ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

1) Corporate information

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.) (the Company), 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 also engaged in providing content services which includes marketing, promotion and distribution on digital platform i.e. Erosnow to Telecom and other 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) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the companies Act 2013 (the Act) read with the Companies (Indian Accounting standard) as amended and other relevant provisions of the Act. The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and defined benefit obligations.

With effect from 1st April 2019, Ind AS 116 – "Leases" (Ind AS 116) supersedes Ind AS 17 – "Leases". The Company has adopted Ind AS 116 using the **prospective approach**. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' asset with a corresponding Lease Liability in the Balance Sheet.

The financial statements are presented in Indian Rupee. All values are rounded to the nearest rupees in laks, except where otherwise indicated. Amounting Zero (0) represents amount below rupees fifty thousand.

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 recognized 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 realization 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.

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 categorization (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 summarizes 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 amortized cost).

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

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

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ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

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

(ii) 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 utilized, 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 utilized. Unrecognized 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.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.

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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 capitalized 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 units (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

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease,if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over 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.

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EROSNOW PRIVATE LIMITED

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

i. Financial assets
All regular way purchase or sale of financial assets are recognised and derecognized 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 amortized cost or fair value, depending on the classification of the financial assets:

a) Financial assets measured at amortized 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 amortized cost
A financial asset is measured at amortized 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 amortized 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 amortization 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.

De recognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when:

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

- 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 'pass through' 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 amortized 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 recognizing impairment loss allowance based on 12-month ECL.

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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 EGL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month EGL 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 recognizes 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 amortized cost using the EIR method or at FVTPL.

Financial liabilities at amortized cost
After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are de-recognised as well as through the EIR amortization process. Amortized 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 amortization 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 realize the assets and settle the liabilities simultaneously.

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 amortized 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.

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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 Joss 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 s 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 un availed vacation balance standing to the credit of each employee at the end of reporting period.

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 amortized 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:

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Judgements

(i) 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.

(iii) Accounting for defined benefit plans

In accounting for post-retirements 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 judgement. 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.

(v) **Estimation of uncertainties relating to global health pandemic from COVID-19**

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The company has evaluated the impact of this pandemic in preparation of the financial statement including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenues and on its business operations. Based on its review and current indicators of future economic conditions, there is no significant impact on its financial results.

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EROSNOW PRIVATE LIMITED

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Balance Sheet as at 31 March 2020

Amount ₹ in Lakhs

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	3	61	83
Financial assets			
Other financial assets	4	94	164
Tax assets (net)	5	411	446
Deferred tax assets (net)	6	384	574
Total Non-current assets		**950**	**1,267**
Current assets			
Financial assets			
Investments	7	0	0
Trade receivables	8	1,483	476
Cash and cash equivalents	9	52	155
Loans	10	512	6
Other current assets	11	60	51
Total Current assets		**2,108**	**688**
Total Assets		**3,057**	**1,955**
Equity and liabilities			
Equity			
Equity share capital	12	1	1
Other equity	13	(62)	185
Total Equity		**(61)**	**186**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	1	17
Employee benefit obligation	15	33	56
Total non-current liabilities		**34**	**73**
Current liabilities			
Financial liabilities			
Borrowings	16	18	14
Trade payables dues to	17		
Micro and small enterprises		-	-
Other than Micro and small enterprises		1,580	1,310
Other current liabilities	18	1,479	359
Employee benefit obligation	19	8	13
Total current liabilities		**3,085**	**1,696**
Total Equity and liabilities		**3,057**	**1,955**

Note 1 to 38 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

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 28th July 2020

For and on behalf of Board of Directors

Sunil Lulla
Director
(DIN: 00243191)

Anand Shankar
Director
(DIN: 02942810)

Vijay Vaishnav
Chief Finance Officer

EROSNOW PRIVATE LIMITED ★

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Statement of Profit and Loss for the year ended 31 March 2020

