

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of MPS Interactive System Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MPS Interactive System Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from 10 May 2018 to 31 March 2019, and notes to the financial statements, including a summary of the 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss and other comprehensive income, changes in equity and its cash flows for the period from 10 May 2018 to 31 March 2019.

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 SAs 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' 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's Responsibility for the Financial Statements

The Company's management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 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 and Board of Directors are 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism 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 with reference to financial statements 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.

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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 it appears from our examination of those books
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows 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.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 34 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since the Company was incorporated on 10 May 2019 and they do not pertain to the period from 10 May 2018 to 31 March 2019.

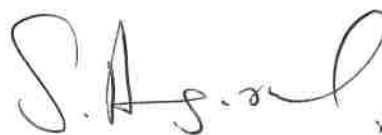
(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022



Shashank Agarwal

Partner

Membership No. 095109

Place: Gurugram
Date: 16 May 2019

Annexure A referred to in our Independent Auditor's Report to the members of MPS Interactive System Limited on the Financial Statements for the period from 10 May 2018 to 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every period, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this program, all fixed assets have been physically verified by the management during the period. The discrepancies noticed on such verification were not material.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the books of accounts, the Company do not hold any immovable property.
- (ii) The Company is a service company, primarily engaged in the business of providing eLearning and platform services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. As informed to us, there are no firms covered in register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, in respect of loans and investments made by the Company, the provisions of section 185 and 186 of the Act have been complied with. As informed to us, the Company has not provided any guarantee or security as specified under Section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities carried out by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Goods and Service tax, Service tax, Cess and other material statutory dues have been deposited during the period by the Company with the appropriate authorities except professional tax where there has been slightly delays. As explained to us, the provisions relating to Sales Tax, Value Added Tax, Duty of excise and Duty of customs are not applicable to the Company.



According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Sales tax, Value added tax, Service tax, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable except the following:

| Name of Statute | Name of dues | Amount (In INR) | Period to which it relates | Due Date | Date of deposit |
|--------------------------|------------------|-----------------|----------------------------|--|-----------------|
| Kolkata Professional Tax | Professional tax | 16,450 | 2018-19 | 5 th of the following month | 26 April 2019 |

- (b) According to the information and explanations given to us, there are no dues of Income tax, Goods and Service tax, Sales tax, Value added tax and Service tax, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the period. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with provisions of section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Act and the details have been disclosed in the Financial Statements, as required, by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

B S R & Co. LLP

- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No.: 101248W/W-100022



Shashank Agarwal

Partner

Membership No.: 095109

Place: Gurgaon
Date: 16 May 2019

Annexure B to the Independent Auditors' report on the financial statements of MPS Interactive System Limited for the period from 10 May 2018 to 31 March 2019.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of MPS Interactive System Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the period from 10 May 2018 to 31 March 2019.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 judgement, 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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.

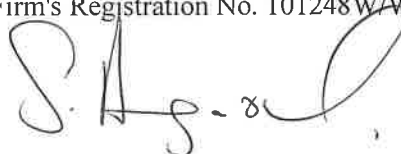
Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022



Shashank Agarwal

Place: Gurugram
Date: 16 May 2019

Partner
Membership No. 095109

INR in Lacs
As at
31 March 2019

| | Note | |
|---|---------|------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 3 | 300.30 |
| Capital work in progress | 3 | 18.38 |
| Goodwill | 4 | 3,959.72 |
| Other intangible assets | 4 | 827.12 |
| Financial assets | | |
| Loans | 6 (i) | 70.76 |
| Income tax assets (net) | 8 | 345.74 |
| Deferred tax assets (net) | 12 | 50.46 |
| Other non-current assets | 9 (i) | 185.50 |
| Total non-current assets | | 5,757.98 |
| Current assets | | |
| Financial assets | | |
| Investments | 5 | 4,433.23 |
| Trade receivables | 10 | 876.22 |
| Cash and cash equivalents | 11 (i) | 1,027.77 |
| Other Bank Balance | 11 (ii) | 135.51 |
| Loans | 6 (ii) | 8.28 |
| Other financial assets | 7 | 126.01 |
| Other current assets | 9 (ii) | 707.33 |
| Total current assets | | 7,314.35 |
| TOTAL ASSETS | | 13,072.33 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Equity share capital | 13 | 6,200.00 |
| Other equity | | 89.05 |
| Total equity | | 6,289.05 |
| Liabilities | | |
| Non-current liabilities | | |
| Financial liabilities | | |
| Borrowings | 14 | 4,000.85 |
| Provisions | 18 (i) | 47.02 |
| Total non-current liabilities | | 4,047.87 |
| Current liabilities | | |
| Financial liabilities | | |
| Trade payables | 15 | - |
| Due to Micro and Small enterprises | | - |
| Due to Others | | 465.27 |
| Other financial liabilities | 16 | 462.22 |
| Other current liabilities | 17 | 1,795.37 |
| Provisions | 18 (ii) | 12.55 |
| Income tax liabilities (net) | | - |
| Total current liabilities | | 2,735.41 |
| TOTAL EQUITY AND LIABILITIES | | 13,072.33 |
| Significant accounting policies | | |
| Notes to financial statements | 2 | |
| The accompanying notes form an integral part of financial statements | | |
| | 3-38 | |

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100622

Shreshank Agarwal

Partner

Membership Number: 095109

For and on behalf of the Board of Directors of
MPS Interactive Systems Limited

Rahul Arora

Chief Executive Officer

& Whole Time Director

DIN: 05353333

Vijay Sood

Director

DIN: 01473455

Sunit Malhotra

Chief Financial Officer &

Company Secretary

Place: Gurugram
Date: 16 May 2019

Place: Gurugram
Date: 16 May 2019

MPS Interactive Systems Limited

Statement of Profit & Loss for the period from 10 May 2018 to 31 March 2019

INR in Lacs

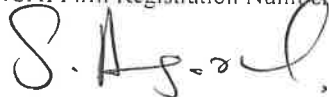
| | Note | For the period from 10 May 2018 to 31 March 2019 |
|---|------|---|
| Revenue from operations | 19 | 6,302.57 |
| Other income | 20 | 76.92 |
| Total income | | 6,379.49 |
| Expenses | | |
| Employee benefits expense | 21 | 4,133.09 |
| Finance costs | 22 | 328.79 |
| Depreciation and amortization expense | 23 | 335.86 |
| Other expenses | 24 | 2,063.13 |
| Total expenses | | 6,860.87 |
| Loss before tax | | (481.38) |
| Tax expense: | 25 | |
| Current tax | | 10.14 |
| Deferred tax | | (82.39) |
| Total tax expenses | | (72.25) |
| Loss for the period | | (409.13) |
| Other comprehensive income | | |
| Remeasurement of net defined benefit liability/assets | | 102.35 |
| Income tax relating to items that will not be reclassified to profit or loss | | (31.93) |
| Total other comprehensive income for the period, net of tax | | 70.42 |
| Total comprehensive loss for the period | | (338.71) |
| Earnings per equity share (nominal value of share INR 10) | | |
| - Basic and diluted (earnings per equity share expressed in absolute amount in Indian Rupees) | 26 | (1.65) |
| Significant accounting policies | 2 | |
| Notes to financial statements | 3-38 | |
| The accompanying notes form an integral part of financial statements | | |

