

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, 2021 and for the year ended March 31, 2021 ("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 income and other financial information of the Company for the quarter ended March 31, 2021 and for the year ended March 31, 2021.

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 income 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

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

eClerx Services Limited

Independent auditor's report

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.

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.

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Other Matter

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 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

**VINEET
KEDIA**

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per Vineet Kedia

Partner

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Mumbai

June 10, 2021

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2021

(Rupees in million, except per share data)

Sr. No.	Particulars	Quarter ended			Year ended	
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		Audited*	Unaudited	Audited*	Audited	Audited
I	Revenue from operations	3,295.24	3,091.28	2,782.39	11,974.01	11,201.67
II	Other income	76.22	103.77	198.27	393.84	540.01
III	Total Income (I + II)	3,371.46	3,195.05	2,980.66	12,367.85	11,741.68
IV	Expenses					
	Employee benefits expense	1,247.15	1,249.53	1,215.64	4,796.21	4,844.92
	Depreciation and amortisation expense	130.63	130.98	113.70	500.04	445.93
	Cost of technical sub-contractors	89.38	87.82	54.58	303.38	199.54
	Sales and marketing services	544.99	654.32	591.80	2,246.41	2,455.33
	Other expense	259.29	259.94	329.15	1,093.50	1,297.76
	Finance cost	44.00	45.90	46.56	183.62	176.62
	Total expenses (IV)	2,315.44	2,428.49	2,351.43	9,123.16	9,420.10
V	Profit before exceptional items and tax (III-IV)	1,056.02	766.56	629.23	3,244.69	2,321.58
VI	Exceptional items (Refer note 8)	-	-	43.46	-	488.40
VII	Profit before tax (V-VI)	1,056.02	766.56	585.77	3,244.69	1,833.18
VIII	Tax expense	272.50	195.41	148.47	855.65	597.47
	(1) Current tax	285.25	229.12	150.18	877.44	584.63
	(2) Deferred tax	(12.75)	(33.71)	(1.71)	(21.79)	12.84
IX	Profit for the period (VII-VIII)	783.52	571.15	437.30	2,389.04	1,235.71
X	Other Comprehensive Income / (Loss) ('OCI')	24.16	97.67	(324.63)	429.21	(418.29)
A	(i) Items that will not be reclassified to profit or loss	10.56	(14.32)	18.28	(32.01)	(17.48)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(2.65)	3.60	(4.81)	8.06	4.11
B	(i) Items that will be reclassified to profit or loss (net)	21.72	144.84	(452.51)	605.57	(548.35)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(5.47)	(36.45)	114.41	(152.41)	143.43
XI	Total Comprehensive Income for the period (IX+X) (Comprising Profit and Other Comprehensive Income for the period)	807.68	668.82	112.67	2,818.25	817.42
XII	Paid up equity share capital (Face value of Rs. 10 each, fully paid up)	348.90	348.90	369.83	348.90	369.83
XIII	Other equity				12,187.91	10,743.24
XIV	Earnings per share: (in Rs.)					
	(1) Basic	22.46	16.37	11.82	67.29	33.05
	(2) Diluted	22.28	16.29	11.82	67.03	33.05

*Refer note 3



Notes :

- 1 The statement of audited financial results for the quarter and year ended March 31, 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on June 10, 2021. 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, 2021 and March 31, 2020 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2021 and March 31, 2020 respectively and unaudited published year- to-date figures up to December 31, 2020 and December 31, 2019 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, investment in subsidiaries, intangible assets, other financial assets, revenues and costs, leases and its hedging program. In assessing the recoverability of its assets, the Company has used internal and external sources of information up to the date of approval of these standalone financial results and expects to recover the net carrying amount of its assets. The Company also expects the demand for services to remain volatile for some more time. However, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to 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 Company has acquired the entire shareholding of Eclipse Global Holdings LLC (dba Personiv) headquartered in Austin, Texas, USA on December 23, 2020 through investment in its overseas subsidiary eClerx LLC, USA, for an estimated purchase consideration of Rs 2,530.39 million (USD 34.27 million) including earn-out considerations over two years. Personiv provides digital, creative, back office and customer contact solutions.
- 7 The Board of Directors vide their meeting dated July 06, 2020 approved buyback of equity shares of the Company for an aggregate amount not exceeding Rs. 1,095 million at a buyback price not exceeding Rs. 550 per equity share from the shareholders/beneficial owners of the company (other than those who are Promoters, members of Promoter Group and persons in control of the Company). The Company bought back 2,093,815 equity shares of Rs 10 each at an average price of Rs. 522.97 per share amounting to Rs. 1,095 million and concluded the said buyback on July 22, 2020. The shares so bought back were extinguished and the issued and paid up capital stands amended accordingly. Further, the Company has incurred buy back expenses of Rs. 9.47 million and buy back tax of Rs. 243 million which have been charged to retained earnings.
- 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 forsee the inability of the ESOP Trust to service its loan obligations. Hence, the Company made a total provision of Rs 488.40 million and Rs 43.46 million in the results for the previous year ended March 31, 2020 and quarter ended March 31, 2020 respectively.
- 9 The Company through its subsidiary Eclerx Investments (UK) limited, incorporated Eclerx B.V. in May 2020 having its registered office in Amsterdam.
- 10 The Code on Social Security, 2020 relating to employee benefits during the employment and post- employment benefits received President's assent on September 28, 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess and record the impact of the Code, if any, when it becomes effective.
- 11 The Board of Directors have recommended a dividend of Re. 1 per Equity Share of Rs. 10 each for the financial year 2020-21



