



eClerx Services Limited

Registered Office: Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai- 400023; Tel: + 91 22- 6614 8301; Fax: + 91 22- 6614 8655; Website: www.eclerx.com; Email: investor@eclerx.com; Contact Person: Mr. Gaurav Tongia, Company Secretary

PUBLIC ANNOUNCEMENT

FOR THE ATTENTION OF SHAREHOLDERS/BENEFICIAL OWNERS OF EQUITY SHARES OF eClerx Services Limited ("eClerx" OR "Company")
This Public Announcement ("Announcement" or "PA") is made pursuant to the provisions of Regulation 15 (c) read with Regulation 15(d) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, for the time being in force including any statutory modifications and amendments from time to time ("Buy-back Regulations") and contains the disclosures as specified in Schedule II to the Buy-back Regulations.

OFFER FOR BUY-BACK OF EQUITY SHARES FROM OPEN MARKET THROUGH STOCK EXCHANGES

1. THE OFFER AND BUY-BACK PRICE

1.1 eClerx hereby announces the buy-back of its fully paid-up equity shares of face value Rs. 10/- each ("**Equity Shares**") from the open market through stock exchanges using the electronic trading facilities of National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**") (together "**Stock Exchanges**") in accordance with the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 (the "**Act**") and the Buy-back Regulations and the Articles of Association of the Company at a price not exceeding Rs. 825/- per Equity Share ("**Maximum Offer Price**") payable in cash, for an aggregate amount not exceeding Rs. 40.50 crores ("**Maximum Offer Size**") from the existing owners of Equity Shares, other than those who are the Promoters and persons in control holding Equity Shares of the Company (the "**Buy-back**"). The Maximum Offer Size represents about 9.88% of the aggregate of the Company's total paid-up equity capital and free reserves of Rs. 409.82 crores as on March 31, 2013 (the date of latest standalone audited accounts as on the date of Board meeting approving the Buy-back i.e. August 8, 2013).

1.2 The Company proposes to Buy-back its fully paid-up Equity Shares upto 6,00,000 Equity Shares ("**Maximum Offer Shares**") and minimum of 3,00,000 Equity Shares ("**Minimum Offer Shares**") at a price not exceeding Rs. 825/- per Equity Share payable in cash for an aggregate amount of upto Rs. 40.50 crores.

1.3 The Maximum Offer Price has been arrived at after considering certain parameters such as, book value, earning trends in recent past, average price earnings multiples in market and possible impact on earnings per share, industry scenario and impact on other financial parameters due to Buy-back. The Buy-back of Equity Shares will be made upto the Maximum Offer Price of Rs. 825/- per Equity Share which represents a premium of 5.01% & 5.14% to the closing price on NSE i.e. Rs. 785.65 and BSE i.e. Rs. 784.65, respectively, on the date of the Board Meeting i.e. August 8, 2013.

1.4 An amount not exceeding Rs. 20.25 crores is the minimum offer size ("**Minimum Offer Size**") which is 50% of the Maximum Offer Size. In case the Company fails to reach Minimum Offer Size till the closure of the Buy-back, 2.5% of the Maximum Offer Size shall be liable for forfeiture from the Escrow Account.

1.5 The actual number of Equity Shares bought back would depend upon the average price paid for the Equity Shares bought back and the amount deployed in the Buy-back in accordance with Board resolution passed on August 8, 2013. To illustrate, at the proposed Maximum Offer Price of Rs 825/- per Equity Share and for a Maximum Offer Size of Rs. 40.50 crores, the number of Equity Shares to be bought back would be 4,90,909 which will be approximately 1.63% of the pre-buyback paid up equity share capital of the Company. Should the average purchase price be lower than Rs. 825/- per Equity Share, the number of Equity Shares bought back would be more, assuming the deployment of an aggregate amount of Rs. 40.50 crores subject to the acquisition of Maximum Offer Shares of 6,00,000 Equity Shares.

1.6 The Company shall place buy orders so long as the price is not more than the Maximum Offer Price and the Buy-back will close in terms with the time table mentioned herein. Once the Minimum Offer Size has been utilised for Buy-back, the Board of Directors including any Committee thereof (hereinafter referred to as 'Board'), in its absolute discretion may decide to close the Buy-back at an earlier date, even if the Maximum Offer Size has not been reached or the Maximum Offer Shares have not been bought back, by giving appropriate notice of such date and completing all formalities in this regard as per relevant laws and regulations.