Amount ₹ in Lakhs

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
Revenue			
Revenue from operations (net)	20	1,106	1,044
Other income	21	88	54
Total revenue		**1,194**	**1,098**
Expenses			
Operating expenses	22	243	102
Employee benefits expense	23	586	836
Finance costs	24	135	56
Depreciation expense	3	42	35
Other expenses	25	270	227
Total expenses		**1,276**	**1,256**
Profit / (Loss) before tax		**(82)**	**(158)**
Tax expense			
Current tax - current year		-	-
Deferred tax		191	71
Income tax expense		**191**	**71**
Profit / (Loss) after tax for the year		**(273)**	**(229)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement gain on defined benefit liability		13	5
(ii) Income tax effect		(3)	(1)
Total other comprehensive income		**10**	**4**
Total comprehensive income for the year		**(263)**	**(225)**
Earnings per equity share (face value of ₹ 100 each)	26		
Basic (Rs)		(27,333)	(22,881)
Diluted (Rs)		(27,333)	(22,881)

Note 1 to 38 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

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 28th July 2020

For and on behalf of Board of Directors

Sunil Lulla
Director
(DIN: 00243191)

Anand Shankar
Director
(DIN: 02942810)

Vijay Vaishnav
Chief Finance Officer

EROSNOW PRIVATE LIMITED ★

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Statement of Cash flows for the year ended 31 March 2020

Amount ₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(A) Cash flow from operating activities		
Loss before tax	**(82)**	**(158)**
Adjustments for		
Depreciation expenses	42	35
Foregn exchange loss/(gain)	38	(21)
Sundry balances written back	-	(10)
Provision for bad and doubtful debts	184	80
Sundry balances written off	-	23
Interest expense	135	56
Interest income	(86)	(1)
Expense on employee stock option plan	16	37
Operating profit before working capital changes	**245**	**42**
Adjustment for		
Increase/(Decrease) in trade payables	232	1,027
Increase/(Decrease) in other current liabilities	1,121	(843)
Increase/(Decrease) in provisions	(28)	-
(Decrease) in other financial liabilities	-	(200)
Decrease / (increase) in trade receivables	(1,007)	244
(Increase)/Decrease in other current assets	(9)	(66)
(Increase)/Decrease in other financial assets	50	(48)
Cash generated from operations	**604**	**156**
Income taxes refund	34	(14)
Net cash flow from operating activities (A)	**638**	**142**
(B) Cash flow from investing activities		
Purchase of property, plant and equipment	(24)	(6)
Proceeds from sale of property, plant and equipment	-	1
Loan given to related party (net)	(556)	(2)
Fixed deposit matured	11	-
Interest Income	10	1
Net cash flow from investing activities (B)	**(559)**	**(6)**
(C) Cash flow from financing activities		
Repayment of borrowings	(12)	-
Repayment of loan to related party (net)	(35)	
Proceeds from other financials assets	-	17
Interest expense	(135)	(56)
Net cash flow from financing activities (C)	**(182)**	**(39)**
Net cash flows during the year (A + B + C)	**(104)**	**96**
Cash and cash equivalents at the beginning of the year	155	59
Net cash and cash equivalents at the end of the year	**52**	**155**

Note 1 to 38 form an integral part of these financial statements

Change in liability arising from financing activities ;-

	Non current borrowings	Current borrowing	Total
As on 1 April 2019	17	14	31
Cash Flows	(12)	-	(12)
Adjustments	(4)	4	-
As on 31 March 2019	1	18	19

As per our report on even date
For Chaturvedi & Shah LLP
Chartered Accountants
Firm Registration no. : 101720W/W100355

Amit Chaturvedi
Partner
Membership No: 103141

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 28th July 2020

For and on behalf of Board of Directors

Sunil Lulla
Director
(DIN: 00243191)

Anand Shankar
Director
(DIN: 02942810)

Vijay Vaishnav
Chief Finance Officer

EROSNOW PRIVATE LIMITED

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements
Statement of changes in Equity

A. Equity Share Capital

Amount ₹ in Lakhs except share data

	Number	(Amount in ₹)
Balance as at 1 April 2018	1,000	1
Changes in Equity Share capital during the year 2018-19	-	-
Balance as at 31 March 2019	**1,000**	**1**
Balance as at 1 April 2019	1,000	1
Changes in Equity Share capital during the year 2019-20	-	-
Balance as at 31 March 2020	**1,000**	**1**

