

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors of eClerx Services Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of eClerx Services Limited (the "Company") for the quarter ended September 30, 2019 and year to date from April 1, 2019 to September 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). Attention is drawn to the fact that the Statement of cash flows for the corresponding period from April 1, 2018 to September 30, 2018, as reported in these unaudited standalone financial results have been approved by the Board of Directors of the Company but have not been subjected to review.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

*Amit Majmudar*per **Amit Majmudar**

Partner

Membership No.: 36656

UDIN: 19036656AAAACQ8240

Mumbai

November 7, 2019



ECLERX SERVICES LIMITED
CIN: L72200MH2000PLC125319

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

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue from operations	2,758.91	2,776.72	2,848.53	5,535.63	5,667.27	11,398.18
II	Other income	102.67	115.60	218.68	218.27	430.93	558.25
III	Total Income (I + II)	2,861.58	2,892.32	3,067.21	5,753.90	6,098.20	11,956.43
IV	Expenses						
	Employee benefits expense	1,214.36	1,239.97	1,154.54	2,454.33	2,318.37	4,614.07
	Depreciation and amortisation expense	112.37	109.83	58.24	222.20	109.91	261.55
	Cost of technical sub-contractors	32.16	45.53	26.28	77.69	48.36	112.24
	Sales and marketing services	613.66	653.50	607.83	1,267.16	1,231.72	2,391.88
	Other expense	312.13	361.00	409.81	673.13	818.24	1,733.05
	Finance cost	44.63	40.10	-	84.73	-	-
	Total expenses (IV)	2,329.31	2,449.93	2,256.70	4,779.24	4,526.60	9,112.79
V	Profit before exceptional items and tax (III-IV)	532.27	442.39	810.51	974.66	1,571.60	2,843.64
VI	Exceptional items - Loss (refer note 6)	444.94	-	-	444.94	-	-
VII	Profit before tax (V-VI)	87.33	442.39	810.51	529.72	1,571.60	2,843.64
VIII	Tax expense (refer note 7)	167.63	104.12	191.85	271.75	431.16	747.51
	(1) Current tax	121.00	128.60	222.34	249.60	466.81	810.09
	(2) Deferred tax	46.63	(24.48)	(30.49)	22.15	(35.65)	(62.58)
IX	Profit / (loss) for the period (VII-VIII)	(80.30)	338.27	618.66	257.97	1,140.44	2,096.13
X	Other Comprehensive Income / (Loss) ('OCI')	(116.37)	25.32	(308.72)	(91.05)	(611.44)	(39.47)
	A (i) Items that will not be reclassified to profit or loss	(5.21)	(30.74)	3.41	(35.95)	13.31	(12.33)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.14)	9.10	(0.99)	8.96	(3.74)	3.50
	B (i) Items that will be reclassified to profit or loss (net)	(153.27)	61.13	(429.82)	(92.14)	(857.96)	(41.91)
	(ii) Income tax relating to items that will be reclassified to profit or loss	42.25	(14.17)	118.68	28.08	236.95	11.27
XI	Total Comprehensive Income for the period (IX+X) (Comprising Profit and Other Comprehensive Income for the period)	(196.67)	363.59	309.94	166.92	529.00	2,056.66
XII	Paid up equity share capital (Face value of Rs. 10 each, fully paid up)	369.83	369.83	386.85	369.83	386.85	387.11
XIII	Other equity						12,664.92
XIV	Earnings per share: (in Rs.)						
	(1) Basic	(2.17)	8.77	16.00	6.83	29.50	54.19
	(2) Diluted	(2.17)	8.76	15.97	6.82	29.43	54.11

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Notes :

- 1 The statement of unaudited financial results for the quarter and half year ended September 30, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 7, 2019. There are no qualifications in the limited review report issued by the auditors.
- 2 These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) 34, 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, as amended read with the relevant rules issued thereunder.
- 3 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.
- 4 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.
- 5 Effective April 1, 2019, the Company adopted Ind AS 116 'Leases', applied to all lease contracts existing as on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to opening retained earnings as on April 1, 2019, i.e on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of new standard resulted in recognition of Right – of – Use asset (ROU) of Rs.884.30 million and a lease liability of Rs.1,091.65 million. The cumulative effect of applying the standard resulted in Rs.48.34 million being debited to opening retained earnings, net of taxes. In the statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. The following table summarises the impact of Ind AS 116 on financial results.

(Rupees in Millions)

Particulars	Quarter ended September 30, 2019	Half year ended September 30, 2019
Ind AS 116 - Depreciation is higher by	52.13	101.91
Ind AS 116 - Finance cost is higher by	44.63	84.73
	96.76	186.64
Ind AS 17 - Rent Expense is lower by	(89.35)	(176.15)
Profit before tax is lower by	7.41	10.49

- 6 The Company had 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 in the purchase price of these shares and exercise price of the share options, the Company forseees the inability of the ESOP Trust to service it's loan obligations. Hence, the Company has made a provision of Rs 444.94 million in the results for the quarter and half year ended September 30, 2019.
- 7 During the quarter ended September 30, 2019, the Company has 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 and the estimate of tax expenses for the year ended March 31, 2020 have been re-computed. The resultant impact is recognised in the quarter ended September 30, 2019 and as a result the tax expense for the quarter & half year ended September 30, 2019 is higher by Rs 38.62 million.