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/V-100022



Shashank Agarwal

Partner

Membership Number: 095109

**For and on behalf of the Board of Directors of
MPS Interactive Systems Limited**



Rahul Arora

Chief Executive Officer
& Whole Time Director

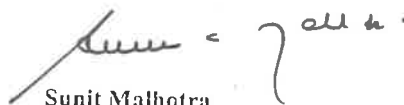
DIN: 05353333



Vijay Sood

Director

DIN: 01473455



Sunit Malhotra

Chief Financial Officer &
Company Secretary

Place: Gurugram

Date: 16 May 2019

Place: Gurugram

Date: 16 May 2019

MPS Interactive Systems Limited
Statement of change in equity as on 31 March 2019

| | | INR in Lacs | |
|---|---------------------|-------------------|-----------------|
| A. Equity share capital | | | |
| Balance as at 10 May 2018 | | | - |
| Changes in equity share capital during the period | | | 6,200.00 |
| Balance as at 31 March 2019 | | | 6,200.00 |
| B. Other equity | | INR in Lacs | |
| Particulars | Reserve and Surplus | Total | |
| | Capital Reserve | Retained earnings | |
| As at 10 May 2018 | - | - | - |
| Loss for the period | - | (409.13) | (409.13) |
| Other comprehensive income | - | 70.42 | 70.42 |
| Total comprehensive Loss for the period | - | (338.71) | (338.71) |
| 8% Non-Cumulative Redeemable Preference Shares (equity portion) | 427.76 | - | 427.76 |
| As at 31 March 2019 | 427.76 | (338.71) | 89.05 |

Notes:

1 Nature and purpose of other equity:

Reserve and Surplus: This represents the cumulative loss of the company.

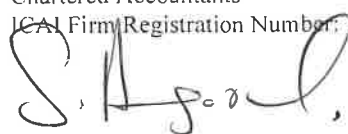
The accompanying notes form an integral part of financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022



Shashank Agarwal

Partner

Membership Number: 095109

**For and on behalf of the Board of Directors of
MPS Interactive Systems Limited**



Rahul Arora

Chief Executive Officer

& Whole Time Director


DIN: 05353333



Vijay Sood

Director

DIN: 01473455



Sunit Malhotra

Chief Financial Officer &

Company Secretary

Place : Gurugram
Date : 16 May 2019

Place : Gurugram
Date : 16 May 2019

MPS Interactive Systems Limited
Cash Flow Statement for the period from 10 May 2018 to 31 March 2019

| Particulars | For the period from 10 May 2018 to 31 March 2019 |
|--|--|
| A. Cash flow from operating activities | |
| Loss before tax | (481.38) |
| Adjustments: | |
| Depreciation and amortisation expense | 335.86 |
| Interest income | (4.07) |
| Finance costs | 328.79 |
| Loss on sale/disposal/discard of property, plant and equipment and investment property (net) | 17.71 |
| Gain on investment carried at fair value through profit or loss | (33.23) |
| Liabilities/provisions no longer required written back | (14.34) |
| Impairment of financial assets instrument | 2.40 |
| Unrealised foreign exchange (gain)/loss (net) | 70.23 |
| Operating cash flows before working capital changes | 221.97 |
| Increase in trade receivables | (71.83) |
| Decrease in loans | 254.31 |
| Increase in other financial assets | (124.08) |
| Decrease in other current assets | 85.02 |
| Decrease in other non current assets | 38.74 |
| Increase in trade payables | 68.59 |
| Decrease in other financial liabilities | (22.39) |
| Increase in other current liabilities | 695.12 |
| Decrease in provisions | (69.59) |
| Cash generated from operations | 1,075.86 |
| Income tax paid (net of refund) | (355.88) |
| Net cash generated from operating activities (A) | 719.98 |
| B. Cash flow from investing activities | |
| Purchase of property, plant and equipment (including capital work-in-progress) | (135.82) |
| Purchase of other intangible assets | (12.79) |
| Sale of property, plant and equipment | 81.06 |
| Acquisition of business, net of cash & cash equivalent acquired (refer note 37) | (5,682.25) |
| Purchase of current investments | (4,400.00) |
| Purchase of fixed deposit | (135.51) |
| Interest received | 2.14 |
| Net cash used in investing activities (B) | (10,283.17) |
| C. Cash flow from financing activities | |
| Proceeds from issue of equity share capital | 6,200.00 |
| Proceeds from issue of preference shares | 2,200.00 |
| Proceeds from intercorporate deposit | 2,300.00 |
| Interest paid | (109.04) |
| Net cash used in financing activities (C) | 10,590.96 |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 1,027.77 |
| Cash and cash equivalents at the beginning of the period | - |
| Cash and cash equivalents for the period ended 31 Mar 2019 (see below) | 1,027.77 |



MPS Interactive Systems Limited
Cash Flow Statement for the period from 10 May 2018 to 31 March 2019

| | |
|---|-----------------|
| Components of cash and cash equivalents: | |
| Cash on hand | |
| Balances with banks | |
| - Current accounts | 681.05 |
| - EEFC accounts | 346.72 |
| | 1,027.77 |

Notes:

Statement of Cash Flow has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022



Shashank Agarwal
Partner
Membership Number: 095109

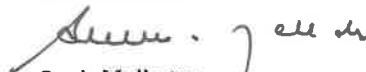
For and on behalf of the Board of Directors of
MPS Interactive Systems Limited



Rahul Arora
Chief Executive Officer
& Whole Time Director
DIN: 05353333



Vijay Sood
Director
DIN: 01473455



Sunit Malhotra
Chief Financial Officer &
Company Secretary

Place : Gurugram
Date : 16 May 2019

Place : Gurugram
Date : 16 May 2019

MPS Interactive Systems Limited
Notes forming part of the Financial Statements
All amount in INR Lacs, unless otherwise stated

1. Corporate Information

MPS Interactive Systems Limited (“the Company”) is a public limited Company domiciled in India and incorporated on May 10, 2018 under the provisions of Companies Act, 2013 having its registered office located at RR Towers IV, Super A, 16/17, Thiru-vi-ka Industrial State, Guindy, Chennai-600032. MPS Interactive provides eLearning and platforms services through technology-enabled, futuristic, and highly scalable learning solutions. Our offerings span across gamification, simulations, custom eLearning, augmented and virtual reality, animations, videos and micro-learning.

The Company offers a diverse geographic spread with production facilities in Mumbai, Kolkata and Chennai. The Company also operates with marketing offices in United States and Canada. The Company’s multi location presence helps it in executing various customer requirements efficiently.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to the current period presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

a) Statement of compliance

These Ind AS Financial Statements (“financial statements”) have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (“the Act”) and other relevant provisions of the Act.

