London Stock Exchange

RNS Final Results

# ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

IENERGIZER LD

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**iEnergizer Ltd.**
("iEnergizer" or the "Company" or the "Group")

**ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020**

iEnergizer, the technology services and media solutions leader for the digital age, reports annual results for the year ended March 31, 2020 with continued high revenue and margin growth generating a substantial return. This strong performance gives the Board confidence to continue the progressive dividend policy and propose a 8.4 pence final dividend payment to shareholders, representing a total dividend payment of 13.6 pence, a 31% increase compared to 2019.

**Financial Highlights:**
*Enhanced profitability with revenue growth and margin improvements achieved through continued focus on higher margin work, the deepening of existing customer relationships and accrual of new customers, alongside active cost management across all verticals of the Group.*

- Total Revenue up 10.1% (2019: 12.9%) at $194.9m (2019: $177.1m)
- Service Revenue up 9.7% (2019: 11.8%) at $191.0m (2019: $174.1m)
- EBITDA[1] up 19.3% (2019: 29.7%) at $59.7m (2019: $50.1m)
- EBITDA margin at 30.7% (2019: 28.3%)
- Operating Profit up 23.9% at $56.1m (2019: $45.3m)
- Operating Profit margin increased to 28.8% (2019: 25.6%)
- Profit Before Tax (PBT) up 28.7% at $52.5m (2019: $40.8m)
- PBT margin increased to 27.0% (2019: 23.1%)
- Earnings per share $0.24 (2019: $0.17)
- Converted net Debt to net Cash $1.6m (2019: $3.9m)
- Proposing dividend of 8.4p per ordinary share ($20.0m) (2019: 10.4p)
- Paid interim dividend of 5.2p per ordinary share ($12.7m) (2019: nil p)
- The total dividend of 13.6p per ordinary share ($32.7m) (2019: 10.4 p), an increase of 31%

**[1] EBITDA has been calculated under the IFRS 16 accounting standards, under which a company's operating lease liabilities are shown as liabilities on the balance sheet, together with the related assets that correspond to the right to use such assets over the remaining life of the related lease contracts. If these impacts had not been taken into consideration, the EBITDA would have been $58.2m**

**Operational Highlights:**

*Continued focus on higher margin work and succeeding in securing further work with existing and new customers, supported by new product launches and growth in digital space.*

- Exceeded double-digit revenue growth for second year in a row, through: increased revenue share from key clients; multi-year contract wins from existing clients; extension of a higher margin client's scope of work; new product launches; and new customers.

- Business Process Outsource revenue grew 18.5% year on year, exceeding our expectations and accounting for 63.2% of revenues (58.6% in 2019) as key customers continued to increase workload volumes. The focus remained on recurring revenue streams from long-term customer relationships across all verticals.
- Content Services segment grew its EBITDA margins to 26.9% (2019: 23.4%), despite marginal 2.7% decrease in revenue over fiscal 2019 on account of structural pressures in the traditional publishing market, demonstrating higher operational efficiencies being achieved year on year. The division won a multi-year contract from an existing customer in the recently introduced SAAS product line of "Scipris". The division is continuing to invest in new service lines of AML/KYC services introduced in the previous year and has also started bidding for US Government Contracts for digital conversion.

- More than 19% growth in EBITDA achieved over last fiscal year, due to revenue growth and continued focus on cost saving initiatives:
    - Continued focus on division-specific higher margin work, particularly in non-voice based processes including content writing, financials, entertainment gaming support, content technology, e-Learning and digital solutions.

- Effective use of technology to handle greater volumes from key customers promoting automation in processes resulting in greater operational efficiency
- Conservation of "Other Costs" through effective resource utilization

- US based sales team pursuing strategies to: enhance and grow key accounts; identify and win new business through new and existing customers; cross-sell and generate leads for additional services. Additionally, focusing on dedicated selling initiatives for New Product Launches and Service Lines

- COVID-19 impact - Following the initial response to the lockdown in India, the Group has taken important steps to ensure that it is well positioned to fully support the requirements, health and wellbeing, of its clients and employees in this unprecedented period. The business is operating at 80% to 90% efficiency across all of its service lines as most employees have now been successfully transitioned into remote working. The Group's balance sheet, net cash position and its long-term customer relationships remain strong.

**Dividends:**

- In line with the progressive dividend policy, the Company is pleased to announce an annual dividend of 8.4p with the Dividend record date of 3rd July, 2020.
- The Company's Ordinary Shares are expected to go ex-dividend on 2nd July, 2020 and the dividend is expected to be paid on 31st July, 2020.
- During fiscal 2020 the Company paid its shareholders an interim dividend of 5.2p with the record date of 22nd November, 2019.
- These dividend payments reflect the Board's confidence in the Group's business plan and growth prospects.

**Marc Vassanelli, Chairman of iEnergizer, commented:**

"We are delighted to report another strong performance by iEnergizer, achieving double-digit growth in revenue and as guided on 9$^{th}$ June, exceeding market expectations for EBITDA, due to the significant progress made by colleagues across all divisions, focusing on high margin revenue.

"Reflecting the Group's strong balance sheet and the cash generative nature of the business, coupled with the Board's confidence in the business plan and growth prospects, we are pleased to announce an annual dividend of 8.4p for fiscal 2020, in line with the dividend policy adopted in 2019.

"Importantly, we have secured several new customers across all of our divisions, as well as maintaining and deepening relationships with our existing key customers. The business has maintained a successful focus on recurring revenue streams, and has continued to effectively offset pressure in the traditional publishing sector by capitalizing on iEnergizer's advantageous position to service existing and new customers' needs in the evolving digital technology landscape.

"During the unprecedented times of COVID-19, we remain in close discussions with our clients to ensure that we meet their needs and requirements throughout, while supporting our staff to work safely and remotely as per guidelines provided by the government, to serve clients at maximum capacity and efficiency on all our services.

"With iEnergizer's solid foundation, proven strength in operational execution, new sales initiatives, differentiated offerings, healthy balance sheet, and with substantial opportunities for further growth identified, the Board is confident in the Company's continued growth path as a unique, end-to-end digital solution enabler."

**-Ends-**

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*Company Overview*

iEnergizer is an AIM listed, independent, integrated software and service pioneer. The Company is a publishing and technology leader, which is set to benefit from the dual disruptive waves of big data and the cloud in the digital age. With its expertise and cutting-edge technology, iEnergizer is uniquely positioned to facilitate the transformation to a digital world and support clients in this transition.

iEnergizer provides services across the entire customer lifecycle and offers a comprehensive suite of Content & Publishing Process Outsourcing Solutions (Content Services) and Customer Management Services (Business Process Outsource) that include Transaction Processing, customer acquisition, customer care, technical support, billing & collections, dispute handling, off the shelf courseware, Anti Money Laundering and KYC services, and market research & analytics using various platforms including voice - inbound and outbound, back-office support, online chat, mail room and other business support services.

Our award-winning content and publishing services provide complete, end-to-end solutions for information providers and all businesses involved in content production. Our differentiation is in focusing on solutions and services that enable customers to find new ways to monetize their content assets, measurably improve performance, and increase revenues across their entire operation. From digital product conception, content creation and multichannel distribution, to post-delivery customer and IT support, we align ourselves with our customers as they streamline their operations to maximize cost-efficiencies and improve their ROI while connecting them with new, digitally savvy audiences.

**Chairman's Statement**

The financial performance of iEnergizer in fiscal 2020 reflects the outcome of continued volume growth from existing key customer relationships, acquiring new customers across all verticals, together with improvements in efficiency and the adoption of new technology, which resulted in significant 28.7% growth in the Group's Profit Before Taxation (PBT). Our strategy, focused on offering differentiated end-to-end services, supports long-term value creation for our shareholders.

The underlying businesses of each division have performed well. The BPO division posted revenue growth of 18.5%, outperforming expectations as key clients continued to increase workload volumes throughout the year. The Content Services division has increased its EBITDA margins to 26.9% even after a slight 2.7% decrease in revenue over fiscal 2019 on account of structural pressures in the traditional publishing market. The increase in EBITDA is attributable to growth in e-Learning services and digital services and platforms.

The overall outsourcing global market continues to expand, but the functions of outsourcing are changing dramatically. The number of preferred vendors in any given contract is consolidating and the functions outsourced have become increasingly sophisticated. iEnergizer is well positioned to benefit from this trend as an essential long-term-partner that delivers high quality, complex processes. The Company has developed end-to-end Lifecycle Management (LCM) solutions, so that as companies streamline and consolidate their operations, iEnergizer can act as a preferred vendor and single partner to meet all of these needs while providing maximum cost-efficiencies.

Streamlined management positions, investments in technology, early movement into AML services, development and marketing of off the shelf courseware, diversified client base and robust service offering on sticky revenues, provides us with a positive outlook towards future performance.

**The Management**

Our management team, through their strength of leadership, has helped iEnergizer grow continuously over the last decade. The entrepreneurial approach has been a true asset to the Company and it has enabled us to identify new markets, customers and product lines in addition to providing high quality service to our clients.

I would like to thank each and every one of our colleagues for their commitment to iEnergizer.

Marc Vassanelli
*Chairman of the Board*

**Executive Director's Statement**

Fiscal 2020 has been a year of strong growth marked by considerable profitability improvements through sustained maintenance of key customer contracts focussing on the existing business, generating revenue from new service lines and customers together with active monitoring of costs.

**Financial Overview**

Revenues grew to $191.0m (2019: $174.1m) and PBT grew to $52.5m (2019: $40.8m). Growth in profit is primarily on account of growing profitable vendor contracts with key customers supported by effective management of costs across all verticals of the Company.

By service line, the BPO (Business Process Outsource) division posted revenue growth of 18.5%, outperforming our own expectations as key clients continued to increase volumes throughout the year. The top five customers across the BPO division together grew revenues 21.9% over fiscal 2019, reflective of both retaining key clients and growing 'wallet share' within key accounts along with addition of several new clients.

Content Delivery grew its EBITDA margins to over 26% with the management being able to manage operational costs by active monitoring and effective utilization of resources. Despite structural pressures in the traditional publishing market, the Content Delivery segment maintained steady workflow from its customers and increased its EBITDA from last fiscal. The Content delivery segment is focusing on: promotion of E Learning and Digitization services in line with the industry growth expectancy; growing by renewing key contracts with existing customers; and entering into profitable contracts with new clients. The Content division has started to expand its customer base for new service lines such as SciPris, off-the-shelf courseware and Anti Money Laundering KYC services and has also started bidding for the US Government's digital conversion projects.

**Business Review**

We have aligned the Company with the new market opportunities to take advantage of the growth in digital technology and solutions.

Volumes processed for key customers continued to increase, without notable additional work-force resource, reflective of the capability to port expertise from one discipline to another and to utilize technology solutions.

We are proud of our quality of service which is evident in a client retention rate of over 90% and it has also benefitted the Company by an increase in volume of new work generated from existing clients. We continue to up-sell additional services, often more complex and at a higher margin. Our direct customers include a number of the world's largest publishers, Fortune 500 corporations and professional service providers.

We have invested in technology across both the segments - allowing generating increased margins through automation. On the content side the Company had added new customers on its SaaS platform "SciPris" which allows faster and upfront collections for our clients, added new customers for AML-KYC services and have started marketing of Off-The-Shelf (OTS) courseware through direct platform, tradeshows and online retail partners; while we continue to develop and add new content; we offer high margin custom content development services as per specific customer requirements. For BPO, we have developed the use of automation tools such as chatbots to allow basic information capture before human intervention is required. This allows a focus of man hours on technical issue resolution, driving client dependence on services.

Our focus is to continue to provide enterprises with an integrated suite of solutions. Our expertise helps companies in any industry to apply digital technology to monetize content, produce valuable new product offerings, and increase revenues across their entire operation.

From digital product conception, content creation and multichannel distribution, to post-delivery customer and IT support, we are positioned to work alongside our customers as they streamline their operations to maximise their cost-efficiencies and improve their ROI while connecting them with the growing number of digitally savvy audiences.

We have continuously worked hard to develop our differentiated offering and advantageous market positioning to keep ahead of our competitors. Online Education as well as E Learning related Market opportunities created in recent times are being serviced with a higher degree of focus and these areas are all expected to contribute favourably towards company's success

Company's outsourcing services remain structured around industry-focused services, across its market segments. The verticals served include: Banking Financial Services and Insurance (BFSI); Anti Money Laundering KYC; Publishing; Non-Publishing; Entertainment and Online Video Gaming; Information Technology; Healthcare and Pharmaceuticals.

**Dividend**

The Board is pleased to announce that on the back of its strong growth and cash generation this year, it is proposing to pay a dividend of 8.4p per share with dividend record date of 3rd July, 2020. The Company Ordinary Shares are expected to go ex-dividend on 2nd July, 2020 and the dividend is expected to be paid on 31st July, 2020. The interim dividend declared during fiscal 2020 year represented the second year of adoption of the progressive dividend policy.

**Outlook**

As we look into fiscal 2021 and beyond, we see a sizeable project pipeline, in both enterprise solutions across the group. These relate to our new services such as the Anti Money Laundering KYC service along with continued development of the course material and Learning Management Systems (LMS) for the Off-The-Shelf (OTS) content service, combined with continued solid momentum in our Business Process Outsource segment. We expect the business to continue to deliver on its strategy, and we continue to keep a close eye on our costs, as the revised structure and new initiatives continue to take effect in the content delivery segment. The operational leverage in the business model enables us to capitalise substantially on revenue growth opportunities presented in the pipeline. With a solid foundation, strong operational execution, new sales initiatives, focused differentiated offerings, a healthy balance sheet, and the substantial opportunities identified, the Board has confidence that the Company is well-set on its growth path as a unique, end-to-end digital solution enabler.

Anil Aggarwal
*Chief Executive Officer and Executive Director*

**BOARD AND EXECUTIVE MANAGEMENT**

**Marc Vassanelli (49) - Chairman**
Mr. Vassanelli brings extensive industry knowledge and experience of successfully growing businesses, from established business services (while CFO of ConvergeOne) to media start-ups (during his time as CEO and President of MV3 Ltd). He brings comprehensive expertise in change management, having successfully managed the integration of Equiniti and Xafinity to form Equiniti Group (a $510m+ revenue UK BPO firm). He also led the turnaround of the $1.5bn EMEA region of Marsh (a portfolio company of Marsh & McLennan) ahead of becoming the Marsh EMEA CFO. Mr. Vassanelli's previous strategic, operational and financial roles spanning private equity, consulting and banking across multiple industries, will bring invaluable insight and knowledge to the iEnergizer Board. Mr. Vassanelli sits on the audit, remuneration and nomination committees of the Company.

**Anil Aggarwal (59) - Chief Executive Officer & Executive Director**
Mr. Aggarwal is a first generation entrepreneur and is founder and promoter of iEnergizer. He has promoted and managed several successful businesses in various territories including Barker Shoes Limited in the UK. Mr. Aggarwal is primarily responsible for business development, strategy and overall growth for the company.

**Ashish Madan (58) - Chief Financial Officer & Executive Director**
Mr. Madan is a business development and marketing professional with over 32 years of experience in retail and customer services industry. As a CFO of iEnergizer Ltd, Mr. Madan contributes to all aspects of strategic business development and decision-making. Previously he has held senior positions in the media, publishing, and retail sectors, overseeing public and press relations as well as internal communications and has a long track record operational, marketing and, relationship success.

**Christopher de Putron (46) - Non Executive Director**
Mr. de Putron is a financial services professional with over 24 years' experience in the fiduciary and funds industry in both Guernsey and Bermuda. He is the Managing Director of Jupiter Trustees Limited, a Guernsey based independent fiduciary firm and Jupiter Fund Services Limited a Guernsey based independent fund administration company, and a director of Link Market Services (Guernsey) Limited. Previously he has worked at fiduciary companies in both Guernsey and Bermuda including Rothschild, Bank of Bermuda and HSBC. Mr. de Putron has a business economics degree from the University of Wales and is a member of the Society of Trust and Estate Practitioners. Mr. de Putron sits on the audit, remuneration and nomination committees of the Company.