Amount ₹ in Lakhs

B. Other equity

	Reserves and surplus			Total equity
	Securities premium	'Other comprehensive income	Retained earnings	
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
Balance as at 1 April 2019	251	32	(99)	185
Employee share-based compensation	16	-	-	16
Loss for the year	-	-	(273)	(273)
Other comprehensive income	-	10	-	10
Balance as at 31 March 2020	**267**	**42**	**(372)**	**(62)**
Balance as at 1 April 2018	214	28	130	373
Issue of share capital on exercise of employee share option	37	-	-	37
Loss for the year		-	(229)	(229)
Other comprehensive income	-	4	-	4
Balance as at 31 March 2019	**251**	**32**	**(99)**	**185**

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

EROSNOW PRIVATE LIMITED

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

3 Property, plant and equipment — **Amount ₹ in Lakhs**

Descriptions of assets	Data processing equipments*	Electrical equipment	Furniture and fittings	Lease assets	Right of Use Asset	Motor vehicle*	Office equipment	Total
(I) For year ended 31 March 2020								
Cost								
As at 1 April 2019	754	9	19	44	-	7	13	846
Additions	1	-	-	3	16	-	-	20
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2020	**755**	**9**	**19**	**47**	**16**	**7**	**13**	**866**
Depreciation								
As at 1 April 2019	704	8	16	14	-	7	13	763
Depreciation charge for the year	9	0	0	16	16	0	0	42
Disposals	-	-	-	-		-	-	-
As at 31 March 2020	**713**	**8**	**17**	**30**	**16**	**7**	**13**	**805**
Carrying amount as at 31 March 2020	**42**	**0**	**2**	**17**	**-**	**0**	**1**	**61**
(II) For year ended 31 March 2019								
I. Cost								
As at 1 April 2018	819	12	25	-	-	7	15	878
Additions	0	-	-	44	-	-	-	44
Disposals	65	3	6	-	-	-	2	76
As at 31 March 2019	**754**	**9**	**19**	**44**	**-**	**7**	**13**	**845**
II. Depreciation								
As at 1 April 2018	710	11	22	-	-	7	16	766
Depreciation charge for the year	19	0	1	14	-	0	0	35
Disposals	26	3	6	-		-	3	38
As at 31 March 2019	**704**	**8**	**16**	**14**	**-**	**7**	**13**	**763**
III. Carrying amount as at 31 March 2019	**51**	**1**	**2**	**29**	**-**	**(0)**	**0**	**83**

*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.

EROSNOW PRIVATE LIMITED

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

Amount ₹ in Lakhs

4. Other financial assets	As at 31 March 2020	As at 31 March 2019
Deposits- unsecured and considered good		
Security Deposit	55	113
Fixed Deposit with Bank	1	12
Trade deposit	38	38
Interest accrued	0	1
Total	94	164

5. Non-current tax assets (net)		
At the beginning of the year	446	432
Income tax refund (received)/paid - net	(34)	14
At end of the year	411	446

7. Current investments		
Equity shares in companies		
(quoted and accounted at fair value)		
10 (10) equity shares of Shyam Telecom	0	0
33,745 (33,745) equity shares of Kingfisher Airlines Limited	-	-
Total	0	0
Aggregate amount of quoted investment at fair value	0	0

8. Trade receivables (Unsecured)		
Considered good	1,288	311
Related party (Refer note:28)	-	8
Others	1,288	303
Considered doubtful	247	63
Less : Allowance for expected credit loss	(247)	(63)
Unbilled revenue	195	165
Total	1,483	476

9. Cash and cash equivalents		
Balances with banks - in current account	52	155
Cash in hand	0	0
Total	52	155

10. Loans		
Unsecured and considered good		
Loan given to Eros Internation Media Ltd - Related party	512	-
Loan given to employees- others	-	6
Total	512	6

11. Other current assets (Unsecured and considered good)		
Advance to suppliers	11	48
Advance to employees	6	3
Other receivable	43	
Total	60	51

14. Non current borrowings		
Total borrowings		
Loans from others- Unsecured	20	31
Less: Current Maturities of borrowings disclosed under other current financial liabilities	18	14
Total	1	17