The financial statements of the Company for the period ended 31 March 2019 were approved for issue in accordance with the resolution of the Board of Directors on 16 May 2019.

b) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items which have been measured at fair value as required by relevant Ind AS

- Certain financial assets and liabilities
- The net defined benefit asset/(liability) is recognized at the present value of defined benefit obligation less fair value of plan assets

c) Critical estimates and judgements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.



MPS Interactive Systems Limited

Notes forming part of the Financial Statements

All amount in INR Lacs, unless otherwise stated

- Assessment of useful life of property, plant and equipment and intangible asset – refer note 2.3
- Estimated impairment of financial assets and non-financial assets – refer note 2.5 and 2.6
- Recognition and estimation of tax expense including deferred tax– refer note 13
- Estimation of obligations relating to employee benefits – refer note 28
- Fair value measurement – refer note 29
- Provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources – refer note 34
- Measurement of consideration and assets acquired as part of business combination – refer note 37
- Assessment of revenue based on the progress of project using percentage of completion method, measured on the basis of effort involved which is akin to output to customer. – refer note 2.8

2.2 Current–non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.



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All amount in INR Lacs, unless otherwise stated

2.3 Property, plant and equipment (PPE), Investment properties and Intangible assets

a) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Items of Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

b) Intangible assets

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Goodwill is initially recognised based on the accounting policy for business combinations (refer note 2.4). Goodwill is not amortised but is tested for impairment annually.

c) Depreciation and amortisation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on a pro-rata basis on the straight-line method based on useful life specified in Part C of Schedule II to the Companies Act.

Intangible assets are amortised on a pro-rata basis on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of intangible assets are as follows:

- Software – 2 to 5 years
- Customer relationship- 5 years
- Order Book – 3 years

Assets acquired through business combination are recorded in books at fair value as per IND AS 103. The useful life of these assets is considered based on internal technical assessment of the management which are as follows:

| Category of assets | Management estimate of useful life | Useful life as per schedule II |
|---------------------|------------------------------------|--------------------------------|
| Plant and equipment | up to 5 years | 3 to 6 years |
| Furniture & fixture | up to 8 years | 10 years |
| Vehicles | up to 3 years | 8 years |
| Software | up to 5 years | 5 years |

The residual values, useful lives and method of depreciation/amortisation of property, plant and equipment, furniture & fixture and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.



MPS Interactive Systems Limited
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d) Derecognition

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

2.4 Business Combination:

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

2.5 Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax are reviewed at each reporting date to determine whether there is any such indication. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an assets or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, then Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceeds the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.



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All amount in INR Lacs, unless otherwise stated

2.6 Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

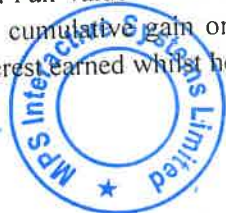
After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included 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.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.



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Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial instruments

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss 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 derecognized (i.e., removed from the Company's balance sheet) 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 (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.



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All amount in INR Lacs, unless otherwise stated

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Provisions and Contingent Liabilities

Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities and commitments are reviewed at each balance sheet date.



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All amount in INR Lacs, unless otherwise stated

2.8 Revenue recognition

The Company derives revenue primarily from eLearning, platform solutions and related services. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue related to fixed-price contracts is recognised using percentage-of-completion method ('POC method') of accounting with efforts incurred determining the degree of completion of the performance obligation.
- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance is recognized based on time elapsed mode and revenue is straight lined over the period of performance.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is a billing in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customer's geography and nature of services.

Use of significant judgements in revenue recognition

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.



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- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the efforts incurred which is used to determine the degree of completion of the performance obligation.

2.9 Recognition of dividend income and interest income

Dividend income is accounted for when the right to receive it is established.

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

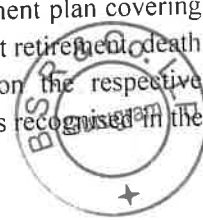
Rental income from operating leases is recognised on time proportionate basis over the period of rent.

2.10 Employee benefits

a) **Short-term employee benefits:** All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

b) **Post-employment benefits:** Post employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement or death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of Gratuity is recognised in the



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books of accounts based on actuarial valuation by an independent actuary. The gratuity liability for the employees of the Company is funded with an insurance company in the form of a qualifying insurance policy. The gratuity benefit obligation recognised in the balance sheet represents the present value of the obligations as reduced by fair value of assets held by the Insurance Company. Actuarial gain/losses are recognised immediately in the other comprehensive income.

- **Superannuation:** Certain employees of the Company are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Company to the plan during the period is charged to Statement of Profit and Loss.
- **Provident fund:** For employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan. Company's contribution to the provident fund is charged to Statement of Profit and Loss.
- **Employee State Insurance:** For employees in India, Employee State Insurance (ESI) is deposited with Employee State Insurance Corporation. This is treated as defined contribution plan. Company's contribution to the ESI is charged to Statement of Profit and Loss.
- **Social security plans:** For employees outside India, Employees contributions payable to the social security plan, which is a defined contribution scheme, is charged to the statement of profit and loss in the period in which the employee renders services.

c) Other long-term employee benefits: Compensated absences:

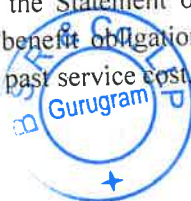
As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilized during the service, or encashed. Encashment can be made on early retirement, on separation, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of compensated absences is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

d) Termination benefits:

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Actuarial valuation

The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Remeasurement gains and losses in respect of all defined benefit plans 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. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.



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Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

2.11 Tax Expense

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

a) Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously. Any adjustment to the tax payable or receivable in respect of previous year is shown separately.

b) Deferred tax:

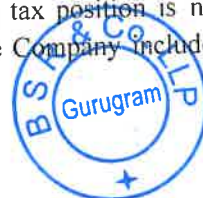
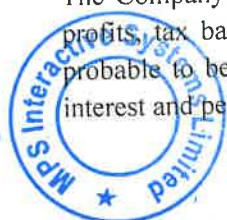
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

The Company applies probability in assessing whether and how an uncertain tax position affects the taxable profits, tax bases and unused tax credits. Based on the technical merits, if the uncertain tax position is not probable to be sustained upon examination, the same is recognized as a tax expense. The Company includes interest and penalties related to uncertain tax position within income tax expenses.



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2.12 Dividend Distributions

The Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.13 Foreign currency transactions and translations

a) Functional and presentation currency

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency'). All the amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction or at rates that closely approximate the rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

2.14 Leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

2.15 Earnings per share

Basic earnings/ (loss) 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. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.



MPS Interactive Systems Limited
Notes forming part of the Financial Statements
All amount in INR Lacs, unless otherwise stated

2.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.17 Measurement of fair values

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

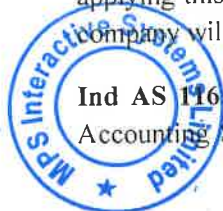
The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

2.18 New standards and interpretations not yet adopted

The following recently released accounting standards and amendments have not yet been adopted by the Company:

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after 1 April 2019. The company will apply amendment prospectively from the effective date.

