

eClerx Services Private Limited

7th Annual Report

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2006-2007

DIRECTORS' REPORT

To
The Members,
Eclerx Services Private Limited

Dear Members,

Your Directors present their Seventh Annual Report for the year ended 31st March 2007, together with the Audited Statement of Accounts for the year ended as on that date.

FINANCIAL RESULTS:

The operating results of the company for the year are as follows:

	For the period ended on 31 st March 2007	For the period ended on 31 st March 2006.
Revenue	862,339,882	476,863,028
Profit / (Loss) before tax	399,425,927	246,547,848
Less: Provision for Tax		
Provision for Fringe Benefit Tax	2,700,000	1,925,000
Profit After tax	396,725,927	244,622,848
Add: Balance b/f	79,782,086	44,881,900
Less: Interim Dividend	202,500,000	75,937,500
Proposed Dividend	-	86,062,500
Tax on Interim Dividend	28,400,625	10,650,234
Provision for Tax on Proposed Dividend	-	12,070,266
Short / Excess Provision for Tax	41,471	2,162
Transfer to General Reserves	40,000,000	25,000,000
Balance Carried to Balance Sheet	205,565,917	79,782,086

DIVIDENDS:

Your Directors recommend the interim dividend already paid as the final dividend for the year under review.



PARTICULARS OF EMPLOYEES:

The particulars of employees as required by Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is given below:

Sr	Name	Designation	Remuneration	Qualification	Date of employment	Experience	Age	Last Employment
1	P.D.Mundhra	Executive Directot	Rs.88,00,000/-	MBA	1 st April 2006	10	34	NIL

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been made followed and that no material departures have been made for the same;
- That the selected accounting policies were applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2007 and of the Loss of the Company for the year ended on that date;
- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual accounts have been prepared on a going concern basis.

PARTICULARS OF DEPOSITS:

The Company has not accepted any deposits from the public as contemplated under section 58 A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

SECTION 217(1) (e) OF THE COMPANIES ACT 1956:

Additional information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required to be disclosed in terms of Section 217(1) (e) of

the Companies Act 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rule 1986 is not given since the Company has not dealt in any of the areas specified therein.

AUDITORS:

M/s C.M. Gabawala & Co., Chartered Accountants had expressed their unwillingness to continue as Statutory Auditors and their term expired at the Annual General Meeting, Accordingly Board recommends the appointment of M/s Walker Chandiok & Co, Chartered Accountants as Statutory Auditors for the financial year 2007-08.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the employees, shareholders, bankers of the Company, Financial Institutions, other Government Departments and Agencies, consultants & advisors auditors and others for their continuous support, co-operation and guidance.

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On Behalf of the Board of Directors
for Eclerx Services Private Limited


V.K. Mundhra
Chairman

Date: 25th July, 2007
Place: Mumbai



C. M. GABHAWALA & CO. (Regd.)

CHARTERED ACCOUNTANTS

42, Nanik Niwas, 30, Dr. D. D. Sathe Marg, Girgaum, MUMBAI-400 004.

Phone : 2382 3923 / 2382 4641 / 2384 1752 Fax : 2385 0931

e-mail : cmgco@hathway.com

AUDITORS' REPORT

To,
The Members of eClerx Services Private Limited

1. We have audited the attached Balance Sheet of eClerx Services Private Limited as at 31st March, 2007 and the annexed Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;



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- (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (a) In the case of the Balance Sheet, of state of affairs of the Company as at 31ST MARCH, 2007; and
- (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date;
- (c) In the Case of Cash Flow Statement, of the Cash Flows For the year ended on that date.

Report

For C. M. GABHAWALA & CO.
CHARTERED ACCOUNTANTS



(Biren C. Gabhawala)

Partner

M. No. 40496



Place : Mumbai

Dated : 25th July, 2007