The fact that the Board resolution provides for the Maximum Offer Price does not indicate that the Company will or is obliged to buy or continue to buy Equity Shares, so long as the market price is not more than the Maximum Offer Price. Further, except to the extent of Minimum Offer Size, the Company is not obliged to buy upto the Maximum Offer Size of Rs. 40.50 crores or Maximum Offer Shares depending upon the Buy-back price during the Buy-back period.

1.7 Further, the maximum number of Equity Shares bought back shall be subject to (i) the Buy-back not causing the Company to be in violation of conditions for continuous listing prescribed in terms of Clause 40A of the listing agreement between the Company and Stock Exchanges and (ii) the aggregate consideration payable pursuant to the Buy-back not exceeding the Maximum Offer Size.

1.8 As required under the Act and Buy-back Regulations, the Company shall not purchase Equity Shares which are partly paid-up Equity Shares with calls-in-arrears, locked-in or non-transferable Equity Shares, if any, in the Buy-back till the time they become fully-paid or till they become transferable.

1.9 There will be no negotiated deals (whether on or off the Stock Exchanges), spot transactions or any other private arrangements in implementation of the Buy-back.

2. BRIEF INFORMATION ABOUT THE COMPANY

2.1 The Company was originally incorporated as eClerx Services Private Limited on March 24, 2000 under the provisions of the Companies Act, 1956 and was converted to a public limited company and the name was changed to eClerx Services Limited, vide a fresh certificate of incorporation consequent upon Change of Name on Conversion to Public Limited Company, August 28, 2007.

The Company is a leading knowledge process outsourcing ("KPO") company providing middle/back office operations support to over 30 Fortune- 500 companies. The Company has five delivery centers across India support a diverse global client base, including the world's leading Financial Services, Broadband, Cable & Telco, eCommerce & Retail, High Tech, Industrial Manufacturing & Distribution, Software, Media & Entertainment and Travel companies

2.2 The financial information on the basis of audited standalone accounts of the Company for the last three years ended March 31, 2011, March 31, 2012 and March 31, 2013 and Unaudited standalone accounts for Quarter ended June 30, 2013 is provided hereunder:

(Rs. in crores: except Key Ratios)

Particulars	For 3 months Quarter ended June 2013*	For the year ended March 31,		
		2013	2012	2011
Total Income	168.2	550.2	494.8	366.0
Profit before Interest, depreciation & tax	79.0	206.4	208.0	143.7
Profit After Tax	60.0	155.9	157.3	118.6
Equity Dividend (final)		74.7	50.9	64.9
Equity Share Capital	29.9	29.9	29.1	28.9
Reserves & Surplus		380.9	306.1	205.0
Net Worth		410.7	335.1	233.8
Total Debt		-	-	-
Key Ratios				
Basic Earnings per share (Rs.)	20.1	53.0	54.3	41.3
Book Value per share (Rs.)		137.5	115.3	81.0
Debt - Equity Ratio		-	-	-
Return on average net worth (%)		41.8%	55.3%	54.7%

Note: * Unaudited financials

The key ratios are computed as below:

Book value per share	Networth No. of Equity Shares issued
Earning per share	Profit after tax Weighted average no. of Equity Shares
Return on average net worth	Profit after tax (Current year's net worth + previous year's net worth)/2
Debt to equity ratio	Debt Equity share capital + Reserves

3. NECESSITY FOR BUY-BACK

The Buy-back proposal is being implemented in keeping with the Company's desire to enhance overall shareholders value. The Buy-back would lead to (a) an additional exit opportunity for a shareholder at a reasonable price; (b) reduction in outstanding number of Equity Shares and consequent increase in earnings per Equity Share over a period of time; (c) improvement in return on equity; and (d) effective utilization of surplus cash available with the Company.

4. Disclosure in Accordance with Part A of Schedule II of the Buy-back Regulations

4.1 Being authorized by Article 24 of Articles of Association of the Company and Sections 77A, 77AA, 77B and other applicable provisions, if any, of the Act and the provisions contained in the Buy-back Regulations, this Offer for Buy-back has been duly authorized by a resolution passed by the Board of Directors of the Company at their meeting held on August 8, 2013.