Ind AS 116 'Leases': On 30 March 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to



MPS Interactive Systems Limited
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All amount in INR Lacs, unless otherwise stated

other Ind AS which replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. This new standard provides two approaches to transition:

1. Full retrospective approach- Under this approach, the lessee applies the new standard retrospectively to each prior period presented and recognised an adjustment in equity at the beginning of the earliest period presented in accordance with Ind AS -8.
2. Modified retrospective approach- Under this approach, the lessee applies the new standard from the beginning of the current period and recognised an adjustment in equity at the beginning of the current and does not restate its prior financial information.

The effective date for adoption of this standard is annual period beginning on or after 1 April 2019. The company will adopt this standard using modified retrospective approach effective 1 April 2019 for transition to IND AS 116 and will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

Amendment to Ind AS 19 'Employee Benefits': On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after 1 April 2019, though early application is permitted.

Amendment to Ind AS 12 'Income Taxes': On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after 1 April 2019.

The Company is evaluating the effect of the above on its financial statements.



MPS Interactive Systems Limited

Notes forming part of Financial Statements as at 31 March 2019
(INR in Laacs, except share and per share data, unless otherwise stated)

| 3 Property, plant and equipment and Capital work-in-progress | | | | | | | INR in Laacs |
|--|-------------------|----------------------|----------|------------------------|--------------------------|----------|--------------|
| Particulars | Plant & equipment | Furniture & Fixtures | Vehicles | Leasehold improvements | Capital Work-in-Progress | Total | |
| Gross carrying value | | | | | | | |
| As at 10 May 2018 | | | | | | | |
| Acquisitions through business combinations | 199.57 | 138.10 | 13.70 | 23.60 | 19.47 | 394.44 | |
| Additions | 76.30 | 51.87 | - | 7.65 | - | 135.82 | |
| Disposals/adjustments | (2.56) | (91.56) | (8.39) | - | (1.09) | (103.60) | |
| As at 31 Mar 2019 | 273.31 | 98.41 | 5.31 | 31.25 | 18.38 | 426.66 | |
| Accumulated depreciation | | | | | | | |
| As at 10 May 2018 | | | | | | | |
| Depreciation charge for the period | 64.72 | 21.72 | 2.50 | 23.86 | - | 112.80 | |
| Disposals/adjustments | (0.25) | (3.62) | (0.95) | - | - | (4.82) | |
| As at 31 Mar 2019 | 64.47 | 18.10 | 1.55 | 23.86 | - | 107.98 | |
| Net carrying value | | | | | | | |
| As at 31 Mar 2019 | 208.84 | 80.31 | 3.76 | 7.39 | 18.38 | 318.68 | |
| Net carrying value | | | | | | | |
| As at 31 Mar 2019 | 300.30 | | | | | | |
| Capital work in progress | 18.38 | | | | | | |



MPS Interactive Systems Limited
Notes forming part of Financial Statements as at 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

4. Intangible assets

| Particulars | Goodwill | Other intangible assets | | | INR in Lacs |
|--|-----------------|-------------------------|---------------|-------------------|-----------------|
| | | Customer relationship | Order Book | Computer software | Total |
| Gross carrying value | | | | | |
| As at 10 May 2018 | - | - | - | - | - |
| Acquisitions through business combinations | 3,959.72 | 671.60 | 151.62 | 214.17 | 4,997.11 |
| Additions | - | - | - | 12.79 | 12.79 |
| Disposals/adjustments | - | - | - | - | - |
| As at 31 Mar 2019 | 3,959.72 | 671.60 | 151.62 | 226.96 | 5,009.90 |
| Accumulated depreciation/amortisation | | | | | |
| As at 10 May 2018 | - | - | - | - | - |
| Amortisation expense for the period | - | 111.96 | 42.65 | 68.45 | 223.06 |
| Disposals/adjustments | - | - | - | - | - |
| As at 31 Mar 2019 | - | 111.96 | 42.65 | 68.45 | 223.06 |

| Net carrying value | Goodwill | Customer relationship | Order Book | Computer software (acquired) | Total |
|--------------------|----------|-----------------------|------------|------------------------------|----------|
| As at 31 Mar 2019 | 3,959.72 | 559.64 | 108.97 | 158.51 | 4,786.84 |

| Net carrying value | 31 Mar 2019 |
|-------------------------|-------------|
| Goodwill | 3,959.72 |
| Other Intangible assets | 827.12 |

4(a) Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Units (CGUs) which represents the lowest level at which the goodwill is monitored for internal management purposes, which is not higher than the Company's operating reportable segments.

The aggregate carrying amounts of goodwill allocated to eLearning and platform segment is as follows:

| Particulars | INR in Lacs |
|-------------|-------------------|
| | As at 31 Mar 2019 |
| eLearning | 3,869.64 |
| Platform | 90.08 |
| | 3,959.72 |

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) which represents the recoverable amount of the above cash generating units based on its value in use. The value in use of this unit was determined to be higher than the carrying amount and an analysis of the calculation's sensitivity towards change in key assumptions did not identify any probable scenarios where the CGU recoverable amount would fall below their carrying amount.

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. The calculation was based on the following key assumptions:

- The anticipated annual revenue growth and margin included in the cash flow projections, actual operating results and the 5 year business plan in all periods presented.
- The terminal growth rate 4% representing management view on the future long-term growth rate.
- Discount rate of 18% for the period ended 31 March 2019 was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on historical industry average and weighted-average cost of capital.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external sources.



MPS Interactive Systems Limited
Notes forming part of Financial Statements as at 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

5 Current investments

| Particulars | As at 31 March 2019 | |
|---|------------------------|-----------------|
| | Units in '000 | INR in Lacs |
| Investment in mutual funds carried at fair value through profit or loss (unquoted, fully paid up) | | |
| HDFC Overnight Fund - Direct Plan - Growth Option | 51.71 | 1,459.39 |
| ICICI Prudential Liquid Fund - Direct Plan - Growth | 538.00 | 1,487.12 |
| Kotak Liquid Direct Plan Growth | 39.29 | 1,486.72 |
| Total | 629.00 | 4,433.23 |
| Aggregate market value of unquoted investments | | 4,433.23 |

6 Loans

| Particulars | INR in Lacs As at 31 March 2019 | |
|--|---------------------------------------|--------------|
| | | |
| (i) Non Current (unsecured, considered good) | | 70.76 |
| Security deposits | | 70.76 |
| (ii) Current (unsecured, considered good) | | 8.28 |
| Security deposits | | 8.28 |

7 Other financial assets

| Particulars | As at 31 March 2019 | |
|--------------------------------------|------------------------|---------------|
| | | |
| Current (unsecured, considered good) | | 1.93 |
| Interest accrued on deposits | | |
| Others advances | | 12.09 |
| - Recoverable from related party | | 111.99 |
| - Other Recoverable | | 126.01 |

8 Income taxes

| Particulars | As at 31 March 2019 | |
|---|------------------------|---------------|
| | | |
| Advance income tax (net of provision of INR 10.14 Lacs) | | 345.74 |
| | | 345.74 |



MPS Interactive Systems Limited
Notes forming part of Financial Statements as at 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

