15 August 2012

iEnergizer Limited

("iEnergizer" or "the Company")

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

iEnergizer Limited, a leading international provider of third-party integrated business process solutions, is pleased to announce its Annual Results for the year ended 31 March 2012.

Highlights

- Revenue up 45.32% to $71.73m (2011: $49.36m)
- Underlying operating profit $18.9m (2011: $16.3m)
- Integration of Aptara, the market leader in outsourced multi-channel content production and digital media solutions, is progressing well
- Proposed dividend of 8p

Sara Latham, Chairman said:

"iEnergizer has performed well over the past year, delivering on expectations by executing on its strategy of providing high quality services in complementary areas to deliver client orientated services. Through this we have grown our order book and continue to work with blue chip companies within a variety of sectors including Banking Financial Services and Insurance, Online Video Game and Telecom/Electronics.

Our strategic acquisition of Aptara during the end of the period, which supplements our existing business, is integrating well and we look forward to further expanding the business through the additional cross selling opportunities provided by the integration of Aptara."

-Ends-

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Chairman's Statement

I am pleased to report that the Company has continued on its path of significant operational and financial progress during this financial year.

While the underlying iEnergizer business has continued to grow organically, particularly in the Indian domestic BPO market, significant long term growth is expected to come from the acquisition of Aptara Inc., United States ("Aptara"), which was completed on 7th February 2012.

Aptara is a leading outsourced service provider in publishing and content process solution industries. Aptara provides services through its 4 delivery facilities in Delhi, Pune, Trivandrum and Dehradun employing over 5500 persons. Aptara is expected to help iEnergizer expand its service capabilities, client base & markets, employees headcount, revenues and profitability in a significant manner. Aptara provides content process outsourcing solutions, delivering a comprehensive offering for the transformation and management of content such as text, audio, video and graphic assets.

The overall outsourcing global market continues to expand as companies in the developed world, particularly the US, continue to exploit India's cost advantage and outsource operations. The type of functions which are outsourced are increasingly sophisticated and iEnergizer is well placed to benefit from this as it is an essential long term partner that provides of high quality, complex processes.

Importantly, more complex processes by nature tend to require a tailor made service for each client, which helps us develop deep reaching relationships that in turn result in high client retention rates. We also leverage these strong relationships to cross sell other outsourcing services and identify opportunities with new service offerings. Like iEnergizer, Aptara has a pursued long term partnership model with its key client base with an average relationship of over 12 years with its top 20 clients.

We believe that the supplementary varied service offering provided by the acquisition of Aptara makes iEnergizer well placed to take advantage of the growing BPO opportunities both in the developed and emerging markets. We have seen our order book increase as we grow with the expanding global outsourcing market and take advantage of the cross selling opportunities provided by our diversified service offering.

I would like to thank our management team for their leadership which has helped iEnergizer achieve sustainable growth over the past year. The entrepreneurial approach of the management team has been a true asset to the Company and has enabled us to identify new markets in addition to providing high quality service to our existing clients.

Sara Latham
Non-Executive Chairman
14 August 2012

Chief Executive's Review

Introduction
iEnergizer has a full service BPO offering across a range of sectors and countries with a strong financial track record of delivery which consists of significant growth.

I am pleased to announce that robust performance has continued this year also as the Company has increased the top line revenues to $72.2m, growing it by 46.3% (2011: $49.4m). This only includes seven weeks' contribution of Aptara for the period from 7th February 2012 to 31st March 2012. In light of this, the impact of Aptara's contribution to next year's consolidated financials will be significant and is expected to result in iEnergizer becoming one of the leading BPO companies in the markets in which it operates.

Financial Overview
The acquisition of Aptara was completed for a total cash consideration of $150.1m, which was based on an enterprise valuation of $144m and cash acquisition/working capital adjustment of $6.1m. iEnergizer partly funded the acquisition by raising a debt finance of $134.5m (including $20m from EICR (Cyprus) Ltd., a major shareholder connected with Director Mr Anil Aggarwal) and partly from cash available with iEnergizer.

iEnergizer also paid the maiden dividend of £8.4m ($13.6m) out of cash generated as announced in 2011.

During the period, iEnergizer placed three million new ordinary shares raising £7.14m ($11.06m) before expenses.

Revenue for the period was up 46.3% at $72.2m (2011: $49.4m). Like for like, growth in the underlying business was 19.8% with standalone revenue of $59.2m excluding $13m revenue contribution from Aptara for the period from 7th Feb 2012 to 31st March 2012.

Adjusted Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) increased to $22.2m (2011: $17m). Adjusted operating profit* increased to $21.6m (2011: $16.3m) with consolidated operating profit margin reducing to 30% (2010: 32.9%) largely due to operating margins of approximately 20% ($2.8m on a revenue of $13m) at which Aptara currently operates. On standalone basis, the operating margin has remained stable at around 32%. Adjusted profit before tax (PBT)* increased to $20.5m (2011: $16.3m) including $1.4m contributed by Aptara. Adjusted profit after tax (PAT)* increased to $18.8m (2011: $15.7m) including $1.2m contributed by Aptara.

* The adjusted Earnings Before Interest, Depreciation, Tax and Amortization (EBIDTA), operating profit, adjusted profit before tax (PAT) and adjusted profit after tax (PAT) are derived by adjusting exceptional costs of (i) Aptara's acquisition related costs of $0.93m, (ii) new equity placement costs of $0.13m, (iii) amortisation of intangibles acquired of $0.77m and (iv) net forex related losses on the derivative contracts etc;. of $0.9m respectively) from the reported Earnings Before Interest, Depreciation, Tax and Amortization (EBIDTA) operating profit, reported profit before tax and reported profit after tax as the case may be.

Business Review
The Company's outsourcing services continue to be structured around industry-focused BPO services, including Banking Financial Services and Insurance (BFSI), Publishing, Content Process Solutions, Entertainment and Online Video Game, Information Technology and Telecom/Electronics as well as cross-industry BPO services, such as collections and customer services.

This has been extended by the acquisition of Aptara which provides services in the following areas: (i) Educational Publishing, (ii) Professional publishing, (iii) e-Learning and new media publishing, (iv) Content transformation technology (IT) services and (v) Legal solutions. Aptara customers include publishers, information aggregators, professional societies, universities, corporations and non for profit organisations located primarily in the United States, the United Kingdom and Australia.

We have expanded our business by leveraging established client relationships to cross sell across numerous verticals. This trend has been seen in both the domestic Indian BPO market and the international markets during the year. The acquisition of Aptara will enhance the Company's growth prospects by expanding its service capabilities, client base & markets, employee headcount, revenues and profitability. iEnergizer will target cross selling opportunities with Apatra's client base and as well as focus on bringing its cost efficient practices into Aptara's operations with the aim to increase Aptara's operating margins.

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 8p per share with dividend record date of 24 August 2012. The Company Ordinary Shares are expected to go ex-dividend on 22 August 2012 and the dividend is expected to be paid on 7 September 2012. The Company will continue to review any future dividend policy with the need to utilize its cash generation for repayment of acquisition financing and invest in its operational growth, in-line with its long term stated requirements. The Board is committed to maintaining a strong but efficient balance sheet.

Strategy

The Company has delivered growth for its shareholders by following the strategies articulated in the Admission Document at the time of IPO; namely by:

- Expanding its revenues from the domestic Indian BPO market both by taking advantage of the growth in the market itself;
- Increasing the Company's share of that growing market;
- Growing its international client base with a focus on the US and UK markets;
- Maintaining and developing long term client relationships and increasing depth and breadth of services provided to them; and
- Differentiating itself through the quality and price at which it delivers its range of services by being flexible enough to evolve and provide services in complementary areas to deliver client orientated services.
- Undertake strategic acquisition of other market leading Business Process Outsourcing service providers, thus growing its client base, markets, service capabilities, revenues, profits & employee headcount.

The success of these strategies is evidenced in the Company's financial and operational performance and the Company is focused on pursuing these to drive growth looking forward.

Current Trading and Outlook

We continue to make progress in gaining market share within the expanding global outsourcing market where there are opportunities both in the domestic Indian BPO market and international markets. In addition, we continue to create new opportunities and develop our long term client relationships by increasing the depth and breadth of the services provided to them. Also, the acquisition of Aptara will help us grow further by providing new revenue streams and cross selling opportunities.

