



eClerx Services Limited
Annual Report 2008-09



precise processes | passionate people

Disclaimer : This Annual Report contains forward-looking information to enable investors to comprehend the company's prospects and take 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 realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties, and even less than accurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Contents

- 02 eClerx at a Glance
- 04 Chairman's Message
- 06 Key Performance Indicators
- 08 Corporate Information
- 09 Directors' Report
- 16 Management Discussion and Analysis
- 24 Corporate Governance Report
- 35 Auditors' Report on Standalone Financials
- 38 Standalone Financial Statements
- 60 Balance Sheet Abstract and Company's General Business Profile
- 61 Auditor's Report on Consolidated Financials
- 62 Consolidated Financial Statements
- 79 Notice
- 89 Electronic Clearing Service (ECS) Mandate Format
- 91 Proxy Form and Attendance Slip



eClerx at a Glance

About eClerx

eClerx Services Limited (eClerx) is a Knowledge Process Outsourcing (KPO) company providing data analytics and data process solutions to global enterprise clients. eClerx supports core and complex activities for its clients using proprietary processes and a scalable offshore delivery model.

eClerx accessed the capital markets in December 2007 and became India's first publicly listed Knowledge Process Outsourcing company. The shares of the Company are listed on the National Stock Exchange of India and the Bombay Stock Exchange.

Our People

eClerx currently employs about 2,000 people across four state-of-the-art delivery centres in Mumbai and Pune. We remain committed to investing in them and creating a productive working environment based on fairness and meritocracy.

Awards and Achievements

eClerx has received a number of prestigious accolades over the years. Some of the most recent notable ones include:

- "200 Best Under a Billion Asian companies" by Forbes, from across a universe of over 24,000 companies listed on all Asian Stock Exchanges
- Identified as "rising star" across five different service categories including Financial Services in Global Outsourcing 100 survey
- "100 Fastest Growing Companies" by Economic Times

Our services

eClerx provides clients with a unique blend of consulting services and process outsourcing by combining people, process re-engineering and automation. We work side-by-side with clients to not just reduce cost, but also help increase sales and



reduce risk, by enhancing efficiencies and by providing insights that empower better decisions.

We support critical processes for approximately 50 clients, including 14 Fortune 500 companies. Our engagements are concentrated around two specializations:

Capital Markets

We provide specialist middle office and back office support to the Capital Markets businesses of leading global banks. The processes support all asset classes including equity, fixed income, currencies and commodities.

eClerx provides end-to-end support through the trade lifecycle, including trade confirmation, settlements, transaction maintenance, risk analytics and reporting. Over the last year, the Company has also invested in developing a buy side platform to provide end-to-end trading support to

asset managers and hedge funds including interfacing with exchanges, clearing houses, custodians and administrators.

Enterprise Analytics and ecommerce Transformation

We provide sales and marketing support services to leading global manufacturing, retail, travel and leisure companies. These services are primarily aimed at supporting the ecommerce activities of our clients, which forms an increasingly large and strategic distribution channel for them.

Clients use our pricing and profitability services to benchmark their portfolio of tens of thousands of products against pricing offered by competition and to identify opportunities to adjust prices to achieve optimal revenue and margin. Our suite of ecommerce related services includes content development, web analytics and customer experience management.

Chairman's Message

“But what a year it's been for eClerx – in the midst of a global recession, we have grown revenues by 51% and profits by 39% - whilst maintaining margins.”

Dear Shareowners,

I want to start by thanking you for all your support during our first full year as a public company, a year, ironically, that has also been one of the most challenging in decades for our industry. But what a year it's been for eClerx – in the midst of a global recession, we have grown revenues by 51% and profits by 39% - whilst maintaining margins. A great year by any measure, and a testament to the dedicated team at eClerx, our deep relationships with clients and the core and strategic nature of our work.

It has been an eventful year. We lost two customers to mergers and one to bankruptcy and still grew business year-on-year. In all instances our contracts and services have been taken by the successor companies. This was so even in the case of the bankruptcy – where most vendors stood in line with creditors to get paid, our contracts were taken by the purchasing company to ensure continuity of service. If there was ever proof needed of how critical and core our services are considered by our customers, this would surely be it.

The year also saw us win a place on Forbes Magazine's prestigious “Top 200 Under a Billion” list – a list of the top 200 listed companies in Asia-Pacific. We were selected from an eligible group of over 24,000 contenders, and we were one of only 22 Indian companies chosen, and the only one from our industry. Indeed a fantastic achievement! The Economic Times also ranked us as one of the 100 fastest growing companies in India. Great accolades, and we are very proud to have received them.

