

**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**UNIVERSAL POWER SYSTEMS PRIVATE LIMITED**

**Report on the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Universal Power Systems Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors Report including Annexures, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Management Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and the statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from



error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of Internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
- e) On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company doesn't have any pending litigation which would impact its financial position;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses, and
  - There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Registration No. 101720W/W100355



Amit Chaturvedi  
Partner  
Membership No. 103141

Place- Mumbai  
Dated: 17 May, 2019





**“ANNEXURE A” TO INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF  
UNIVERSAL POWER SYSTEMS PRIVATE LIMITED**

**(Referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date)**

- i) In respect of its Fixed Assets :
- a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
  - b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. As the Company had no immovable property during the year, clause (c) (i) of paragraph of the Order is not applicable to the Company.
- ii) In respect of its inventories:  
As the Company had no inventory during the year, clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- iv) The Company has not directly or indirectly advanced loan to the persons or given guarantee or securities in connections with the loan taken by persons covered under Sec 185 of the Act. The Company has complied with the provision of Sec 186 of the Act, in respect of investment , loans, guarantee or security given.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.
- vi) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company. Accordingly, the provision of clause 3(vi) of the order is not applicable.
- vii) In respect of Statutory dues :
- a. According to the records of the Company, undisputed statutory dues including goods and service tax, provident fund, income-tax, sales-tax, service tax, duty of customs, value added tax, cess and any other statutory dues as applicable to it have generally been regularly deposited to the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2019 for a period of more than six months from the date of becoming payable.
  - b. On the basis of our examination of accounts and documents on records of the Company and information and explanations given to us upon enquires in this regard, there are no disputed amounts payable in respect of goods and service tax, income tax, sales tax, service tax, duty and cess as applicable to it on account of any dispute, which have not been deposited except the disputed statutory dues on account of disputed matters pending before the appropriate authorities as under:



Sr. No.	Name of Statute	Nature of Dues	Amount in ₹	Amount paid under protest in ₹	Period to Which the amount relates	Forum where dispute is Pending
1	Finance Act 1994	Service Tax	1,13,50,388	20,00,000	1-05-2006 to 31-03-2011	CESTAT

- viii) The Company has not raised loans from financial institutions or banks or government or by issue of debentures and hence clause (viii) of paragraph 3 of the Order is not applicable to the Company.
- ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan during the year and hence clause (ix) of paragraph 3 of the Order is not applicable to the Company.
- x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanations given to us, Section 197 of the Act is not applicable to the Company and hence clause (xi) of paragraph 3 of the Order is not applicable to the Company.
- xii) In our opinion Company is not a nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- xiii) In respect of transactions with related parties:  
In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Act and their details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or of fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under Section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.
- xvi) Based on information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Chaturvedi & Shah LLP**  
Chartered Accountants  
Firm Registration No. 101720W/W100355



**Amit Chaturvedi**  
Partner  
Membership No. 103141

Place- Mumbai  
Dated: 17 May, 2019



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF UNIVERSAL POWER SYSTEMS PRIVATE LIMITED**

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the Internal Financial Control over financial reporting of Universal Power Systems Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year then ended.

**Management Responsibility for the Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Registration No. 101720W/W100355

**Amit Chaturvedi**  
Partner  
Membership No. 103141

Place- Mumbai  
Dated: 17 May, 2019





Universal Power Systems Private Limited  
Balance Sheet as at 31 March 2019

Particulars	Note No.	Amount ₹ in Lakhs	
		As at 31 March 2019	As at 31 March 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	83	112
Financial assets			
(i) Other financial assets	4e	164	117
Deferred tax assets (net)	6	574	647
Tax assets (net)	5	446	432
<b>Total non-current assets</b>		<b>1,267</b>	<b>1,308</b>
<b>Current assets</b>			
Financial assets			
(i) Investments*	4a	0	0
(ii) Trade receivables	4b	476	800
(iii) Cash and cash equivalents	4d	155	59
(iv) Loans	4c	6	4
Other current assets	7	51	8
<b>Total current assets</b>		<b>688</b>	<b>871</b>
<b>Total Assets</b>		<b>1,955</b>	<b>2,179</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	8a	1	1
Other equity	8b	185	373
<b>Total Equity</b>		<b>186</b>	<b>374</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	9a	17	-
Employee benefits obligation	11	56	62
<b>Total non-current liabilities</b>		<b>73</b>	<b>62</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables	9b		
a) Total outstanding dues of Micro and small enterprises		-	-
b) Total outstanding dues of creditors other than Micro and small enterprises		1,310	315
(ii) Other financial liabilities	9c	311	511
Other current liabilities	10	62	905
Employee benefits obligation	11	13	12
<b>Total current liabilities</b>		<b>1,696</b>	<b>1,743</b>
<b>Total Equity and liabilities</b>		<b>1,955</b>	<b>2,179</b>

\*Amount represents less than ₹ one lakh

Note 1 to 30 form an integral part of these financial statements

As per our report on even date

For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Registration no. : 101720W/W100355

For and on behalf of Board of Directors

Amit Chaturvedi  
Partner  
Membership No: 103141



Place: Mumbai  
Date: 17 May 2019

Sunil Lulla  
Director  
(DIN: 00243191)

Anand Shankar  
Director  
(DIN: 02942810)

Place: Mumbai  
Date: 17 May 2019



Universal Power Systems Private Limited  
Statement of Profit and Loss for the year ended 31 March 2019