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

EROSNOW PRIVATE LIMITED ★

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

Amount ₹ in Lakhs

6 Deferred tax assets

Deferred tax liabilities /assets	1 April 2019	Recognised in other comprehensive income	Recognised in business combination	Recognised in statement of profit and loss account	31 March 2020
	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)
Non-current assets					
Other intangible assets	-	-	-	-	-
Property, plant and equipment	32	-	-	(3)	29
Other long term financial assets	-	-	-	-	-
Investment property	-	-	-	-	-
Current assets					-
Trade and other receivables	16	-	-	(79)	(62)
Current liabilities					-
Provisions	-	-	-	-	-
Employee obligations	19	(3)		(9)	10
Brought forward losses	507	-	-	(100)	407
Deferred tax assets (net)	**574**	**(3)**	**-**	**(190)**	**384**

Deferred tax liabilities /assets	1 April 2018	Recognised in other comprehensive income	Recognised in business combination	Recognised in statement of profit and loss account	31 March 2019
	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)
Non-current assets					
Other intangible assets	-	-	-	-	-
Property, plant and equipment	47	-	-	(15)	32
Other long term financial assets	-	-	-	-	-
Investment property	-	-	-	-	-
Current assets					-
Trade and other receivables	-	-	-	16	16
Current liabilities					-
Provisions	-	-	-	-	-
Employee obligations	15	(1)		5	19
Brought forward losses	585			(78)	507
Deferred tax assets (net)	**647**	**(1)**	**-**	**(72)**	**574**

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

12. Equity

Amount ₹ in Lakhs except share data

	Number	Amount
(A) Authorised share capital		
Beginning of the year 1 April 2019	5,000	5
Increase/(Decrease) during the year	-	-
Total shares authorised At 31 March 2020	5,000	5
Total authorised share capital as at 31 March 2020	**5,000**	**5**
Issued equity capital		
Equity shares of ₹ 100 each issued, subscribed & fully paid		
Balance as at 1 April 2019	1,000	1
Changes during the year	-	-
Balance as at 31 March 2020	1,000	1
Shares issued and fully paid as at 31 March 2020	**1,000**	**1**

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

	As at 31 March 2020		As at 31 March 2019	
	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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares held	% holding	Number of shares held	% holding
Eros International Media Limited - Holding company & nominee	1,000	100%	1,000	100%

13. Other Equity

	Security Premium	Other comprehensive income	Retained earnings	Total equity
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. 28)	37			37
Balance as at 31 March 2019	**251**	**32**	**(99)**	**185**
Balance as at 1 April 2019	251	32	(99)	185
Loss for the year			(273)	(273)
Other comprehensive income / (loss) for the year		10		10
Issue of ESOP by Holding company (refer note no. 28)	16			16
Balance as at 31 March 2020	**267**	**42**	**(372)**	**(62)**

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

CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

EROSNOW PRIVATE LIMITED ★

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

		Amount ₹ in Lakhs
	As at 31 March 2020	**As at 31 March 2019**
15. Employee benefit obligation		
Non Current		
Provisions for employee benefits		
Compensated absence (refer Note: 27)	6	9
Gratuity (refer Note: 27)	27	47
Total	**33**	**56**
16. Other financial liabilities		
Current maturities of non current borrowings	18	14
	18	**14**
17. Trade payables		
Other than Micro and small enterprises		
Others	434	249
Related parties (refer note: 28)	1,146	1,061
	1,580	**1,310**
18. Other current liabilities		
Advance from customers - Related party	-	35
Unearned revenue	433	-
Other provisions		
Expenses	457	249
Employees	27	47
Statutory dues	562	27
	1,479	**359**
19. Employee benefit obligation		
Current		
Provisions for employee benefits		
Compensated absence (refer Note: 27)	2	3
Gratuity (refer Note: 27)	6	10
Total	**8**	**13**