(Rupees in million)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	Audited	Audited
A. ASSETS		
1. Non current assets		
Property, plant and equipment	530.00	542.89
Right of use assets	915.17	1,018.66
Capital work-in-progress	-	2.65
Intangible assets	37.87	28.57
Financial assets		
Investments	4,844.79	2,373.22
Derivative instruments	25.53	-
Long term loans	711.60	711.60
Other financial assets	164.35	116.36
Deferred tax assets (net)	240.26	362.83
Other non-current assets	35.39	191.88
Non-current tax assets (net)	104.66	103.41
	7,609.62	5,452.07
2. Current assets		
Financial assets		
Investments	2,282.30	4,363.78
Trade receivables	1,943.06	1,714.14
Cash and cash equivalents	1,382.35	621.87
Other bank balance	1,111.10	1,584.25
Other financial assets	879.46	1,011.52
Derivative instruments	239.03	-
Other current assets	515.39	412.46
	8,352.69	9,708.02
TOTAL - ASSETS	15,962.31	15,160.09
B. EQUITY AND LIABILITIES		
1. Equity		
Equity share capital	348.90	369.83
Other equity	12,187.91	10,743.24
	12,536.81	11,113.07
2. Non current liabilities		
Financial liabilities		
Lease liabilities	1,024.37	1,123.52
Derivative instruments	-	96.63
Employee benefit obligations	387.25	306.07
	1,411.62	1,526.22
3. Current Liabilities		
Financial liabilities		
Lease liabilities	184.08	146.43
Derivative instruments	-	244.37
Trade payables		
Total outstanding dues of Micro enterprises and small enterprises	5.08	3.16
Total outstanding dues of creditors other than Micro enterprises and small enterprises	587.36	1,090.08
Other financial liabilities	494.04	335.10
Other current liabilities	58.27	57.32
Employee benefit obligations	595.04	621.24
Current tax liabilities (net)	90.01	23.10
	2,013.88	2,520.80
TOTAL - EQUITY AND LIABILITIES	15,962.31	15,160.09



13 Statement of Cash flow

(Rupees in million)

Particulars	Year ended	
	March 31, 2021	March 31, 2020
	Audited	Audited
Operating activities		
Profit before tax	3,244.69	1,833.18
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	500.04	445.93
Share-based payment expense	9.29	8.50
Net foreign exchange differences	14.16	(45.50)
Loss on sale of assets	3.56	12.93
Interest income on corporate rent deposits	(15.35)	(11.45)
Amortised cost on corporate rent deposits	16.74	11.84
Profit on sale of current investments	(224.51)	(13.32)
Dividend income	-	(65.02)
Interest income	(82.25)	(152.04)
Bad debts written off	1.73	11.70
Provision/ (reversal of provision) for doubtful debts	0.84	(4.20)
Finance cost	183.62	176.62
Fair value (gain) / loss on financial instruments at fair value through profit or loss	70.23	(121.20)
Provision for doubtful recovery of loan to ESOP Trust (refer note 8)	-	488.40
Other adjustments	(37.73)	(17.48)
	3,685.06	2,558.89
Working capital adjustments:		
(Increase) / decrease in trade receivables	(270.53)	213.95
Decrease / (increase) in other current and non current financial assets	84.15	(25.21)
Decrease in other current and non current assets	52.07	213.28
Increase in employee benefit obligations	54.99	141.47
(Decrease) / increase in trade payables, other current and non current liabilities and provisions	(310.15)	391.46
Cash generated by operating activities	3,295.59	3,493.84
Income tax paid (Net of refunds)	(811.79)	(586.83)
Net cash flows generated from operating activities	2,483.80	2,907.01
Investing activities		
Proceeds from sale of current investments	11,425.53	10,536.44
Purchase of current investments	(9,189.78)	(11,960.70)
Investment in subsidiaries during the year	(2,493.02)	-
Investment in bank deposits (having original maturity of more than three months)	(2,645.79)	(1,781.87)
Redemption / maturity of bank deposits (having original maturity of more than three months)	3,075.46	3,390.46
Unclaimed dividend and fractional share	(0.16)	(0.16)
Proceeds from sale of property, plant and equipment	0.96	7.64
Purchase of property, plant, equipment and intangibles (including capital work in progress)	(294.28)	(227.84)
Dividend received	-	65.02
Interest received	126.60	322.04
Net cash flows generated from investing activities	5.52	351.03
Financing activities		
Proceeds from issue of equity share capital	-	6.32
Buyback of equity shares	(1,095.00)	(2,620.00)
Buyback expenses	(9.47)	(24.52)
Tax on buyback of equity shares	(243.00)	-
Payment of dividend (including tax on dividend in previous year)	(34.89)	(44.58)
Interest paid	(183.62)	(176.62)
Principal payment - Lease	(162.86)	(163.10)
Net cash flows used in financing activities	(1,728.84)	(3,022.50)
Net increase in cash and cash equivalents	760.48	235.54
Cash and cash equivalents at the beginning of the year	621.87	386.33
Cash and cash equivalents	1,382.35	621.87

For and on behalf of Board of Directors

Priyadarshan
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15:56:40 +05'30'PD Mundhra
Executive DirectorPlace: Mumbai
Date: June 10, 2021