9 Other assets

| Particulars | As at 31 March 2019 |
|--|--------------------------------|
| (i) Other non-current assets (Unsecured, Considered Good) | |
| Prepaid expenses | 0.06 |
| Balances with government authorities | |
| -Service tax credit receivable | 105.88 |
| Prepayment rent | 18.46 |
| Excess of plan asset over gratuity liability (refer note 28) | 57.01 |
| Advances to employees | 4.09 |
| | <u>185.50</u> |
| (ii) Other current assets (Unsecured, Considered Good) | |
| Advances to employees | |
| Considered good | 28.17 |
| | <u>28.17</u> |
| Contract assets | 531.66 |
| Advance to Suppliers | 0.25 |
| Prepaid expenses | 83.43 |
| Balances with government authorities | |
| -GST receivable | 56.64 |
| -Others | 1.90 |
| Prepayment rent | 5.28 |
| | <u><u>707.33</u></u> |



MPS Interactive Systems Limited
Notes forming part of Financial Statements as at 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

10 Trade receivables

| Particulars | As at 31 March 2019 |
|--|------------------------|
| Current | |
| Trade receivables | 867.24 |
| Receivables from fellow subsidiary (refer note 32) | 8.98 |
| | <u>876.22</u> |
| Break-up for details: | |
| Trade receivables (Unsecured) | |
| Considered good | 892.87 |
| Less: Expected credit loss allowance (refer note 30) | 16.65 |
| | <u>876.22</u> |
| Trade Receivables which have significant increase in Credit Risk | - |
| Trade Receivables - credit impaired | - |
| Less: Expected credit loss allowance (refer note 30) | - |
| | <u>-</u> |
| Total Trade receivables | <u>876.22</u> |

11 Cash and Bank balances

| Particulars | As at 31 March 2019 |
|--|------------------------|
| (i) Cash and cash equivalents | |
| Balances with banks | |
| -In Current accounts | 681.05 |
| -In EEFC accounts | 346.72 |
| | <u>1,027.77</u> |
| (ii) Other Bank Balance | |
| Bank deposits due to mature within 12 months of the reporting date | 135.51 |
| | <u>135.51</u> |

Details of bank balances/deposits

Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'

Bank deposits due to mature within 12 months of the reporting date included under 'Other Balances with banks' 135.51

Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current financial assets' -

135.51



12 Deferred tax

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of asset and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant component of the Company's net deferred income tax are as follows:

| Deferred tax assets: | | | | | INR in Lacs |
|-----------------------------------|--------------------------------|---|--------------------------|--------|-------------|
| | Expected credit loss allowance | Expenses allowable for tax purposes when paid | Tax losses carry forward | Others | Total |
| As at 10 May 2018 | - | - | - | - | - |
| (Charged)/credited | 5.19 | 34.85 | 363.64 | 17.17 | 420.85 |
| - to statement of profit and Loss | - | (31.93) | - | - | (31.93) |
| - to other comprehensive income | - | - | - | - | - |
| As at 31 Mar 2019 | 5.19 | 2.92 | 363.64 | 17.17 | 388.92 |

| Deferred tax liabilities: | | | | Total |
|-----------------------------------|---|---|--|----------|
| | Difference between book balance and tax balance of property, plant and equipment/Investment property/ Other intangible assets | Unrealised MTM gain receivables on forward covers | Gains on investment carried at fair value through profit or loss | |
| As at 10 May 2018 | - | - | - | - |
| (Charged)/credited | - | - | (10.37) | (338.46) |
| - to statement of profit and Loss | (328.09) | - | - | - |
| - to other comprehensive income | - | - | - | - |
| As at 31 Mar 2019 | (328.09) | - | (10.37) | (338.46) |

Reflected in the Balance Sheet as follows:

| | As at 31 March 2019 |
|---------------------------|------------------------|
| Deferred tax assets | 388.92 |
| Deferred tax liabilities | (338.46) |
| Deferred tax assets (net) | 50.46 |

Reconciliation of deferred tax asset (net):

| | As at 31 March 2019 |
|---|------------------------|
| Balance as at the commencement of the period | (82.39) |
| Credit during the period recognised in Statement of profit and loss | 31.93 |
| Expense during the period recognised in other comprehensive income | 50.46 |
| Balance as at 31 Mar 2019 | |



MPS Interactive Systems Limited
Notes forming part of Financial Statements as at 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

13 Share capital

| (i) Particulars | As at 31 March 2019 |
|---|------------------------|
| Authorised | |
| 6,50,00,000 equity shares of INR 10 each fully paid up with voting rights | 6,500.00 |
| 2,50,00,000 preference shares of INR 10 each fully paid up with voting rights as per Section 47(2) of the Companies Act, 2013 | 2,500.00 |
| | <u>9,000.00</u> |
| Issued, Subscribed & Paid-Up | |
| 6,20,00,000 equity shares of INR 10 each fully paid up with voting rights | 6,200.00 |
| | <u>6,200.00</u> |

(ii) Reconciliation of the equity share outstanding at beginning and for the period ended 31st March 2019

| Particulars | As at 31 March 2019 | |
|---|------------------------|-------------|
| | Number | INR in Lacs |
| Equity shares (with voting rights) outstanding at the beginning of the period | 6,20,00,000 | 6,200.00 |
| Issued during the period | 6,20,00,000 | 6,200.00 |
| Outstanding at the end of the period | | |

(iii) Rights, preferences and restrictions attached to equity shares and Preference Shares

Equity Shares : The company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The equity shareholders are entitled to receive dividend as declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amount, if any. The distribution will be in proportion to number of equity shares held by shareholders.

Preference Shares : The Company has only one class of preference shares, i.e., Non-Cumulative Redeemable Preference Shares having a par value of INR 10 per share. Each holder of preference shares is entitled to vote as per Section 47(2) of the Companies Act, 2013. Each holder of preference shares Carry a preferential right with respect to payment of dividend and repayment, in the case of a winding up or repayment of capital vis-a-vis equity shares. Preference Shares will be redeem in two equal instalments upon the expiry of 5 and 6 years respectively from the date of allotment.