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CHATURVEDI & SHAH LLP CHARTERED ACCOUNTANTS MUMBAI

EROSNOW PRIVATE LIMITED

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

Amount ₹ in Lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
20. Revenue from operations		
Revenue from operations	942	955
Other operating income	164	89
Total	**1,106**	**1,044**
21. Other income		
Interest income		
Bank deposit	0	1
Income tax refund	77	-
Loan to related party	9	8
Gain on foreign currency transactions and translation (net)	-	21
Reversal of ECL	-	14
Miscellaneous income	1	10
Total	**88**	**54**
22. Operating expenses		
Content expenses	93	12
Technology expenses	147	88
Advertisement expenses	2	1
Total	**243**	**102**
23. Employee benefits expense		
Salary and bonus	536	754
Contribution to provident and other funds (refer note 27)	15	16
Employee compensation expenses (refer note 28)	16	37
Gratuity expenses (refer note 27)	12	15
Staff welfare expenses	8	14
Total	**586**	**836**
24. Finance costs		
Interest on		
Loan from related party	101	29
Interest on delayed payment of taxes		
Delay Payment of Service Tax	-	8
Delay Payment of TDS	9	5
Delay payment of GST	21	11
Interest on right to use rental asset	3	3
Total	**135**	**56**
25. Other expenses		
Power and fuel	3	5
Rent	-	37
Rates and taxes	7	22
Legal and professional expenses	14	19
Auditors remuneration (refer note 34)	11	14
Provision for bad and doubtful debts	184	80
Communication expenses	2	2
Travelling and conveyance	-	2
Loss on foreign currency transactions and translation (net)	38	-
Bank charges	3	3
Deposits written off	-	7
Miscellaneous expenses	9	19
Total	**270**	**227**
26. Earnings per share (EPS)		
Profit/(Loss) after tax attributable to equity shareholders	(273)	(229)
Weighted average number of equity shares	1,000	1,000
Basic and diluted EPS (face value of ₹100 per share) (Rs)	(27,333)	(22,881)

27. 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

Amount ₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
At the beginning of the period	57	60
Interest cost	4	4
Current service cost	8	10
Past service cost	-	-
(Benefit paid directly by the employer)	(23)	(12)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	2	1
Actuarial (gains)/losses on obligations - due to experience	(15)	(6)
At the end of the year	**33**	**57**
Current portion of gratuity	**6**	**10**
Non-current portion of gratuity	**27**	**47**
Total	**33**	**57**

B. Amount recognised in the statement of profit and loss

Amount ₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest cost	4	4
Current service cost	8	10
Past service cost		-
Net impact as employee benefit expenses	**12**	**14**
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	2	1
Actuarial (gains)/losses on obligations - due to experience	(15)	(6)
Net impact as other comprehensive income before tax	**(13)**	**(5)**

C. Amount recognised in the balance sheet

Amount ₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Obligation for gratuity	33	57
	33	**57**

Number of active members are 29 (2019 - 65)
Weighted average duration of the projected benefit obligation for gratuity is 6 years (2019 : 6 years)

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CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

EROSNOW PRIVATE LIMITED

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements
D. The defined benefit obligations shall mature after year end as follows:

Amount ₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
1st following year	6	10
2nd following year	5	9
3rd following year	5	9
4th following year	4	8
5th following year	4	7
Sum of years 6 to 10	11	21
Sum of years 11 to above	7	0

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	As at 31 March 2020	As at 31 March 2019
Rate of discounting - Indicative Government security referenced rate of interest	5.45%	6.76%
Rate of salary increase	10.00%	10.00%
Rate of employee turnover	23.00%	23.00%
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	Year ended 31 March 2020		Year ended 31 March 2019	
Rate of discounting	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase / (decrease) in the defined benefit liability	-1	1	-2	2
Rate of salary increase	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase / (decrease) in the defined benefit liability	1	-1	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	-0	0	-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

(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	Year ended 31 March 2020	Year ended 31 March 2019
Employer's Contribution towards Provident Fund (PF)	14	15
Employer's Contribution towards Employee's State Insurance Corporation (ESIC)	1	1
Total	**15**	**16**

(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 2020, Company has obligation of ₹ 7.95 Lakhs (2019 : ₹ 11.53 Lakhs) refer note 11. During the year, Company recognised compensated absence of Rs. ₹ 7.64 Lakhs (2019 ₹ 6.17 Lakhs) as employee benefit expenses.