Particulars	Note No.	Amount ₹ in Lakhs	
		Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue</b>			
Revenue from operations (not)	12	1,044	2,057
Other income	13	54	11
<b>Total revenue</b>		<b>1,098</b>	<b>2,068</b>
<b>Expenses</b>			
Operating expenses	14	102	281
Employee benefits expense	15	836	1,218
Finance costs	16	56	35
Depreciation expense	17	35	55
Other expenses	18	227	2,379
<b>Total expenses</b>		<b>1,256</b>	<b>3,968</b>
(Loss)/Profit before tax		(158)	(1,900)
<b>Tax expense</b>			
Current tax		-	-
Adjustment of tax relating to earlier periods		-	-
Deferred tax charge / (credit)		71	(566)
<b>Income tax expense</b>		<b>71</b>	<b>(566)</b>
(Loss)/Profit after tax for the year		(229)	(1,334)
<b>Other Comprehensive Income</b>			
Other comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Remeasurement gain on defined benefit liability		5	25
Income tax effect		(1)	(8)
<b>Other comprehensive income for the year (net of tax)</b>		<b>4</b>	<b>17</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>(225)</b>	<b>(1,317)</b>
(Loss)/Earning per share (Face value of ₹ 100 each)	19		
Basic and diluted earnings per equity share (in ₹)		(22,881)	(133,398)

Note 1 to 30 form an integral part of these financial statements  
As per our report on even date

For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Registration no. : 101720W/W100355

Amit Chaturvedi  
Partner  
Membership No: 103141



Place: Mumbai  
Date: 17 May 2019

For and on behalf of Board of Directors

Sunil Lulla  
Director  
(DIN: 00243191)

Anand Shankar  
Director  
(DIN: 02942810)



Place: Mumbai  
Date: 17 May 2019

Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

A. Equity Share Capital

Amount ₹ in Lakhs except share data	
Number	Amount
	1,000
Changes in Equity Share capital during the year 2017-18	-
<b>Balance as at 31st March 2018</b>	<b>1,000</b>
	1,000
Changes in Equity Share capital during the year 2018-19	-
<b>Balance as at 31 March 2019</b>	<b>1,000</b>

B. Other equity

	Reserves and surplus		Other comprehensive income	Total equity
	Securities premium	Retained earnings		
<b>Balance as at 1 April 2018</b>	214	130	28	373
Dividends	-	-	-	-
Issue of share capital on exercise of employee share option	37	-	-	37
Employee share-based compensation	-	-	-	-
Loss for the year	-	(229)	-	(229)
Other comprehensive income	-	-	4	4
<b>Balance as at 31 March 2019</b>	<b>251</b>	<b>(99)</b>	<b>32</b>	<b>185</b>
	34	1,464	11	1,509
Dividends	-	-	-	-
Issue of share capital on exercise of employee share option	180	-	-	180
Employee share-based compensation	-	-	-	-
Profit for the year	-	(1,334)	-	(1,334)
Other comprehensive income	-	-	17	17
<b>Balance as at 31 March 2018</b>	<b>214</b>	<b>130</b>	<b>28</b>	<b>373</b>

Share premiums has been recorded in respect of the issue of share capital of Holding company related to employee share-based payment

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Universal Power Systems Private Limited  
Cash Flow Statement for the period ended 31 March 2019

Particulars	Amount ₹ in Lakhs	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax	(158)	(1,900)
Non-cash adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	35	55
Foreign exchange loss/(gain)	(21)	-
Sundry balances written back	(10)	(10)
Loss on sale of Fixed assets	(0)	-
Bad debts/Provision for doubtful trade receivables/sundry balances written off	80	2,017
Sundry balances written off	23	-
Finance costs	56	35
Interest income	(1)	(1)
(Gain)/Loss on sale of tangible assets (net)	1	2
Net loss on sale of current investments*	0	0
Expense on employee stock option plan	37	180
<b>Operating profit before working capital changes</b>	<b>42</b>	<b>378</b>
Movements in working capital:		
Decrease in unbilled revenue	119	215
Increase/(Decrease) in trade payables	1,027	(1,324)
Increase/(Decrease) in other current liabilities	(843)	767
(Decrease) in other financial liabilities	(200)	(878)
Increase/(Decrease) in provisions	0	(9)
Decrease in trade receivables	125	579
(Increase)/Decrease in loans	(2)	13
(Increase)/Decrease in other current assets	(66)	19
(Increase)/Decrease in other financial assets	(48)	27
Cash generated from operations	154	(213)
Income taxes refund/(paid)	(14)	(46)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>140</b>	<b>(259)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(6)	(62)
Proceeds from sale of property, plant and equipment	1	18
Interest Income	1	1
<b>Net cash generated from/(used) in investing activities (B)</b>	<b>(4)</b>	<b>(43)</b>
<b>Cash flow from financing activities</b>		
Repayment of non-current borrowings	-	(13)
Proceeds from long-term borrowings	17	-
Finance charges (net)	(56)	(34)
<b>Net cash used in financing activities (C)</b>	<b>(39)</b>	<b>(47)</b>

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Universal Power Systems Private Limited  
Cash Flow Statement for the period ended 31 March 2019

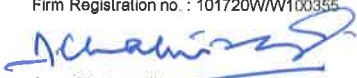
Particulars	Amount ₹ in Lakhs	
	Year ended 31 March 2019	Year ended 31 March 2018
Net (decrease)/increase in cash and cash equivalents (A + B + C)	96	(349)
Cash and cash equivalents at the beginning of the year	59	408
Cash and cash equivalents at the end of the year	155	59

\*Amount represents less than ₹ one lakh  
Note 1 to 30 form an integral part of these financial statements  
Change in liability arising from financing activities :-

	Non current borrowings	Current borrowing	Acceptances	Amount ₹ in lakhs Total
As on 1 April 2018	-	-	-	-
Cash Flows	17	-	-	17
Adjustments	-	-	-	-
As on 31 March 2019	17	-	-	17

As per our report on even date

For Chaturvedi & Shah LLP  
Chartered Accountants  
Firm Registration no. : 101720WW100355



Amlt Chaturvedi  
Partner  
Membership No: 103141

For and on behalf of Board of Directors



Sunil Lulla  
Director  
(DIN: 00243191)



Anand Shankar  
Director  
(DIN: 02942810)

Place: Mumbai  
Date: 17 May 2019

Place: Mumbai  
Date: 17 May 2019

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**Universal Power Systems Private Limited**  
**Summary of Significant accounting policies and other explanatory information for the year ended 31 March 2019**

**1) Corporate information**

Universal Power Systems Private Limited (the Company), known with their trade name 'Techzone' is a company incorporated in India under the provisions of the Companies Act. The Company is engaged in providing mobile value added services (MVAS) like SMS, WAP, CRBT and IVR. The Company is engaged in providing content services which includes marketing, promotion and distribution on digital platform to Telecom customers.