Current trading is in line with expectations and we expect the financial year 2012-13 to close with significant overall growth.

We continue to pursue a growth policy based on organic growth from existing operations together with any other opportunities which may arise.

Anil Aggarwal
Chief Executive
14 August 2012

Consolidated Statement of Financial Position

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

	Notes	As at 31 March 2012	As at 31 March 2011
ASSETS			
Non-current			
Goodwill	**7**	102,300,503	186,696
Other intangibles assets	**8**	35,941,234	213,197
Property, plant and equipment	**9**	4,014,833	748,085
Long term financial assets	**10**	719,322	117,407
Deferred tax assets	**11**	20,230,187	41,999
Non-current assets		**163,206,079**	**1,307,384**
Current			
Trade and other receivables	**12**	25,799,898	9,966,669
Cash and cash equivalents	**13**	11,478,220	12,232,458
Short term financial assets	**14**	2,885,695	-
Current tax assets		114,090	27,626
Other current assets	**15**	1,928,467	1,979,979
Current assets		**42,206,370**	**24,206,732**
Total assets		**205,412,449**	**25,514,116**
EQUITY AND LIABILITIES			
Equity			
Share capital		3,195,334	3,148,881
Share compensation reserve		63,986	63,986
Additional paid in capital		11,009,480	-
Merger reserve	**16**	(1,049,386)	(1,049,386)
Retained earnings		19,201,520	16,797,935
Currency translation reserve		(1,166,752)	42,470
Total equity attributable to equity holders of the parent		**31,254,182**	**19,003,886**
Liabilities			
Non-current			
Long term borrowings	**17**	1,012,004	76,662
Employee benefit obligations	**19**	4,005,323	161,431
Other non-current liabilities		282,557	-
Deferred tax liabilities	**11**	13,120,619	-
Non-current liabilities		**18,420,503**	**238,093**

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

	Notes	As at 31 March 2012	As at 31 March 2011
Current			
Trade and other payables		9,627,763	5,321,421
Employee benefit obligations	**19**	831,348	-
Current tax liabilities		575,515	2,811
Current portion of long term borrowings	**17**	425,034	97,969
Short term borrowings	**17**	134,500,000	-
Other current liabilities	**20**	9,778,104	849,936
Current liabilities		**155,737,764**	**6,272,137**
Total equity and liabilities		**205,412,449**	**25,514,116**

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

The Consolidated Financial Statements is being signed as of 14 August 2012, pursuant to resolution approved in the board meeting held on 14 August 2012.

Anil Aggarwal

Consolidated Income Statement

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

	Notes	For the year ended 31 March 2012	For the year ended 31 March 2011
Revenue			
Rendering of services		71,729,280	49,333,893
Other operating income		466,443	26,054
		72,195,723	**49,359,947**
Cost and expenses			
Cost of outsourced services		31,427,733	25,591,106
Employee benefits expense		14,331,576	4,933,542
Depreciation and amortisation		1,341,872	757,502
Other expenses		6,206,196	1,823,102
		53,307,377	**33,105,252**
Operating profit		**18,888,346**	**16,254,695**
Finance income	**21**	95,986	31,455
Finance costs	**22**	(1,230,955)	-
Profit before tax		**17,753,377**	**16,286,150**
Income tax expense	**23**	1,733,324	537,601
Profit for the year attributable to equity holders of the parent		**16,020,053**	**15,748,549**
Earnings per share			
Basic	**24**	*0.11*	*0.10*
Diluted		*0.11*	*0.10*
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 2012	For the year ended 31 March 2011
Profit for the year	**16,020,053**	**15,748,549**
Exchange difference on translating foreign operations	(1,166,752)	42,470
Income tax relating to components of other	-	-

comprehensive income		
Total comprehensive income for the year attributable to equity holders of the parent	**14,853,301**	**15,791,019**

(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	Share compensation	Merger reserve	Currency translation reserve
Balance as at 01 April 2010	**3,148,732**	**-**	**(1,049,386)**	**-**
Issue of ordinary shares	149	-	-	-
Share based compensation	-	63,986	-	-
Transaction with owners	**3,148,881**	**63,986**	**(1,049,386)**	**-**
Profit for the year	-	-	-	-
Other comprehensive income				
Exchange difference on translating foreign operations	-	-	-	42,470
Total comprehensive income for the year	-	-	-	42,470
Balance as at 31 March 2011	**3,148,881**	**63,986**	**(1,049,386)**	**42,470**

(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	Currency translation reserve	Retained earnings
Balance as at 01 April 2011	**3,148,881**	**-**	**63,986**	**(1,049,386)**	**42,470**	**16,797,935**
Issue of ordinary shares	46,453	11,009,480	-	-	-	-
Dividends	-		-	-	-	(13,616,46)
Transaction with owners	**3,195,334**	**11,009,480**	**63,986**	**(1,049,386)**	**42,470**	**3,181,467**
Profit for the year	-		-	-	-	16,020,053
Other comprehensive income						
Exchange difference on translating foreign operations	-	-	-	-	(1,209,222)	-
Total comprehensive income for the year	-	-	-	-	(1,209,222)	16,020,053

Balance as at 31 March 2012	**3,195,334**	**11,009,480**	**63,986**	**(1,049,386)**	**(1,166,752)**	**19,201,520**

(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 2012	For the year ended 31 March 2011
Cash flow from operating activities		
Profit before tax	**17,753,377**	**16,286,150**
Adjustments		
Depreciation and amortisation	1,341,872	757,502
Receivable written off/provided for	-	81,162
Share based payments	-	63,986
Loss on disposal of property, plant and equipment	7,736	-
Trade receivables written-off	4,175	-
Foreign exchange loss	903,826	
Finance income	(95,986)	(7,897)
Finance cost	1,230,955	-
	21,145,955	**17,180,903**
Changes in operating assets and liabilities		
Trade and other receivables	(15,837,405)	(5,499,070)
Other assets	37,999,010	42,654,872
Non-current liabilities, trade payables and other current liabilities	(21,930,934)	3,654,378
Cash generated from operations	**21,376,626**	**57,991,083**
Income taxes paid	(8,314,652)	(604,415)
Net cash generated from operating activities	**13,061,974**	**57,386,668**
Cash flow for investing activities		
Payments for purchase of property plant and equipment	(1,180,420)	(515,880)
Interest received	95,986	7,897
Consideration towards business combination net of cash acquired	(150,100,000)	(2,531,271)
Net cash used in investing activities	**(151,184,434)**	**(3,039,254)**
Cash flow from financing activities		
Proceeds of share capital	11,055,933	149
Interest expense	(1,230,955)	-
Dividends paid to shareholders of the parent	(13,616,468)	(87,000,000)

	For the year ended 31 March 2012	For the year ended 31 March 2011
Proceeds of borrowings	135,762,407	-
Net cash used in financing activities	**131,970,917**	**(86,999,851)**
Net change in cash and cash equivalents	**(6,151,543)**	**(32,652,437)**
Cash and cash equivalents at the beginning of the year	12,232,458	44,842,425
Cash acquired on acquisition of Aptara Inc.	6,606,527	-
Effect of exchange rate changes on cash and cash equivalent	(1,209,222)	42,470
Cash and cash equivalents at the end of the year	**11,478,220**	**12,232,458**
Cash and cash equivalents comprise		
Cash in hand	52,832	4,699
Balances with banks in current account	10,744,899	11,573,519
Balances with banks in deposit account	680,489	654,240
	11,478,220	**12,232,458**

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

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 pursuant to the Act of Royal Court of the Island of Guernsey.

iEnergizer Limited 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 London Stock Exchange on 14 September 2010.

