365,204	25.32
4.	**Biren Gabhawala–Non Executive Independent Director**	6,231	0.02	-	-
	Buy-Back of shares on 24/06/2019	(251)	0.00	5,980	0.02
5.	**Deepa Kapoor–Non Executive Independent Director**	-	-	-	-
6.	**Pradeep Kapoor–Chairman & Non-Executive Director**	7,336	0.02		
	Buy-Back of shares on 24/06/2019	(328)	0.00	7,008	0.02
7.	**PD Mundhra–Executive Director**	9,763,430	25.22	-	-
	Buy-Back of shares on 24/06/2019	(394,387)	1.02	9,369,043	25.33
8.	**Shailesh Kekre–Non Executive Independent Director**	-	-	-	-
9.	**Rohitash Gupta–Chief Financial Officer (KMP)**	10,165	0.03	-	-
	Buy-Back of shares on 24/06/2019	(454)	0.00	9,711	0.03
	Purchase of shares on 20/11/2019	20,289	0.05	30,000	0.08
10.	**Pratik Bhanushali–Company Secretary (KMP)**	41	0.00	-	-
	Buy-Back of shares on 24/06/2019	(6)	0.00	35	0.00
	Purchase of shares on 22/08/2019	15	0.00	50	0.00

V. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount				
ii. Interest due but not paid				
iii. Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year		NIL		
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER FOR THE FY 2019-20

(Rupees in Million)

Sr. No.	Particulars of Remuneration	Name of Managing Director, Whole-time Directors and/or Manager	Total Amount
		PD Mundhra	
1.	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21.39	**21.39**
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	a. as % of profit	-	-
	b. Others – Annual Performance Bonus	-	-
5.	Others, please specify	-	-
	Total	**21.39**	**21.39**
	Ceiling as per the Act	Within 5% of the Net Profit	

VII. REMUNERATION TO OTHER DIRECTORS

(Rupees in Million)

Sr. No.	Particulars of Remuneration	Pradeep Kapoor	Anish Ghoshal	Biren Gabhawala	Alok Goyal	Deepa Kapoor	Shailesh Kekre	Total Amount
1.	**Independent Directors**							
	• Fee for attending board/committee meetings	0.30	0.30	0.30	0.30	0.30	0.36	**1.86**
	• Commission	1.90	1.90	1.90	1.90	1.90	1.90	**11.40**
	• Others, please specify	-	-	-	-	-	-	-
	Total (1)	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.26**	**13.26**
2.	**Other Non-Executive Directors**							
	• Fee for attending board/committee meetings	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-
	Total (1 + 2)	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.26**	**13.26**
	Overall Ceiling as per the Act	Within 1% of the Net Profit						

VIII. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rupees in Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO Rohitash Gupta	Company Secretary Pratik Bhanushali	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13.75	3.50	**17.25**
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Refer (2) below		
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option (gain upon exercise of stock option)	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	a. as % of profit	-	-	-
	b. Others, specify	-	-	-
5.	Others please specify	-	-	-
	Total	**13.75**	**3.50**	**17.25**

Note: The figures are on accrual basis.

IX. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT / Court]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty			NIL		
Punishment					
Compounding					
C. Other Officers in default					
Penalty					
Punishment					
Compounding					

ANNEXURE-IV

Particulars pursuant to the Companies (Accounts) Rules, 2014 are furnished here under:

Disclosure under Section 134(3)(m) of the Companies Act, 2013

I. Conservation of Energy

The steps taken or impact on conservation of energy:

At all the new projects/premises, your Company takes following measures with the intent of energy conservation:

a. Data Center cold aisle containment : Benefit is around 40 to 70% saving in energy cost for AC consumption for Data center. The project estimated cost for the same was about Rs. 1.6 Million with payback around 2 years.

b. Secured area temperature change from 24dC to 25dC: This helped for 8-10 % reduction in HVAC consumption of HUB room. The estimated annual cost saving for the same about Rs. 0.32 Million.

c. Energy Efficient Modular UPS Selection & Installation: Energy efficient UPS systems gives 96% to 99% power efficiency at all times due to advance power saving technology, as against a normal UPS systems which generally gives 80-85% efficiency. The estimated annual cost saving for the same about Rs. 0.36 Million.

d. Installation Lithium Ion batteries in place of Lead acid batteries for UPS : Design/ Operational life of LI battery is 10 to 12 years as compared to SMF Type battery having design/ Operational life of 3 to 4 years only & also it is environment friendly as compared to conventional batteries The estimated Project cost for the same was about Rs. 1.63 Million.

e. Automation to control Light fixtures: Installed motion sensors inside Washrooms, Meeting and Conference Rooms & Client area passages, to control the lighting fixture (ON/OFF) to save the electrical energy by switching off the lights automatically when area is unoccupied, saving up to 30% to 50% of electrical energy. The estimated project cost for the same was about Rs. 0.2 Million.

II. Technology Absorption

The efforts made towards technology absorption:

Technology continues to be a focus area for us and it forms a key part of the delivery that the company does across any client or service line. The company has invested in a large Software team including a R&D centre primarily focussed on innovative applications of technology in areas of Robotics Process Automation (RPA) and Artificial Intelligence & Machine Learning (AIML). The technology team works closely with our clients and operations team to automate/semi-automate the processes that we run for our clients, as well as embed AIML components to improve the delivery effectiveness. This Software team has developed a mature framework for cognitive automation called Kaiza Framework. This framework has enabled us to deliver use cases for our clients in areas like Natural Language Processing, Image Processing, Text Mining, Virtual Assistants and Inferential Analytics. Our team is trained and certified on more than 60 market leading technologies.

The Company is also CMMI Level 3 apprised and its technology team has been a recipient of various industry leading awards which include NASSCOM BPM Customer Excellence Award, CS050 Global Award and the CIO100 award. Our R&D Center/COE for Technology also got recognised by Department of Scientific and Industrial Research (DSIR), Government of India.

III. Foreign Exchange Earnings and Expenditure

(Rupees in Million)

	2019-20	2018-19
Total Foreign Exchange Earnings	11,022.89	11,131.48
Foreign Exchange Used	2,703.65	2,572.79

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 12, 2020

Pradeep Kapoor
Chairman

ANNEXURE-V

Particulars pursuant to the Companies (Accounts) Rules, 2014 are furnished here under:

ANNUAL REPORT ON CSR ACTIVITIES

A. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

In today's times, more than ever, the role of Corporate Social Responsibility (CSR) is becoming extremely important as forward-thinking, socially conscious companies embed initiatives in their business practices that benefit societies, build healthy communities, and sustain cultures and environmental well-being.

eClerx has been doing this from the early days of its foundation as its ethos has been to enable progress of society through employment and education. Through the years, the Company has been engaged in programs run by credible implementing agencies while increasing the participation of various stakeholders and improving outcomes.

The Company continues to earmark a corpus every year for CSR activities, but we strongly believe such contributions are a small part of the solution. Our ethos involves engaging the entire organisation to contribute through material goods, volunteering time and effort for training and engaging with beneficiaries of the projects we sponsor.

The eClerx Cares team under the guidance of the CSR Committee is responsible for championing all philanthropy and CSR initiatives of the Company. The mission of eClerx Cares is to act as a catalyst for the programs chosen in education and employability in order to make a deeper impact in the lives of the less privileged.

This year we revisited our CSR strategy to make it sharper and more impactful. We engaged Dasra, a strategic philanthropic foundation, who helped us develop our CSR 2.0 strategy. Our vision is to "Enable children and youth to obtain quality education and skills on their way to financial independence".

The underlying guidelines of this vision are as follows:

1. We will support interventions from adolescence to adulthood (from approx. age 10 to 30), that span a longer time duration in order to provide more meaningful impact. The aim is to provide a life changing experience for the people we support and hopefully bring them out of poverty.

2. We will choose three flagship programs to work with for multiple years, so we can see long term and lasting impact. These three programs will be near each of our office locations, Mumbai, Pune and Chandigarh so we can provide better engagement opportunities for our volunteers.

3. We will also allocate certain budget for programs brought to us by our stakeholders including employees, clients, industry bodies, government departments etc.

As a result, we relooked at the current portfolio of organisations that we support to realign it with the new vision and guidelines. The changes are:

1. We have divided our portfolio into two strategic groups, Flagship Projects and Stakeholder Engagement Projects and apportioned our budget accordingly.

2. We have consolidated our portfolio to three flagship programs and atleast one stakeholder program for each of our stakeholders, in order to increase our impact and engagement.

3. We have identified and on-boarded a new flagship project implemented by an organisation called Make A Difference, whose location and work matches with our sharpened vision.

Employee Engagement

While the eClerx Cares Committee monitors the project funding for different implementing agencies, the eClerx Cares Council, consisting of employee volunteers at each location, champion our employee engagement initiatives. Over the years there has been a constant increase in the lives touched due to the tireless efforts of the eClerx Cares teams.

This year too, our volunteers participated enthusiastically in various engagement activities listed below.

Employee Engagement with our Flagship Projects

- A tree plantation drive was organised in the tribal region of Lonavala in association with our implementing partner Samparc. 40 employees from eClerx's Mumbai and Pune offices helped planting more than 300 trees in the Samparc premises.
- 300 employees from our Mumbai and Pune offices participated in the Heritage Walk organised by our partner NGO – SAMPARC, to promote the cultural heritage of Maharashtra and to promote the work done by SAMPARC in the Lonavala region.
- A team of 30+ dedicated employees from Chandigarh took turns to conduct basic computer training for more than 60 children from Jyoti Sarup Kanya Asra Society. More than 300 hours of volunteering was done collectively by these employees.
- Regular visits to our partner organisations were carried out during the year for our employees to be more aware about the work we do with them and also get involved in volunteering opportunities with them. More than 100 employees participated in these visits during the year.
- A 180 strong contingent of eClerx employees participated in the Standard Chartered Mumbai Marathon pledging their support to the cause of education. Magic Bus and LAHI were our charity partners for Mumbai Marathon. We saw an increase of 40% for the professional run categories this year.

Employee Engagement with our Stakeholder Engagement Projects

- Payroll Giving – We have an existing tie up with Nanhi Kali. This year, more than 900 employees contributed a part of their salaries towards payroll giving. eClerx as a responsible corporate citizen matches contribution made by each employee. We currently sponsor the education of 600+ girl children through employee and eClerx's matching contribution.
- 'Joy of Giving' Month – We organised a line-up of activities for all of October which encouraged our employees to experience the real joy of giving through different means – by contributing through our payroll giving program, by contributing their time and effort to run for a cause, by contributing unused resources at their homes to help our fellow citizens in rural areas, blood donation camps, skill development for children associated with our partner NGOs. More than 1,300 employees contributed through different means during the Joy of Giving month, clocking more than 17,700 hours of volunteering in just 30 days.
- **Fundraising and recycling initiatives**
  - More than 150 employees came together to organise food, games and art stalls in our offices to raise funds for the education of girl children. More than 1,500 employees participated in this initiative and helped raise 28,000 rupees.
  - eClerx organised stalls for our implementing partners at multiple occasions during the year, to sell their products, create awareness about their work and also help them raise funds. Our employees wholeheartedly supported this initiative with over 1,300 employees participating to help our partner organisations raise more than 3 lakh rupees for different causes.
  - Approximately a ton of old and reusable material were contributed by our employees to Goonj, which undertakes disaster relief, humanitarian aid, and community development in the rural parts of India by reusing the excess material lying unused in the urban areas.
- **Blood donation** – We organised multiple blood donation camps across all of our offices during the year where more than 700 employees contributed by giving their blood to help save lives of critical patients.

Other Details:

B. Corporate Social Responsibility Policy:

The Company has in place Corporate Social Responsibility Policy.

C. Web-link of the CSR Policy and projects or programs:

CSR Policy of the company is available on the website of the Company https://eclerx.com/wp-content/uploads/2019/09/CSRPolicy.pdf

D. Composition of CSR Committee:

Name	Designation
Deepa Kapoor	Chairperson
Anish Ghoshal	Member
Biren Gabhawala	Member
PD Mundhra	Member

E. Average Profit Before Tax for last 3 Financial Years

Financial Year	Profit (Rs. in Million)
2016-17	4,053.91
2017-18	3,614.36
2018-19	2,843.64
Total Profit	**10,511.91**
Average Profit	**3,503.97**

F. Prescribed CSR Expenditure (2% of the average profit):

Rs. 70.07 Million

G. Details of CSR spent during the financial year:

i. Amount spent during the Financial year: Rs. 70.07 Million

ii. Amount unspent if any: Nil

iii. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or Programs 1. Local area or other 2. Specify the State and district where projects or program was undertaken	Amount outlay (budget) projects or program wise (Rs. in Million)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overhead (Rs. in Million)	Cumulative Expenditure upto March 31, 2020 (Rs. in Million)	Direct or Implementing Agency*
1	Social Action for Manpower Creation	Child Education	Other - Maharashtra	16.62	16.62	16.62	Through Implementing Agency
2	Lend-a-Hand-India	Child Education	Local Area - Pune	4.93	4.93	4.93	Through Implementing Agency
3	Snehalaya	Child Education	Other - Maharashtra	7	7	7	Through Implementing Agency
4	Magic Bus India Foundation	Child Education	Local Area - Mumbai	7.26	7.26	7.26	Through Implementing Agency
4	Magic Bus India Foundation	Child Education	Local Area - Mumbai	7.26	7.26	7.26	Through Implementing Agency
5	Jyoti Sarup Kanya Aasra	Child Education	Local Area - Chandigarh	2.63	2.63	2.63	Through Implementing Agency
6	Make a Difference	Child Education	Local Area -Mumbai, Pune, Chandigarh	3	3	3	Through Implementing Agency
7	Kaveri Vanitha Sevashrama	Child Education	Other - Bangalore	3.23	3.23	3.23	Through Implementing Agency
8	Seva Sadan Society	Child Education	Local Area - Mumbai	3	3	3	Through Implementing Agency
9	Vijay Foundation Trust Association	Child Education	Other - Andhra Pradesh	2	2	2	Through Implementing Agency
10	NASSCOM Foundation	Child Education	Local Area - Mumbai, Pune	5.87	5.87	5.87	Through Implementing Agency
11	BoscoNet	Child Education	Other - All India	3	3	3	Through Implementing Agency
12	Umang Foundation	Child Education	Local Area -Mumbai, Pune, Chandigarh	1	1	1	Through Implementing Agency
13	Child Help Foundation	Child Education	Local Area - Mumbai	1	1	1	Through Implementing Agency
14	Aatmaja Foundation	Child Education	Local Area - Pune	1	1	1	Through Implementing Agency
15	Shanti Niketan Children Home Trust	Child Education	Local Area - Chandigarh	1	1	1	Through Implementing Agency
16	United Way of Mumbai	Disaster Relief	Local Area - Mumbai	0.75	0.75	0.75	Through Implementing Agency
17	K C Mahindra Trust A/c Nanhi Kali	Child Education	Other - All India	1.30	1.30	1.30	Through Implementing Agency
18	Goonj	Disaster Relief	Other- Odisha, Assam, Bihar	2.20	2.20	2.20	Through Implementing Agency
19	Other Admin Expenses	Child Education (Admin Exp)	Other	3.28	3.28	3.28	Direct
	Total			**70.07**	**70.07**	**70.07**	

*** Details of implementing Agency(ies):**

eClerx Cares currently works with the following NGOs for who we have approved direct funding. Details of these NGOs and the projects are as below:

Flagship Projects

- **SAMPARC:** eClerx supports a holistic tribal development project in 60 villages of Mulshi, a sub-district in Lonavala region through various interventions. More than 4,000 individuals were directly impacted though various activities like livelihood support for tribal people, school and hostel facilities for tribal and orphan students, assisting with legal documents and providing government scheme benefits, vocational training to school drop outs, and higher education support for the senior children of the shelter home.

- **Lend-A-Hand-India:** eClerx supports the job and life skills training to young students as part of secondary school curriculum under 'Project Swadheen' in 11 Government schools in Pune. A hands-on experience in skills such as electrical wiring, welding, agriculture, energy, environment, and home and health science is provided through this program. We also provided industry-specific intern opportunities for those who are interested in continuing these vocations further. More than 1,100 students from 11 government schools are currently being supported through this initiative.

- **Snehalaya:** Snehalaya works towards ensuring a life free from inequality, cruelty and discrimination for every woman and child. Snehalaya is currently operating in the Ahmednagar district of Maharashtra. eClerx supports the entire educational expenses of 240 children studying in the Snehalaya English Medium School, after care support for 250 children in the shelter home and computer training for 150+ students in the vocational training center.

- **Magic Bus:** eClerx supports the Integrated Education and Life Skills Program by Magic Bus for 1,500+ children living in the slums of Kalwa, Navi Mumbai. The objective of this program is the all-round holistic development of children using sports as a medium by motivating and mentoring them to develop positive attitudes and behaviours in 3 life values (Education, Health and Gender), understanding the importance of play and ensuring the development socio-emotional skills. An initiative for the senior students, Work Readiness Program, aims to help adolescents transit from their education to a sustainable livelihood by providing Career Guidance, Life-skills, Basic Spoken English and Computer Literacy skilling.

- **Jyoti Sarup Kanya Aasra Society:** JSKAS is a shelter home aiming to help the destitute, abandoned and orphaned girls. eClerx supports the entire educational expenses of 130+ girls that are currently residing in JSKAS. eClerx in the past has also supported the development of a computer lab and construction of a new facility to accommodate increasing number of girls.

- **Make A Difference:** Make A Difference works with 60 shelters in 23 cities with a vision that all children and youth in the age of 10 to 28, in need of care and protection are able to realise long-term outcomes equitable with middle class.

  These outcomes are - they should have a reasonable quality of life, they are free from exploitation and have the ability to cope with life crisis. eClerx currently supports their pioneering, holistic and age-transitional model for such children.

Stakeholder Engagement Projects

- **Kaveri Vanitha Sevashrama** – eClerx supports the entire educational expenses of over 60 orphan children of Kaveri Vanitha Sevashrama and conducts the spoken English classes for over 1,500 students of 15 Government schools in rural Bangalore with an aim to reduce the college dropout rates of these vernacular medium school students.

- **Aarti Creative School** – eClerx supports a bridge training for about 167 students of poor migrants in the Kadapa town of Andhra Pradesh. A unique and creative approach is used to get these first-generation learners interested in education. Along with providing the age-appropriated numeracy and literacy skills, students are taught various arts like music, pottery, yoga, etc. to keep them motivated to learn more. Students are then brought into the mainstream education after they complete a year's bridge school.

- **Seva Sadan Society** – Seva Sadan runs a school for underprivileged children and a shelter home for destitute women and girls in Mumbai. eClerx currently supports their English medium schooling, where children from marginalised communities are provided quality education at a very subsidised rate.

- **NASSCOM Foundation** – In alignment with our business expertise, eClerx partnered with NASSCOM Foundation for a strategic CSR intervention, to provide the new age skill of digital analytics to over 350 students from tier 2 and 3 colleges from Mumbai and Pune. Students were upskilled on industry oriented and high-demand skills to improve their employability.

- **Don Bosco** – We have assisted in creating an online portal to support migrants with their job search, skill enhancements and other basic necessities like food, accommodation, health, legal support, schools, etc. These services are delivered through both online (website and Android app) as well as physical centers of Don Bosco across India.

H. Reason for not spending two percent of the average net profit of the last three Financial Years on CSR:

Not Applicable

I. A Responsibility Statement of the Corporate Social Responsibility Committee that the implementation and monitor of CSR policy is in compliance with CSR objectives and policy of the Company:

The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Mumbai June 9, 2020	**PD Mundhra** Executive Director	**Deepa Kapoor** Chairperson CSR Committee

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report is presented as prescribed under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	
1	Corporate Identity Number (CIN)	L72200MH2000PLC125319
2	Name of the Company	eClerx Services Limited
3	Registered address	Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai – 400 023, Maharashtra, India
4	Website	www.eClerx.com
5	E-mail id	investor@eClerx.com
6	Financial Year reported	April to March
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Product Description: Information Technology Enabled Services; NIC Code Group: 631; NIC Code Class: 6311
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Information Technology Enabled Services
9	Total number of locations where business activity is undertaken by the Company	Please refer "Our Locations" section in the Annual Report
	a. Number of International Locations (Provide details of major 5)	
	b. Number of National Locations	
10	Markets served by the Company – Local/State/National/International	International and National

SECTION B: FINANCIAL DETAILS OF THE COMPANY

(Rupees in Million)

Sr. No.	Particulars	2019-20	2018-19
1	Paid up Capital (Rs.)	369.83	387.11
2	Total Turnover (Rs.)	11,741.68	11,956.43
3	Total profit after taxes (Rs.)	1,235.71	2,096.13
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.00	2.00
5	List of activities in which expenditure in 4 above has been incurred:-		
	a. Education and Employability	67.12	76.11
	b. Disaster Relief	2.95	1.12

SECTION C: OTHER DETAILS

Sr. No.	Particulars	
1	Does the Company have any Subsidiary Company/Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Two of the overseas subsidiary companies contribute towards business responsibility causes.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of Director/Directors responsible for implementation of the BR policy/policies

Sr. No.	Particulars	
1	DIN Number	00281165
2	Name	PD Mundhra
3	Designation	Executive Director

(b) Details of the BR head

Sr. No	Particulars		
1	DIN Number (if applicable)	DIN: 00281165	PAN: AEJPG8265Q
2	Name	PD Mundhra	Rohitash Gupta
3	Designation	Executive Director	Chief Financial Officer
4	Telephone number	022 6614 8301	022 6614 8301
5	E-mail id	investor@eclerx.com	investor@eclerx.com

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Yes=Y/No=N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Wherever applicable, policy conforms to relevant national/international standards.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	NA	Y	Y	Y	NA	Y	Y	NA
		Wherever mandated by the applicable laws, rules and regulations, the policies have been approved by the Board and signed by the Executive Director.								
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	NA	Y	Y	Y
		The implementation of the policy is being overseen by the Committee/ Director/Official, wherever mandated by the applicable laws, rules and regulations, in force.								
6	Indicate the link for the policy to be viewed online?	Refer the links given in the table below								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Wherever applicable, policy has been formally communicated to all relevant internal and external stakeholders.								
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

* The Whistle Blower Policy is applicable to all stakeholders and takes care of grievance redressal from inside and outside the organisation

Sr. No.	Name of the Policy(ies)	Website Link
P1	Whistle Blower Policy and Vigil Mechanism	https://eclerx.com/wp-content/uploads/2019/04/Whistle-Blower-Policy-01.04.2019.pdf
	Code of Conduct for Board of Directors and Senior Managerial Personnel	https://eclerx.com/wp-content/uploads/2019/09/Code-of-Conduct.pdf
	Policy for determining material events or information and its disclosures	https://eclerx.com/wp-content/uploads/2019/09/PolicyOnDisclosureOfMaterialEvents.pdf
	Anti-Bribery & Anti-Corruption Policy	https://eclerx.com/wp-content/uploads/2019/09/Anti-Bribery-Anti-Corruption-Policy.pdf
P2	Information Security Policy	Available on the Intranet
P3	Whistle Blower Policy and Vigil Mechanism	https://eclerx.com/wp-content/uploads/2019/04/Whistle-Blower-Policy-01.04.2019.pdf
	Environment, Health & Safety Manual	Available on the Intranet
	HR Policies	
P4	Whistle Blower Policy and Vigil Mechanism	https://eclerx.com/wp-content/uploads/2019/04/Whistle-Blower-Policy-01.04.2019.pdf
	Code of Conduct for Board of Directors and Senior Managerial Personnel	https://eclerx.com/wp-content/uploads/2019/09/Code-of-Conduct.pdf
	Anti-Bribery & Anti-Corruption Policy	https://eclerx.com/wp-content/uploads/2019/09/Anti-Bribery-Anti-Corruption-Policy.pdf
P5	Environment, Health & Safety Manual	Available on the Intranet
	Code of Conduct for Board of Directors and Senior Managerial Personnel	https://eclerx.com/wp-content/uploads/2019/09/Code-of-Conduct.pdf
P6	Environment, Health & Safety Manual	Available on the Intranet
P7	Whistle Blower Policy and Vigil Mechanism	https://eclerx.com/wp-content/uploads/2019/04/Whistle-Blower-Policy-01.04.2019.pdf
	Code of Conduct for Board of Directors and Senior Managerial Personnel	https://eclerx.com/wp-content/uploads/2019/09/Code-of-Conduct.pdf
	Corporate Social Responsibility Policy	https://eclerx.com/wp-content/uploads/2019/09/CSRPolicy.pdf
	Anti-Bribery & Anti-Corruption Policy	https://eclerx.com/wp-content/uploads/2019/09/Anti-Bribery-Anti-Corruption-Policy.pdf
P8	HR Employee Handbook	Available on the Intranet
	Whistle Blower Policy and Vigil Mechanism	https://eclerx.com/wp-content/uploads/2019/04/Whistle-Blower-Policy-01.04.2019.pdf
	Code of Conduct for Board of Directors	https://eclerx.com/wp-content/uploads/2019/09/Code-of-Conduct.pdf
	Corporate Social Responsibility Policy	https://eclerx.com/wp-content/uploads/2019/09/CSRPolicy.pdf
	Anti-Bribery & Anti-Corruption Policy	https://eclerx.com/wp-content/uploads/2019/09/Anti-Bribery-Anti-Corruption-Policy.pdf
P9	Information Security Policies and Data Privacy policies	Available on the Intranet

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	Not Applicable								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

Sr. No.	Particulars	
(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Board of Directors reviews the BR performance through the Business Responsibility Report annually.
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	BR Report is being published annually as a part of the Annual report and available on the website i.e. www.eclerx.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

Sr. No.	Particulars	
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?	• The Code of Conduct is applicable to our Board of Directors and employees of the Company including employees of subsidiaries and associate companies. The scope of the Code is extended to such persons as Board of Directors may deem fit. • The Code of Conduct, Whistle Blower Policy, Vigil Mechanism and Anti-Bribery Anti-Corruption Policy covers and extends to subsidiaries, vendors, suppliers, contractors, NGOs and others.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	• All the notices that were received from the government authorities have been disclosed, as applicable. • All the investor complaints that were received during the year, have been disclosed in Section I(C) of the Corporate Governance Report. • The Company received 2 complaints under the sexual harassment, out of which 1 complaint was pending at the end of the financial year. • There were no other significant complaints pending against the Company from any other stakeholders.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Sr. No.	Particulars	
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	• Asset Recovery Services: Company provides an environment friendly, safe and secure way to dispose off computer equipments. There are four key features to this: (1) Scheduling, (2) Pick-Up, (3) Processing and (4) Reporting, wherein Company supports on check processing for a customer. • DocIntel, our document risk review platform works on scanned images of documents to extract details that are to be validated by our clients. This platform reduces the necessity of printing legal documents for a thorough validation against system by users (as they are used to marking progress on paper documents). • Avoidable Truck Roll: Company is among pioneers of this process wherein it helps minimise the client representatives' visit of truck loads to customers' place hence saving in terms of carbon emission and fuel. • Fleetstar, our product for Employee Transportation management, incorporates optimization algorithms that reduce the number of vehicles and trips that have to be used to serve the employees, while considering the constraints of employee travel time and employee safety. This reduces fuel usage and environmental impact due to longer running of vehicles. Fleetstar incorporates employee safety features, especially for women employees - including SOS alerts, IVR based drop confirmation calls, vehicle routing such that a woman employee is not the last passenger to be dropped.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Since the Company operates in ITES, no products are offered as such.
3	Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	• The Company uses GPS enabled mobile app technology, to optimise the route for employee transportation vehicles. • The Company has moved from conventional lighting to LED which is more energy efficient. • Similar process is followed in UPS Room as well, in order to enhance energy efficiency. • Thin-Clients used across facilities help in achieving energy efficiency. • Managed Print Services with the help of Access Card helps in reducing paper/ink wastage etc. • Cold aisle containment has been implemented in Pune and Mumbai data centers to achieve better cooling efficiency which reduces the electricity consumption greatly.
4	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	• The House-keeping/Security are locally sourced in all facilities. • Vendor Invoice Management System has been launched for vendors. The said process helps in digitizing small vendors wherein they can submit the invoices from their offices. Regular training is also provided to these Vendors.
5	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Environment, Health and Safety Policy guides Company's efforts on optimum and responsible use of resources, recycling, reuse.

Principle 3: Businesses should promote the wellbeing of all employees

Sr. No.	Particulars	
1	Please indicate the total number of employees.	Global Headcount is more than 8,500
2	Please indicate the total number of employees hired on temporary/ contractual/casual basis.	
3	Please indicate the number of permanent women employees.	More than 2,400
4	Please indicate the number of permanent employees with disabilities.	12
5	Do you have an employee association that is recognised by management?	Company does not have an employee association.
6	What percentage of your permanent employees is members of this recognised employee association?	Not Applicable
7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	See table below
8	What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?	During the year, 66% of the employees participated in safety training and evacuation drills.

Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial ear
Child labour/forced labour/ involuntary labour	0	0
Sexual harassment	2*	1
Discriminatory employment	0	0

* During FY 2019-20, 2 cases of sexual harassment were reported; all cases have been addressed satisfactorily within the defined timelines. Out of 2 cases, 1 case was resolved through conciliation. There was 1 pending case at the year-end.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Sr. No.	Particulars	
1	Has the Company mapped its internal and external stakeholders? Yes/No	Yes
2	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?	
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.	• Company continues to earmark a corpus every year for CSR activities, by supporting initiatives in education and employability to help improve the lives of underprivileged. • Company works with local communities to provide computer training to help develop various IT skills. • Facilities design is done keeping in mind disabled employees. • Out of approx. 414 vendors, 56 vendors are MSME vendors. • The majority of Board of Directors, comprises of independent directors, which helps in safeguarding interests of minority shareholders.

Principle 5: Businesses should respect and promote human rights

Sr. No.	Particulars	
1	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?	The Company has implemented policies that cover various aspects of human rights specific to its employees as well as redressal mechanism and has included such policies' references for adherence in its agreement with vendors/ suppliers/contractors.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No such complaints received.

Principle 6: Business should respect, protect, and make efforts to restore the environment

Sr. No.	Particulars	
1	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ others?	• The policy extends to Suppliers/Contractors /NGOs/others. • The Company has taken initiatives under Sustainable Procurement to assess the level of awareness/commitment to, and support of green, local businesses by its Suppliers and Contractors. • Compliance certification obtained from select /key Suppliers.
2	Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.?	• Water conservation through sensor taps. • Installation of aerators to further reduce water consumption. • Use of glass bottles in place of plastic bottles. • Minimal use of paper & plastics. • Printers with document select option to avoid unnecessary prints. • Communication channels like poster, videos on awareness of environment and safety. • Segregation of dry & wet garbage. • Wet garbage collection system for conversion into manure has been implemented by the landlord. • Energy efficient UPS systems gives 96% to 99% power efficiency at all times due to advance power saving technology.
3	Does the Company identify and assess potential environmental risks? Y/N	Yes, the Company identifies and assesses potential environmental risks and as our contribution to the environment, elaborated below are the initiatives taken by the Company: • Water conservation through sensor taps. • Minimal use of paper & plastics. • Segregation of dry & wet garbage. • Wet garbage collection system for conversion into manure has been implemented by the landlord. • Energy efficient UPS systems gives 96% to 99% power efficiency at all times due to advance power saving technology.
4	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	No such project is in place.
5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.	All eClerx premises in India are rental premises & considering this, it is difficult to do any plant installation for generating renewable energy, however all the Premises' landlords are having solar plant installation or tie-up with renewable energy suppliers.
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	No emissions are generated by the company and waste generated is discarded by the building management team through certified service providers.
7	Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.	No notices issued as on end of financial year.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Sr. No.	Particulars	
1	Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:	The Company is member of NASSCOM.
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).	Yes. The Company engages responsibly with the concerned stakeholders for the overall advancement and improvement of the industry and the public good.

Principle 8: Businesses should support inclusive growth and equitable development

Sr. No.	Particulars	
1	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Company invests in following training programs: • Industry experts/stalwarts from specialised practice areas are invited for guest talks. • Tie-up with a global eLearning provider to upskill high potential managers on business, technology, and creative skills. • Internal job transfers enables the Company to systematically identify, assess and develop talent towards readiness for specific future needs. • Select senior managers are nominated for India's top rated post graduate analytics program. • Internal publications share insights gained from existing processes by applying analytics to deliver actionable insights.
2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	Programmes/projects on inclusive growth and equitable development are taken both in-house via eClerx Cares Team as well as externally with the help of NGOs (implementing agencies) which have been listed in the Corporate Social Responsibility section in the Annual Report.
3	Have you done any impact assessment of your initiative?	• Yes, we have done a third party study by a domain expert firm for our portfolio at the end of the previous financial year. Given the current situation, this assessment on our current portfolio has been done internally. • NGOs are required to submit an impact analysis and report on funds utilisation with the Company. • CSR Committee and the Board of Directors, review all initiatives taken by the Company on periodic basis.
4	What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	The total CSR spend for FY 2019-20 was INR. 70.07 Million and the details of projects undertaken by the Company has been detailed in the Annual Report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	All the initiatives under the CSR are taken up with the intent of delivering quantifiable long-term benefits, instead of ad-hoc activities. The continued monitoring and enhancement of the efforts aims at encouraging and increasing support from the local communities to help us achieving the intended purpose(s). In addition, participation by eClerx Cares committee, volunteers and an impact assessment process ensures successful adoption by communities.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Particulars	
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year?	None received during the year under review.
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information).	eClerx is a ITES provider and hence this question is not applicable to us.
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	NA
4	Did your Company carry out any consumer survey/consumer satisfaction trends?	Customer satisfaction surveys are carried out on a periodic basis.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY OVERVIEW

The IT-BPM sector grew by 7.7% YOY garnering a total revenue of USD 191 billion in FY 2019-20, as reported by NASSCOM (National Association of Software and Services Companies).

Over the past year, performance from the industry showcased increasing focus on the digital transformation of businesses and also the expansion of digital-driven services. While the initial investments were in front-end consumer facing applications to provide better user experience and are expected to continue, investments are now moving to the back-end which are likely to be large scale digital transformation programs intending to modernise/replace core legacy systems and size of the budgets is also expected to grow significantly.

As per ICRA, the industry is expected to witness flattish to muted growth (3-5%) in the next financial year causing simultaneous supply and demand shocks owing to Coronavirus outbreak. The credit profile of Indian IT Services companies, however, is expected to remain stable underpinned by its ability to sustain free cash flows despite pressure on short term revenue growth and margins.

II. BUSINESS PERFORMANCE

Financial Markets

In FY 2019–20, Financial Markets saw growth driven primarily through the expansion of emerging and onshore revenue streams. During the year, each of the core account teams spent significant time negotiating new Master Service Agreements which resulted in new contracts with excellent long term benefits for both parties. These renewals are notable in the backdrop of strengthening of some client captive organisations which has created headwinds through significant competition for both new and existing business at those clients. We continued to deploy successful RPA initiatives with some projects designed to increase productivity within our book of work as well as other stand-alone RPA projects outside of our pre-existing footprint at clients. Our list of active KYC clients and pipeline continued to grow as our technology and processes matured through advancements driven in partnership with our clients. We were also able to strengthen our sales teams during the year through the addition of new sales members in both North America and Australia.

Digital

This fiscal saw increased penetration into B2B industrial sector across creative, data management and analytics services with notable wins in this space. EMEA region outperformed in an uncertain economic climate caused by Brexit. Analytics services grew at a faster pace compared to other service lines as clients continue to look to specialist providers like eClerx. Onshore consulting team remained stable YoY with a stronger focus on insights and utilisation improvement across clients. This positive momentum was slowed by the Covid-19 pandemic with all of our offices and our retail and travel clients experiencing high degree of disruption. True to our DNA, we transformed our delivery models quickly and outperformed our client expectations. Our clients have shown their appreciation for our unwavering dedication during these difficult times, which further cements our client relevancy as we enter the new fiscal year.

Customer Operations

The Customer Operations team saw many successes in fiscal FY19-20. We were able to close several deals starting early in the year with an opportunity to implement RPA for one of the world's largest car rental organisations. While it is a small deal initially, it diversifies the Customer Operations portfolio, and we have performed well, positioning ourselves to grow the relationship in the future. Our extensive background in Field Technical Operations secured the win and launch of Avoidable Truck Roll business for a large US Cable & Telecommunications Company whose holding company has a sizeable multinational footprint.

We have also experienced growth in our key account, securing opportunities to support their prestigious new streaming product and a pilot to support Inbound Voice work from India for the first time. Opportunity for eClerx to handle these critical strategic areas of their business is testament to our long-standing partnership and outstanding performance record.

As many organisations around the world have, we closed out the year by pivoting our entire organisation to Work from Home at a pace, scope, and scale previously unimagined for our business. Through the partnership and unwavering efforts of our Technology, Operations, Account Management, and support teams, we migrated our teams in India and the US to work from home in just a few weeks.

Research and Development Centre

We continue to invest in incubating new technology capabilities through our Research and Development Centre. The technology team invested heavily into embedding artificial intelligence and machine learning into our applications and deployed use cases ranging from text analytics, language processing, image matching and virtual assistants.

The Technology team continues to gather global accolades for the products that we build. The notable ones include NASSCOM BPM Customer Excellence Award for RPA at Scale, CSO50 Global Award for eVigilPro and the CIO100 for Service Governance Hub.

Infrastructure

In India, eClerx operates out of three cities, Mumbai and Pune in western India, and Chandigarh in north India. Mumbai has eClerx's largest office, followed by Pune and Chandigarh. In FY 2019-20, the Company completed consolidation of its Pune facilities whilst also increasing capacity to accommodate future growth. At the end of March 2020, the Company's India facilities had a total capacity of around 9,600 seats.

Using the opportunity created by recently announced simplified tax regime in India, we also consolidated our SEZ units in Mumbai and

Pune under a single letter of approval for each city. This will reduce compliance overheads whilst providing operational convenience and an opportunity to optimise facility operating costs.