**2) Significant accounting policies and key accounting estimates and judgements**

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and defined benefit obligations. The financial statements are presented in Indian Rupee.

**Use of estimates**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Examples of such estimates include estimation of useful lives of property plant and equipment, employee costs, assessments of recoverable amounts of deferred tax assets, trade receivables and cash generating units, provisions against litigations and contingencies. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

**Operating cycle and current non-current classification**

Based on the nature of services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is current when:

- It is expected to be realised in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Foreign currency transactions and balances**

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.



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**Fair value measurement**

The Company measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions.
- Contingent consideration.
- Quantitative disclosures of fair value measurement hierarchy.
- Financial instruments (including those carried at amortised cost).

**Revenue recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Group is insignificant.



## Universal Power Systems Private Limited

### Summary of Significant accounting policies and other explanatory information for the year ended 31 March 2019

The company recognizes revenue (net of sales related taxes) when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the company's activities, as described below.

#### (i) Rendering of services

Revenue is recognized on delivery of content to customers, on the basis of monthly log reports received from customers as per contracted terms. Revenue from rendering of services is recognized by measuring the progress towards complete satisfaction of performance obligation at the reporting period. The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### (ii) Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

#### (iii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established.

Other revenue is recognised on accrual basis.

## Income taxes

Income tax expense comprises of current tax expense and deferred tax expenses. Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

#### (i) Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

#### (ii) Deferred tax:

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.





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Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

**Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

The accounting policy for borrowing costs is set out in note below. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Depreciation on property, plant and equipment is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Borrowing costs**

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

**Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the Statement of Profit and Loss.

**Leases - Company as a lessee**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date 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 finance costs in the Statement of Profit and Loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain



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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 statement of profit and loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

### **Financial instruments**

#### **Initial recognition and measurement**

Financial Instruments (assets and liabilities) are recognised when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in statement of profit and loss.

#### **i. Financial assets**

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### **Subsequent measurement**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets:

- a) Financial assets measured at amortised cost
- b) Financial assets measured at fair value through profit or loss (FVTPL)
- c) Financial assets measured at fair value through other comprehensive income (FVTOCI) – The Company does not have any assets classified as FVTOCI.

#### **Financial assets measured at amortised cost**

A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts) through the expected life of the debt instrument or where appropriate, a shorter period, to the net carrying amount on initial recognition.

The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables, loans, etc.

#### **Financial assets measured at FVTPL**

FVTPL is a residual category for financial assets in the nature of debt instruments. Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or



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**Summary of Significant accounting policies and other explanatory information for the year ended 31 March 2019**

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either
  - the Company has transferred substantially all the risks and rewards of the asset, or
  - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Debt instruments measured at amortised cost e.g., loans and bank deposits
- Trade receivables
- Other Financial assets not designated as FVTPL

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables (including lease receivables). The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

**ii. Financial liabilities**

**Subsequent measurement**

All financial liabilities are subsequently measured at amortised cost using the EIR method or at FVTPL.

**Financial liabilities at amortised cost**

After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Financial liabilities at FVTPL**

Financial liabilities are classified as FVTPL when the financial liabilities are held for trading or are designated as FVTPL on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.



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**Derivative financial instruments**

The Company does not have any derivative financial instruments.

**Cash and cash equivalents**

Cash and cash equivalents represent cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**Provisions**

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Contingencies**

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**Employee benefits**

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/ vesting period of the benefit.

- Defined contribution plan

The Company pays contribution to the provident fund and Employee state insurance corporation which is administered by respective Government authorities. The Company has no further payment obligations once the contributions have been paid. The Contributions are recognized as employee benefit expense in the statement of profit and loss to the year it pertains.

-Defined benefit plan

Gratuity: The Company's liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The Cost for past services is recognized on a straight line basis over the average period until the amended benefits become vested.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and the terms of Government bonds are consistent with the currency and estimated term of defined benefit obligation.

Compensated absences: The Company's liability towards unavailed leave is determined for entire unavailed vacation balance standing to the credit of each employee at the end of reporting period.





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**Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Key accounting estimates and judgements**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**Judgements**

(i) Leases

The Company has evaluated each lease agreement for its classification between finance lease and operating lease. The Company has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Company has also used appendix C of Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- the arrangement conveys a right to use the asset.

(ii) Deferred income taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full.

**Estimates**

(i) 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 Company.

(ii) Current income taxes

The tax jurisdictions for the Company is India. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.



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(iii) Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(iv) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

**Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from April 1, 2019:

Issue of IND AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard requires a simplified approach to lease accounting in the books of lessee. Classification of leases into finance and operating lease has been done away with in the books of lessee. The standard requires recognition of lease assets and lease liabilities for all arrangements which satisfy the definition of lease as per the standard. The Company does not expect this amendment to have any significant impact on its financial statements.

Amendment to existing standard

The MCA has also carried out amendment of the following accounting standards: -

- IND AS 101 - First time adoption of Indian accounting standard
- IND AS 103 - Business combination
- IND AS 109 - Financials instruments
- IND AS 111 - Joint arrangements
- IND AS 12 - Income taxes
- IND AS 19 - Employee benefits
- IND AS 23 - Borrowing cost
- IND AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any signification impact on company's financial statements



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 Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