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

On February 07, 2012, iEnergizer Limited acquired Aptara Inc. and accordingly Aptara Inc. became a wholly-owned subsidiary of iEnergizer. Aptara Inc. provides content process outsourcing solutions, delivering a comprehensive offering for the transformation and management of content such as text, audio, video and graphic assets. Aptara provides services in the following areas: (i) Educational Publishing, (ii) Professional publishing, (iii) e-Learning and new media publishing, (iv) Content transformation technology (IT) services and (v) Legal solutions. Aptara customers include publishers, information aggregators, professional societies, universities, corporations and non for profit organisations located primarily in the United States, the United Kingdom and Australia.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements of the Group for the year ended 31 March 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised 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 2012. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. iEnergizer obtains and exercises control through more than half of the voting rights of the entity.

Unrealised gains and losses on transactions between the Company and its subsidiaries are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the Group perspective. 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

This consolidated financial statement is presented in USD ('United States Dollar'), which is also the Company's functional currency. Each entity in the Group determines its own 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 on the basis of 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 retranslated 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 recognised in the 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

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 recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised 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

Revenue comprises revenue from call center operations and providing business process outsourcing (BPO) and also content process outsourcing solutions. These services are rendered through contractual arrangements entered into with customers by the Group companies.

In respect of the Group’s call center operations and business process outsourcing, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenues earned from services billed at agreed hourly/daily charge out rates, are recognised as the services are performed with reference to time spent and agreed charge out rate.

Revenues performed on fixed–price engagements are recognised either on percentage of completion basis or upon completion of services, depending upon whether the outcome of the contract can be reliably measured. Efforts expended, measured by way of time spent on the job to the total time budgeted, have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Where the outcome of a transaction can be estimated reliably, revenue associated with the transaction is recognised in the income statement by reference to the stage of completion at the balance sheet date, provided that a right to consideration has been obtained through performance. When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs incurred, to the extent that such contract costs are recoverable. Contract costs are recognised in the period in which they are incurred. No revenue is recognised where there are significant uncertainties regarding recovery of the consideration due or where the right to receive payment is contingent on events outside the control of the Group. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the consolidated income statement

Unbilled revenue represents revenue recognised based on services rendered to the customers, however not billed as of the balance sheet date as per the payment terms agreed with the customers.

Finance and other income

Finance income consists of interest income on funds invested. Interest income is recognised as it accrues in 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 recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised 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 recognised in the consolidated income statement as incurred.

Assets acquired under capital leases are capitalised 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. Assets under capital leases and leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life of the assets.

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

Asset	Life of assets
Computers	2 to7 years
Office equipment	5 years
Furniture and fixtures	1 to 7 years
Air conditioners and generators	10 years
Vehicles	4 to 7 years

An item of property, plant and equipment and any significant part initially recognised is de-recognised 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 derecognised.

Leasehold improvements are depreciated on a straight-line basis over the lease period or the estimated useful lives of respective items of property, plant and equipment, whichever is lower.

The assets' residual values, 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 balance sheet date 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 recognised. Goodwill is carried at cost less accumulated impairment losses. The impairment analysis of goodwill is carried out annually at the respective reporting unit levels 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 amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

Intangible assets are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from 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 recognised in the consolidated income statement when the asset is derecognised.

Residual values and useful lives are reviewed at each reporting date. In addition, these intangibles are subject to impairment testing annually. Amortisation has been included within 'depreciation and amortisation'. The following useful lives are applied

- Software: 5 years
- Customer contracts and relationships: 0-7 years
- Trademark and patents (having indefinite life): Tested for impairment annually
- Non-compete fees: 2 years

3.7 LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the consolidated income statement.

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.

Operating lease payments are recognised as an expense in the consolidated income statement on a straight line basis over the lease term. Rent abatements and escalations are considered in the calculation of minimum lease payments in the Group’s capital lease testing and in determining straight line rent expense for operating leases.

3.8 ACCOUNTING FOR INCOME TAXES

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

Deferred income tax is recognised using the liability method, 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 recognised 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.

In addition, deferred tax is not recognised for taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates 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. 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 on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. 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 realised.
Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realised. The provision for income taxes represents the tax payable for the period and the changes during the period in deferred tax assets and liabilities. In case of profits earned by certain subsidiaries, the Company does not record the deferred taxes on its investments in foreign subsidiaries because it deems them to be permanently reinvested.

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 recognised provident funds, approved superannuation schemes and other social securities which are defined contribution plans are recognised 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. The Group’s net obligation in respect of an approved gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality government bonds that have maturity dates approximating the terms of the Group’s obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in income statement. Actuarial gains and losses are recognised as an expense directly 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 recognised 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 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 FINANCIAL ASSETS, GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the consolidated income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the consolidated income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the consolidated income statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and 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 costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-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 is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in consolidated income statement. Impairment losses recognised 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 recognised 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 amortisation, if no impairment loss had been recognised.

3.11 FINANCIAL INSTRUMENTS

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

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

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through income statement, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

Non-derivative financial assets consist of investments in equity, trade receivables, certain other assets, cash and cash equivalents.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in the consolidated income statement are presented within 'finance costs', 'finance income' or 'other financial items, as applicable.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

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 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, for bank overdraft facility and certain letter of credit given by the Company.

Others

Other non-derivative financial instruments are measured at amortised 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 designate such instruments as effective hedge.

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

Financial liabilities

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

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance cost" in the income statement.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Dividend distributions to shareholders are included in 'other current liabilities' when the dividends are approved by the shareholders' meeting.

3.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised 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 balance sheet date, 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 recognised 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 recognised 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.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

From time to time, Group entities are subject to ordinary routine litigation incidental to its normal business operations. Management believes that the outcome of these litigation matters will not have a material effect on the Group's results of operations, financial position or cash flows. No amounts have been paid or accrued toward these litigation matters as management believes any unfavourable outcome on any such litigation matters to be remote.

3.13 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 recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree'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 recognised 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 recognised in profit or loss immediately.

For common control transactions, not covered under IFRS 3 (revised), the Group applies 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 recognised only to the extent that they were recognised 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 minority 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 income statement;
- Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

3.14 EQUITY

Share capital is determined using the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of ordinary shares and stock options are recognised as a deduction from equity, net of any tax effects.

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 are included in the currency translation reserve.

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

The balance on the merger reserve represents 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.

3.15 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 as 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. All share-based remuneration is recognised as an expense in consolidated income statement with a corresponding credit to share compensation reserve.

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.

3.16 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial information 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.

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 recognised in the consolidated financial information:

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 to be the currency of the primary economic environment in which the entity operates. The management reckons that each of the individual entity's functional currency reflects the transactions, events and conditions under which the entity conducts its business.

Business combinations
Management uses valuation techniques in determining the fair values of the various elements of a business combination (see note 3.13). Particularly, the identification of intangible assets is dependent on the outcome of many variables that affect future profitability.

Goodwill impairment review
In assessing goodwill impairment, management makes judgment of identifying the cash-generating units (CGU) to which the goodwill pertains. Management then estimates the recoverable amount of each asset or 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).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Post-employment benefits
The cost of defined employee benefit 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. Attrition rate is based on expected future attrition rate for the respective entities.

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, particularly relating to internally generated intangibles and software.

Impairment of trade receivables
As at each reporting date, management makes an estimate of the bad and doubtful trade receivables and records a loss for impairment against the receivables for amounts determined. Though there is a concentration of credit with respect to top customers of the Group, management doesn't consider the risk arising from this concentration to be significant considering the credit worthiness of customers. The impairment loss is based solely on an estimate made by management with respect to the recoverability of past due trade receivable.

4. STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE AND APPLIED

The following new standards, amendments to standards or interpretations have been issued, but are not effective for these Consolidated Financial Statements and have not been early adopted by the Group:

IFRS 9 Financial Instruments *(Effective from 1 January 2015)*
The IASB aims to replace IAS 39 Financial Instruments - Recognition and Measurement in its entirety by the end of 2011, with the replacement standard to be effective for annual period's beginning1 January 2015. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

Phase 1: Classification and Measurement
Phase 2: Impairment methodology
Phase 3: Hedge accounting

In addition, a separate project is dealing with de-recognition. Management has yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

Amendment (issued 28 October 2010) (Effective from 1 January 2015)

In October 2010, the IASB amended IFRS 9 to incorporate requirements for classifying and measuring financial liabilities and derecognising financial assets and financial liabilities. Most of IAS 39's requirements have been carried forward unchanged to IFRS 9. Changes have however been made to address issues related to own credit risk where an entity takes the option to measure financial liabilities at fair value.