MPS Interactive Systems Limited
Notes forming part of Financial Statements as at 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

13 Share capital

- (iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

| Particulars | As at 31 March 2019 | |
|---|------------------------|-------------|
| | Number | INR in Lacs |
| Equity shares of INR 10 each fully paid up and held by MPS Limited | 6,19,99,994 | 6,200 |
| Preference shares of INR 10 each fully paid up and held by MPS Limited | 2,20,00,000 | 2,200 |

- (v) Details of the shareholders holding more than 5% shares of the Company

| Class of shares / Name of shareholder | As at 31 March 2019 | |
|---|------------------------|---|
| | Number | % holding in that class of shares |
| Equity shares of INR 10 each fully paid up and held by MPS Limited | 6,19,99,994 | 99.99% |
| Preference shares of INR 10 each fully paid up and held by MPS Limited | 2,20,00,000 | 100.00% |



MPS Interactive Systems Limited
Notes forming part of Financial Statements as at 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

| 14 Borrowings | INR in Lacs As at 31 March 2019 |
|--|---------------------------------------|
| Non-Current Borrowings | 2,300.00 |
| Loan * | (247.40) |
| Less: Amount included under 'Other financial Liabilities' | <u>2,052.60</u> |
| Liability Component of Non Cumulative Redeemable Preference Shares** | 1,948.25 |
| | <u>1,948.25</u> |
| | <u><u>4,000.85</u></u> |

Note:

* The Company has borrowed Loan of INR 2,300 Lacs at 8.5 % p.a. from MPS Limited as on 18 June 2018. Repayment schedule is as below:

| S. no. | Due date of Payment | Instalment towards Loan |
|--------|---------------------|-------------------------|
| 1 | 31 December 2019 | 247.40 |
| 2 | 30 June 2020 | 257.91 |
| 3 | 31 December 2020 | 268.88 |
| 4 | 30 June 2021 | 280.30 |
| 5 | 31 December 2021 | 292.22 |
| 6 | 30 June 2022 | 304.63 |
| 7 | 31 December 2022 | 317.58 |
| 8 | 30 June 2023 | 331.08 |
| | | <u>2,300.00</u> |

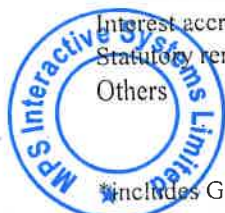
** The Company has issued 2,20,00,000, 8% Non-Cumulative Redeemable Preference Shares of face value of INR.10/- (INR Ten Only) per share as on 15 June 2018 aggregating to INR 2200 Lacs to be redeemed in two equal instalments upon the expiry of 5 and 6 years respectively from the date of allotment.

| 15 Trade payables | As at 31 March 2019 |
|--|------------------------|
| Trade payables | - |
| Due to Micro and Small Enterprises (refer note 27) | 465.27 |
| Due to Others | <u>465.27</u> |

| 16 Other financial liabilities (Current) | As at 31 March 2019 |
|--|------------------------|
| Borrowings | 247.40 |
| Employee payable | 209.86 |
| Others | 4.96 |
| | <u>462.22</u> |

| 17 Other current liabilities | As at 31 March 2019 |
|---|------------------------|
| Income received in advance (Unearned revenue) | 1,513.16 |
| Interest accrued but not due | 43.74 |
| Statutory remittances* | 127.79 |
| Others | 110.68 |
| | <u>1,795.37</u> |

*includes GST, Tax deducted at Source, Provident Fund and Employee State Insurance etc.



18 Provisions

As at
31 March 2019

| Particulars | |
|------------------------------------|--------------|
| (i) Non Current | |
| Provision for compensated absences | 47.02 |
| | <u>47.02</u> |
| (ii) Current | |
| Provision for compensated absences | 12.55 |
| | <u>12.55</u> |



MPS Interactive Systems Limited
Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

| 19 Revenue from operations | INR in Lacs |
|---|--|
| Particulars | For the period from 10 May 2018 to 31 March 2019 |
| Sale of services | 4,451.97 |
| Exports (earnings in foreign currency) | 1,850.60 |
| Domestic | <u>6,302.57</u> |
| 20 Other income | For the period from 10 May 2018 to 31 March 2019 |
| Particulars | |
| Interest income on: | 4.07 |
| Deposits with banks | 18.12 |
| Net gain on foreign currency transactions | 54.73 |
| Other non-operating income (refer note (i) below) | <u>76.92</u> |
| Note (i) Other non-operating income comprises: | For the period from 10 May 2018 to 31 March 2019 |
| Particulars | |
| Gain on investment carried at fair value through profit or loss | 33.23 |
| Liabilities no longer required written back | 14.34 |
| Miscellaneous Income | 7.16 |



MPS Interactive Systems Limited

Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

| | | INR in Lacs |
|--|---|-----------------|
| 21 Employee benefits expense | | |
| Particulars | For the period from 10 May 2018 to 31 March 2019 | |
| Salaries and wages (refer note 28) | | 3,814.09 |
| Contribution to provident and other funds (refer note 28) | | 172.69 |
| Staff welfare expenses | | 146.31 |
| | | <u>4,133.09</u> |
| 22 Finance costs | | |
| Particulars | For the period from 10 May 2018 to 31 March 2019 | |
| Interest expense on inter corporate deposits | | 328.79 |
| | | <u>328.79</u> |
| 23 Depreciation and amortization expense | | |
| Particulars | For the period from 10 May 2018 to 31 March 2019 | |
| Depreciation on property, plant and equipment (refer note 3) | | 112.80 |
| Amortization on intangible assets (refer note 4) | | 223.06 |
| | | <u>335.86</u> |



MPS Interactive Systems Limited

Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019

(INR in Lacs, except share and per share data, unless otherwise stated)

| 24 Other expenses | INR in Lacs |
|--|--|
| Particulars | For the period from 10 May 2018 to 31 March 2019 |
| Outsourcing cost | 762.45 |
| Power and fuel | 70.64 |
| Rent (refer note 35 b) | 290.59 |
| Repairs and maintenance - buildings | 109.50 |
| Repairs and maintenance - others | 62.36 |
| Insurance | 21.42 |
| Rates and taxes | 86.23 |
| Communication | 43.73 |
| Travelling and conveyance | 173.12 |
| Legal and professional | 91.40 |
| Sales and marketing expense | 51.84 |
| Software expense | 120.47 |
| Directors sitting fees | 5.00 |
| Payments to auditors (refer note (i) below) | 12.00 |
| Impairment of financial assets instrument | 2.40 |
| Loss on sale/disposal/discard of property, plant and equipment (net) | 17.71 |
| Miscellaneous expenses | 142.27 |
| | <u>2,063.13</u> |

| (i) Payments to the auditors comprises (net of input credit, where applicable): | For the period from 10 May 2018 to 31 March 2019 |
|--|--|
| To Statutory auditors | |
| for statutory audit | 10.50 |
| for tax audit | 1.50 |



MPS Interactive Systems Limited
Notes forming part of Financial Statements as at 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

25 Income tax

The major components of income tax expense for the period ended 31 March 2019 are:

| | INR in Lacs |
|---|--|
| | For the period from 10 May 2018 to 31 March 2019 |
| Current income tax: | |
| Current income tax charge for the period | 10.14 |
| Adjustments in respect of current income tax of previous period | 10.14 |
| Deferred tax: | |
| Deferred tax on profits for the period | (82.39) |
| Adjustments in respect of deferred tax of previous period | (82.39) |
| | (72.25) |
| Income tax expense reported in the Statement of Profit and Loss | (72.25) |
| OCI section | |
| Tax related to items that will not be reclassified to Profit and Loss | (31.93) |
| Income tax charged to OCI | (31.93) |

Reconciliation between average effective tax rate and applicable tax rate for the period ended 31 March 2019:

| | For the period from 10 May 2018 to 31 March 2019 |
|---|--|
| Accounting loss before income tax | (481.38) |
| At India's statutory income tax rate | 31.20% |
| Computed Tax Expense | (150.19) |
| Non-deductible expenses | 77.38 |
| Others | 0.56 |
| Income tax charged to Statement of Profit and Loss at effective rate of 15.01 % | (72.25) |

Effective tax rate has been calculated on profit before tax.