Current portion of compensated absence	2	3
Non-current portion of compensated absence	6	9
Total	**8**	**12**

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CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

EROSNOW PRIVATE LIMITED

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements
28. Related party disclosures

Ultimate Holding company	Eros International PLC, Isle of Man
Step up Holding company	Eros Worldwide FZ LLC, Dubai
Holding company	Eros International Media Limited
Entities under common control (Fellow Subsidiaries)	Eros Digital Private Limited
	Eros Digital FZ LLC
Key Management Personnel (KMP)	Mr. Sunil Lulla - Director
	Mr. Anand Shankar Kamtam - Director (w.e.f. 8 March 2018)
	Mr. Vijay Sandeep Vaishnav - CFO (w.e.f. 7 February 2020)
	Mr. Sanjay Bangani - Company Secretary (up to 16 November 2018)

Number of share held by related parties	**Holding (%) as at 31 March'20**	**Holding (%) as at 31 March'19**
Eros International Media Limited - Holding company	100%	100%

A. Transactions during the year with related parties

Amount ₹ in Lakhs

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Revenue from operations		
Eros International Media Limited		6
	-	**6**
Interest Income		
Eros International Media Limited	9	
	9	-
Operating expenses		
Holding company		
Eros International Media Limited	80	40
	80	**40**
Interest Expenses		
Eros International Media Limited	101	29
	101	**29**
Borrowings		
Holding company		
Eros International Media Limited	1,854	800
	1,854	**800**
Repayment of borrowings		
Holding company		
Eros International Media Limited	2,572	1,624
	2,572	**1,624**
Loan given		
Holding company		
Eros International Media Limited	770	
	770	-
Repayment of loan given		
Holding company		
Eros International Media Limited	155	
	155	-
Salary and other benefits		
Key Management Personnel (KMP)		
Sanjay Bangani	-	6
	-	-
Capital contribution / Employee compensation expenses		
Holding company		
Eros International Media Limited	16	37
	16	**37**

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 ₹ 15.95 lakhs (2019 : ₹ 37.25 lakhs) as per Ind AS 102 has been recognised as capital contribution by the Company.

Revenue and cost attributable to (net):		
Entities under common control (Fellow Subsidiaries)		
Eros Digital FZ LLC	1,784	396
	1,784	**396**
Revenue from operations		
Entities under common control (Fellow Subsidiaries)		
Eros Digital FZ LLC	410	89
	410	**89**

B. Balances with related parties

Advances from Related Party		
Holding company		
Eros International Media Limited	-	35
	-	**35**
Other current assets		
Loan Given to Holding company		
Eros International Media Limited	512	-
	512	-
Trade payables		
Entities under common control (Fellow Subsidiaries)		
Eros Digital FZ LLC	1,146	1,061
	1,146	**1,061**
Trade receivables		
Entities under common control (Fellow Subsidiaries)		
Eros Digital FZ LLC		8
	-	**8**

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

EROSNOW PRIVATE LIMITED

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)
Notes forming part of the financial statements

29. Segment reporting

(a) Business Segment
The company is engaged in providing content services which includes development, 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.

Amount ₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
External revenue	1,106	1,044
(a) Geographical Segment		
India	440	609
Rest of the world	666	435
	1,106	**1,044**

30. Categories of financial assets and financial liabilities
The carrying value and fair value of financial instruments by categories are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Financial assets		
Measured at fair value through profit and loss		
Investments	0	0
	0	**0**
Measured at amortised cost		
Trade receivables	1,484	476
Cash and cash equivalents	52	155
Loans	512	6
Other financial assets	94	164
	2,141	**800**
Financial liabilities		
Measured at amortised cost		
Borrowings	19	31
Trade payables	1,580	1,310
Other financial liabilities	1,019	311
	2,618	**1,652**

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.

