

**Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To  
**Board of Directors of eClerx Services Limited**

**Report on the audit of the Standalone Financial Results****Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of eClerx Services Limited (the "Company") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2020 and for the year ended March 31, 2020.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

**Management's Responsibilities for the Standalone Financial Results**

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 judgments 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.



**eClerx Services Limited**  
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In preparing the Statement, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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 with reference to financial statements 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 results 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 Statement, including the disclosures, and whether the Statement represents 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.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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## **Other Matter**

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

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

**AMIT P**  
**MAJMUDAR**

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**per Amit Majmudar**  
Partner  
Membership No.: 36656  
UDIN: 20036656AAAAAQ5421

Mumbai  
June 09, 2020

**ECLERX SERVICES LIMITED**

**CIN: L72200MH2000PLC125319**

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

**STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED March 31, 2020**

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		Audited*	Unaudited	Audited*	Audited	Audited
I	Revenue from operations	2,782.39	2,883.65	2,927.03	11,201.67	11,398.18
II	Other income	198.27	123.47	123.37	540.01	558.25
III	<b>Total Income (I + II)</b>	<b>2,980.66</b>	<b>3,007.12</b>	<b>3,050.40</b>	<b>11,741.68</b>	<b>11,956.43</b>
IV	<b>Expenses</b>					
	Employee benefits expense	1,215.64	1,174.95	1,135.80	4,844.92	4,614.07
	Depreciation and amortisation expense	113.70	110.03	78.80	445.93	261.55
	Cost of technical sub-contractors	54.58	67.27	36.21	199.54	112.24
	Sales and marketing services	591.80	596.37	617.85	2,455.33	2,391.88
	Other expense	329.15	295.48	445.56	1,297.76	1,733.05
	Finance cost	46.56	45.33	-	176.62	-
	<b>Total expenses (IV)</b>	<b>2,351.43</b>	<b>2,289.43</b>	<b>2,314.22</b>	<b>9,420.10</b>	<b>9,112.79</b>
V	Profit before exceptional items and tax (III-IV)	629.23	717.69	736.18	2,321.58	2,843.64
VI	Exceptional items (refer note 8)	43.46	-	-	488.40	-
VII	<b>Profit before tax (V-VI)</b>	<b>585.77</b>	<b>717.69</b>	<b>736.18</b>	<b>1,833.18</b>	<b>2,843.64</b>
VIII	Tax expense (refer note 9)	148.47	177.25	171.80	597.47	747.51
	(1) Current tax	150.18	184.85	179.76	584.63	810.09
	(2) Deferred tax	(1.71)	(7.60)	(7.96)	12.84	(62.58)
IX	<b>Profit for the period (VII-VIII)</b>	<b>437.30</b>	<b>540.44</b>	<b>564.38</b>	<b>1,235.71</b>	<b>2,096.13</b>
X	Other Comprehensive Income / (Loss) ('OCI')	(324.63)	(2.61)	168.20	(418.29)	(39.47)
	A (i) Items that will not be reclassified to profit or loss	18.28	0.19	0.65	(17.48)	(12.33)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(4.81)	(0.04)	(0.25)	4.11	3.50
	B (i) Items that will be reclassified to profit or loss (net)	(452.51)	(3.70)	232.29	(548.35)	(41.91)
	(ii) Income tax relating to items that will be reclassified to profit or loss	114.41	0.94	(64.49)	143.43	11.27
XI	<b>Total Comprehensive Income for the period (IX+X)</b> <b>(Comprising Profit and Other Comprehensive Income for the period)</b>	<b>112.67</b>	<b>537.83</b>	<b>732.58</b>	<b>817.42</b>	<b>2,056.66</b>
XII	Paid up equity share capital (Face value of Rs. 10 each, fully paid up)	369.83	369.83	387.11	369.83	387.11
XIII	Other equity					
XIV	Earnings per share: (in Rs.)				10,743.24	12,664.92
	(1) Basic	11.82	14.61	14.58	33.05	54.19
	(2) Diluted	11.82	14.61	14.56	33.05	54.11

\*Refer note 3





**Notes :**

- 1 The statement of audited financial results for the quarter and year ended March 31, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on June 09, 2020. There are no qualifications in the audit report issued by the auditors.
- 2 These financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder.
- 3 The figures for the three month period ended March 31, 2020 and March 31, 2019 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2020 and March 31, 2019 respectively and unaudited published year- to-date figures up to December 31, 2019 and December 31, 2018 respectively, being the end of the third quarter of the respective financial years, which were subject to limited review.
- 4 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 and Investment in subsidiaries. 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 standalone financial results and based on current estimates expects the net carrying amount of these assets will be recovered. In the near term, the Company foresees demand for services to be affected with some delay in collection of client dues and is also likely to incur additional costs on account of "work from home" enablement. Consequently, the Company expects some decline in its revenue and margins. The Company will continue to monitor any material impact due to changes in future economic conditions.
- 5 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.
- 6 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.
- 7 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 March 31, 2020	Year Ended Mar 31, 2020
Ind AS 116 - Depreciation is higher by	52.61	207.03
Ind AS 116 - Finance cost is higher by	46.56	176.62
	<b>99.17</b>	<b>383.65</b>
Ind AS 17 - Rent Expense is lower by	(91.37)	(357.35)
<b>Profit before tax is lower by</b>	<b>7.80</b>	<b>26.30</b>