We added 446 employees in the year, and our 73,000 sq ft state-of-the-art Pune SEZ facility became operational, a critical milestone for our growth. The softer talent market has also been a boon for us – we have been able to hire and retain excellent talent at all levels in the firm. Whilst companies have retrenched, we have invested. We have doubled our senior management strength and selectively added strong talent throughout our team. In our onshore locations, we have significantly ramped up our sales and marketing presence by hiring senior, experienced leaders with substantial industry experience.

These investments help us broaden and deepen our specialization and skill sets so that we can devise innovative and relevant solutions that address common pain points for our chosen industries. Our customers therefore view us as partners in their enterprise. In an economy such as at present, where risk tolerance is low and cost pressures are urgent,

customers have turned to us even more to implement proven solutions, quickly and at low cost. They do not have the appetite to train and teach and try and wait – our customers need partners with established expertise, thought leadership and execution capability, and they need quick results. And that's where eClerx has benefited. We understand our clients' businesses, and our services impact them intimately and immediately, and that helps us develop long term, meaningful relationships with them.

What is really interesting about eClerx, though, is the way we have made an inherently niche, high-end, KPO data analytics business scalable – by combining people, process re-engineering and automation in a potent mix to build proprietary, platform-based services.

People are our strongest asset, and we have invested heavily in our processes for hiring, training and nurturing talent. Today, we run over a thousand courses imparting critical industry, product and process training that are customized for each of our programmes. The best compliment we receive about our training is from our clients, who often want to use our training materials to train their internal staff.

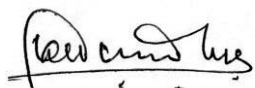
We also focus on automation and process re-engineering to eliminate wasteful steps, and to automate repetitive ones, so we minimize the need for human intervention and present our clients costs savings which exceed those from simple wage arbitrage. This also reduces the need for costly, high skilled resources and gives us the ability to scale solutions quickly, both for existing clients and also for new ones.

So this is the company that you support. A leading, third party data analytics KPO service provider, based in India, but supporting global clients on a real-time basis across their complex businesses.

We feel that our specialization, our services and our client base uniquely position us to grow further in our chosen markets. We have invested heavily in our business in 2008, and we are the strongest company that we have ever been. We are excellently positioned to benefit as the markets stabilize again.

Once again, I thank you for your support.

Sincerely,



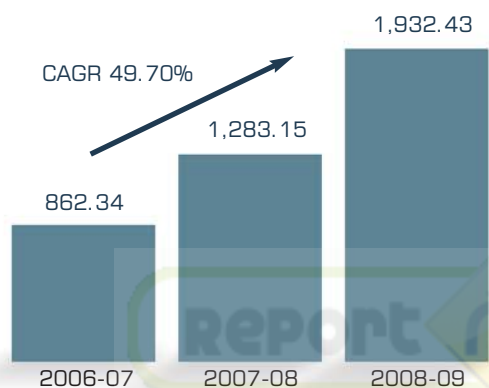
V. K. Mundhra

Chairman

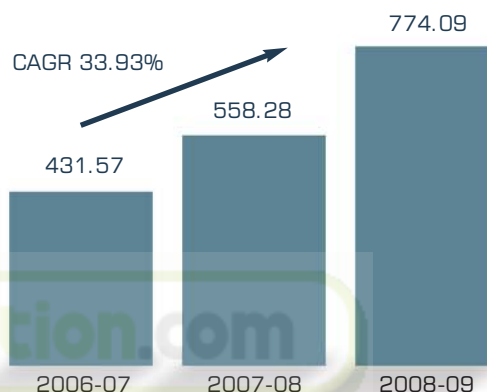
“The year also saw us win a place on Forbes Magazine’s prestigious “Top 200 Under a Billion” list – a list of the top 200 listed companies in Asia-Pacific.”