The onshore delivery centre in Fayetteville, North Carolina (United States) now has an increased capacity of 250 seats. We added a second client to the delivery centre and the facility is now operating 15 hours a day, 7 days a week. We are also in the process of developing Work from home strategy, which in addition to being part of our business continuity planning, will also help in accessing wider talent pool.

Outside of India and the Unites States, the Company has delivery centres in Thailand and Italy. The Company also has sales offices in United States, Europe and Singapore.

Harnessing Talent

In keeping with our commitment to make eClerx a better place to work, we partnered with a leading talent management firm to launch a company-wide employee satisfaction survey. This survey saw our highest ever participation rate and engagement scores showed steady improvement over our previous surveys. From employee surveys and social media analytics, learning opportunities and rich work content emerged as our key employee value proposition.

We continued to make significant investments in employee re-skilling. As compared to the previous year, 30% more employees were upskilled across the firm, with special emphasis on new-age technologies like AI, ML, RPA and data science.

On the talent acquisition front, this year we hired the largest number of graduates so far from premier colleges for niche roles in AI/ML, data science and data visualization across our global teams. This was made possible by our partnerships with some of the large campuses to embed the eClerx curriculum and ensure a steady talent pipeline in areas of digital analytics and UI/UX technology.

To accelerate new hire assimilation, we introduced new online assessments coupled with high touch on-boarding programs, which enabled double digit reduction in early attrition.

Overall retention improved across levels, and the improvement was especially significant amongst specialised skills and top talent.

Diversity is our key strength. Under the Women at eClerx (WE) global initiative, we continue to build leadership pipeline and open up opportunities for women to build career – especially at leadership levels.

The efforts of our Learning & Development team were rewarded with two Gold awards at the prestigious Brandon Hall Group Excellence Awards. Our Quality team also won awards at multiple forums: ASQ – South Asia award, CII - National Lean Award, and Qimpro - Qualtech Award. We are also proud to be CMMI certified at Maturity Level 3 in a comprehensive appraisal conducted by our CMMI consulting partner, QAI India. The certification recognises our well-characterised processes, proactive approach to managing projects, and our dedication to consistently producing great work.

With changing workforce dynamics in the new normal, the year ahead pivots on virtual enablement with a strong backbone of intelligent HR analytics and insights.

III. OUTLOOK

Financial Markets

With an exceptional response to the Covid-19 pandemic, we have further established ourselves as an excellent risk mitigating partner to our client base. Our response to the lockdown has put us at the top of our peer group as we quickly adapted in the face of an unexpected and unparalleled event. We have begun to see a renewed interest in BPM demand from core clients, some of which we believe is coming at the expense of peers and clients own captives who were unable to adapt as quickly or efficiently. Efforts made in the prior year to develop partnerships with several key firms are beginning to bear fruit and should have material impact on FY21 diversification and revenues. Investments in our solution sets for KYC (Compliance Manager) and Brokerage Billing (Billing Manager) continue to reinforce our value proposition for current clients as well as provide additional tools for our sales team to convert new clients. The Sales and Account management team has been restructured to include a more significant solutions group focused on clearly defining our primary solutions and honing the technologies, processes and marketing collateral for the same.

Digital

Our Digital clients continue to focus on eCommerce and other direct to customer channels to adapt to the new normal. This channel shift increases the need for more eClerx Digital services and support to our client growth. Certain industry sectors like travel and traditional retail will have headwinds throughout fiscal year 2020-21. We expect managed services contracts and more productised solutions based on industry blueprint designs to be the primary mode of client acquisition. Our focus on higher contribution from technology centric business process solutions will continue with increased use of AI, ML and RPA.

Customer Operations

As we move through fiscal year 2020-21, we will continue to hone our Work From Home capability and look for ways to diversify our client portfolio within Customer Operations as we adapt to the ever-changing world around us. We anticipate that we will continue to put efforts in diversifying beyond the Cable and Telecom clients using our successful Customers Operations case studies with car rental and retail clients.

IV. OPPORTUNITIES, THREATS, RISK AND CONCERNS

Risk management is an integral part of the business. We have outlined the principal risks and uncertainties that could adversely impact the functioning of the Company through their effect on operating performance, financial performance, management performance and overall sustainability. The Company has an efficient Risk Management system in place to identify and address various risks that the Company may face. This system has made sure that the Company has an effective framework for identification, measurement, evaluation and mitigation of various risks. This Risk Management system is governed by the Risk Management Policy and monitored by Risk Management Committee. While our focus has been on highlighting likely adverse outcomes, many of these could also provide us opportunities if the outcomes happen to favour us. These risks include, but are not limited to:

Macro-economic risk	The Company derived over 90% of its revenues during FY 2019-20 from US and Western Europe. Challenging business and economic conditions and protectionist policies in these markets and continued policy changes could enhance cost pressure on clients and thus 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 over 54% of its total revenues during FY 2019-20 from its top five clients. The concentration risk continues to be high. The Company's profitability and revenues would be significantly affected in case of loss of any of these clients or a significant downsizing or insourcing. Further, any mergers or acquisition of or by any of such large clients could cause change in outsourcing strategy thus limiting our business with those clients.
Currency risk	The Company derived around 81% of its revenues in US Dollars, 11% in Euros, and 8% in Sterling and other currencies. Adverse movements in foreign exchange rates on account of global, regional or local events could have a negative impact on our financial performance.
Competition risk	New competitors may enter the markets the Company operates in. Likewise, current competitors could decide to focus more on these markets, and thereby intensify the competition. They could also offer new disruptive technologies or offer a different service model or offer similar services at reduced prices. Such developments could harm the Company's business and results of operations.
Integration risks	The Company's past or future acquisitions may pose challenges including financial, technological and people integration risks, which if not managed adequately, could result in failure to achieve the strategic and financial objectives of the transaction.
Key People risk	Our business is critically dependent on the quality of our workforce. Failure to attract, retain and motivate key employees would impair the Company's ability to offer the right quality of service to clients.
Business disruption or IT system failure risk	Business disruption following a major outage event or a failure of our IT systems could cause a disruption in the Company's services, thereby reducing client confidence. Business disruption due to pandemic resulting in country wide lockdowns could impact financial performance if our clients do not extend work from home approvals or decide to shift business to their own or competitor facilities that are still functional.
Legal and regulatory risk	Failure to comply with legal or regulatory requirements could impact the Company's reputation and financial position. Legislation in certain countries in which we operate may restrict clients in those countries from outsourcing work to overseas entities like us, which could hamper our growth prospects in major markets. Any major export or tax incentive, if withdrawn or materially altered may have an adverse implication on our financials. Insurers are lately excluding coverage of emerging risks thereby exposing Company to bear costs of lawsuits.
Technological risk	With advancement of technology, artificial intelligence and robotics, the work volume for people-skill driven services might decrease or reshape significantly, and the Company might not be able to make transition to newer client demands or newer supply side models quickly.
Personal data and Privacy Risk	There is increased sensitivity on the part of governments and regulators with respect to personal data and privacy. Failure to comply with current and/ or new regulations or any cyber-attack could impact Company's reputation and financial position.
Breach of data privacy and protection/ Non-compliance to GDPR	Privacy and protection of personal data is an area of increasing concern globally. Legislations like GDPR in Europe carry severe consequences for non-compliance or breach. Any violation or security breach, observed non-compliance or inadequacy of privacy policies and procedures can result in substantive liabilities, penalties and reputational impact.
Risks from Work From Home scenarios	Work from home scenarios could expose the Company to additional risks related to security of network, data and endpoint devices and new employee health hazards. Any adverse event on this front could expose the Company to reputational and financial risks. The sustained level of productivity achievable in such scenario is still not fully tested and any subsequent reduction may increase the delivery costs significantly.

V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place an adequate system of Internal Controls which commensurate with the nature of business and size of its operations. The system is designed to adequately ensure that financial and other records are reliable for preparing financial statements and for maintaining accountability of assets. The Company has a strong and independent internal audit function which carries out regular internal audits to test the design, operations, adequacy and effectiveness of its internal control processes and also to suggest improvements and upgrades to the management.

The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of the recommendations.

VI. CONSOLIDATED FINANCIAL PERFORMANCE

The financial statements of your Company are prepared in compliance with the Companies Act, 2013 and Indian Accounting Standards ('Ind AS'). The Group's consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation of consolidated accounts as set out in the Ind AS 110 on 'Consolidated Financial Statements'.

The following discussion and analysis should be read together with the consolidated Ind AS financial statements of the Company for the financial year ended March 31, 2020.

i. RESULTS OF OPERATIONS

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

(Rupees in Million)

Particulars	2019-20	%	2018-19	%
Revenue from Operations	14,375.71	96.85	14,305.93	96.71
Other Income (net)	467.05	3.15	485.92	3.29
Total Revenue	**14,842.76**	**100.00**	**14,791.85**	**100.00**
Employee benefits expense	8,542.62	57.55	7,868.94	53.20
Cost of technical sub-contractors	554.44	3.74	714.12	4.83
Other expenses	2,043.46	13.77	2,646.74	17.89
Total Operating Expenses	**11,140.52**	**75.06**	**11,229.80**	**75.92**
EBITDA	**3,702.24**	**24.94**	**3,562.05**	**24.08**
Finance Costs	188.10	1.27	0.39	0.00
Depreciation and goodwill amortisation	708.95	4.78	446.92	3.02
Profit before Tax	**2,805.19**	**18.90**	**3,114.74**	**21.06**
Taxes	715.47	4.82	831.73	5.62
Minority Interest	-0.11	0.00	0.38	0.00
Net Profit attributable to shareholders	**2,089.83**	**14.08**	**2,282.63**	**15.43**

a. Income

Income from operations

Income from operations increased to Rs. 14,375.71 Million in the year under review from Rs. 14,305.93 Million in the previous year registering a marginal growth of 0.49%. This also includes income on account of export incentive under Service Exports from India Scheme of Rs. 15.33 Million (previous year Rs. 325.48 Million) accounted during the year.

Other income

Other income primarily comprises of foreign exchange gains/loss, interest on bank deposits and dividend from debt oriented mutual funds. The total other income decreased to Rs. 467.05 Million in the year under review from Rs. 485.92 Million in the previous year.

There was Foreign exchange gain of Rs. 109.22 Million due to revaluation and realisation of foreign currency denominated assets and liabilities in the year under review compared to gain of Rs. 99.74 Million in the previous year.

Income from investments decreased marginally to Rs. 344.78 Million in the year under review from Rs. 369.32 Million in the previous year.

b. Expenditure

Operating expenses comprises of employee costs, software product development cost, cost of technical subcontractors and other general and administrative expenses. The total operating expenses decreased marginally to Rs. 11,140.52 Million in the year under review from Rs. 11,229.80 Million in the previous year.

Employee costs increased to Rs. 8,542.62 Million in the year under review from Rs. 7,868.94 Million in the previous year, primarily due to annual increment in salaries and higher sales linked incentives.

Other expenses decreased to Rs. 2,043.46 Million in the year under review from Rs. 2,646.74 Million in the previous year. The decrease was primarily due to:

- Decrease in rent by Rs. 402.25 Million due to adoption of Ind AS 116, the nature of expenses have changed from rent in previous periods to depreciation cost on right-of-use asset and finance cost for interest on lease liability.
- Decrease in travel expenses by Rs. 148.19 Million due to cost control measures and reduced travel to customer locations on account of the global pandemic COVID 19.
- Decrease in legal and professional expenses by Rs. 58.03 Million.

c. Depreciation

Depreciation charge has increased to Rs. 708.95 Million in the year under review from Rs. 446.92 Million, due to adoption of Ind AS 116, the nature of expenses has changed from rent in previous periods to depreciation cost on right-of-use asset and finance cost for interest on lease liability. The depreciation on right-of-use asset was Rs. 305.33 Million. The depreciation cost on fixed assets decreased to Rs. 403.62 Million from Rs. 446.92 Million in previous year due to lower capital investment in fixed assets.

d. Finance cost

Finance cost has increased to Rs. 188.10 Million in the year from Rs. 0.39 Million in the previous year due to adoption of Ind AS 116 where, the nature of expenses has changed from rent in previous periods to depreciation cost on right-of-use asset and finance cost for interest on lease liability which amounted to Rs. 188.10 Million.

e. Income Tax Expense

The Company's consolidated tax expense (including deferred taxes) reduced to Rs. 715.47 Million in the year under review from Rs. 831.73 Million in the previous year due to lower profit before taxes and lower tax rates as per the new rates prescribed under Section 115BAA of the Income Tax Act, 1961.

ii. FINANCIAL CONDITION

a. Share Capital

The Company has authorised capital of Rs. 500.10 Million as on March 31, 2020. The issued, subscribed and paid up capital was Rs. 361.00 Million of equity shares of Rs. 10 each in the year under review as compared to Rs. 377.90 Million in the previous year. The change in paid up capital was primarily due to buyback of shares.

b. Other Equity

The reserves and surplus of the Company decreased to Rs. 12,701.14 Million in the year under review from Rs. 13,435.08 Million in the previous year. Decrease in other equity is primarily on account of:

- Addition of retained earnings & other comprehensive income by Rs. 2,089.72 Million in the year under review.
- Reduction in retained earnings and Securities Premium account on account of buy-back of shares by Rs. 2,627.04, reduction on account of adoption of Ind AS 116 "Leases" and adoption of appendix C to Ind AS 12 "Income Taxes" by Rs. 71.30 Million and payment of dividend and related taxes Rs. 43.71 Million.
- Reduction of Rs. 4.40 Million in Share application money pending allotment due to allotment of shares.

c. Right of Use Lease liabilities

In compliance with the new accounting standard Ind AS 116 Lease accounting, Right of Use ("ROU") lease liability has been recognised with effect from April 01, 2019. Balance of ROU lease Liability as on March 31, 2020 were Rs. 1,316.50 Million as long term and Rs. 240.84 Million as short term.

d. Derivative instruments

Company covers foreign exchange fluctuation risk through hedging instruments as per board approved policy. Derivative instrument fair valuation is accounted through OCI. As at March 31, 2020, derivative instrument fair valuation liability was Rs. 341.01 Million compared to fair valuation asset of Rs. 207.33 Million as at March 31, 2019. Decrease is due to adverse marked to market movement against the hedged currency rates.

e. Borrowings

Borrowings by subsidiaries have decreased to Rs. 8.68 Million in the year under review from Rs. 16.74 Million in previous year due to repayment part of working capital loan by subsidiary in Italy.

f. Employee Benefit Obligations

Employee Benefit Obligations includes gratuity, leave encashment, sales incentives, performance bonus, retention bonus and other employee benefits, increased to Rs. 1,322.35 Million in the year under review from Rs. 1,109.02 Million in previous year primarily due to increase in higher sales incentives and additional employee retention bonus plans.

g. Trade Payables

Increase in trade payables to Rs 138.64 Million in the year under review from Rs. 116.06 Million in the previous year primarily due to increase in creditors of India operations.

h. Other financial and current liabilities

Other financial and current liabilities includes unpaid dividend, advance billing, accrued expenses and payables for capital expenditure and statutory dues, which have decreased to Rs. 597.33 Million in the year under review from Rs. 732.90 Million in the previous year primarily due to lease liabilities now being accounted separately as ROU lease liabilities on adoption of Ind AS 116.

i. Fixed Assets

The net block of fixed assets and capital work in progress and other as at March 31, 2020 was Rs. 1,251.86 Million as compared to Rs. 1,298.52 Million as at March 31, 2019. During year under review, addition to gross block (net off disposals) was Rs. 30.49 Million comprising of computer hardware and software and addition to leasehold improvements.

Goodwill on consolidation on account of foreign subsidiaries was at Rs. 2,272.10 Million as at March 31, 2020 as compared to Rs 2,182.27 Million as at March 31, 2019. The increase is on account of translation gains.

j. Right of Use Assets

In compliance with the new accounting standard Ind AS 116 Lease accounting, Right of Use ("ROU") Assets has been recognised with effect from April 01, 2019. Balance of ROU Assets as on March 31, 2020 is Rs. 1,281.47 Million.

k. Investment

Investment represent Non-Current investment of Rs. 2.40 Million as at March 31, 2020 which is same as last year.

Current Investment represent surplus funds of the Company parked with mutual fund schemes that can be recalled at very short notice.

The Company's treasury practices call for investing only in highly rated debt oriented mutual funds. Investment in mutual funds increased to Rs. 4,365.52 Million during the year under review from Rs. 2,860.24 Million in the previous year due to increased investment in mutual funds in place of bank fixed deposits.

l. Trade Receivables

Debtors marginally decreased to Rs. 2,377.84 Million as at March 31, 2020 from Rs. 2,425.89 Million as at March 31, 2019. These debts are considered good and realisable and provision for doubtful debts has been made based on expected credit loss model based on various factors, including collectability of specific dues, economic condition of the industry in which the customer operates and general economic factors that could affect the customer's ability to settle. The Company monitors trade receivables closely.

m. Cash and Other Bank Balances

Cash and other bank balances mainly represent bank balances in current and fixed deposit accounts due to increase in short term deposits placed with the banks. The cash and other bank balances decreased to Rs. 3,344.99 Million as on March 31, 2020 from Rs. 4,515.46 Million as at March 31, 2019 due to increased investment in mutual funds in place of bank fixed deposits.

n. Other financial assets

Other financial assets includes unbilled revenue, premises & other deposits, recoverable expenses and other loans & advances. Other financial assets marginally decreased as at March 31, 2020 to Rs. 1,249.33 Million from Rs. 1,305.06 Million as at March 31, 2019.

o. Other current and non-current assets

Other current and non-current assets include capital advances, service tax and GST credits, duty benefit credits, prepaid expenses and other advances. Other current & non-current asset decreased as at March 31, 2020 to Rs. 723.34 Million from Rs. 875.48 Million as at March 31, 2019 primarily due to higher export incentives and GST refunds received during the year.

p. Deferred Tax assets /liabilities

Deferred tax assets and liabilities represent timing differences in the financial and tax books arising from depreciation of property, plant and equipment, compensated absences & gratuity and derivative financial instruments. The Company assesses the likelihood that the deferred tax will be adjusted from future taxable income before carrying it as an asset or liability. The Company has a net deferred tax asset of Rs. 254.90 Million as at March 31, 2020 as compared to Rs. 70.63 Million as at March 31, 2019. The increase is primarily due on account of additional deferred tax asset created on derivative financial instruments labilities.

q. Income Tax assets /liabilities

The Company's profits are subject to tax in the various jurisdictions where the Group conducts business operations. The non-current tax assets primarily represent payments of tax demands which have been contested and under appeals and refunds receivable. Current tax labilities primarily comprise of tax provisions made in year end for which payment is not yet due.

Income tax labilities (net) increased to Rs. 93.18 Million in the current year from Rs. 46.68 Million income tax asset (net) in the previous year.

iii. CASH FLOWS

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

(Rupees in Million)

Particulars	2019-20	2018-19
Net cash generated by/(used in)		
Operating activities	3,327.96	2,061.55
Investing activities	182.92	(2,308.30)
Financing activities	(3,082.35)	(538.71)
Effect of Exchange fluctuation on Cash and Cash Equivalents	60.84	11.41
Net (decrease) /increase in cash and cash equivalents	**489.37**	**(774.05)**
Cash and cash equivalents at the beginning of the year	1,256.24	2,030.29
Cash and cash equivalents at the end of the year	1,745.61	1,256.24

Cash flow from operations improved due to reduction in net working capital in current year compared to previous year.

The Company had done net investment of surplus money during the year in bank fixed deposit and debt mutual funds as compared to previous where there was net redemption of investments to fund the buyback of the Company's shares.

Increase in Cash used in financing in current year was primarily towards buyback of Company's shares and principal and interest component of Right to Use Lease assets reported as financing activities on adoption of Ind AS 116.

iv. KEY FINANCIAL RATIOS (BASED ON CONSOLIDATED FINANCIALS)

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key sector-specific financial ratios.

Ratios	2019-20	2018-19	Change
Market capitalisation to revenues (INR)	0.94	3.11	-69.77%
Price/Earnings (times)	6.38	19.10	-66.60%
Days sales outstanding	88	84	-4.76%
Liquid cash as a % of total assets	44.42%	46.18%	-3.82%
Current Ratio (times)	5.10	7.84	-34.96%
Revenue growth (INR)	0.49%	4.80%	-89.84%
Operating Profit Margin	16.26%	18.38%	-11.49%
Net Profit Margin	14.08%	15.43%	-8.78%
Return on net worth	15.99%	16.53%	-3.21%
Basic EPS (INR)	57.26	60.07	-4.68%

Market capitalisation to revenues and price to earnings ratios moved adversely due to fall in market price of the equity shares due to general market conditions and also due to COVID-19 in the month of March 2020.

Current ratio was lower primarily due to higher labilities on derivative financial instruments in current year compared to previous year when derivative financial instruments were assets.

Revenue growth has been relatively flat in rupee terms in current year due to tough market conditions compared to previous year.

Movements in the other ratios are not greater than 25% and have remained relatively stable.

VII. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company believes that employees are the core of our success. A fundamental tenet of our management philosophy is to invest in our employees, and enable them to develop new skills and capabilities, which benefit them as well as the Company.

The organisation recognises the importance of mental well-being for an individual. Therefore, we initiated an employee assistance program for employees and their family members, which offers individual Counselling sessions, Diet consultations, and self-assessments on health and wellness through face-to-face or telephonic and online mode. We witnessed a good level of participation.

We also introduced 24x7 Doctor on-call services with specialised consultations for various diseases. These specialised consultations are accessible to employees & their family members.

The organisation had more than 8,500 emoloyees as of March 2020. To promote employee welfare, we organised multiple sessions, which will help employees to diagnose and manage lifestyle-related problems proactively. These initiatives received an overwhelming response from employees across locations. The organisation continuously motivates employees to be consistently healthy by sharing online information with employees.

Cautionary Statement

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

Readers are advised to exercise their own judgment in assessing risks associated with the Company, *inter-alia*, in view of discussion on risk factors herein and disclosures in Regulatory filings, as applicable.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance refers to the systems and processes that are put in place to govern the Company in the most ethical and stakeholder centric manner. It preserves and strengthens stakeholder confidence, serves as a foundation for a high-performing organisation and helps in balancing interests of all the stakeholders. In addition to inspiring transparency in the organisational systems that ensures strong and balanced economic development, Corporate Governance also ensures that the Company is well placed in an environment of constant change by instilling best governance practices in to it.

We at eClerx, have always strove to adopt the best governance practices and our management upholds principles of Accountability, Fairness, Transparency and Responsibility. Corporate Governance at eClerx is a reflection of the Company's compliance philosophy, strategies, relationship with stakeholders, commitment to values and ethical business behaviour.

Our actions are governed by our values, which each employee is responsible to adhere to eClerx's core values are:

- ***Excellence*** – Be passionate and commit to doing your best
- ***People*** – Invest in people and bring out the best in them
- ***Integrity*** – Maintain the highest standards of ethics, integrity and fairness
- ***Client*** – Make clients the focus of what we do

Our governance systems have helped us maintain investors' confidence and our ethical decisions and way of management have helped in satisfied clients and high goodwill. Good governance has helped us creating value amongst the stakeholders and to have effective control systems commensurate with the risks involved.

Your Company is compliant with all the mandatory provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as applicable. The details of compliance are as follows.

I. BOARD AND COMMITTEES STRUCTURE

The Board has adhered to highest standards of Corporate Governance in directing the Company's affairs and discharging their statutory duties and responsibilities. It discharges some of its responsibilities directly and has delegated specific responsibilities to the mandatory Board Committees to be formed as per the applicable provisions of the Companies Act, 2013 and Rules framed thereunder ("the Act") and the Listing Regulations; Audit Committee; Nomination and Remuneration Committee; Stakeholders' Relationship Committee; Corporate Social Responsibility Committee and Risk Management Committee. These Committees provide detailed focus to different areas of Board's responsibilities delegated to them, which is detailed as per the information given under:

- **Composition and attendance details**

The Board represents an optimum combination of Executive and Non-Executive Directors for its independent functioning. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations and Section 149 of the Act which comprises of 8 (eight) Directors, of which 1 (one) is Executive Director, 1 (one) is Non-Executive Director and 6 (six) are Non-Executive Independent Directors including 1 (one) Independent Woman Director. The Chairman of the Board is a Non-Executive Independent Director. There is no inter-se relationships between the Directors on the Board of the Company.

The table below shows the composition and attendance at the scheduled Board and Committee meetings

Name	Board	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Pradeep Kapoor Non-Executive Independent Director - Chairman	©5/5	5/5	-	©3/4	-	-
Alok Goyal Non-Executive Independent Director	5/5	-	4/5	-	-	-
Anish Ghoshal Non-Executive Independent Director	5/5	5/5	©5/5	4/4	4/4	©2/2
Anjan Malik Non-Executive Director – Promoter	5/5	-	4/5	-	-	-
Biren Gabhawala Non-Executive Independent Director	5/5	©5/5	5/5	4/4	4/4	2/2
Deepa Kapoor Non-Executive Independent Director	5/5	5/5	-	-	©4/4	2/2
PD Mundhra Executive Director – Promoter	4/5	3/5	-	2/4	2/4	1/2
Shailesh Kekre Non-Executive Independent Director	5/5	-	-	-	-	2/2
Rohitash Gupta Chief Financial Officer	-	-	-	-	-	2/2

© Chairman/Chairperson of Board/Committees

More information on meeting-wise attendance details of the Board meetings and the Committee meetings can be found on Page nos. 70 to 77.

Apart from these mandatory Committees, the Board has also constituted an Investment Committee with a view to enable approval for investment(s) upto Rs. 20 Million (Rupees Twenty Million Only) under Company's employee initiatives towards talent and entrepreneurship encouragement. The Promoter Directors viz. PD Mundhra, Executive Director and Anjan Malik, Non-Executive Director are members of this Committee and the Chairperson is elected at the meetings itself. No meeting of Investment Committee was held during FY 2019-20.

Buy-Back Committee which was constituted by the Board on March 14, 2019 for implementation of Buy-Back of 17,46,666 (Seventeen Lakhs Forty Six Thousand Six Hundred Sixty Six) fully paid up equity shares of Rs. 10/- (Rupees Ten) each was dissolved on August 2, 2019 by the Board of Directors post completion of the Buy-back. During the year, Buy-Back Committee met on April 26, 2019, which was attended by Mr. Anjan Malik, Mr. PD Mundhra and Mr. Shailesh Kekre. However, Mr. Anish Ghoshal could not attend this meeting.

- **Board and Committee Meetings Procedure**

The Board meets atleast once a quarter to review quarterly results and consider other items on the Agenda. In addition to the quarterly meetings, the Board also convenes its meetings as and when necessary. The Committees of the Board usually meet before the Board meeting, or whenever the need arises for transacting business. In case of any exigencies, resolutions are also passed by circulation as permitted by law, which are noted at subsequent meetings. The Company Secretary drafts the agenda for each meeting, along with the explanatory notes, in consultation with the Chief Financial Officer, Executive Director and other stakeholders, and circulates these in advance to the Directors minimum a week before the meeting. The Company also uses video conferencing facility, to the extent permitted by the Act, to enable participation of Directors at Board and Committee meetings in instances where it may not be possible for each Director to be physically present at the meetings.

The tentative period in which the Board meetings for the next financial year would be held are decided in advance and is published in the Annual Report which can be found on Page no. 80.

Any Board member can suggest inclusion of additional items in the agenda.

The Board has complete access to any information pertaining to activities and operations of the Company. Further, respective functional heads are invited to attend Committee/Board Meetings to discuss their relevant internal audit matters 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 regulations requirements, if any, and major developments during the period.

The Company has an effective post Board/Committee meeting follow up procedure. Update on the key open points is placed at the succeeding meeting(s) for information of the Board/respective Committees. The Board has established procedures to periodically review compliance report pertaining to laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance, if any.

- **Board Independence**

The Independent Directors on the Board provide a solid foundation for good corporate governance and a strong independent element to the Board. The Board has taken on record the declarations received from Independent Directors confirming that they meet the criteria of independence prescribed under the Act and Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence and after undertaking due assessment of the veracity of the same and taking into consideration the annual declaration of independence submitted by Independent Directors, the Board confirms that, in its opinion, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

The Code of Conduct for Independent Directors ("ID Code") has been adopted by the Company in compliance with Section 149 read with Schedule IV of the Act. In terms of the ID Code, a separate meeting of Independent Directors was held on May 23, 2019, wherein they evaluated the performance of Non-Executive Directors, the Board as a whole and the Chairman taking into account the views of Executive and Non-Executive Directors. All Independent Directors were present at this meeting.

All the Independent Directors of the Company have registered themselves on Indian Institute of Corporate Affairs (IICA) portal and their names are included in the data bank maintained by IICA pursuant to Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019. Further, the Independent Directors of the Company have also confirmed that they will pass the online proficiency self-assessment test conducted by IICA, within the prescribed due date, as may be applicable to them.

The details of the familiarisation programme for Independent Directors have been provided in the Director's Report and it is available on the website of the Company at the following link https://eclerx.com/investor-relations/corporate-governance/.

- **Meeting-wise Board attendance and other Directorships**

The table below shows the meeting-wise attendance at the scheduled Board meetings and the outside Directorships, Committee Memberships/Chairmanships of the Directors as on March 31, 2020 as informed by them. None of the Director is a Member of more than 10 (ten) Board level Committees (considering only Audit Committee and Stakeholders' Relationship Committee) or Chairman of more than 5 (five) Committees across all public limited companies (listed or unlisted) in which he/she is a Director.

Name	Attendance at the last AGM held on Aug 29, 2019	Board Meetings held and attended during the year					% of Attendance at Board Meetings Including Video Conference	Number of Directorships on the Board of Other Public Companies	Other Company Committee Positions	
		May 23, 2019	Aug 02, 2019	Nov 07, 2019	Jan 30, 2020	Mar 18, 2020			Member	Chairman
PD Mundhra	Present	Absent	Present	Video Conference	Present	Present	80	-	-	-
Anjan Malik	Present	Present	Present	Present	Present	Video Conference	100	-	-	-
Pradeep Kapoor	Present	Present	Present	Video Conference	Present	Video Conference	100	-	-	-
Anish Ghoshal	Absent	Present	Present	Present	Present	Present	100	1	-	-
Biren Gabhawala	Present	Present	Present	Present	Present	Present	100	1$	1	1
Alok Goyal	Present	Present	Present	Video Conference	Video Conference	Video Conference	100	-	-	-
Deepa Kapoor	Present	Present	Present	Present	Present	Present	100	-	-	-
Shailesh Kekre	Present	Present	Present	Present	Present	Video Conference	100	-	-	-

(- Present; - Absent; - Present through Video Conference)

$ Mr. Biren Gabhawala is also a Non – Executive Independent Director in 3M India Limited, which is a listed entity.

The above mentioned disclosure includes Memberships/Chairmanship of only Audit Committee and Stakeholders' Relationship Committee in Indian public companies (listed and unlisted) other than the Company.

- **The Board skills and attributes matrix**

The Board has identified the following core skills viz. Industry Expertise and Business Acumen, Corporate Governance, Quality Decision making, Ability to contribute to Company's growth and Sustainable Development which are required in the context of the business of the Company to function effectively.

Core skills	Description
Industry Expertise and Business Acumen	Knowledge of the IT-BPM sector, Understanding of the business operations of the Company, Strategic planning, Audit, Risk management.
Corporate Governance	Knowledge of Corporate Governance, Accountancy, Understanding of Legal & Regulatory environment, Stakeholder advocacy.
Quality Decision making	Being attentive to risks, Solving problems by analysing options, Identifying opportunities, Being focused and creative in ideas, Leadership
Ability to contribute to Company's growth	Sales and Marketing, Technology and Digital, Global experience, Knowledge of budgeting, M&A, Mentoring, Networking etc.
Sustainable Development	CSR/ESG initiatives, Diversity, Empathy.

The skill matrix displaying Director's proficiency in core skills is given hereunder. The table also reflects the number of years that Independent Directors have left to serve, which helps to analyse which skills needs to be replaced sooner than others.

Directors	Years left to serve (as applicable)	Core Skills
Pradeep Kapoor Non-Executive Independent Director - Chairman	4	Industry Expertise and Business Acumen Corporate Governance Quality Decision making Ability to contribute to Company's growth Sustainable Development
Alok Goyal Non-Executive Independent Director	4	Industry Expertise and Business Acumen Quality Decision making Ability to contribute to Company's growth
Anish Ghoshal Non-Executive Independent Director	4	Industry Expertise and Business Acumen Corporate Governance Quality Decision making Ability to contribute to Company's growth Sustainable Development
Anjan Malik Non-Executive Director – Promoter	-	Industry Expertise and Business Acumen Corporate Governance Quality Decision making Ability to contribute to Company's growth Sustainable Development
Biren Gabhawala Non-Executive Independent Director	4	Industry Expertise and Business Acumen Corporate Governance Quality Decision making Ability to contribute to Company's growth Sustainable Development
Deepa Kapoor Non-Executive Independent Director	4	Industry Expertise and Business Acumen Corporate Governance Quality Decision making Ability to contribute to Company's growth Sustainable Development

Directors	Years left to serve (as applicable)	Core Skills
PD Mundhra Executive Director – Promoter	-	Industry Expertise and Business Acumen Corporate Governance Quality Decision making Ability to contribute to Company's growth Sustainable Development
Shailesh Kekre Non-Executive Independent Director	2	Industry Expertise and Business Acumen Corporate Governance Quality Decision making Ability to contribute to Company's growth Sustainable Development

- **Code of Conduct**

  Pursuant to Regulation 17 of the Listing Regulations, the Board 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 including the Chief Financial Officer and Company Secretary have affirmed compliance with the Code of Conduct for FY 2019-20. A declaration to this effect signed by the Executive Director is given in this report. The aforesaid code has also been hosted on the Company's website at the web-link https://eclerx.com/investor-relations/corporate-governance/.

- **Code under SEBI Insider Trading Regulations**

  The Company has in place Code of Conduct for Prohibition of Insider Trading and Code for Fair Disclosure ('PIT Code') pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 for regulating, monitoring and reporting of trading by insiders which was amended on November 7, 2019 in order to align with the SEBI notification dated September 17, 2019 with respect to Voluntary Information Disclosure by the employees of the Company. The same was effective from December 26, 2019 and is hosted on the Company's website at the web-link https://eclerx.com/investor-relations/corporate-governance/.

- **Committees of the Board**

a. Audit 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 provisions of the Act and the Listing Regulations. It oversees the financial reporting process of the Company. The power and role of the Audit Committee are in accordance with the Listing Regulations and the Act.

Terms of reference

i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

ii. Recommending to the Board, the appointment, remuneration and terms of appointment of the auditors of the Company.

iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

iv. Reviewing, with the management, the annual financial statements and auditor's report before submission to the board for approval, with particular reference to:

   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013.

   b. Changes, if any, in accounting policies and practices and reasons for the same .

   c. Major accounting entries involving estimates based on the exercise of judgment by management .

   d. Significant adjustments made in the financial statements arising out of audit findings.

   e. Compliance with listing and other legal requirements relating to financial statements.

   f. Disclosure of any related party transactions.

   g. Modified opinion(s) in the draft audit report.

v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

vi. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

viii. Approval or any subsequent modification of transactions with related parties.

ix. Scrutiny of inter-corporate loans and investments.

x. Valuation of undertakings or assets, wherever it is necessary.

xi. Evaluation of internal financial controls and risk management systems.

xii. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

xiv. Discussion with internal auditors any significant findings and follow up there on.

xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

xvii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.

xviii. To review the functioning of the whistle blower mechanism.

xix. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.

xx. Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans /advances /investments.

xxi. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

xxii. The Audit Committee reviews the following information:

   a. Management discussion and analysis of financial condition and results of operations;

   b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

   c. Management letters/letters of internal control weaknesses issued by the statutory auditors;

   d. Internal audit reports relating to internal control weaknesses;

   e. The appointment, removal and terms of remuneration of the chief internal auditor;

   f. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations;

   g. Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

Meeting-wise Audit Committee attendance

Name	Meetings held and attended during the year					% of attendance including video conference
	May 23, 2019	Aug 2, 2019	Nov 7, 2019	Jan 30, 2020	Mar 18, 2020	
Anish Ghoshal	Present	Present	Present	Present	Present	100
Biren Gabhawala	Present	Present	Present	Present	Present	100
Deepa Kapoor	Present	Present	Present	Present	Present	100
PD Mundhra	Absent	Present	Absent	Present	Present	60
Pradeep Kapoor	Present	Present	Present through Video Conference	Present	Present through Video Conference	100

(- Present; - Absent; - Present through Video Conference)

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

The gap between two consecutive meetings did not exceed 120 days. The 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 along with other senior managerial personnel of the Corporate Finance department of the Company, as may be required.

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 19th Annual General Meeting of the Company held on August 29, 2019.

b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for identifying persons to be appointed as Directors and at senior management levels as well as formulating remuneration policy for them. It also reviews the size and composition of the Board to ensure that there is an appropriate balance of skills, knowledge, experience and diversity in its widest sense.

Terms of reference

i. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

iii. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors.

iv. Devise framework to ensure that Directors are inducted through suitable familiarisation process covering their roles, responsibility and liability.

v. Oversee the formulation and implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines.

vi. Decide/approve details of fixed components and performance-linked incentives along with the performance criteria.

vii. Devise a policy on Board diversity.

viii. Formulate the criteria for evaluation of Independent Directors and the Board.

ix. The Nomination and Remuneration Committee shall formulate the Remuneration Policy of the Company.

x. The Nomination and Remuneration Committee shall assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board and to senior management.

xi. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management. Senior Management would comprise of employees of the Company who are members of its core management team (employees in the cadre of Principal and above) excluding Board of Directors. This would comprise of all members of the management one level below the CEO/MD/WTD/Manager (including CEO/Manager, in case they are not part of the Board) which would cover employees in the cadre of Managing Principal and shall also include the Company Secretary and Chief Financial Officer.