3 Property, plant and equipment

Particulars	Amount ₹ in Lakhs						
	Data processing equipments**	Electrical equipment	Furniture and fittings	Lease assets	Motor vehicle*	Office equipment	Total
<u>Gross carrying amount</u>							
Balance as at 1 April 2018	819	12	25	-	1	17	874
Additions	0	-	-	44	-	-	44
Disposals / Writeoffs	65	3	6	-	-	2	76
Balance as at 31 March 2019	754	9	19	44	1	15	842
<u>Depreciation</u>							
Balance as at 1 April 2018	710	11	22	-	1	17	762
Depreciation charge	19	0	1	14	0	1	35
Disposals / Writeoffs	26	3	6	-	-	3	38
Balance as at 31 March 2019	703	8	17	14	1	15	759
Carrying amount as at 31 March 2019	51	1	2	30	0	0	83
Balance as at 1 April 2017	768	17	26	-	78	18	907
Additions	62	-	-	-	-	-	62
Disposals / Writeoffs	11	5	1	-	77	1	95
Balance as at 31 March 2018	819	12	25	-	1	17	874
<u>Depreciation</u>							
Balance as at 1 April 2017	681	14	21	-	50	17	783
Depreciation charge	42	2	1	-	9	1	55
Disposals / Writeoffs	13	5	0	-	58	1	77
Balance as at 31 March 2018	710	11	22	-	1	17	762
Carrying amount as at 31 March 2018	109	1	3	-	0	0	112

\*\*Finance lease disclosure

Lease under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Company has acquired data processing equipment which has a lease period of 3 years. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Addition to data processing equipment in 2017-18 includes gross carrying amount of ₹ 35 lakhs as assets taken on finance lease, so transferred to lease assets in 2018-19  
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 Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

Amount ₹ in Lakhs

<b>4 Financial assets</b>		
<b>4a Current investments</b>	As at 31 March 2019	As at 31 March 2018
Equity shares in companies (quoted) (accounted at fair value)*		
0 (31 March 2018: 10) equity shares of Gaminl Communication Limited	-	0
10 (31 March 2018: 10) equity shares of Shyam Telecom	0	0
33,745 (31 March 2018: 33,745) equity shares of Kingfisher Airlines Limited	-	-
	0	0
*Amount represents less than ₹ one lakh		
Aggregate amount of quoted investment at fair value	0	0
<b>4b Trade receivables</b>		
Unsecured considered good	386	492
Receivables from related parties (refer note : 21)	8	24
Less : provision of expected credit loss/provision of bad debts	(63)	-
Unbilled revenue	185	284
	476	800
<b>4c Loans</b>		
Unsecured, considered good		
Loan to employees- others	6	4
	6	4

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

4d Cash and cash equivalents

	As at 31 March 2019	Amount ₹ In Lakhs As at 31 March 2018
a. Cash on hand*	0	0
b. Balances with banks in current account	155	59
<b>Total</b>	<b>155</b>	<b>59</b>

4e Other financial assets

<b>Non Current</b>		
Security deposit	113	55
Restricted deposit**	12	24
Trade deposit	38	38
Accrued interest receivable*	1	0
<b>Total</b>	<b>164</b>	<b>117</b>
<b>Current</b>		
Non - Current	164	117
<b>Total</b>	<b>164</b>	<b>117</b>

Note

\*Amount represents less than ₹ one lakh

\*\*Restricted deposit includes deposits maintained with bank as per requested by TRAI with respect to service provided.

5 Non current tax assets (net)

Opening balance	432	386
Taxes paid/(Income tax refund received)	14	46
<b>Closing balance</b>	<b>446</b>	<b>432</b>

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**6. Deferred tax assets**

	Amount ₹ in Lakhs	
	1 April 2018	31 March 2019
<b>Deferred tax liabilities /assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	47	32
Trade and other receivables	-	16
<b>Current liabilities</b>		
Employee obligations	15	5
Brought forward losses	585	(78)
<b>Deferred tax assets (net)</b>	<b>647</b>	<b>(72)</b>
		<b>574</b>

**Deferred tax liabilities /assets**

	Amount ₹ in Lakhs	
	1 April 2017	31 March 2018
<b>Deferred tax liabilities /assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	59	47
<b>Current liabilities</b>		
Employee obligations	29	(22)
Brought forward losses	8	585
<b>Deferred tax assets (net)</b>	<b>88</b>	<b>551</b>
		<b>647</b>

**7. Other current assets**

	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
Advance to suppliers	48	3
Advance to employees for expenses	3	1
Receivable from related party (refer note: 21)	-	4
<b>Total</b>	<b>51</b>	<b>8</b>

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Universal Power Systems Private Limited  
Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

8 **Equity**

Amount ₹ in Lakhs except share data

**8a Authorised share capital**

Beginning of the year 1 April 2017  
Increase/(Decrease) during the year  
Total shares authorised At 31 March 2018  
Increase/(Decrease) during the year  
Total authorised share capital as at 31 March 2019

	Number	Amount
Beginning of the year 1 April 2017	5,000	5
Increase/(Decrease) during the year	-	-
Total shares authorised At 31 March 2018	5,000	5
Increase/(Decrease) during the year	-	-
<b>Total authorised share capital as at 31 March 2019</b>	<b>6,000</b>	<b>5</b>

**Issued equity capital**

Equity shares of ₹ 100 each issued, subscribed & fully paid  
Balance as at 1 April 2017  
Changes during the year  
Balance as at 31 March 2018  
Changes during the year  
Shares issued and fully paid as at 31 March 2019

	Number	Amount
Balance as at 1 April 2017	1,000	1
Changes during the year	-	-
Balance as at 31 March 2018	1,000	1
Changes during the year	-	-
<b>Shares issued and fully paid as at 31 March 2019</b>	<b>1,000</b>	<b>1</b>

a) **Terms/Rights attached to shares**

The Company has only one class of equity shares having a par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. The dividends, if any, proposed by Board of Directors is subject to approval by the Shareholders. All shares rank pari passu on repayment of capital in the event of liquidation.

b) **Shares held by holding company, subsidiaries of holding company**

Eros International Media Limited - Holding company

	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	Amount ₹ in lakhs	Number of shares held	Amount ₹ in lakhs
Eros International Media Limited - Holding company	1,000	1	1,000	1

c) **Details of Shareholders holding more than 5% of the shares in the Company**

Eros International Media Limited - Holding company & nominee

	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% holding	Number of shares held	% holding
Eros International Media Limited - Holding company & nominee	1,000	100%	1,000	100%

