

eClerx Services Limited

CIN: L72200MH2000PLC125319

Regd Office: Sonawala Building,

1st Floor, 29 Bank Street, Fort,

Mumbai – 400 023, India.

Phone: +91-22-66148301 | Fax : +91 22 6614 8655

Email id : investor@eclerx.com | Website : www.eclerx.com

November 7, 2016

1. National Stock Exchange of India Limited

Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai-400051

**Fax: 022-2659 8237/38,
022-2659 8347/48**

2. Department of Corporate Services

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 023.

**Fax: 022-2272 3121/2037/2041/
022-2272 2039/3719/1278/2061**

Dear Sirs,

Sub: Outcome of Board Meeting held on Monday, November 7, 2016

**Stock Code: BSE - 532927
NSE – ECLERX**

This is to inform you that the Board of Directors of the Company at its meeting held on November 7, 2016, which commenced at 01:00 p.m. and concluded at 2.32 p.m., inter-alia, unanimously approved, the following:-

1. Unaudited Financial Results along with the Limited Review Report issued by the Statutory Auditors, for the quarter and half year ended on September 30, 2016;
2. Approved the Dividend Distribution Policy required to be adopted under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (attached).

Further the Board took note of the step-down subsidiary, set up in Canada to explore business and growth opportunities.

It is requested to take note of the same and acknowledge receipt of this intimation.

Thanking you,

Yours faithfully
For eClerx Services Limited


Gaurav Tongia
Company Secretary



Encl: as above

Document Title: Dividend Distribution Policy

Template Version:

Last Updated: November 7, 2016





Table of Contents

1.	Objective.....	4
2.	Definition(s)	4
3.	Purpose and Scope	4
4.	Parameters	5
5.	Amendment(s) to The Policy	6



1. Objective

The Securities and Exchange Board of India (SEBI) vide its notification No. LAD-NRO/GN/2016-17/008 dated July 8, 2016 notified The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 ('Regulations').

Pursuant to Regulation 43A of the Regulation, the Company shall formulate a dividend distribution policy which shall be on the website and elsewhere as prescribed.

Considering the provisions of the aforesaid Regulation 43A, the Board of Directors (the "Board") of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back 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.

Accordingly, this Dividend Distribution Policy (' the Policy) was approved by the Board of Directors on November 7, 2016 and the same is effective from November 7, 2016.

2. Definition(s)

1. **ACT** means the Companies Act, 2013 and rules made thereunder
2. **BOARD** means the Securities and Exchange Board of India;
3. **COMPANY** unless the context otherwise provides, would imply eClerx Services Limited
4. **DIVIDEND** mean Dividend as defined under Companies Act, 2013
5. **FREE CASH FLOW** mean net cash flows arising from operating and financing activities less any fluctuations for one time events like asset amortisation
6. **NET PROFIT** means the Net Profits as arrived at after payment of all applicable Taxes
7. **POLICY** mean the Dividend Distribution Policy
8. **SEBI Regulations** mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

Words and expressions used and not defined in this Code but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013), Listing Regulations and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

This Code will be governed by the Rules and Regulations as applicable and any provision(s), if not specifically provided herein, will operate as per the provisions of Companies Act, 2013, Listing Regulations, SEBI Regulations and such other rules and Regulations as may be applicable.

3. Purpose and Scope

The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down below parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

1. The circumstances under which the shareholders of the listed entities may or may not expect dividend
2. The financial parameters that shall be considered while declaring dividend
3. Internal and external factors that shall be considered for declaration of dividend;
4. Policy as to how the retained earnings shall be utilized; and

5. Parameters that shall be adopted with regard to various classes of shares:

However, the Company reserves the right to carry out in any change in the aforesaid parameters, in the best interest of the Company, shareholders and/or other stakeholders.

4. Parameters

1. The circumstances under which the shareholders may or may not expect dividend

a. Circumstances under which shareholders may expect dividend

The Company shall strive to maintain the suitable Target dividend Payout ratio (Dividend including applicable taxes for the Financial Year / Profit After tax for Financial year) in respect of each financial year and norms governing dividend are as follows:

- i. Dividends shall be distributed only out of the funds surplus to the operating needs of the Company.
- ii. The Board of Directors shall ascertain the same on year to year basis.
- iii. The said dividend shall always be subject to the condition that the solvency of the Company is not adversely affected by payment of such Dividends.
- iv. Dividends shall be recommended by the Board of Directors of the Company subject to approval by Members except for Interim Dividends, which shall be declared by the Board of Directors of the Company.
- v. Subject to applicable provisions, Members can reduce the Dividends recommended by the Board of Directors but can not enhance it.
- vi. To measure the Company's performance on account of Dividend payouts, the Board of Directors shall strive to maintain consistency from year to year by smoothing the effect of any variation in free cash flows, arising out of any one off gains or losses in individual years.

b. Circumstances under which may not expect dividend

- i. There are reasonable grounds for believing that the Company is or would be, after a Dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due;
- ii. Pursuant to Dividend decision date, the Company is insolvent or bankrupt in accordance with the provisions of insolvency or bankruptcy law, or where, as a result of paying Dividends, the Company would be rendered insolvent or bankrupt;
- iii. Prior to the Dividend decision date, the net asset value of the Company is less than its Articles of Association capital, reserve fund and the excess of the liquidation value over the nominal value of the outstanding preferred shares as set forth in the Articles of Association;
- iv. Board is of the view that it needs to retain funds towards business expansion, acquisition, foreseen / unforeseen events and contingencies.

2. Financial parameters that shall be considered while declaring dividend

The Board of Directors of the Company would consider, *inter-alia*, the following financial parameters before declaring or recommending dividend to shareholders:

- i. Profit after tax;
- ii. Net sales of the Company;
- iii. Working capital requirements;
- iv. Net Operating Cash flow;
- v. Capital expenditure requirements;
- vi. Resources required to fund acquisitions and / or new businesses
- vii. Outstanding borrowings;
- viii. Past Dividend Trends

3. Internal and external factors that shall be considered for declaration of dividend

Following are the external factors on which Management has no control, *inter-alia*, that may affect dividend payout:

- i. Taxation and other regulatory concern
- ii. Geo-political reason



- iii. Client industry specific Market conditions
- iv. Macroeconomic conditions
- v. Dividend pay-out ratios of companies in same industry

Following are the internal factors, *inter-alia*, that may affect dividend payout:

- i. Past performance/ reputation of the Company
- ii. Working capital management in the Company
- iii. Any corporate actions affecting availability of cash
- iv. Business policy
- v. Organic and Inorganic Expansion plans of the company
- vi. Corporate restructuring
- vii. Any other item which may have a financial impact on the company

4. Policy as to how the retained earnings shall be utilized

The Company may declare dividend out of the profits of the Company for the year or out of the net profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

5. Parameters that shall be adopted with regard to various classes of shares

Presently, the Authorised Share Capital and paid-up and issued capital of the Company comprises of only equity share of Rs. 10/- each.

As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

5. Amendment(s) to The Policy

The Policy may be amended to meet the requirements of any relevant statute(s) or the business interest of the Company by the Board of the Company.

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For **ECLERX SERVICES LIMITED**

Place: Mumbai

Date: November 7, 2016

Sd/-

P. D. Mundhra
Executive Director