IFRS 10 Consolidated financial statements *(Issued May 2011) (Effective from 1 January 2013)*
IFRS 10 introduces a revised definition of control together with accompanying guidance on how to apply it. In contrast to IAS 27 and SIC-12, which resulted in different criteria for determining control being applied to special purpose vehicles, IFRS 10's requirements will apply to all types of potential subsidiaries.

Though the standard is applicable to the Group, the management is yet to assess the impact of the new standard on the consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities *(Issued May 2011) (Effective from 1 January 2013)*
The new standard integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The new standard is intended to provide transparency about the risks to which a reporting entity is exposed from its involvement with structured entities.

Consequential amendments to IAS 27 and IAS 28 Investments in Associates and Joint Ventures (IAS 28)
IAS 27 now only deals with separate financial statements. IAS 28 brings investments in joint ventures into its scope. However, IAS 28's equity accounting methodology remains unchanged.

IFRS 13 Fair Value Measurement *(Issued May 2011) (Effective from 1 January 2013)*
The new IFRS does not affect which items are required to be 'fair-valued', but specifies how an entity should measure fair value and disclose fair value information. IFRS 13 has been developed to remedy this problem, by establishing a single source of guidance for all fair value measurements, clarifying the definition of fair value and related guidance and enhancing disclosures about fair value measurements (new disclosures increase transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value).

Amendments to IAS 1 Presentation of Financial Statements (Issued June 2011) (Effective from 1 July 2012)
The IAS 1 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

Amendments to IAS 19 Employee Benefits (Issued June 2011) (Effective from 1 January 2013)
The IAS 19 Amendments include a number of targeted improvements throughout the Standard. The main changes relate to defined benefit plans. They:

• eliminate the 'corridor method', requiring entities to recognise all actuarial gains and losses arising in the reporting period
• streamline the presentation of changes in plan assets and liabilities
• enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

The amended version of IAS 19 is effective for financial years beginning on or after 1 January 2013. The Group's management has yet to assess the impact of this revised standard on the Group's consolidated financial statements.

5. BASIS OF CONSOLIDATION

Details of the entities, which as of 31 March 2012 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 2012
iEnergizer Holdings Limited ('IHL')	iEnergizer	Mauritius	100
iEnergizer Group FZ – LLC ('IEG')	iEnergizer	Dubai	100
iEnergizer IT Services Private Limited ('IITS')	IHL	India	100
iEnergizer Aptara Limited *	iEnergizer	Guernsey	100
iEnergizer BPO Limited	IHL	Mauritius	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
Maximize Learning 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

** Dormant company as of 31 March 2012*

6 BUSINESS COMBINATION

On February 7, 2012 ("effective time"), iEnergizer Limited (company registered in Guernsey) acquired the Company ('Aptara, Inc.') at an agreed purchase consideration of USD 150,100,000, paid in cash. The acquisition was made through a special purpose entity, iEnergizer-Aptara Merger Sub, Inc. (set up in United States of America and a wholly owned subsidiary of iEnergizer Limited). As part of the acquisition, the special purpose entity merged into Aptara Inc, resulting in the Company becoming a wholly-owned subsidiary of iEnergizer Limited. The acquisition has been accounted for using the acquisition method as prescribed in IFRS 3 (revised). Accordingly, the financial results for the post acquisition period have been included in the consolidated financial statements of the Group. Aptara is a market leader in end to end outsourced multi-channel content production and digital media solutions. The acquisition extends iEnergizer's capabilities in the content production and digital media solution markets, while enlarging its customer base.

Following assets and liabilities are acquired in the business combination and recorded at their fair values:

Assets acquired and liabilities assumed	Fair value of assets
Purchase consideration paid in cash for the acquisition	**150,100,000**
Amount assigned to fair value of intangibles	
Customer related intangibles *	23,700,000
Trademarks	12,000,000
Patents	100,000
	35,800,000

Assets acquired	
Property and equipment	2,857,543
Other intangibles	485,414
Deferred tax asset	20,003,908
Restricted cash	76,739
Total non-current assets	**23,423,604**
Cash and cash equivalents	4,348,933
Restricted cash	2,180,855
Trade receivables	12,713,544
Other receivables	8,717,656
Total current assets	**27,960,988**
Total assets acquired	**87,184,592**
Liabilities assumed	
Deferred tax liabilities on acquired intangibles	9,150,464
Deferred tax liabilities - others	3,889,642
Total non-current liabilities	**13,040,106**
Current liabilities	26,179,308
Total current liabilities	**26,179,308**
Total liabilities acquired	**39,219,414**
Net assets acquired	**47,965,178**
Goodwill	**102,134,822**

* Expected life 3- 7 years

Acquisition related costs amounting to USD 930,710 are not included as part of consideration transferred and has been recognised as an expense in the consolidated income statement as part of other expenses.

Goodwill

Goodwill of USD 102,134,822 is primarily related to growth expectations, expected future profitability, Aptara Inc.'s work force and expected cost synergies. Goodwill has been allocated to content delivery unit and is not expected to be deductible for tax purposes.

Aptara Inc.'s contribution to the group result

Aptara Inc. did not have any financial information in IFRS prior to the acquisition date, hence disclosure about revenue and profit or loss of the combined entity for the current reporting year assuming the business combination occurred as of the beginning of reporting year could not be given.

Aptara earned revenue of USD 13,004,436 and incurred a loss before tax of USD 294,118 (after considering amortisation charge, net loss on the foreign exchange transactions and derivative contracts and finance cost for the period of USD 764,642, USD 903,826 and USD 1,230,955 respectively) for the period beginning from 7 February 2012 to 31 March 2012.

7 GOODWILL

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

Particulars	Amount
Balance as at 01 April 2010	-
Acquired through business combination	191,117
Impairment loss recognised	-
Translation adjustment	(4,421)
Balance as at 31 March 2011	**186,696**

Particulars	Amount
Balance as at 01 April 2011	186,696
Acquired through business combination	102,134,822
Impairment loss recognised	-
Translation adjustment	(21,015)
Balance as at 31 March 2012	**102,300,503**

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

Particulars	Amount
Real time processing - India business unit	165,681
Content delivery – USA business unit	102,134,822
Goodwill allocation at year end	**102,300,503**

The recoverable amounts of the CGU was determined based on value-in-use calculations, covering a detailed three to five year forecast, followed by an extrapolation of expected cash flows for the unit's remaining useful lives using the growth rates stated below.

Particulars	Growth rate 31 March 2012	Discount rate 31 March 2012
India business unit	15.00%	15.60%
USA business unit	14.00%	16.50%

The recoverable amount of the cash generating units is its value in use which is the present value of the future cash flows expected to be derived from the cash generating units. Management used the following key assumptions to estimate its cash flow projection for the period covered by the most recent budgets/ forecasts:

a) Estimated cash flows for 5-7 years based on internal management budgets.

b) Terminal value arrived by extrapolating last forecasted year cash flows to perpetuity, using a constant long-term growth rate of 3% to 5%. 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.

c) The pre-tax discount rates used are based on the weighted average cost of capital of the relevant underlying cash-generating unit.

These assumptions are based on past experience and are consistent with market information. In cases where cash flows have been projected to arise for more than 5 years, the management believes that the business environment and stage in life cycle of relevant businesses justifies the use of such projections.

8 OTHER INTANGIBLE ASSETS

The Intangible assets comprises of computer software, customer contracts.