**8b Other Equity**

Balance as at 1 April 2017  
Loss for the year  
Other comprehensive income / (loss) for the year  
Issue of ESOP by Holding company (refer note no. 21)  
Balance as at 31 March 2018

	Amount ₹ in Lakhs			
	Security Premium	Other comprehensive Income	Retained earnings	Total equity
Balance as at 1 April 2017	34	11	1,464	1,509
Loss for the year	-	-	(1,334)	(1,334)
Other comprehensive income / (loss) for the year	-	17	-	17
Issue of ESOP by Holding company (refer note no. 21)	180	-	-	180
<b>Balance as at 31 March 2018</b>	<b>214</b>	<b>28</b>	<b>130</b>	<b>373</b>

Balance as at 1 April 2018  
Profit/(Loss) for the year  
Other comprehensive income / (loss) for the year  
Issue of ESOP by Holding company (refer note no. 21)  
Balance as at 31 March 2019

Balance as at 1 April 2018	214	28	130	373
Profit/(Loss) for the year	-	-	(229)	(229)
Other comprehensive income / (loss) for the year	-	4	-	4
Issue of ESOP by Holding company (refer note no. 21)	37	-	-	37
<b>Balance as at 31 March 2019</b>	<b>251</b>	<b>32</b>	<b>(99)</b>	<b>185</b>

Share premiums has been recorded in respect of the issue of share capital of Holding company related to employee share-based payment

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Universal Power Systems Private Limited  
Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

**9 Financial Liabilities**

**9(a) Current Borrowings**

**9a Non current borrowings**

**Total borrowings**

Loans from other

Less

**Current maturities of borrowings disclosed under other current financial liabilities**

Loans from other

Total current borrowings

Total non current borrowings

**9b Trade payables**

Trade payables to others

Trade payables to related parties (refer note: 21)

Total

**9c Other financial liabilities**

Accruals for operating expenses & other expenses

Current maturities of non current borrowings

Accrual for other expenses

Employee dues

Total

**10 Other current liabilities**

Advance from customers

Related parties (refer note: 21)

Other

Duties and taxes payable

Total

	As at 31 March 2019	Amount ₹ In Lakhs As at 31 March 2018
Loans from other	31	-
	<b>31</b>	<b>-</b>
Loans from other	14	-
	<b>14</b>	<b>-</b>
	<b>17</b>	<b>-</b>
Trade payables to others	249	272
Trade payables to related parties (refer note: 21)	1,061	43
	<b>1,310</b>	<b>315</b>
Accruals for operating expenses & other expenses	249	471
Current maturities of non current borrowings	14	-
Accrual for other expenses	-	31
Employee dues	48	9
	<b>311</b>	<b>511</b>
Advance from customers	35	836
Related parties (refer note: 21)	-	0
Other	-	-
Duties and taxes payable	27	69
	<b>62</b>	<b>905</b>

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

**11 Employee benefits obligation**

	Amount ₹ In Lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Non Current</b>		
Compensated absence (refer Note: 20)	9	11
Gratuity (refer Note: 20)	47	51
<b>Total</b>	<b>56</b>	<b>62</b>
<b>Current</b>		
Compensated absence (refer Note: 20)	3	3
Gratuity (refer Note: 20)	10	9
<b>Total</b>	<b>13</b>	<b>12</b>

Changes in the present value of the defined benefit obligation in respect of gratuity are, as follows:

	As at	As at
	31 March 2019	31 March 2018
<b>Defined benefit obligation</b>	60	85
Interest Cost	4	6
Current service cost	10	17
Past service cost	-	2
Benefits paid	(12)	(25)
Remeasurement-actuarial (losses)/gain from changes in experience	(6)	(24)
Remeasurement-actuarial losses from changes in financial assumptions	1	(1)
Exchange differences	-	-
<b>Defined benefit obligation</b>	<b>67</b>	<b>60</b>

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Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

	Year ended 31 March 2019	Year ended 31 March 2018
<b>12 Revenue from operations(net)</b>		
Revenue from operations	955	1,955
Other operating income (refer note: 21)	89	102
<b>Total</b>	<b>1,044</b>	<b>2,057</b>
<b>13 Other income*</b>		
Gain on foreign currency transactions and translation (net)	21	-
Profit on sale of assets	0	-
Capital gain on sale of shares	-	0
Interest received on Loans And Advances	8	-
Reversal of ECL	14	-
Other non operating income	-	0
Interest on fixed deposit/ bank balance	1	1
Sundry balances written back	10	10
<b>Total</b>	<b>54</b>	<b>11</b>
* Amount represents less than ₹ one lakh		
<b>14 Operating expenses</b>		
Content and revenue share	(52)	(104)
Internet line charges	6	49
Advertisement campaign on mobile	(4)	142
Voice recording charges	-	1
Publicity and marketing expenses	149	193
Direct Cost - Gaming	1	-
Other direct charges	2	-
<b>Total</b>	<b>102</b>	<b>281</b>
<b>15 Employee benefits expense</b>		
Salary and bonus	754	963
Contribution to provident funds and other funds (refer note 20)	16	32
Employee compensation expenses (refer note 21)	37	180
Gratuity expenses (refer note 20)	15	25
Staff welfare expenses	14	18
<b>Total</b>	<b>836</b>	<b>1,218</b>
<b>16 Finance costs: Interest expense on</b>		
Borrowings at amortised costs	-	1
Related party (Refer Note: 21)	29	24
Bill discounting	-	1
Interest on Delay Payment of Service Tax	8	-
Interest on Delay Payment of TDS	5	-
Interest on delay payment of GST	11	6
Others	3	3
<b>Total</b>	<b>56</b>	<b>35</b>

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Universal Power Systems Private Limited  
Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