**Mark De La Rue (51) - Non-Executive Director**
Mr. De La Rue is a Fellow of the Association of Chartered Certified Accounts (ACCA) and a financial services professional with over 27 years' experience in the accounting and fiduciary industries in Guernsey. He is a director of Jupiter Trustees Limited, a Guernsey based independent fiduciary firm and Jupiter Fund Services Limited a Guernsey based independent fund administration company, and a director of Link Market Services (Guernsey) Limited.

**DIRECTORS' REPORT**

The Directors present their report and the financial statements of iEnergizer Limited ("the Company") and its Subsidiaries (collectively the "Group"), which covers the year from 1 April 2019 to 31 March 2020.

**Principal activity and review of the business**
The principal activity of the Company is that of providing Content Transformation Services and Business Process Outsourcing Services.

**Results and dividends**
The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements. The Directors have recommended payment of a dividend of 8.4p per share for a total dividend of 13.6p for the year (FY2019 10.4p).

**Review of business and future developments**
A review of the business and expected future developments of the Company are contained in the Chairman's statement attached to this report.

**Directors and Directors' interests**
The Directors of the Company during the year are attached to this report.

**Director's remuneration**
The Director's remuneration for the year ended 31 March 2020 was:

| Particulars | 31 March 2020 | 31 March 2020 |
|---|---|---|
| **Transactions during the year** | | |
| *Remuneration paid to directors* | $ | $ |
| Chris de Putron | 12,639 | 13,001 |
| Mark De La Rue | 12,639 | 13,001 |
| Marc Vassanelli | 37,917 | 39,003 |
| Anil Aggarwal | -- | -- |

| Particulars | 31 March 2020 | 31 March 2020 |
|---|---|---|
| Ashish Madan | - - | -- |

**Directors share option**
During the year ended 31 March 2020, no key management personnel have exercised options granted to them.

**Related party contract of significance**
The related party transactions are noted in note 28 of the financial statement.

**Internal control**
The Directors acknowledge their responsibility for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Company's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

**Going concern**
After making enquiries, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Directors' responsibilities**
The Directors are responsible for preparing the Directors' reports and consolidated financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the requirements of the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge and belief:

- The financial statements have been prepared in accordance with International Financial Reporting Standards;
- The financial statements give a true and fair view of the financial position and results of the Group;

**Auditors**
All of the current Directors have taken all the steps that they ought to have taken to make themselves, aware of any information needed by the Company's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

On behalf of the board

______________________________
*Director*

## CORPORATE GOVERNANCE

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". Statement of Compliance with the QCA Corporate Governance Code is provided as a separate section under AIM Rule 26 on company website www.ienergizer.com.

**Board of Directors**

The Board is responsible for formulating, reviewing and approving the Company strategy, budgets and corporate actions. Following Admission, the Directors intend to hold Board meetings at least bi-annually and at such other times as they deem necessary. The Board comprises of two Executive Directors, Anil Aggarwal and Ashish Madan, and three Non-Executive Directors, Chris de Putron, Mark De La Rue and Marc Vassanelli (Chairman). The resume of the board members is as outlined in the statement attached to this report.

The Executive Directors brings knowledge of the Business Process Outsourcing industry, the investment industry and a range of general business skills. The Non-Executive Directors form a number of committees to assist in the governance of the Company. Details are below.

All Directors have access to independent professional advice, at the Company's expense, if and when required.

**Sub-Committees**
The Board has appointed the three sub-committees outlined below. The sub-committees will meet at least once each year.

**Audit Committee**
The Audit committee comprises of Marc Vassanelli as chairman and Chris de Putron. The committee is responsible for ensuring that the financial performance of the Company is properly monitored and reported on. The committee is also responsible for meeting with the auditors and reviewing findings of the audit with the external auditor. It is authorised to seek any information it properly requires from any employee

and may ask questions of any employee. It will meet the auditors once per year, without any member of management being present and is also responsible for considering and making recommendations regarding the identity and remuneration of such auditors.

**Remuneration Committee**
The Remuneration committee comprises of Marc Vassanelli as chairman and Chris de Putron. The committee will consider and recommend to the Board the framework for the remuneration of the executive directors of the Company and any other senior management. It will further consider and recommend to the Board the total individual package of each executive director including bonuses, incentive payments and share options or other share awards. In addition, subject to existing contractual obligations, it will review the design of all share incentive plans for approval by the Board and the Company's shareholders and, for each such plan, will recommend whether awards are made and, if so, the overall amount of such awards, the individual awards to executive directors and performance targets to be used. No director will be involved in decisions concerning his own remuneration.

**Nomination Committee**
The Nomination committee comprises Chris de Putron as chairman and Marc Vassanelli. The committee will consider the selection and re-appointment of Directors. It will identify and nominate candidates to all board vacancies and will regularly review the structure, size and composition of the board (including the skills, knowledge and experience) and will make recommendations to the Board with regard to any changes.

**Share Dealing**
The Company has adopted a share dealing code (based on the Model Code), and the Company will take all proper and reasonable steps to ensure compliance by Directors and relevant employees.

**The City Code on Takeovers and Mergers**
The Code applies to offers for all listed and unlisted public companies considered by the Panel resident in the UK, the Channel Islands or the Isle of Man. The Panel will normally consider a company to be resident only if it is incorporated in the United Kingdom, the Channel Islands or the Isle of Man and has its place of central management in one of those jurisdictions. Although the Company is incorporated in Guernsey and its place of management is in Guernsey, the Panel considers that the code does not apply to the Company. It is emphasised that although the Ordinary Shares will trade on AIM, the company will not be subject to takeover regulations in the UK; however, certain provisions analogous to parts of the Code in particular the making of mandatory offers have been incorporated into the Articles, which are available on the Company website, www.ienergizer.com.

**Disclosure and Transparency Rules**

Majority Shareholdings:

The following persons are directly or indirectly interested (within the mean of Part VI of FSMA and DTR5) in three percent or more of the issued share capital of iEnergizer:

| Name | # of Ordinary Shares | % of Issued Share Capital |
|---|---|---|
| EICR (Cyprus) Limited | 157,196,152 | 82.68 |
| AXA Investment Managers U.K | 12,718,937 | 6.69 |
| Miton Asset Mgt | 6,305,250 | 3.32 |
| NFU Mutual Insurance Society Limited | 5,871,304 | 3.09 |

**Control by Significant Shareholder**

Mr. Anil Aggarwal, through private companies-mainly Geophysical Substrata Ltd. (GSL) and EICR (Cyprus) Limited (EICR), owns a significant percentage of the Company. Mr. Aggarwal could exercise significant influence over certain corporate governance matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions and other transactions requiring a majority vote.

The Company, Arden Partners (Broker & Nomad), GSL, EICR and Mr. Anil Aggarwal have entered into a relationship agreement to regulate the arrangements between them. The relationship agreement applies for as long as GSL/EICR directly or indirectly holds in excess of thirty per cent of the issued share capital of the Company and the Company's shares remain admitted to trading on AIM. The relationship agreement includes provisions to ensure that:

i. the Board and its committees are able to carry on their business independently of the individual interests of EICR;
ii. the constitutional documents of the Company are not changed in such a way which would be inconsistent with the Relationship Agreement;
iii. all transactions between the Group and EICR (or its affiliates) are on a normal commercial basis and concluded at arm's length;
iv. EICR shall not:
   (i) exercise the voting rights attaching to its Ordinary Shares; or
   (ii) procure that the voting rights attaching to its Ordinary Shares be exercised,
   so as (a) to appoint any person who is connected to EICR to the Board if, as a direct consequence of such appointment, the number of persons connected to EICR appointed to the Board would exceed the number of independent Directors appointed to the Board, unless such appointment(s) has been previously approved by the nomination committee of the Board constituted by a majority of independent Directors; or (b) to remove any independent Director from the Board, unless such removal has previously been recommended by a majority of the independent Directors, excluding the independent Director in question; or (c) to cancel the Admission, unless the cancellation has previously been recommended by a majority of the independent Directors; and
v. certain restrictions are put in place to prevent interference by the Shareholder with the business of the Company.

**Independent auditor's report to the members of iEnergizer Limited**

**Opinion**

**Our opinion on the financial statements is unmodified**

We have audited the Group financial statements of iEnergizer Limited for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Group financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Overview of our audit approach**

- Overall materiality: $2,627,719, which represents 5% of the Group's profit before taxation;
- Key audit matters were identified as
  a. Revenue recognition
  b. Employee benefits obligation liabilities are understated
  c. Payment to fictitious employees
  d. Impairment of goodwill and intangible assets with indefinite useful lives
- We directed our audit procedures on the basis of materiality of each component in the Group structure, performing a comprehensive audit for material components and analytical procedures for other components.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter - Group | How the matter was addressed in the audit - Group |
|---|---|
| **Revenue recognition**<br>Revenue is recognised when the Group satisfies performance obligations by transferring the promised goods or services to its customers.<br><br>Revenue is the key driver of the business and judgement is involved in determining when contractual obligations have been performed and to the extent that the right to consideration has been earned.<br><br>There is a risk that revenue may be deliberately overstated as a result of management override resulting from the pressure management may feel to achieve planned results and key performance measures. The management of the Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before satisfying the performance obligations. We therefore identified revenue recognition as one of the most significant assessed risks of material misstatement and a key audit matter. | Our audit work included, but was not restricted to:<br>• Obtaining understanding by performing walkthroughs of each significant class of revenue transactions and assessing the design effectiveness and implementation of key controls;<br>• Assessing the timing of revenue recognition on a sample basis across revenue streams in accordance with IFRS 15.<br>• Performing analytical review on revenue recognised to identify any material new revenue streams and customers and to assess whether recognized revenue is in line with the expected level;<br>• Agreeing on a sample basis amounts of revenue to customer contracts and verifying the extent, timing and customer acceptance of goods and services, where relevant.<br><br>The group's accounting policy on revenue recognition is shown in note 3.3 and related disclosures are included in note 29. Based on our audit procedures we did not identify any evidence of material misstatement in the revenue recognised for the year ended 31 March 2020 in the Group financial statements. |

<table>
<tr><th>Key Audit Matter - Group</th><th>How the matter was addressed in the audit - Group</th></tr>
<tr><td>Employee benefits obligation liabilities are understated The Group has the following defined benefits plans for different geographical entities i.e.<br>1. Gratuity; and<br>2. Pension Cost<br><br>The value of the above employee benefit obligations (net of plan assets) amounts to $ 3,740,318.<br><br>The valuation of the above plans in accordance with IAS 19 Employee Benefits involves significant judgement and is subject to complex actuarial assumptions.<br><br>Small variations in those actuarial assumptions can lead to materially different values of the above plans recognised in the Group financial statements.<br><br>We therefore identified employee benefit obligations as one of the most significant assessed risk of material misstatement and a key audit matter.</td><td>Our audit work included, but was not restricted to:<br>• Obtaining an understanding by performing a walkthrough of management's process for assessing the valuation of defined benefit plans and other long term benefits and assessing the design effectiveness and implementation of key controls;<br>• Testing the accuracy of the underlying data used by the Group's actuaries for the purpose of calculating the scheme liabilities by selecting a sample of employees and agreeing pertinent data such as date of birth, gender, date of joining etc. to underlying records;<br>• Testing the reasonableness of assumptions used by the Group's actuary for calculation of the scheme liabilities.<br><br>The Group's accounting policy on valuation of the defined benefit plan is shown in note 3.9 to the financial statements and related disclosures are included in note 18.<br><br>Based on our audit work, we found the valuation methodologies including inherent actuarial assumptions, estimates and the potential impact on the future period of revision of these estimates to be reasonable.</td></tr>
<tr><td>Payment to fictitious employees<br><br>The Group functions in a sector having high turnover of employees and has significant expenditure in relation to the employee cost.<br><br>We identified payments to fictitious employees as one of the most significant assessed risk of material misstatement and a key audit matter.</td><td>Our audit work included, but was not restricted to:<br>• Obtaining an understanding by performing a walkthrough of management's process for payment of employee remuneration and assessing the design effectiveness and implementation of key controls;<br>• Analytical review of employee remuneration to assess whether employee remuneration recorded and payment made are in line with the expected level; and<br>• Verification of employees through selecting a sample, performing interviews to agree pertinent data including identification number issued by the government, date of joining and other personal details.<br><br>Based on our audit work performed, we did not identify any payments to fictitious employees nor any related reporting matters.</td></tr>
</table>

| Key Audit Matter - Group | How the matter was addressed in the audit - Group |
|---|---|
| **Impairment of goodwill and Intangible Assets with indefinite useful lives**<br><br>The process of assessing whether an impairment exists under International Accounting Standard (IAS) 36 Impairment of Assets is complex.<br><br>The Group has certain intangible assets that have indefinite lives in the form of goodwill arising from business combinations in earlier years, trademarks and patents. Management's evaluation of the carrying value of these assets involves analysis of the Group's cash generating units (CGU) which requires judgement about future performance of CGU's and the discount rates applied to future cash flow projections.<br><br>Therefore, we identified impairment of goodwill and intangible assets with indefinite useful lives as one of the most significant assessed risks of material misstatements and a key audit matter. | Our audit work included, but was not restricted to:<br>• Obtaining an understanding by performing a walkthrough of management's process for assessing the impairment of goodwill and intangible assets and assessing the design effectiveness and implementation of key controls;<br>• Testing the methodology applied in calculating value in use, using a valuation specialist to ensure compliance with the requirements of IAS 36, Impairment of Assets;<br>• Testing the mathematical accuracy of management's model and wherein the management sought assistance from external valuer, using a valuation specialist;<br>• Testing the key underlying assumptions for the financial years ending 31 March 2020 and beyond;<br>• Challenging management on its cash flow forecast and the implied growth rates for the Financial Year 20 and beyond, considering evidence to support these assumptions;<br>• Testing the accuracy of the "discount rates" using comparative Company information, risk free/risk premium market available rate and "long-term growth rates" by corroborating the responses received from management in respect of revenue growth projections; and<br>• Testing the sensitivity analysis performed by management in respect of the key assumptions of discount and growth rates to check sufficient headroom in their calculation.<br><br>The Group's accounting policy on Impairment of goodwill and intangible assets is disclosed in Note 3.10 to the financial statements and related disclosures are included in Notes 7 and 8.<br><br>Based on our work, we found that the assumptions made and estimates used in management's assessment of impairment of goodwill and intangible assets with indefinite useful lives are reasonable. From our audit procedures we found that Notes 7 and 8 to the financial statements appropriately discloses the assumptions used in arriving at the recoverable amount of CGU. |

**Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

| Materiality measure | Group |
|---|---|
| Financial statements as a whole | $ 2,627,719 which is 5% of Profit before taxes. This benchmark is considered the most appropriate because the Group operates within the service industry and also uses profit before taxes to measure its financial performance.<br><br>Materiality for the current year is higher than the level that we determined for the year ended 31 March 2019 to reflect the increase in Revenue. |
| Performance materiality used to drive the extent of our testing | 60% of financial statement materiality |
| Communication of misstatements to the audit committee | $ 1,576,632 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. |

**An overview of the scope of our audit**

Our audit approach was based on a thorough understanding of the group's business and is risk-based, and in particular included:

- The components of the group were evaluated by the audit team based on measure of materiality considering each as a percentage of Group assets, revenues and profit before taxes, to assess the significance of the component and to determine the planned audit responses;
- We sent detailed audit instructions to our component audit teams in India and Mauritius, included them in audit planning meetings, discussed their risk assessment, attended closing meetings and reviewed their audit working papers.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 16, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company; or
- the Group financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**Responsibilities of directors for the financial statements**
As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the Group financial statements which give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**
This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Michael Carpenter**