Meeting-wise Nomination and Remuneration Committee attendance

Name	Meetings held and attended during the year					% of attendance including video conference
	May 23, 2019	Aug 2, 2019	Nov 7, 2019	Jan 30, 2020	Mar 18, 2020	
Alok Goyal	Present	Present	Absent	Video Conference	Video Conference	80
Anish Ghoshal	Present	Present	Present	Present	Present	100
Anjan Malik	Present	Present	Present	Present	Absent	80
Biren Gabhawala	Present	Present	Present	Present	Present	100

(- Present; - Absent; - Present through Video Conference)

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

Nomination and Remuneration Policy

In terms of Section 178 of the Act and the Listing Regulations, the policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company had been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy which acts as a guideline for determining, *inter-alia,* qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees has been hosted on the Company's website at the web-link https://eclerx.com/investor-relations/corporate-governance/.

Details of Remuneration paid/payable to Directors for FY 2019-20 are as follows

(Rupees in Million)

Name	No. of Shares	Salary & Perquisite	Remuneration	Sitting Fees	Total
Alok Goyal	0	-	1.90	0.30	2.20
Anjan Malik	93,65,204	-	-	-	-
Anish Ghoshal	2	-	1.90	0.30	2.20
Biren Gabhawala	5,980	-	1.90	0.30	2.20
Deepa Kapoor	0	-	1.90	0.30	2.20
PD Mundhra	9,369,043	21.39	-	-	21.39
Pradeep Kapoor	7,008	-	1.90	0.30	2.20
Shailesh Kekre	0	-	1.90	0.36	2.26

Note – Other than the above details, there are no benefits or elements of remuneration being paid to the Directors.

- **Sitting Fees**

The Non-Executive Independent Directors of the Company are being paid sitting fees which is within the ceiling prescribed under the Act and no sitting fee is paid to Non-Executive Non-Independent Director. Further, the boarding and lodging expenses are reimbursed to the Directors based out of Mumbai.

- **Remuneration to Non-Executive Independent Director**

The remuneration is paid within the monetary limit approved by the Members of the Company i.e. Rs. 2.25 Million p.a. per Non-Executive Independent Director, subject to the same not exceeding 1% of the net profits of the Company computed as per the provisions of the Act and such other applicable Regulations. The details of the actual remuneration paid to the Non-Executive Independent Director for FY 2019-20 is given under 'Details of Remuneration paid/payable to Directors for FY 2019-20'.

- **Criteria of making payments to Non-Executive Independent Directors**

Members of the Company vide Special Resolution passed at Annual General Meeting held on August 29, 2019 approved the payment of remuneration to Non-Executive Independent Directors of the Company. The said remuneration is subject to an aggregate limit of sum not exceeding 1% of net profit of the Company for respective financial year, as calculated in accordance with the provisions of the Act provided that such amount shall not exceed Rs. 2.25 Million p.a. per Non-Executive Independent Director in addition to the fee payable to them for attending the meeting of Board of Directors of the Company or any Committee(s) thereof. The Nomination and Remuneration Committee at its meeting held on May 23, 2019 considered and accordingly recommended the payment of remuneration of Rs. 1.90 Million p.a. to each of Non-Executive Independent Directors of the Company for FY 2019-20, which was approved by the Board at its meeting held on the same day. The remuneration would be paid in proportion to the term served by the Director in respective financial year.

- **Remuneration to Whole-Time Director**

The Executive Director is entitled to salary of Rs. 13.80 Million p.a. In addition to that, he is also entitled to Annual Performance Bonus, not exceeding Rs. 13.80 Million p.a., which is merit based and takes into account the Company's performance. The Nomination and Remuneration Committee at its meeting held on March 18, 2020, recommended 55% of the eligible bonus amount as Annual Bonus for the FY 2019-20, to be paid to Mr. PD Mundhra, Executive Director amounting to Rs. 7.59 Million and the Board of Directors approved the same at the meeting held on June 9, 2020. Mr. PD Mundhra offered to forgo his annual remuneration increment for the FY 2020-21 conveying that he believed that the current remuneration reflected fair value for his contribution to the organisation. The Board of Directors at its meeting held on June 9, 2020, accepted his proposal. Mr. PD Mundhra has not taken any increment in the monthly salary per-se, since FY 2011-12.

The other details with respect to remuneration of Mr. PD Mundhra are as under:

Particulars	Description
All elements of remuneration package i.e. salary, benefits, pensions etc.	Annual Gross Salary: Within the range between Rs. 13.80 Million to Rs. 27.60 Million per annum with annual increments effective 1st April each year as may be decided by the Board, based on merits and taking into account the Company's performance for the year. The benefits, perquisites and allowances will be determined by the Board of Directors from time to time.
Performance linked incentives along with performance criteria.	Annual Gross Salary: Rs. 13.80 Million per annum. Annual Performance Bonus: upto Rs. 13.80 Million per annum. The actual entitlement out of Annual Performance Bonus will be decided by the Board of Directors and will be merit based and take into account the Company's performance while factoring key parameters like: - Profitability (PAT, PBT, OPM) - Return on shareholders investment - Statutory compliances - Revenue and revenue quality.
Service contracts, notice period, severance fees.	The tenure will be subject to termination by 3 (Three) months' prior notice in writing on either side, and all other terms are as per the Company policy.
Stock option details, if any.	NIL

Details of options held by Non-Executive Independent Directors as on March 31, 2020

The Company had granted options to its Independent Directors in the past. However, effective from FY 2013-14, the Company stopped granting ESOPs to Independent Directors of the Company in view of the provisions of the Act and Listing Regulations. As on March 31, 2020, there are no outstanding options held by Non-Executive Independent Directors of the Company.

Performance evaluation criteria for Independent Directors

The details of performance evaluation criteria for Independent Directors can be found in the Directors' Report at Page No. 30.

c. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee looks into matters relating to investors' grievances and the overall services rendered by Registrar and Transfer Agent to the shareholders. The constitution, duties and responsibilities of the Stakeholders' Relationship Committee are in line with the provisions of the Act and Listing Regulations.

Terms of reference

i. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

ii. Review of measures taken for effective exercise of voting rights by shareholders.

iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

v. To provide information to shareholder.

Meeting-wise Stakeholders' Relationship Committee attendance

Name	Meetings held and attended during the year				% of attendance including video conference
	May 23, 2019	Aug 2, 2019	Nov 7, 2019	Jan 30, 2020	
Anish Ghoshal	Present	Present	Present	Present	100
Biren Gabhawala	Present	Present	Present	Present	100
PD Mundhra	Absent	Present	Absent	Present	50
Pradeep Kapoor	Present	Present	Absent	Present	75

(- Present; - Absent)

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

Name, designation and address of Compliance Officer
Pratik Bhanushali
Company Secretary and Compliance Officer
Sonawala Building, 1st Floor, 29 Bank Street,
Fort, Mumbai – 400 023, Maharashtra, India.
Ph. Nos.: +91 (22) 6614 8422 Fax No.: +91 (22) 6614 8655
Email: investor@eClerx.com

Investor Complaints

Status	No. of complaints
As on April 01, 2019	Nil
Received during the year	15
Resolved during the year	15
As on March 31, 2020	Nil

No complaints were pending as on March 31, 2020.

d. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014, the Board has constituted Corporate Social Responsibility Committee ('CSR Committee') which recommends the amount of CSR to be spent on the projects as well as monitors the implementation of the same.

Terms of reference

i. To suggest and/or formulate CSR Policy of the Company;

ii. To recommend the amount of expenditure to be incurred on the CSR activities;

iii. To ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company;

iv. To ensure that Company spend at least 2% of average net profit of the Company in every financial year;

v. To monitor the CSR Policy of the Company from time to time;

vi. To prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the Company;

vii. To do all such acts, deeds and things as deemed necessary to achieve overall CSR objectives of the Company and to ensure compliance with relevant regulations.

Meeting-wise Corporate Social Responsibility Committee attendance

Name	Meetings held and attended during the year				% of attendance including video conference
	May 23, 2019	Aug 2, 2019	Nov 7, 2019	Jan 30, 2020	
Anish Ghoshal	Present	Present	Present	Present	100
Biren Gabhawala	Present	Present	Present	Present	100
Deepa Kapoor	Present	Present	Present	Present	100
PD Mundhra	Absent	Present	Absent	Present	50

(- Present; - Absent)

A detailed CSR report containing information about the CSR activities undertaken during the year forms part of the Directors' Report.

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

e. Risk Management Committee

The Company has constituted a Risk Management Committee pursuant to Regulation 21(1) of the Listing Regulations, which assists the Board in fulfilling its responsibilities with regard to identification, evaluation and mitigation of risks. It also reviews the risk management policy and the enterprise-wide risk management frameworks of the Company.

Terms of reference

i. Oversee the implementation of the risk management policy and the EWRM framework;

ii. Periodic assessment and prioritising of risks that affect the operations of the Company;

iii. Identify and review the Company's risk appetite for various elements of risk including cyber security;

iv. Review the risk management practices and recommend changes to ensure its adequacy;

v. Monitor the implementation of the risk mitigation plans including mitigation of cyber security risk;

vi. Such other functions as the Board may determine from time to time.

The details about risk management policy and EWRM framework is available in the Directors' Report at Page no. 32.

Meeting-wise Risk Management Committee attendance

Name	Meetings held and attended during the year		% of attendance including video conference
	November 7, 2019	March 18, 2020	
Anish Ghoshal	Present	Present	100
Biren Gabhawala	Present	Present	100
Deepa Kapoor	Present	Present	100
PD Mundhra	Absent	Present	50
Rohitash Gupta	Present	Present	100
Shailesh Kekre	Present	Present through Video Conference	100

(- Present; - Absent; - Present through Video Conference)

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

II. GENERAL BODY MEETINGS

- **Annual General Meeting**

The last 3 (three) Annual General Meetings (AGMs) were held as under:

Year	Date	Time	Venue	Details of Special Resolutions
2018-19	August 29, 2019	10.15 a.m.	Walchand Hirachand Hall, Indian Merchants Chamber, LNM IMC Building, Churchgate, Mumbai 400 020.	• Approval of payment of remuneration by way of commission to Non-Executive Independent Directors of the Company. • Re-appointment of Mr. PD Mundhra (DIN: 00281165) as Whole-Time Director for a period of 5 (five) Years, effective from April 01, 2020
2017-18	August 29, 2018	10.15 a.m.		–
2016-17	August 22, 2017	10.15 a.m.		–

- **Postal Ballot**

During the year, the following special resolution was passed by way of Postal Ballot with the requisite majority:

Particulars	Date of Declaration of Result	% of votes in favour as against total valid votes
Approval for Buy-Back of Equity Shares	April 26, 2019	99.97%

There is no special resolution, which is proposed to be conducted through Postal Ballot.

Person who conducted Postal Ballot exercise

Ms. Savita Jyoti of M/s. Savita Jyoti Associates, Practising Company Secretary, Hyderabad, was appointed as Scrutinizer by the Board of Directors at its meeting held on March 14, 2019 for conducting the above-mentioned Postal Ballot in a fair and transparent manner.

Procedure for Postal Ballot

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Act, the Company provided electronic voting facility to all its members, to enable them to cast their votes electronically. The Company had engaged the services of "KFin Technologies Private Limited" (formerly known as Karvy Fintech Private Limited), for the purpose of providing e-voting facility to all its Members. The Members were given the option to vote either by physical ballot or remote e-voting.

The Company dispatched the Postal Ballot notices and forms along with postage prepaid business reply envelopes to its Members whose names appeared on the Register of Members/list of Beneficiaries as on the cut-off date. The Postal Ballot notices were sent to Members in electronic form to the e-mail Ids which were registered in the records of the Depository Participants/the Company's Registrar and Transfer Agent and were dispatched through permitted physical mode along with self-addressed postage pre-paid envelopes to the Members whose e-mail Ids were not registered. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members were requested to return the forms duly completed and signed, to the scrutinizer or to cast their vote electronically on or before the close of voting period.

The scrutinizer submitted her report to the Chairman after the completion of scrutiny and the consolidated results of the voting by Postal Ballot were then announced by the Chairman. The results were also displayed on the website of the Company www.eClerx.com, besides being communicated to the Stock Exchanges where the securities of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited. The last date specified by the Company for receipt of duly completed Postal Ballot forms or for e-voting is deemed to be the date of passing of the resolution.

III. POLICY GOVERNING TRANSACTIONS WITH RELATED PARTIES AND MATERIAL SUBSIDIARIES

The Company has adopted a policy for related party transactions and material subsidiaries and the same has been hosted on the Company's website at the web-link https://eclerx.com/investor-relations/corporate-governance/.

All the transactions with the related parties that were entered into during the year, were in the ordinary course of business and at arm's length basis. The requisite prior approval of the Audit Committee was taken before entering into such transactions and there were no 'materially significant transactions' requiring shareholders' approval.

In terms of the Listing Regulations, the material unlisted subsidiaries of the Company are eClerx LLC (USA), eClerx Investments (UK) Limited and eClerx Europe S.P.A (Italy). However, the requirement of appointing an Independent Director of the Company on the board of material unlisted subsidiary only applies to material subsidiaries whose income or net worth exceeds 20% (twenty percent) of the consolidated income or net worth of the listed entity. Out of all the material subsidiaries, this requirement was triggered during the year for eClerx LLC (USA) and accordingly, it appointed Ms. Deepa Kapoor, Non-Executive Independent Director of the Company on its Board in compliance with the said provision.

IV. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013 (POSH ACT)

The details of the complaints filed, disposed off and pending during the financial year under POSH Act, related to sexual harassment has been disclosed in the Business Responsibility Report forming part of this Annual Report.

V. DISCLOSURES

a. In respect of related party transactions, the Company does not have any transactions which may have a 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 forming part of the Annual Report.

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 3 (three) years.

c. Pursuant to the Listing Regulations and the Act, the Company has in place an adequate and functional vigil mechanism i.e. Whistle Blower Policy for Directors, employees and others to report genuine concerns. Further, no one has been denied access to the Audit Committee. The Policy is available on the website of the Company at the web-link https://eclerx.com/investor-relations/corporate-governance/.

d. Your Company has complied with all the mandatory requirements of the Listing Regulations, as applicable. Though at present, the Company does not comply with some of the discretionary requirements under Part E of Schedule II of Listing Regulations, the Company is committed towards complying with Listing Regulations as a whole and will take suitable measures as and when appropriate.

e. During the financial year, requisite information as mentioned in Part A of Schedule II of Listing Regulations was placed before the Board for its consideration.

f. The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company.

g. Mahajan and Aibara, Chartered Accountants (Firm Membership No. 105742W), Internal Auditors of the Company, make periodic presentations to the Audit Committee on their reports.

h. The Audit Committee reviews the financial statements and the investments made by its unlisted subsidiary companies. The minutes of the Board Meetings along with a report on significant developments of the unlisted subsidiary companies, as required, are periodically placed before the Board of Directors of the Company.

i. The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and notified by the Central Government have been complied with by the Company.

j. The Company does not have any commodity price risk. Please refer Note No. 35 to Standalone Financial Statements for foreign exchange risk and hedging activities.

k. The Company has not raised any funds through preferential allotment or qualified institutions placement.

l. The Company has obtained a certificate from M/s. Savita Jyoti Associates, Practising Company Secretary (FCS No. 3738), dated May 5, 2020 confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority, which is annexed and forms part of the Report on Corporate Governance.

m. In terms of the amendments made to the SEBI Listing Regulations, the Board of Directors confirm that during the year, it has accepted all recommendations received from its mandatory committees.

n. During the year, total fees for all services paid by the Company and its subsidiaries, on consolidated basis, to M/s. S.R. Batliboi & Associates LLP, Mumbai (ICAI FRN: 101049W/E300004), the Statutory Auditors of the Company, including all entities in the network firms/network entities of which the Statutory Auditor is a part, as included in the Consolidated Financial Statements of the Group is as follows:

(Rupees in Million)

Fees for audit and related services	12.51
Other fees for non-audit related services	4.84
Total fees	**17.35**

VI. MEANS OF COMMUNICATION

The Company publishes its quarterly, half yearly and annual results in the prescribed form, within the prescribed time. The results are submitted to the Stock Exchanges where the securities of the Company are listed and the same are published in Business Standard and Sakal/Navshakti. These financial results are also displayed on the Company's website www.eclerx.com. The investor presentations after declaration of quarterly, half yearly and annual results are also submitted to the Stock Exchanges and displayed on the Company's website. The Company's website also displays the official news releases. The Investor Relations page of the Company's website provides more than 25 Frequently Asked Questions on various topics related to Company business operation and locations, past Dividend/Bonus/Buyback history, transfers and transmissions of shares, dematerialisation etc.

Investor Services Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries, by visiting https://karisma.Kfintech.com and clicking on 'INVESTORS GRIEVANCE' option for query registration through free identity registration process. Investors can submit their query in the option provided on the above website, which would generate a registration number. For accessing the status/response to the query submitted, the grievance registration number can be used at the option 'Track Complaints' on right hand corner under 'INVESTORS GRIEVANCE' option after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey, which is available on last page of this Annual Report.

KPRISM- Mobile service application by the Registrar and Transfer Agent (RTA)

Members are requested to note that KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) has launched a mobile application - 'KPRISM' and a website https://kprism.Kfintech.com for online service to shareholders. Members can download the mobile application, register themselves (one time) for availing host of services viz. view of consolidated portfolio serviced by RTA, Dividend status, requests for change of address, change/update Bank Mandate. Through the Mobile app, Members can download Annual Reports, standard forms and keep track of upcoming General Meetings and dividend disbursements. The mobile application is available for download from Android Play Store.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

The detailed Management Discussion and Analysis Report for the FY 2019-20 as per the requirements of the Listing Regulations, is given as a separate section forming part of the Annual Report.

VIII. 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 Regulations.

Date of AGM	Tuesday, September 29, 2020
Time of AGM	12.30 p.m.
Venue of AGM	The Company is conducting meeting through Video Conferencing pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
Financial Year	April to March
Financial Calendar (2020-21) Tentative	**Declaration of Results for the Quarter Ending on** / **Tentative Board Meeting Schedule** June 30, 2020 / First fortnight of August 2020 September 30, 2020 / First fortnight of November 2020 December 31, 2020 / Last fortnight of January 2021 March 31, 2021 / Last fortnight of May 2021 21st Annual General Meeting / Last fortnight of July 2021
Date of book closure	Friday, September 18, 2020 to Tuesday, September 29, 2020 (both days inclusive)
Dividend payment date	After Tuesday, September 29, 2020, but within the statutory time limit of 30 days, subject to shareholders' approval.
Shares held in physical form	Members holding shares in the physical form are requested to promptly notify/send the following details to the Registrar and Transfer Agent of the Company, to facilitate better servicing: • Email addresses or any change thereof; • Any change in their address/mandate/bank details; • Particulars of the bank account in which they wish their dividend to be credited, in case have not been furnished earlier; • Members are informed that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares held in the physical form and in the dematerialised form respectively, will be printed on their dividend instruments as a measure of protection against fraudulent encashment; • The request for transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository. Accordingly, shareholders are requested to take note of the same and get such equity shares dematerialised at the earliest.
Shares held in electronic form	Members holding shares in electronic form may please note that: • Instructions regarding bank details which they wish to incorporate in future dividend warrants/ Demand Drafts 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/ Demand Drafts, as furnished by these depositories to the Company. • For receiving Company correspondences in electronic form, the Members should register their e-mail addresses with their respective DPs. • 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 DPs.
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.

Address of stock exchanges	**BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023. **National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400 051.
Listing fees	The Company has paid the Annual Listing fees to BSE and NSE for the FY 2020-21.
ISIN number	INE738I01010
BSE code	532927
NSE symbol	ECLERX
Registered office	Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai – 400 023.
Corporate office & Delivery Facilities in India	4th Floor, Express Towers, Nariman Point Mumbai – 400 021. Building No. 11, 4th, 5th & 6th Floor and Unit No.702 of 7th Floor, Building No. 14, 4th & 5th Floor, K Raheja Mindspace, Plot No. 3, TTC Industrial Area, Thane Belapur Road, Airoli, Navi Mumbai-400 708. Block 1, LG, 1st, 2nd, 3rd Floor, Wing A & 4th floor, Wing A & B, Quadron Business Park, Embassy Quadron Rajiv Gandhi Infotech Park Hinjewadi Phase 2, Pune-411 057. 1st & 2nd Floor, Towers A & B, DLF Info City Developer, Rajiv Gandhi Chandigarh Technology Park, Kishangarh, Chandigarh–160 101.
Registrar and Transfer Agent	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Telangana. Ph. Nos.: +91 (40) 6716 1569 Fax No.: +91 (40) 2342 0814 E-mail: balaji.reddy@Kfintech.com/einward.ris@Kfintech.com
Share transfer system	About 99.99% of the equity shares of the Company are in dematerialised form. Transfer of these shares is effected through Depositories without involvement of the Company. As regards transfer of shares in physical form, the same has been disallowed by SEBI with effect from April 01, 2019. The physical shares will have to be converted into demat form compulsory for transfer. Only the request for transmission and transposition of shares in physical form will be accepted by the Company/Registrar and Transfer Agent.
Dematerialisation of shares	All requests for dematerialisation of shares are processed and confirmed to the depositories, viz, NSDL and CDSL, by our Registrar and Transfer Agent within a period of 21 days (subject to the documents being valid and complete in all respects). The particulars of the dematerialisation are reported to the Board/Stakeholders' Relationship Committee for its noting.
Liquidity of shares	The market lot of the share of your Company is one share, as the trading in the equity share of your Company is permitted only in dematerialised form. As on March 31, 2020, Non-Promoters' holding is about 49.24%.
Shares in dematerialised mode	The shares of the Company are compulsorily traded in dematerialised form. The shares of the Company are admitted for trading under both depository systems in India: NSDL and CDSL. A total number of 36,983,379 equity shares of the Company constituting over 99.99% of the Company's equity shares were in dematerialised mode as on March 31, 2020. A total of 22 equity shares are in physical mode as on March 31, 2020.
Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion and likely impact on equity	The Company has not issued any of these instruments.
Unclaimed Dividend	Pursuant to the Section 124, 125 and other applicable provisions of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of transfer to such Unpaid Dividend Account, shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF") established by the Central Government.
Transfer of Equity shares to IEPF	The equity shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more from the date of declaration will also be transferred to an account viz. IEPF Suspense Account, which is operated by the IEPF Authority pursuant to the IEPF Rules.

Details of Unclaimed Dividend

Year	Nature of Dividend	Dividend Per Share (in Rupees)	Date of Declaration	Due Date for Transfer	Amount* (in Rupees)
2012-13	Final Dividend	25.00	August 22, 2013	September 22, 2020	1,86,500.00
2013-14	Final Dividend	35.00	July 10, 2014	August 10, 2021	2,99,600.00
2014-15	Final Dividend	35.00	July 17, 2015	August 17, 2022	1,95,300.00
2015-16	Final Dividend	1.00	July 13, 2016	August 13, 2023	15,135.00
2016-17	Final Dividend	1.00	August 22, 2017	September 22, 2024	15,749.00
2017-18	Final Dividend	1.00	August 29, 2018	September 28, 2025	15,624.00
2018-19	Final Dividend	1.00	August 29, 2019	September 26, 2026	15,659.00

*Amount unclaimed as on March 31, 2020

The details of the shareholders whose unpaid/unclaimed dividend will be transferred to IEPF as per the due dates mentioned above is available on the website of the Company https://eclerx.com/investor-relations/stock-infomations-corporate-actions/unclaimed-amount/.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund during FY 2019-20

Year	Nature of Dividend	Dividend Per Share (in Rupees)	Amount (in Rupees)	Date of transfer to IEPF
2011-12	Final Dividend	17.50	167,353.00	October 18, 2019

Amounts transferred to Investor Education and Protection Fund till date

Particulars	Amount (in Rupees)
Final Dividend 2011-12	167,353.00
Final Dividend 2010-11	260,122.00
Final Dividend 2009-10	175,590.00
Interim Dividend 2009-10	203,470.00
Final Dividend 2008-09	149,678.00
Interim Dividend 2008-09	87,484.00
Final Dividend 2007-08	73,386.00
Unclaimed IPO Refund	239,400.00

Details of Unclaimed shares as provided by Registrar and Transfer Agent viz. KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) pursuant to Regulation 39 read with Part F of Schedule V of Listing Regulations.

Sr. No.	Description	No. of Shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares lying unclaimed as on April 01, 2019	15	598
2	Number of shareholders who approached the Company to claim aforesaid unclaimed shares and to whom the shares were transferred	-	-
3	Number of shares transferred to IEPF	5	205
4	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on March 31, 2020	10	393

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Transfer of Shares to IEPF

In terms of Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017, shares of Members who have not claimed the dividends for the continuous 7 (seven) years considering the due date of September 22, 2019, have been transferred to IEPF Authority. The details of transferred shares is available on https://eclerx.com/investor-relations/stock-infomations-corporate-actions/unclaimed-shares/.

Claiming of unclaimed dividends before transfer to IEPF

Shareholders are advised to make their claim for the unclaimed dividends in respect of the shares held by them, by writing to our Registrar and Transfer Agent, KFin Technologies Private Limited (formerly known as Karvy Fintech Share Private Limited), Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Telangana.

Claiming of Shares/Dividend after transfer to IEPF

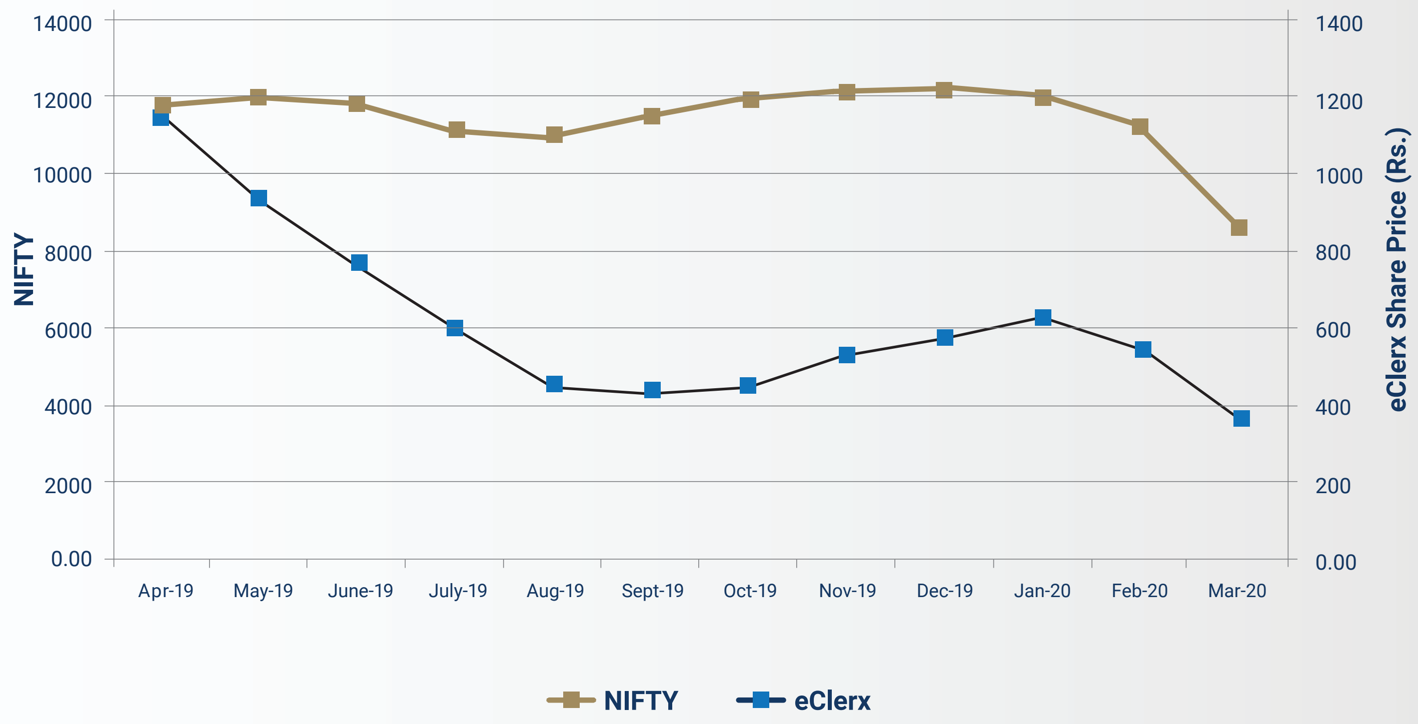
In case you wish to claim the shares/Dividend(s) after its transfer to IEPF, a separate application has to be made to the IEPF Authority in Form IEPF-5, as prescribed under the IEPF Rules and the same is available on IEPF website i.e. www.iepf.gov.in.

Market Price Data

(Rupees per share)

Month	BSE		NSE	
	High (Rupees)	Low (Rupees)	High (Rupees)	Low (Rupees)
Apr-19	1,160.00	1,118.30	1,155.90	1,115.20
May-19	1,154.90	900.05	1,150.00	903.00
Jun-19	948.00	752.05	949.95	752.25
Jul-19	772.55	555.80	774.00	556.00
Aug-19	606.00	443.25	619.95	443.00
Sep-19	554.00	432.65	553.25	433.00
Oct-19	479.60	381.05	476.55	387.50
Nov-19	579.85	416.00	580.00	415.00
Dec-19	577.00	471.30	578.00	470.00
Jan-20	711.30	563.50	709.90	563.15
Feb-20	648.25	530.05	648.00	528.60
Mar-20	608.00	323.15	608.00	320.00

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

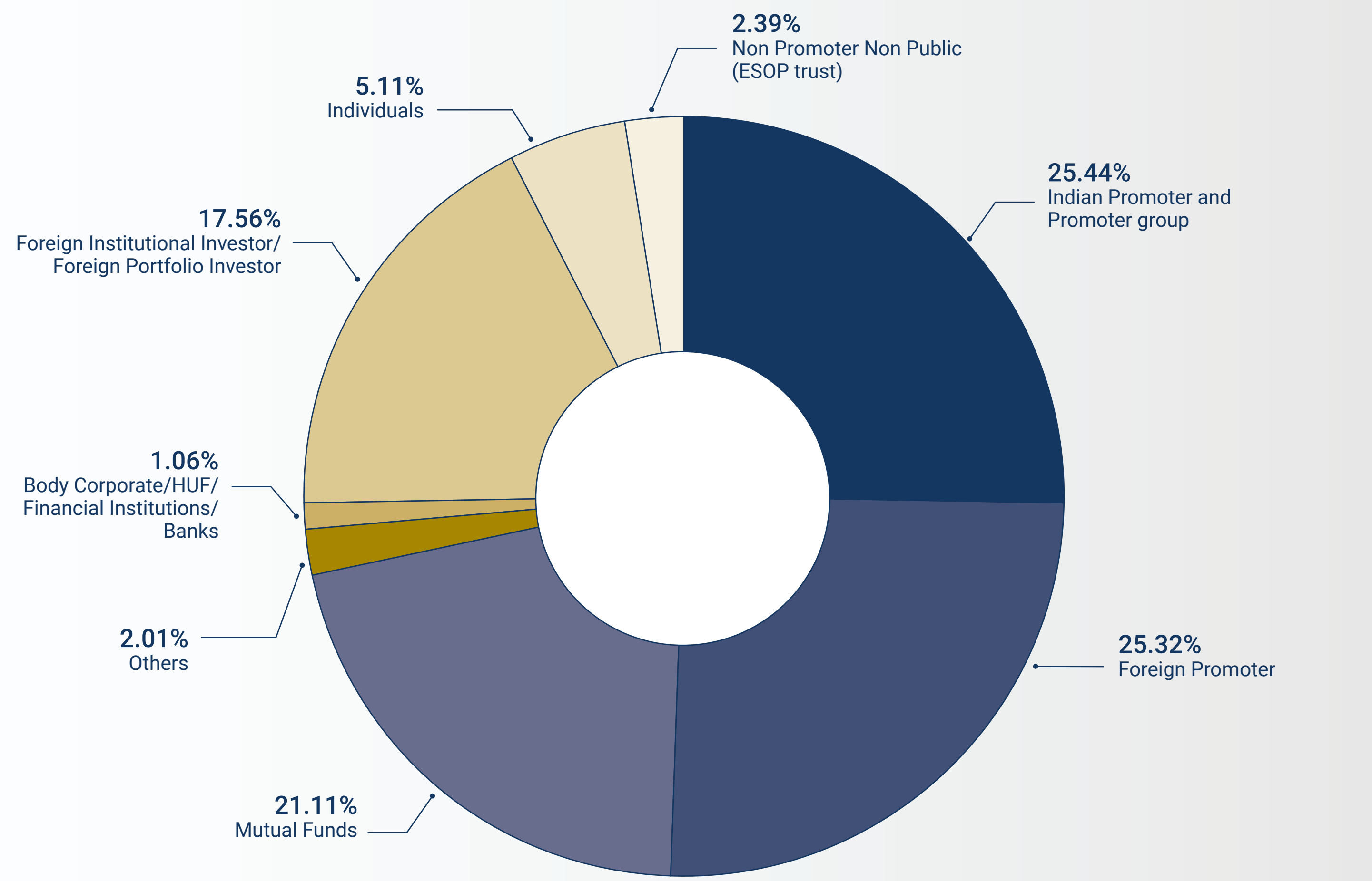


Distribution of Shareholding as at March 31, 2020

Category	Number of shareholders	% of total shareholders	No. of shares held	% of total shareholding
1 - 5000	35,223	99.63	22,70,693	6.14
5001 - 10000	52	0.15	3,58,483	0.97
10001 - 20000	25	0.07	3,76,825	1.02
20001 - 30000	11	0.03	2,79,632	0.76
30001 - 40000	2	0.01	65,117	0.18
40001 - 50000	5	0.01	2,18,845	0.59
50001 - 100000	11	0.03	6,76,239	1.83
100001 and above	26	0.07	3,27,37,567	88.52
TOTAL	**35,355**	**100.00**	**3,69,83,401**	**100.00**

Shareholding pattern as on March 31, 2020

S. No.	Category of Shareholder	No. of Shares	% Shareholding
(A)	**Shareholding of Promoter and Promoter Group**		
1	Indian	94,07,152	25.44
2	Foreign	93,65,204	25.32
	Total Promoters Shareholding (A)	**187,72,356**	**50.76**
(B)	**Public Shareholding**		
1	**Institutions**		
	(a) Mutual Funds	78,06,429	21.11
	(b) Financial Institutions/Banks	18,146	0.05
	(c) Foreign Institutional Investor/Foreign Portfolio Investor	64,93,334	17.56
2	**Non-Institutional Investor**		
	(a) Body Corporate/HUF	3,75,122	1.01
	(b) Individuals	18,91,602	5.11
3	**Others**		
	(a) Employees and Independent Directors	3,13,161	0.85
	(b) Non Resident Indian	3,31,684	0.90
	(c) Foreign Nationals	40,080	0.11
	(d) Clearing Members	26,110	0.07
	(e) Alternative Investment Fund	30,419	0.08
	(f) NBFC	500	0.00
	(g) IEPF	775	0.00
	(h) Trusts	78	0.00
4	**Qualified Foreign Investors**	**0**	**0.00**
	Total Public Shareholding (B)	**173,27,440**	**46.85**
(C)	**Non Promoter Non Public Shareholding**		
	Employee Benefit Trust [(under SEBI(Share Based Employee Benefit) Regulations 2014)]	8,83,605	2.39
	Total Non Promoter Non Public Shareholding (C)	**8,83,605**	**2.39**
	Total (A)+(B)+(C)	**369,83,401**	**100.00**



Compliance with Corporate Governance as per Listing Regulations

The Company is in compliance with the corporate governance requirements under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

Compliance certificate of the auditors

Certificate from the Statutory Auditors of the Company, M/s. S.R. Batliboi & Associates LLP, Mumbai (ICAI FRN: 101049W/E300004) as stipulated under Part E of Schedule V of Listing Regulations confirming compliance with the conditions of Corporate Governance, is annexed and forms part of the Report on Corporate Governance.

Shareholder Inquiries

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

Registered Office
eClerx Services Limited
Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai, 400 023
Ph. No.: 022-66148301, E-mail ID: investor@eClerx.com

Registrar and Transfer Agent
KFin Technologies Private Limited
(formerly knows as Karvy Fintech Private Limited)
Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032
Ph Nos.: +91 (40) 67161569
Fax No.: +91 (40) 2342 0814
E-mail: balaji.reddy@Kfintech.com/einward.ris@Kfintech.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 Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2020.

For eClerx Services Limited

PD Mundhra
Executive Director

Date: June 9, 2020

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION, ISSUED PURSUANT TO THE PROVISIONS OF REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Board of Directors
eClerx Services Limited

Dear Sirs/Madam,

We hereby certify that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 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 we are aware and the steps we have taken or propose to take to rectify these deficiencies.