	Amount ₹ in Lakhs	
<b>17 Depreciation expense</b>		
Depreciation on property, plant and equipment (refer note: 3 )	35	55
<b>Total</b>	<b>35</b>	<b>55</b>
<b>18 Other expenses</b>		
Power and fuel	5	21
Rent expenses	37	106
Repairs and maintenance	1	6
Rates and taxes	4	40
Legal and professional expenses	19	19
Payments to auditors (refer note 27)	14	13
Bad debts/provision for doubtful debts/provision of expected credit loss	80	2,002
Communication expenses	2	12
Travelling and conveyance	2	81
Loss on foreign currency transactions and translation (net)	-	12
Brokerage and commission	-	4
Postage and courier	7	-
Bank charges	3	4
GST/Service tax expense	18	5
Deposits written off	7	-
Miscellaneous expenses	10	10
Security charges	1	-
Office maintenance	1	25
Sundry balance written off	16	15
Prior Period expenses	-	4
<b>Total</b>	<b>227</b>	<b>2,379</b>
<b>19 Earnings per share (EPS)</b>		
a) (Loss)/Profit after tax attributable to equity shareholders	(229)	(1,334)
b) Weighted average number of equity shares	1,000	1,000
	<b>1,000</b>	<b>1,000</b>
c) Basic and diluted earning per share (face value of ₹100 per share)	(22,881)	(133,398)

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

20. Employee benefits

1. Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as Salaries, incentives and allowances, short terms compensated absences, etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

2. Long term employee benefits

The disclosures as per Ind AS-19 are as under:

(i) Defined benefit plan

Gratuity (Unfunded):

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a unfunded plan.

A. Movement in the present value of projected benefit obligation for gratuity

Particulars	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
At the beginning of the period	60	85
Interest cost	4	6
Current service cost	10	17
Past service cost	-	2
(Benefit paid directly by the employer)	(12)	(25)
Actuarial (gains)/losses on obligations - due to change in financial assumptions	1	(1)
Actuarial (gains)/losses on obligations - due to experience	(6)	(24)
<b>At the end of the year</b>	<b>57</b>	<b>60</b>
Current portion of gratuity	10	9
Non-current portion of gratuity	47	51
<b>Total</b>	<b>57</b>	<b>60</b>

B. Amount recognised in the statement of profit and loss

Particulars	Amount ₹ in Lakhs	
	Year ended 31 March 2019	Year ended 31 March 2018
Interest cost	4	6
Current service cost	10	17
Past service cost	-	2
<b>Net impact as employee benefit expenses</b>	<b>14</b>	<b>25</b>
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	1	(1)
Actuarial (gains)/losses on obligations - due to experience	(6)	(24)
<b>Net impact as other comprehensive income before tax</b>	<b>(5)</b>	<b>(25)</b>

C. Amount recognised in the balance sheet

Particulars	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
Obligation for gratuity	57	60
	57	60

Number of active members are 65 (2018 - 85)

Weighted average duration of the projected benefit obligation for gratuity is 6 years (2018 : 6 years)



Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

D. The defined benefit obligations shall mature after year end as follows:

Particulars	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
1st following year	10	9
2nd following year	9	9
3rd following year	9	8
4th following year	8	8
5th following year	7	7
Sum of years 6 to 10	21	25

E. Assumptions

The actuarial calculations used to estimate commitments and expenses in respect of gratuity is based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Particulars	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
Rate of discounting - Indicative Government security referenced rate of interest	6.76%	7.35%
Rate of salary increase	10.00%	10.00%
Rate of employee turnover	23.00%	20.00%
Mortality Rate During Employment - Published rates under the Indian Assured Lives Mortality (2006-08) Ultimate table.		

F. Sensitivity

The sensitivity of the defined benefit obligation to changes in the weighted key assumptions are:

Particulars	Amount ₹ in Lakhs			
	Year ended 31 March 2019		Year ended 31 March 2018	
Rate of discounting	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase / (decrease) in the defined benefit liability	(2)	2	(2)	3
Rate of salary increase	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase / (decrease) in the defined benefit liability	2	(2)	2	2
Rate of employee turnover	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase / (decrease) in the defined benefit liability	(1)	1	(1)	1

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the method (Projected Unit Credit Method) used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

(II) Defined contribution plan

(a) Provident fund and employee's state insurance corporation

The Company pays fixed contribution to the provident fund and employee's state insurance corporation entities in relation to several state plans and insurances for individual employees. This fund is administered by the respective Government authorities, and the Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Contribution to defined contribution plan recognised as employee benefit expenses

Particulars	Amount ₹ in Lakhs	
	Year ended 31 March 2019	Year ended 31 March 2018
Employer's Contribution towards Provident Fund (PF)	15	30
Employer's Contribution towards Employee's State Insurance Corporation (ESIC)	1	2
<b>Total</b>	<b>16</b>	<b>32</b>

(b) Compensated absences

The Company's liability towards compensated leaves is determined for the entire un-availed vacation balance standing to the credit of each employee as at year-end. As at 31 March 2019, Company has obligation of ₹ 11.53 Lakhs (2018 : ₹ 13.46 Lakhs) refer note 11. During the year, Company recognised compensated absence of Rs. ₹ 6.17 Lakhs (2018 ₹ 6.63 Lakhs) as employee benefit expenses.

Current portion of compensated absence	3	3
Non-current portion of compensated absence	9	11
<b>Total</b>	<b>12</b>	<b>14</b>

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**Universal Power Systems Private Limited**

**Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019**

**21. Related party disclosures**

<b>Ultimate Holding company</b>	Eros International PLC, Isle of Man
<b>Step up Holding company</b>	Eros Worldwide FZ LLC, Dubai
<b>Holding company</b>	Eros International Media Limited
<b>Entities under common control</b>	Eros Digital Private Limited Eros International Limited, United Kingdom Eros Digital FZ LLC

<b>Key Management Personnel (KMP)</b>	Mr. Sunil Lulla - Director Mr. Anand Shankar Kamtam - Director (w.e.f. 8 March 2018) Mr. Sanjay Bangani - Company Secretary (up to 16 November 2018) Mr. Naveen Bhandari - Whole Time Director (up to 31 July 2017)* Mr. Naveen Bhandari - Chief Executive Officer (up to 31 July 2017)*
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<b>Companies and firms in which KMP / Relatives of KMP can exercise significant Influence</b>	Amera Muzik Private Limited (up to 31 July 2017)* Muzik247 (up to 31 July 2017)*
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\*Relationship as KMP ceased w.e.f. 31 July 2017. However the person continues to be in the employment of the Company. Hence, transactions are disclosed up to the date on which employment was ceased