For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey, Channels Islands

Date: 24th June, 2020

## Consolidated Statement of Financial Position

*(All amounts in United States Dollars, unless otherwise stated)*

| | Notes | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current** | | | |
| Goodwill | **7** | 102,248,030 | 102,256,665 |
| Other intangible assets | **8** | 12,557,319 | 12,484,053 |
| Right of use | **25** | 5,303,271 | - |
| Property, plant and equipment | **9** | 7,142,700 | 6,607,072 |
| Long- term financial assets | **19** | 3,351,981 | 1,681,981 |
| Non-current tax assets | | 1,238,883 | 1,095,365 |
| Deferred tax asset | **11** | 3,623,361 | 4,726,068 |
| Other non-current assets | | 21,047 | 33,098 |
| **Non-current assets** | | **135,486,592** | **128,884,302** |
| **Current** | | | |
| Trade and other receivables | **12** | 32,044,127 | 36,675,342 |
| Cash and cash equivalents | **13** | 45,147,783 | 42,413,215 |
| Short- term financial assets | **14** | 7,642,641 | 7,058,455 |
| Current tax assets | | 211,055 | 505,345 |
| Other current assets | **15** | 2,589,023 | 3,320,502 |

| | | | |
|---|---|---|---|
| **Current assets** | | **87,634,629** | **89,972,859** |
| **Total assets** | | **223,121,221** | **218,857,161** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | **27** | 3,776,175 | 3,776,175 |
| Share compensation reserve | **3.15** | 63,986 | 63,986 |
| Additional paid-in capital | **3.15** | 15,451,809 | 15,451,809 |
| Merger reserve | **3.15** | (1,049,386) | (1,049,386) |
| Retained earnings | **3.15** | 139,677,678 | 131,950,337 |
| Other components of equity | **3.15** | (17,320,281) | (11,669,812) |
| **Total equity attributable to equity holders of the parent** | | **140,599,981** | **138,523,109** |

*(All amounts in United States Dollars, unless otherwise stated)*

| | Notes | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current** | | | |
| Long term borrowings | **16** | 32,992,983 | 870,535 |
| Employee benefit obligations | **18** | 4,667,061 | 4,101,097 |
| Other non-current liabilities | | - | 216,669 |
| Deferred tax liability | **11** | 9,717,709 | 8,574,576 |
| **Non-current liabilities** | | **47,377,753** | **13,762,877** |
| **Current** | | | |
| Short term borrowings | **16** | - | 8,934 |
| Trade and other payables | **17** | 11,481,885 | 10,574,896 |
| Employee benefit obligations | **18** | 810,614 | 858,384 |
| Current portion of long term borrowings | **16** | 10,527,775 | 45,403,496 |
| Other current liabilities | **19** | 12,323,213 | 9,725,465 |
| **Current liabilities** | | **35,143,487** | **66,571,175** |
| **Total equity and liabilities** | | **223,121,221** | **218,857,161** |

*(The accompanying notes are an integral part of the Consolidated Financial Statements)*

*The Consolidated Financial Statements have been approved and authorized for issue by the Board of Directors on 24th June, 2020.*

Director

## Consolidated Income Statement

*(All amounts in United States Dollars, unless otherwise stated)*

| | Notes | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|---|
| **Income from operations** | | | |
| Revenue from services | | 191,000,491 | 174,092,791 |
| Other operating income | **20** | 3,881,528 | 2,988,763 |
| | | **194,882,019** | **177,081,554** |
| **Cost and expenses** | | | |
| Outsourced service cost | **3.18** | 40,309,556 | 38,064,263 |
| Employee benefits expense | | 79,247,043 | 73,829,022 |
| Depreciation and amortisation | | 4,476,820 | 5,188,390 |
| Other expenses | | 14,711,086 | 14,682,478 |
| | | **138,744,505** | **131,764,153** |
| **Operating profit** | | **56,137,514** | **45,317,401** |
| Finance income | **21** | 861,314 | 820,064 |
| Finance cost | **22** | (4,444,444) | (5,300,395) |
| **Profit before tax** | | **52,554,384** | **40,837,070** |
| Income tax expense | **23** | 7,532,216 | 9,087,993 |
| **Profit for the year attributable to equity holders of the parent** | | **45,022,168** | **31,749,077** |
| **Earnings per share** | **24** | | |
| *Basic* | | *0.24* | *0.17* |
| *Diluted* | | *0.24* | *0.17* |
| *Par value of each share in GBP* | | *0.01* | *0.01* |

*(The accompanying notes are an integral part of the Consolidated Financial Statements)*

## Consolidated Statement of Comprehensive Income

*(All amounts in United States Dollars, unless otherwise stated)*

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| **Profit after tax for the year** | 45,022,168 | 31,749,077 |
| **Other comprehensive income** | | |
| *Items that will be reclassified subsequently to the consolidated income statement* | | |
| Exchange differences on translating foreign operations | (5,559,767) | (3,228,735) |
| **Net other comprehensive loss that will be reclassified subsequently to the consolidated income statement** | **(5,559,767)** | **(3,228,735)** |
| *Items that will not be reclassified subsequently to the income statement* | | |
| Remeasurement of the net defined benefit liability | (128,440) | 100,840 |
| Income tax relating to items that will not be reclassified | 37,738 | (29,365) |
| **Net other comprehensive income/(loss) that will be not be reclassified subsequently to the consolidated income statement** | **(90,702)** | **71,475** |
| **Other comprehensive loss for the year** | **(5,650,469)** | **(3,157,260)** |
| **Total comprehensive income attributable to equity holders** | **39,371,699** | **28,591,817** |

*(The accompanying notes are an integral part of the Consolidated Financial Statements)*

## Consolidated Statement of Changes in Equity

*(All amounts in United States Dollars, unless otherwise stated)*

| | Share capital | Additional paid-in-capital | Share compensation reserve | Merger reserve | Other components of equity | | Retained earnings | Total e |
|---|---|---|---|---|---|---|---|---|
| | | | | | Foreign currency translation reserve | Net defined benefit liability | | |
| **Balance as at 1 April 2019** | **3,776,175** | **15,451,809** | **63,986** | **(1,049,386)** | **(12,448,144)** | **778,332** | **131,950,337** | **138,5** |
| Dividends | - | - | - | - | - | - | (37,294,827) | (37,29 |
| *Transaction with owners* | **-** | **-** | **-** | **-** | **-** | **-** | **(37,294,827)** | **(37,29** |
| Profit for the year | - | - | - | - | - | - | 45,022,168 | 45,0 |
| Other comprehensive loss | - | - | - | - | (5,559,767) | (90,702) | - | (5,65 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **(5,559,767)** | **(90,702)** | **45,022,168** | **39,3** |
| **Balance as at 31 March 2020** | **3,776,175** | **15,451,809** | **63,986** | **(1,049,386)** | **(18,007,911)** | **687,630** | **139,677,678** | **140,5** |

*(The accompanying notes are an integral part of the Consolidated Financial Statements)*

## Consolidated Statement of Changes in Equity

*(All amounts in United States Dollars, unless otherwise stated)*

| | Share capital | Additional paid-in-capital | Share compensation reserve | Merger reserve | Other components of equity | | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | | | | Foreign currency translation reserve | Net defined benefit liability | | |
| **Balance as at 1 April 2018** | **3,776,175** | **15,451,809** | **63,986** | **(1,049,386)** | **(9,219,409)** | **706,857** | **100,201,260** | **10** |
| Profit for the year | - | - | - | - | - | - | 31,749,077 | 3 |
| Other comprehensive loss | - | - | - | - | (3,228,735) | 71,475 | - | ( |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **(3,228,735)** | **71,475** | **31,749,077** | **2** |
| **Balance as at 31 March 2019** | **3,776,175** | **15,451,809** | **63,986** | **(1,049,386)** | **(12,448,144)** | **778,332** | **131,950,337** | **13** |

*(The accompanying notes are an integral part of the Consolidated Financial Statements)*

## Consolidated Statement of Cash Flows

*(All amounts in United States Dollars, unless otherwise stated)*

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|---|---|
| **(A) Cash flow from operating activities** | | |
| **Profit before tax** | **52,554,384** | **40,837,070** |
| **Adjustments** | | |
| Depreciation and amortization | 4,476,820 | 5,188,390 |
| Profit on disposal of property, plant and equipment | (10,494) | (17,373) |
| Trade receivables written-off/provision for doubtful debts | 1,585,399 | 1,602,031 |
| Sundry balances written back | (2,090) | (689) |
| Unrealised foreign exchange gain | (1,619,967) | (1,569,093) |
| Finance income | (861,314) | (820,064) |
| Interest cost on lease liability | 568,034 | - |
| Finance cost | 3,876,410 | 5,300,395 |
| **Changes in operating assets and liabilities** | **60,567,182** | **50,520,667** |
| Decrease/(Increase) in trade and other receivables | 2,361,960 | (11,940,521) |
| Decrease/(Increase) in financial assets and other assets | 582,094 | (1,022,891) |
| Increase /(Decrease) in trade payable and other current liabilities | 1,426,389 | (769,048) |
| Increase in employee benefit obligations | 87,848 | 202,606 |
| **Cash generated from operations** | **65,025,473** | **36,990,813** |
| Income taxes paid | (5,097,865) | (4,640,630) |
| **Net cash generated from operating activities** | **59,927,608** | **32,350,183** |
| | | |
| **(B) Cash flow for investing activities** | | |
| Payments for purchase of property plant and equipment | (3,602,218) | (4,540,172) |
| Redemption of fixed deposit | 2,658,771 | 1,838,717 |
| Investment in fixed deposit | (5,595,675) | (1,993,675) |
| Proceeds from disposal of property, plant and equipment | 9,572 | 23,114 |
| Payments for purchase of other intangible assets | (740,711) | (576,081) |
| Interest received | 892,949 | 774,379 |
| **Net cash used in investing activities** | **(6,377,312)** | **(4,473,718)** |
| | | |
| **(C ) Cash flow from financing activities** | | |
| Interest paid | (4,390,603) | (4,547,832) |
| Dividends paid to equity holders of the parent | (37,294,827) | - |
| Repayment of borrowings and lease liability * | (11,371,909) | (15,842,570) |
| Proceeds from borrowings and lease liabilities * | 1,672,657 | 1,198,946 |
| **Net cash used in financing activities** | **(51,384,682)** | **(19,191,456)** |
| **Net increase in cash and cash equivalents** | **2,165,614** | **8,685,009** |
| Cash and cash equivalents at the beginning of the year | 42,404,281 | 33,774,536 |
| Effect of exchange rate changes on cash | 577,888 | (46,330) |
| **Cash and cash equivalents at the end of the year** | **45,147,783** | **42,413,215** |
| | | |
| **Cash and cash equivalents comprise** | | |
| Cash in hand | 20,190 | 8,161 |
| Balances with banks in current account | 43,525,802 | 42,405,054 |
| Remittance in transit | 1,601,791 | - |
| | **45,147,783** | **42,413,215** |

***RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

**The changes in the Group's liabilities arising from financing activities can be classified as follows:**

| | Long-term borrowings (including current portion of long term borrowing) | Short-term borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| **1 April 2019** | **46,222,538** | **8,934** | **51,493** | **46,282,965** |
| Adoption of IFRS 16 | - | - | 6,369,011 | 6,369,011 |
| **Cash-flows:** | | | | |
| Repayment | (9,478,373) | (8,934) | (1,884,602) | (11,371,909) |
| Proceeds | 1,093,042 | - | - | 1,093,042 |
| **Non-cash:** | | | | |
| Additional lease liability | - | | 579,615 | 579,615 |
| Unwinding of Lease liability(interest) | - | - | 568,034 | 568,034 |
| **31 March 2020** | **37,837,207** | **-** | **5,683,551** | **43,520,758** |
| | | | | |
| **1 April 2018** | **59,577,205** | **402,986** | **193,835** | **60,174,026** |
| Adoption of IFRS 16 | - | - | - | - |
| **Cash-flows:** | | | | |
| Repayment | (15,306,176) | (394,052) | (142,342) | (15,842,570) |
| Proceeds | 1,198,946 | - | - | 1,198,946 |
| **Non-cash:** | | | | |
| Fair value | 752,563 | - | - | 752,563 |
| **31 March 2019** | **46,222,538** | **8,934** | **51,493** | **46,282,965** |

Notes to the Consolidated Financial Statements
*(All amounts in United States Dollars, unless otherwise stated)*

## 1. INTRODUCTION

iEnergizer Limited (the 'Company' or 'iEnergizer') was incorporated in Guernsey on 12 May 2010. It is a 'Company limited by shares' and is domiciled in Guernsey. The registered office of the Company is located at Mont Crevelt House, Bulwer Avenue, St. Sampson, Guernsey, GY2 4 LH. iEnergizer was listed on the Alternative Investment Market ('AIM') of the London Stock Exchange on 14 September 2010.

iEnergizer through its subsidiaries iEnergizer Holdings Limited, iEnergizer IT Services Private Limited, iEnergizer BPO Inc., iEnergizer Management Services Limited, iEnergizer BPO Limited, iEnergizer Aptara Limited and Aptara Inc. and subsidiaries (together the 'Group') is engaged in the business of call centre operations, providing business process outsourcing (BPO) and content delivery services to their customers, who are primarily based in the United States of America and India, from its operating offices in Mauritius and India.

## 2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of the Group for the year ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union (EU) under the historical cost convention on the accrual basis except for certain financial instruments and some of the employee benefits which are as per IFRS 9 and IAS 19, being measured at fair values.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. The consolidated financial statements have been prepared on a going concern basis.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 BASIS OF CONSOLIDATION

The Group's consolidated financial statements include financial statements of iEnergizer Limited, the parent company and all of its subsidiaries for the year ended 31 March 2020. Subsidiaries are entities over which the Group has the power to control. Control exists when the parent has the power to control the financial and operating policies of the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. iEnergizer obtains and exercises control through more than half of the voting rights of the entity.

All intra-group balances, transactions, income and expenses including unrealized income or expenses are eliminated in full on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

### 3.2 FOREIGN CURRENCY TRANSLATION

These consolidated financial statements are presented in USD ('United States Dollar'), which is also the Company's functional currency. Each entity in the Group determines its functional currency and items included in the financial statement of each entity are measured using that functional currency. The functional currency of each entity has been determined based on the primary economic environment in which each entity of the Group operates.

#### a. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date and the resultant foreign exchange gain or loss on re-measurement of monetary item or settlement of such transactions are recognized in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

#### b. Group companies

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than USD (the Group's presentation currency) are translated into USD upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

The assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date and their consolidated statements of comprehensive income are translated at average exchange rates where this is a reasonable approximation to actual rates during the year. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated income statement. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into USD at the closing rate.

### 3.3 REVENUE RECOGNITION

The Group had adopted IFRS 15 with effect from 1 April 2018 and accordingly these financial statements have been prepared in accordance with the recognition and measurement principals laid down in IFRS 15 'Revenue from Contracts with Customer'.

IFRS 15 provides a control-based revenue recognition model and to determine whether to recognize revenue, the Group follows a 5-step process:

1) Identification of the contracts with the customer
2) Identification of the performance obligations in the contract
3) Determination of the transaction price

4) Allocation of the transaction price to performance obligations in the contract (as identified in step ii)

5) Recognition of revenue when a performance obligation is satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is measured at transaction price which is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, taxes or duties).

**Rendering of services**

Revenue comprises revenue from business process outsourcing and also content delivery services. These services are rendered through contractual arrangements entered into with customers by the Group companies.

Revenue from business process outsourcing includes transaction processing, customer care, technical support, billing and collections, dispute handling, off the shelf courseware, KYC services, and market research and analytics in which revenue is recognised on the basis of number of hours or days services have been rendered and therefore revenue is being recognized over the time basis. Customers are invoiced on the monthly basis.

In respect of Content delivery services segment it majorly includes content process outsourcing solutions, digital product conception, content creation, multichannel distribution, post-delivery customer service and IT support. All these are primarily on a fixed price contract on which revenue is recognised only upon full satisfaction of the performance obligation, deemed to be acceptance by the customers and transfer of control, therefore, the Group recognises revenue using point in time.