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

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

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

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

Mumbai
June 9, 2020

PD Mundhra
Executive Director

Rohitash Gupta
Chief Financial Officer

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C SUB-CLAUSE (10)(i) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

To,
The Members of eClerx Services Limited
CIN: L72200MH2000PLC125319
Sonawala Building, 1st Floor,
29 Bank Street, Fort, Mumbai - 400023

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of eClerx Services Limited having CIN-L72200MH2000PLC125319 and having registered office at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai – 400023 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [(including Directors Identification Number (DIN) status at the portal (www.mca.gov.in)] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	PRIYADARSHAN MUNDHRA	00281165	24/03/2000
2.	ANISH GHOSHAL	00276807	11/08/2007
3.	PRADEEP DHARUPRAKASH KAPOOR	00053199	11/08/2007
4.	ANJAN MALIK	01698542	10/05/2000
5.	BIREN CHANDRAKANT GABHAWALA	03091772	18/05/2011
6.	ALOK GOYAL	05255419	18/05/2012
7.	DEEPA KAPOOR	06828033	11/03/2014
8.	SHAILESH SHARAD KEKRE	07679583	15/03/2017

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Savita Jyoti Associates
Company Secretaries

CS Savita Jyoti
FCS No. : 3738, CP No. : 1796
UDIN: F003738B000201397

Date: May 5, 2020
Place: Hyderabad

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

The Members of eClerx Services Limited
eClerx Services Limited
1st Floor, Sonawala Building
29 Bank Street, Fort
Mumbai - 400 023

1. The Corporate Governance Report (the "Report") prepared by eClerx Services Limited (the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ("Applicable criteria") with respect to Corporate Governance for the year ended March 31, 2020. The Report is required by the Company for annual submission to the stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Report is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Report with the applicable criteria. Summary of key procedures performed include:

   i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one woman director was on the Board of Directors throughout the year;

   iv. Obtained and read the minutes of the following committee meetings/other meetings held from April 01, 2019 to March 31, 2020:

      (a) Board of Directors;

      (b) Audit Committee;

      (c) Annual General Meeting (AGM) / Extra Ordinary General Meeting (EGM);

      (d) Nomination and Remuneration Committee;

      (e) Corporate Social Responsibility Committee;

      (f) Risk Management Committee;

      (g) Stakeholders Relationship Committee

   v. Obtained necessary declarations from directors of the Company.

   vi. Obtained and read the policy adopted by the Company for related party transactions.

   vii. Obtained the schedule of related party transactions during the year and balances at the yearend. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

   viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

   The above-mentioned procedures include examining evidence supporting the particulars in the Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

9. This Report 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.

10. This Report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656

UDIN: 20036656AAAABU6492
Place of Signature: Mumbai
Date: August 12, 2020

To the Members of eClerx Services Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of eClerx Services Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The Company enters into long term and short–term customer contracts. Revenue from these contracts is recognised in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers (as described in note 2.2(c) and note 21 of the Standalone Ind AS financial statements). Revenue from sale of services for the year ended March 31, 2020 amounted to Rs. 11,186.34 Million and unbilled receivables as at March 31, 2020 amounted to Rs. 964.91 Million. Considering amount and volume of transactions, there is a risk that unbilled revenue at period end date, did not occur or is not as per terms agreed with customers.	• Our audit procedures included assessing the Company's revenue recognition accounting policies in accordance with Ind AS 115, Revenue from Contracts with Customers. • We obtained an understanding of management's internal controls over the revenue process and evaluated whether these were designed in line with the Company's accounting policies. We tested relevant internal controls, including IT controls, over revenue process. • We tested a sample of new revenue contracts entered by the Company, to assess whether revenue has been recognised as per contractual terms and as per Company's accounting policies. • We selected a sample of revenue transactions with unbilled revenue at the year–end and traced these to underlying terms agreed with customers, proof of service delivery and internal control approvals. Also, we checked ageing of unbilled receivables and tested, on a sample basis, invoices raised subsequent to year end.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of receivables from ESOP Trust	
The Company has appointed eClerx Employee Welfare Trust ("ESOP Trust") to administer the employee stock option scheme. For the said purpose the ESOP Trust borrowed funds from the Company and purchased the Company's shares from open market for allotting the same to eligible employees. As at March 31, 2020, the Company has receivables in form of investment and loans of Rs. 1,200 Million from ESOP Trust. Considering significant difference between purchase price of shares and exercise price of share options/ market price of shares, the Company has assessed significant increase in credit risk on these receivables and made impairment provision of Rs. 488.40 Million in the year ended March 31, 2020 (refer note 2.2(m), 2.B(g) and note 8 of the Standalone Ind AS financial statements). Considering the materiality of the amounts involved and as the assessment of provision for impairment on receivables from the ESOP Trust requires the application of judgement by the management, we have identified this as a key audit matter.	• Our audit procedures included the following: • We evaluated the Company's methodology applied in determining the cash flows that the Company expects to receive. • We tested the number of options, exercise price of share options and market price of shares used in calculating expected cash flows. We tested arithmetical accuracy of the expected cash flow working. • We evaluated the reasonableness of management's assumptions on expected cash flows by comparing historical performance of the Company's market price of shares with earnings of the Company, observable data and specific industry trends.

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the "Order"), issued by the Central Government of India in terms of sub–section (11) of section 143 of the Act, we give in the "**Annexure 1**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and 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 it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 32(c) to the standalone Ind AS financial statements;

ii. The Company did not have any long–term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
UDIN: 20036656AAAAAS6752

Place of Signature: Mumbai
Date: June 09, 2020

ANNEXURE 1

referred to in paragraph [1] under Report on Other Legal and Regulatory Requirements of our report of even date

Re: eClerx Services Limited (the "Company")

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Companies (Auditor's report) Order, 2016 ("the Order") are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of investments, loans, securities and guarantees given have been complied with by the Company. In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors including the entities in which they are interested to which provisions of section 185 of the Act apply and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income–tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to duty of excise, sales tax, service tax and value added tax are not applicable to the Company for the year ended March 31, 2020.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income–tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income–tax, sales tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax demand	^1,576,730	Assessment Year 2010–11	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax demand	^7,264,170	Assessment Year 2011–12	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax demand	^21,909,129	Assessment Year 2012–13	Commissioner of Income Tax (Appeal)
The Income Tax Act, 1961	Income Tax demand	^16,328,990	Assessment Year 2013–14	Commissioner of Income Tax (Appeal)
The Income Tax Act, 1961	Income Tax demand	^37,507,910	Assessment Year 2014–15	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax demand	^31,824,234	Assessment Year 2015–16	Commissioner of Income tax (Appeal)
The Income Tax Act, 1961	Income Tax demand	^68,983,568	Assessment Year 2017–18	Deputy Commissioner of Income Tax
Service Tax	Service Tax*	^^6,189,634	April 2007 – March 2012	Custom, Central Excise and Service Tax
	Penalty on service tax	^^5,834,013		Appellate Tribunal ("CESTAT")
Service Tax	Service Tax* Penalty on service tax	^118,913,942 ^^^118,913,942	June 2009 –March 2013	CESTAT
Service Tax	Service Tax* Penalty on service tax	^^8,707,091 ^^8,707,091	April 2008 –July 2012	CESTAT
Service Tax (Appeals)	Service Tax* Penalty on service tax	^^3,182,802 ^^3,182,802	April 2013– March 2017	Commissioner of Central Excise

* In addition, interest is payable under the relevant provisions and rules.
^ The Company has paid Rs. 28,175,557 under protest and adjusted refund of Rs. 34,869,184.
^^ The Company has paid Rs. 10,492,030 under protest.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments and term loans, hence reporting under clause (ix) of the Order is not applicable to the Company and not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non–cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of Section 45–IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
UDIN: 20036656AAAAAS6752
Place of Signature: Mumbai
Date: June 09, 2020

ANNEXURE 2

to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of eClerx Services Limited

Report on the Internal Financial Controls under Clause (i) of Sub–section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of eClerx Services Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to These Standalone Financial Statements

A Company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to These Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
UDIN: 20036656AAAAAS6752

Place of Signature: Mumbai
Date: June 09, 2020

BALANCE SHEET

	Notes	As at March 31, 2020 (Rupees in Million)	As at March 31, 2019 (Rupees in Million)
Assets			
Non–current assets			
Property, plant and equipment	3	542.89	590.14
Right of use assets	32.a	1,018.66	–
Capital work–in–progress	3	2.65	1.65
Intangible assets	4	28.57	15.69
Financial assets	5		
Investments	5.1	2,373.22	2,390.50
Derivative instruments	5.2	–	94.40
Long term loans	8	711.60	1,292.30
Other financial assets	9	116.36	186.96
Deferred tax assets (net)	20	362.83	193.66
Other non–current assets	10	191.88	303.54
Non–current tax assets (net)		103.41	91.00
		5,452.07	**5,159.84**
Current assets			
Financial assets			
Investments	5.1	4,363.78	2,805.00
Trade receivables	6	1,714.14	1,864.45
Cash and cash equivalents	7.a.	621.87	386.33
Other bank balances	7.b.	1,584.25	3,245.33
Other financial assets	9	1,011.52	944.99
Derivative instruments	5.2	–	112.93
Other current assets	11	412.46	515.62
		9,708.02	**9,874.65**
Total assets		**15,160.09**	**15,034.49**

	Notes	As at March 31, 2020 (Rupees in Million)	As at March 31, 2019 (Rupees in Million)
Equity and liabilities			
Equity			
Equity share capital	12	369.83	387.11
Other equity	13	10,743.24	12,664.92
Total equity		**11,113.07**	**13,052.03**
Non–current liabilities			
Financial liabilities			
Lease liabilities	32.a	1,123.52	–
Derivative instruments	5.2	96.63	–
Employee benefit obligations	15	306.07	275.57
Other non–current liabilities	16	–	115.23
		1,526.22	**390.80**
Current liabilities			
Financial liabilities			
Lease liabilities	32.a	146.43	–
Derivative instruments	5.2	244.37	–
Trade payables	17		
Total outstanding dues of Micro enterprises and small enterprises		3.16	3.37
Total outstanding dues of creditors other than Micro enterprises and small enterprises		1,090.08	686.99
Other financial liabilities	18	335.10	325.49
Other current liabilities	19	57.32	65.44
Employee benefit obligations	15	621.24	510.27
Current tax liabilities (net)		23.10	0.10
		2,520.80	**1,591.66**
Total equity and liabilities		**15,160.09**	**15,034.49**
Summary of significant accounting policies	2		

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For and on behalf of the Board of Directors of eClerx Services Limited

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

PD Mundhra
Executive Director

Biren Gabhawala
Director

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

STATEMENT OF PROFIT AND LOSS

	Notes	For the year ended March 31, 2020 (Rupees in Million)	For the year ended March 31, 2019 (Rupees in Million)
Revenue from operations	21	11,201.67	11,398.18
Other income	22	540.01	558.25
Total Income		**11,741.68**	**11,956.43**
Expenses			
Employee benefits expense	23	4,844.92	4,614.07
Cost of technical sub–contractors		199.54	112.24
Depreciation and amortisation expense	24	445.93	261.55
Finance cost	32.a.	176.62	–
Other expense	25	3,753.09	4,124.93
Total expense		**9,420.10**	**9,112.79**
Profit before exceptional items and tax		**2,321.58**	**2,843.64**
Exceptional item gain / (loss)	28	(488.40)	–
Profit before tax		**1,833.18**	**2,843.64**
Tax expenses			
Current tax	20		
Pertaining to current year		582.08	813.50
Adjustments in respect of current income tax of previous year		2.55	(3.41)
Deferred tax	20	12.84	(62.58)
Income tax expense		**597.47**	**747.51**
Profit for the year		**1,235.71**	**2,096.13**

	Notes	For the year ended March 31, 2020 (Rupees in Million)	For the year ended March 31, 2019 (Rupees in Million)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement (losses) / gains on defined benefit plans	28	(17.48)	(12.33)
Income tax effect	20	4.11	3.50
Net other comprehensive income not to be reclassified to profit and loss in subsequent periods		**(13.37)**	**(8.83)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement on cash flow hedges	28	(548.35)	(41.91)
Income tax effect	20	143.43	11.27
Net other comprehensive income to be reclassified to profit and loss in subsequent periods		**(404.92)**	**(30.64)**
Other comprehensive income for the year, net of tax		(418.29)	(39.47)
Total comprehensive income for the year, net of tax		817.42	2,056.66
Earnings per equity share (in Rs.)			
Basic (Face value of Rs.10 each)	29	33.05	54.19
Diluted (Face value of Rs.10 each)	29	33.05	54.11
Summary of significant accounting policies	2		

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

STATEMENT OF CASH FLOWS

	Notes	For the year ended March 31, 2020 (Rupees in Million)	For the year ended March 31, 2019 (Rupees in Million)
Operating activities			
Profit before tax		1,833.18	2,843.64
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	24	430.78	247.30
Amortisation and impairment of intangible assets	24	15.15	14.25
Share–based payment expense	23	8.50	22.20
Net foreign exchange differences – Trade receivables		(71.13)	46.79
Net foreign exchange differences – Trade payables		25.63	(3.38)
Loss / (Gain) on sale of assets	22 &25	12.93	(0.22)
Interest income on corporate rent deposits	22	(11.45)	(12.54)
Amortised cost on corporate rent deposits		11.84	11.43
Profit on sale of current investments	22	(13.32)	(14.49)
Dividend income	22	(65.02)	(96.69)
Interest income, net	22 & 25	(152.04)	(314.27)
Other adjustments		(17.48)	(12.33)
Bad debts written off	25	11.70	5.23
Provision for doubtful debts	25	(4.20)	–
Finance cost	32.a.	176.62	–
Fair value (gain) / loss on financial instruments at fair value through profit or loss	25	(121.20)	15.83
Provision for doubtful recovery of loan to / investment in ESOP Trust	8	488.40	–
		2,558.89	**2,752.75**
Working capital adjustments:			
Increase in employee benefit obligations		141.47	87.74
Decrease / (Increase) in trade receivables		213.95	(215.89)
(Increase) / Decrease in other current and non current financial assets		(25.21)	108.11
Decrease / (Increase) in other current and non current assets		213.28	(230.39)
Increase / (Decrease) in trade payables, other current and non current liabilities and provisions		391.46	(14.25)
Cash generated by operating activities		**3,493.84**	**2,488.07**
Income tax paid (Net of refunds)		(586.83)	(882.34)
Net cash flows from operating activities		**2,907.01**	**1,605.73**

	Notes	For the year ended March 31, 2020 (Rupees in Million)	For the year ended March 31, 2019 (Rupees in Million)
Investing activities			
Proceeds from sale of current investments		10,536.44	12,419.80
Purchase of current investments		(11,960.70)	(13,574.29)
Investment in bank deposits (having original maturity of more than three months)		(1,781.87)	(4,941.07)
Redemption/maturity of bank deposits (having original maturity of more than three months)		3,390.46	4,079.71
Payment of unclaimed dividend and fractional share		(0.16)	(0.24)
Proceeds from sale of property, plant and equipment		7.64	1.11
Disbursement of loan to ESOP trust		–	(550.00)
Purchase of property, plant, equipment and intangibles (including capital work in progress)		(227.84)	(387.16)
Dividend received		65.02	96.69
Interest received		322.04	185.36
Net cash flows generated from / (used in) investing activities		**351.03**	**(2,670.09)**
Financing activities			
Proceeds from issue of equity share capital		6.32	50.84
Proceeds from equity issue pending allotment		–	2.41
Buyback of equity shares		(2,620.00)	–
Buyback expenses		(24.52)	–
Payment of dividend		(36.98)	(38.68)
Dividend distribution tax		(7.60)	(7.95)
Finance cost– Lease		(176.62)	–
Principal payment– Lease		(163.10)	–
Net cash flows (used in) / generated from financing activities		**(3,022.50)**	**6.62**
Net increase / (decrease) in cash and cash equivalents		**235.54**	**(1,057.74)**
Cash and cash equivalents at the beginning of the year	7(a)	386.33	1,444.07
Cash and cash equivalents at the year end	**7(a)**	**621.87**	**386.33**
Summary of significant accounting policies	2		

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

Rupees in Million

	No. of shares	Share capital
Equity shares of Rs.10 each issued, subscribed and fully paid		
As at March 31, 2018	**38,629,082**	**386.29**
Add: Shares allotted during the year on account of exercise of share options by employees (ESOP)	82,013	0.82
As at March 31, 2019	**38,711,095**	**387.11**
Add: Shares allotted during the year on account of exercise of share options by employees (ESOP)	18,972	0.19
Less : Shares bought back during the year	(1,746,666)	(17.47)
As at March 31, 2020	**36,983,401**	**369.83**

STATEMENT OF CHANGES IN EQUITY

b. Other equity

		Reserves and Surplus						Items of OCI	Rupees in Million
PARTICULARS	**Share Application money pending allotment**	**Capital redemption reserve**	**Securities premium account**	**Share based payment reserve**	**SEZ Re–investment Reserve Account**	**Capital reserve**	**Retained earnings**	**Cashflow Hedging reserve**	**Total other equity**
As at March 31, 2019	4.41	24.98	181.00	207.17	0.71	0.10	12,096.83	149.72	12,664.92
Impact on account of adoption of IND AS 116 (Refer note 2.2(h))	–	–	–	–	–	–	(48.34)	–	(48.34)
Impact on account of Appendix C to Ind AS 12 (Refer note 2.2(d))	–	–	–	–	–	–	(16.46)	–	(16.46)
	4.41	**24.98**	**181.00**	**207.17**	**0.71**	**0.10**	**12,032.03**	**149.72**	**12,600.12**
Profit for the period	–	–	–	–	–	–	1,235.71	–	1,235.71
Other comprehensive income (refer note 28)	–	–	–	–	–	–	(13.37)	(404.92)	(418.29)
Share based payment charge/(credit) net off stock options forfeited during the year (refer note 13)	–	–	–	(8.79)	–	–	–	–	(8.79)
Transfer on account of stock options not exercised (refer note 13)	–	–	–	(9.92)	–	–	9.92	–	–
Transfer to securities premium on account of exercise of stock options (refer note 13)	–	–	3.30	(3.30)	–	–	–	–	–
Dividends (Including dividend distribution tax) (refer note 14)	–	–	–	–	–	–	(44.58)	–	(44.58)
Buyback expenses (refer note 13)	–	–	–	–	–	–	(24.51)	–	(24.51)
Premium on issue of shares allotted pursuant to exercise of stock (refer note 13)	–	–	10.52	–	–	–	–	–	10.52
Amount transferred on account of buyback of shares (refer note 13)	–	17.47	–	–	–	–	(17.47)	–	–
Amount utilised on account of buy back of shares (refer note 13)	–	–	(180.99)	–	–	–	(2,421.54)	–	(2,602.53)
Amount transferred from SEZ Re–investment Reserve account (refer Note 13)	–	–	–	–	(0.71)	–	0.71	–	–
Shares application money received during the year	6.32	–	–	–	–	–	–	–	6.32
Shares alloted during the year	(10.73)	–	–	–	–	–	–	–	(10.73)
As at March 31, 2020	**-**	**42.45**	**13.83**	**185.16**	**0.00**	**0.10**	**10,756.90**	**(255.20)**	**10,743.24**

PARTICULARS	Share Application money pending allotment	Reserves and Surplus: Capital redemption reserve	Securities premium account	Share based payment reserve	SEZ Re–investment Reserve Account	Capital reserve	Retained earnings	Items of OCI: Cashflow Hedging reserve	Rupees in Million: Total other equity
As at March 31, 2018	**2.00**	**24.98**	**114.80**	**187.95**	**–**	**0.10**	**10,057.01**	**180.36**	**10,567.20**
Profit for the period	–	–	–	–	–	–	2,096.13	–	2,096.13
Other comprehensive income (refer note 28)	–	–	–	–	–	–	(8.83)	(30.64)	(39.47)
Share based payment charge/ (credit) net off stock options cancelled/forfeited during the year (refer note 13)	–	–	–	35.40	–	–	–	–	35.40
Transfer to securities premium on account of exercise of stock options (refer note 13)	–	–	16.18	(16.18)	–	–	–	–	–
Dividends (Including dividend distribution tax) (refer note 14)	–	–	–	–	–	–	(46.63)	–	(46.63)
Buyback expenses (refer note 13)	–	–	–	–	–	–	(0.14)	–	(0.14)
Premium on issue of shares allotted pursuant to exercise of stock options (refer note 13)	–	–	50.02	–	–	–	–	–	50.02
Amount transferred to SEZ Re–investment Reserve account (refer note 13)	–	–	–	–	48.27	–	(48.27)	–	–
Amount utilised during the year transferred from SEZ Re–investment Reserve (refer note 13)	--	-	-	-	(47.56)	-	47.56	-	-
Shares application money received during the year	53.25	–	–	–	–	–	–	–	53.25
Shares alloted during the year	(50.84)	–	–	–	–	–	–	–	(50.84)
As at March 31, 2019	**4.41**	**24.98**	**181.00**	**207.17**	**0.71**	**0.10**	**12,096.83**	**149.72**	**12,664.91**

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudarz
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The Company provides critical business operations services to global Fortune 500 clients, including several of the world's leading companies across financial services, cable and telecommunications, retail, fashion, media & entertainment, manufacturing, travel and leisure, software and high–tech. The Company provides innovative business process management, change management, data–driven insights, advanced analytics powered by subject matter experts and smart automation. The Company is domiciled in India and has its registered office at Mumbai, Maharashtra, India.

The standalone financial statements for the year ended March 31, 2020 were authorised for issue in accordance with a resolution of the board of directors on June 09, 2020.

2.A. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Company's financial statements.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value :

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Share based payments

The standalone financial statements are presented in "Rs." and all values are stated Rs. in Million, except when otherwise indicated.

New and amended standards

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Company applied Ind AS 116 – Leases and Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12 with effect from April 01, 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described subsequently.

2.2. Summary of significant accounting policies

a. Foreign currencies

The Company's financial statements are presented in Indian Rupees ("Rs."), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company in its functional currency using spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

b. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non–financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re–assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

c. Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to the customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Arrangement with customers for services rendered by the Company are either on time and material or on fixed price basis. Revenue from contracts on time–and–material basis is recognised as the related services are performed. Revenue from fixed–price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage–of–completion method. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Revenue from maintenance contracts are recognised on pro–rata basis over the period of the contract.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts and other variable considerations, if any, as specified in the contracts with the customers.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenue net of indirect taxes in its standalone statement of profit and loss.

Revenue in excess of billing is classified as contract asset i.e. unbilled revenue while billing in excess of revenue is classified as contract liability i.e. deferred revenue. Advance billing is shown as contract liabilities under other current financial liabilities. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unbilled Revenues are classified as non–financial asset if the contractual right to consideration is dependent on completion of contractual milestones.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within the contractually agreed period.

Deferred contract costs are incremental costs of obtaining a contract which are recognised as assets and amortized over the benefit period.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividend income is recognised when Company's right to receive dividend is established by the reporting date.

Government Grants

Government grants are recognised when there is reasonable assurance that grant will be received and all attached conditions will be complied with.

d. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other comprehensive income ("OCI") or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re–assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatments.

The Appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

i) Whether an entity considers uncertain tax treatments separately

ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities

iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

iv) How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The amendment is effective from April 01, 2019. The Company has evaluated the effect of the Appendix C to Ind AS 12 on the financial statements and an amount of Rs.16.46 Million was debited to retained earnings on April 01, 2019. There is no additional impact of the Appendix on the statement of profit and loss for the year ended March 31, 2020.

e. Property, plant and equipment

Property, plant and equipment ("PPE") are stated at the cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation and impairment loss, if any.

Advances paid towards acquisition of property, plant and equipment are disclosed as capital advances under other non – current assets.

Capital work–in–progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date and are carried at cost, comprising of direct cost and directly attributable cost.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is disposed.

The Company provides depreciation on property, plant and equipment (other than leasehold improvements) using the Written Down Value method. The rates of depreciation are arrived at, based on useful lives estimated by the management as follows:

Block of assets	Estimated useful life (in years)
Office equipment	5
Furniture and fixtures	10
Computers	3–6
Leasehold improvements	Lease term

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. There are no intangible assets assessed with indefinite useful life.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets are amortised on straight–line basis as follows:

Block of assets	Estimated useful life (in years)
Computer softwares	1–5

g. Research and development expenses for software product

Research expenses for software product are expensed as incurred. Software product development cost are expensed as incurred unless technical feasibility of project is established, further economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the cost can be measured reliably. The cost which can be captialised include the cost of material, direct labor and overhead cost that are directly attributable to preparing the asset for its intended use.

h. Leases

The Company as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company recognises right–of–use asset and a corresponding lease liability for all lease arrangements in which the Company is a lessee, except for a short term lease of 12 months or less and leases of low value assets. For short term lease and low–value asset arrangements, the Company recognises the lease payments as an operating expense on straight–line basis over the lease term.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease arrangement. Right–of–use assets and lease liabilities are measured according to such options when it is reasonably certain that the Company will exercise these options.

The right–of–use asset are recognised at the inception of the lease arrangement at the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date of lease arrangement reduced by any lease incentives received, added by initial direct costs incurred and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right–of–use assets are depreciated using the straight–line method from the commencement date over the shorter of lease term or useful life of right–of–use asset. Estimated useful life of right–of–use assets is determined on the basis of useful life of property, plant and equipment.

Right–of–use assets are tested for impairment whenever there is an indication that their carrying value may not be recoverable. Impairment loss, if any is recognised in the statement of profit and loss account.

The lease liability is measured at amortized cost, at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease arrangement or, if not readily determinable, at the incremental borrowing rate in the country of domicile of such leases. Lease liabilities are remeasured with corresponding adjustments to right–of–use assets to reflect any reassessment or lease modifications.

Transition

The Company has adopted Ind AS 116 'Leases' with effect from 01 April, 2019 using the modified retrospective method. Cumulative effect of initially applying the standard has been recognised on the date of initial application and hence the Company has not restated comparative information. The Company has recorded Lease liability at the present value of the future lease payments discounted at the incremental borrowing rate and the right–of–use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the incremental borrowing rate at the date of initial application.

The Company has selected practical expedient for the following:

a) Not recognising right–of–use asset and lease liability for leases having a lease term of 12 months or less as on date of initial application and leases of low–value assets. The Company recognises the lease payments associated with such leases as an expense over the lease term.

b) Excluded the initial direct cost from the measurement of the right of use asset at the date of initial application.

c) Ind AS 116 is applied only to those contracts that were previously identified as leases under Ind AS 17.

Accordingly, the Company has recognised right–of–use asset of Rs.884.30 Million and a lease liability of Rs.1,091.65 Million in the financial statements on the date of initial application. The cumulative effect of applying the standard, amounting to Rs.48.34 Million was debited to opening retained earnings, net of taxes. Due to adoption of Ind AS 116, the nature of expenses have changed from rent in previous periods to depreciation cost on right–of–use asset and finance cost for interest on lease liability. During the year ended March 31, 2020, the Company has recognised depreciation on right–of–use asset Rs.207.03 Million along with interest on lease liability of Rs.176.62 Million respectively. The effect of this standard is not significant on the profit for the year of the Company. Further as per Ind AS 116, the principal portion of lease payments and interest on lease liability has been disclosed under the cash outflow from financing activities. Operating lease payments as per Ind AS 17 – Leases were disclosed under the cash outflow from operating activities.

i. Impairment of non–financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exists or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

j. Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre–tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non–occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes.

k. Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. 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 recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no further obligations under these plans beyond its monthly contributions.

Defined benefit plan

Gratuity

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund with the insurance service provider. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at periodic intervals.

Re–measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding charge or credit to retained earnings through OCI in the period in which they occur. Re–measurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs; and
- Net interest expense or income

Compensated Absences

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short–term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long–term employee benefit for measurement purposes. Such long–term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year–end. The Company treats the entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

l. Share – based payments

Employees of the Company receive remuneration in the form of share–based payments, whereby employees render services as consideration for equity instruments (equity–settled transactions).

The cost of equity–settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in share–based payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

m. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognises a financial asset or a liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.The Company has accounted for its investment in subsidiaries at cost, less impairment, if any.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified into three categories:

- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss ("FVTPL") under the fair value option.

- Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

A financial asset is classified as Financial assets measured at Fair value through other comprehensive income ("FVTOCI") if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

A financial asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L.

FVTPL is a residual category for financial assets. Any instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses impairment based on expected credit losses ("ECL") model to the following:

- Financial assets measured at amortised cost; and
- Financial assets measured at FVTOCI

Expected credit losses ("ECL") are measured through a loss allowance at an amount equal to:

- the 12–month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or contract revenue receivables, the Company follows 'simplified approach' for recognition of impairment loss allowance.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward–looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12–month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12–month ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, or derivatives as appropriate or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

Subsequent measurement

The Company measures all financial liabilities at amortised cost using the Effective Interest Rate ("EIR") method except for financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Financial liabilities held for trading are measured at fair value through profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial asset and financial liabilities are offset and the net amount is reported in the balance sheet if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company enters into derivative contracts to hedge foreign currency/price risk on highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recorded in the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income ("OCI") and later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. The ineffective portion relating to foreign currency contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

o. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term investments with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

p. Cash dividend to equity holders of the Company

The Company recognises a liability to make cash or non–cash distributions to equity share holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution of interim dividend is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders of the Company. A corresponding amount is recognised directly in equity.

q. Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share are the weighted average number of shares outstanding during the year. 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 shares, if any which would have been issued on the conversion of all dilutive potential equity shares. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.B. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a. Revenue recognition

The Company uses the percentage–of–completion method in accounting for its fixed–price contracts. Use of the percentage–of–completion method requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended.

Judgement is also required to determine transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

b. Leases

The Company has entered into commercial property leases for its offices. Further, the Company has also adopted Ind AS 116 'Leases' with effect from April 01, 2019 using the modified retrospective method.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term and the applicable discount rate. The Company has lease contracts which include extension and termination option and this requires exercise of judgement by the Company in evaluating whether it is reasonably certain whether or not to exercise the option to ren ew or terminate the lease. The discount rate is generally based on the incremental borrowing rate specific to the lease period.

c. Share – based payments

The Company measures share–based payments and transactions at fair value and recognises over the vesting period using Black Scholes valuation model. Estimating fair value for share–based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. This requires a reassessment of the estimates used at the end of each reporting period. The Company is applying forfeiture rate based on historical trend. The assumptions and models used for estimating fair value for share–based payment transactions are disclosed in note 31.

d. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post–employment benefit obligation.

The mortality rate is based on the rates given under Indian Assured Lives Mortality (2006–08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 30.

e. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 36 and 37 for further disclosures.

f. Impairment of non–financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the projections for the next three to five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash–inflows and the growth rate used for extrapolation purposes.

g. Impairment of financial assets

For recognition of impairment loss on other financial assets (other than trade receivables or contract revenue receivables) and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12–month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12–month ECL.

For calculating impairment on investment in eClerx Employee Welfare Trust ("ESOP Trust") and significant increase in credit risk on loan to the ESOP Trust, the Company has applied significant judgements. Most critical judgements/estimates used by the Company in making determination relates to cashflows that the Company expects to receive after considering exercise price of share options/market price of shares held by the ESOP Trust and timing of those cash flows. Refer note 8.

2.C. Estimation of uncertainties relating to the global health pandemic from COVID–19

The Company has considered the possible effects that may result from the pandemic relating to Covid–19 on the carrying amounts of receivables, unbilled revenue, goodwill and intangible assets. In assessing the recoverability of these assets, the Company has used internal and external sources of information up to the date of approval of these financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The Company will continue to monitor any material impact due to changes in future economic conditions.

Rupees in Million

	Computer Hardware	Leasehold improvements	Furniture & Fixtures	Office equipments	Total
3. Property, plant and equipment					
Cost					
As at April 01, 2018	**412.00**	**271.35**	**107.75**	**431.72**	**1,222.82**
Additions	76.31	237.88	19.34	57.60	391.13
Disposals	(17.05)	–	(1.48)	(8.12)	(26.65)
As at March 31, 2019	**471.26**	**509.23**	**125.62**	**481.20**	**1,587.31**
Additions	86.52	37.80	25.61	47.15	197.08
Disposals	(17.68)	(138.82)	(45.48)	(98.61)	(300.60)
As at March 31, 2020	**540.10**	**408.21**	**105.75**	**429.74**	**1,483.78**
Depreciation and impairment					
As at April 01, 2018	**281.54**	**145.86**	**47.43**	**300.80**	**775.63**
Depreciation charge for the year	83.66	77.77	15.54	70.33	247.30
Disposals	(16.94)	–	(1.31)	(7.50)	(25.75)
As at March 31, 2019	**348.26**	**223.63**	**61.66**	**363.63**	**997.17**
Depreciation charge for the year	79.15	55.99	20.82	67.79	223.75
Disposals	(17.66)	(134.29)	(34.81)	(93.27)	(280.03)
As at March 31, 2020	**409.76**	**145.33**	**47.67**	**338.15**	**940.89**
Net Book Value					
As at March 31, 2020	**130.34**	**262.88**	**58.08**	**91.59**	**542.89**
As at March 31, 2019	**123.00**	**285.60**	**63.96**	**117.57**	**590.14**

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
Capital work in progress		
Leasehold improvements	2.65	1.65
Total	**2.65**	**1.65**

Rupees in Million

	Computer Software
4. Intangible assets	
Cost	
As at April 01, 2018	**171.45**
Additions	8.83
Disposals	(12.16)
As at March 31, 2019	**168.12**
Additions	28.03
Disposals	–
As at March 31, 2020	**196.15**
Amortisation and impairment	
As at April 01, 2018	**150.34**
Amortisation charge for the year	14.25
Disposals	(12.16)
As at March 31, 2019	**152.43**
Amortisation charge for the year	15.15
Disposals	–
At March 31, 2020	**167.59**
Net Book Value	
As at March 31, 2020	**28.57**
As at March 31, 2019	**15.69**

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
5. Financial assets		
5.1 Investments		
Non current investments (Unquoted, carried at cost)		
Investments in equity shares of subsidiaries		
eClerx LLC (refer note 26)	483.22	496.97
eClerx Limited (refer note 26)	39.41	40.44
eClerx Private Limited (refer note 26)	4.63	4.35
eClerx Investments (UK) Limited (refer note 26)	498.79	501.57
Investments in preference shares of subsidiaries		
eClerx Investments Limited (refer note 26)	605.67	605.67
eClerx Investments (UK) Limited (refer note 26)	1,344.77	1,344.77
	2,976.49	**2,993.77**
Less: Provision for diminution in value of investments	(605.67)	(605.67)
	2,370.82	**2,388.10**
Non current investments (Unquoted, carried at cost)		
eClerx Employee Welfare Trust (refer note 8)	312.71	–
Less: Provision for diminution in value of investment (refer note 8)	(312.71)	–
	–	–
Non current investments (Unquoted, carried at fair value through profit and loss)		
Talentick Edusolutions Private Limited (refer note 26)	2.40	2.40
	2.40	**2.40**
Total Non– Current Investments	**2,373.22**	**2,390.50**
Current investments (Quoted, carried at fair value through profit and loss)		
Investments in mutual funds (refer note 27)	4,363.78	2,805.00
Total current investments	**4,363.78**	**2,805.00**
Aggregate book value of quoted investments	4,363.78	2,805.00
Aggregate market value of quoted investments	4,363.78	2,805.00
Aggregate value of unquoted investments	2,373.22	2,390.50
Aggregate amount of impairment in value of investments	918.38	605.67

Investments at fair value through profit or loss (fully paid) reflect investments in mutual funds and investment in Talentick Edusolutions Private Limited. For further details, refer note 26 and 27 and for determination of fair values, refer note 37.

5.2 Derivative instruments		
Financial assets		
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	–	207.33
Total derivative instruments at fair value through OCI	**–**	**207.33**
Current	–	112.93
Non Current	–	94.40
	–	**207.33**

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
Financial liabilities		
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	341.00	–
Total derivative instruments at fair value through OCI	**341.00**	
Current	244.37	–
Non Current	96.63	–
	341.00	**–**

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US dollars ("USD").

6. Trade receivables		
Trade receivables	1,691.10	1,837.75
Receivables from other related parties	23.04	26.70
Total trade receivables	**1,714.14**	**1,864.45**
Considered good – Secured	–	–
Considered good – Unsecured	1,714.14	1,864.45
Trade receivables which have significant increase in credit risk	–	–
Trade receivables – credit impaired	–	4.78
	1,714.14	1,869.23
Less: Loss allowance	–	(4.78)
	1,714.14	**1,864.45**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Trade receivables are non–interest bearing and are generally on terms of 30 to 90 days.

7.a. Cash and cash equivalents		
Balances with banks:		
In current accounts	621.12	385.42
Deposits with original maturity of less than three months	–	–
Earmarked bank balance towards dividend	0.74	0.90
Earmarked bank balance towards fractional share payout	0.01	0.01
Earmarked bank balance towards buyback	–	–
	621.87	**386.33**

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
7.b. Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	123.45	2,290.00
Deposits with original maturity of more than twelve months	1,408.00	820.00
Interest receivable	52.50	134.42
Deposits pledged with banks against bank guarantees	0.30	0.91
	1,584.25	**3,245.33**
	2,206.12	**3,631.66**

Cash at banks earns interest at floating rates based on the daily bank deposit rates and the daily balances. Time deposits are placed for varying periods ranging from 185 days to 2,193 days, depending on the immediate cash requirements of the Company. The time deposits earn interest at the respective deposit rates.

	As at March 31, 2020	As at March 31, 2019
8. Long term loans		
eClerx Employee Welfare Trust		
Loans receivables considered good – unsecured	–	1,292.30
Loans receivables with significant increase in credit risk	918.35	–
Less: Loss allowance	(206.75)	–
	711.60	**1,292.30**

The Company has created an eClerx Employee Welfare Trust ("ESOP Trust") for providing share–based payment to its employees. The Company uses ESOP Trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The ESOP Trust buys shares of the Company from the market, for giving shares to employees. The Company has provided loan to EBT at the weighted average rate of 7.0% for the period of 4–6 years for purchase of treasury shares (March 31, 2019 : 7.83%). In the standalone financial statements, the Company treats the ESOP Trust as a separate investment and loan given to ESOP trust is treated as loan carried at amortised cost

Due to significant difference between the purchase price of shares held by the ESOP Trust and exercise price of the share options/market price of shares, the Company foresees the inability of the ESOP Trust to service it's loan obligations when due. Hence, the Company decided to discontinue charging interest on this loan with effect from October 1, 2019. Accordingly, the Company has recalculated gross carrying amount of loan and the difference of Rs. 312.71 Million has been shown as investment in the ESOP Trust. The gross carrying amount of loan has been recalculated as present value of the modified contractual cashflows that are discounted at the effective interest rate. Subsequently, interest income on discounted amount is recognised using effective interest rate.