Key Performance Indicators

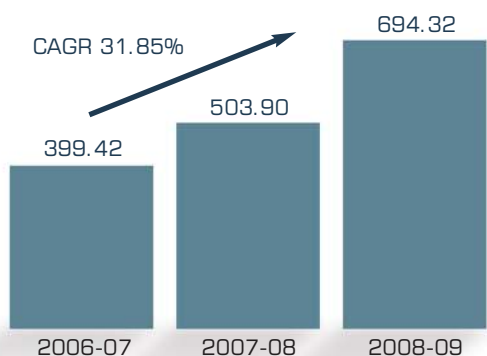
Total Income (Rs.in million)



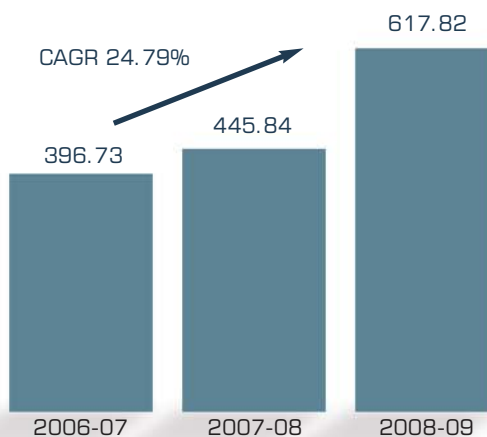
EBITDA (Rs.in million)



Profit Before Tax (Rs.in million)



Profit After Tax (Rs.in million)

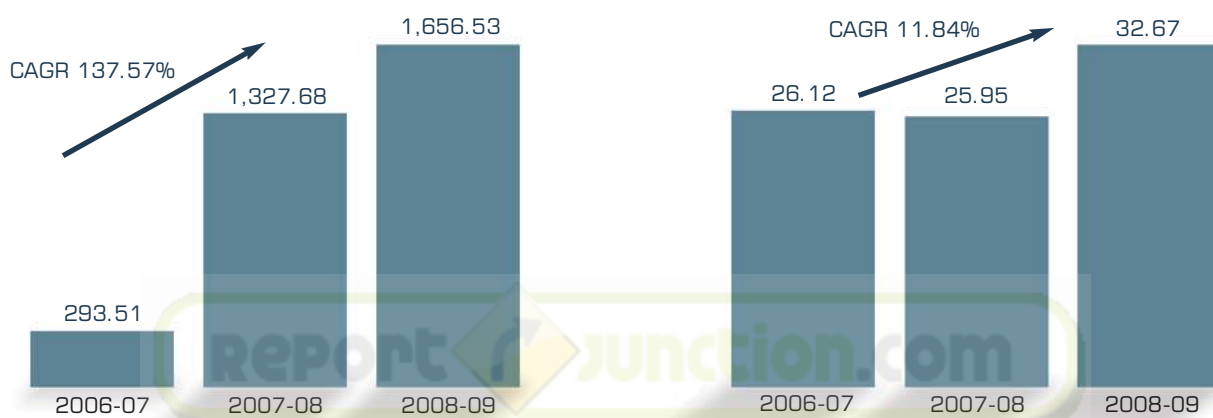




Networth (Rs.in million)

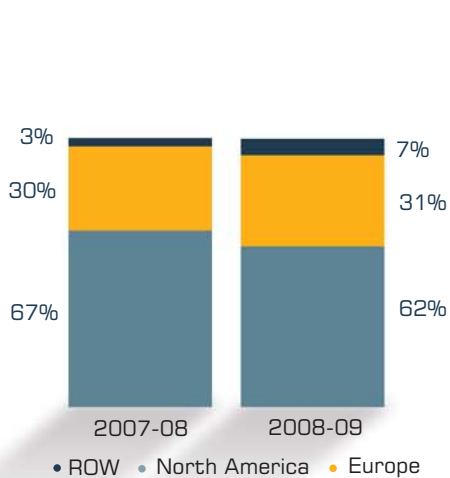


Earnings Per Share (In Rs.)



Revenue by Geography

Number of Employees



Corporate Information

V. K. Mundhra	Chairman
P. D. Mundhra	Executive Director
Anjan Malik	Non Executive Director
Jimmy Bilimoria	Non Executive Independent Director
Pradeep Kapoor	Non Executive Independent Director
Anish Ghoshal	Non Executive Independent Director
Vikram Limaye	Non Executive Independent Director

Company Secretary

Gaurav Tongia

Registered Office

Sonawala Building,
1st Floor, 29 Bank Street,
Fort, Mumbai - 400 023.
Email: investor@eClerx.com

Registrar and Share Transfer Agent

Karvy Computershare Private Ltd.
Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.

Ph Nos.: 040 - 23420815 to 824

Fax No.: 040 - 23420814

Email: einward.ris@karvy.com

Statutory Auditors

Walker, Chandiok & Co.
Engineering Centre, 6th Floor,
9, Matthew Road, Opera House,
Mumbai – 400 004.

Bankers

Bank of India
Hongkong & Shanghai Banking Corporation Ltd.
Citibank N. A.
Kotak Mahindra Bank Ltd.