Further, in respect of content delivery services segment which are generally a fixed price contract, where, in respect of few customers who are eligible for rebate based on the agreement entered with them. For these contacts, variable amount of consideration is estimated. The Group calculates this estimation using expected value method in which the sum of probability-weighted amounts in a range of possible consideration is taken. Therefore, revenue and trade receivable are recognised net of rebate amount.

**Finance income**

Finance income consists of interest income on funds invested. Finance income is recognized as it accrues in the consolidated income statement, using the effective interest rate method.

### 3.4 PROPERTY, PLANT AND EQUIPMENT

Items of plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long- term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated income statement as incurred.

Assets acquired under finance leases are capitalized as assets by the Group at the lower of the fair value of the leased property or the present value of the related lease payments or where applicable, the estimated fair value of such assets at the inception of the lease. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

| Asset | Useful Life |
|---|---|
| Computers and data equipment | 1 to 6 years |
| Office equipment | 5 years |
| Furniture and fixtures | 10 years |
| Plant and machinery | 6 to15 years |
| Air conditioners and generators | 6 to15 years |
| Vehicles | 8 to 10 years |

Leasehold improvements are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership of the leased asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is de-recognized.

The assets' useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Advances paid for the acquisition of property, plant and equipment outstanding at the end of the reporting period and the cost of property, plant and equipment not put to use before such date are disclosed as 'Capital work-in-progress'.

### 3.5 GOODWILL

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. The impairment analysis of goodwill is carried out annually at the cash generating unit (CGU) level to evaluate whether events or changes have occurred that would suggest an impairment of carrying value.

### 3.6 OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is initially recorded at its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortised over their useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangibles with finite useful lives are amortized on a straight-line basis. The amortisation period and the amortization method for an intangible asset are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is de-recognized.

Useful lives are reviewed at each reporting date. Further, intangibles with indefinite useful lives are subject to impairment testing annually. Amortization has been included within 'depreciation and amortization'. The following useful lives are applied:
• Software: 2-5 years
• Customer contracts and relationships: 2-7 years
• Trademark and patents (having indefinite life): Tested for impairment annually
• Right-of-use asset: refer note 3.7

**3.7 LEASES**

The Group has applied IFRS 16 with effect from 1 April 2019. The group is using the transition methodology provided in para C5(b) of IFRS 16 ("the modified retrospective approach"), by measuring the asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized immediately before the date of initial application. The comparative information is still reported under IAS -17.

The Group has applied the following practical expedients:

(a) On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 range between 8% to 10.75% p.a.

(b) On transition for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low- value assets the Group has applied the optional exemptions to not recognize right of use assets but to account for the lease expense on a straight-line method over the remaining lease term.

(c) On transition, the Group will rely on its assessment made under IAS 37 Provisions, Contingent Liabilities and Contingent Assets as for whether any of the lease contracts are Onerous Contracts instead of testing ROU's for impairment.

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether meets three key evaluations, which is whether:

• The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.

• The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

• The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

**Measurement and recognition of leases as a lessee**

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest.

Subsequent to the initial recognition, a right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of either the end of the useful life of the right-of-use asset or, the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The Group has elected to account for new short-term leases and leases of low-value assets using the practical expedients given in IFRS 16, that is instead of recognising a right-of-use asset and a lease liability, the payments in relation to these are recognised as an expense in the consolidated income statement on a straight-line basis over the period of the lease term.

**The Group as a lessor**

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

**Accounting policy applicable before 1 April 2019**

**<u>The Group as a lessee</u>**

**Finance leases:**

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See Note 3.4 for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to the consolidated income statement, as finance costs over the period of the lease.

**Operating leases**

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. The detailed impact on account of transition from IAS 17 to IFRS 16 has been provided in the Note 25.

### 3.8 ACCOUNTING FOR INCOME TAXES

Income tax expense recognized in the consolidated income statement comprises of current and deferred tax.
The same is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized using the Balance sheet approach, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is not recognized for the following temporary differences:

(i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and
(ii) Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Also, deferred tax is not recognized for taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates and laws that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Further, the deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or different tax entities, and they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in the consolidated income statement, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Deferred tax in respect of undistributed earnings of subsidiaries is recognized except where the Group is able to control the timing of the reversal of the temporary difference and that the temporary difference will not reverse in the foreseeable future.

Deferred tax asset/liability has been recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax losses and unused tax credits can be utilized.

### 3.9 POST EMPLOYMENT BENEFITS, SHORT-TERM AND LONG TERM EMPLOYEE BENEFITS AND EMPLOYEE COSTS

The Group provides post-employment benefits through defined contribution plans as well as defined benefit plans.

*Defined contribution plan*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognized provident funds and other social securities which are defined contribution plans are recognized as an employee benefit expense in the consolidated income statement when they are incurred.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group.

Liabilities with regard to the defined benefit plans are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation, is recognized in other comprehensive income. The effect of any plan amendments is recognized in net profits in the consolidated statement of comprehensive income. The net interest cost, past service cost and current service cost is recognized in the consolidated income statement.

*Short-term benefits*

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Compensated absences*

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Group's policy and receive cash in lieu thereof. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay/incur as a result of the unused entitlement that has accumulated at the reporting date. Such measurement is based on actuarial valuation as at the reporting date carried out by a qualified actuary.

### 3.10 IMPAIRMENT TESTING OF NON-FINANCIAL ASSETS, GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

*Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use or its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination and represent the lowest level within the Group at which management monitors goodwill.

An impairment loss, if any, is recognized in the consolidated income statement if the carrying amount of an asset or the cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

### 3.11 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are de-recognized when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is de-recognized when it is extinguished, discharged, cancelled or expires.

**Financial assets**

***Classification and initial measurement of financial assets***

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through comprehensive income (FVOCI)

In the periods presented, the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognized in the consolidated income statement and are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

***Subsequent measurement of financial assets***

**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

**Financial assets at fair value through other comprehensive income (FVOCI)**

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon de-recognition of the asset.

**Impairment of financial assets**

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses- the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

*Trade and other receivables*

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the same, Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

*Cash and cash equivalents*

Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flow comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less from inception and which are subject to an insignificant risk of changes in value.

*Restricted deposits*

Restricted deposits consist of deposits pledged with government authorities for the Group's Indian subsidiaries and deposits restricted as to usage under lien to banks for guarantees given by the Group.

*Others*
Other non-derivative financial instruments are measured at amortized cost using the effective interest rate method, less any impairment losses.

The Group holds derivative financial instruments to hedge its foreign currency exposure. The Group does not apply hedge accounting to these instruments.

Derivatives are recognized initially at fair value; transaction costs are recognized in the consolidated income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in the consolidated income statement.

**Financial liabilities**

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments. Trade and other payables and borrowings are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. They are included in the consolidated statement of financial position line items 'long-term borrowings' and 'trade and other payables'.

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in "finance cost" in the consolidated income statement. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in the consolidated income statement (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the consolidated income statement are included within finance costs or finance income.

An exchange between an existing borrower and lender of debt instrument with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of the new financial liability. Similarly, a substantial modification of the terms of the existing financial liability or a part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. In exchange the debt instrument or the modification of the terms is accounted as an extinguishment, any costs or fees incurred are recognised as the part of the loss or gain on the extinguishment. If the exchange or the modification of the terms is not accounted as an extinguishment, any cost or fees incurred adjust the carrying amount of the liability and amortised over the remaining term of the modified liability.

### 3.12 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset against each other and the net amount reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

### 3.13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized when present obligations as a result of past events will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.
Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated statement of financial position.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 3.14 BUSINESS COMBINATIONS

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquirer's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in the consolidated income statement immediately.

For common control transactions, not covered under IFRS 3 (revised), the Group applies the pooling of interest method. Under a pooling of interests-type method, the acquirer accounts for the combination as follows:

- The assets and liabilities of the acquiree are recorded at book value, not fair value (although adjustments should be recorded to achieve uniform accounting policies);
- Intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable IFRS (in particular IAS 38);
- No goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is presented as a separate reserve within equity on consolidation;
- Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities (as adjusted to achieve uniform accounting policies);
- Any expenses of the combination are written off immediately in the consolidated income statement;
- Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

### 3.15 EQUITY

Share capital is determined using the nominal value of shares that have been issued.
Additional paid-in capital includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares is deducted from additional paid-in capital, net of any related income tax benefits.

Foreign currency translation differences on translation of foreign operations are included in the currency translation reserve.

Other components of equity include the following:

- Re-measurement of net defined benefit liability - comprises the actuarial losses from changes in actuarial assumptions and the return on plan assets
- translation reserve - comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into USD

Retained earnings include all current and prior period earnings, as disclosed in the consolidated income statement.

Share compensation reserve includes cumulative share-based remuneration recognized as an expense in the consolidated income statement.

The balance on the merger reserve represents the excess of the fair value of the consideration paid over the book value of net assets acquired in a common control transaction accounted for using pooling of interest method.

All transactions with owners of the parent are recorded separately within equity.

### 3.16 SHARE BASED PAYMENTS

The Group operates equity-settled share-based plans for one of its directors and a consultant. Where persons are rewarded using share-based payments, the fair values of services rendered by director and others are determined indirectly by reference to the fair value of the equity instruments granted, where the fair value of the services received cannot be reliably measured. This fair value is calculated using the Black

Scholes model at the respective measurement date. In the case of employees and others providing services, the fair value is measured at the grant date. The fair value excludes the impact of non-market vesting conditions.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates and any impact of the change is recorded in the year in which that change occurs.

### 3.17 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group has also considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, goodwill and intangible assets with indefinite life. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the consolidated financial information:

***Significant Estimations***

*Goodwill impairment review*
In assessing goodwill impairment, management makes a judgment in identifying the cash-generating units (CGU) to which the goodwill pertains. Management then estimates the recoverable amount of each asset based on expected future cash flows. The recoverable amount of the CGU is determined based on the value-in-use calculations. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable growth and discount rate (see Note 7).

*Post-employment benefits*
The cost of defined employee benefits obligations and the present value of these obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, expected return on plan assets, mortality rates and attrition rates. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a
defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high quality government bonds denominated in the respective currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases are based on expected future inflation rates for the respective countries and expected future salary increases for the respective entities. The attrition rate is based on expected future attrition rate for the respective entities. (see Note 18).

*Expected credit loss on trade receivables*
As at each reporting date, management uses a simplified approach to estimate for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Further for the year ended
31 March 2020, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19 (Note 12).

*Value of right-of-use and lease liabilities*
The assumption and estimate made to determine the value of right-of-use assets in respect of leases and the related liabilities relates in particular to the discount rates. Details of the assumptions used and how they are determined are given in Note 3.7.

***Significant judgements***

*Useful lives of various assets*
Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analysed in Notes 8 and 9. Actual results, however, may vary due to technical obsolescence.

*Determination of functional currency of individual entities*
Following the guidance in IAS 21 "The effects of changes in foreign exchange rates" the functional currency of each individual entity is determined by the management based on the currency of the primary economic environment in which the entity operates. The management believes that each of the individual entity's functional currency reflects the transactions, events and conditions under which the entity conducts its business.

*Recognition of deferred tax assets*
The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 11).

### 3.18 OUTSOURCED SERVICE COSTS

Outsourced service costs are expenses towards sub-contractors. They are recognized on the basis of contractual terms and invoices received from respective vendors.

## 4. NEW AND REVISED STANDARDS THAT ARE EFFECTIVE FOR ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2019, WHICH HAS AN IMPACT ON THE GROUP

- IFRS 16 "Leases", which is mandatory for financial years beginning on or after 1 January 2019, was adopted by the European Union on 31 October 2017. The recognition and measurement principles that now apply to lease contracts are described in Note 3.7 and the information required by IAS 8 and IFRS 16 about the effects of the new standard's application by the Group is provided in Note 25.

- IFRIC 23 "Uncertainty over income tax treatments". This interpretation was adopted by the European Union on 23 October 2018 and is effective for financial years beginning on or after
  1 January 2019. It clarifies the rules on recognising and measuring uncertainties related to corporate income tax. It has no material impact on the measurement of the Group's current and deferred tax.

- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures". These were adopted by the European Union on 8 February 2019. They clarify that an entity should first apply IFRS 9 "Financial Instruments" for impairment of other interests in an associate or joint venture that form part of its net investment in that associate or joint venture but are not accounted for by the equity method. This amendment has no material impact on the Group's consolidated financial statements.

## 5. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BY THE GROUP

- Amendments to IFRS 3 "Business Combinations: Definition of a Business", published on 22 October 2018. These amendments are expected to apply to business combinations taking place from 1 January 2020. They aim to clarify the distinction between the purchase of a business and the purchase of a group of assets. The Group does not currently anticipate that the application of these amendments will have any impact.

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The Group has organised a progressive transition towards alternative risk-free rates (RFRs), working with the finance, legal, risk and IT functions and all group entities. Meanwhile, the Group remains attentive to work by other entities and publications by official bodies, particularly IFRIC and IASB releases about the potential effects on hedge accounting. The Group does not currently anticipate that the application of these amendments will have any material impact.

## 6. BASIS OF CONSOLIDATION

**Composition of the Group**

Details of the entities, which as of 31 March 2020 and 31 March 2019 form part of the Group and are consolidated under iEnergizer are as follows:

| Name of the entity | Holding company | Country of incorporation | Effective group shareholding (%) as of 31 March 2020 and 31 March 2019 |
|---|---|---|---|
| iEnergizer Holdings Limited ('IHL') | iEnergizer | Mauritius | 100 |
| iEnergizer IT Services Private Limited ('IITS') | IHL | India | 100 |
| iEnergizer BPO Limited | IHL | Mauritius | 100 |
| iEnergizer BPO Inc.* | IITS | USA | 100 |
| iEnergizer Management Services Limited | iEnergizer | Hong Kong | 100 |
| Aptara Inc. | iEnergizer | USA | 100 |
| Techbooks International Private Limited | Aptara Inc. | India | 100 |
| Techbooks Electronic Services Private Limited | Aptara Inc. | India | 100 |
| Global Content Transformation Private Limited | Aptara Inc. | India | 100 |
| Aptara Learning Private Limited | Aptara Inc. | India | 100 |
| Aptara New Media Private Limited | Aptara Inc. | India | 100 |
| Aptara Technologies Private Limited | Aptara Inc. | India | 100 |
| iEnergizer Aptara Limited | iEnergizer | Mauritius | 100 |

*During the year ended 31 March 2020, iEnergizer IT Services Private Limited has incorporated a wholly-owned subsidiary namely iEnergizer BPO Inc. (USA).

## 7. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

| Particulars | Amount |
|---|---|
| **Balance as at 1 April 2018** | **102,265,086** |
| Impairment loss recognized | - |
| Translation adjustment | (8,421) |
| **Balance as at 31 March 2019** | **102,256,665** |

| Particulars | Amount |
|---|---|
| **Balance as at 1 April 2019** | **102,256,665** |
| Impairment loss recognized | - |
| Translation adjustment | (8,635) |
| **Balance as at 31 March 2020** | **102,248,030** |

For the purpose of annual impairment testing goodwill is allocated to the following Cash Generating Unit (CGU), which are expected to benefit from the synergies of the business combinations in which the goodwill arises.

| Particulars | Amount As at 31 March 2020 | Amount As at 31 March 2019 |
|---|---|---|
| Business process outsourcing - India business unit | 113,206 | 121,841 |
| Content delivery - USA business unit | 102,134,824 | 102,134,824 |
| **Goodwill allocation** | **102,248,030** | **102,256,665** |

The recoverable amounts of the CGU were determined based on fair enterprise value being the average of enterprise value (determined by market approach) and discounted free cash flow to firm ('FCFF') method, covering a four-year forecast of expected cash flows and the terminal value for the unit's remaining useful lives using the growth rates stated below:

| Particulars | Growth rate 31 March 2020 | Discount rate 31 March 2020 |
|---|---|---|
| Business process outsourcing - Indian business unit | 10.50% | 13.58% |
| Content delivery - USA business unit | 8.00% | 13.58% |

| Particulars | Growth rate 31 March 2019 | Discount rate 31 March 2019 |
|---|---|---|
| Business process outsourcing - Indian business unit | 10.50% | 14.79% |
| Content delivery - USA business unit | 9.00% | 14.79% |

The key assumptions for Content delivery-USA business unit are as follows:

Management considers 'Content Delivery' business as one product line/services and therefore as one group of similar assets for internal management reporting purposes. It is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The goodwill is therefore allocated to this unit and accordingly tested for impairment.