Particulars	Customer contracts	Computer software	Total
Cost			
Balance as at 01 April 2010	**-**	**-**	**-**
Acquired under business combination	213744	168,042	381,786
Other additions	276,565	48,494	325,059
Translation adjustment	(4,946)	(3,845)	(8,791)
Balance as at 31 March 2011	**485,363**	**212,691**	**698,054**
Accumulated amortisation			
Balance as at 01 April 2010	-	-	-
Amortisation	445,285	37,116	482,401
Translation adjustment	2,014	442	2,456
Balance as at 31 March 2011	**447,299**	**37,558**	**484,857**
Net carrying value	**38,064**	**175,133**	**213,197**

Particulars	Customer Contracts	Computer software	Patent	Trade mark	Intangibles under development	Total
Cost						
Balance as at 01 April 2011	485,363	212,691	-	-	-	698,054
Acquired under business combination	23,700,000	215,300	100,000	12,000,000	270,114	36,285,414
Additions	-	306,576	-	-	-	306,576
Disposals (Net)	-	-				-
Translation adjustment	(23,517)	(22,217)	-	-	-	(45,734)
Balance as at 31 March 2012	24,161,846	712,350	100,000	12,000,000	270,114	37,244,310
Accumulated amortization						
Balance as at 01 April 2011	447,299	37,558	-	-	-	484,857
Amortisation for the year	654,516	185,337	-	-	-	839,853
Translation adjustment	(20,157)	(1,478)	-	-	-	(21,634)
Balance as at 31 March 2012	**1,081,658**	**221,418**	**-**	**-**	**-**	**1,303,076**
Net carrying value as at 31 March 2012	**23,080,188**	**490,932**	**100,000**	**12,000,000**	**270,114**	**35,941,234**

9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

Particulars	Computer	Office equipment	Furniture and fixtures	Air conditioner and generator	Vehicles	Leasehold improvement	Capital work in progress	Total

Particulars	Computer	Office equipment	Furniture and fixtures	Air conditioner and generator	Vehicles	Leasehold improvement	Capital work in progress	Total
Cost								
Balance as at 01 April 2010	-	-	-	-	-	-	-	-
Additions								
Acquired under business combination	247,654	4,393	164,153	103,571	38,009	258,917	**-**	**816,697**
Other additions	209,642	1,585	844	2,466	-	-	11,298	**225,835**
Translation adjustment	(3,124)	(89)	(3,791)	(2,339)	(882)	(5,998)	172	**(16,051)**
Balance as at 31 March 2011	**454,172**	**5,889**	**161,206**	**103,698**	**37,127**	**252,919**	**11,470**	**1,026,481**
Accumulated depreciation								
Balance at 01 April 2010	-	-	-	-	-	-	-	-
Depreciation for the year	142,357	2,534	67,459	10,100	6,801	45,850	-	**275,101**
Translation adjustment	1,703	30	807	121	81	553	-	3,295
Balance as at 31 March 2011	**144,060**	**2,564**	**68,266**	**10,221**	**6,882**	**46,403**	**-**	**278,396**
Net carrying value as at 31 March 2011	**310,112**	**3,325**	**92,940**	**93,477**	**30,245**	**206,516**	**11,470**	**748,085**

Particulars	Computer and data equipment	Office equipment	Furniture and fixtures	Air conditioner and generator	Vehicle	Leasehold improvements	Plant and machinery	Capital lease asset	Capital work in progress	Total
Cost										
Balance as at 01 April 2011	454,172	5,889	161,206	103,698	37,127	252,919	-	-	11,470	1,026,481
Asset acquired under business combination	434,311	129,438	69,102	-	-	101,783	607,899	954,820	560,190	2,857,543
Additions	468,505	27,721	144,290	57,368	-	378,315	176,795	-	23,864	1,276,858
Disposals (Net)	(17,535)	(28,428)	-	-	(15,085)	-	(1,021)	-	(220,981)	(283,050)
Translation adjustment	(69,371)	2,020	(16,394)	(11,069)	(2,643)	(25,670)	(47,880)	12,638	39,237	(119,132)
Balance as at 31 March 2012	**1,270,082**	**136,640**	**358,204**	**149,997**	**19,399**	**707,347**	**735,793**	**967,458**	**413,780**	**4,758,700**
Accumulated depreciation										
Balance as at 01 April 2011	144,059	2,564	68,266	10,221	6,883	46,402	-	-	-	278,395
Depreciation for the period	197,922	12,296	69,770	9,655	5,175	66,235	80,414	61,390	-	502,857
Disposals (Net)	(919)	-	-	-	(3,745)	-	-	-	-	(4,664)
Translation adjustment	(18,420)	(52)	(9,391)	(1,427)	(816)	(6,130)	1,931	1,584	-	(32,721)
Balance as at 31 March 2012	**322,642**	**14,808**	**128,645**	**18,449**	**7,497**	**106,507**	**82,345**	**62,974**	**-**	**743,867**
Net carrying values as at 31 March 2012	**947,440**	**121,832**	**229,559**	**131,548**	**11,902**	**600,840**	**653,448**	**904,484**	**413,780**	**4,014,833**

10 LONG TERM FINANCIAL ASSETS

Particulars	31 March 2012	31 March 2011
Security deposits	641,061	116,830
Restricted deposits	77,284	577
Others	977	-
	719,322	**117,407**

Security deposits are interest free unsecured deposits placed with owners of the property leased 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 8% per annum. These security deposits have maturity terms of 5 years. The management estimates the fair value of these deposits to be not materially different from the amounts recognised in the financial statements at amortised cost at each reporting date.

Restricted cash represents deposits that have been pledged with 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.

11 DEFERRED TAX ASSETS AND LIABILITIES

Particulars	31 March 2011	Acquired in business combination	Recognised in consolidated statement of other comprehensive income	Recognised in consolidated income statement	31 March 2012
Deferred tax assets on account of					
Property, plant and equipment and intangibles	14,661	860,397	14,274	(112,065)	777,266
Employee benefits	26,565	465,307	3,305	22,790	517,968
Net operating losses	-	13,134,641	-	641,827	13,776,468
Accruals for expenses	-	1,125,658	13,885	(15,101)	1,124,442
Unrealised (loss) on derivatives	-	2,069,699	22,588	(744,140)	1,348,148
Others	773	1,760,049	10,911	(20,566)	1,751,168
Minimum alternate tax	-	588,157	56,768	289,802	934,727
	41,999	20,003,908	121,731	62,547	20,230,187
Deferred tax liabilities on account of					
Intangibles acquired during business combination	-	(9,150,464)	-	241,000	(8,909,464)
Undistributed earnings of the subsidiaries	-	(3,889,642)	(37,598)	(283,915)	(4,211,155)
	-	(13,040,106)	(37,598)	(42,915)	(13,120,619)
Total	**41,999**	**6,963,802**	**84,133**	**19,632**	**7,109,568**

12 TRADE AND OTHER RECEIVABLES

Particulars	31 March 2012	31 March 2011
Gross value	26,845,254	10,012,025
Less: provision for bad and doubtful debts	(45,356)	(45,356)

Total	26,799,898	9,966,669

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 realise within a short period from the reporting dates. All of the Group's trade and other receivables have been reviewed for indicators of impairment. No trade receivables were found to be impaired and accordingly no provision for credit losses has been recorded.

Top five customers for the year ended 31 March 2012 are USD 11,820,842 being 45.82 % (31 March 2011 USD 4,435,616 being 44.50 %) of net trade receivables.

The analysis of provision for bad and doubtful debts is as follows:

Particulars	31 March 2012	31 March 2011
Balance as at 31 March 2011	45,356	**-**
Accrual during the year	-	45,356
Balance as at 31 March 2012	**45,356**	**45,356**

13 CASH AND CASH EQUIVALENTS

Particulars	31 March 2012	31 March 2011
Cash in hand	52,832	4,699
Cash in current accounts	10,744,899	11,573,519
Cash in deposit accounts	680,489	654,240
	11,478,220	**12,232,458**

14 SHORT TERM FINANCIAL ASSETS

Particulars	31 March 2012	31 March 2011
Security deposits	126,966	-
Restricted deposits	2,673,944	-
Short term investments (carried at fair value through profit or loss)	84,785	-
	2,885,695	**-**

Short term investments comprise of investment through banks in highly liquid interest bearing deposits denominated in various currency units which are traded in the market. The changes in the interest rate of these deposits are reflected through the changes in their market values. The Group may redeem these investments at any time at the prevailing market rates.