As at March 31, 2020, the Company has receivables in form of investment and loans of Rs. 1,200 Million from the ESOP Trust. Considering significant difference between purchase price of shares and exercise price of share options/ market price of shares, the Company has assessed significant increase in credit risk on these receivables and calculated cashflows that the Company expects to receive from these receivables. Consequently, it has made an impairment provision of Rs. 312.71 Million towards investment and Rs. 175.69 Million towards loans receivables from ESOP Trust and disclosed total impairment provision of Rs. 488.40 Million as an exceptional item for the year ended March 31, 2020.

Further, loss allowance of Rs. 206.75 Million includes loss allowance of Rs. 31.06 Million towards interest receivables for the year ended March 31, 2020.

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
9. Other financial assets		
Non–current		
Corporate premises rent deposits	95.05	134.48
Other deposits	13.82	16.01
Staff Accommodation Rent Deposit	0.30	–
Deposit with original maturity more than twelve months	0.61	30.00
Deposits pledged with banks against bank guarantees & foreign exchange hedges	6.58	6.47
	116.36	**186.96**

Time deposits are placed for varying periods ranging from1,462 days to 2,193 days, depending on the immediate cash requirements of the Company. The time deposits earn interest at the respective deposit rates.

	As at March 31, 2020	As at March 31, 2019
Current		
Unbilled receivables	964.91	903.52
Staff accommodation rent deposits	–	0.30
Recoverable expenses from client	5.25	9.86
Other advances	41.36	31.31
	1,011.52	**944.99**
Total current and non-current other financial assets	**1,127.88**	**1,131.95**
Break up of financial assets carried at amortised cost		
Trade receivables (refer note 6)	1,714.14	1,864.45
Cash and cash equivalents and other bank balances (refer note 7.a. and 7.b.)	2,206.12	3,631.66
Long term loans (refer note 8)	711.60	1,292.30
Other financial assets (refer note 9)	1,127.88	1,131.95
Total financial assets carried at amortised cost	**5,759.74**	**7,920.36**
10. Other non–current assets		
Prepaid expenses	42.82	38.07
Capital advances	2.63	4.17
Goods & Service Tax ("GST") credits	142.28	230.91
Service tax and other tax credits	4.15	30.39
	191.88	**303.54**
11. Other current assets		
Prepaid expense	119.17	92.34
GST, Service tax and other tax credits	76.29	43.89
Service Exports from India Scheme Licence ("SEIS") receivables	217.00	379.39
	412.46	**515.62**

Rupees in Million

	Equity Shares	
	As at March 31, 2020	As at March 31, 2019
12. Share capital		
Authorised share capital		
50,010,000 (March 31, 2019: 50,010,000) shares of Rs. 10 each	500.10	500.10
Issued, subscribed and fully paid up		
36,983,401 (March 31, 2019: 38,711,095) shares of Rs. 10 each fully paid up	369.83	387.11

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.

Subject to the provisions of Companies Act 2013 as to preferential payments, the assets of the Company shall, on its winding–up be applied in satisfaction of its liabilities pari–passu and, subject to such application, shall, unless the articles otherwise provide, will be distributed among the members according to their rights and interests in the Company

Aggregate number of bonus shares issued, shares issued for consideration other than cash
The Company has issued 10,180,609 shares by way of bonus issue by capitalising securities premium during the period of five years immediately preceding the balance sheet date.

Aggregate number of equity shares bought back during the period of five years immediately preceding the reporting date:
During the year ended March 31, 2020, the Company bought back 1,746,666 shares. During the period of 5 years immediately preceding the balance sheet date the Company bought back 1,290,000 shares in FY 2017–18 and 1,170,000 shares in FY 2016–17.

Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% Holding	No. of Shares	% Holding
Anjan Malik	9,365,204	25.32%	9,759,430	25.21%
PD Mundhra	9,369,043	25.33%	9,763,430	25.22%
Matthews India Fund	–	–	2,080,797	5.38%
HDFC Trustee Company Limited –				
HDFC Tax Saver Fund	2,463,844	6.66%	–	–

Shares reserved for issue under options
For details of shares reserved for issue under the employee stock option ("ESOP") plan of the Company, please refer note 31.

Rupees in Million

13. Other equity	
Securities premium	
As at April 01, 2018	**114.80**
Add: Transferred from share based payment reserve on exercise of options	16.18
Add: Premium on issue of shares allotted pursuant to exercise of options	50.02
As at March 31, 2019	**181.00**
Add: Transferred from share based payment reserve on exercise of options	3.30
Add: Premium on issue of shares allotted pursuant to exercise of options	10.52
Less: Amount utilised on account of buyback of shares	(180.99)
As at March 31, 2020	**13.83**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares, buy back of equity shares, etc. in accordance with the provisions of the Companies Act, 2013.

Share based payment reserve	
As at April 01, 2018	**187.95**
Add: Charge / (credit) for the year	35.40
Less: Transfer to securities premium on exercise of stock options	(16.18)
As at March 31, 2019	**207.17**
Less: Share based payment charge / (credit) net off stock options forfeited during the year	(8.79)
Less: Transfer to retained earnings on account of stock options not exercised	(9.92)
Less: Transfer to securities premium on exercise of stock options	(3.30)
As at March 31, 2020	**185.16**

The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

Cashflow Hedging reserve	
As at April 01, 2018	**180.36**
Less: Net movement on cash flow hedges	(41.91)
Add: Deferred tax on net movement on cash flow hedges	11.27
As at March 31, 2019	**149.72**
Less: Net movement on cash flow hedges	(548.35)
Add: Deferred tax on net movement on cash flow hedges	143.43
As at March 31, 2020	**(255.20)**

The Company uses hedging instruments as part of its management of foreign currency risk. For hedging foreign currency, the Company uses foreign currency forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedging reserve. Amounts recognised in the hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

Rupees in Million

Capital reserve	
As at April 01, 2018	**0.10**
As at March 31, 2019	**0.10**
As at March 31, 2020	**0.10**

The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

As at April 01, 2018	**24.98**
Add : Amount transferred from retained earnings on account of buyback of shares	–
As at March 31, 2019	**24.98**
Add : Amount transferred from retained earnings on account of buyback of shares	17.47
As at March 31, 2020	**42.45**

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

SEZ Re–investment Reserve Account

As at April 01, 2018	**–**
Add: Transferred from retained earnings	48.27
Less: Amount utilised during the year	(47.56)
As at March 31, 2019	**0.71**
Less: Amount unutilised transferred to retained earnings during the year	(0.71)
As at March 31, 2020	**–**

The Special Economic Zone (SEZ) re–investment reserve was created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income–tax Act, 1961. The reserve was required to be utilised by the Company for acquiring new assets for the purpose of its business as per the terms of section 10AA(2) of Income–tax Act, 1961.

During the year ended March 31, 2020, the Company has accounted tax expense as per the rates prescribed under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly Sec 10AA of Income–tax Act, 1961 is not applicable and balance amount of SEZ Re–investment Reserve Account is transferred to retained earnings.

Retained earnings	
As at April 01, 2018	**10,057.01**
Add: Profit during the year	2,096.13
Less: Remeasurement losses on defined benefit plans	(8.83)
Less: Share buyback expenses	(0.14)
Less: Transferred to SEZ re–investment Reserve Account	(48.27)
Add: Amount utilised during the year from SEZ re–investment Reserve account	47.56
Less: Dividend and dividend tax paid (refer note 14)	(46.63)
As at March 31, 2019	**12,096.83**
Add: Profit during the year	1,235.71

Rupees in Million

Less: Remeasurement losses on defined benefit plans	(13.37)
Add: Transfer on account of stock options not exercised	9.92
Less: Dividend and dividend tax paid (refer note 14)	(44.58)
Less: Share buyback expenses	(24.51)
Less: Impact on account of Appendix C to Ind AS 12 (Refer note 2.2(d))	(16.46)
Less: Impact on account of adoption of IND AS 116 (Refer note 2.2(h)	(48.34)
Less: Amount transferred to capital redemption reserve on account of buyback of shares	(17.47)
Less: Amount utilised on account of buy back of shares	(2,421.54)
Add: Unutilized SEZ re-investment reserve reversed during the year	0.71
As at March 31, 2020	**10,756.90**

Retained earnings represent the amount of accumulated earnings of the Company.

Other reserves

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
Securities premium account	13.83	181.00
Share based payment reserve	185.16	207.17
Cashflow Hedging reserve	(255.20)	149.72
Capital reserve	0.10	0.10
Capital redemption reserve	42.45	24.98
SEZ re–investment Reserve Account	–	0.71
Retained earnings	10,756.90	12,096.83
	10,743.24	**12,660.51**
Share application money pending allotment		
As at March 31, 2019		**4.41**
As at March 31, 2020		**–**

The disaggregation of changes in Other Comprehensive Income ("OCI") by each type of reserves in equity is disclosed in note 28.

14. Distribution made and proposed

Cash dividends on equity shares declared and paid: Final dividend for the year ended on March 31, 2019: Re. 1 per share (March 31, 2018: Re. 1 per share)	36.98	38.68
Dividend distribution tax on final dividend	7.60	7.95
	44.58	**46.63**
Proposed dividends on equity shares: Cash dividend for the year ended on March 31, 2020: Re. 1 per share (March 31, 2019: Re. 1 per share)	36.98	36.99
Dividend distribution tax on proposed dividend	–	7.60
	36.98	**44.59**

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at March 31, 2020

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
15. Employee benefit obligations		
Non–current		
Gratuity (refer note 30)	245.87	205.92
Incentive to employees	60.20	69.65
	306.07	**275.57**
Current		
Gratuity (refer note 30)	41.00	41.00
Compensated absences	208.02	190.62
Incentive to employees	372.22	278.65
	621.24	**510.27**
16. Other non–current liabilities		
Lease equalisation reserve	–	115.23
	–	**115.23**
17. Trade payables		
17.a. Dues of Micro enterprises and small enterprises		
Amount due to vendor	3.16	3.37
Principal amount paid (includes unpaid) beyond the appointed date	–	–
Interest due and payable for the year	–	–
Interest accrued and remaining unpaid	–	–
17.b. Dues of creditors other than Micro enterprises and small enterprises		
Trade payables	30.23	24.29
Trade payables to related parties	1,059.85	662.70
	1,090.08	**686.99**

- Trade payables are non–interest bearing and are normally settled on 30–day terms.
- For terms and conditions with related parties, refer note 33
- For explanations on the Company's credit risk management processes, refer note 38.
- Trade payables are measured at amortised cost

	As at March 31, 2020	As at March 31, 2019
18. Other financial liabilities		
Accrued expense	181.82	216.97
Contract liabilities	138.85	90.68
Payables for capital expenditure	13.69	16.93
Unpaid dividend	0.73	0.90
Unpaid fractional share payout	0.01	0.01
	335.10	**325.49**
Break up of financial liabilities at amortised cost		
Other financial liabilities (refer note 18)	335.10	325.49
Trade payables (refer note 17.a. and 17.b.)	1,093.24	690.36
	1,428.34	**1,015.85**

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
19. Other current liabilities		
Statutory dues	57.32	56.13
Lease equalisation reserve	–	9.31
	57.32	**65.44**
20. Income taxes		
The major components of income tax expense are:		
Profit and loss section:		
Current Income tax:		
Current income tax charge	582.08	813.50
Adjustment in respect of current income tax of previous year	2.55	(3.41)
Deferred tax	12.84	(62.58)
Income tax expense reported in the statement of profit and loss	**597.47**	**747.51**
OCI section		
Deferred tax related to items recognised in OCI during in the year:		
Net movement on cash flow hedges	143.43	11.27
Net movement on remeasurement losses on defined benefit plans	4.11	3.50
Deferred tax credited charged to OCI	**147.54**	**14.77**
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:		
Accounting profit before income tax	1,833.18	2,843.64
At India's statutory income tax rate of 25.168% (March 31, 2019: 34.944%)	461.37	993.68
Tax effect of income not chargeable to tax	(16.36)	(240.87)
Adjustments in respect of current income tax of previous years	2.55	(3.41)
Effect of change in tax rate (refer note below)	33.21	–
Non–deductible (income)/ expenses for tax purposes	116.70	(1.89)
Income tax expense reported in the statement of profit and loss At the effective income tax rate of 32.59% (March 31, 2019: 26.29%)	**597.47**	**747.51**

During the current period ended March 31, 2020, the Company accounted the tax expense as per the rates prescribed under section 115BAA of the Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly the deferred tax assets (net) as at March 31, 2019 have been re–computed.

Rupees in Million

	Balance Sheet		Profit and Loss	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Deferred tax:				
Deferred tax relates to the following:				
Accelerated depreciation for tax purposes	128.84	132.19	3.35	(33.98)
Gratuity	65.76	67.81	2.05	(14.59)
Expenses available for offsetting against future taxable income	12.28	19.72	7.44	(14.00)
Deferred tax recognised in retained earning as on April 01, 2019 on adoption of Ind AS 116 Leases	63.69	–	–	–
Lease equalization reserve balance, reversed in retained earning on adoption of Ind AS 116 Leases	–	29.22	–	–
Deferred tax on cash flow hedges	85.83	(57.60)	–	–
Deferred tax on remeasurement (losses) / gain on defined benefit plans	6.43	2.32	–	–
Deferred tax expense / (income)			**12.84**	**(62.58)**
Net deferred tax assets / (liabilities)	**362.83**	**193.66**		

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
Reflected in the balance sheet as follows:		
Deferred tax assets	362.83	251.26
Deferred tax liabilities	–	(57.60)
Deferred tax assets / (liabilities), net	**362.83**	**193.66**
Reconciliation of deferred tax assets/ (liabilities), net:		
Opening balance	193.66	116.30
Tax income/(expense) during the period recognised in profit and loss	(12.84)	62.58
Tax income during the period recognised in OCI	147.54	14.77
Impact on account of adoption of IND AS 116 recognised in retained earning	34.47	–
Closing balance	**362.83**	**193.66**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended March 31, 2020 and March 31, 2019 , the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax ("DDT") to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
21. Revenue from operations		
Sale of services	11,186.34	11,072.70
Other operating revenue (refer Note 21(a))	15.33	325.48
Total	**11,201.67**	**11,398.18**
Revenues consist of the following:		
Revenue from ITeS services	10,923.44	10,757.99
Revenue from software development, licensing of software products & related services	262.90	314.71
Total revenue from operations	**11,186.34**	**11,072.70**

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by geography and contract–type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Revenues by Geography		
United States of America	8,152.87	7,990.68
United Kingdom	576.85	635.10
Europe	1,638.88	1,830.40
Asia Pacific	817.74	616.52
Total	**11,186.34**	**11,072.70**
Revenues by contract type		
Time & Materials	10,868.08	10,737.65
Fixed Price	318.26	335.05
Total	**11,186.34**	**11,072.70**
Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:		
Revenue as per contracted price	11,259.33	11,161.36
Reductions towards variable consideration components*	(72.99)	(88.66)
Revenue from contract with customers	**11,186.34**	**11,072.70**

During th year ended March 31, 2020, the Company recognised revenue of Rs. 75.02 Million arising from opening unearned revenue as of April 01, 2019. During the year ended March 31, 2019, the Company recognised revenue of Rs. 67.89 Million arising from opening unearned revenue as on April 01, 2018. During the years ended March 31, 2020 and March 31, 2019, there is no revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods.

As at March 31, 2020 and March 31, 2019, the Company does not have assets recognised from the cost incurred to obtain or fulfil a contract with a customer.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts:

a) where the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis and;

b) where the performance obligation is part of a contract that has an original expected duration of one year or less.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialised and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2020, other than those meeting the exclusion criteria mentioned above, is Rs. 351.79 Million (March 31, 2019 Rs. 669.07 Million). Out of this, the Company expects to recognise revenue of around 66.37% (March 31, 2019 Rs. 45.91%) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

21 (a). As per Service Exports from India Scheme ("SEIS") w.e.f. 01.04.2015 under the Foreign Trade Policy (FTP), 2015–20, the Company is eligible to get the duty credit scrips against export of services under defined category .The said income is accounted as other operating revenue.

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
22. Other income		
Dividend	65.02	96.69
Interest income on fixed deposits	131.63	244.46
Interest income on corporate rent deposits	11.45	12.54
Profit on sale of current investments	13.32	14.49
Interest income on loan to ESOP trust	42.12	69.81
Miscellaneous income	1.76	0.33
Gain on sale of fixed assets/assets disposed off (net)	–	0.22
Foreign exchange gain (net)	118.18	104.27
Gain/(Loss) on fair valuation of current investment	121.20	–
Interest on ESOP Trust Loan as per Ind AS 109 (refer note 8)	31.06	–
Government Grant ("PMRPY")(refer Note 22(a))	4.27	15.44
	540.01	**558.25**

22 (a). The Company has received reimbursement of employers' contribution to Provident Fund under the Pradhan Mantri Rojgar Protsahan Yojna ("PMRPY") for new employment created. The Company has accounted the same under Other income.

23. Employee benefits expense		
Salaries, wages and bonus	4,651.27	4,407.11
Contribution to provident and other funds	92.56	99.97
Employee stock compensation	8.79	22.20
Gratuity expense (refer note 30)	58.43	54.23
Staff welfare expense	33.86	30.56
	4,844.92	**4,614.07**

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
24. Depreciation and amortisation expense		
Depreciation of tangible assets (refer note 3)	223.75	247.30
Amortisation of intangible assets (refer note 4)	15.15	14.25
Depreciation on right of use assets (refer note 32)	207.03	–
	445.93	**261.55**
25. Other expense		
Sales and marketing services	2,455.33	2,391.88
Office base rentals	168.83	471.01
Travelling expenses	196.26	312.62
Communication expenses	109.46	120.05
Legal and professional charges	94.90	120.12
Repairs and maintenance		
Building	15.02	11.65
Others	9.67	11.41
Rates and taxes	16.53	32.42
Office expenses	40.58	49.01
Housekeeping services	41.62	42.08
Security charges	54.19	53.89
Other insurance	14.88	13.04
Subscription & membership fees	35.35	22.26
Electricity	77.24	87.44
Local conveyance	76.46	89.41
Loss allowance on interest receivable	31.06	–
Computer and electrical consumables	176.17	166.59
Printing and stationery	6.17	6.81
Bad debts written off	11.70	5.23
Provision for doubtful debts	(4.20)	–
Business promotion	3.35	6.91
Bank charges	7.85	7.71
Directors' sitting fees	1.87	1.80
Auditor's remuneration	8.20	8.10
Fair value loss on financial instruments at fair value through profit or loss	–	15.83
Loss on sale of fixed assets/assets disposed off (net)	12.93	–
Corporate Social Responsibility ("CSR") expenditure (refer details below)	67.41	74.09
Miscellaneous expense	2.56	3.57
Interest receivables written off	21.70	–
	3,753.09	**4,124.93**

Research and development expenditure:

In–house research and development centre ("R&D") of the Company is located in Mumbai. The aggregate expenditure on research and development activities in the in–house R&D centre is a follows:

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue expenditure	82.58	119.05
Capital expenditure	–	–
	82.58	**119.05**
Payments to auditors:		
As auditor		
Audit fee	3.88	3.51
Limited review	3.27	3.04
In other capacity:		
Other services (certification fees)	0.65	1.05
Reimbursement of expenses	0.40	0.50
	8.20	**8.10**

Details of CSR expenditure:

Gross amount required to be spent by the Company during the year: Rs. 70.07 (March 31, 2019: Rs. 77.20) Million.

Rupees in Million

	For the year ended March 31, 2020		
	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	–	–	–
ii) On purposes other than above	67.41	–	67.41

	For the year ended March 31, 2019		
	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	–	–	–
ii) On purposes other than above	74.09	–	74.09

	As at March 31		Currency	Face Value	As at March 31	
	2020	2019			2020	2019
	Number of Shares				Rupees in Million	
26. Details of non – current investments						
Investments in unquoted equity instruments (fully paid up)						
Talentick Edusolutions Private Limited	8,000	8,000	Re.	1	2.40	2.40
Investments in equity shares of subsidiaries (fully paid up) [Trade]						
eClerx LLC	100	100	USD	1	483.22	496.97
eClerx Limited	100	100	GBP	1	39.41	40.44
eClerx Private Limited	1	1	SGD	1	4.63	4.35
eClerx Investments (UK) Limited	5,251,224	5,251,224	GBP	1	498.79	501.57
Investments in unquoted preference shares (fully paid up) of subsidiaries [Trade]						
eClerx Investments Limited	7,776,000	7,776,000	GBP	1	605.67	605.67
eClerx Investments (UK) Limited	13,434,888	13,434,888	GBP	1	1,344.77	1,344.77
Non current investments (Unquoted, carried at cost)						
eClerx Employee Welfare Trust (refer note 8)	–	–	INR	–	312.71	–
Less: Provision for diminution in value of investment					(918.38)	(605.67)
Total					**2,373.22**	**2,390.50**

Investments in Indian money market mutual funds	As at March 31		As at March 31	
	2020	2019	2020	2019
	Number of units		Rupees in Million	
27. Details of current investments				
Birla Sun Life Savings Fund–Daily Dividend–Direct Plan	–	3,020,503	–	303.02
Aditya Birla Sun Life Floating Rate Fund– Growth–Direct Plan	648,272	–	163.56	–
Aditya Birla Sun Life Savings Fund–Growth– Regular Plan	809,233	–	321.69	–
Aditya Birla Sun Life Money Manager Fund–Growth–Direct Plan	1,000,516	–	271.06	–
HDFC Money Market Fund– DP–Growth	67,233	–	283.71	–
HDFC Liquid Fund–Direct Plan–Growth Option	26,966	–	105.35	–
HDFC Overnight Fund–Direct Plan–Growth option	50,522		150.01	
Kotak Corporate Bond Fund Direct Growth	115,185	–	317.95	–
Kotak Savings Fund–Direct Plan–Growth	9,766,294	–	320.86	–
Kotak Liquid – Daily Dividend	–	234,066	–	286.33
Kotak Savings Fund–Daily Dividend (Regular Plan) (Erstwhile Kotak Treasury Adv)	–	30,049,522	–	303.01
ICICI Prudential Savings Fund–Growth	818,309	–	316.97	–
ICICI Prudential Liquid Fund Growth	179,416	–	52.71	–
ICICI Prudential Liquid Fund–Direct Plan–Growth–Short term	511,105	–	150.15	–

Investments in Indian money market mutual funds	As at March 31		As at March 31	
	2020	2019	2020	2019
	Number of units		Rupees in Million	
ICICI Prudential Money Market Fund–Direct Plan–Daily Dividend	–	3,010,485	–	301.75
IDFC Ultra Short Term Fund	24,867,088	–	283.51	–
IDFC Low Duration Fund–Growth–(Direct Plan)	3,496,931	–	100.96	–
Reliance Liquid Fund–Daily Dividend	–	217,996	–	333.39
Reliance Money Market Fund–Direct Plan Daily Dividend Plan Dividend Reinvestment	–	70,235	–	70.44
Nippon India Liquid Fund–Direct Plan–Growth Plan	20,631	–	100.07	–
Nippon India Money Market Fund–Growth Plan Growth Option	95,068	–	288.28	–
Nippon India Overnight Fund–Direct Growth Plan	492,066		52.74	
UTI Liquid Fund Cash Plan	–	196,343	–	200.16
UTI liquid cash plan–Direct Growth Plan	30,779		100.08	
UTI Money Market Fund–Direct Daily Dividend Plan Reinvestment	–	328,663	–	329.78
Aditya Birla Sun Life Liquid Fund–Daily dividend–Direct Plan	–	1,997,484	–	200.23
Axis Liquid Fund–Direct Growth–Short Term	45,394	–	100.06	–
Axis Liquid Fund–Direct Growth	23,918	–	52.72	–
Axis Treasury Advantage Fund–Direct Growth	151,356	–	351.93	–
Axis Overnight Fund Direct Growth	15,608	–	16.47	–
SBI Liquid Fund Direct Daily Dividend	–	335,093	–	336.18
DSP Liquidity Fund–Direct Plan–Daily Dividend	–	140,567	–	140.70
DSP Blackrock Low Duration Fund Fund–Direct Plan Growth	20,621,962	–	307.36	–
DSP Savings Fund–Direct Plan–Growth	3,903,220	–	155.58	–
Total			**4,363.78**	**2,805.00**

28. Components of Other Comprehensive Income ("OCI") and exceptional items

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Rupees in Million

	Cash flow hedge reserve	Retained earnings	Total
During the year ended March 31, 2020:			
Net movement on cash flow hedges	(548.35)	–	(548.35)
Income tax effect on net movement on cash flow hedges	143.43	–	143.43
Remeasurement gains/(losses) on defined benefit plans	–	(17.48)	(17.48)
Income tax effect on remeasurement gains/(loss) on defined benefit plans	–	4.11	4.11
	(404.92)	**(13.37)**	**(418.29)**
During the year ended March 31, 2019:			
Net movement on cash flow hedges	(41.91)	–	(41.91)
Income tax effect on net movement on cash flow hedges	11.27	–	11.27
Remeasurement gains/(losses) on defined benefit plans	–	(12.33)	(12.33)
Income tax effect on remeasurement gains/(losses) on defined benefit plans	–	3.50	3.50
	(30.64)	**(8.83)**	**(39.47)**

Rupees in Million

	March 31, 2020	March 31, 2019
Exceptional items – gain/(loss		
Provision for impairment (see note below)	(488.40)	–
	(488.40)	**–**

The Company has appointed eClerx Employee Welfare Trust ("ESOP Trust") to administer the employee stock option scheme. For this purpose, the ESOP Trust borrowed funds from the Company and purchased the Company's shares from the open market since financial year 2016–17 for the purpose of allotting the same to eligible employees. Due to significant difference between the purchase price of these shares and exercise price of the share options / market price of shares, the Company foresees the inability of the ESOP Trust to service it's loan obligations. Hence, the Company made a provision of Rs. 488.40 Million in the year ended March 31, 2020 for receivables from ESOP Trust (refer note 8).

29. Earnings per share ("EPS")

The basic earnings per equity share is 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 equity shares considered for deriving basic earnings per equity share, and also the weighted average number of equity shares, which would be issued on the conversion of all dilutive potential equity shares into equity shares, unless the results would be anti–dilutive.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2020	March 31, 2019
Profit attributable to equity holders (Rupees in Million)	1,235.71	2,096.13
Weighted average number of equity shares for basic EPS	37,383,808	38,679,646
Dilutive impact of employee stock options	9,894	57,837
Weighted average number of equity shares adjusted for the effect of dilution	37,393,702	38,737,483
Earnings per equity share (in Rs.)		
Basic	33.05	54.19
Diluted	33.05	54.11

30. Gratuity benefit plans

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, the employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity scheme is managed by a trust which regularly contributes to insurance service provider which manages the funds of the trust . The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations. The Company recognises actuarial gains and losses immediately in other comprehensive income, net of taxes.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet:

Rupees in Million

	March 31, 2020	March 31, 2019
Current service cost	39.99	37.95
Interest cost on benefit obligation	19.28	17.06
Return on plan assets (excluding amounts included in net interest expense)	(0.84)	(0.78)
	58.43	**54.23**

Rupees in Million

	Defined benefit obligation	Fair value of plan assets	Total
Employee benefit liability as on April 01, 2018	**225.50**	**10.15**	**215.35**
Gratuity cost charged to statement of profit and loss			
Current service cost	37.95	–	37.95
Net interest expense	17.06	–	17.06
Return on plan assets (excluding amounts included in net interest expense)	–	0.78	(0.78)
Sub–total included in statement of profit and loss (refer note 23)	**55.01**	**0.78**	**54.23**
Benefits paid			
from fund	(34.72)	(34.72)	–
paid by employer	–	–	–
Remeasurement losses in other comprehensive income			
Actuarial changes arising from changes in financial assumptions	3.73	–	3.73
Experience adjustments	8.60	–	8.60
Sub–total of remeasurment losses included in OCI	**12.33**	**–**	**12.33**
Contributions by employer	**–**	**34.99**	**(34.99)**
Employee benefit liability as on March 31, 2019	**258.12**	**11.20**	**246.92**
Employee benefit liability as on April 01, 2019	**258.12**	**11.20**	**246.92**
Gratuity cost charged to statement of profit and loss			
Current service cost	39.99	–	39.99
Net interest expense	19.28	–	19.28
Return on plan assets (excluding amounts included in net interest expense)	–	0.84	(0.84)
Sub–total included in statement of profit and loss (refer note 23)	**59.27**	**0.84**	**58.43**
Benefits paid			
from fund	(39.32)	(39.32)	–
paid by employer	–	–	–

Rupees in Million

	Defined benefit obligation	Fair value of plan assets	Total
Remeasurement losses / (gains) in other comprehensive income			
Actuarial changes arising from changes in demographic assumptions	5.64	–	5.64
Actuarial changes arising from changes in financial assumptions	0.98	–	0.98
Experience adjustments	10.86	–	10.86
Sub–total of remeasurment losses included in OCI	**17.48**		**17.48**
Contributions by employer	–	35.96	(35.96)
Employee benefit liability as on March 31, 2020	**295.55**	**8.68**	**286.87**

The principal assumptions used in determining gratuity obligations of the Company are shown below:

	March 31, 2020 %	March 31, 2019 %
Discount rate: India gratuity plan	6.56	7.47
Future salary increases: India gratuity plan	6.00	7.00
Assumption:		
Expected return on plan assets	6.56	7.47
Employee turnover:		
a. For service 4 years and below (p.a.)	33.00	30.00
b. For service 5 years and above (p.a.)	4.00	2.00
Mortality Rate During Employment is based on report of Indian Assured Lives Mortality (2006–08).		

A quantitative sensitivity analysis for significant assumption is as shown below:

	March 31, 2020 Rupees in Million	March 31, 2019 Rupees in Million
Effect of +1% Change in discount rate	(32.14)	(35.47)
Effect of –1% Change in discount rate	38.42	43.40
Effect of +1% Change in future salary increases	33.26	37.24
Effect of –1% Change in future salary increases	(29.04)	(31.95)
Effect of +1% Change in employee turnover	2.48	3.13
Effect of –1% Change in employee turnover	(2.95)	(3.73)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as aresult of reasonable changes in key assumptions occurring at the end of the reporting period.

	March 31, 2020 Rupees in Million	March 31, 2019 Rupees in Million
The following payments are expected contributions to the defined benefit plan in future years:		
Within the next 12 months (next annual reporting period)	14.06	8.41
Between 2 and 5 years	58.18	28.41
Between 5 and 10 years	81.85	50.63
Total expected payments	**154.09**	**87.45**

The average duration of the defined benefit plan obligation at the end of the reporting period is 14 years (March 31, 2019: 17 years).

31. Share–based payments

Employee Stock Option Plan

Under the employee stock option plan, the Company, grants options to senior executive employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Commitee. Vesting period is three years from the date of grant. Further, vesting of certain portion of the stock options is dependent on the Compounded Annual Growth Rate of the organic operating revenues of the Company.The fair value of the stock options is estimated at the grant date using a Black and Scholes model, taking into account the terms and conditions upon which the share options were granted. The contractual term of each option granted is six years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement of these options.

The expense recognised for employee services received during the year is shown in the following table:

Rupees in Million

	March 31, 2020	March 31, 2019
Expense arising from equity–settled share–based payment transactions	8.79	22.20
Total expense arising from share–based payment transactions	**8.79**	**22.20**

ESOP 2011 scheme:

The Company instituted ESOP 2011 scheme under which 1,600,000 stock options have been allocated for grant to the employees. The scheme was approved by the shareholders at the Eleventh Annual General Meeting held on August 24, 2011. The Scheme was subsequently amended to increase the number of options to 2,600,000 stock options vide resolution passed at Thirteenth Annual General Meeting held on August 22, 2013.

Movements during the year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	March 31 2020	March 31 2020	March 31 2019	March 31 2019
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the year	281,426	1,076.21	746,807	1,006.10
Forfeited during the year	126,401	938.20	383,368	1,167.45
Exercised during the year	18,972	564.05	82,013	619.86
Outstanding at the end of the year	**136,053**	**1,196.25**	**281,426**	**1,076.21**
Exercisable at the end of the year	136,053		281,426	

The weighted average share price at the date of exercise of these options was Rs. 1,128.06 per share. (March 31, 2019: Rs. 1,186)

The weighted average remaining contractual life for the share options outstanding as at March 31, 2020 was 1.15 years (March 31, 2019: 1.87 years).

Exercise prices for options outstanding at the end of the year was Rs. 1,196.25 (March 31, 2019: Rs. 463.91 to Rs. 1,196.25).

ESOP 2015 scheme:

Pursuant to the applicable requirements of the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI guidelines"), the Company had framed and instituted Employee Stock Option Plan 2015 ("ESOP 2015") to attract, retain, motivate and reward its employees and to enable them to participate in the growth, development and success of the Company. ESOP 2015 envisages an eClerx Employee Welfare Trust ("ESOP Trust") which is authorised for secondary acquisition. However, during the year in review, ESOP trust has not bought any shares (in financial year 2018–19: 433,200 shares were bought) from open market. As at March 31, 2020, ESOP Trust holds 883,605 shares of the Company.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year under ESOP 2015 scheme:

	March 31 2020	March 31 2020	March 31 2019	March 31 2019
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the year	867,345	1,327.84	633,405	1,327.87
Granted during the year	343,451	595.70	383,720	1,320.95
Forfeited during the year	280,098	1,243.81	149,780	1,330.38
Exercised during the year	–	–	–	–
Outstanding at the end of the year	**930,698**	**1,082.00**	**867,345**	**1,327.84**
Exercisable at the end of the year	**98,279**			

The weighted average remaining contractual life for the share options outstanding as at March 31, 2020 was 4.06 years (March 31, 2019: 4.73 years).

The range of exercise prices for options outstanding at the end of the year was Rs. 595.70 to Rs. 1,379.15 (March 31, 2019: Rs. 1,294 to Rs. 1,379.15).

The weighted average fair value of options granted during the year was Rs. 50.59 (March 31, 2019: Rs. 292.03)

The average vesting period is 3 years and exercise period is 3 years from the date of vesting.

The following tables lists the inputs to the models used for fair valuation of the options granted :

	For the year ended March 31, 2020	For the year ended March 31, 2019
Date of grant	August 02, 2019	May 23, 2018
Dividend yield (%)	12.06	5.13
Expected volatility (%)	28.20	28.96
Risk–free interest rate (%)	6.10	7.84
Expected life of share options (years)	4.17	4.01
Model used	Black and Scholes	Black and Scholes
Stock Price (Rs.)	595.70	1,320.95
Exercise Price (Rs.)	595.70	1,320.95

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

32. a. Leases

Company as lessee

The Company has entered into commercial property leases for its offices. Further, the Company has also adopted Ind AS 116 'Leases' with effect from April 01, 2019 using the modified retrospective method.

The changes in the carrying values of right–of–use asset for the year ended March 31, 2020 are given below.

Rupees in Million

Particulars	Gross carrying value					Depreciation (Refer note 24)				Net carrying Value
	As at April 01, 2019	Adjustment on account of IND as 116 "Leases"	Additions	Sale/ deletions	As at March 31, 2020	As at April 01, 2019	For the year	Sale/ deletions	As at March 31, 2020	As at March 31, 2020
Right–of–use asset	–	884.30	341.39	–	1,225.69	–	207.03	–	207.03	1,018.66

Set out below are the carrying amounts of lease liabilities and the movements during the the year ended March 31, 2020:

Rupees in Million

	March 31, 2020
As at April 01, 2019	–
Adjustment on adoption of Ind AS 116 'Leases'	1,091.65
Additions	341.39
Accretion of interest	176.62
Repayments	(339.71)
As at March 31, 2020	**1,269.95**
Current	146.43
Non–current	1,123.52
	1,269.95
The maturity analysis of undiscounted lease liabilities as at March 31, 2020 are as follows:	
Less than 1 year	320.57
1 to 5 years	1,165.38
>5 years	586.28
	2,072.23

The weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application is 13.80% with maturity between 2020 to 2028.

The following amounts are recognised in Statement of Profit and Loss for the year ended March 31, 2020:	
Depreciation expenses on right–of–use assets	207.03
Interest expense on lease liabilities	176.62
	383.65

The Company had total cash outflows for leases of Rs. 339.71 Million for the year ended March 31, 2020. The Company does not have non–cash additions to right–of–use assets and lease liabilities for the year ended March 31, 2020. There are no future cash outflows relating to leases that have not yet commenced.

The difference between the future minimum lease commitments under Ind AS 17 – Leases reported as of March 31, 2019 and the value of lease liability recorded as on April 01, 2019 on adoption of Ind AS 116 – Leases is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring lease liability in accordance with Ind AS 116 and discounting of the lease liability to its present value in accordance with Ind AS 116.

The minimum rental payments to be made in future in respect of leases to which the Company has chosen to apply the practical expedient as per the standard as of March 31, 2020 is as follows:

Rupees in Million

	March 31, 2020
Less than 1 year	2.20
1 to 5 years	–
>5 years	–
	2.20

32. b. Commitments

Rupees in Million

	March 31, 2020	March 31, 2019
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	20.09	37.22

32. c. Contingent liabilities

Rupees in Million

	March 31, 2020	March 31, 2019
Income tax demands (refer note a)	116.41	116.41
Indirect tax demands (refer note b)	136.99	137.42

Notes:

(a) The Company has received Income tax demands amounting to Rs. 116.41 Million (excluding interest) for financial years 2009–10, 2010–11, 2011–12, 2012–13, 2013–14 and 2014–15 against which appeals are pending with Commissioner of Income Tax (Appeals) and Income tax Appelate Tribunal.

(b) The Company has received Service tax demands amounting to Rs. 133.81 Million(excluding interest and penalties) for the period April 2007 to March 2013 against which appeals are pending with Central Excise and Service Tax Appelate Tribunal and Rs.3.18 Million (excluding interest and penalties) for the period April 2013 to March 2017 against which appeals are pending with Commissioner of Central Excise (Appeals).