**Growth rates**

The forecasted growth rates are based on management estimation derived from past experience, comparable company data and external sources of information available. The Group is expected to continue to grow at the above rates for the foreseeable future as it is getting work from customers on a continuous basis rather than one-time work

**Discount rates**

Discount rates reflect management's estimates of the risks specific to the business. The pre-tax discount rates used are based on the weighted average cost of capital of the relevant underlying cash-generating unit.

**Cash flow assumptions**

Estimated cash flows for 4 years based on internal management budgets prepared using past experience. Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins going forward and prices and wages reflect publicly available forecasts of inflation for the industry.

**Terminal value**

Terminal value for the USA business unit is arrived by applying H-Model (two-stage growth model). The H-Model assumes an initial growth rate that is already high, which then declines in a linear fashion to a stable growth rate over time. Entity has assumed long term rate of 1.7% for this model and High growth rate of 10.67%. This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.

**EV/EBIDTA Multiple**

On the basis guidelines companies, financial performance, the market dynamics and current global scenario, the group has taken an EV/LTM EBITDA multiple of 7.5x for estimating the enterprise value as on 31 March 2020.

**These assumptions are based on past experience and are consistent with market information.**

**Sensitivity analysis of key assumptions**

| Item | Valuation technique | Key assumptions | Input | Sensitivity to the input to fair value |
|---|---|---|---|---|
| Goodwill | Free Cash Flow to Firm ('FCFF') method | Growth rate | 10.67% | 5% increase (decrease) in growth rate would result in increase (decrease) enterprise value by $1.01m and ($1.01m) respectively |
| | | Discount rate | 13.58% | 5% increase (decrease) in the discount rate would result in (decrease) increase of enterprise value by ($8.8m) and $9.9m respectively |
| | | H-Model - long term growth rate | 1.70% | 5% increase (decrease) in terminal value results in an increase (decrease) in fair value of the goodwill by $0.73m and ($0.73m) respectively |

The discount rate above is based on the Weighted Average Cost of Capital (WACC) of the Group. As at 31 March 2020, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivities in the key assumptions consequent to the change in estimated future economic conditions on account of possible effects relating to COVID-19 is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating unit.

## 8. OTHER INTANGIBLE ASSETS

The other intangible assets comprise of the following:

| Particulars | Customer contracts | Computer software | Patent | Trademark | Intangibles under development | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **Balance as at 1 April 2018** | **24,122,232** | **3,589,438** | **100,000** | **12,000,000** | **132,490** | **39,944,160** |
| Additions | - | 576,081 | - | - | - | 576,081 |
| Disposals | - | - | - | - | - | - |
| Translation adjustment | (9,418) | (221,500) | - | - | - | (230,918) |
| **Balance as at 31 March 2019** | **24,112,814** | **3,944,019** | **100,000** | **12,000,000** | **132,490** | **40,289,323** |
| | | | | | | |
| **Accumulated amortisation** | | | | | | |
| **Balance as at 1 April 2018** | **21,806,084** | **3,235,118** | **-** | **-** | **132,490** | **25,173,692** |
| Amortisation/ impairment for the period | 2,316,148 | 523,642 | - | - | - | 2,839,790 |
| Disposals | - | - | - | - | - | - |
| Translation adjustment | (9,418) | (198,794) | - | - | - | (208,212) |
| **Balance as at 31 March 2019** | **24,112,814** | **3,559,966** | **-** | **-** | **132,490** | **27,805,270** |
| **Carrying values as at 31 March 2019** | **-** | **384,053** | **100,000** | **12,000,000** | **-** | **12,484,053** |

| Particulars | Customer contracts | Computer software | Patent | Trademark | Intangibles under development | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **Balance as at 1 April 2019** | **24,112,814** | **3,944,019** | **100,000** | **12,000,000** | **132,490** | **40,289,323** |
| Additions | - | 511,654 | - | - | - | 511,654 |
| Disposals | - | - | - | - | - | - |
| Translation adjustment | (9,657) | (276,192) | - | - | - | (285,849) |
| **Balance as at 31 March 2020** | **24,103,157** | **4,179,481** | **100,000** | **12,000,000** | **132,490** | **40,515,128** |
| | | | | | | |
| **Accumulated amortisation** | | | | | | |
| **Balance as at 1 April 2019** | **24,112,814** | **3,559,966** | **-** | **-** | **132,490** | **27,805,270** |
| Amortisation/impairment for the period | - | 423,580 | - | - | - | 423,580 |
| Disposals | - | - | - | - | - | - |
| Translation adjustment | (9,657) | (261,384) | - | - | - | (271,041) |
| **Balance as at 31 March 2020** | **24,103,157** | **3,722,162** | **-** | **-** | **132,490** | **27,957,809** |
| **Carrying values as at 31 March 2020** | **-** | **457,319** | **100,000** | **12,000,000** | **-** | **12,557,319** |

**Intangible assets with indefinite useful lives**

Trademark relate to Group's branding in the publishing industry and is associated with its long-standing history in the trade and its working relationship with big publishing houses in the world. It distinguishes the Group in Content delivery segment from the competition. The Group has developed a proprietary technology platform, comprising a standardized set of technological tools namely Powersuite, PXE4, PowerLearn, PowerL2X, PowerEye, BaKoMa Plug-in through an extensive research and development initiative which thereby gives the Group an edge over its competitors. The management believes that the Group's branding would continue to contribute towards revenue growth in perpetuity and the value is not expected to diminish in the foreseeable future. Accordingly, the useful lives have been determined to be indefinite.

For the purpose of annual impairment testing, trademark and patent are allocated to the 'Content delivery' business of the Group with respect to the US business unit.

The net carrying amount of intangible assets with indefinite lives can be analysed as follows:

| Particulars | Amount |
|---|---|
| Balance as at 1 April 2018 | 12,100,000 |
| Impairment loss recognized | - |
| Translation adjustment | - |
| **Balance as at 31 March 2019** | **12,100,000** |

| Particulars | Amount |
|---|---|
| Balance as at 1 April 2019 | 12,100,000 |
| Impairment loss recognized | - |
| Translation adjustment | - |
| **Balance as at 31 March 2020** | **12,100,000** |

The recoverable amounts of the CGU were determined based on value-in-use calculations, by applying Free Cash Flow to Firm ('FCFF') method, covering a four-year forecast, followed by extrapolation of expected cash flows for the unit's remaining useful lives.

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

| Particulars | Computer and data equipment | Office equipment | Furniture and fixtures | Air conditioner and generator | Vehicle | Leasehold improve-ments | Plant and machinery | Capital work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| **Balance as at 1 April 2018** | **6,109,821** | **874,293** | **1,247,285** | **378,237** | **37,066** | **4,400,598** | **2,256,054** | **122,531** | **15,425,885** |
| Additions | 2,741,100 | 43,318 | 284,368 | 565,532 | - | 593,856 | 210,222 | 101,777 | 4,540,173 |
| Disposals | (121,154) | (12,438) | (20,576) | (5,678) | (14,885) | - | (18,356) | - | (193,087) |
| Translation and other adjustment | (323,214) | (50,401) | (72,347) | (21,372) | (1,434) | (277,327) | (131,350) | - | (877,445) |
| **Balance as at 31 March 2019** | **8,406,553** | **854,772** | **1,438,730** | **916,719** | **20,747** | **4,717,127** | **2,316,570** | **224,308** | **18,895,526** |
| **Accumulated depreciation** | | | | | | | | | |
| **Balance as at 1 April 2018** | **4,782,524** | **719,304** | **740,357** | **208,657** | **30,768** | **2,545,403** | **1,748,184** | **-** | **10,775,197** |
| Depreciation for the year | 1,158,555 | 111,228 | 316,403 | 66,624 | 1,697 | 457,759 | 236,334 | - | 2,348,600 |
| Disposals | (121,154) | (12,366) | (20,559) | (26) | (14,885) | - | (18,356) | - | (187,346) |
| Translation and other adjustments | (297,468) | (40,102) | (40,177) | (13,150) | (1,019) | (156,878) | (99,203) | - | (647,997) |
| **Balance as at 31 March 2019** | **5,522,457** | **778,064** | **996,024** | **262,105** | **16,561** | **2,846,284** | **1,866,959** | **-** | **12,288,454** |
| **Carrying values as at 31 March 2019** | **2,884,096** | **76,708** | **442,706** | **654,614** | **4,186** | **1,870,843** | **449,611** | **224,308** | **6,607,072** |

| Particulars | Computer and data equipment | Office equipment | Furniture and fixtures | Air conditioner and generator | Vehicle | Leasehold improve-ments | Plant and machinery | Capital work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| **Balance as at 1 April 2019** | **8,406,553** | **854,772** | **1,438,730** | **916,719** | **20,747** | **4,717,127** | **2,316,570** | **224,308** | **18,895,526** |
| Additions | 2,467,719 | 274,357 | 39,541 | 34,233 | 398,792 | 152,713 | 120,773 | 114,088 | 3,602,216 |
| Disposals | (85,706) | - | (16,167) | - | - | - | (15,686) | - | (117,559) |
| Translation and other adjustment | (684,194) | (66,510) | (95,586) | (67,004) | (23,407) | (334,231) | (147,647) | (7,175) | (1,425,754) |
| **Balance as at 31 March 2020** | **10,104,372** | **1,062,619** | **1,366,518** | **883,948** | **396,132** | **4,535,609** | **2,274,010** | **331,221** | **20,954,429** |
| **Balance as at 1 April 2019** | **5,522,457** | **778,064** | **996,024** | **262,105** | **16,561** | **2,846,284** | **1,866,959** | **-** | **12,288,454** |
| Depreciation for the period | 1,628,060 | 62,006 | 117,881 | 114,565 | 29,858 | 461,149 | 187,790 | - | 2,601,309 |
| Disposals | (85,037) | - | (16,083) | - | - | - | (15,261) | - | (116,381) |
| Translation and other adjustments | (466,409) | (52,044) | (69,242) | (24,599) | (2,745) | (220,207) | (126,407) | - | (961,653) |
| **Balance as at 31 March 2020** | **6,599,071** | **788,026** | **1,028,580** | **352,071** | **43,674** | **3,087,226** | **1,913,081** | **-** | **13,811,729** |
| **Carrying values as at 31 March 2020** | **3,505,301** | **274,593** | **337,938** | **531,877** | **352,458** | **1,448,383** | **360,929** | **331,221** | **7,142,700** |

## 10. LONG TERM FINANCIAL ASSETS

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Security deposits | 382,614 | 507,498 |
| Restricted cash | 1,881,726 | 108,591 |
| Fixed deposit with banks | 1,087,641 | 1,065,892 |
| | **3,351,981** | **1,681,981** |

Security deposits are interest free unsecured deposits placed with owners of the property leased in India to the Group for operations in operating centres. The above security deposits have been discounted to arrive at their fair values at initial recognition using market interest rates applicable in India, which approximates 7.75% per annum. These security deposits have maturity terms of 1-14 years. The management estimates the fair value of these deposits to be not materially different from the amounts recognized in the financial statements at amortized cost at each reporting date.

Restricted cash represents deposits that have been pledged with reputable banks against guarantees issued to tax and other local authorities as security to meet contractual obligations towards other parties along with accrued interest on these deposits which is also inaccessible for use by the Group. These deposits have an average maturity period of more than 12 months from the end of the financial year.

Fixed deposits with banks represents deposits with reputable banks have an average maturity period of more than 12 months from the end of the financial year.

The credit analysis has been performed as per the IFRS 9 requirement, whereas same has no impact on the long term financial assets.

## 11. DEFERRED TAX ASSETS AND LIABILITIES

| Particulars | 1 April 2019 | Exchange difference on translation of foreign operations | Other amounts recognized in consolidated statement of other comprehensive income | Recognized in consolidated income statement | 31 March 2020 |
|---|---|---|---|---|---|
| *Deferred tax assets on account of :* | | | | | |
| Property, plant and equipment and intangibles | 1,121,727 | (36,179) | - | (124,938) | 960,610 |
| Employee benefits | 1,140,461 | (81,205) | 37,738 | (31,073) | 1,065,921 |
| Net operating losses | 2,384,668 | - | - | (893,919) | 14,90,749 |
| Accruals for expenses | 546,285 | (33,494) | - | 216,232 | 729,023 |
| Unrealised gain/ (loss) on derivatives | 21,700 | 35 | - | (8,729) | 13,006 |
| Minimum alternate tax | 1,276,919 | (82,016) | - | (157,824) | 1037,079 |
| Others | 170,935 | (64,784) | - | 363,700 | 469,851 |
| **Total (A)** | **6,662,695** | **(297,643)** | **37,738** | **(636,551)** | **5,766,239** |
| *Deferred tax liabilities on account of :* | | | | | |
| Undistributed earnings of the subsidiaries | 10,426,088 | (542,076) | - | 1,976,575 | 11,860,587 |
| Others | 85,115 | - | - | (85,115) | - |
| **Total (B)** | **10,511,203** | **(542,076)** | **-** | **1,891,460** | **11,860,587** |
| **Total (A-B)** | **(3,848,508)** | **244,433** | **37,738** | **(2,528,011)** | **(6,094,348)** |
| **Amounts presented in consolidated statement of financial position** | | | | | |
| Deferred tax assets | 4,726,068 | - | - | - | 3,623,361 |
| Deferred tax liabilities | (8,574,576) | - | - | - | (9,717,709) |
| **Net** | **(3,848,508)** | **-** | **-** | **-** | **(6,094,348)** |

In assessing the realisability of deferred tax assets, the Group considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Group considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Based on this, the Group believes that it is probable that the Group will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

The Group has recognized deferred tax assets of USD 1,490,749 (31 March 2019: USD 2,384,668) in respect of carry forward losses of its various subsidiaries as at 31 March 2020 and 31 March 2019 respectively. Management's projections of future taxable income and tax planning strategies support the assumption that it is probable that sufficient taxable income will be available to utilize these deferred tax assets.

| Particulars | 1 April 2018 | Exchange difference on translation of foreign operations | Other amounts recognized in consolidated statement of other comprehensive income | Recognized in consolidated income statement | 31 March 2019 |
|---|---|---|---|---|---|
| *Deferred tax assets on account of :* | | | | | |
| Property, plant and equipment and intangibles | 940,712 | (28,184) | - | 209,199 | 1,121,727 |
| Employee benefits | 1,029,598 | (65,582) | 29,365 | 147,080 | 1,140,461 |
| Net operating losses | 3,686,473 | - | - | (1,301,805) | 2,384,668 |
| Accruals for | 584,936 | (30,313) | - | (8,338) | 546,285 |

| | | | | | |
|---|---|---|---|---|---|
| expenses | | | | | |
| Unrealised gain/ (loss) on derivatives | 1,249 | - | - | 20,451 | 21,700 |
| Minimum alternate tax | 1,308,874 | (84,606) | - | 52,651 | 1,276,919 |
| Undistributed earnings of the subsidiaries | 1,837,679 | - | - | (1,837,679) | - |
| Others | 930,119 | (13,076) | - | (746,108) | 170,935 |
| **Total (A)** | **10,319,640** | **(221,761)** | **29,365** | **(3,464,549)** | **6,662,695** |
| *Deferred tax liabilities on account of:* | | | | | |
| Intangibles acquired during business combination | 386,055 | - | - | (386,055) | - |
| Undistributed earnings of the subsidiaries | 9,303,644 | (382,320) | - | 1,504,764 | 10,426,088 |
| Unrealised gain/ (loss) on derivatives | 3,555 | - | - | (3,555) | - |
| Others | 86,759 | (1,644) | - | - | 85,115 |
| **Total (B)** | **9,780,013** | **(383,964)** | **-** | **1,115,154** | **10,511,203** |
| **Total (A-B)** | **539,627** | **162,203** | **29,365** | **(4,579,703)** | **(3,848,508)** |

**Amounts presented in consolidated statement of financial position**

| | | | | | |
|---|---|---|---|---|---|
| Deferred tax assets | 7,915,205 | - | - | - | 4,726,068 |
| Deferred tax liabilities | (7,375,578) | - | - | - | (8,574,576) |
| **Net** | **539,627** | **-** | **-** | **-** | **(3,848,508)** |

## 12 TRADE AND OTHER RECEIVABLES

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Trade receivables** | | |
| Gross value | 36,602,112 | 40,684,272 |
| Less: Provision for bad and doubtful debts | (2,992,284) | (2,216,112) |
| Less: Rebate accrued to the customer during the year | (1,566,872) | (1,793,241) |
| Net value | 32,042,956 | 36,674,919 |
| **Other receivables** | | |
| Gross value | 60,227 | 63,984 |
| Less: Provision for bad and doubtful receivables | (59,056) | (63,561) |
| Net value | 1,171 | 423 |
| | **32,044,127** | **36,675,342** |

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realize within a short period from the reporting dates. All of the Group's trade and other receivables have been reviewed for indicators of impairment.