- 8 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 its loan obligations. Hence, the Company made a provision of Rs 444.94 million and Rs 43.46 million in the results for the quarters ended September 30, 2019 and March 31, 2020 respectively. Total provision for the year ended March 31, 2020 amounted to Rs 488.40 million.
- 9 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.
- 10 The Board of Directors have recommended a dividend of Re. 1 per Equity Share of Rs. 10 each for the financial year 2019-20





Particulars	(In Rupees Million)	
	As at March 31, 2020	As at March 31, 2019
<b>A. ASSETS</b>		
<b>1. Non current assets</b>		
Property, plant and equipment	542.89	590.14
Right of use assets	1,018.66	-
Capital work-in-progress	2.65	1.65
Intangible assets	28.57	15.69
Financial assets		
Investments	2,373.22	2,390.50
Derivative instruments	-	94.40
Long term loans	711.60	1,292.30
Other financial assets	116.36	186.96
Deferred tax assets (net)	362.83	193.66
Other non-current assets	191.88	303.54
Non-current tax assets (net)	103.41	91.00
	<b>5,452.07</b>	<b>5,159.84</b>
<b>2. Current assets</b>		
Financial assets		
Investments	4,363.78	2,805.00
Trade receivables	1,714.14	1,864.45
Cash and cash equivalents	621.87	386.33
Other bank balance	1,584.25	3,245.33
Other financial assets	1,011.52	944.99
Derivative instruments	-	112.93
Other current assets	412.46	515.62
	<b>9,708.02</b>	<b>9,874.65</b>
<b>TOTAL - ASSETS</b>	<b>15,160.09</b>	<b>15,034.49</b>
<b>B. EQUITY AND LIABILITIES</b>		
<b>1. Equity</b>		
Equity share capital	369.83	387.11
Other equity	10,743.24	12,664.92
	<b>11,113.07</b>	<b>13,052.03</b>
<b>2. Non current liabilities</b>		
Financial liabilities		
Lease liabilities	1,123.52	-
Derivative instruments	96.63	-
Employee benefit obligations	306.07	275.57
Other non-current liabilities	-	115.23
	<b>1,526.22</b>	<b>390.80</b>
<b>3. Current Liabilities</b>		
Financial liabilities		
Lease liabilities	146.43	-
Derivative instruments	244.37	-
Trade payables		
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	335.10	325.49
Other current liabilities	57.32	65.44
Employee benefit obligations	621.24	510.27
Current tax liabilities (net)	23.10	0.10
	<b>2,520.80</b>	<b>1,591.66</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>15,160.09</b>	<b>15,034.49</b>





## 12 Statement of Cash flow

	Year ended	
	March 31, 2020	March 31, 2019
<b>Operating activities</b>		
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	430.78	247.30
Amortisation and impairment of intangible assets	15.15	14.25
Share-based payment expense	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	12.93	(0.22)
Interest income on corporate rent deposits	(11.45)	(12.54)
Amortised cost on corporate rent deposits	11.84	11.43
Profit on sale of current investments	(13.32)	(14.49)
Dividend income	(65.02)	(96.69)
Interest income	(152.04)	(314.27)
Other adjustments	(17.48)	(12.33)
Bad debts written off	11.70	5.23
Reversal of provision for doubtful debts	(4.20)	-
Finance cost	176.62	-
Fair value (gain) / loss on financial instruments at fair value through profit or loss	(121.20)	15.83
Provision for doubtful recovery of loan to ESOP Trust (refer note 8)	488.40	-
	<b>2,558.89</b>	<b>2,752.75</b>
<b>Working capital adjustments:</b>		
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)
<b>Cash generated by operating activities</b>	<b>3,493.84</b>	<b>2,488.07</b>
Income tax paid (Net of refunds)	(586.83)	(882.34)
<b>Net cash flows generated from operating activities</b>	<b>2,907.01</b>	<b>1,605.73</b>
<b>Investing activities</b>		
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
<b>Net cash flows generated from / (used in) investing activities</b>	<b>351.03</b>	<b>(2,670.09)</b>
<b>Financing activities</b>		
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)
Interest paid	(176.62)	-
Principal payment - Lease	(163.10)	-
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(3,022.50)</b>	<b>6.62</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>235.54</b>	<b>(1,057.74)</b>
Cash and cash equivalents at the beginning of the year	386.33	1,444.07
<b>Cash and cash equivalents</b>	<b>621.87</b>	<b>386.33</b>

For and on behalf of Board of Directors

Priyadarshan  
n Mundhra

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Place: Mumbai  
Date: June 09, 2020

PD Mundhra  
Executive Director