26 Earnings per equity share

| | For the period from 10 May 2018 to 31 March 2019 |
|---|--|
| Loss for the period attributable to the owners of the Company | (409.13) |
| Weighted average number of equity shares outstanding | 2,47,24,417 |
| Face value per share (INR) | 10 |
| Earnings Per Share- Basic & Diluted (INR) | (1.65) |



MPS Interactive Systems Limited

Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

27 Micro, small and medium enterprises

There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at the end of period. The information as required to be disclosed in relation to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

| Particulars | INR in Lacs As at 31 March 2019 |
|--|---------------------------------------|
| (i) The principal amount remaining unpaid to any supplier for the period ended 31 Mar 2019 | - |
| (ii) The interest due on principal amount remaining unpaid to any supplier for the period ended 31 Mar 2019 | - |
| (iii) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the period | - |
| (iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act | - |
| (v) The amount of interest accrued and remaining unpaid for the period ended 31 Mar 2019 | - |
| (vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act | - |



MPS Interactive Systems Limited

Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019

(INR in Lacs, except share and per share data, unless otherwise stated)

28 Employee benefits in respect of the Company have been calculated as under:

(A) Defined Contribution Plans

The Company has certain defined contribution plan such as provident fund, Canada pension plan, superannuation fund, employee state insurance (ESI) and Labour welfare fund, scheme for qualifying employees. Under the schemes, the company is required specified percentage of payroll costs to fund the benefits. During the period, the Company has contributed following amounts to:

| Particulars | INR in Lacs |
|---|--|
| | For the period from 10 May 2018 to 31 March 2019 |
| Employer's contribution to provident fund | 131.42 |
| Employer's contribution to Canada pension plan | 3.93 |
| Employer's contribution to superannuation fund | 37.26 |
| Employer's contribution to employee state insurance | 0.06 |
| Employer's contribution to Labour Welfare Fund | 0.02 |
| | 172.69 |

(B) Defined Benefit Plans**i. Gratuity**

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.07% p.a. which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years and mortality table is as per IALM (2006-08).

The estimates of future salary increases, considered in actuarial valuation is 6% p.a., taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme for employees of the Company. The expected rate of return on plan assets is 7.07% p.a.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

| Particulars | INR in Lacs |
|--|---------------------|
| | As at 31 March 2019 |
| Present value of obligation at the beginning of the period | - |
| Current service cost | 46.40 |
| Interest cost | 65.77 |
| Liability transferred on acquisition | 1,004.18 |
| Actuarial (gains)/ loss | (136.57) |
| Benefits paid | (315.07) |
| Present value of obligation as on 31 Mar 2019 | 664.71 |

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

| Particulars | INR in Lacs |
|--|---------------------|
| | As at 31 March 2019 |
| Present value of obligation as on 31 Mar 2019 | 664.71 |
| Fair value of plan assets as on 31 Mar 2019 | (721.72) |
| Net liabilities / (Assets) recognised in the Balance Sheet | (57.01) |



28 Employee benefits in respect of the Company have been calculated as under:

Fair Value of Plan Assets

| Particulars | INR in Lacs |
|--|------------------------|
| | As at 31 March 2019 |
| Plan assets at the beginning of the period | - |
| Expected return on plan assets | 65.84 |
| Assets transferred on acquisitions | 1,005.17 |
| Actual benefits paid | (315.07) |
| Actuarial gain/ (loss) | (34.22) |
| Plan assets as on 31 Mar 2019 | 721.72 |

Company's best estimate of contribution during next year is Nil

Composition of the plan assets is as follows:

| Particulars | INR in Lacs |
|-------------------------------|------------------------|
| | As at 31 March 2019 |
| Central Government Securities | 19% |
| State Government Securities | 50% |
| Debentures and Bonds | 23% |
| Equity Shares | 4% |
| C.B.L.O. and Bank balance | 5% |

The above composition of plan assets are based on details received for 31st March 2018. Details for 31 March 2019 are awaited from LIC.

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

| Particulars | INR in Lacs |
|---|---|
| | For the period from 10 May 2018 to 31 March 2019 |
| Current service cost | 46.40 |
| Interest cost | (0.07) |
| Expense recognised in the Statement of Profit and Loss | 46.33 |

Amount recognised in the other comprehensive income:

| Particulars | INR in Lacs |
|--|---|
| | For the period from 10 May 2018 to 31 March 2019 |
| Actuarial loss/(gain) due to demographic assumption change | 2.45 |
| Actuarial loss/(gain) due to financial assumption change | (37.09) |
| Actuarial loss/(gain) due to experience adjustment | (101.93) |
| Actuarial (gain)/loss on plan assets | 34.22 |
| Amount recognised in the Other Comprehensive Income | (102.35) |



MPS Interactive Systems Limited

Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019

(INR in Lacs, except share and per share data, unless otherwise stated)

28 Employee benefits in respect of the Company have been calculated as under:

Sensitivity analysis

| Particulars | INR in Lacs | | | |
|---------------------------|--|---------------|--|---------------|
| | For the period from 10 May 2018 to 31 March 2019 | | For the period from 10 May 2018 to 31 March 2019 | |
| Assumptions | Discount rate | | Future salary increase | |
| Sensitivity level | 0.5% increase | 0.5% decrease | 0.5% increase | 0.5% decrease |
| Impact on defined benefit | (14.64) | 15.36 | 15.47 | (14.53) |

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the 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.

(C) Other long term benefits (compensated absences):

| Particulars | INR in Lacs | |
|---|---------------------|--|
| | As at 31 March 2019 | |
| Present value of obligation as on 31 Mar 2019 | 59.57 | |



29 Fair value measurements

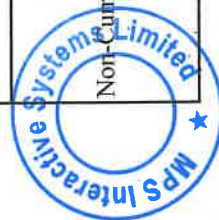
| Particulars | Note | Level of hierarchy | As at | | |
|------------------------------------|--------|--------------------|-----------------|----------|-----------------|
| | | | FVPL | FVOCI | Amortised cost |
| Financial assets | | | | | |
| Investments in mutual fund | (c) | 2 | 4,433.23 | - | - |
| Trade receivables | (a) | | - | - | 876.22 |
| Loans | (a, b) | | - | - | 79.04 |
| Cash and bank balances | (a) | | - | - | 135.51 |
| Other financial assets | (a, b) | | - | - | 126.01 |
| Total financial assets | | | 4,433.23 | - | 1,216.78 |
| Financial liabilities | | | | | |
| Trade payables | (a) | | - | - | 465.27 |
| Borrowings | (d) | 3 | - | - | 4,248.25 |
| Other financial liabilities | (a) | | - | - | 462.22 |
| Total financial liabilities | | | - | - | 5,175.74 |

Note:

- Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturity of these instruments.
- (a) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (b) The fair value of the mutual funds are based on net assets value of the funds as at reporting date.
- (c) The fair value of borrowing is INR 4,176.45 based upon a discounted cash flow analysis that uses the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