Gross value of top five customer balances for the year ended 31 March 2020 amounts to USD 13,218,363 which constitutes 40.38 % (31 March 2019: USD 13,675,854 being 37.29 %) of net trade receivables.

All of the Group's trade and other receivables have been reviewed as per the requirement of IFRS 9 expected credit loss. Out of the total receivable an allowance for credit losses of USD 1,585,399 (31 March 2019: USD 1,602,031) has been recorded under the other expenses.

**The analysis of provision for expected credit loss is as follows:**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Opening balance** | 2,216,112 | 721,980 |
| Charge during the year | 1,585,399 | 1,602,031 |
| Provision reversed | (809,227) | (107,899) |
| **Closing balance** | **2,992,284** | **2,216,112** |

**The analysis for provision for expected credit loss of other receivables is as follows:**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Opening balance** | 63,561 | 67,954 |
| Charge during the year | - | - |
| Provision utilized | (4,505) | (4,393) |
| **Closing balance** | **59,056** | **63,561** |

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group estimates the following provision matrix at the reporting date, except to the individual cases where recoverability is certain:

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the consolidated income statement. This amount is reflected under the head 'other expenses' in the consolidated income statement.

**The analysis of rebate accruals is as follows:**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Opening balance** | 1,793,241 | 2,461,485 |
| Less: Rebates utilized during the year | (543,091) | (1,204,298) |
| Add: Rebates provided to customers during the year | 316,722 | 536,054 |
| **Closing balance** | **1,566,872** | **1,793,241** |

## 13 CASH AND CASH EQUIVALENTS

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Cash in hand | 20,190 | 8,161 |
| Cash in current accounts | 43,525,802 | 42,405,054 |
| Remittance in transit | 1,601,791 | - |
| | **45,147,783** | **42,413,215** |

## 14 SHORT TERM FINANCIAL ASSETS

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Security deposits | 60,516 | 11,985 |
| Restricted cash | 4,293,982 | 4,747,604 |
| Short term investments (fixed deposits with maturity less than 12 months) | 3,244,643 | 1,803,959 |
| Derivative financial instruments | - | 426,984 |
| Due from officers and employees | 27,244 | 20,032 |
| Others | 16,256 | 47,891 |
| | **7,642,641** | **7,058,455** |

Short term investments comprise of investment in deposits, denominated in various currency, with reputed banks having high ratings assigned by international and domestic credit rating agencies, bearing fixed rate of interest. Ratings are monitored periodically and the Group has considered the latest available credit ratings in view of COVID - 19 as at the date of approval of these consolidated financial statements.

The credit risk analysis has been performed as per the IFRS 9 requirement in Note 32, whereas the same has negligible impact on the short term financial assets.

## 15 OTHER CURRENT ASSETS

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Prepayments | 1,248,854 | 1,960,108 |
| Statutory dues recoverable | 982,302 | 1,178,524 |
| Others | 357,867 | 181,870 |
| | **2,589,023** | **3,320,502** |

## 16 LONG TERM BORROWINGS AND CURRENT PORTION OF LONG TERM BORROWINGS

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Finance lease obligation (refer note 25) | 5,683,551 | 51,493 |
| Term loan* | 37,837,207 | 46,222,538 |
| **Total borrowings** | **43,520,758** | **46,274,031** |
| | | |
| Less: Current portion of long term borrowings | | |
| Finance lease obligation (refer note 25) | 1,216,547 | 36,526 |
| Term loan* | 9,311,228 | 45,366,970 |
| **Current portion of long term borrowings** | **10,527,775** | **45,403,496** |
| **Long term borrowings** | **32,992,983** | **870,535** |

As on 31 March 2020, of the total term loan outstanding of USD 37,837,207 an amount equivalent to USD 36,400,000 pertains to a single term loan which was refinanced on 17 April 2019 for USD 45,500,000. It bears floating interest rate per annum equal to LIBOR plus 6% per annum (with a 1% LIBOR floor) and was extended to be repayable in further 20 quarterly instalments of USD 2,275,000 plus interest on the said date.

In the previous year the term loan was classified as current portion of long term borrowings as its original maturity date was 30 April 2019.

The said term loan is secured by all the assets of iEnergizer Limited and its subsidiaries Aptara Inc., iEnergizer Holdings Limited and iEnergizer Aptara Limited.

**Short term borrowings**
The short-term borrowings comprise a bank overdraft facility amounting to USD Nil (31 March 2019: USD 8,934) obtained from the bank.

## 17 TRADE AND OTHER PAYABLES

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Due to trade creditors | 6,236,578 | 6,921,608 |
| Other accrued expenses | 5,245,307 | 3,653,288 |
| | **11,481,885** | **10,574,896** |

## 18 EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Group. Employee benefit obligations include the components as follows:

| Particulars | 31 March 2020 | | | 31 March 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Provision for gratuity | 344,371 | 2,364,018 | 2,708,389 | 389,051 | 2,057,529 | 2,446,580 |
| Provision for compensated absences | 279,281 | 1,458,076 | 1,737,357 | 279,658 | 1,482,259 | 1,761,917 |
| Accrued pension liability | 186,962 | 844,967 | 1,031,929 | 189,675 | 561,309 | 750,984 |
| | **810,614** | **4,667,061** | **5,477,675** | **858,384** | **4,101,097** | **4,959,481** |

**Gratuity**

The Group provides gratuity benefit to its employees working in India. The gratuity plan is a defined benefit plan that, at retirement or termination of employment, provides eligible employees with a lump sum payment, which is a function of the last drawn salary and completed years of service.

**Compensated absences**

The Group has accumulating compensated absences policy. The Group measures the expected cost of accumulating compensated absences as the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the end of reporting period.

**Accrued pension**

The Group sponsors a non-contributory defined benefit pension plan (the "DB Plan") covering all full-time employees of one of its subsidiaries meeting specified entry-age requirements. Pension benefits are based upon a formula contained in the DB Plan documents that takes into consideration years of service. The Group's funding policy is based on actuarial recommended contribution. The actuarial cost method utilized to calculate the present value of benefit obligations is the projected unit credit cost method. The DB Plan assets are held by a bank, as trustee, principally in the form of mutual fund units, money market securities, corporate bonds, and U.S. government securities. The DB Plan has no liabilities.

The defined benefit obligation is calculated annually by an independent actuary using projected unit credit method. Changes in the present value of the defined benefit obligation with respect to gratuity and accrued pension liability are as follows:

**31 March 2020**

| Particulars | Gratuity | Accrued pension |
|---|---|---|
| **Change in benefit obligation** | | |
| Opening value of obligation | 2,487,375 | 2,854,006 |
| Interest expense | 186,860 | 105,373 |
| Current service cost | 433,862 | - |
| Benefits paid | (260,745) | (175,745) |
| Re-measurement: actuarial loss from changes in assumptions | 128,440 | 134,317 |
| Translation adjustment | (202,452) | - |
| **Defined benefit obligation at the year end** | **2,773,340** | **2,917,951** |
| Fair value of planned assets | (64,951) | (1,886,022) |
| **Defined benefit obligation at the year-end (net)** | **2,708,389** | **1,031,929** |

Expenses related to the Group's defined benefit plans are as follows:

**31 March 2020**

| Particulars | Gratuity | Accrued pension |
|---|---|---|
| **Net benefit obligation** | | |
| **Amounts recognized in consolidated income statement (including plan assets)** | | |
| Current service cost | 433,862 | - |
| Net interest expense | 183,795 | 222,628 |
| Abnormal loss | 129,333 | 134,317 |
| **Expense recognized in consolidated income statement** | **746,990** | **356,945** |

**31 March 2019**

| Particulars | Gratuity | Accrued pension |
|---|---|---|
| **Change in benefit obligation** | | |
| Opening value of obligation | 2,533,698 | 2,857,791 |
| Interest expense | 181,622 | 109,267 |
| Current service cost | 360,438 | - |
| Benefits paid | (324,334) | (176,286) |
| Re-measurement - actuarial (gain)/loss from changes in assumptions | (100,840) | 63,234 |
| Translation adjustment | (163,209) | - |
| **Defined benefit obligation at the year end** | **2,487,375** | **2,854,006** |
| Fair value of planned assets | (40,795) | (2,103,022) |
| **Defined benefit obligation at the year-end (net)** | **2,446,580** | **750,984** |

Expenses related to the Group's defined benefit plans are as follows:

| | | **31 March 2019** |
|---|---|---|
| **Particulars** | **Gratuity** | **Accrued pension** |
| **Net benefit obligation** | | |
| **Amounts recognized in consolidated income statement (including plan assets)** | | |
| Current service cost | 360,438 | - |
| Net interest expense | 175,003 | 61,085 |
| Abnormal (gain)/loss | (95,358) | 63,234 |
| **Expense recognized in consolidated income statement** | **440,083** | **124,319** |

The assumptions used in calculation of gratuity obligation are as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Discount rate | 6.87% to 7.92% p.a. | 7.6% to 7.69% p.a. |
| Expected rate of increase in compensation levels | 3.0% to 4.25% p.a. | 5.0% to 8.0% p.a. |
| Expected rate of return on plan assets | 8.00% p.a. | 8.00% p.a. |
| Retirement age | 58 years | 58 years |
| Mortality table | IALM (2006-08) | IALM (2006-08) |
| | | |
| Withdrawal rates | | |
| Up to 30 years | 3% to 60% | 3% to 60% |
| From 31 to 44 years | 2% to 30% | 2% to 30% |
| Above 44 years | 1% to 33.33% | 1% to 33.33% |

Enterprise's best estimate of contribution during the next year amounts to USD 579,339.

**The assumptions used in calculation of accrued pension are as follows:**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Discount rate | 3.12% | 3.83% |
| Expected rate of return on plan assets | 7.5% | 7.5% |
| Retirement age | 65 years | 65 years |
| Mortality table | RP-2014 | RP-2014 |
| | | |
| Withdrawal rates | | |
| Up to 30 years | | |
| From 31 to 44 years | Refer Note 1 | Refer Note 1 |
| Above 44 years | | |

**Note 1:** In current year, due to the small size of plan, no turnover was assumed.

Enterprise's best estimate of contribution during the next year amounts to USD 186,962.

**Plan assets**

**Gratuity**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Opening balance of fair value of plan assets** | 40,795 | 92,606 |
| Expected return on plan assets | 3,065 | 6,619 |
| Employer contribution | 171,034 | 171,625 |
| Benefits paid | (144,617) | (218,358) |
| Actuarial loss on plan assets | (893) | (5,482) |
| Exchange fluctuation | (4,433) | (6,215) |
| **Closing balance of fair value of plan assets** | **64,951** | **40,795** |

**Accrued pension**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Opening balance of fair value of plan assets** | 2,103,022 | 2,171,631 |
| Actual return on plan assets | (117,255) | 48,182 |
| Employer contributions | 76,000 | 59,495 |
| Benefits paid | (175,745) | (176,286) |
| **Closing balance of fair value of plan assets** | **1,886,022** | **2,103,022** |

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Gratuity:** | | |
| **Quoted** | | |
| Government bonds | 13,958 | 4,042 |
| Infrastructure bonds | 8,037 | 2,690 |
| Corporate bonds | 5,594 | 1,687 |
| **Unquoted** | | |
| Commercial paper and deposits | - | 103 |
| Cash and cash equivalents | 1,883 | 32,273 |
| Mutual Funds | 35,479 | - |
| **Accrued Pension:** | | |
| **Quoted** | | |
| Equity mutual funds | 984,754 | 1,159,218 |
| Fixed income | 846,871 | 882,808 |
| **Unquoted** | | |
| Cash and cash equivalents | 54,397 | 60,996 |

Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies. The gratuity plan of the Group is administered by TATA AIA Life Insurance Company Ltd. Plan assets for gratuity and pension plans are invested in below category of investments.

The plans expose the Group to actuarial risks such as interest rate risk, investment risk and longevity risk.

**Interest rate risk**

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields on high quality corporate bonds and government bonds where there is no deep market for high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in functional currencies of respective subsidiaries. A decrease in market yield on high quality corporate bonds and government bonds will increase the Group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

**Investment risk**

The plan assets at 31 March 2020 are predominantly risk free government securities, money market and mutual funds. The mutual funds are significantly weighted towards international market funds.

**Longevity risk**

The Group is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members will increase the defined benefit liability.

The defined benefit obligation and plan assets are composed by geographical locations as follows:

**31 March 2020**

| Particulars | US | India | Total |
|---|---|---|---|
| Defined benefit obligation | 2,917,951 | 2,773,340 | 5,691,291 |
| Fair value of plan assets | (1,886,022) | (64,951) | (1,950,973) |
| | **1,031,929** | **2,708,389** | **3,740,318** |

**31 March 2019**

| Particulars | US | India | Total |
|---|---|---|---|
| Defined benefit obligation | 2,854,006 | 2,487,375 | 5,341,381 |
| Fair value of plan assets | (2,103,022) | (40,795) | (2,143,817) |
| | **750,984** | **2,446,580** | **3,197,564** |

Amounts recognized in other comprehensive income related to the Group's defined benefit plans are as follows:

| Particulars | 31 March 2020 |
|---|---|
| Actuarial gain from changes in demographic assumptions | (56,528) |
| Actuarial gain from changes in financial assumptions | (90,020) |
| Actuarial loss from changes in experience adjustments | 274,988 |
| **Total expenses recognised in other comprehensive income** | **128,440** |

| Particulars | 31 March 2019 |
|---|---|
| Actuarial loss from changes in demographic assumptions | 16,397 |
| Actuarial gain from changes in financial assumptions | (143,966) |
| Actuarial loss from changes in experience adjustments | 26,729 |
| **Total gain recognised in other comprehensive income** | **(100,840)** |

All the expenses summarized above were included within items that will not be reclassified subsequently to the income statement in the statement of the consolidated other comprehensive income.

**Other defined benefit plan information**

The contributions to the defined plans are funded by the Group's subsidiaries. The funding requirements are based on the pension fund's actuarial measurement framework as set out in the funding policies.

Based on historical data, the Group expects contribution of USD 579,339 for Gratuity (31 March 2019: USD 592,953) and USD 186,962 for accrued pension (31 March 2019: USD 189,675) to be paid for the financial year 2020-2021.