With respect to tax refund claims for the period July 2014 till March 2017 to the extent rejected by the Services Tax Deparment for Rs.2.08 Million, the Company's appeals are pending before the Commissioner of Central Excise & CGST (Appeals) and for Rs.2.07 Million before Commissioner Appeal.

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 each of such disputes. Hence, no provision has been made in the financial statements for these disputes except Rs. 16.46 Million has been provided as per requirement of Appendix C to Ind AS 12 Income Taxes.

33. Related party transactions

A. Related Parties and Key Management Personnel

Name of related party and related party relationship

Related party under Ind AS 24 – Related Party Disclosures and as per Companies Act, 2013

(a) Where control exists:

1. eClerx Limited (wholly owned subsidiary)
2. eClerx LLC (wholly owned subsidiary)
3. eClerx Private Limited (wholly owned subsidiary)
4. eClerx Investments (UK) Limited (wholly owned subsidiary)
5. CLX Europe S.P.A. (100% subsidiary of eClerx Investments (UK) Limited)
6. Sintetik S.R.L. (100% subsidiary of CLX Europe S.P.A., merged with CLX Europe S.P.A. w.e.f. December 31, 2018)
7. CLX Europe Media Solution GmbH (100% subsidiary of CLX Europe S.P.A.)
8. CLX Europe Media Solution Limited (100% subsidiary of CLX Europe Media Solutions GmbH)
9. CLX Thai Company Limited (49% holding of CLX Europe S.P.A.)
10. eClerx Employee Welfare Trust (Entity under control of the Company)
11. eClerx Canada Limited (wholly owned subsidiary of eClerx Investments (UK) Limited)

(b) Key Management Personnel:

1. Pradeep Kapoor (Non–Executive Director – Chairman)
2. PD Mundhra (Executive Director)
3. Anjan Malik (Non–Executive Director)
4. Rohitash Gupta (Chief Financial Officer)
5. Pratik Bhanushali (Company Secretary)
6. Biren Gabhawala (Non–Executive Independent Director)
7. Anish Ghoshal (Non–Executive Independent Director)
8. Alok Goyal (Non–Executive Independent Director)
9. Deepa Kapoor (Non–Executive Independent Director)
10. Shailesh Kekre (Non–Executive Independent Director)

B. **Details of Related Party & Key Management Personnel Transactions:**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Transactions with Wholly owned subsidiaries / Step down subsidiaries:

Rupees in Million

Particular	Nature of Transaction	Transactions during the year		Outstanding Balance as at	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
eClerx Limited	Sales and marketing services by subsidiary to the Company	415.57	413.49	134.81 Payable	99.40 Payable
	Amount received by the Company on behalf of the subsidiary	7.24	–		
	Information Technology Enabled Services ("ITES") services by subsidiary to the Company	108.00	21.09		
	Amount received by subsidiary on behalf of the Company	9.31	12.58	–	4.37 Receivable
	Expense incurred by the Company on behalf of subsidiary	3.34	2.36		
eClerx LLC	Sales and marketing services by subsidiary to the Company	1,908.59	1,862.01	887.18 Payable	525.18 Payable
	Amount received by the Company on behalf of the subsidiary	12.04	116.87		
	ITES services by subsidiary to the Company	28.11	30.94		
	Expense incurred by subsidiary on behalf of the Company	17.78	2.26		
	Expense incurred by the Company on behalf of subsidiary	1.48	2.18	–	11.03 Receivable
	Amount received by subsidiary on behalf of the Company	4.06	14.41		
	ITES services by the Company to subsidiary company	3.55	35.44		
eClerx Private Limited	Sales and marketing services by subsidiary to the Company	112.69	97.07	24.28 Payable	28.28 Payable
	ITES services by subsidiary to the Company	6.86	5.48		
	Expense incurred by the Company on behalf of subsidiary	0.36	2.95	2.11 Receivable	1.55 Receivable
	ITES services by the Company to the subsidiary	26.20	0.95		
	Amount received by subsidiary on behalf of the Company	–	10.24		
CLX Europe S.P.A	ITES services provided by subsidiary to the Company	25.72	34.40	8.54 Payable	1.90 Payable
	ITES services provided by the Company to subsidiary	107.01	111.53	20.93 Receivable	9.75 Receivable
eClerx Canada Limited	Sales and marketing services by subsidiary to the Company	18.47	19.31	5.04 Payable	7.93 Payable
	ITES services by subsidiary to the Company	0.85	–		
eClerx Employee Welfare Trust*	Loan given including accrued interest	73.18	612.84	711.60 Receivable	1,292.30 Receivable
	Loss allowance (refer note 8)	519.46	–		
	Receipt of interest receivables	112.72	–		
	Interest receivables written off	21.70	–		

* Entity under control of the Company

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at the year end are unsecured and interest free and settlement occurs through banks

Loan to Related parties

The loan granted to eClerx Employee Welfare Trust is intended to finance purchase of shares from the open market for allotment to employees under the stock option schemes.The loan is unsecured. The weighted average interest rate charged is 7.00% (March 31, 2019 : 7.83%) . The loan has been utilised for the purpose it was granted. Refer note 8 for further details.

Transactions with key management personnel

Rupees in Million

Name	Nature of Transaction	March 31, 2020	March 31, 2019
Anjan Malik	Dividend	9.37	9.76
PD Mundhra	Dividend	9.37	9.76
Pradeep Kapoor	Dividend	0.01	0.01
Rohitash Gupta	Dividend	0.01	0.01
Biren Gabhawala	Dividend	0.01	0.01
Anish Ghoshal	Dividend	0.01	0.01
Biren Gabhawala	Commission & Sitting Fees	2.20	2.12
Anish Ghoshal	Commission & Sitting Fees	2.20	2.12
Pradeep Kapoor	Commission & Sitting Fees	2.20	2.06
Alok Goyal	Commission & Sitting Fees	2.20	2.06
Deepa Kapoor	Commission & Sitting Fees	2.20	2.12
Shailesh Kekre	Commission & Sitting Fees	2.26	2.12
PD Mundhra	Buy Back of shares	591.58	–
Anjan Malik	Buy Back of shares	591.34	–
Pradeep Kapoor	Buy Back of shares	0.49	–
Biren Gabhawala	Buy Back of shares	0.38	

Compensation of key management personnel of the Company

Rupees in Million

	March 31, 2020	March 31, 2019
PD Mundhra		
Short–term employee benefits	21.39	21.39
Rohitash Gupta		
Short–term employee benefits	13.75	12.92
Share–based payment	–	0.02
Pratik Bhanushali		
Short–term employee benefits	3.50	3.13
Total compensation paid to key management personnel	**38.64**	**37.46**

Notes:

The remuneration to the key management personnel are on accrual basis and does not include the provisions made for gratuity, carry forward leave benefits and any long–term benefits payable, as they are determined on an actuarial basis for the Company as a whole.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel except share based payment which is disclosed on the basis of shares exercised.

34. Segment Information

The Board of Directors i.e. Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Company operates under a single reportable segment which is data management, analytics solutions and process outsourcing services. Further the risks and rewards under various geographies where the Company operates are similar in nature.

The following tables present revenue and assets information regarding the Company's geographical segments:

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from customers		
United States of America	8,152.87	7,990.68
United Kingdom	576.85	635.10
Europe	1,638.88	1,830.40
Asia Pacific	817.74	616.52
Total Revenue	**11,186.34**	**11,072.70**

The Company has four customers with revenue greater than 10% each of total company revenue totalling Rs. 6,158.86 Million for the year ended March 31, 2020 and four customers with revenue greater than 10% each of total company revenue totalling Rs. 6,647.96 Million for the year ended March 31, 2019.

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
Non – current operating assets		
Asia Pacific	1,888.06	1,002.02
Total Assets	**1,888.06**	**1,002.02**

Note:
Non – current operating assets for this purpose consists of property plant and equiment, right–of–use assets, capital work in progress, other intangibles, other non – current assets and net tax assets.

35. Hedging activities and derivatives

Cash Flow Hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollars. These forecast transactions are highly probable, and they comprise about 66% of the Company's total expected sales in US dollars. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in the foreign exchange forward rate. The terms of foreign currency forward contracts match with the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

Type of Hedge and Risks	Nominal Value (Rupees in Million)	Carrying amount of hedging instrument (Rupees in Million)		Maturity date	Weighted average forward rate
		Assets	Liabilities		
March 31, 2020					
Cash flow hedges Foreign currency risk					
Foreign exchange forward contracts – USD	9,565.30	–	341.00	April 2020 – April 2022	75.17
March 31, 2019					
Cash flow hedges Foreign currency risk					
Foreign exchange forward contracts – USD	10,416.27	207.33	–	April 2019 – April 2021	72.65

The cash flow hedges of the expected future sales during the year ended March 31, 2020 were assessed to be highly effective and a net unrealised loss of Rs. 341.00 Million, with a deferred tax asset of Rs. 85.83 Million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended March 31, 2019 were assessed to be highly effective and an unrealised gain of Rs. 207.33 Million, with a deferred tax liability of Rs.57.60 Million was included in OCI in respect of these contracts.

The amounts reclassified from OCI to profit or loss for the year ended March 31, 2020, amounts to gain of Rs. 98.63 Million (March 31, 2019: loss of Rs. 122.88 Million).

36. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rupees in Million

	Carrying value		Fair value	
	March 31 2020	March 31 2019	March 31 2020	March 31 2019
Financial investments	4,363.78	2,805.00	4,363.78	2,805.00
Foreign exchange forward contracts – (Liabilities) / Assets	(341.00)	207.33	(341.00)	207.33
Total	**4,022.78**	**3,012.33**	**4,022.78**	**3,012.33**

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short–term maturities of these instruments.

For loan given to the ESOP Trust, refer note 8. The management believes that difference between carrying value and fair value of loan given to ESOP Trust is not significant.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the financial assets carried at fair value through profit and loss ("FVTPNL") are derived from quoted market prices in active markets.

The Company enters into derivative financial instruments with various counterparties. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The valuation techniques include forward pricing using present value calculations. The model incorporates various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying currency. As at March 31, 2020, the marked–to–market value of derivative asset / (liability) positions should be net of credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships recognised at fair value.

The fair value of security deposit that carries no interest is measured at the present value by discounting using the prevailing market rate of interest for a similar instrument with a similar credit rating.

37. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2020:

Rupees in Million

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets / (Liabilities) measured at fair value:					
Foreign exchange forward contracts	March 31, 2020	(341.00)	–	(341.00)	–
FVTPNL financial investments (refer note 36):					
Investments in quoted mutual funds	March 31, 2020	4,363.78	4,363.78	–	–

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

Rupees in Million

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets / (Liabilities) measured at fair value:					
Foreign exchange forward contracts	March 31, 2019	207.33	–	207.33	–
FVTPNL financial investments (refer note 36):					
Investments in quoted mutual funds	March 31, 2019	2,805.00	2,805.00	–	–

38. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives and lease liabilities, comprises trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTPNL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management provides assurance to the Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken which is consistent with the Company's foreign risk management policy. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises of currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTPNL investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analysis have been prepared on the basis that the derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2020.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post– retirement obligations; provisions, and the non financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges at March 31, 2020 and March 31, 2019 for the effects of the assumed changes of the underlying risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investment in foreign subsidiaries.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 24–month period for hedges of forecasted sales.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure with forecasted sales.

As at March 31, 2020, the Company hedged 66% (March 31, 2019: 70%) of its expected foreign currency sales in US dollars. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

The following table demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on Company's pre–tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

Rupees in Million

	Change in USD rate	Effect on profit before tax	Effect on pre–tax equity
March 31, 2020	+5%	151.52	(17.05)
	–5%	(151.52)	17.05
March 31, 2019	+5%	125.88	(10.37)
	–5%	(125.88)	10.37

	Change in EUR rate	Effect on profit before tax	Effect on pre–tax equity
March 31, 2020	+5%	5.20	–
	–5%	(5.20)	–
March 31, 2019	+5%	1.65	–
	–5%	(1.65)	–

Equity price risk

The Company's equity price risk is minimal due to no investment in listed securities and immaterial investment in non–listed equity securities.

At the reporting date, the exposure to unlisted equity securities at was Rs. 2.4 Million. No sensitivity analysis done since amount is immaterial.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. For loan given to ESOP trust, refer note 8.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and followed up.

For trade receivables or contract revenue receivables, the Company follows 'simplified approach' for recognition of impairment loss allowance.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward–looking estimates are analysed.

Financial instruments and bank deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's treasury department on a periodic basis as per the Board of Directors approved Investment policy. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure relating to financial derivative instruments is noted in note 35 and note 36.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations.The objective of liquidity risk management is to maintian sufficient liquidity and ensure that funds are available for use as per requirements.The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Rupees in Million

	On demand	Less than 3 months	3 to 12 months	> 1 years	Total
Year ended March 31, 2020					
Other financial liabilities	–	251.20	83.90	–	335.10
Trade and other payables	–	1,068.72	24.52	–	1,093.24
	–	**1,319.92**	**108.42**	**–**	**1,428.34**
The maturity analysis of lease liabilities are disclosed in Note 32a.					
Year ended March 31, 2019					
Other financial liabilities	–	256.79	68.70	–	325.49
Trade and other payables	–	681.51	8.85	–	690.36
	–	**938.30**	**77.55**	**–**	**1,015.85**

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio.

39. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

40. Buyback of shares

The Board of Directors vide their meeting dated March 14, 2019 approved, subject to shareholders' approval, buyback of equity shares of the Company. The shareholders' approval was procured vide postal ballot, results of which were announced on April 26, 2019. The Company concluded the said buyback of 1,746,666 equity shares of Rs. 10 each, at a buyback price of Rs. 1,500 per share and total buyback amount of Rs.2,620 Million. The settlement date for the said buyback was June 24, 2019. The shares so bought back were extinguished and the issued and paid–up capital stands amended accordingly.

41. Transfer pricing

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 'arm's 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.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

To the Members of eClerx Services Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of eClerx Services Limited (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") comprising of the consolidated Balance Sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
The Group enters into long term and short–term customer contracts. Revenue from these contracts is recognised in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers (as described in note 2.3 (d) and note 22 of the consolidated Ind AS financial statements). Revenue from sale of services for the year ended March 31, 2020 amounted to Rs 14,360.38 Million and unbilled receivables as at March 31, 2020 amounted to Rs 1,063.27 Million. Considering amount and volume of transactions, there is a risk that unbilled revenue at period end date, did not occur or is not as per terms agreed with customers.	• Our audit procedures included assessing the Group's revenue recognition accounting policies in accordance with Ind AS 115, Revenue from Contracts with Customers. • We obtained an understanding of management's internal controls over the revenue process and evaluated whether these were designed in line with the Group's accounting policies. We tested relevant internal controls, including IT controls, over revenue process. • We tested a sample of new revenue contracts entered by the Group, to assess whether revenue has been recognised as per contractual terms and as per Group accounting policies. • We selected a sample of revenue transactions with unbilled revenue at the year–end and traced these to underlying terms agreed with customers, proof of service delivery and internal control approvals. Also, we checked ageing of unbilled receivables and tested, on a sample basis, invoices raised subsequent to year end.

Key audit matter	How our audit addressed the key audit matter
Impairment of Goodwill	
The Group's balance sheet includes Rs 2,272.10 Million of goodwill, representing 13% of total Group assets. In accordance with Ind AS 36 'Impairment of Assets', these balances are allocated to Cash Generating Units (CGUs) which are tested annually for impairment using discounted cash–flow models of each CGU's recoverable value compared to the carrying value of the assets. A deficit between the recoverable value and the CGU's net assets would result in impairment. The Group's disclosures are included in Note 2.3 (i) and Note 31 to the consolidated Ind AS financial statements, which outlines the accounting policy and give method and assumptions used for impairment testing. The inputs to the impairment testing model which have the most significant impact on CGU recoverable value include projected revenue growth, budgeted operating margins and operating cash–flows, pre–tax discount rates and terminal value. The annual impairment testing is considered a significant accounting judgement and estimate and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the consolidated Ind AS financial statements as a whole.	• Our audit procedures included the following: • We assessed the Group's methodology applied in determining the CGUs to which goodwill is allocated. In making this assessment, we also evaluated the objectivity and independence of Company's external specialists involved in the process. • We assessed the assumptions around the key drivers of the cash flow forecasts including expected growth rates. We involved our valuation specialists to assist in evaluating assumptions of discount rates and terminal growth rates used in the valuation. • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. • We tested the arithmetical accuracy of the models.

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of four subsidiaries whose Ind AS financial statements include total assets of Rs 2,843.63 Million as at March 31, 2020, and total revenues of Rs 1,699.55 Million and net cash inflows of Rs 49.73 Million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub–sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, since none of the subsidiary companies are incorporated in India, no separate report on internal financial control over financial reporting is being issued with this report. We have issued a separate report on internal financial controls over financial reporting of the Holding Company with our audit report on the standalone Ind AS financial statements of the Holding Company dated June 09, 2020.

(g) In our opinion the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph':

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 34(c) to the consolidated Ind AS financial statements;

   ii. The Group did not have any material foreseeable losses in long–term contracts including derivative contracts during the year ended March 31, 2020; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
UDIN: 20036656AAAAAR1959

Place of Signature: Mumbai
Date: June 09, 2020

CONSOLIDATED BALANCE SHEET

	Notes	As at March 31, 2020 Rupees in Million	As at March 31, 2019 Rupees in Million
Assets			
Non–current assets			
Property, plant and equipment	3	778.26	828.63
Right of use assets	34.a.	1,281.47	–
Capital work in progress	3	7.99	1.65
Goodwill on consolidation	4	2,272.10	2,182.27
Other intangible assets	4	465.61	468.24
Financial assets			
Investments	6	2.40	2.40
Derivative instruments	7	–	94.40
Other financial assets	10	125.14	195.28
Deferred tax assets (net)	21	384.25	202.72
Other non–current assets	11	191.88	303.54
Non–current tax assets (net)		103.41	91.00
		5,612.51	**4,370.13**
Current assets			
Inventories	5	3.04	3.59
Financial assets			
Investments	6	4,365.52	2,860.24
Trade receivables	8	2,377.84	2,425.89
Cash and cash equivalents	9.a.	1,745.61	1,256.24
Other bank balances	9.b.	1,599.38	3,259.22
Other financial assets	10	1,124.19	1,109.78
Derivative instruments	7	–	112.93
Other current assets	12	531.46	571.94
Current tax assets (net)		–	1.96
		11,747.04	**11,601.79**
Total assets		**17,359.55**	**15,971.92**

	Notes	As at March 31, 2020 Rupees in Million	As at March 31, 2019 Rupees in Million
Equity and liabilities			
Equity			
Equity share capital	13	361.00	377.90
Other equity	14	12,701.14	13,435.08
Total equity attributable to shareholders of the Company		**13,062.14**	**13,812.98**
Non–controlling interests		6.12	5.85
Total equity		**13,068.26**	**13,818.83**
Non–current liabilities			
Financial Liabilities			
Lease liabilities	34.a.	1,316.50	–
Derivative instruments	7	96.63	–
Borrowings	17	3.15	8.11
Deferred tax liabilities (net)	21	129.35	132.09
Employee benefit obligations	15	443.08	405.89
Other non–current liabilities	16	–	127.88
		1,988.71	**673.97**
Current liabilities			
Financial liabilities			
Lease liabilities	34.a.	240.84	–
Derivative instruments	7	244.38	–
Borrowings	17	5.53	8.63
Trade payables			
Total outstanding dues of Micro enterprises and small enterprises	18.a.	3.16	3.37
Total outstanding dues of creditors other than Micro enterprises and small enterprises	18.b.	135.48	112.69
Other financial liabilities	19	444.19	443.04
Other current liabilities	20	153.14	161.98
Employee benefit obligations	15	879.27	703.13
Current tax liabilities (net)		196.59	46.28
		2,302.58	**1,479.12**
Total equity and liabilities		**17,359.55**	**15,971.92**
Summary of significant accounting policies	2		

The accompanying notes form an integral part of these financial statements.

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Notes	As at March 31, 2020 Rupees in Million	As at March 31, 2019 Rupees in Million
Revenue from operations	22	14,375.71	14,305.93
Other income	23	467.05	485.92
Total Income		**14,842.76**	**14,791.85**
Expenses			
Employee benefits expense	24	8,542.62	7,868.94
Cost of technical sub–contractors		554.44	714.12
Depreciation and amortisation expense	25	708.95	446.92
Finance costs	26	188.10	0.39
Other expense	27	2,043.46	2,646.74
Total expense		**12,037.57**	**11,677.11**
Profit before exceptional items & taxes		**2,805.19**	**3,114.74**
Exceptional item – gain / (loss)		–	–
Profit before taxes		**2,805.19**	**3,114.74**
Tax expenses			
Current tax	21		
Pertaining to current year		727.11	928.36
Adjustments in respect of current income tax of previous year		(3.91)	(16.75)
Deferred tax	21	(7.73)	(79.88)
Income tax expense		**715.47**	**831.73**
Profit for the year Attributable to:		**2,089.72**	**2,283.01**
Shareholders of the Company		2,089.83	2,282.63
Non– controlling interest		(0.11)	0.38

	Notes	As at March 31, 2020 Rupees in Million	As at March 31, 2019 Rupees in Million
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement (losses) / gains on defined benefit plans	28	(17.48)	(12.33)
Income tax effect	21	4.11	3.50
Net other comprehensive income not to be reclassified to profit and loss in subsequent periods		**(13.37)**	**(8.83)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement on cash flow hedges	28	(548.35)	(41.91)
Deferred tax on net movement on cash flow hedges	28	143.43	11.27
Exchange differences on translation of foreign operations	28	237.42	(22.26)
Net other comprehensive income to be reclassified to profit and loss in subsequent periods		**(167.50)**	**(52.90)**
Other comprehensive income for the year, net of tax		**(180.87)**	**(61.73)**
Total comprehensive income for the year, net of tax		**1,908.85**	**2,221.28**
Attributable to:			
Shareholders of the Company		1,908.96	2,220.90
Non– controlling interest		(0.11)	0.38
Earnings per equity share			
Basic (Face value of Rs. 10 each)	29	57.26	60.07
Diluted (Face value of Rs. 10 each)	29	57.25	59.98
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the consolidated financial statements.

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	As at March 31, 2020 Rupees in Million	As at March 31, 2019 Rupees in Million
Operating activities			
Profit before tax		2,805.19	3,114.74
Adjustments to reconcile profit before tax to net cash flows by operating activities :			
Depreciation of property, plant and equipment	25	621.55	341.78
Amortisation and impairment of intangible assets	25	87.40	105.14
Share–based payment expense	24	9.28	35.40
Net foreign exchange differences		36.27	43.41
Loss / (Gain) on sale of assets	23 & 27	12.93	(0.22)
Interest income on corporate rent deposits	23	(11.44)	(12.54)
Amortised cost on corporate rent deposits		11.84	11.43
(Profit) on sale of current investments	23	(13.32)	(14.49)
Dividend income	23	(66.66)	(97.48)
Interest income, net	23	(132.16)	(244.81)
Other adjustments	28	(17.48)	(12.33)
Bad debts written off	27	11.70	5.23
Finance cost	26	188.10	0.39
Provision for doubtful debts	27	9.12	3.20
Fair value loss / (gain) on financial instruments at fair value through profit and loss	23 & 27	(121.20)	15.83
		3,431.12	**3,294.68**
Working capital adjustments:			
Increase / (Decrease) in employee benefit obligations		213.33	(12.79)
Decrease / (Increase) in trade receivables		98.36	(152.64)
Decrease in inventories		0.56	0.79
Decrease in other current and non current financial assets		26.45	113.63
Decrease / (Increase) in other current and non current assets		150.60	(223.02)
Decrease in trade payables, other current and non current liabilities and provisions		(2.29)	(26.03)
Cash generated by operating activities		**3,918.13**	**2,994.62**
Payment of domestic and foreign taxes (net of refunds)		(590.17)	(933.07)
Net cash flows generated from operating activities		**3,327.96**	**2,061.55**

	Notes	As at March 31, 2020 Rupees in Million	As at March 31, 2019 Rupees in Million
Investing activities			
Proceeds from sale of current investments		10,589.94	12,419.80
Purchase of current investments		(11,960.70)	(13,629.53)
Investment in bank deposits (having original maturity of more than three months)		(1,781.87)	(4,941.07)
Redemption/maturity of bank deposits (having original maturity of more than three months)		3,390.46	4,079.71
Payment of unclaimed dividend and fractional share		(0.16)	(0.24)
Proceeds from sale of property, plant and equipment		7.68	1.12
Purchase of property, plant and equipment and intangibles (including capital work in progress)		(343.16)	(521.26)
Dividend received		66.66	97.48
Interest received		214.07	185.69
Net cash flows generated from / (used in) investing activities		**182.92**	**(2,308.30)**
Financing activities			
Proceeds from issue of equity share capital		6.32	50.84
Proceeds from equity issue pending allotment		–	2.41
Purchase of treasury shares by ESOP Trust		–	(498.93)
Buyback of equity shares		(2,563.75)	–
Buyback expenses		(24.52)	–
Payment of dividend		(36.10)	(37.99)
Dividend distribution tax		(7.60)	(7.95)
Bank loan (repaid) / taken		(8.07)	(46.70)
Interest paid		(188.10)	(0.39)
Principal payment – Lease		(260.53)	–
Net cash flows used in financing activities		**(3,082.35)**	**(538.71)**
Effect of exchange fluctuation on cash and cash equivalents		60.84	11.41
Net increase / (decrease) in cash and cash equivalents		**489.37**	**(774.05)**
Cash and cash equivalents at the beginning of the year	9(a)	1,256.24	2,030.29
Cash and cash equivalents at the end of the year	**9(a)**	**1,745.61**	**1,256.24**
Summary of significant accounting policies	2		

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Rupees in Million

	No. of shares	Share capital
a. Equity share capital		
Equity shares of Rs.10 each issued, subscribed and fully paid		
As at April 01, 2018	**38,141,422**	**381.41**
Add: Shares allotted during the year on account of exercise of share options by employees (ESOP)	82,013	0.82
Less: Shares purchased by eClerx Employee Welfare Trust	(433,200)	(4.33)
As at March 31, 2019	**37,790,235**	**377.90**
Add: Shares allotted during the year on account of exercise of share options by employees (ESOP)	18,972	0.19
Less : Shares bought back during the year (refer note 42)	(1,746,666)	(17.47)
Add: Buy back of shares held by eClerx Employee Welfare Trust	37,255	0.38
As at March 31, 2020	**36,099,796**	**361.00**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

b. Other equity

Rupees in million

PARTICULARS		Reserves and Surplus							Items of OCI					
	Share Application money pending allotment	Capital redemp-tion reserve	Securi-ties premium account	Share based payment reserve	Statutory reserve	SEZ Re–in-vestment Reserve Account	Capital reserve	Retained earnings	Foreign exchange translation	Cashflow Hedging reserve	Treasury shares	Total equity Attributable to the equity holders of the Company	Non controlling interest	Total
As at April 01, 2019	4.41	24.98	181.00	207.16	1.07	0.71	0.11	13,323.44	663.38	149.72	(1,120.90)	13,435.08	5.85	13,440.93
Impact on account of adoption of IND AS 116 (refer note 2.3(h))		–	–	–	–	–	–	(54.84)	–	–	–	(54.84)	–	(54.84)
Impact on account of Appendix C to Ind AS 12 (refer note 2.3(e))	–	–	–	–	–	–	–	(16.46)	–	–	–	(16.46)	–	(16.46)
	4.41	24.98	181.00	207.16	1.07	0.71	0.11	13,252.14	663.38	149.72	(1,120.90)	13,363.78	5.85	13,369.63
Profit for the period	–	–	–	–	–	–	–	2,089.83	–	–	–	2,089.83	(0.11)	2,089.72
Other comprehensive income (refer note 28)	–	–	–	–	–	–	–	(13.37)	237.42	(404.92)	–	(180.87)	–	(180.87)
Dividend and dividend tax paid (refer note 14)	–	–	–	–	–	–	–	(43.71)	–	–	–	(43.71)	–	(43.71)
Share based payment charge / (credit) net off stock options forfeited during the year (refer note 14)	–	–	–	9.28	–	–	–	–	–	–	–	9.28	–	9.28
Transfer on account of stock options not exercised (refer note 14)		–	–	(27.98)	–	–	–	27.98	–	–	–	–	–	–
Premium on issue of shares allotted pursuant to exercise of stock options (refer note 14)	–	–	10.52	–	–	–	–	–	–	–	–	10.52	–	10.52
Transfer to securities premium on account of exercise of stock options (refer note 14)	–	–	3.30	(3.30)	–	–	–	–	–	–	–	–	–	–
Statutory reserve as per local law in overseas subsidiary (refer note 14)	–	–	–	–	3.76	–	–	–	–	–	–	3.76	–	3.76
Shares application money received during the year (refer note 14)	6.32	–	–	–	–	–	–	–	–	–	–	6.32	–	6.32
Shares allotted during the year (refer note 14)	(10.73)	–	–	–	–	–	–	–	–	–	–	(10.73)	–	(10.73)
Amount transfer to on account of buyback of shares (refer note 14)	–	17.47	–	–	–	–	–	(17.47)	–	–	–	–	–	–
Amount utilised on account of buy back of shares (refer note 14)	–	–	(180.99)	–	–	–	–	(2,421.54)	–	–	–	(2,602.53)	–	(2,602.53)
Buyback expenses (refer note 14)	–	–	–	–	–	–	–	(24.51)	–	–	–	(24.51)	–	(24.51)
Tax credit on exercise of options (refer note 14)	–	–	–	–	–	–	–	14.61	–	–	–	14.61	–	14.61
Foreign currency translation movement during the year (refer note 14)	–	–	–	–	–	–	–	–	–	–	–	–	0.38	0.38
Gain on treasury shares on buyback (refer note 14)	–	–	–	–	–	–	–	3.84	–	–	–	3.84	–	3.84
Other adjustments in oversea subsidiaries (refer note 14)	–	–	–	–	–	–	–	10.16	–	–	–	10.16	–	10.16
Amount transferred from SEZ Re–investment Reserve account (refer note 14)	–	–	–	–	–	(0.71)	–	0.71	–	–	–	–	–	–
Buy back of shares held by eClerx Employee Welfare Trust (refer note 14)	–	–	–	–	–	–	–	–	–	–	51.39	51.39	–	51.39
As at March 31, 2020	**–**	**42.45**	**13.83**	**185.16**	**4.83**	**–**	**0.11**	**12,878.67**	**900.80**	**(255.20)**	**(1,069.51)**	**12,701.14**	**6.12**	**12,707.26**

Rupees in Million

PARTICULARS		Reserves and Surplus							Items of OCI					
	Share Application money pending allotment	Capital redemp-tion reserve	Securi-ties premium account	Share based payment reserve	Statutory reserve	SEZ Re–in-vestment Reserve Account	Capital reserve	Retained earnings	Foreign exchange translation	Cashflow Hedging reserve	Treasury shares	Total equity Attributable to the equity holders of the Company	Non controlling interest	Total
As at April 01, 2018	**2.00**	**24.98**	**114.80**	**187.94**	**1.11**	**–**	**0.11**	**11,095.41**	**685.64**	**180.36**	**(626.30)**	**11,666.05**	**5.35**	**11,671.40**
Profit for the period	–	–	–	–	–	–	–	2,282.63	–	–	–	2,282.63	0.38	2,283.01
Other comprehensive income (refer note 28)	–	–	–	–	–	–	–	(8.83)	(22.26)	(30.64)	–	(61.73)	–	(61.73)
Dividend and dividend tax paid (refer note 14)	–	–	–	–	–	–	–	(45.94)	–	–	–	(45.94)	–	(45.94)
Share based payment charge/(credit) net off stock options forfeited during the year (refer note 14)	–	–	–	35.40	–	–	–	–	–	–	–	35.40	–	35.40
Statutory reserve as per local law in overseas subsidiary (refer note 14)	–	–	–	–	(0.04)	–	–	–	–	–	–	(0.04)	0.12	0.08
Transfer to securities premium on account of exercise of stock options (refer note 14)	–	–	16.18	(16.18)	–	–	–	–	–	–	–	–	–	–
Premium on issue of shares allotted pursuant to exercise of stock options (refer note 14)	–	–	50.02	–	–	–	–	–	–	–	–	50.02	–	50.02
Shares application money received during the year (refer note 14)	53.25	–	–	–	–	–	–	–	–	–	–	53.25	–	53.25
Shares allotted during the year (refer note 14)	(50.84)	–	–	–	–	–	–	–	–	–	–	(50.84)	–	(50.84)
Amount utilised on account of buy back of shares (refer note 14)	–	–	–	–	–	–	–	(0.14)	–	–	–	(0.14)	–	(0.14)
Tax credit on exercise of options (refer note 14)	–	–	–	–	–	–	–	1.02	–	–	–	1.02	–	1.02
Amount transferred to SEZ Re–investment Reserve account (refer note 14)	–	–	–	–	–	48.27	–	(48.27)	–	–	–	–	–	–
Amount utilised during the year from SEZ Re–investment Reserve account (refer note 14)	–	–	–	–	–	(47.56)	–	47.56	–	–	–	–	–	–
Shares purchased by eClerx Employee Welfare Trust (refer note 14)	–	–	–	–	–	–	–	–	–	–	(494.60)	(494.60)	–	(494.60)
As at March 31, 2019	**4.41**	**24.98**	**181.00**	**207.16**	**1.07**	**0.71**	**0.11**	**13,323.44**	**663.38**	**149.72**	**(1,120.90)**	**13,435.08**	**5.85**	**13,440.93**

As per our report of even date
For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

eClerx Services Limited (the "Company" or the "Holding Company") and its subsidiaries (collectively referred to as the "Group") are engaged in providing critical business operations services to global Fortune 500 clients, including several of the world's leading companies across financial services, cable and telecommunications, retail, fashion, media & entertainment, manufacturing, travel and leisure, software and high–tech. The Group provides innovative business process management, change management, datadriven insights, advanced analytics powered by subject matter experts and smart automation. The Company is domiciled in India and has its registered office at Mumbai, Maharashtra, India. Information on the Group's structure is provided in note 30.

The consolidated financial statements for the year ended March 31, 2020 were authorised for issue in accordance with a resolution of the board of directors on June 09, 2020.

2.A. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Group's financial statements

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Share based payments

The consolidated financial statements are presented in "Rs." and all values are stated in Rs. Million, except when otherwise indicated.

New and amended standards

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Group applied Ind AS 116 – Leases and Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12 with effect from 1st April 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described subsequently.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and entities which it controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

i) power over investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

ii) exposure, or rights, to variable returns from its involvement with the investee, and

iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) the contractual arrangement with the other vote holders of the investee

b) rights arising from other contractual arrangements

c) the Group's voting rights and potential voting rights

d) the size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting right holders

The Group re–assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If the member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the consolidation are drawn up to same reporting date as that of the Parent Company i.e. March 31, 2020.

The consolidated financial statements have been prepared on the following basis:

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combination policy explains how to account for any related goodwill.

c. Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra group transactions.

d. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non–controlling interests, even if this results in the non–controlling interests having a deficit balance.

2.3. Summary of significant accounting policies

a. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non–controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non–controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition–related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.

For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non–controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re–assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income ("OCI") and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash–generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. Where goodwill has been allocated to a cash–generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash–generating unit retained.

b. Foreign currencies

The Group's consolidated financial statements are presented in Indian Rupees ("Rs."), which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency balances:

Transactions in foreign currencies are initially recorded by the group's entities at their respective functional currency using spot rates at the date of the transaction. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Group companies:

On consolidation, the assets and liabilities of foreign operations are translated into Rs. at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the date of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

Goodwill arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 01, 2015), is treated as assets of the entity rather than as assets of the foreign operation. Therefore, those assets are non– monetary items are already expressed in functional currency of the parent and no further translation differences occur.

Any goodwill arising in acquisition/business combination of a foreign operation on or after April 01, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

c. Fair value measurement

The Group measures financial instruments such as derivatives and certain investments, at fair value at each consolidated balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non–financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re–assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

d. Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to the customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

Arrangement with customers for services rendered by the Group are either on time and material or on fixed price basis. Revenue from contracts on time–and–material basis is recognised as the related services are performed. Revenue from fixed–price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage–of–completion method. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Revenue from maintenance contracts are recognised on pro–rata basis over the period of the contract.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts and other variable considerations, if any, as specified in the contracts with the customers.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Group presents revenue net of indirect taxes in its consolidated statement of profit and loss.

Revenue in excess of billing is classified as contract asset i.e. unbilled revenue while billing in excess of revenue is classified as contract liability i.e. deferred revenue. Advance billing is shown as contract liabilities under other current financial liabilities. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unbilled Revenues are classified as non–financial asset if the contractual right to consideration is dependent on completion of contractual milestones.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within the contractually agreed period.

Deferred contract costs are incremental costs of obtaining a contract which are recognised as assets and amortized over the benefit period.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividend income is recognised when Group's right to receive dividend is established by the reporting date.

Government Grants

Government grants are recognised when there is reasonable assurance that grant will be received and all attached conditions will be complied with.

e. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re–assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

The Appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

i) Whether an entity considers uncertain tax treatments separately

ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities

iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

iv) How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The amendment is effective from April 01, 2019. The Group has evaluated the effect of the Appendix C to Ind AS 12 on the financial statements and an amount of Rs.16.46 Million was debited to retained earnings on April 01, 2019. There is no additional impact of the Appendix on the statement of profit and loss for the year ended March 31, 2020.

f. Property, plant and equipment

Property, plant and equipment ("PPE") are stated at the cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation and impairment loss, if any.

Advances paid towards acquisition of property, plant and equipment are disclosed as capital advances under other non-current assets.

Capital work–in–progress includes cost of property, plant and equipment under installation/ under development as at the consolidated balance sheet date and are carried at cost, comprising of direct cost and directly attributable cost.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is disposed.