4.2 The Company believes that the Buy-back proposal will provide to the shareholders an additional exit opportunity at a reasonable price and enhance the overall shareholders value. The Buy-back will result in any manner impair the ability of the Company to pursue growth opportunities. The Buy-back will result in a reduction in the overall capital employed in the business, which will, in turn lead to higher earnings per share and enhanced return on equity and return on capital employed.

4.3 The Board has proposed a maximum limit of Rs 40.50 crores for the Equity Share Buy-back offer. This represents about 9.88% of the aggregate paid up share capital and free reserves of the Company as on March 31, 2013 against the maximum permissible limit of 10%. This amount for Buy-back will be financed out of the Company's securities premium/free reserves and/or cash balances and internal accruals/operating cash inflows of the Company.

4.4 The maximum price at which the Buy-back will be carried out is Rs. 825/- per Equity Share. The maximum price has been arrived at after considering certain parameters such as the book value, earnings trend in the recent past, the average price-earnings multiples in the market, possible increase in EPS and other relevant factors.

4.5 The maximum number of shares to be bought back through the Stock Exchanges shall not exceed 6,00,000 Equity Shares which represents about 1.99% of the present paid up capital of the Company. However the promoters and promoter group ("Promoters") holding in the Company shall not exceed 75% of the Paid up capital of the Company post Buy-back. The minimum number of Equity Shares to be bought back is 3,00,000 Equity Shares.

4.6 The Company proposes to adopt the methodology of purchases from the open market through Stock Exchanges.

4.7 (a) The aggregate shareholding of the Promoters of the Company as of August 8, 2013 (i.e. the date of Board Meeting) is 1,59,11,119 Equity Shares constituting 52.88% of the total paid up equity share capital of the Company.

(b) No Equity Shares were either purchased or sold by the Promoters during the period of six months preceding the date of the Board Meeting at which the proposal for Buy-back was approved (i.e., August 8, 2013).

4.8 The Promoters and Persons in control of the Company will not offer their Equity Shares to the Company under the Buy-back.

4.9 The Company hereby confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.

4.10 The Board of Directors of the Company confirm that they have made a full inquiry into the affairs and prospects of the Company and they have formed the opinion that:

a) immediately following the date i.e August 8, 2013 on which Board authorized the Buy- back, there will be no grounds on which the Company could be found unable to pay its debts;

b) as regards its prospects for the year immediately following that date i.e August 8, 2013 on which Board authorized the Buy-back, having regard to their intentions with respect to the management of the Company's business during that year, and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the aforesaid date; and

c) in forming their opinion for the above purposes, the Directors have taken into account the liabilities including prospective and contingent liabilities as if the Company were being wound up under the provisions of the Act.

4.11 The text of the Report dated August 8, 2013 received from M/s. Walker, Chandok & Co, Chartered Accountants, the Statutory Auditors of the Company addressed to the Board is reproduced below:

Quote:

"Dear Sirs,

As requested, in connection with the proposed buy back of equity shares approved by the Board of Directors of eClerx Services Limited (the "Company") in terms of the resolution passed at the Board of Directors at its meeting held on 8 August 2013 and based on the information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report as follows:

1. We have enquired into the Company's state of affairs in relation to its audited Financial Statements as at 31 March 2013.

2. The amount of permissible capital payment towards buyback of equity shares, as determined by the Company on the basis of total paid up capital and free reserves of the Company as at 31 March 2013 is in accordance with section 77A (2) of the Companies Act, 1956.

Balance as at 31 March 2013	Amount (Rupees in crores)
Paid-up capital	
Equity share capital (29,874,585 equity shares of Rs. 10 each)	29.88
Free reserves	
General reserve	75.15
Securities premium	76.11
Surplus	228.69
Total Paid up capital and free reserves	409.83
Maximum amount permissible for the buy-back pursuant to section 77A (2) (c) of the Companies Act, 1956, during the financial year ending 31 March 2014 (i.e. 25% of the total paid - up capital and free reserves)	102.46
Maximum amount permissible for the buy-back pursuant to section 77A(2) (b) (A) of the Companies Act, 1956 i.e. (10% of total paid-up equity capital and free reserves)	40.98

Further, the buy-back of equity shares in any financial year shall not exceed twenty-five percent of the Company's total paid up capital in that financial year.

3. We are not aware of anything to indicate that the opinion expressed in the "Declaration by the Directors of the Company", indicating that the Company having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of declaration, is unreasonable.