15 OTHER CURRENT ASSETS

Particulars	31 March 2012	31 March 2011
Due from parent company	-	1,715,018
Prepayments	936,360	95,205
Unbilled revenue	236,616	116,877
Others	755,492	52,879
	1,928,468	**1,979,979**

16 MERGER RESERVE

On 15 June 2010, the Company entered into a share exchange agreement with EICR Limited. As per the agreement, EICR Limited has transferred 2,099,346 shares of 1 USD each in iEnergizer Holdings Limited in exchange for the issue by the Company of 150,000,000 ordinary shares to EICR Limited. Consequent to this exchange, iEnergizer Holdings Limited became the wholly owned subsidiary of the Company and the Company became the wholly owned subsidiary of EICR Limited which was diluted to 78.71 percent upon listing of the Company on AIM.

In the absence of explicit guidance available under IFRS on accounting of acquisition of common control entities, the Group chose to account for this transaction using “Pooling of interest method”. As per the pooling of interest method, the consolidated financial statements of year ended 31 March 2012 were prepared assuming that transfer of shares was completed on the first day of the period presented i.e. 01 April 2009. The share capital of iEnergizer Limited, Guernsey as at 1 April 2009 was determined as the equity issued to effect the transaction, equal to the net asset value of Mauritius as of 1 April 2010.

The difference between equity of iEnergizer Holdings Limited (the acquirer) and the net asset value of iEnergizer Holdings Limited (the acquiree in this case) as at 01 April 2009 was adjusted in equity under the heading ‘merger reserve’ as under:

Particulars	Amount (US $)
Equity of iEnergizer Holdings Limited	2,099,346
Net asset value of iEnergizer Holdings Limited:	
Equity	2,099,346
Retained earnings	1,049,386
	3,148,732
Difference adjusted through merger reserve	**(1,049,386)**

17 LONG TERM BORROWINGS/SHORT TERM BORROWINGS

Non-current portion of borrowings

Particulars	31 March 2012	31 March 2011
Finance lease obligation	1,429,603	115,979
Term loan from others	7,435	58,652
Total long-term borrowings	**1,437,038**	**174,631**
Less: Current portion of borrowings		
Finance lease obligation	417,599	47,696
Term loan from others	7,435	50,273
	425,034	**97,969**
	1,012,004	**76,662**

Short term borrowings

Particulars	31 March 2012	31 March 2011
Loan from parent company	20,000,000	-
Loan from others#	114,500,000	-
	134,500,000	-

Loan from others consists of loan received from a company named Gynia Holdings Ltd (a non-related company) repayable on demand and carrying an interest rate of 5.25% p.a. No assets have been pledged as security for this loan.

18 LEASES

The Group's financial lease payments are due on computers (including embedded software) taken on lease for operating activities. The net carrying value of computers and plant and machinery taken on lease as at 31 March 2012 is USD 947,677 (31 March 2011: 64,467).

Particulars	31 March 2012	31 March 2011
Computers	723,499	51,725
Intangibles	-	12,742
Plant and machinery	224,178	-
	947,677	**64,467**

The minimum lease rent payable for the assets taken on finance leases (included under current and non-current borrowings) are as under:

Payments falling due	Future minimum lease payments outstanding		Interest Implicit		Present value of future lease payments	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Within 1 year	593,922	50,209	176,323	2,513	417,599	47,696
Later than 1 year but less than 5 years	1,133,678	80,535	121,674	12,252	1,012,004	68,283
More than 5 years	-	-	-	-	-	-

The Group's approximate future minimum lease payments under non-cancellable operating leases are:

Payments falling due	Future minimum lease payments outstanding	
	31 March 2012	31 March 2011
Within 1 year	771,045	-
Later than 1 year but less than 5 years	1,269,062	-
More than 5 years	432,702	-

The Group's operating lease payments are cancellable as well as non-cancellable and are due on premises taken on lease for operating activities.

Lease expense for premises taken on lease, recognised as expense in the consolidated income statement for the year ended 31 March 2012 is USD 935,896 (31 March 2011: USD 399,122). There were no sublease payments or contingent rent payments. Assets held under lease agreements are used exclusively by the Group and sublease of premises are not allowed as a part of the agreements.

19 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 2012	31 March 2011
Provision for gratuity	1,667,529	77,051
Provision for compensated absences	1,949,837	84,380
Accrued pension liability	1,219,305	-

	4,836,671	**161,431**

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 as a result of the unused entitlement that has accumulated at the statement of financial position.

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 were based upon a formula contained in the DB Plan documents that takes into consideration years of service. The Company's funding policy is based on actuarial recommended contribution. The actuarial cost method utilised to calculate the present value of benefit obligations is the projected unit credit cost method. The Company is using the corridor approach, which suggests a minimum amount of actuarial gains/losses to be amortised. 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, accrued pension liability and compensated absences are as follows:

31 March 2012

Particulars	**Gratuity**	**Compensated absences**	**Accrued Pension**
Change in benefit obligation			
Opening value of obligation	77,051	84,380	-
Assumed under business combination	1,582,179	1,263,264	2,798,657
Interest cost	5,983	6,552	-
Service cost	232,732	299,341	25,520
Benefits paid	(1,550)	(3,722)	-
Actuarial loss gain	(23,561)	(59,862)	-
Translation adjustment	(9,008)	(9,824)	-
Defined benefit obligation at the year end	**1,863,826**	**1,580,129**	**2,824,177**
Fair Value of planned assets *(Assumed under business combination)*	**196,297**	**-**	**1,604,872**

Particulars	**Gratuity**	**Compensated absences**	**Accrued Pension**
Net benefit obligation	**1,667,529**	**1,580,129**	**1,219,305**
Amounts recognised in consolidated income statement			
Current service cost	232,732	299,341	25,520

Interest cost	5,983	6,552	
Actuarial gain recognised in the year	(23,561)	(59,862)	
Expense recognised in consolidated income statement	**215,154**	**246,031**	**25,520**

Particulars	31 March 2012	31 March 2011
Current portion of obligation as at the end of the year	831,348	-
Non-current portion of obligation as at the end of the year	4,005,323	161,431
Total	**4,836,671**	**161,431**

31 March 2011

Particulars	Gratuity	Compensated absences
Reconciliation of unfunded status		
Change in benefit obligation		
Opening value of obligation	-	-
Assumed under business combination	47,552	43,547
Interest cost	3,446	3,156
Service cost	33,427	63,416
Benefits paid	(879)	(273)
Actuarial loss gain	(6,843)	(25,948)
Translation adjustment	348	482
Defined benefit obligation at the year end	**77,051**	**84,380**
Amounts recognised in consolidated income statement		
Current service cost	33,427	63,416
Interest cost	3,446	3,156
Actuarial gain recognised in the year	(6,843)	(25,948)
Expense recognised in consolidated income statement	**30,030**	**40,624**
Enterprises best estimate of contribution during next year	648,951	802,758

Discount rate assumptions and expected rate of increase in compensation levels used in calculation of gratuity obligation are as follows

	31 March 2012	31 March 2011
Discount rate	8.5%	8.00%
Expected rate of increase in compensation levels	8% - 8.5%	7.00%

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 recognised as expense in the period in which they are due. During the year ended 31 March 2012, the Group contributed USD 258,698 (31 March 2011: 63,573) towards the Provident Fund Plan in India.

20 OTHER CURRENT LIABILITIES

Particulars	31 March 2012	31 March 2011
Employee dues	3,232,728	650,299
Statutory dues payable	576,860	199,637
Unearned revenue	1,556,623	-
Advance from customers	1,391,412	-
Derivative financial instruments	2,349,616	-
Others	670,865	-
	9,778,104	**849,936**

21 FINANCE INCOME

Particulars	31 March 2012	31 March 2011
Interest income on deposit accounts	87,448	23,558
Interest on security deposit on operating lease	8,538	7,897
	95,986	**31,455**

22 FINANCE COST

Particulars	31 March 2012	31 March 2011
Interest on borrowings	1,171,318	-
Interest on finance lease	59,637	-
	1,230,955	**-**

23 INCOME TAXES

Income tax is based on tax rate applicable on profit or loss in 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 entities at Guernsey and Dubai are zero tax entities.