The Group provides depreciation on property, plant and equipment (other than leasehold improvements) using the Written Down Value method other than assets of CLX Group which follows Straight – Line method. The rates of depreciation are arrived at, based on useful lives estimated by the management as follows:

Block of assets	Estimated useful life (in years)
Office equipment	5
Furniture and fixtures	10
Computers	3–6
Leasehold improvements	Lease term

The Group provides depreciation based on same useful life of assets for all subsidiaries other than following assets in CLX group:

Block of assets	Estimated useful life (in years)
Office equipment	3–10
Furniture and fixtures	3–15
Computers	
– End user devices	3
– Servers	6
Plant and machinery	4–12
Building	50
Vehicles	4
Leasehold improvements	Lease term

No depreciation is provided on freehold land.

In case of foreign subsidiaries, certain items of property, plant and equipment are depreciated over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013 ("the Act"). The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. There are no intangible assets assessed with indefinite useful life.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

Intangible assets are amortised on straight–line basis as follows:

Intangible assets	Estimated useful life (in years)
Computer softwares	1–5
Unpatented technology	7
Non–competition agreements	3
Customer relationships	9–15
Indemnification assets	3

Research and development expenses for software product

Research cost are expensed as incurred. Software product development cost are expensed as incurred unless technical feasibility of project is established, further economic benefit are probable, the Group has an intention and ability to complete and use or sell the software and the cost can be measure reliably. The cost which can be captialised include the cost of material, direct labor and overhead cost that are directly attributable to preparing the asset for its intended use.

h. Leases

The Group as lessee:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group recognises right–of–use asset and a corresponding lease liability for all lease arrangements in which the Group is a lessee, except for a short term lease of 12 months or less and leases of low–value assets. For short term lease and low–value asset arrangements, the Group recognises the lease payments as an operating expense on straight–line basis over the lease term.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease arrangement. Right–of–use assets and lease liabilities are measured according to such options when it is reasonably certain that the Group will exercise these options.

The right–of–use asset are recognised at the inception of the lease arrangement at the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date of lease arrangement reduced by any lease incentives received, added by initial direct costs incurred and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right–of–use assets are depreciated using the straight–line method from the commencement date over the shorter of lease term or useful life of right–of–use asset.

Estimated useful life of right–of–use assets is determined on the basis of useful life of property, plant and equipment. Right–of–use assets are tested for impairment whenever there is an indication that their carrying value may not be recoverable. Impairment loss, if any is recognised in the statement of profit and loss account.

The lease liability is measured at amortized cost, at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease arrangement or, if not readily determinable, at the incremental borrowing rate in the country of domicile of such leases. Lease liabilities are remeasured with corresponding adjustments to right–of–use assets to reflect any reassessment or lease modifications

Transition

The Group has adopted Ind AS 116 'Leases' with effect from 1 April 2019 using the modified retrospective method. Cumulative effect of initially applying the standard has been recognised on the date of initial application and hence the Group has not restated comparative information. The Group has recorded lease liability at the present value of the future lease payments discounted at the incremental borrowing rate and the right–of–use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the incremental borrowing rate at the date of initial application.

The Group has selected practical expedient for the following:

a) Not recognizing right–of–use asset and lease liability for leases having a lease term of 12 months or less as on date of initial application and leases of low–value assets. The Group recognises the lease payments associated with such leases as an expense over the lease term.

b) Excluded the initial direct cost from the measurement of the right of use asset at the date of initial application.

c) Ind AS 116 is applied only to those contracts that were previously identified as leases under Ind AS 17.

Accordingly, the Group has recognised right–of–use asset of Rs.1,223.06 Million and a lease liability of Rs.1,452.54 Million in the financial statements on the date of initial application. The cumulative effect of applying the standard, amounting to Rs.54.84 Million was debited to the opening retained earnings, net of taxes. Due to adoption of Ind AS

116, the nature of expenses have changed from rent in previous periods to depreciation cost on right–of–use asset and finance cost for interest on lease liability. During the year ended March 31, 2020, the Group has recognised depreciation on right–of–use asset Rs.305.33 Million along with interest on lease liability of Rs.188.10 Million respectively. The effect of this standard is not significant on the profit for the year of the Group. Further as per Ind AS 116, the principal portion of lease payments and interest on lease liability has been disclosed under the cash outflow from financing activities. Operating lease payments as per Ind AS 17 – Leases were disclosed under the cash outflow from operating activities.

i. Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash – generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exists or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statment of profit and loss.

Goodwill is tested for impairment annually at the end of each financial year and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods (refer note 31) .

j. Provisions and contingences

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statment of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre–tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non–occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes.

k. Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. 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 Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Group has no further obligations under these plans beyond its monthly contributions.

Defined benefit plan

Gratuity

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund with the insurance service provider. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at periodic intervals

Re–measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated balance sheet with a corresponding charge or credit to retained

earnings through OCI in the period in which they occur. Re–measurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statment of profit and loss:

- Service costs comprising current service costs; and
- Net interest expense or income

Subsidiary in United States of America

One of the subsidiary of the Group, "eClerx LLC" has a saving and investment plan under section 401(k) of the Internal Revenue Code of the United States of America. This is a defined contribution plan. Contributions are charged to the consolidated statement of profit and loss in the period in which employees render the related services.

Subsidiary in Singapore

One of the subsidiary of the Group, "eClerx Private Limited" contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore in respect of eligible employees. Contributions are charged to the consolidated statement of profit and loss when employees render the related services.

Subsidiary in Italy

One of the subsidiary of the Group, "CLX Europe S.P.A" contributes to a Pension Fund, a defined contribution plan regulated and managed by the Government of Italy in respect of eligible employees. Contributions are charged to the consolidated statement of profit and loss when employees render the related services.

Compensated Absences

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short–term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long–term employee benefit for measurement purposes. Such long–term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year–end. The Group treats the entire leave as current liability in the consolidated balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

l. Share – based payments

Employees of the Group receive remuneration in the form of share–based payments, whereby employees render services as consideration for equity instruments (equity–settled transactions).

The cost of equity–settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in share–based payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statment of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

m. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognises a financial asset or a liability in its consolidated balance sheet only when the entity becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified into three categories:

- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the consolidated statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss ("FVTPL") under the fair value option.

- Business model test: The objective of the group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

A financial asset is classified as at the Financial assets measured at Fair value through other comprehensive income ("FVTOCI") if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

A financial asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L.

FVTPL is a residual category for financial assets. Any instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the group may elect to designate a financial asset, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses impairment based on expected credit losses ("ECL") model to the following:

- Financial assets measured at amortised cost; and
- Financial assets measured at FVTOCI ;

Expected credit losses ("ECL") are measured through a loss allowance at an amount equal to:

- the 12–month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or contract revenue receivables, the Group follows 'simplified approach' for recognition of impairment loss allowance.

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward–looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12–month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12–month ECL.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives as appropriate or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The Group measures all financial liabilities at amortised cost using the Effective Interest Rate ("EIR") method except for financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial liabilities held for trading are measured at fair value through profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group enters into derivative contracts to hedge foreign currency/price risk on highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recorded in the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income ("OCI") and later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statment of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. The ineffective portion relating to foreign currency contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs

o. Treasury shares

The Group has created an Employee Benefit Trust ("EBT") for providing share–based payment to its employees. The Group uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares of the Company from the market, for giving shares to employees. The shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in other equity.

p. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term investments with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

q. Cash dividend to equity holders of the Company

The Company recognises a liability to make cash or non–cash distributions to equity share holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution of interim dividend is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders of the Company. A corresponding amount is recognised directly in equity.

r. Inventories

Raw materials are valued at lower of cost and net realisable value. Cost of raw materials is determined on a weighted average basis.

s. Earnings per share

The earnings considered in ascertaining the Group's earning per share comprise the net profit after tax. The number of shares used in computing basic earnings per share are the weighted average number of shares outstanding during the year. 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 shares, if any which would have been issued on the conversion of all dilutive potential equity shares. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.B. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a. Revenue recognition

The Group uses the percentage–of–completion method in accounting for its fixed–price contracts. Use of the percentage–of completion method requires the Group to estimate the efforts expended to date as a proportion of the total efforts to be expended.

Judgement is also required to determine transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

b. Leases

The Group has entered into commercial property leases for its offices. Further, the Group has also adopted Ind AS 116 'Leases' with effect from April 01, 2019 using the modified retrospective method.

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term and the applicable discount rate.

The Group has lease contracts which include extension and termination option and this requires exercise of judgement by the Group in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The discount rate is generally based on the incremental borrowing rate specific to the lease period.

c. Share – based payments

The Group measures share–based payments and transactions at fair value and recognises over the vesting period using Black Scholes valuation model. Estimating fair value for share–based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.The Group is applying forfeiture rate based on historical trend. The assumptions and models used for estimating fair value for share–based payment transactions are disclosed in note 33.

d. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long–term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the Group considers the interest rates of government bonds in currencies consistent with the currencies of the post–employment benefit obligation.

The mortality rate is based on rates given under Indian Assured Lives Mortality (2006–08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 32.

e. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See notes 38 and 39 for further disclosures.

f. Impairment of non–financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the projections for the next three to five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash–inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 31.

2.C. Estimation of uncertainties relating to the global health pandemic from COVID–19

The Group has considered the possible effects that may result from the pandemic relating to Covid–19 on the carrying amounts of receivables, unbilled revenue, goodwill and intangible assets. In assessing the recoverability of these assets, the Group has used internal and external sources of information up to the date of approval of these financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The Group will continue to monitor any material impact due to changes in future economic conditions.

3. Property, plant and equipment

Rupees in Million

PARTICULARS	Computer Hardware	Leasehold improvements	Furniture & fixtures	Office equipments	Land	Building	Plant and Machinery	Vehicles	Total
Cost									
As at April 01, 2018	**677.00**	**310.07**	**125.81**	**476.32**	**19.63**	**17.85**	**5.81**	**2.34**	**1,634.83**
Additions	160.07	241.17	26.84	81.15	-	0.31	0.84	1.26	511.64
Disposals	(17.15)	-	(1.48)	(8.12)	-	-	-	-	(26.75)
Translation exchange difference	2.56	0.63	0.45	2.97	0.90	0.54	(0.11)	(0.12)	7.82
As at March 31, 2019	**822.48**	**551.87**	**151.62**	**552.32**	**20.53**	**18.70**	**6.54**	**3.48**	**2,127.54**
Additions	147.61	38.11	33.66	52.67	-	0.45	1.44	0.11	274.05
Disposals	(17.81)	(138.82)	(45.48)	(98.63)	-	-	-	-	(300.74)
Translation exchange difference	29.15	3.19	2.22	7.31	1.23	1.21	0.45	0.24	45.00
As at March 31, 2020	**981.43**	**454.35**	**142.02**	**513.67**	**21.76**	**20.36**	**8.43**	**3.83**	**2,145.85**
Depreciation and impairment									
As at April 01, 2018	**424.72**	**162.54**	**55.23**	**331.09**	**-**	**2.89**	**3.28**	**0.80**	**980.55**
Depreciation charge for the year	151.56	84.43	19.25	84.02	-	1.07	0.75	0.70	341.78
Disposals	(17.04)	-	(1.31)	(7.50)	-	-	-	-	(25.85)
Translation exchange difference	0.51	0.30	0.10	1.83	-	(0.13)	(0.13)	(0.05)	2.43
As at March 31, 2019	**559.75**	**247.27**	**73.27**	**409.44**	**-**	**3.83**	**3.90**	**1.45**	**1,298.91**
Depreciation charge for the year	146.36	61.53	25.09	80.45	-	1.18	0.83	0.78	316.22
Disposals	(17.76)	(134.29)	(34.81)	(93.27)	-	-	-	-	(280.13)
Translation exchange difference	22.28	2.37	1.31	5.85	-	0.33	0.31	0.14	32.59
As at March 31, 2020	**710.63**	**176.88**	**64.86**	**402.47**	**-**	**5.34**	**5.04**	**2.37**	**1,367.59**
Net Book Value									
As at March 31, 2020	**270.80**	**277.47**	**77.16**	**111.20**	**21.76**	**15.02**	**3.39**	**1.46**	**778.26**
As at March 31, 2019	**262.73**	**304.60**	**78.35**	**142.88**	**20.53**	**14.87**	**2.64**	**2.03**	**828.63**

Capital Work in Progress

Rupees in Million

PARTICULAR	As at March 31, 2020	As at March 31, 2019
Leasehold improvements	7.99	1.65
	7.99	**1.65**

4. Intangible assets

Rupees in Million

	Goodwill on consolidation	Computer software	Unpatented technology	Noncompetition agreements	Indemnification asset	Customer relationship	Total
Cost							
As at April 01, 2018	**2,220.14**	**211.10**	**138.86**	**47.92**	**18.95**	**610.19**	**3,247.16**
Additions	–	10.15	13.99	–	–	–	24.14
Disposals	–	(12.16)	–	–	–	–	(12.16)
Translation exchange difference	(37.87)	2.45	(4.39)	(1.50)	(0.60)	(16.99)	(58.90)
As at March 31, 2019	**2,182.27**	**211.54**	**148.46**	**46.42**	**18.35**	**593.20**	**3,200.24**
Additions	–	30.58	26.60	–	–	–	57.18
Translation exchange difference	89.83	3.81	10.21	3.19	1.26	41.27	149.57
As at March 31, 2020	**2,272.10**	**245.93**	**185.27**	**49.61**	**19.61**	**634.47**	**3,406.99**
Amortisation and impairment							
As at April 01, 2018	**–**	**176.27**	**108.86**	**47.05**	**18.61**	**116.39**	**467.18**
Amortisation charge for the year	–	29.43	32.23	0.88	0.34	42.26	105.14
Disposals	–	(12.16)	–	–	–	–	(12.16)
Translation exchange difference	–	1.50	(4.70)	(1.51)	(0.60)	(5.12)	(10.43)
As at March 31, 2019	**–**	**195.04**	**136.39**	**46.42**	**18.35**	**153.53**	**549.73**
Amortisation charge for the year	–	16.71	29.41	–	–	41.28	87.40
Translation exchange difference	–	3.84	10.96	3.19	1.26	12.90	32.15
As at March 31, 2020	**–**	**215.59**	**176.76**	**49.61**	**19.61**	**207.71**	**669.28**
Net Book Value							
As at March 31, 2020	**2,272.10**	**30.34**	**8.51**	**–**	**–**	**426.76**	**2,737.71**
As at March 31, 2019	**2,182.27**	**16.50**	**12.07**	**–**	**–**	**439.67**	**2,650.51**

Rupees in Million

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Goodwill	2,272.10	2,182.27
Other intangible assets	465.61	468.24
	2,737.71	**2,650.51**

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
5. Inventories		
Raw materials	3.04	3.59
	3.04	**3.59**
Financial assets		
6. Investments		
Non current investments (Unquoted, carried at fair value through profit and loss)		
8,000 equity shares (March 31, 2019: 8,000 equity shares) of Re. 1 each fully paid up in Talentick Edusolutions Private Limited (refer note 29.a.)	2.40	2.40
Total Non– current investments	**2.40**	**2.40**
Current investments (Quoted, carried at fair value through profit and loss)		
Investments in mutual funds (refer note 29.b.)	4,365.52	2,860.24
	4,365.52	**2,860.24**
Aggregate value of unquoted investments	2.40	2.40
Aggregate book value of quoted investments	4,365.52	2,860.24
Aggregate market value of quoted investments	4,365.52	2,860.24

Investments at fair value through profit or loss (fully paid) reflect investments in mutual funds and investment in Talentick Edusolutions Private Limited. For determination of fair values, refer note 38.

7. Derivative instruments		
Financial assets		
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	–	207.33
Total derivative instruments at fair value through OCI	**–**	**207.33**
Current	**–**	**112.93**
Non–current	**–**	**94.40**
	–	**207.33**
Financial liabilities		
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	341.01	–
Total derivative instruments at fair value through OCI	**341.01**	**–**
Current	**244.38**	**–**
Non–current	**96.63**	**–**
	341.01	**–**

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US dollars ("USD").

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
8. Trade receivables		
Trade receivables	2,377.84	2,425.89
	2,377.84	**2,425.89**
Considered good – Secured	–	–
Considered good – Unsecured	2,377.84	2,425.89
Trade receivables which have significant increase in credit risk	–	–
Trade receivables – credit impaired	13.33	7.98
	2,391.17	**2,433.87**
Less: Loss allowance	(13.33)	(7.98)
	2,377.84	**2,425.89**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non–interest bearing and are generally on terms of 30 to 90 days.

9.a. Cash and cash equivalents		
Cash on hand	0.71	0.44
Balances with banks		
In current accounts	1,744.15	1,254.89
Deposits with original maturity of less than three months	–	–
Earmarked bank balance towards dividend	0.74	0.90
Earmarked bank balance towards fractional share payout	0.01	0.01
	1,745.61	**1,256.24**
9.b. Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	131.76	2,297.64
Deposit with original maturity of more than twelve months	1,408.00	820.00
Deposits pledged with banks against bank guarantees	0.30	0.91
Interest receivable	52.53	134.42
Earmarked bank balances with bank	6.79	6.25
	1,599.38	**3,259.22**
	3,344.99	**4,515.46**

Cash at banks earns interest at floating rates based on the daily bank deposit rates and the daily balances. Time deposits are placed for varying periods ranging from 185 days to 2,193 days, depending on the immediate cash requirements of the Group. The time deposits earn interest at the respective deposit rates.

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
10. Other financial assets		
Non–current		
Corporate premises rent deposits	103.08	142.09
Other deposits	14.57	16.72
Deposit with original maturity of more than twelve months	0.61	30.00
Deposits pledged with banks against bank guarantees	6.58	6.47
Staff accomodation rent deposits	0.30	–
	125.14	**195.28**

Time deposits are placed for varying periods ranging from 1,462 days to 2,193 days, depending on the immediate cash requirements of the Group. The time deposits earn interest at the respective deposit rates

Current		
Unbilled receivables	1,063.27	994.06
Staff accommodation rent deposits	0.73	1.41
Recoverable expenses from client	5.25	9.86
Other advances	54.74	104.45
Other deposits	0.20	–
	1,124.19	**1,109.78**
Total current and non-current other financial assets	**1,249.33**	**1,305.06**
Break up of financial assets carried at amortised cost		
Trade receivables (refer note 8)	2,377.84	2,425.89
Cash and cash equivalents and other bank balances (refer note 9.a. and note 9.b.)	3,344.99	4,515.46
Other financial assets (refer note 10)	1,249.33	1,305.06
Total financial assets carried at amortised cost	**6,972.16**	**8,246.41**
11. Other non–current assets		
Prepaid expense	42.82	38.07
Capital advances	2.63	4.17
Goods & Service Tax ("GST") credits	142.28	230.91
Service tax and other tax credits	4.15	30.39
	191.88	**303.54**
12. Other current assets		
Prepaid expense	173.03	137.29
GST, Service tax and other tax credits	132.62	50.10
Service Exports from India Scheme Licence ("SEIS") receivables	217.00	379.39
Other advances	8.81	5.16
	531.46	**571.94**

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
13. Share capital		
Authorised share capital		
50,010,000 (March 31, 2019: 50,010,000) shares of Rs. 10 each	500.10	500.10
Issued, subscribed and fully paid up		
36,099,796 (March 31, 2019: 37,790,235) shares of Rs. 10 each fully paid up	361.00	377.90

(a) 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. Subject to the provisions of Companies Act 2013 as to preferential payments, the assets of the Company shall, on its windingup be applied in satisfaction of its liabilities pari–passu and, subject to such application, shall, unless the articles otherwise provide, will be distributed among the members according to their rights and interests in the Company.

(b) Aggregate number of bonus shares issued, shares issued for consideration other than cash

The Company has issued 10,180,609 shares by way of bonus issue by capitalising securities premium during the period of five years immediately preceding the balance sheet date.

(c) Aggregate number of equity shares bought back during the period of five years immediately preceding the reporting date:

During the year ended March 31, 2020, the Company bought back 1,746,666 shares. During the period of 5 years immediately preceding the balance sheet date the Company bought back 1,290,000 shares in FY 2017–18 and 1,170,000 shares in FY 2016–17.

(d) Details of shareholders holding more than 5% shares in the Company

	As at March 31 2020		As at March 31, 2019	
	Number of shares	% Holding	Number of shares	% Holding
Anjan Malik	9,365,204	25.32%	9,759,430	25.21%
Priyadarshan Mundhra	9,369,043	25.33%	9,763,430	25.22%
Matthews India Fund	-	-	2,080,797	5.38%
HDFC Trustee Company Limited – HDFC Tax Saver Fund	2,463,844	6.66%	-	-

(e) Shares reserved for issue under options:
For details of shares reserved for issue under the employee stock option ("ESOP") plan of the Company, please refer note 33.

14. Other equity

Rupees in Million

Securities premium account	
As at April 01, 2018	**114.80**
Add: Premium on issue of share alloted pursuant to exercise of options	50.02
Add: Transferred from share based payment reserve on exercise of options	16.18
As at March 31, 2019	**181.00**
Add: Transferred from share based payment reserve on exercise of options	3.30
Add: Premium on issue of share alloted pursuant to exercise of options	10.52
Less: Amount utilised on account of buyback of shares	(180.99)
As at March 31, 2020	**13.83**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares, buy back of equity shares, etc. in accordance with the provisions of the Companies Act, 2013.

Share based payment reserve

Rupees in Million

As at April 01, 2018	**187.94**
Add: Charge for the year	35.40
Less: Transfer to securities premium account on exercise of options	(16.18)
As at March 31, 2019	**207.16**
Add: Share based payment charge / (credit) net off stock options forfeited during the year	9.28
Less: Transfer to retained earnings on account of stock options not exercised	(27.98)
Less: Transfer to securities premium on exercise of stock options	(3.30)
As at March 31, 2020	**185.16**

The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

Hedging reserve

As at April 01, 2018	**180.36**
Less: Net movement on cash flow hedges	(41.91)
Add: Deferred tax on net movement on cash flow hedges	11.27
As at March 31, 2019	**149.72**
Less: Net movement on cash flow hedges	(548.35)
Add: Deferred tax on net movement on cash flow hedges	143.43
As at March 31, 2020	**(255.20)**

The Group uses hedging instruments as part of its management of foreign currency risk. For hedging foreign currency, the Group uses foreign currency forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the hedging reserve. Amounts recognised in the hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

Capital reserve

As at April 01, 2018	**0.11**
As at March 31, 2019	**0.11**
As at March 31, 2020	**0.11**

The Group recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.

Capital redemption reserve

As at April 01, 2018	**24.98**
Add: Amount transferred from retained earnings on account of buy back of shares	–
As at March 31, 2019	**24.98**
Add: Amount transferred from retained earnings on account of buy back of shares	17.47
As at March 31, 2020	**42.45**

As per Companies Act, 2013, capital redemption reserve is created when Group purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilized in accordance with the provisions of section 69 of the Companies Act, 2013.

SEZ Re–investment Reserve Account

Rupees in Million

As at April 01, 2018	**–**
Add: Transferred from retained earnings	48.27
Less: Amount transferred back to retained earning	(47.56)
As at April 01, 2019	**0.71**
Less: Amount unutilised transferred to retained earnings during the year	(0.71)
As at March 31, 2020	**–**

The Special Economic Zone (SEZ) re–investment reserve was created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income–tax Act, 1961. The reserve was required to be utilised by the Group for acquiring new assets for the purpose of its business as per the terms of section 10AA(2) of Income–tax Act, 1961.

During the year ended March 31, 2020, the Group has accounted tax expense as per the rates prescribed under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly Section 10AA of Income–tax Act, 1961 is not applicable and balance amount of SEZ Re–investment Reserve Account is transferred to retained earnings.

Rupees in Million

Statutory reserve	
As at April 01, 2018	**1.11**
Less: Movement during the year	(0.04)
As at March 31, 2019	**1.07**
Add: Movement during the year	3.76
As at March 31, 2020	**4.83**

Reserves created by the Group to meet the requirements of the statutes in overseas subsidiary.

Foreign currency translation reserve

As at April 01, 2018	**685.64**
Less: Movement during the year	(22.26)
As at March 31, 2019	**663.38**
Add: Movement during the year	237.42
As at March 31, 2020	**900.80**

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed–off.

Retained earnings

As at April 01, 2018	**11,095.41**
Add: Profit during the year	2,282.63
Less: Remeasurement losses on defined benefit plans	(8.83)
Less: Buyback Expenses	(0.14)
Less: Amount transferred to SEZ Re–investment Reserve account	(48.27)
Add: Amount utilised during the year from SEZ Re–investment Reserve account	47.56
Less: Dividend and dividend tax paid	(45.94)
Add: Tax credit on exercise of stock options	1.02
As at March 31, 2019	**13,323.44**

Rupees in Million

Retained earnings	
Less: Impact on account of adoption of IND AS 116 (Refer note 2.3(h))	(54.84)
Less: Impact on account of Appendix C to Ind AS 12 (Refer note 2.3(e))	(16.46)
Add: Profit during the year	2,089.83
Less: Remeasurement losses on defined benefit plans	(13.37)
Less: Buyback Expenses	(24.51)
Less: Amount transferred to capital redemption reserve on account of buyback of shares	(17.47)
Less: Amount utilised on account of buy back of shares	(2,421.54)
Add: Gain on treasury shares on buyback	3.84
Add: Amount transferred from SEZ re–investment reserve account	0.71
Less: Dividend and dividend tax paid	(43.71)
Add: Transfer on account of stock options not exercised	27.98
Add: Other adjustments in overseas subsidiaries	10.16
Add: Tax credit on exercise of stock options	14.61
As at March 31, 2020	**12,878.67**

Retained earnings represent the amount of accumulated earnings of the Group.

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
Other reserves		
Securities premium	13.83	181.00
Share based payment reserves	185.16	207.16
Hedging reserve	(255.20)	149.72
Capital reserve	0.11	0.11
Capital redemption reserve	42.45	24.98
Statutory reserve	4.83	1.07
Foreign currency translation reserve	900.80	663.38
Sez Reinvestment Reserve	–	0.71
Retained earnings	12,878.67	13,323.44
	13,770.65	**14,551.57**

Rupees in Million

Share application money pending allotment	
As at March 31, 2019	**4.41**
As at March 31, 2020	**–**

Rupees in Million

Treasury Shares	
As at March 31, 2019	**(1,120.90)**
Add: Buy back of shares held by eClerx Employee Welfare Trust	51.39
As at March 31, 2020	**(1,069.51)**

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
Dividend distribution and proposed		
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2019: Re. 1 per share (March 31, 2018: Re.1 per share)	36.11	37.99
Dividend distribution tax on final dividend	7.60	7.95
	43.71	**45.94**
Proposed dividends on equity shares:		
Cash dividend for the year ended on March 31, 2020: Re.1 per share (March 31, 2019: Re. 1 per share)	36.10	36.07
Dividend distribution tax on proposed dividend	–	7.60
	36.10	**43.67**

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at March 31, 2020.

15. Employee benefit obligations

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
Non–current		
Gratuity (refer note 32)	245.87	205.92
Other employee benefits	111.89	112.67
Incentive to employees	85.32	87.30
	443.08	**405.89**
Current		
Gratuity (refer note 32)	41.00	41.00
Compensated absences	235.07	222.21
Incentive to employees	603.20	439.92
	879.27	**703.13**
16. Other non–current liabilities		
Lease equalisation reserve	–	127.88
	–	**127.88**
17. Borrowings		
Unsecured:*		
Current borrowings	5.53	8.63
Non current borrowings	3.15	8.11
	8.68	**16.74**

* This refers to unsecured working capital loan carrying interest rate of 0.50% to 3.00% p.a. taken by subsidiary in Italy.

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
18. Trade payables		
18.a. Dues of Micro enterprises and small enterprises		
Amount due to vendor	3.16	3.37
18.b. Dues of creditors other than Micro enterprises and small enterprises		
Trade payables	135.48	112.69
– Trade payables are non–interest bearing and are normally settled on 30–day terms – For explanations on the Group's credit risk management processes, refer to note 40. – Trade payables are measured at amortised cost.		
19. Other financial liabilities		
Unpaid dividend	0.73	0.90
Unpaid fractional share payout	0.01	0.01
Contract liabilities	163.17	105.79
Accrued expense	257.77	308.35
Payables for capital expenditure	22.51	28.00
	444.19	**443.04**
Break up of financial liabilities at amortised cost		
Borrowings (refer note 17)	8.68	16.74
Trade payables (refer note 18.a. and 18.b.)	138.64	116.06
Other financial liabilities (refer note 19)	444.19	443.04
	591.51	**575.84**
20. Other current liabilities		
Statutory dues and other liabilites	118.17	147.19
Other payables	34.97	3.90
Lease equalisation reserve	–	10.89
	153.14	**161.98**
21. Income taxes		
The major components of income tax expense are:		
Profit and loss section		
Current income tax:		
Pertaining to current year	727.11	928.36
Adjustments in respect of current income tax of previous year	(3.91)	(16.75)
Deferred tax		
Relating to origination and reversal of temporary differences	(7.73)	(79.88)
Income tax expense reported in the statement of profit and loss	**715.47**	**831.73**

Rupees in Million

	Ast at March 31, 2020	Ast at March 31, 2019
OCI section		
Deferred tax related to items recognised in OCI during in the year ended:		
Net movement on of cash flow hedges	143.43	11.27
Net movement on remeasurement gains on defined benefit plans	4.11	3.50
Deferred tax credited to OCI	**147.54**	**14.77**
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:		
Accounting profit before income tax	**2,805.19**	**3,114.74**
At Groups statutory income tax rate of 25.168% (March 31, 2019: 34.944%)	706.01	1,088.41
Tax effect of income not chargeable to tax	(17.24)	(241.77)
Adjustments in respect of current income tax of previous year	(3.91)	(16.75)
Effect of change in tax rate (refer note below)	33.21	–
Effect of different tax rates in subsidiaries	(13.58)	(19.03)
Non–deductible expenses / (income) for tax purposes	10.98	20.87
Income tax expense reported in the statement of profit and loss At the effective income tax rate of 25.51% (March 31, 2019: 26.70%)	**715.47**	**831.73**

During the current period ended March 31, 2020, the Company accounted the tax expense as per the rates prescribed under section 115BAA of the Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly the deferred tax assets (net) as at March 31, 2019 have been re–computed.

Rupees in Million

	Balance Sheet		Profit & Loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Deferred tax:				
Deferred tax relates to the following:				
Accelerated depreciation for tax purposes	(20.58)	(19.05)	1.53	(47.57)
Share based payments	23.59	24.32	0.73	(6.15)
Gratuity	65.76	67.81	2.05	(14.59)
Expenses available for offsetting against future taxable income	18.08	21.15	3.07	(18.55)
Deferred tax on revaluation of cash flow hedges	85.83	(57.60)	–	–
Deferred tax on net movement on remeasurement gains / (losses) on defined benefit plans	6.43	2.32	–	–
Deferred tax recognised in retained earning as on April 01, 2019 on adoption of Ind AS 116 Leases	75.79	–	–	–
Lease equalization reserve balance, reversed in retained earning on adoption of Ind AS 116 Leases	–	31.68	–	–
Exchange Difference	–	–	(15.11)	6.98
Deferred tax expense / (income)			**(7.73)**	**(79.88)**
Net deferred tax assets / (liabilities)	**254.90**	**70.63**		

Rupees in Million

	As at March 31, 2020	As at March 31, 2019
Reflected in the balance sheet as follows:		
Deferred tax assets	384.25	202.72
Deferred tax liabilities	129.35	132.09
Deferred tax assets, net	**254.90**	**70.63**

Rupees in Million

	For the year ended	
	March 31, 2020	March 31, 2019
Reconciliation of deferred tax assets/ (liabilities) (net):		
Opening balance	**70.63**	**(31.01)**
Tax income / (expense) during the period recognised in profit and loss	7.73	79.88
Tax income / (expense) during the period recognised in OCI	147.54	14.77
Impact on account of adoption of Ind AS 116 recognised in retained earning	44.11	–
Exchange difference	(15.11)	6.98
Closing balance	**254.90**	**70.63**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended March 31, 2020 and March 31, 2019, the parent Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
22. Revenue from operations		
Sale of services	14,360.38	13,980.31
Other operating revenue (refer note 22(a))	15.33	325.62
	14,375.71	**14,305.93**
Revenues consist of the following:		
Particulars		
Revenue from ITeS services	13,879.65	13,449.19
Revenue from software development, licensing of software products & related services	480.73	531.12
Total revenue from operations	**14,360.38**	**13,980.31**

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography and contract–type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Revenues by Geography		
United States of America	9,574.14	9,093.55
United Kingdom	1,004.13	737.06
Europe	2,804.89	3,307.62
Asia Pacific	977.22	842.08
Total	**14,360.38**	**13,980.31**
Revenues by contract type		
Time & Materials	12,441.28	11,975.19
Fixed Price	1,919.10	2,005.12
Total	**14,360.38**	**13,980.31**
Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:		
Revenue as per contracted price	14,444.94	14,105.22
Reductions towards variable consideration components*	(84.56)	(124.91)
Revenue from contract with customers	**14,360.38**	**13,980.31**

*The reduction towards variable component comprises of volume discounts.

During the year ended March 31, 2020 , the Group recognised revenue of Rs 90.11 Million arising from opening unearned revenue as of April 01, 2019. During the year ended March 31, 2019 , the Group recognised revenue of Rs 76.99 Million arising from opening unearned revenue as of April 01, 2018.

During the years ended March 31, 2020 and March 31, 2019, there is no revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods.

As at March 31, 2020 and March 31, 2019,the Group does not have assets recognised from the cost incurred to obtain or fulfil a contract with a customer.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Group expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts:

a) where the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis and;

b) where the performance obligation is part of a contract that has an original expected duration of one year or less. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialised and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2020, other than those meeting the exclusion criteria mentioned above, is Rs. 351.79 Million (March 31, 2019: Rs. 666.03 Million). Out of this, the Group expects to recognise revenue of around 66.37% (March 31, 2019: 45.66%) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

22(a). As per Service Exports from India Scheme ("SEIS") w.e.f. 01.04.2015 under the Foreign Trade Policy (FTP), 2015–20, the Company is eligible to get the duty credit scrips against export of services under defined category. The said income is accounted as other operating revenue.

23. Other income

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on fixed deposits	132.16	244.81
Interest income on corporate rent deposits	11.44	12.54
Dividend	66.66	97.48
Gain on foreign exchange fluctuation (net)	109.22	99.74
Gain/(Loss) on fair valuation of current investment	121.20	–
Profit on sale of fixed asset	–	0.22
Profit on sale of current investments	13.32	14.49
Miscellaneous income	5.89	1.20
Government grants	7.16	15.44
	467.05	**485.92**
24. Employee benefits expense		
Salaries, wages and bonus	8,078.74	7,412.66
Employee stock compensation	9.28	35.40
Contribution to provident and other funds	356.19	328.46
Gratuity expense (refer note 32)	58.43	54.23
Staff welfare expense	39.98	38.19
	8,542.62	**7,868.94**
25. Depreciation and amortisation expense		
Depreciation of tangible assets (refer note 3)	316.22	341.78
Amortisation of intangible assets (refer note 4)	87.40	105.14
Depreciation on Right of Use on Lease Assets (refer note 34.a.)	305.33	–
	708.95	**446.92**

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
26. Finance costs		
Interest on loans	–	0.39
Interest on lease liabilities (refer note 34. a.)	188.10	–
	188.10	**0.39**
27. Other expense		
Office base rentals	225.06	627.31
Travelling expense	406.60	554.79
Communication expense	198.88	191.16
Legal and professional charges	226.62	284.65
Repairs and maintenance		
Building	15.13	11.79
Others	36.54	33.22
Cost of raw materials, consumables, spare parts and other goods	17.47	17.99
Rates and taxes	21.04	36.60
Office expenses	64.81	69.36
Housekeeping services	47.09	45.36
Security charges	60.58	57.78
Other insurance	21.53	19.97
Subscription & membership fees	82.29	54.34
Electricity	93.57	106.43
Local conveyance	76.46	89.41
Computer and electrical consumables	226.19	225.26
Printing and stationery	8.88	9.46
Bad debts written off	11.70	5.23
Provision for doubtful debts	9.12	3.20
Business promotion	66.99	57.12
Bank charges	13.45	12.35
Directors' sitting fees	1.87	1.80
Loss on sale of fixed assets/assets disposed off (net)	12.93	–
Corporate Social Responsibility ("CSR") expenditure (refer details below)	67.41	74.09
Freight, transportation, port charges etc	12.44	22.65
Miscellaneous expense	18.04	16.13
Trust management fees	0.76	3.46
Fair value loss on financial instruments at fair value through profit or loss	–	15.83
	2,043.46	**2,646.74**
Research and development expenditure: In–house research and development centre ("R&D") of the Group is located in Mumbai. The aggregate expenditure on research and development activities in the in–house R&D centre is a follows:		
Revenue expenditure	82.58	119.05
Capital expenditure	–	–
	82.58	**119.05**

Details of CSR expenditure:

Gross amount required to be spent by the Group during the year: Rs. 70.08 (March 31, 2019: Rs. 77.20) Million

Rupees in Million

For the year ended March 31, 2020	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	–	–	–
(ii) On purposes other than above	67.41	–	67.41

For the year ended March 31, 2019	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	–	–	–
(ii) On purposes other than above	74.09	–	74.09

28. Components of Other Comprehensive Income ("OCI")

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

For the year ended March 31, 2019	Cash flow hedge reserve	Retained earnings	Total
Net movement on cash flow hedges	(548.35)	–	(548.35)
Income tax effect on net movement on cash flow hedges	143.43	–	143.43
Remeasurement gains / (losses) on defined benefit plans	–	(17.48)	(17.48)
Income tax effect on remeasurement gains / (losses) on defined benefit plans	–	4.11	4.11
Exchange differences on translation of foreign operations	237.42	–	237.42
	(167.50)	**(13.37)**	**(180.87)**
During the year ended March 31, 2019:			
Net movement on cash flow hedges	(41.91)	–	(41.91)
Income tax effect on net movement on cash flow hedges	11.27	–	11.27
Remeasurement gains / (losses) on defined benefit plans	–	(12.33)	(12.33)
Income tax effect on remeasurement gains / (losses) on defined benefit plans	–	3.50	3.50
Exchange differences on translation of foreign operations	(22.26)	–	(22.26)
	(52.90)	**(8.83)**	**(61.73)**

29. Earnings per share ("EPS")

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders of the Holding Company 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 equity shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which would be issued on the conversion of all dilutive potential equity shares into equity shares, unless the results would be antidilutive.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit attributable to equity holders of the Group: Continuing operations (Rupees in Million)	2,089.83	2,282.63
Weighted average number of equity shares	36,494,112	37,997,667
Dilutive impact of employee stock options	9,894	57,837
Weighted average number of equity shares adjusted for the effect of dilution *	36,504,006	38,055,504
Earnings per equity share (in Rs.)		
Basic	57.26	60.07
Diluted	57.25	59.98

*The weighted average number of shares takes into account the weighted average effects of changes in treasury share transaction during the year.