This letter is issued solely for your information and as required under clause (xi) of Part A: Disclosure under Regulation 5(1) and 8(1) to "Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998" and is not to be used, referred to or distributed for any other purposes without our prior written consent. Nothing contained in this report should be construed to be representation as to the future."

Unquote:

6. EQUITY CAPITAL STRUCTURE AND CURRENT SHAREHOLDING PATTERN

6.1 The Equity Share capital of the Company as on date of this PA is as follows:

Particulars	Amount (Rs in crores)
Authorised 5,00,00,000 Equity Shares of Rs. 10/- each	50.00
Issued, subscribed & paid up 30,89,657 Equity Shares of Rs. 10/- each	30.09

Notes:

- There are no partly paid-up or locked in equity shares of the Company.
- There are no outstanding instruments convertible into Equity Shares as on date of this announcement except 18,28,296 Employee Stock Option Plan Scheme ("ESOPs") which are not exercised/vested.
- As per the provisions of the Act and the Buy-back Regulations, the Company shall not make any issue of Equity Shares during the Buy-back period, whether pursuant to a bonus issue or conversion of an outstanding convertible instrument or ESOPs or otherwise.

6.2 The shareholding pattern of the Company as on August 8, 2013 vis-a-vis post the proposed Buy-back is shown below:

Particulars	Pre Buy-back		Post Buy-back#	
	Number of Equity Shares	% holding	Number of Equity Shares	% holding
Promoters	1,59,11,119	52.88	1,59,11,119	53.95
Financial Institutions/ Banks/Mutual Funds	44,72,649	14.86		
Foreign Institutional Investors	64,78,433	21.53	13,578,538	46.05
Other Shareholders	32,27,456	10.73		
Total	3,00,89,657	100.00	2,94,89,657	100.00

For the purpose of calculating post Buy-back shareholding pattern, it is assumed that Maximum Offer Shares i.e. 6,00,000 Equity Shares are bought back by the Company. The shareholding, post Buy-back, may differ depending upon the actual number of Equity Shares bought back as explained in point number 1.5 above.

6.3 There have been no purchases or sales of Equity Shares of the Company by the Promoters during the period of 12 months preceding the date of Announcement.

6.4 The aggregate shareholding of the Promoters as on the date of Public Announcement is as stated below:

Name of Promoter	No. of Equity Shares held	% of total share capital
Anjan Malik	79,22,250	26.33
Priyadarshan Mundhra	79,17,862	26.31
Viay Kumar Mundhra	32,287	0.11
Pawan Malik	24,433	0.08
Supriya Modi	14,062	0.05
Shweta Mundhra	225	0.00
Total	1,59,11,119	52.88

6.5 As per the Buy-back Regulations, the Company will not Buy-back any Equity Shares from any of the Promoters.

6.6 The Promoters and the persons in control shall not deal in Equity Shares of the Company including off market transactions from the date of this Announcement till completion of the Buy-back.

6.7 Except as provided in the Buy-back Regulations and the Act, other than by way of bonus issue or in discharge of subsisting obligations such as conversion of ESOPs, stock option schemes, sweat equity into Equity Shares, the Company will not issue fresh Equity Shares within a period of 12 months after the completion of the Buy-back.

7. SOURCES OF FUNDS

7.1 The Company proposes to Buy-back its fully paid-up Equity Shares upto 6,00,000 Equity Shares ("Maximum Offer Shares") and minimum of 3,00,000 Equity Shares ("Minimum Offer Shares") at a price not exceeding Rs. 825/- per Equity Share payable in cash for an amount of upto Rs. 40.50 crores.

7.2 The maximum amount, which the Company would deploy for the purpose of Buy-back is Rs. 40.50 crores, which is in compliance with Section 77A (2) of the Act. This represents about 9.88% of the aggregate of the Company's paid up equity share capital and its free reserves eligible for use in the Buy-back as at March 31, 2013.

7.3 The funds for the Buy-back will be available from the surplus generated out of securities premium, free reserves and/or internal accruals/operating cash inflows of the Company. Though the Company does not propose raising debt for effecting the Buy-back, it may continue to borrow funds in the ordinary course of its business.

7.4 The Company vide its declaration of solvency dated August 8, 2013 has declared that it is capable of meeting its total liabilities and will not be rendered insolvent within a period of one year from August 8, 2013.