The weighted average duration of the defined benefit obligation for Gratuity at 31 March 2020 is 6.6 years (31 March 2019: 6.6 years).

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the withdrawal rate. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarizes the effects of changes in these actuarial assumptions on the defined benefit liability:

| | **As at 31 March 2020** | | **As at 31 March 2019** | |
|---|---|---|---|---|
| **Discount rate for gratuity** | **Increase by 0.5%** | **Decrease by 0.5%** | **Increase by 0.5%** | **Decrease by 0.5 %** |
| (Decrease)/increase in the defined benefit liability | (93,661) | 99,417 | (66,790) | 70,486 |

| | **As at 31 March 2020** | | **As at 31 March 2019** | |
|---|---|---|---|---|
| **Salary growth rate for gratuity** | **Increase by 0.5%** | **Decrease by 0.5%** | **Increase by 0.5%** | **Decrease by 0.5 %** |
| Increase/(decrease) in the defined benefit liability | 101,404 | (96,290) | 71,420 | (68,222) |

| | **As at 31 March 2020** | | **As at 31 March 2019** | |
|---|---|---|---|---|
| **Discount rate for accrued pension** | **Increase by 0.25%** | **Decrease by 0.25%** | **Increase by 0.25%** | **Decrease by 0.25 %** |
| (Decrease)/increase in the defined benefit liability | (6,400) | 6,700 | (300) | 400 |

| | **As at 31 March 2020** | | **As at 31 March 2019** | |
|---|---|---|---|---|
| **Long-term rate of return for accrued pension** | **Increase by 0.5%** | **Decrease by 0.5%** | **Increase by 0.5%** | **Decrease by 0.5 %** |
| (Decrease)/increase in the defined benefit liability | (10,000) | 10,000 | (10,500) | 10,500 |

The present value of the defined benefit obligation is calculated with the same method (project unit credit) as the defined benefit obligation recognized in the statement of financial position. The sensitivity analysis is based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**Defined contribution plans**

Apart from being covered under the Gratuity Plan described earlier, employees of the Group also participate in a provident fund plan in India. Contributions paid or payable are recognized as expense in the period in which they are due. During the year ended 31 March 2020, the Group contributed USD 2,544,141 (31 March 2019: 1,398,538) towards the Provident Fund Plan in India.

## 19 OTHER CURRENT LIABILITIES

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Employee dues | 6,476,652 | 5,737,029 |
| Statutory dues payable | 1,324,876 | 1,491,978 |
| Unearned revenue | 93,060 | 206,299 |
| Advance from customers | 1,156,301 | 836,020 |
| Derivative financial liabilities | 1,891,422 | - |
| Others | 1,380,902 | 1,454,139 |
| | **12,323,213** | **9,725,465** |

## 20 OTHER OPERATING INCOME

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|

| | | |
|---|---|---|
| Foreign exchange gain | 2,815,280 | 2,059,376 |
| Profit on sale of property, plant and equipment | 10,494 | 17,373 |
| Miscellaneous income | 1,055,754 | 912,014 |
| | **3,881,528** | **2,988,763** |

## 21 FINANCE INCOME

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Interest income on deposit accounts | 856,450 | 611,425 |
| Interest on tax refund | - | 205,116 |
| Others | 4,864 | 3,523 |
| | **861,314** | **820,064** |

## 22 FINANCE COST

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Interest on borrowings | 3,856,880 | 5,234,320 |
| Interest on finance lease | 587,564 | 66,075 |
| | **4,444,444** | **5,300,395** |

## 23 INCOME TAXES

Income tax is based on the tax rate applicable in the various jurisdictions in which the Group operates. The effective tax at the domestic rates applicable to profits in the country concerned, as shown in the reconciliation below, have been computed by multiplying the accounting profit with effective tax rate in each jurisdiction in which the Group operates. The entity at Guernsey is zero tax entity.

Tax expense reported in the Consolidated Income Statement for the year ended 31 March 2020 and 31 March 2019 is as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Current tax expense | 5,004,205 | 4,508,290 |
| Deferred tax expense | 2,528,011 | 4,579,703 |
| **Income tax expense included in consolidated income statement** | **7,532,216** | **9,087,993** |

The relationship between the expected tax expense based on the domestic tax rates for each of the legal entities within the Group and the reported tax expense in the consolidated income statement is reconciled as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Accounting profit for the year before tax** | **52,554,384** | **40,837,070** |
| Effective tax at the domestic rates applicable to profits in the country concerned | 5,228,084 | 5,940,018 |
| Deferred tax on undistributed earnings | 1,899,722 | 1,376,676 |
| Dividend distribution tax | 87,019 | 30,698 |
| Income not taxable/expenses not allowed | 249,254 | 448,157 |
| Change in tax laws | (11,440) | 239,201 |
| Change in US tax | (162,163) | 1,024,085 |
| MAT credit written off | 180,548 | - |
| Others | 61,192 | 29,158 |
| **Tax expense** | **7,532,216** | **9,087,993** |

## 24 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profits attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

Calculation of basic and diluted earnings per share is as follows:

**Basic earnings per share**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Profit attributable to shareholders | 45,022,168 | 31,749,077 |
| Weighted average number of shares outstanding | 190,130,008 | 190,130,008 |
| **Basic earnings per share (USD)** | **0.24** | **0.17** |

**Diluted earnings per share**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Profit attributable to shareholders | 45,022,168 | 31,749,077 |
| Potential ordinary shares | Nil | Nil |
| Weighted average number of shares outstanding | 190,130,008 | 190,130,008 |
| **Diluted earnings per share (USD)** | **0.24** | **0.17** |

## 25 LEASES

**(a) Change of accounting policy:**

The Group has adopted IFRS 16 'Leases' from 1 April 2019 and applied the modified retrospective approach. Comparatives for the financial year 2018-2019 have not been restated and this resulted in the recognition of lease liabilities and right-of-use assets for operating lease contracts with fixed terms and future minimum lease payments as summarized in the following table:

| Particulars | Amount in USD |
|---|---|
| Operating lease commitments as of 31 March 2019* | 9,004,713 |
| Less: Recognition exemption for leases of low-value assets | - |
| Less: Recognition exemption for short-term leases | - |
| **Undiscounted operating lease commitments as of 1 April 2019** | 9,004,713 |
| Less: Effects of discounting using incremental borrowing rates | 2,687,195 |
| Additional lease liabilities as of 1 April 2019 from leases previously classified as operating leases in accordance with IAS 17 | 6,317,518 |

*At closing exchange rates

**(b) Lease liabilities are presented in the statement of financial position as follows:**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---|---|
| Current | 1,216,547 | 36,526 |
| Non-current | 4,467,004 | 14,967 |
| | **5,683,551** | **51,493** |

**(c) The following are amounts recognised in consolidated income statement:**

| Particulars | 31 March 2020 |
|---|---|
| Depreciation expenses of right-of-use | 1,451,931 |
| Interest Expense on the Lease Liability | |
| Interest expense on lease liability | 587,564 |
| Rent expenses* | 9,323 |
| Common area maintenance expenses | 175,566 |
| **Total** | **2,224,384** |

**Rent expense in respect of Short Term Lease*

**(d) Right to use of assets as at 31 March 2020:**

| Particulars | Leased premises |
|---|---|
| **Gross block** | |
| Balance as at 31 March 2019 | - |
| IFRS-16 transition | 6,311,071 |
| **Gross block as at 1 April 2019** | **6,311,071** |
| Additions during the year | 580,409 |
| Translation adjustment | (194,989) |
| **Gross block as at 31 March 2020** | **6,696,491** |
| **Accumulated depreciation** | |
| Balance as at 1 April 2019 | - |
| Depreciation for the period | 1,451,931 |
| Translation adjustment | (58,711) |
| **Accumulated depreciation as at 31 March 2020** | **1,393,220** |
| **Net block as at 31 March 2020** | **5,303,271** |

Following the application of the modified retrospective method at the date of implementation of IFRS 16 on 1 April 2019, whereby Right of Use Assets of USD 6,311,071 were measured at an amount equal to the lease liabilities of USD 6,317,518 adjusted to decrease by USD 6,447 due to accrued rent liabilities net of prepaid rent assets.

For leases that were classified as finance leases applying IAS 17, the carrying amount of the lease liability at the date of initial application is the carrying amount of lease liability immediately before that date measured applying IAS 17 on 31 March 2019. The carrying amount of lease liabilities was USD 51,493 as of 31 March 2019. Accordingly, the total lease liabilities as of 1 April 2019 were USD 6,749,445.

There was no impact on retained earnings upon implementation of IFRS 16.

The lease liabilities were USD 5,683,551 as of 31 March 2020. The corresponding interest expense for the year ended 31 March 2020, amounted to USD 587,564. The portion of the lease payments recognized as a reduction of the lease liabilities and as a cash outflow from financing activities amounted to USD 1,297,038 for the year ended 31 March 2020. Total Cash Flows amounted to USD 1,884,602

**(e) The maturity analysis of the lease liabilities as of 31 March 2020 is as follows:**

| Payments falling due | Gross future minimum lease payments | |
|---|---|---|
| | 31 March 2020 | 31 March 2019 |
| Within 1 year | 1,616,248 | 1,770,912 |
| Later than 1 year but less than 5 years | 3,341,682 | 4,750,278 |
| More than 5 years | 2,436,638 | 3,138,260 |
| | **7,394,568** | **9,659,450** |

**26 FAIR VALUATION GAIN/ (LOSS) ON DERIVATIVES**

The fair valuation loss on derivative financial instrument amounts to USD (1,891,422) during the year ended 31 March 2020 (31 March 2019: USD 426,984). The same has been disclosed in line item "Foreign exchange gain" in Note 20 "Other operating income".

## 27 SHARE CAPITAL

The share capital of iEnergizer consists only of fully paid ordinary shares with a par value of GBP 0.01 per share (previous year GBP 0.01 per share). All shares represent one vote at the shareholder's meeting of iEnergizer Limited and are equally eligible to receive dividends and the repayment of capital.

The total number of shares issued and fully paid up of the Company as on each reporting date is summarized as follows:

| **Particulars** | **31 March 2020** | **31 March 2019** |
|---|---|---|
| Opening number of shares | 190,130,008 | 190,130,008 |
| Number of shares authorized and issued during the year | - | - |
| **Closing number of shares** | **190,130,008** | **190,130,008** |

## 28 RELATED PARTY TRANSACTIONS

The related parties for each of the entities in the Group have been summarized in the table below:

| **Nature of the relationship** | **Related Party's Name** |
|---|---|
| I. Ultimate controlling party | Mr. Anil Aggarwal |
| II. Entities directly or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, the reported enterprises | EICR Cyprus Limited *(Parent of iEnergizer Limited)* |
| III. Key management personnel and significant shareholders : | Mr. Anil Aggarwal *(Ultimate Shareholder, EICR Cyprus Limited)*<br>Mr. Chris de Putron *(Director, iEnergizer Limited)*<br>Mr. Marc Vassanelli *(Director, iEnergizer Limited)*<br>Mr. Mark De La Rue *(Director, iEnergizer Limited)*<br>Mr. Ashish Madan *(CFO and Executive Director, iEnergizer Limited)* |

Disclosure of transactions between the Group and related parties and the outstanding balances is as under:

**Transactions with key managerial personnel and their relative:**

| **Particulars** | **31 March 2020** | **31 March 2019** |
|---|---|---|
| **Transactions during the year** | | |
| Short term employee benefits | | |
| *Remuneration to directors* | | |
| Chris de Putron | 12,639 | 13,001 |
| Mark De La Rue | 12,639 | 13,001 |
| Marc Vassanelli | 37,917 | 39,003 |
| **Total remuneration** | **63,195** | **65,005** |
| | | |
| **Balances at the end of the year** | **128,594** | **91,005** |
| (Total remuneration payable to key managerial personnel) | | |

## 29 OPERATING SEGMENT

Management currently identifies the Group's two service lines business process outsourcing and content delivery as operating segments on the basis of operations. These operating segments are monitored and operating and strategic decisions are made on the basis of operating segment results.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by operating segments. The Group's reportable segments are as follows:

1. Business process outsourcing
2. Content delivery

The measurement of each operating segment's revenues, expenses, assets and is consistent with the accounting policies that are used in preparation of the consolidated financial statements.

Segment information can be analysed as follows for the reporting years under review:

| | | | **31 March 2020** |
|---|---|---|---|
| | **Business process outsource** | **Content delivery** | **Total** |

| | | | |
|---|---|---|---|
| Revenue from external customers | 120,788,737 | 70,211,754 | 191,000,491 |
| Other income (including realized foreign exchange gain) | 1,828,990 | 1,171,138 | 3,000,128 |
| **Segment revenue** | **122,617,727** | **71,382,892** | **194,000,619** |
| Cost of outsourced services | 31,802,146 | 8,507,410 | 40,309,556 |
| Employee benefit expense | 40,854,554 | 38,392,489 | 79,247,043 |
| Other expenses | 9,398,315 | 5,312,771 | 14,711,086 |
| **Earnings before interest, tax, depreciation and amortisation** | **40,562,712** | **19,170,222** | **59,732,934** |
| Unrealized foreign exchange gain | 237,224 | 644,176 | 881,400 |
| Depreciation and amortisation | (2,246,039) | (2,230,781) | (4,476,820) |
| **Segment operating profit** | **38,553,897** | **17,583,617** | **56,137,514** |
| **Other income and expense:** | | | |
| Finance income | 561,424 | 299,890 | 861,314 |
| Finance costs | (535,328) | (3,909,116) | (4,444,444) |
| **Profit before tax** | **38,579,993** | **13,974,391** | **52,554,384** |
| Income tax expense | (3,276,148) | (4,256,068) | (7,532,216) |
| **Profit after tax** | **35,303,845** | **9,718,323** | **45,022,168** |
| **Segment assets** | **70,095,268** | **153,025,953** | **223,121,221** |
| **Segment liabilities** | **20,721,093** | **61,800,147** | **82,521,240** |
| **Capital expenditure** | **3,053,120** | **1,060,750** | **4,113,870** |

Till the previous year the Group had one more segment named as "Others". There was insignificant activity in the same, hence, the Chief Operating Decision Maker (CODM) decided to merge the same in both "Business process outsourcing" and "Content segment" respectively in the current year. The other costs which were primarily incurred for BPO were merged to Business Process Outsourcing and the Loan liability primarily taken to refinance the original debt taken for Aptara's acquisition along with its interest component was merged with Content Services. The divisional taxes were not changed based on these re-allocations of expenses pertaining to the erstwhile "Others" Segment. The comparatives also have been restated accordingly.