29 a. Details of non – current investments

	As at March 31		Currency	Face Value	As at March 31	
	2020	2019			2020	2019
	Number of Shares				Rupees in Million	
Investments in unquoted equity instruments (fully paid up)						
Talentick Edusolutions Private Limited	8,000	8,000	Rs.	1	2.40	2.40

29.b. Details of current investments

	As at March 31			As at March 31	
	2020	2019		2020	2019
	Number of units			Rupees in Million	
Investments in Indian money market mutual funds					
Birla Sun Life Savings Fund – Daily Dividend – Direct Plan	–	3,020,503		–	303.02
Aditya Birla Sun Life Floating Rate Fund– Growth–Direct Plan	648,272	–		163.56	–
Aditya Birla Sun Life Savings Fund– Growth– Regular Plan	809,233	–		321.69	–
Aditya Birla Sun Life Money Manager Fund– Growth– Direct Plan	1,000,516	–		271.06	–
HDFC Money Market Fund– DP–Growth	67,233	–		283.71	–
HDFC Liquid Fund– Direct Plan– Growth Option	26,966	–		105.35	–
HDFC Overnight Fund – Direct Plan – Growth option	50,522			150.01	
Kotak Corporate Bond Fund Direct Growth	115,185	–		317.95	–
Kotak Savings Fund–Direct Plan– Growth	9,766,294	–		320.86	–
Kotak Liquid – Daily Dividend	–	234,066		–	286.33
Kotak Savings Fund– Daily Dividend (Regular Plan)	–	30,049,522		–	303.01
ICICI Prudential Savings Fund – Growth	818,309	–		316.97	–
ICICI Prudential Liquid Fund Growth	179,416	–		52.71	–
ICICI Prudential Liquid Fund – Direct Plan – Growth– Short term	511,105	–		150.15	–
ICICI Prudential Money Market Fund – Direct Plan– Daily Dividend	–	3,010,485		–	301.75
IDFC Ultra Short Term Fund	24,867,088	–		283.51	–
IDFC Low Duration Fund– Growth– (Direct Plan)	3,496,931	–		100.96	–
Reliance Liquid Fund – Daily Dividend	–	217,996		–	333.39
Reliance Money Market Fund– Direct Plan Daily Dividend Plan	–	70,235		–	70.44
Nippon India Liquid Fund–Direct Plan–Growth Plan	20,631	–		100.07	–
Nippon India Money Market Fund– Growth Plan Growth Option	95,068	–		288.28	–
Nippon India Overnight Fund– Direct Growth Plan	492,066			52.74	
UTI Liquid Fund Cash Plan	–	196,343		–	200.16
UTI liquid cash plan– Direct Growth Plan	30,779			100.08	
UTI Money Market Fund– Direct Daily Dividend Plan Reinvestment	–	328,663		–	329.78
Aditya Birla Sun Life Liquid Fund – Daily dividend – Direct Plan	17,381	2,548,854		1.74	255.47
Axis Liquid Fund– Direct Growth– Short Term	45,394	–		100.06	–
Axis Liquid Fund– Direct Growth	23,918	–		52.72	–
Axis Treasury Advantage Fund– Direct Growth	151,356	–		351.93	–
Axis Overnight Fund Direct Growth	15,608	–		16.47	–
SBI Liquid Fund Direct Daily Dividend	–	335,093		–	336.18
DSP Liquidity Fund – Direct Plan – Daily Dividend	–	140,567		–	140.70
DSP Blackrock Low Duration Fund Fund – Direct Plan Growth	20,621,962	–		307.36	–
DSP Savings Fund– Direct Plan– Growth	3,903,220	–		155.58	–
Total				**4,365.52**	**2,860.24**

30. Group Informations

Consolidated financial statements of the Group included subsidiaries listed in the table below :

Sr. No.	Name of the Company	Country of Incorporation	Shareholding and voting power	
			March 31, 2020	March 31, 2019
1.	eClerx Limited	United Kingdom	100%	100%
2	eClerx LLC	United States of America	100%	100%
3	eClerx Private Limited	Singapore	100%	100%
4	eClerx Investments (UK) Limited	United Kingdom	100%	100%
5	CLX Europe S.P.A	Italy	100% subsidiary of eClerx Investments (UK) Limited	100% subsidiary of eClerx Investments (UK) Limited
6	Sintetik S.R.L.#	Italy	#	100% subsidiary of CLX Europe S.P.A
7	CLX Europe Media Solution GmbH	Germany	100% subsidiary of CLX Europe S.P.A	100% subsidiary of CLX Europe S.P.A
8	CLX Europe Media Solution Limited	United Kingdom	100% subsidiary of CLX Europe Media Solution GmbH	100% subsidiary of CLX Europe Media Solution GmbH
9	CLX Thai Company Limited	Thailand	49% holding by CLX Europe S.P.A*	49% holding by CLX Europe S.P.A*
10	eClerx Employee Welfare Trust	India	Entity under control of the Company	Entity under control of the Company
11	eClerx Canada Limited	Canada	100% subsidiary of eClerx Investments (UK) Limited	100% subsidiary of eClerx Investments (UK) Limited

* This is subsidiary for the purpose of consolidation as per Ind AS 110 "Consolidated Financial Statements".

Merged with CLX Europe S.P.A w.e.f. December 31, 2018. The merger was a common control transaction wherein the assets and liabilities are reflected at carrying amounts. The merger did not involve any exchange of shares or cash.

31. Impairment testing of goodwill

Goodwill acquired through business combinations pertain to Customer Operations ("CO") cash generating unit ("CGU"), CLX Europe s.p.a. CGU and Twofour CGU. The Group evaluates goodwill for impairment annually.The Group performs its annual impairment test for year ended March 31, 2020 and March 31, 2019 on respective balance sheet date. The recoverable amount of above CGU exceeded its carrying amount. Following is the break–up of carrying amount of goodwill :

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Customer Operations CGU	888.59	888.59
CLX Europe CGU	1,332.02	1,246.35
Two Four Consulting CGU	51.49	47.33
	2,272.10	**2,182.27**

Customer Operations CGU

The recoverable amount of the Customer operations CGU as on March 31, 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a five year period. The projected cashflows have been updated to reflect the expected demand for these services. The average growth rate used to extrapolate the cash flows of the CGU for the five year period is 2.71% (March 31, 2019 : 5%). The growth rate used to extrapolate the cash flows of the unit beyond the five–year period is 2% (March 31, 2019: 2%). This growth rate is in line with the industry average growth rate. The discount rate applied to cash flow projections for impairment testing during the current year is 28.44% (March 31, 2019 : 30.61%). As a result of the analysis, the management did not identify any impairment for this CGU.

CLX Europe CGU

The recoverable amount of CLX Europe CGU as on March 31, 2020 has been determined based on a value in usecalculation using cash flow projections from financial budgets approved by the management covering a three yearperiod. The projected cash flows have been updated to reflect the expected demand for these services. The average growth rate used to extrapolate the cash flows of the CGU for the three year period is 2.63% (March 31, 2019 : 7%). The growth rate used to extrapolate the cash flows of the unit beyond the three–year period is 1% (March 31, 2019: 1%). This growth rate is in line with the industry average growth rate.The discount rate applied to cash flow projections for impairment testing during the current year is 8.36% for its units in different countries. (March 31, 2019 : 8.38 %). As aresult of the analysis, the management did not identify any impairment for this CGU.

TwoFour Consulting Goodwill

The recoverable amount of TwoFour Consulting as on March 31, 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a five year period.The projected cash flows have been updated to reflect the expected demand for these services.The average growth rate used to extrapolate the cash flows of the CGU for the five year period is 1.35% (March 31, 2019 : 3%). The growth rate used to extrapolate the cash flows of the unit beyond the five year period is 2% (March 31, 2019 : 2%). This growth rate is in line with the industry average growth rate.The discount rate applied to cash flow projections for impairment testing during the current year is 15.10% (March 31, 2019 : 16.54%) for its units in different countries. As a result of the analysis, the management did not identify any impairment for the Company.

Key assumptions used for value in use calculations

The calulation of value in use for CGUs are most sensitive to following assumptions:

Growth Rate Estimates: These are based on growth budgeted as per business plan. The management factors industry and segment growth rate including global business and economic uncertainities.

Margins & Costs: These are based on average margins achieved historically and adjusted for anticipated effciencies and planned expansions.

Discount Rates: They represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated inthe cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and itsoperating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into accountequity and debt where the CGU has a borrowing. The cost of equity is derived from the expected return on investment bythe Group's investors. The cost of debt is based on the interest borrowings the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect the pre–tax discount rate.

32. Gratuity benefit plans

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, the employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity scheme is managed by a trust which regularly contributes to insurance service provider which manages the funds of the trust . The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations. The Company recognises actuarial gains and losses immediately in other comprehensive income, net of taxes.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet:

Rupees in Million

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	39.99	37.95
Interest cost on benefit obligation	19.28	17.06
Return on plan assets (excluding amounts included in net interest expense)	(0.84)	(0.78)
	58.43	**54.23**

Rupees in Million

	Defined benefit obligation	Fair value of plan assets	Total
Employee benefit liability as at April 01, 2018	**225.50**	**10.15**	**215.35**
Gratuity cost charged to statement of profit and loss			
Current service cost	37.95	–	37.95
Net interest expense	17.06		17.06
Return on plan assets (excluding amounts included in net interest expense)	–	0.78	(0.78)
Sub–total included in statement of profit and loss	**55.01**	**0.78**	**54.23**
Benefits paid			
from fund	(34.72)	(34.72)	–
paid by employer	–	–	–
Remeasurement losses / (gains) in other comprehensive income			
Actuarial changes arising from changes in financial assumptions	3.73	–	3.73
Experience adjustments	8.60	–	8.60
Sub–total of remeasurement losses / (gains) included in OCI	**12.33**	**–**	**12.33**
Contributions by employer	**–**	**34.99**	**(34.99)**
Employee benefit liability as at March 31, 2019	**258.12**	**11.20**	**246.92**
Employee benefit liability as on April 01, 2019	**258.12**	**11.20**	**246.92**
Gratuity cost charged to statement of profit and loss			
Current service cost	39.99	–	39.99
Net interest expense	19.28	–	19.28
Return on plan assets (excluding amounts included in net interest expense)	–	0.84	(0.84)
Sub–total included in statement of profit and loss	**59.27**	**0.84**	**58.43**
Benefits paid			
from fund	(39.32)	(39.32)	–
paid by employer	–	–	–
Remeasurement losses / (gains) in other comprehensive income			
Actuarial changes arising from changes in demographic assumptions	5.64	–	5.64
Actuarial changes arising from changes in financial assumptions	0.98	–	0.98
Experience adjustments	10.86	–	10.86
Sub–total of remeasurement losses / (gains) included in OCI	**17.48**	**–**	**17.48**
Contributions by employer	–	35.96	(35.96)
Employee benefit liability as on March 31, 2020	**295.55**	**8.68**	**286.87**

The principal assumptions used in determining gratuity obligations of the Company are shown below:

Rupees in Million

	March 31, 2020 %	March 31, 2019 %
Discount rate:		
India gratuity plan	6.56	7.47
Future salary increases:		
India gratuity plan	6.00	7.00
Assumption:		
Expected return on plan assets	6.56	7.47
Employee turnover:		
a. For service 4 years and below (p.a.)	33.00	30.00
b. For service 5 years and above (p.a.)	4.00	2.00

Mortality rate during employment is based on report of Indian Assured Lives Mortality (2006–08).

A quantitative sensitivity analysis for significant assumption is as shown below:
India gratuity plan:

Rupees in Million

	March 31, 2020	March 31, 2019
Effect of +1% Change in discount rate	(32.14)	(35.47)
Effect of –1% Change in discount rate	38.42	43.40
Effect of +1% Change in future salary increases	33.26	37.24
Effect of –1% Change in future salary increases	(29.04)	(31.95)
Effect of +1% Change in employee turnover	2.48	3.13
Effect of –1% Change in employee turnover	(2.95)	(3.73)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

Rupees in Million

	March 31, 2020	March 31, 2019
Within the next 12 months (next annual reporting period)	14.06	8.41
Between 2 and 5 years	58.18	28.41
Between 5 and 10 years	81.85	50.63
Total expected payments	**154.09**	**87.45**

The average duration of the defined benefit plan obligation at the end of the reporting period is 14 years (31 March 2019: 17 years).

33. Share–based payments

Employee Stock Option Plan

Under the employee stock option plan, the Company, grants options to senior executive employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Commitee. Vesting period is three years from the date of grant. Further, vesting of certain portion of the stock options is dependent on the Compounded Annual Growth Rate of the organic operating revenues of the Company.The fair value of the stock options is estimated at the grant date using a Black and Scholes model, taking into account the terms and conditions upon which the share options were granted. The contractual term of each option granted is six years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement of these options.

The expense recognised for employee services received during the year is shown in the following table:

Rupees in Million

	March 31, 2020	March 31, 2019
Expense arising from equity–settled share–based payment transactions	9.28	35.40
	9.28	**35.40**

ESOP 2011 scheme:

The Company instituted ESOP 2011 scheme under which 1,600,000 stock options have been allocated for grant to the employees. The scheme was approved by the shareholders at the Eleventh Annual General Meeting held on August 24, 2011. The Scheme was subsequently amended to increase the number of options to 2,600,000 stock options vide resolution passed at Thirteenth Annual General Meeting held on August 22, 2013.

Movements during the year:

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year under ESOP 2011 scheme

	March 31, 2020 No. of options	March 31, 2020 WAEP	March 31, 2019 No. of options	March 31, 2019 WAEP
Outstanding at the beginning of the year	281,426	1,076.21	746,807	1,006.10
Forfeited during the year	126,401	938.20	383,368	1,167.45
Exercised during the year	18,972	564.05	82,013	619.86
Outstanding at the end of the year	**136,053**	**1,196.25**	**281,426**	**1,076.21**
Exercisable at the end of the year	136,053		281,426	

The weighted average share price at the date of exercise of these options was Rs.1,128.06 per share. (March 31, 2019: Rs. 1,186).

The weighted average remaining contractual life for the share options outstanding as at March 31, 2020 was 1.15 years (March 31, 2019: 1.87 years).

The exercise prices for options outstanding at the end of the year was Rs. 1196.25 (March 31, 2019: Rs. 463.91 to Rs.1,196.25).

ESOP 2015 scheme:

Pursuant to the applicable requirements of the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI guidelines'), the Company had framed and instituted Employee Stock Option Plan 2015 ("ESOP 2015") to attract, retain, motivate and reward its employees and to enable them to participate in the growth, development and success of the Company.

ESOP 2015 envisages an eClerx Employee Welfare Trust ("ESOP Trust") which is authorised for secondary acquisition. However, during the year in review, ESOP trust has not bought any shares (in financial year 2018–19: 433,200 shares were bought) from open market. As at March 31, 2020, ESOP Trust holds 883,605 shares of the Company.

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year under ESOP 2015 scheme

	March 31, 2020 No. of options	March 31, 2020 WAEP	March 31, 2019 No. of options	March 31, 2019 WAEP
Outstanding at the beginning of the year	867,345	1,327.84	633,405	1,327.87
Granted during the year	343,451	595.70	383,720	1,320.95
Forfeited during the year	280,098	1,243.81	149,780	1,330.38
Exercised during the year	–	–	–	–
Outstanding at the end of the year	**930,698**	**1,082.00**	**867,345**	**1,327.84**
Exercisable at the end of the year	98,279		–	

The weighted average remaining contractual life for the share options outstanding as at March 31, 2020 was 4.06 years (March 31, 2019: 4.73 years).

The range of exercise prices for options outstanding at the end of the year was Rs. 595.70 to Rs. 1,379.15 (March 31, 2019: Rs. 1,294 to Rs. 1,379.15).

The weighted average fair value of options granted during the year was Rs. 50.59 (March 31, 2019: Rs. 292.03)

The average vesting period is 3 years and exercise period is 3 years from the date of vesting.

The following tables list the inputs to the models used for fair valuation of the options :

	For the year ended March 31,2020	For the year ended March 31,2019
Date of grant	August 02, 2019	May 23, 2018
Dividend yield (%)	12.06	5.13
Expected volatility (%)	28.20	28.96
Risk–free interest rate (%)	6.10	7.84
Expected life of share options (years)	4.17	4.01
Model used	Black and Scholes	Black and Scholes
Stock price (Rs.)	595.70	1,320.95
Exercise Price (Rs.)	595.70	1,320.95

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

34.a. Leases

Group as lessee

The Group has entered into commercial property leases for its offices. Further, the Group has also adopted Ind AS 116 'Leases' with effect from April 01, 2019 using the modified retrospective method.

The changes in the carrying values of right–of–use asset for the year ended March 31, 2020 are given below.

Rupees in Million

	Gross carrying value					Depreciation (Refer note 25)				Net carrying value
PARTICULARS	As at April 01, 2019	Adjustment on account of IND AS 116 "Leases"	Additions	Translation exchange difference	As at March 31, 2020	As at April 01, 2019	For the year	Translation exchange difference	As at March 31, 2020	As at March 31, 2020
Right–of–use asset	–	1,223.06	341.39	22.35	1,586.80	–	305.33	–	305.33	1,281.47

Set out below are the carrying amounts of lease liabilities and the movements during the the year ended March 31, 2020:

Rupees in Million

	March 31, 2020
As at April 01, 2019	–
Adjustment on adoption of Ind AS 116 'Leases'	1,452.54
Additions	341.39
Accretion of interest	188.10
Repayments	(448.63)
Translation exchange difference	23.94
As at March 31, 2020	**1,557.34**
Current	240.84
Non–current	1,316.50
	1,557.34

The maturity analysis of undiscounted lease liabilities as at March 31, 2020 are as follows:

Less than 1 year	423.54
1 to 5 years	1,366.43
>5 years	591.50
	2,381.47

The weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet at the date of initial application is 11.11% with maturity between 2020 to 2028.

The following amounts are recognised in Statement of Profit and Loss for the year ended March 31, 2020:

Rupees in Million

	March 31, 2020
Depreciation expenses on right–of–use assets	305.33
Interest expense on lease liabilities	188.10
	493.43

The Group had total cash outflows for leases of Rs. 448.63 Million for the year ended March 31, 2020. The Group does not have non–cash additions to right–of–use assets and lease liabilities for the year ended March 31, 2020. There are no future cash outflows relating to leases that have not yet commenced.

The difference between the future minimum lease commitments under Ind AS 17 – Leases reported as of March 31, 2019 and the value of lease liability recorded as on April 01, 2019 on adoption of Ind AS 116 – Leases is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring lease liability in accordance with Ind AS 116 and discounting of the lease liability to its present value in accordance with Ind AS 116.

The minimum rental payments to be made in future in respect of leases to which the Group has chosen to apply the practical expedient as per the standard as of March 31, 2020 is as follows:

Rupees in Million

	March 31, 2020
Less than 1 year	2.20
1 to 5 years	–
>5 years	–
	2.20

34. b. Commitments

Rupees in Million

	March 31, 2020	March 31, 2019
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	24.89	40.33

34. c. Contingent liabilities

Rupees in Million

	March 31, 2020	March 31, 2019
Contingent liabilities		
Income tax demands (refer note a)	116.41	116.41
Indirect tax demands (refer note b)	136.99	137.42

Notes:

(a) The Group has received Income tax demands amounting to Rs. 116.41 Million (excluding interest) for financial years 2009–10, 2010–11, 2011–12, 2012–13, 2013–14 and 2014–15 against which appeals are pending with Commissioner of Income Tax (Appeals) and Income tax Appelate Tribunal.

(b) The Group has received Service tax demands amounting to Rs. 133.81 Million(excluding interest and penalties) for the period April 2007 to March 2013 against which appeals are pending with Central Excise and Service Tax Appelate Tribunal and Rs. 3.18 Million (excluding interest and penalties) for the period April 2013 to March 2017 against which appeals are pending with Commissioner of Central Excise (Appeals).

With respect to tax refund claims for the period July 2014 till March 2017 to the extent rejected by the Services Tax Deparment for Rs. 2.08 Million, the Group's appeals are pending before the Commissioner of Central Excise & CGST (Appeals) and for Rs. 2.07 Million before Commissioner Appeal

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 Group or the claimants as the case may be and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against each of such disputes. Hence, no provision has been made in the financial statements for these disputes except Rs 16.46 Million has been provided as per requirement of Appendix C to Ind AS 12 Income Taxes.

35. Related party transcations

A. RELATED PARTIES & KEY MANAGEMENT PERSONNEL

Name of related party and related party relationship

Key Management Personnel:

1. **Pradeep Kapoor** (Non–Executive Director – Chairman)
2. **PD Mundhra** (Executive Director)
3. **Anjan Malik** (Non–Executive Director)
4. **Rohitash Gupta** (Chief Financial Officer)
5. **Pratik Bhanushali** (Company Secretary)
6. **Biren Gabhawala** (Non–Executive Independent Director)
7. **Anish Ghoshal** (Non–Executive Independent Director)
8. **Alok Goyal** (Non–Executive Independent Director)
9. **Deepa Kapoor** (Non–Executive Independent Director)
10. **Shailesh Kekre** (Non–Executive Independent Director)

B. DETAILS OF RELATED PARTY & KEY MANAGEMENT PERSONNEL TRANSACTIONS:

There are no transactions with related parties to report for the relevant financial year except below transactions with key management personnel.

Transactions with key management personnel

Rupees in Million

Name	Nature of Transaction	March 31, 2020	March 31, 2019
Anjan Malik	Dividend	9.37	9.76
PD Mundhra	Dividend	9.37	9.76
Pradeep Kapoor	Dividend	0.01	0.01
Rohitash Gupta	Dividend	0.01	0.01
Biren Gabhawala	Dividend	0.01	0.01
Anish Ghoshal	Dividend	0.01	0.01
Biren Gabhawala	Commission & Sitting Fees	2.20	2.12
Anish Ghoshal	Commission & Sitting Fees	2.20	2.12
Pradeep Kapoor	Commission & Sitting Fees	2.20	2.06
Alok Goyal	Commission & Sitting Fees	2.20	2.06
Deepa Kapoor	Commission & Sitting Fees	2.20	2.12
Shailesh Kekre	Commission & Sitting Fees	2.26	2.12
PD Mundhra	Buy Back of shares	591.58	–
Anjan Malik	Buy Back of shares	591.34	–
Pradeep Kapoor	Buy Back of shares	0.49	–
Biren Gabhawala	Buy Back of shares	0.38	–

Compensation of key management personnel of the Group

Rupees in Million

	March 31, 2020	March 31, 2019
Anjan Malik		
Short–term employee benefits	21.05	21.50
PD Mundhra		
Short–term employee benefits	21.39	21.39
Rohitash Gupta		
Short–term employee benefits	13.75	12.92
Share–based payment	–	0.02
Pratik Bhanushali		
Short–term employee benefits	3.50	3.13
Total compensation paid to key management personnel	**59.69**	**58.96**

Note: The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel except share based payment which is disclosed on the basis of shares exercised.

36. Segment Information

The Board of directors i.e. Chief Operating Decision Maker evaluates the group's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group operates under a single reportable segment which is data management, analytics solutions and process outsourcing services. Further the risks and rewards under various geographies where the group operates are similar in nature. eClerx Services Limited

The following tables present revenue and assets information regarding the Group's geographical segments:

Rupees in Million

	For the year ended	
	March 31, 2020	March 31, 2019
Revenue from external customers		
United States of America	9,571.83	9,093.55
United Kingdom	983.49	737.06
Europe	2,828.13	3,307.62
Asia Pacific	976.93	842.08
Total Revenue	**14,360.38**	**13,980.31**

The Group has two customers with revenue greater than 10% each of total group revenue totalling Rs. 4,192.22 Million for the year ended March 31, 2020 and two customers with revenue greater than 10% each of the group revenue totalling Rs. 4,518.02 Million for the year ended March 31, 2019.

Rupees in Million

	As at	
	March 31, 2020	March 31, 2019
Non –current operating assets		
United States of America	1,237.34	1,053.53
United Kingdom	63.63	12.63
Europe	1,893.59	1,800.39
Asia Pacific	1,906.17	1,008.78
Total Assets	**5,100.73**	**3,875.33**

Note: Non – current operating assets for this purpose consists of property, plant and equiment, right–of–use asset, capital work in progress, goodwill, other intangibles, other non – current assets and net tax assets.

37. Hedging activities and derivatives

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in USD. These forecast transactions are highly probable, and they comprise about 56% of the Group's total expected sales in US dollars. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in the foreign exchange forward rate. The terms of foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

March 31, 2020

Type of Hedge and Risks	Nominal Value (Rupees in Million)	Carrying amount of hedging instrument (Rs. in Million)		Maturity date	Weighted average forward rate
		Assets	Liabilities		
Cash flow hedges Foreign currency risk					
Foreign exchange forward contracts – USD	9,565.30	–	341.01	April 2020 – April 2022	75.17

March 31, 2019

Type of Hedge and Risks	Nominal Value (Rupees in Million)	Carrying amount of hedging instrument (Rs. in Million)		Maturity date	Weighted average forward rate
		Assets	Liabilities		
Cash flow hedges Foreign currency risk					
Foreign exchange forward contracts – USD	10,416.27	10,416.27	341.01	April 2019 – April 2021	72.65

The cash flow hedges of the expected future sales during the year ended March 31, 2020 were assessed to be highly effective and a net unrealised loss of Rs. 341.01 Million, with a deferred tax asset of Rs. 85.83 Million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended March 31, 2019 were assessed to be highly effective and an unrealised gain of Rs. 207.33 Million with a deferred tax liability of Rs. 57.60 Million was included in OCI in respect of these contracts.

The amounts reclassified from OCI to profit or loss for the year ended March 31, 2020, amounts to gain of Rs. 98.63 Million (March 31, 2019: loss of Rs. 122.88 Million).

38. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rupees in Million

	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Fair value through profit or loss (FVTPL) financial investments	4,365.52	2,860.24	4,365.52	2,860.24
Foreign exchange forward contracts – (Liabilities) / Assets	(341.01)	207.33	(341.01)	207.33
Total	**4,024.51**	**3,067.57**	**4,024.51**	**3,067.57**

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short–term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the financial assets carried at fair value through profit and loss ("FVTPNL") are derived from quoted market prices in active markets.

The Group enters into derivative financial instruments with various counterparties. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The valuation techniques include forward pricing using present value calculations. The model incorporates various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying currency. As at March 31, 2020, the marked–to–market value of derivative asset / (liability) positions should be net of credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships recognised at fair value.

The fair value of security deposit that carries no interest is measured at the present value by discounting using the prevailing market rate of interest for a similar instrument with a similar credit rating.

39. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2020:

Rupees in Million

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)
Assets / (Liabilities) measured at fair value:					
Foreign exchange forward contracts	March 31, 2020	(341.01)	–	(341.01)	–
FVTPL financial investments (Note 38): Investments in quoted mutual funds	March 31, 2020	4,365.52	4,365.52	–	–

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

Assets / (Liabilities) measured at fair value:					
Foreign exchange forward contracts	March 31, 2019	207.33	–	207.33	–
FVTPL financial investments (Note 38): Investments in quoted mutual funds	March 31, 2019	2,860.24	2,860.24	–	–

40. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives and lease liabilities comprises trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents and other bank balances that derive directly from its operations. The Group also holds FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management provides assurance to the Board of Directors that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken which is consistent with the Group's foreign risk management policy. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

I: Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises of currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTPL investments and derivative financial instruments The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analysis have been prepared on the basis that the derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2020.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post– retirement obligations; provisions, and the non–financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019 including the effect of hedge accounting.

The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges at March 31, 2020 and March 31, 2019 for the effects of the assumed changes of the underlying risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investment in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 24– month period for hedges of forecasted sales.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure with forecasted sales

As at March 31, 2020, the Group hedged 56% (March 31, 2019: 61%) of its expected foreign currency sales in US dollars. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in overseas.

The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

The following table demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant.The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on Group's pre–tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

Rupees in Million

	Change in USD rate	Effect on profit before tax	Effect on pre–tax equity
March 31, 2020	+5%	151.52	(17.05)
	–5%	(151.52)	17.05
March 31, 2019	+5%	125.88	(10.37)
	–5%	(125.88)	10.37

	Change in EUR rate	Effect on profit before tax	Effect on pre–tax equity
March 31, 2020	+5%	5.20	–
	–5%	(5.20)	–
March 31, 2019	+5%	1.65	–
	–5%	(1.65)	–

The movement in the pre–tax effect is a result of a change in the fair value of derivative financial instruments and monetary assets and liabilities denominated in foreign currency, where the functional currency of the entity is a currency other than foreign currency.

Equity price risk

The Group's equity price risk is minimal due to no investment in listed securities and immaterial investment in non–listed equity securities. At the reporting date, the exposure to unlisted equity securities was Rs. 2.4 Million. No sensitivity analysis done since amount is immaterial.

II: CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and followed up.

For trade receivables or contract revenue receivables, the Group follows 'simplified approach' for recognition of impairment loss allowance.

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward–looking estimates are analysed.

Financial instruments and bank deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Counterparty credit limits are reviewed by the Group's treasury department on a periodic basis as per the Board of Directors approved investment policy. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure relating to financial derivative instruments is noted in note 37 and 38.

Liquidity risk

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to Liquidity risk refers to the risk that the Group cannot meet its financial obligations.The objective of liquidity risk management is to maintian sufficient liquidity and ensure that funds are available for use as per requirements.The Group consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Rupees in Million

	On demand	Less than 3 months	3 to 12 months	> 1 year	Total
Year ended March 31, 2020					
Other financial liabilities	–	314.05	126.99	3.15	444.19
Trade and other payables	–	136.83	1.81	–	138.64
	–	**450.88**	**128.80**	**3.15**	**582.83**
The maturity analysis of lease liabilities are disclosed in Note 34.					
Year ended March 31, 2019					
Other financial liabilities	–	348.15	103.52	8.11	459.78
Trade and other payables	–	111.43	4.63	–	116.06
	–	**459.58**	**108.15**	**8.11**	**575.84**

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio.

41. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

42. Buyback of shares

The Board of Directors vide their meeting dated March 14, 2019 approved, subject to shareholders' approval, buyback of equity shares of the Company. The shareholders' approval was procured vide postal ballot, results of which were announced on April 26, 2019. The Company concluded the said buyback of 1,746,666 equity shares of Rs 10 each, at a buyback price of Rs. 1,500 per share and total buyback amount of Rs.2,620 Million. The settlement date for the said buyback was June 24, 2019. The shares so bought back were extinguished and the issued and paid–up capital stands amended accordingly.

43. Transfer pricing

The Group is required to comply with the local transfer pricing regulations, which are contemporaneous in nature. The Group appoints independent consultants annually for conducting a transfer pricing study to determine whether transactions with associated 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 and hence, the aforesaid legislations will not have any impact on the consolidated financial statements.

44. Summary of Net assets and share in profit or loss of the Group

March 31, 2020

Rupees in Million

Name of the Entity	Net assets*	%	Share in Profit or (loss)*	%	Share in other comprehensive income*	%	Share in total comprehensive income*	%
Parent								
eClerx Services Limited	11,113.07	85%	1,235.71	59%	(418.29)	231%	817.42	43%
Subsidiaries								
Foreign								
eClerx LLC	1,229.70	9%	185.17	9%	87.65	−48%	272.82	14%
eClerx Limited	236.95	2%	26.53	1%	7.23	−4%	33.76	2%
eClerx Private Limited	130.99	1%	20.49	1%	5.37	−3%	25.86	1%
eClerx Investments (UK) Limited	1,849.61	14%	41.83	2%	124.54	−69%	166.37	9%
CLX Europe S.P.A	1,582.05	12%	45.93	2%	–	0%	45.93	2%
CLX Europe Media Solution GmbH	252.55	2%	26.99	1%	–	0%	26.99	1%
CLX Europe Media Solution Limited	80.43	1%	2.91	0%	–	0%	2.91	0%
eClerx Canada Limited	3.50	0%	2.15	0%	–	0%	2.15	0%
CLX Thai Company Limited	13.32	0%	(0.24)	0%	–	0%	(0.24)	0%
Non controlling Interest								
CLX Thai Company Limited	6.12	0%	(0.11)	0%	–	0%	(0.11)	0%
Controlled trust								
eClerx Employee Welfare Trust	(142.07)	−1%	(36.41)	−2%	–	0%	(36.41)	−2%
Adjustment arising out of consolidation	(3,287.96)	−25%	538.77	26%	12.63	−7%	551.40	−29%
Total	**13,068.26**	**100%**	**2,089.72**	**100%**	**(180.87)**	**100%**	**1,908.85**	**100%**

March 31, 2019

Rupees in Million

Name of the Entity	Net assets*	%	Share in Profit or (loss)*	%	Share in other comprehensive income*	%	Share in total comprehensive income*	%
Parent								
eClerx Services Limited	13,052.03	94%	2,096.13	92%	(39.47)	64%	2,056.66	93%
Subsidiaries								
Foreign								
eClerx LLC	936.02	7%	122.47	5%	38.84	−63%	161.31	7%
eClerx Limited	197.57	1%	4.54	0%	(0.09)	0%	4.45	0%
eClerx Private Limited	104.92	1%	38.62	2%	0.96	−2%	39.58	2%
eClerx Investments (UK) Limited	1,807.78	13%	(26.94)	−1%	(67.81)	110%	(94.75)	−4%
CLX Europe S.P.A	1,444.56	10%	27.87	1%	–	0%	27.87	1%
CLX Europe Media Solution GmbH	209.68	2%	13.19	1%	–	0%	13.19	1%
CLX Europe Media Solution Limited	74.51	1%	(4.61)	0%	–	0%	(4.61)	0%
eClerx Canada Limited	1.30	0%	2.65	0%	–	0%	2.65	0%
CLX Thai Company Limited	12.80	0%	0.71	0%	–	0%	0.71	0%
Non controlling Interest								
CLX Thai Company Limited	5.85	0%	0.38	0%	–	0%	0.38	0%
Controlled trust								
eClerx Employee Welfare Trust	(105.66)	−1%	(71.85)	−3%	–	0%	(71.85)	−3%
Adjustment arising out of consolidation	(3,922.53)	−28%	79.85	3%	5.84	−9%	85.69	4%
Total	**13,818.83**	**100%**	**2,283.01**	**100%**	**(61.73)**	**100%**	**2,221.28**	**100%**

* the details of net assets and share in profit and loss have been presented before eliminations.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Majmudar
Partner
Membership Number: 36656
Place: Mumbai
Date: June 09, 2020

For and on behalf of the Board of Directors of eClerx Services Limited

PD Mundhra
Executive Director

Biren Gabhawala
Director

Rohitash Gupta
Chief Financial Officer

Pratik Bhanushali
Company Secretary

eClerx

eClerx Services Limited

CIN: L72200MH2000PLC125319
Registered Office: Sonawala Building, 1st Floor, 29, Bank Street, Fort, Mumbai 400 023, India.
Phone no.: +91 (22) 6614 8301 Fax No: +91 (22) 6614 8655
E-mail: investor@eClerx.com Website: www.eClerx.com

SHAREHOLDER'S SATISFACTION SURVEY FORM – 2020

Dear Shareholders,

It has been our constant endeavour to provide best of the services to our valuable shareholders and maintain good level of Corporate Governance in this Company. In order to further improve shareholder service standards, we seek your inputs through this survey.

We would be grateful, if you could spare your valuable time to fill the questionnaire given below and send by e-mail to investor@eClerx.com.

Thank You,
For eClerx Services Limited

Pratik Bhanushali
Company Secretary & Compliance Officer
F8538

Name & Address of the Shareholder

Folio No.:

Folio No./DP ID/ Client ID:

Kindly put a tick in relevant columns below:

ATTRIBUTES	Please indicate your satisfaction level		
	DELIGHTED	SATISFIED	DISSATISFIED
Transmission/Demat/Remat of shares			
Issue of duplicate share certificates			
Buyback of equity shares 2020			
Issue of duplicate dividend warrants/ demand drafts			
Dividend through ECS/Demand Drafts			
Responses to queries/complaints			
Interaction with Company/Registrar and Transfer Agent personnel			
Presentation of information on Company's website			
Quality and Contents of Annual Report 2019-20			
Please give your overall rating of our investor service (1 to 5 where 1 = highly dissatisfied and 5 = highly satisfied)			
Did you find the e–mail id investor@eClerx.com for redressal of Investors' Grievances useful?	☐ YES ☐ NO		
Give details of outstanding grievances, if any			
Any suggestions?			

Date:

Signature

Disclaimer: eClerx will keep the information provided by you as confidential and it will not be used in any way that is detrimental to you.

eClerx

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