**Number of share held by related parties**

	% of Holding 31 March 2019	% of Holding 31 March 2018
Eros International Media Limited - Holding company	100%	100%

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

A. Transactions during the year with related parties

Particulars	Amount ₹ in Lakhs	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue from operations</b>		
Holding company		
Eros International Media Limited	6	8
	<u>6</u>	<u>8</u>
<b>Operating expenses</b>		
Holding company		
Eros International Media Limited	40	9
<b>Companies and firms in which KMP / Relatives of KMP can exercise significant influence</b>		
Muzik247		27
	<u>40</u>	<u>36</u>
<b>Interest Expenses</b>		
Eros International Media Limited	29	24
	<u>29</u>	<u>24</u>
<b>Borrowings</b>		
Holding company		
Eros International Media Limited	800	2,856
	<u>800</u>	<u>2,856</u>
<b>Repayment of borrowings</b>		
Holding company		
Eros International Media Limited	1,624	2,044
	<u>1,624</u>	<u>2,044</u>
<b>Salary and other benefits</b>		
Key Management Personnel (KMP)		
Naveen Bhandari	-	42
Sanjay Bangani	6	8
	<u>6</u>	<u>50</u>
<b>Capital contribution / Employee compensation expenses</b>		
Holding company		
Eros International Media Limited	37	180
	<u>37</u>	<u>180</u>
* Amount represents less than ₹ one lakh		
During FY 2016-17, Holding company "Eros International Media Limited" has, vide its Board meeting dated 10 February 2017, approved the grant of stock options of Rs. 10 each to the qualifying employees of the company with the vesting period of 12 months, 24 months and 36 months. Qualifying employees of the Company have opted for 235,381 number of stock options. ESOP expenses incurred by Holding company amounting to ₹ 37.25 lakhs (2018 : ₹180.01 lakhs) as per Ind AS 102 has been recognised as capital contribution by the Company.		
<b>Revenue and cost attributable to (net):</b>		
Entities under common control		
Eros Digital FZ LLC	396	530
	<u>396</u>	<u>530</u>
<b>Other Income</b>		
Entities under common control		
Eros Digital FZ LLC	89	102
	<u>89</u>	<u>102</u>

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

B. Balances with related parties

Particulars	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Advances from Related Party</b>		
Holding company		
Eros International Media Limited	35	836
	<u>35</u>	<u>836</u>
<b>Other current assets</b>		
Holding company		
Eros International Media Limited	-	4
	<u>-</u>	<u>4</u>
<b>Trade payables</b>		
Companies and firms in which KMP / Relatives of KMP can exercise significant influence		
Muzik247	-	17
Amara Muzik Private Limited	-	9
Entities under common control		
Eros Digital FZ LLC	1,061	17
	<u>1,061</u>	<u>43</u>
<b>Trade receivables</b>		
Holding company		
Eros International Media Limited	-	24
Entities under common control		
Eros Digital FZ LLC	8	-
	<u>8</u>	<u>24</u>

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

22. Segment reporting

Description of segment and principal activities

The company is engaged in providing content services which includes marketing, promotion and distribution on digital platforms to telecom customers. Therefore, only one operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108. Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker.

Particulars	Amount ₹ in Lakhs	
	Year ended 31 March 2019	Year ended 31 March 2018
External revenue	1,098	2,068
Segment result	(158)	(1,900)
Tax expenses	71	(566)
(Loss)/Profit for the year	(229)	(1,334)

Other informations

Depreciation and amortisation expense	35	55
Interest Income	1	1
Loss on foreign currency transactions and translation (net)	-	12
Finance costs	56	35

Revenue by region of domicile of customer's location

Geographical segments	Amount ₹ in Lakhs	
	Year ended 31 March 2019	Year ended 31 March 2018
Rest of the world	435	643
India	663	1,425
	1,098	2,068

Non-current assets other than financial instruments, income tax assets and deferred tax

Non-current assets	Amount ₹ in Lakhs	
	31 March 2019	31 March 2018
Rest of the world	-	-
India	83	112
	83	112

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23. Categories of financial assets and financial liabilities

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Amount ₹ In Lakhs	
	Carrying value /Fair value	
	As at 31 March 2019	As at 31 March 2018
<b>Financial assets</b>		
<b>Measured at fair value through profit and loss</b>		
Investments*	0	0
	<u>0</u>	<u>0</u>
<b>Measured at amortised cost</b>		
Trade receivables	311	516
Unbilled revenue	165	284
Cash and cash equivalents	155	59
Loans	6	4
Other financial assets	164	117
	<u>801</u>	<u>980</u>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
Borrowings	17	-
Trade payables	1,310	315
Other financial liabilities	311	511
	<u>1,638</u>	<u>826</u>

\* Amount represents less than ₹ one lakh

The net carrying value of cash and cash equivalents, other bank balances, trade receivables, trade payables, Unbilled revenue, and other financial liabilities/assets is a reasonable approximation of fair value largely due to the short-term maturities of these instruments.

23A. Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based in the observability of significant inputs to the measurement, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

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Unversal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

Year ended 31 March 2019	Amount ₹ in Lakhs			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Measured at fair value through profit and loss</b>				
Investments*	0	-	-	0
	0	-	-	0
<b>Measured at amortised cost</b>				
Trade receivables	-	-	311	311
Unbilled revenue	-	-	165	165
Cash and cash equivalents	-	-	155	155
Loans	-	-	6	6
Other financial assets	-	-	164	164
	-	-	801	801
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Borrowings	-	-	17	17
Trade payables	-	-	1,310	1,310
Other financial liabilities	-	-	311	311
	-	-	1,638	1,638

Year ended 31 March 2018	Amount ₹ in Lakhs			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Measured at fair value through profit and loss</b>				
Investments*	0	-	-	0
	0	-	-	0
<b>Measured at amortised cost</b>				
Trade receivables	-	-	516	516
Unbilled revenue	-	-	284	284
Cash and cash equivalents	-	-	59	59
Loans	-	-	4	4
Other financial assets	-	-	117	117
	-	-	980	980
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Borrowings	-	-	-	-
Trade payables	-	-	315	315
Other financial liabilities	-	-	511	511
	-	-	826	826

\* Represents amount less than ₹ one lakh

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**24. Financial instruments risk**

**Risk management objectives and policies**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's financial assets and liabilities by category are summarized in Note 23.