Tax expense reported in the Income Statement and Statement of Other Comprehensive Income for the year ended 31 March 2012 and 31 March 2011 is as follows:

Particulars	31 March 2012	31 March 2011
Current tax expense	1,752,956	579,600
Deferred tax credit	(19,632)	(41,999)
Net tax expense	**1,733,324**	**537,601**

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 profit or loss is reconciled as follows:

Particulars	31 March 2012	31 March 2011
Accounting profit for the year before tax	**17,753,377**	16,286,150
Effective tax at the domestic rates applicable to profits in the country concerned	964,681	541,749
Deferred tax on undistributed earnings	283,915	-
Dividend distribution tax	190,415	-
Expenses disallowed or income not taxable	247,074	(6,571)

Particulars	31 March 2012	31 March 2011
Others	47,239	2,423
Tax expense	**1,733,324**	**537,601**

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 for the year ended 31 March 2012 is as follows:

Basic earnings per share

Particulars	31 March 2012	31 March 2011
Profit attributable to shareholders	16,020,053	15,748,549
Weighted average numbers shares outstanding	150,887,049	150,010,000
Basic earnings per share (USD)	*0.11*	*0.10*

Diluted earnings per share

Particulars	31 March 2012	31 March 2011
Profit attributable to shareholders	16,020,053	15,748,549
Potential ordinary shares*	66,076	39,283
Weighted average numbers shares outstanding	150,953,125	150,049,283
Diluted earnings per share (USD)	*0.11*	*0.10*

* Shares to be issued under share options granted

25 EQUITY

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 shareholders' 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 summarised as follows:

Particulars	31 March 2012	31 March 2011
Opening number of shares	150,010,000	150,010,000
Number of shares issued during the year	3,000,000	-
Closing number of shares	**153,010,000**	**150,010,000**

26 SHARE BASED PAYMENTS

On 27 August 2010, the Company entered into an option agreement with Arden Partners and Sara Latham. Under agreement with Arden Partners, they were granted the right to subscribe at the Placing Price for 159,654 Ordinary Shares (equivalent to 0.5 per cent. in number of the number of Placing Shares). Such right may be exercised at any time during the period starting on the date of Admission and ending on the third anniversary of Admission. Under agreement with Sara Latham, Ms. Latham was granted the right to subscribe at the placing price for 10,000 ordinary shares. Such right may be exercised between the first anniversary of admission and the fifth anniversary of admission, after which it will lapse to the extent it, has not been exercised.

Information on share option granted during the year:

Particulars	Number of options	Weighted average exercise price	Weighted average remaining contractual life
Balance as at 01 April 2011	169,654	1.74	4.34
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	-	-	-
Balance at end of the year	169,654	1.74	3.33
Exercisable as at 31 March 2012	169,654	1.74	3.33

Particulars	Number of options	Weighted average exercise price	Weighted average remaining contractual life
Balance as at 01 April 2010	-	-	-
Granted during the year	169,654	1.74	4.93
Forfeited during the year	-	-	-
Exercised during the year	-	-	-
Balance at end of the year	169,654	1.74	4.34
Exercisable as at 31 March 2011	169,654	1.74	4.34

These equity-settled share based payments are made on the basis of fair values of services rendered are determined by reference to the fair value of the equity instruments granted. This fair value is appraised using the Black Scholes model at the grant date. The fair value is measured at the grant date. The fair value excludes the impact of non-market vesting conditions. All share-based remuneration is recognised as an expense, allocated by the management to other expenses in statement of comprehensive income with a corresponding credit to share compensation reserve.

Volatility to shares has been determined considering volatility in comparable companies. The fair value of option using Black Scholes model is USD 0.40 for Arden Partners and USD 0.49 for Sara Latham. The inputs to the Black Scholes model for warrants that have been granted during the reporting year are summarised as follows:

Issue date	27 August 2010
Fair value shares at grant date (USD)	1.83
Exercise price (USD)	1.74
Expected volatility	33.00%
Vesting period (years)	1 year
Dividend yield	-
Risk-free interest rate	1.50%

27 RELATED PARTY TRANSACTIONS

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

Nature of the relationship	Related Party's Name
I. Ultimate controlling	Mr. Anil Agarwal
II. Entities directly or indirectly through one or more intermediaries, control, are controlled by, or are under	EICR Limited (*Parent of iEnergizer Limited)* Barker Shoes Limited *(Under common control)*

Nature of the relationship	Related Party's Name
common control with, the reported enterprises	
III. Key management personnel and significant shareholders :	
	Mr. Anil Agarwal *(Ultimate Shareholder, EICR Limited)*
	Mr. John Behar *(Director, iEnergizer Limited)*
	Ms. Sara Latham *(Director, iEnergizer Limited)*
	Mr. Chris de Putron *(Director, iEnergizer Limited)*
	Mr. Mark De La Rue *(Director, iEnergizer Limited)*

*Ceased to be related party effective 30 November 2010 onwards.

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

Transactions with parent company

Particulars	31 March 2012	31 March 2011
Transactions during the year		
Dividend paid	10,717,522	-
Repayment of loan	155,299	-
Payment received	1,559,719	-
Loan received	20,000,000	-
Interest paid	295,890	-
Share issued for 100% shares of iEnergizer Holdings Limited, Mauritius	-	165,600,000
Interest free demand loan given	-	1,500,149
Balances at the end of 31 March 2012		
Interest payable	295,890	-
Demand loan facility	20,000,000	1,495,734
Expenses recoverable	-	219,284

Above payables from related parties bears a interest rate of 10% and are repayable on demand. Hence, the management is of the view that fair values of such receivables and payable closely approximates their carrying values.

Entity exercising significant influence

Particulars	31 March 2012	31 March 2011
Transactions during the year		
Reimbursement of expenses to Barker Shoes Limited	-	3,936

Transactions with key managerial personnel and their relative

Particulars	31 March 2012	31 March 2011
Transactions during the year		
Short term employee benefits		
Remuneration paid to directors		
Sara Latham	48,412	28,611
John Behar	48,412	28,611
Chris de Putron	5,319	-
Mark De La Rue	5,319	-
Balances at the end of 31 March 2012		
Total remuneration payable to key managerial personnel	7,995	8,016

Key management personnel also participate in post-employment benefit plans and other long term benefits provided by the Group. The amounts in respect of these towards the key management personnel cannot be segregated as these are based on actuarial valuation for all employees of the Group. During the year ended 31 March 2012 no key management personnel has exercised options granted to them.

28 OTHER EXPENSES

Other expenses include:

Particulars	31 March 2012	31 March 2011
Expenses incurred on acquisition of Aptara Inc.	930,710	-
Foreign exchange (gain)/ loss (other than on derivative contracts)	384,825	-

29 SEGMENT REPORTING

Management currently identifies the Group's three service lines real time processing, back office services and content delivery as operating segments on the basis of operations. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

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

1. Real time processing
2. Back office services
3. Content delivery
4. Others

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the consolidated financial statements. In addition, two minor operating segments, for which the quantitative thresholds have not been met, are currently combined below under 'Others'.

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

31 March 2012

	Real time processing	Back office services	Content delivery	Others	Total
Revenue from external customers	11,931,521	45,071,436	13,004,436	1,721,887	**71,729,280**
Other operating revenue	6,987	2,749	49,056	407,651	**466,443**
Segment revenues	11,938,508	45,074,185	13,053,492	2,129,538	**72,195,723**
Cost of outsourced services	-	29,318,383	1,154,550	954,800	**31,427,733**
Employee benefit expense	7,237,175	-	6,980,775	113,626	**14,331,576**
Depreciation and amortisation	330,824	-	1,001,396	9,652	**1,341,872**
Other expenses	1,192,777	514,761	2,979,934	1,518,724	**6,206,196**

	Real time processing	Back office services	Content delivery	Others	Total
Segment operating profit	**3,177,732**	**15,241,041**	**936,837**	**(467,264)**	**18,888,346**
Segment assets	**5,282,761**	**8,394,742**	**185,768,634**	**5,966,311**	**192,291,829**

31 March 2011

	Real time processing	Back office services	Content delivery	Others	Total
Revenue from external customers	8,049,788	39,183,105	-	2,101,000	**49,333,893**
Other operating revenue	21,662	4,392	-		**26,054**
Segment revenues	8,071,450	39,187,497		2,101,000	**49,359,947**
Cost of outsourced services	75,176	24,178,931	-	1,337,000	**25,591,107**
Employee benefit expense	4,933,542	-	-	-	**4,933,542**
Depreciation and amortisation	480,937	276,565	-	-	**757,502**
Other expenses	1,088,903	580,474	-	153,724	**1,823,101**
Segment operating profit	1,492,892	14,151,527	-	610,276	**16,254,695**
Segment assets	**5,051,512**	**7,746,424**	**-**	**12,716,179**	**25,514,115**

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 2012	**31 March 2012**	**31 March 2011**	**31 March 2011**
United Kingdom (Domicile)	1,717,480	-	196,488	-
India	11,914,770	5,349,513	8,049,788	1,265,385
USA	56,004,034	137,559,665	38,209,394	-
Rest of the world	2,092,996	66,714	2,878,223	-
Total	**71,729,280**	**142,975,892**	**49,333,893**	**1,265,385**

Revenues from external customers in the Group's domicile, 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 2012, revenue from one customer amounted to more than 10% of consolidated revenue during the year presented (31 March 2011: Two customers).