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(Rupees in Millions)

Particulars	As at	As at
	September 30, 2019	March 31, 2019
	Unaudited	Audited
A. ASSETS		
1. Non current assets		
Property, plant and equipment	572.86	590.14
Right of use assets	1,001.21	-
Capital work-in-progress	-	1.65
Intangible assets	11.73	15.69
Financial assets		
Investments	2,380.34	2,390.50
Derivative instruments	2.35	94.40
Other financial assets	146.19	186.96
Long term loans	776.76	1,292.30
Deferred tax assets (net)	243.02	193.66
Other non-current assets	330.62	265.47
Non-current tax assets (net)	74.12	91.00
	5,539.20	5,121.77
2. Current assets		
Financial assets		
Investments	2,874.88	2,805.00
Trade receivables	1,517.04	1,864.45
Cash and cash equivalents	475.67	386.33
Other bank balance	1,829.28	3,245.33
Other financial assets	883.32	944.99
Derivative instruments	112.85	112.93
Other current assets	332.34	553.69
	8,025.38	9,912.72
TOTAL - ASSETS	13,564.58	15,034.49
B. EQUITY AND LIABILITIES		
1. Equity		
Equity share capital	369.83	387.11
Other equity	10,096.49	12,664.92
	10,466.32	13,052.03
2. Non current liabilities		
Financial liabilities		
Lease liabilities	914.37	-
Employee benefit obligations	291.56	275.57
Other non-current liabilities	-	115.23
	1,205.93	390.80
3. Current Liabilities		
Financial liabilities		
Lease liabilities	311.57	-
Other financial liabilities	402.00	325.49
Trade payables		
Total outstanding dues of Micro enterprises and small enterprises	0.69	3.37
Total outstanding dues of creditors other than Micro enterprises and small enterprises	683.20	686.99
Other current liabilities	38.01	65.44
Employee benefit obligations	423.10	510.27
Current tax liabilities (net)	33.76	0.10
	1,892.33	1,591.66
TOTAL - EQUITY AND LIABILITIES	13,564.58	15,034.49

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9 Statement of Cash flow

(Rupees in Millions)

	Half Year ended		Year ended
	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Audited
Operating activities			
Profit before tax	529.72	1,571.61	2,843.64
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	215.59	103.06	247.30
Amortisation and impairment of intangible assets	6.61	6.85	14.25
Share-based payment expense	6.04	13.06	22.20
Net foreign exchange differences - Trade receivables	(18.61)	(25.21)	46.79
Net foreign exchange differences - Trade payables	1.65	4.75	(3.38)
(Gain) / Loss on sale of assets	12.88	(0.19)	(0.22)
Interest income on corporate rent deposits	(5.16)	(5.82)	(12.54)
Amortised cost on corporate rent deposits	4.95	5.27	11.43
(Profit) on sale of current investments	(0.90)	(13.90)	(14.49)
Dividend income	(62.22)	(54.41)	(96.69)
Interest income	(120.98)	(110.19)	(314.27)
Other adjustments	(35.95)	(13.31)	(12.33)
Bad debts written off	-	3.80	5.23
Finance cost	84.73	-	-
Provision for doubtful debts	3.95	-	-
Fair value loss / (gain) on financial instruments at fair value through profit or loss	(16.24)	12.53	15.83
Provision for doubtful recovery of loan to ESOP Trust (refer note 6)	444.94	-	-
	1,051.00	1,497.90	2,752.75
Working capital adjustments:			
(Decrease) / Increase in employee benefit obligations	(71.19)	(131.24)	87.74
Decrease / (Increase) in trade receivables	353.28	(193.95)	(215.89)
Decrease / (Increase) in other financial assets and other assets	256.62	75.67	(122.28)
Increase / (Decrease) in trade payables, other current and non current liabilities and provisions	53.66	8.72	(14.25)
Cash generated by operating activities	1,643.37	1,257.10	2,488.07
Income tax paid (Net of refunds)	(199.07)	(421.79)	(882.34)
Net cash flows generated from operating activities	1,444.30	835.31	1,605.73
Investing activities			
Proceeds from sale of current investments	6,756.95	5,682.90	12,419.80
Purchase of current investments	(6,809.70)	(7,106.60)	(13,574.29)
Investment in bank deposits (having original maturity of more than three months)	(1,070.35)	(2,320.93)	(4,941.07)
Redemption / maturity of bank deposits (having original maturity of more than three months)	2,420.23	2,325.64	4,079.71
Payment of unclaimed dividend and fractional share	-	(0.04)	(0.24)
Proceeds from sale of property, plant and equipment	7.45	0.51	1.11
Disbursement of loan to ESOP trust	-	(250.00)	(550.00)
Purchase of property, plant, equipment and intangibles (including capital work in progress)	(122.01)	(54.55)	(387.16)
Dividend received	62.22	54.41	96.69
Interest received	253.19	101.67	185.36
Net cash flows generated from / (used in) investing activities	1,497.98	(1,566.99)	(2,670.09)
Financing activities			
Proceeds from issue of equity share capital	6.32	36.61	50.84
Proceeds from equity issue pending allotment	-	-	2.41
Buyback of equity shares	(2,620.00)	-	-
Buyback expenses	(25.42)	-	-
Payment of dividend	(36.98)	(38.68)	(38.68)
Dividend distribution tax	(7.60)	(7.95)	(7.95)
Interest paid	(84.73)	-	-
Principal payment - Lease	(84.53)	-	-
Net cash flows generated from / (used in) financing activities	(2,852.94)	(10.02)	6.62
Net (decrease) / increase in cash and cash equivalents	89.34	(741.70)	(1,057.74)
Cash and cash equivalents at the beginning of the year	386.33	1,444.07	1,444.07
Cash and cash equivalents	475.67	702.37	386.33

Place: Mumbai
Date: 7th November, 2019

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For and on behalf of Board of Directors

Anjan Malik
Anjan Malik
Director