The Company's risk management is coordinated at its office, in close cooperation with the board of directors. The most significant financial risks to which the Company is exposed are described below.

**A. Market risk analysis**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables and loans.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk exist mainly on account of borrowings of the Company. However, all these borrowings are at fixed interest rate and hence the exposure to change in interest rate is insignificant.

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Company is exposed to foreign exchange risk through its rendering of services in overseas and obtaining of services from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by obtaining services in the respective currencies. The Company is not exposed to significant foreign currency risk as at the respective reporting dates. Therefore, the Company does not enters into forward exchange contracts to hedge against its foreign currency exposures relating to the recognized underlying assets and liabilities. The Company does not enter into any derivative instruments for trading or speculative purposes.

**Foreign currency sensitivity**

Most of the Company's transactions are carried out in INR. Exposures to currency exchange rates arise from the Company's overseas transactions, which are primarily denominated in US dollars (USD), British Pound (GBP) and Qatari Rial (QAR)

The Company is not exposed to significant foreign currency risk as at the respective reporting dates and hence the exposure to change in interest rate is also insignificant.

**(iii) Other price risk**

The Company is mainly exposed to the price risk due to change in fair valuation of its investment in market traded equity instruments. The details of such investments are given in Note 4. The price risk arises due to uncertainties about the future market values of these investments. However, Company has insignificant value of investment in equity instruments and hence the exposure to change in interest rate is also insignificant.

The Company is not exposed to significant investment in market traded equity instruments as at the respective reporting dates and hence the exposure to change in interest rate is also insignificant.

**B. Credit risk analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at 31 March, as summarized below:

	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
Trade receivables	311	516
Loans	6	4
Cash and bank including others	-	0
Other financial assets	0	0
	<b>317</b>	<b>520</b>

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**Universal Power Systems Private Limited**

**Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019**

The Company measures the expected credit loss of trade receivables and loan from employees based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

	Amount ₹ In Lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Ageing of Trade Receivables</b>		
Not Due	248	360
Overdue less than 90 days	66	74
Overdue more than 90 days less than 180 days	22	15
Overdue more than 180 days less than 270 days	19	15
Overdue more than 270 days less than 360 days	2	24
Overdue more than 360 days	9	4
<b>Balance as at 31 March 2019</b>	<b>366</b>	<b>492</b>
<b>Expected Credit Loss</b>		
Balance as at 1 April 2018	-	-
Provision made during the year	63	-
<b>Balance as at 31 March 2019</b>	<b>63</b>	<b>-</b>

Credit risk arising other bank balances and other financial assets are limited. In case of other bank balance counterparties are banks and recognized financial institutions with high credit ratings assigned by the international credit rating agencies whereas in case of other financial assets consist of bills receivables.

**C. Liquidity risk analysis**

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents.

As at 31 March 2019, 31 March 2018 the Company's financial liabilities have contractual maturities (including interest payments where applicable) less than a year.

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

25. Management of capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company whereas debt includes debt less cash and cash equivalent and other bank balances.

The gearing ratio at the end of the reporting period was as follows:

	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
Debt	31	-
Less: Cash and cash equivalents and other bank balances	(155)	(59)
<b>Net debt (A)</b>	<b>(124)</b>	<b>(59)</b>
Equity (B)	186	374
Net debt to equity (A/B)	-67%	-16%

26. Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities

A. Particulars

Claims against the company not acknowledged as debt

Service tax

	Amount ₹ in Lakhs	
	As at 31 March 2019	As at 31 March 2018
Service tax	94	94
	<b>94</b>	<b>94</b>

On 28 February, 2013, the Company received a service tax order with reference to the internal audit conducted by the service tax department. Based on the audit conducted, department has demanded tax amounting to ₹ 113.50 Lakhs against which the company has paid ₹ 20 Lakhs during the year ended 31 March 2016. The Company has not made any provision in the books to give effect to this order and filed an appeal against the demand. The Company expects that the final outcome will be favourable. Accordingly, based on the assessment made after appropriate legal advice, ₹ 93.50 Lakhs has been considered as contingent liability.

The Company does not have any commitment as at 31 March 2019, 31 March 2018.

B. The Company has given first charge by way of hypothecation on current assets and cash flows to Srei equipments finance limited on behalf of holding company Eros international media limited as a security

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Universal Power Systems Private Limited

Summary of significant accounting policies and other explanatory information to the financial statements for year ended 31 March 2019

	Year ended 31 March 2019	Amount ₹ in Lakhs Year ended 31 March 2018
<b>27. Auditors remuneration</b>		
As auditor		
Statutory audit	11	8
Tax audit	1	2
	<u>12</u>	<u>10</u>
In other capacity		
Other services (certification fees)	2	2
	<u>2</u>	<u>2</u>
Reimbursement of expenses	0	1
<b>Total</b>	<u><u>14</u></u>	<u><u>13</u></u>

**28. Events after reporting date**

No adjusting or significant non-adjusting events have occurred between 31 March 2019 and the date of authorization of these financial statements.

**29. Regrouping of previous year figures**

Previous year figures have been regrouped wherever necessary to make financial statement comparable.

**30. Authorisation of financial statements**

The financial statements for the year ended 31 March 2019 were approved by the board of directors on 17 May 2019.

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration no. : 101720W/W/100355



Amit Chaturvedi

Partner

Membership No: 103141

Place: Mumbai

Date: 17 May 2019



**For and on behalf of Board of Directors**



Sunil Lulla

Director

(DIN: 00243191)

Place: Mumbai

Date: 17 May 2019



Anand Shankar

Director

(DIN: 02942810)