31 March 2012

Revenue from	**Segment**	**Amount**
Customer 1	Back office services	15,333,478

31 March 2011

Revenue from	Segment	Amount
Customer 1	Back office services	6,248,778
Customer 2	Back office services	8,960,144

30 FINANCIAL ASSETS AND LIABILITIES

Fair value of 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 2012	31 March 2011
Non-current assets		
Loans and receivables		
Security deposits	641,061	116,830
Restricted cash	77,284	577
Others	977	-
Current assets		
Loans and receivables		
Trade receivables	25,799,898	9,966,669
Due from parent company	-	1,715,018
Unbilled revenue	236,616	116,877
Other current assets	755,491	52,879
Cash and cash equivalents	11,478,220	12,232,458
Restricted cash	2,673,944	-
Security deposits	126,966	-
Short term investments	84,785	-
	41,875,242	**24,201,308**

Financial liabilities	31 March 2012	31 March 2011
Non-current liabilities		
Financial liabilities measured at amortised cost:		
Long term borrowings	1,012,004	76,662
Current liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	9,627,763	5,321,421
Current portion of long term borrowings	425,034	97,969
Short term borrowings	134,500,000	-
Employee dues	3,232,727	650,299
Others	670,865	-
Fair value through profit and loss:		
Derivative financial instruments	2,349,616	-
	151,818,009	**6,146,351**

These 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 recognised in the statement of financial positions as these are expected to realize within one year from the reporting dates.

31 COMMITMENT AND CONTINGENCIES

At 31 March 2012, the Group had a capital commitment of USD 33,929 for acquisition of property, plant and equipment.

During the year, subsidiary of iEnergizer, IHL has issued a guarantee in favor of Hewlett P0061ckard Financial Services India Private Limited for the repayment of debt amounting to USD 68,028 repayable by iEnergizer IT Services Private Limited.

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 analyses in the following sections relate to the position as at 31 March 2012. The analyses exclude the impact of movements 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 2012.

Interest rate sensitivity
The Group does not have any exposure to interest rate risk as there are no borrowings with floating interest rates.

Price risk sensitivity
The Group does not have any financial asset or liability exposed to price risk as at reporting date except for in respect of its derivatives which are fair valued through profit and loss account.

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 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 and trade payables in USD on account of contracts for rendering the services and incurring the expenses entered by Indian entities in USD.

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

Functional currency	**USD**	**USD**	**USD**
Foreign currency	**AUD**	**GBP**	**EURO**
31 March 2012			
Financial assets	73,791	75,474	37,950
Financial liabilities	49,282	51,763	16,853
Net short term exposure	**24,509**	**23,711**	**21,097**

Functional currency	USD	USD	USD
Foreign currency	**AUD**	**GBP**	**EURO**
31 March 2011			
Financial assets	64,134	33,407	-
Financial liabilities	52,926	23,778	-
Net short term exposure	**11,208**	**9,629**	**-**

In computing the below sensitivity analysis, the management has assumed the following % movement between various foreign currencies and the underlying functional currency:

Functional currency	31 March 2011	31 March 2010
AUD	+-0.73 %	+-11%
GBP	+-0.27 %	+-7%
EUR	+- 6.23 %	-

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:

Functional currency	USD	USD	USD
Foreign currency	**AUD**	**GBP**	**EURO**
31 March 2012	179	64	1,238
31 March 2011	844	1,144	-

If the functional currency had weakened with respect to various currencies by the percentages mentioned above, for years ended 31 March 2012 and 2011 then the effect will be change in profit and equity for the year by USD 1,481 (31 March 2011: USD 1,988). 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

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

Top five customers for the year ended 31 March 2011 are USD 11,820,842 being 45.82 % (31 March 2011 USD 4,435,616 being 44.50%) of net trade receivables. An analysis of age of trade receivables at each reporting date is summarised as follows:

Particulars	31 March 2012	
	Gross	**Impairment**
Not past due	14,007,674	-
Past due less than three months	7,774,845	-
Past due more than three months but not more than six months	2,132,307	-
Past due more than six months but not more than one year	1,885,072	-

Particulars		31 March 2012
More than one year	-	-
Total	**25,799,898**	**-**

Particulars	31 March 2011	
	Gross	**Impairment**
Not past due	4,475,572	-
Past due less than three months	4,043,329	-
Past due more than three months but not more than six months	1,447,768	-
Past due more than six months but not more than one year	45,356	45,356
Total	**10,012,025**	**45,356**

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 land and building take on lease and the Group does not believe that it has any significant credit risk as the security deposits paid under long-term arrangements are effectively secured against land and building taken on lease under the respective arrangements.
The maximum exposure to credit risk in other financial assets is summarised as follows:

	31 March 2012	31 March 2011
Security deposits	768,027	124,886
Restricted cash	2,751,228	577
Cash and cash equivalent	11,478,220	12,232,458
Short term investments	84,785	-
Unbilled revenue	236,616	116,877
Due from parent company	-	1,715,018
Other current assets	755,491	52,879
Total	**16,074,367**	**14,242,695**

Credit risk relating to cash and cash equivalents is considered negligible as counterparties are banks. The management considers the credit quality of deposits with such banks to be good and reviews the banking relationships on an ongoing basis.

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.

The Group does not hold any collateral against any of its assets as of 31 March 2012.

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 requirement are compared to available cash in order to determine any shortfalls.

Short terms liquidity requirements comprises 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 2012, the Group's liabilities having contractual maturities are summarised as follows:

31 March 2012	**Current**		**Non- current**
Financial liabilities	Due within 60 days	Due in 61 days to 365 days	Due in more than 1 year
Trade payables	4,653,592	494,954	-
Expenses payable	1,519,711	2,959,506	-
Borrowings	114,559,965	20,365,069	1,012,004
Employee dues	1,992,257	1,240,470	-
Derivative financial instruments	229,449	2,120,166	-
Other dues	6,087	664,777	-
Total	**122,961,061**	**27,844,942**	**1,012,004**

As at 31 March 2011, the Group's liabilities having contractual maturities are summarised as follows:

31 March 2011	**Current**		**Non- current**
Financial liabilities	Due within 60 days	Due in 61 days to 365 days	Due in more than 1 year
Trade payables	2,516,822	295,064	-
Expenses payable	2,509,622	-	-
Borrowings	16,328	81,641	76,662
Employee dues	650,299	-	-
Total	**5,693,071**	**376,705**	**76,662**

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:

		Fair value measurements at reporting date using
31 March 2012	**Total**	**Level 2**
Assets		
Derivative instruments		
Forward contracts (currency – USD/INR)	27,150,000	27,150,000

There were no derivative instruments classified in Level 2 as of March 31, 2011

34 CAPITAL RISK MANAGEMENT

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

The primary objective of the Group's capital management is to reduce net debt over time whilst investing in business and maximizing shareholder value. In order to meet this objective, the Group may issue or repay debt, adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. 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 financial liabilities of the Group.

	31 March 2012	**31 March 2011**
Total equity	31,254,182	19,003,886
Total debts	151,818,009	6,146,351
Overall financing	**183,072,191**	**25,150,237**
Gearing ratio	0.83	0.24

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.

35 POST REPORTING EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.