30A. 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:

Amount ₹ in Lakhs

Year ended 31 March 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Measured at fair value through profit and loss				
Investments*	0	-	-	0
	0	**-**	**-**	**0**
Measured at amortised cost				
Trade receivables	-	-	-	1,484
Unbilled revenue	-	-	-	-
Cash and cash equivalents	-	-	-	52
Loans	-	-	-	512
Other financial assets	-	-	-	94
	-	**-**	**-**	**2,141**
Financial liabilities				
Measured at amortised cost				
Borrowings				19
Trade payables	-	-	-	1,580
Other financial liabilities	-	-	-	1,019
	-	**-**	**-**	**2,618**

Year ended 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Measured at fair value through profit and loss				
Investments*	0	-	-	0
	0	**-**	**-**	**0**
Measured at amortised cost				
Trade receivables	-	-	-	476
Unbilled revenue	-	-	-	-
Cash and cash equivalents	-	-	-	155
Loans	-	-	-	6
Other financial assets	-	-	-	164
	-	**-**	**-**	**800**
Financial liabilities				
Measured at amortised cost				
Borrowings				31
Trade payables	-	-	-	1,310
Other financial liabilities	-	-	-	311
	-	**-**	**-**	**1,652**

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CHATURVEDI & SHAH LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

EROSNOW PRIVATE ★

31. 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 31.

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 2020	**As at 31 March 2019**
Trade receivables (net)	1,484	476
Loans	512	6
	1,996	482

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. Based on the historical data, loss on collection of receivable is detailed below

Ageing of trade receivables (gross)	**As at 31 March 2020**	**As at 31 March 2019**
Not due	947	248
Overdue less 90 days	126	66
Overdue more than 90 days but less than 180 days	169	22
Overdue more than 180 days but less than 270 days	212	19
Overdue more than 270 days but less than 360 days	38	2
Overdue more than 360	44	9
Balance as at 31 March 2020	1,536	366
Expected credit loss		
Balance as at 1 April 2019	63	-
Provisions made during the year	184	63
Balance as at 31 March 2020	247	63

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.

As at 31 March 2020, 31 March 2019 the Company's financial assets have contractual maturities less than a year.

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, 2020 and 31st March, 2019. 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 2020, 31 March 2019 the Company's financial liabilities have contractual maturities (including interest payments where applicable) less than a year.

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CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

EROSNOW PRIVATE LIMITED

ErosNow Private Limited (Formerly known as Universal Power Systems Pvt. Ltd.)

Notes forming part of the financial statements

32. 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 2020	**As at 31 March 2019**
Debt	20	31
Less: Cash and cash equivalents and other bank balances	(52)	(155)
Net debt (A)	**(33)**	**(124)**
Equity (B)	(61)	186
Net debt to equity (A/B)	54%	-67%

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

A. Contingent liabilities

		Amount ₹ in Lakhs
Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Claims against the company not acknowledged as debt		
Service tax	94	94
	94	**94**

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

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

B. Commitments

The Company does not have any commitment as at 31 March 2020, 31 March 2019.

34. Auditors remuneration

			Amount ₹ in Lakhs
		Year ended 31 March 2020	**Year ended 31 March 2019**
As Auditor			
Statutory audit		9	11
Tax audit		1	1
	(I)	10	12
In other capacity			
Other services (certification fees)		-	2
	(II)	-	2
Reimbursement of expenses	(III)	-	0
Total	(I+II+III)	**10**	**14**

35. The financial statements has been prepared on the going concern basis which assumes the Company will have sufficient cash to pay its debt, as and when they become payable. The Company's management is confident that the current business operations, future growth strategy and additional funding if any required from parent company will provide adequate funding to meet its minimum expenditure commitments and support its planned level of overhead expenditures and therefore it is appropriate to prepare the financial statements on the going concern basis.

36. Events after reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2020 and the date of authorization of these financial statements.

37. Regrouping of previous year figures

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

38. Authorisation of financial statements

The financial statements for the year ended 31 March 2020 were approved by the Board of directors on 15th July 2020.

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

Amit Chaturvedi
Partner
Membership No: 103141

Place: Mumbai
Date: 28th July, 2020

For and on behalf of Board of Directors

Sunil Lulla
Director
(DIN: 00243191)

Anand Shankar
Director
(DIN: 02942810)

Vijay Vaishnav
Chief Finance Officer