During the current year, the Group has adopted IFRS 16 (leases) using the retrospective modified approach. The impact of the same has recognized in the current year financials without any restatement of previous year comparative numbers in accordance with modified retrospective approach. To ensure comparability, the impact of transition on current year's Earnings before interest, tax, depreciation and amortization has been illustrated below.

| Particular | Business process outsource | Content delivery | Total |
|---|---|---|---|
| Earnings before interest, tax, depreciation and amortisation | 40,562,712 | 19,170,222 | 59,732,934 |
| Rent adjustment as per IFRS 16 | 633,291 | 924,193 | 1,557,484 |
| **Earnings before interest, tax, depreciation and amortisation (before rent adjustment)** | **39,929,421** | **18,246,029** | **58,175,450** |

**31 March 2019**

| | Business process outsource | Content delivery | Total |
|---|---|---|---|
| Revenue from external customers | 101,955,687 | 72,137,104 | 174,092,791 |
| Other income (including realised foreign exchange gain) | 1,098,222 | 1,461,060 | 2,559,282 |
| **Segment revenue** | **103,053,909** | **73,598,164** | **176,652,073** |
| Cost of outsourced services | (28,130,723) | (9,933,540) | (38,064,263) |
| Employee benefit expense | (34,426,507) | (39,402,515) | (73,829,022) |
| Other expenses | (7,618,453) | (7,064,025) | (14,682,478) |
| **Earnings before interest, tax, depreciation and amortisation** | **32,878,226** | **17,198,084** | **50,076,310** |
| Unrealized foreign exchange gain/(loss) | 140,116 | 289,365 | 429,481 |
| Depreciation and amortisation | (1,512,797) | (3,675,593) | (5,188,390) |
| **Segment operating profit** | **31,505,545** | **13,811,856** | **45,317,401** |
| **Other income and expenses:** | | | |
| Finance income | 538,306 | 281,758 | 820,064 |
| Finance costs | (66,075) | (52,24,320) | (5,300,395) |
| **Profit before tax** | **31,977,776** | **8,859,294** | **40,837,070** |
| Income tax expense | (4,812,797) | (4,275,196) | (9,087,993) |
| **Profit after tax** | **27,164,979** | **4,584,098** | **31,749,077** |
| **Segment assets** | **66,061,135** | **152,796,026** | **218,857,161** |
| **Segment liabilities** | **14,631,681** | **65,702,371** | **80,334,052** |
| **Capital expenditure** | **4,208,748** | **907,506** | **5,116,254** |

The Group's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are divided into the following geographical areas:

| Location | Revenue | Non-current assets | Revenue | Non-current assets |
|---|---|---|---|---|
| | 31 March 2020 | 31 March 2020 | 31 March 2019 | 31 March 2019 |
| United Kingdom | 8,241,221 | 15 | 7,253,236 | 13 |
| India | 32,206,048 | 18,006,677 | 30,803,321 | 11,313,216 |
| USA | 145,801,849 | 112,586,600 | 129,636,798 | 111,705,381 |
| Rest of the world | 4,751,373 | 10,009 | 6,399,436 | 11,161 |
| **Total** | **191,000,491** | **130,603,301** | **174,092,791** | **123,029,771** |

Revenues from external customers in United Kingdom, as well as its major markets, India and the USA have been identified on the basis of the internal reporting systems.

In year ended 31 March 2020, revenue from one customer (31 March 2019: one customer) amounted to 10% or more of consolidated revenue during the year presented.

| | | 31 March 2020 |
|---|---|---|
| **Revenue from** | **Segment** | **Amount** |
| Customer 1 | Business process outsource | 20,703,195 |

| | | 31 March 2019 |
|---|---|---|
| **Revenue from** | **Segment** | **Amount** |
| Customer 1 | Business process outsource | 19,678,587 |

## 30 FINANCIAL ASSETS AND LIABILITIES

Carrying amounts of assets and liabilities presented in the statement of financial position relates to the following categories of assets and liabilities:

| Financial assets | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Non-current assets** | | |
| *Financial assets measured at amortized cost* | | |
| Security deposits | 382,614 | 507,498 |
| Restricted cash | 1,881,726 | 108,591 |
| Fixed deposits with banks | 1,087,641 | 1,065,892 |
| **Current assets** | | |
| *Financial assets measured at amortized cost* | | |
| Trade receivables | 32,044,127 | 36,675,342 |
| Cash and cash equivalents | 45,147,783 | 42,413,215 |
| Restricted cash | 4,293,982 | 4,747,604 |
| Security deposits | 60,516 | 11,985 |
| Fixed deposits with banks | 3,244,643 | 1,803,959 |
| Due from officers and employees | 27,244 | 20,032 |
| Interest accrued on fixed deposit | 16,256 | 47,891 |
| *Fair value through profit and loss:* | | |
| Derivative financial instruments | - | 426,984 |
| | **88,186,532** | **87,828,993** |

| Financial liabilities | 31 March 2020 | 31 March 2019 |
|---|---|---|
| **Non-current liabilities** | | |
| *Financial liabilities measured at amortized cost:* | | |
| Long term borrowings | 32,992,983 | 870,535 |
| **Current liabilities** | | |
| *Financial liabilities measured at amortized cost:* | | |
| Short term borrowings | - | 8,934 |
| Trade and other payables | 11,481,885 | 10,574,896 |
| Current portion of long term borrowings | 10,527,775 | 45,403,496 |
| Other current liabilities | 12,323,213 | 9,725,465 |
| | **67,325,856** | **66,583,326** |

These non-current financial assets and liabilities, current financial assets and liabilities have been recorded at their respective carrying amounts as the management considers the fair values to be not materially different from their carrying amounts recognized in the statement of financial positions. Derivative financial instruments, recorded at fair value through profit and loss, are recorded at their respective fair values on the reporting dates.

## 31 COMMITMENT AND CONTINGENCIES

At 31 March 2020 and 31 March 2019, the Group had capital commitment of USD 141,848 and USD 126,817 respectively for acquisition of property, plant and equipment.

The contingent liability in respect of claims filed by erstwhile employees against the group companies amounts to USD 55,427 and USD 122,834 as on 31 March 2020 and 31 March 2019 respectively and in respect of interest on VAT amounts to USD 9,347 as on 31 March 2020 (USD 10,060 as on 31 March 2019).

Guarantees: As at 31 March 2020 and 31 March 2019, guarantees provided by banks on behalf of the group companies to the revenue authorities and certain other agencies, amount to approximately USD 36,732 and USD 35,049 respectively.

## 32 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group has trade and other receivables, other financial assets and cash and bank balances.

The Group is exposed to market risk, credit risk and liquidity risk.

### MARKET RISK

Market risk is the risk that changes in market prices will have an effect on Group's income or value of the financial assets and liabilities. The Group's financial instruments affected by market risk include trade and other receivables, other financial assets, borrowings and trade and other payables.

The sensitivity analysis in the following sections relate to the position as at 31 March 2020. The analysis excludes the impact of movement in market variables on the carrying value of assets and liabilities other than financial assets and liabilities. The sensitivity of the relevant consolidated income statement is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020.

**Interest rate sensitivity**
Interest rate risk primarily arises from floating rate borrowings. As at 31 March 2020, substantially all of our borrowings were subject to floating interest rates, which reset at short intervals. If interest rates were to increase by 1% from 31 March 2020, additional net annual interest expense on our floating rate borrowing would amount to approximately USD 453,396.

**Price risk sensitivity**
The Group does not have any financial asset or liability exposed to price risk as at reporting date.

**Foreign currency risk**
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group renders services primarily to customers located in the United States including those rendered by its Indian entities. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the trades receivable in USD on account of contracts for rendering the services. The Group entity has fixed rate forward contracts that are obtained to manage the foreign currency risk in USD denominated trade receivables. Such contracts are taken considering overall receivable position and related expense and are not speculative in nature.

Net short term exposure in USD equivalents of foreign currency denominated financial assets and liabilities at each reporting date are as follows:

| **Currency** | **USD** | **USD** | **USD** | **USD** |
|---|---|---|---|---|
| **Foreign currency** | **AUD** | **GBP** | **EURO** | **SGD** |
| **31 March 2020** | | | | |
| Financial assets | 32,801 | 365,553 | 32,239 | 518 |
| Financial liabilities | - | - | - | - |
| **Net short term exposure** | **32,801** | **365,553** | **32,239** | **518** |

| **Currency** | **USD** | **USD** | **USD** | **USD** |
|---|---|---|---|---|
| **Foreign currency** | **AUD** | **GBP** | **EURO** | **SGD** |
| **31 March 2019** | | | | |
| Financial assets | 132,880 | 1,093,037 | 175,574 | 37,815 |
| Financial liabilities | - | - | - | - |
| **Net short term exposure** | **132,880** | **1,093,037** | **175,574** | **37,815** |

For the purpose of computing sensitivity analysis of the foreign currency exposure, the management has considered percentage change in the respective exchange rates with respect to USD from the previous year.

| **Functional currency** | **31 March 2020** | **31 March 2019** |
|---|---|---|
| AUD | +/- 15.60 % | +/- 7.56% |
| GBP | +/- 5.26 % | +/- 7.03% |
| EUR | +/- 1.99% | +/- 8.95% |
| SGD | +/- 5.04% | +/- 3.18% |

The following table details Group's sensitivity to appreciation or depreciation in functional currency vis-a-vis the currency in which the foreign currency financial assets and liabilities are denominated:

| **Currency** | **USD** | **USD** | **USD** | **USD** |
|---|---|---|---|---|
| **Foreign currency** | **AUD** | **GBP** | **EURO** | **SGD** |
| 31 March 2020 | 5,117 | 19,235 | 642 | 26 |
| 31 March 2019 | 7,129 | 100,123 | 17,633 | 887 |

If the functional currency of the Group would have weakened with respect to various other currencies by percentages mentioned above, then the effect will be an increase in profit and equity by USD 31,080 (31 March 2019: USD 125,771). If the functional currency had strengthened with respect to the various currencies, there would be an equal and opposite impact on profit and equity for each year.

### CREDIT RISK

Credit risk arises from debtors' inability to make payment of their obligations to the Group as they become due; and by non-compliance by the counterparties in transactions in cash, which is limited, to balances deposited in banks and accounts receivable at the respective reporting dates. The Group is not exposed to any significant credit risk on other financial assets and balances with banks. Further analysis for each category is detailed below:

**Trade receivables and other receivables**

In case of trade receivables, its customers are given a credit period of 30 to 75 days and the customers do not generally default and make payments on time and other receivables are immediately recoverable.

Gross value of top five customers for the year ended 31 March 2020 are USD 13,218,363 being 41.25% (31 March 2019 USD 13,676,235 being 37.29%) of net trade receivables. An analysis of age of trade receivables past due net of impairment at each reporting date is summarized as follows:

| **Particulars** | **31 March 2020** |
|---|---|
| Not past due | 14,420,874 |
| Past due less than three months | 16,029,777 |
| Past due more than three months but not more than six months | 1,541,043 |
| Past due more than six months but not more than one year | 52,433 |
| More than one year | - |
| **Total** | **32,044,127** |

| **Particulars** | **31 March 2019** |
|---|---|
| Not past due | 22,966,847 |
| Past due less than three months | 12,825,525 |
| Past due more than three months but not more than six months | 654,610 |
| Past due more than six months but not more than one year | 93,790 |
| More than one year | 134,570 |
| **Total** | **36,675,342** |

**Other financial assets**

In case of other financial assets, all the current balances are recoverable on demand while the non-current balances are primarily on account of security deposits given for buildings take on lease.

| **The maximum exposure to credit risk in other financial assets is summarized as follows:** | **31 March 2020** | **31 March 2019** |
|---|---|---|
| Security deposits | 443,130 | 519,483 |
| Restricted cash | 6,175,708 | 4,856,195 |
| Cash and cash equivalents | 45,147,783 | 42,413,215 |
| Fixed deposits | 4,332,284 | 2,869,851 |
| Due from officers and employees | 27,244 | 20,032 |
| Derivative financial instruments | - | 426,984 |
| Interest accrued on fixed deposits | 16,256 | 47,891 |
| **Total** | **56,142,405** | **51,153,651** |

Cash and cash equivalents, restricted cash, fixed deposits and interest accrued thereon are held with reputable banks. The maximum exposure to credit risk is in the items stated in Note 14. For the purpose of evaluating expected credit loss as per IFRS 9, the management found the same to be negligible.

The Group's maximum exposure to credit risk arising from the Group's trade and other receivables and other financial assets at the respective reporting dates is represented by the carrying value of each of these assets.

Credit risk concentrations exist when changes in economic, industrial or geographic factors take place, affecting in the same manner the Group's counterparties whose added risk exposure is significant to the Group's total credit exposure.

**LIQUIDITY RISK**

Liquidity needs of the Group are monitored on the basis of future cash flow projections. The Group manages its liquidity needs by continuously monitoring cash flows from customers and by maintaining adequate cash and cash equivalents and short terms investments. Net cash requirements are compared to available cash in order to determine any shortfalls.

Short terms liquidity requirements comprise mainly of sundry creditors, expense payable, and employee dues arising during normal course of business as on each reporting date. The Group maintains a minimum of sixty days of short term liquidity requirements in cash and cash equivalents. Long term liquidity requirement is assessed by the management on periodical basis and is managed through internal accruals and through the management's ability to negotiate borrowing facilities. Derivative financial instruments reflect forward exchange contracts that will be settled on a gross basis.

As at 31 March 2020, the Group's financial liabilities having contractual maturities (including interest payments where applicable) are summarized as follows:

| **31 March 2020** | **Current** | | **Non-current** |
|---|---|---|---|
| **Financial liabilities** | Due within 60 days | Due in 61 days to 365 days | Due in more than 1 year but not later than 5 years |
| Trade payables | 5,992,417 | 244,161 | - |
| Expenses payable | 4,143,851 | 1,101,456 | - |
| Borrowings | 830,756 | 12,982,801 | 37,695,741 |
| Employee dues | 6,333,418 | 143,234 | - |
| Derivative financial instrument | 233,651 | 1,657,771 | - |
| **Total** | **17,534,093** | **16,129,423** | **37,695,741** |

As at 31 March 2019, the Group's financial liabilities having contractual maturities (including interest payments where applicable) are summarized as follows:

| **31 March 2019** | **Current** | | **Non-current** |
|---|---|---|---|

**31 March 2019** | **Current** | **Non-current**

Financial liabilities Due within 60 days Due in 61 days to 365 days Due in more than 1 year but not later than 5 years

| **Financial liabilities** | Due within 60 days | Due in 61 days to 365 days | Due in more than 1 year but not later than 5 years |
|---|---|---|---|
| Trade payables | 1,369,473 | 5,552,135 | - |
| Expenses payable | 2,754,896 | 898,392 | - |
| Borrowings | 45,037,016 | 366,480 | 870,535 |
| Employee dues | 4,913,313 | 823,716 | - |
| Bank overdraft | 8,934 | - | - |
| **Total** | **54,083,632** | **7,640,723** | **870,535** |

## 33 FAIR VALUE HIERARCHY

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 and 3 fair value measurements.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

| **31 March 2020** | **Total** | **Fair value measurements at reporting date using** |
|---|---|---|
| | | **Level 2** |
| **Liabilities** | (Notional amount) | |
| *Derivative instruments* | | |
| Forward contracts (currency - USD/INR) | 35,850,000 | (1,891,422) |

| **31 March 2019** | **Total** | **Fair value measurements at reporting date using** |
|---|---|---|
| | | **Level 2** |
| **Assets** | (Notional amount) | |
| *Derivative instruments* | | |
| Forward contracts (currency - USD/INR) | 18,700,000 | 426,984 |

The Group's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

## 34 CAPITAL RISK MANAGEMENT

The Group's capital comprises of equity attributable to the equity holder of the parent.

The Group monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total equity comprises of all the components of equity (i.e., share capital, additional paid in capital, retained earnings etc.). Total debt comprises of all liabilities of the Group. The management of the Group regularly reviews the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the Group.

| | **31 March 2020** | **31 March 2019** |
|---|---|---|
| Total equity | 140,599,981 | 138,523,109 |
| Total debts | 82,521,240 | 80,334,052 |
| **Overall financing** | **223,121,221** | **218,857,161** |
| Gearing ratio | 0.37 | 0.37 |

The current gearing ratio of the Group is quite high and the primary objective of the Group's capital management is to reduce net debt over the coming financial year whilst investing in business and maximizing shareholder value. In order to meet this objective, the Group may repay debt, adjust the amount of dividends paid to shareholders, return capital to shareholders or issue

## 35 AUDIT FEES EXPENSE FOR GROUP AUDIT AND STANDALONE AUDIT:

| **Particulars** | **31 March 2020** | **31 March 2019** |
|---|---|---|
| Group audit fees | 107,284 | 108,696 |
| Standalone entities audit fees | 42,860 | 43,289 |
| **Total audit fees** | **150,144** | **151,985** |

## 36 POST REPORTING DATE EVENTS

The group does not have any post Balance sheet date event to be reported.

EBITDA has been calculated under the IFRS 16 accounting standards, under which a company's operating lease liabilities are shown as liabilities on the balance sheet, together with the related assets that correspond to the right to use such assets over the remaining life of the related lease contracts. If these impacts had not been taken into consideration, the EBITDA would have been $58.2m.[1]

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