8. LISTING DETAILS AND STOCK MARKET DATA

8.1 The Equity Shares of the Company are listed on NSE and BSE.

8.2 The high, low and average market prices for preceding three years and the monthly high, low and average market prices for six months preceding the date of this Announcement and the corresponding volumes on NSE and BSE are as follows:

a) NSE (Symbol: ECLERX)

Period	High Price			Low Price			Weigh- ted Average Price (Rs.)#	Total Volume of Equity Shares traded during the period	Total turnover during the period (Rs.in lakhs)
	Price (Rs.)	Date	No. of Equity Shares traded	Price (Rs.)	Date	No. of Equity Shares traded			
Preceding Three Calendar Years									
Jan 01, 10 to Jul 22, 10	724.90	Jul 19, 10	1,36,680	411.15	Jan 04, 10	4,768	594.50	39,78,406	23,651.55
Ex- Bonus date: Bonus of 1 fully paid up Bonus equity share for every 2 existing equity shares held.									
Jul 23, 10 to Dec 31, 10	798.95	Nov 23, 10	2,80,192	435.30	Jul 30, 10	26,765	597.90	5,632,500	33,676.54
Jan 01, 11 to Dec 31, 11	875.00	Jul 08, 11	51,930	575.15	Feb 09, 11	12,040	751.35	75,77,083	56,930.32
Jan 01, 12 to Dec 31, 12	910.00	Sep 14, 12	16,601	571.05	Jun 28, 12	1,28,068	721.43	66,06,862	47,664.16
Preceding Six Months									
Feb 13	658.00	Feb 21, 13	18,148	600.10	Feb 28, 13	7,073	627.63	1,80,556	1,133.23
Mar 13	667.00	Mar 19, 13	21,985	597.00	Mar 25, 13	21,729	631.34	2,78,644	1,759.18
Apr 13	697.95	Apr 10, 13	2,86,327	603.00	Apr 01, 13	1,786	656.71	6,27,037	4,117.82
May 13	718.00	May 31, 13	58,746	600.00	May 13, 13	6,451	648.34	3,78,483	2,453.85
Jun 13	742.25	Jun 19, 13	23,255	678.30	Jun 07, 13	1,04,806	703.08	4,93,628	3,470.61
Jul 13	859.80	Jul 19, 13	1,85,920	700.00	Jul 29, 13	25,358	783.77	6,03,328	4,728.68

(Source: NSE website)

b) BSE (Scrip Code: 532927)

Period	High Price			Low Price			Weigh- led Average Price (Rs.)#	Total Volume of Equity Shares traded during the period	Total turnover during the period (Rs.in lakhs)
	Price (Rs.)	Date	No. of Equity Shares traded	Price (Rs.)	Date	No. of Equity Shares traded			
Preceding Three Calendar Years									
Jan 01, 10 to Jul 22, 10	724.00	Jul 19, 10	95,531	410.15	Jan 4, 10	4,780	575.23	50,19,166	28,871.90
Ex- Bonus date: Bonus of 1 fully paid up Bonus equity share for every 2 existing equity shares held.									
Jul 23, 10 to Dec 31, 10	797.95	Nov 23, 10	1,22,292	435.30	Jul 29, 10	3,762	585.06	25,75,453	15,067.96
Jan 01, 11 to Dec 31, 11	874.00	Jul 8, 11	16,062	580.05	Feb 9, 11	5,135	747.67	31,07,788	23,236.02
Jan 01, 12 to Dec 31, 12	900.00	Sep 13, 12	5,017	570.00	Jun 28, 12	5,360	704.55	17,29,923	12,188.25
Preceding Six Months									
Feb 13	659.80	Feb 21, 13	2,013	600.05	Feb 28, 13	1,048	627.99	20,470	128.55
Mar 13	664.95	Mar 19, 13	2,445	599.00	Mar 25, 13	1,948	629.49	59,462	374.31
Apr 13	697.00	Apr 10, 13	77,733	602.75	Apr 30, 13	518	667.95	1,20,040	801.81
May 13	715.00	May 31, 13	4,618	600.05	May 3, 13	390	618.95	1,47,852	915.12
Jun 13	740.00	Jun 19, 13	3,271	680.00	Jun 6, 13	2,403	705.35	28,286	199.51
Jul 13	859.90	Jul 19, 13	73,023	695.65	Jul 29, 13	3,753	796.38	129,877	1,033.02