Financial instruments not measured at Fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---------------------------------|--|
| Intercompany Loan | Discounted cash flows: The valuation model considers the present value of expected receipts discounted using an adjusted discount rate. | Adjusted discount rate 9.4% | The estimated fair value would increase by INR 55.20 Lacs / decrease by INR 53.32 Lacs if the adjusted discount rate was lower by 1% / higher by 1%. |
| Non-Cumulative Redeemable Preference Shares | Discounted cash flows: The valuation model considers the present value of expected receipts discounted using an adjusted discount rate. | Adjusted discount rate 12.5% | The estimated fair value would increase by INR 77.87 Lacs / decrease by INR 73.74 Lacs if the adjusted discount rate was lower by 1% / higher by 1%. |



30 Financial risk management

Risk management framework

The Company's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk.

i Market risk

Market risk includes foreign exchange risk, pricing risk and interest risk that may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue and expense are denominated and the functional currency of the Company. The currencies in which the Company is exposed to risk are USD, CAD, GBP and others.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

| | INR in Lacs | | | |
|---|---------------------|---------------|---------------|--------------|
| | As at 31 March 2019 | | | |
| | USD | CAD | GBP | Others |
| Cash and cash equivalents | 461.98 | 36.10 | - | 12.75 |
| Trade receivables | 417.32 | 126.91 | 4.87 | 28.32 |
| Other financial assets | 235.54 | 27.65 | - | 59.56 |
| Trade payables | (141.80) | (30.53) | (11.79) | (19.88) |
| Other financial liabilities | (27.61) | - | - | - |
| Net statement of financial position exposure | 945.43 | 160.13 | (6.92) | 80.75 |

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD, CAD and GBP against INR at 31 March would have affected the measurement of financial exposure denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecast revenue and expenses.

| | INR in Lacs | |
|----------------------|--|-----------|
| | Profit or Loss (before tax) | |
| | For the period from 10 May 2018 to 31 March 2019 | |
| | Strengthening | Weakening |
| USD (1% movement) | 9.45 | (9.45) |
| CAD (1% movement) | 1.60 | (1.60) |
| GBP (1% movement) | (0.07) | 0.07 |
| Others (1% movement) | 0.81 | (0.81) |

Pricing risk:

Pricing pressure is a constant risk due to increased competition. The Company strives to mitigate this risk with existing and customers by a trade-off for volumes. Thereon, it is the Company's endeavour to reduce the impact by taking advantage of economies of scale and increasing productivity, as well increasing automation within all the processes.

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. The Company's borrowings are at fixed rate of interest. Hence the Company is not significantly exposed to interest rate risk.



30 Financial risk management**ii Credit risk****Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and if a customer fails to meet its contractual obligations. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Details of concentration of revenue are as follows:

| Particulars | INR in Lacs |
|--|---|
| | For the period from 10 May 2018 to 31 March 2019 |
| Revenue from top 2 customers (more than 10% revenue individually) | 1,469.49 |
| Revenue from top 15 customers | 4,783.62 |

Expanding the customer base is mitigating this risk. Within the current customers, the Company is looking to deepen the partnership by supporting Enterprises through the entire value chain of custom eLearning.

Expected credit loss for trade receivables:

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss.

Movement in the expected credit loss allowance of trade receivables are as follows:

| Particulars | INR in Lacs |
|---|------------------------|
| | As at 31 March 2019 |
| Balance at the beginning of the period | 14.25 |
| Add: Provided during the period (net of reversal) | 2.40 |
| Less: Amount written off | - |
| Balance for the period ended 31 Mar 2019 | 16.65 |

Expected credit loss on financial assets other than trade receivables:

With regard to other financial assets with contractual cash flows other than trade receivables, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no material provision for expected credit loss has been provided on these financial assets. Break up of financial assets other than trade receivables have been disclosed on balance sheet.

Investments

The Company limits its exposure to credit risk by investing in liquid securities and fixed deposit. The Company invests as per the guidelines approved by the Board to mitigate this risk.



30 Financial risk management**iii Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements.

Exposure to liquidity risk

The following are the details of contractual maturities of financial liabilities at the reporting date:

| Particulars | INR in Lacs | | |
|---|------------------------|---------------|------------------|
| | Contractual Cash flows | | |
| | As at 31 March 2019 | | |
| | Carrying Amount | Within 1 year | More than 1 Year |
| Non-derivative financial liabilities | | | |
| Trade payables | 465.27 | 465.27 | - |
| Borrowings | 4,000.85 | 247.40 | 3,753.46 |
| Other financial liabilities | 462.22 | 462.22 | - |

31 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The company is financed through Equity Share Capital, Preference Share Capital, and Intercompany Deposit from holding company. Further, the Company has been a net cash company with cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds.

The Company monitors its capital gearing ratio, which is net debt divided to total equity. Net Debt includes, interest bearing loans and borrowings net of cash equivalents

| Particulars | As at 31 March 2019 |
|--|------------------------|
| Long term borrowing | 4,000.85 |
| Current portion of long term borrowing | 247.40 |
| Total borrowing | 4,248.25 |
| Less : | |
| Cash and cash equivalents | 1,027.77 |
| Other Bank Balance | 135.51 |
| Net Debt | 3,084.97 |
| Total Equity | 6,289.05 |
| Gearing Ratio | 0.49 |



MPS Interactive Systems Limited

Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019

(INR in Lacs, except share and per share data, unless otherwise stated)

32 Related party transactions

The related parties as per the terms of Ind AS-24, "Related Party Disclosures" are disclosed below:-

A Names of related parties and description of relationship:

| S.No. | Description of relationship | Names of related parties |
|-------|--------------------------------|---|
| 1 | Ultimate Holding Company | ADI BPO Services Limited |
| 2 | Holding Company | MPS Limited |
| 3 | Fellow Subsidiary Companies | MPS North America LLC MPS Europa AG TOPSIM GmbH |
| 4 | Company Under Common Control | ADI Media Private Limited |
| 5 | Key management personnel (KMP) | Mr. Nishith Arora, Non-Executive Chairman Mr. Rahul Arora, Chief Executive Officer and Whole Time Director Mr. Vijay Sood, Non-Executive Director Mr. Sunit Malhotra, CFO & Company Secretary (Company Secretary w.e.f. 17 May 2018 and CFO w.e.f. 17 Oct 2018) |

B Transactions during the period

INR in Lacs

For the period from 10
May 2018 to 31 March
2019

| | Description of transactions | Name of related party | Relationship | |
|---|-----------------------------------|--|--|---------------|
| 1 | Finance costs | MPS Limited | Holding Company | 328.79 |
| 2 | Outsourcing cost | TOPSIM GmbH | Fellow Subsidiary Company | 39.28 |
| 3 | Rendering of services | MPS North America LLC MPS Europa AG | Fellow Subsidiary Company Fellow Subsidiary Company | 5.58 36.20 |
| 4 | Fixed Assets Sale | MPS Limited | Holding Company | 22.74 |
| 5 | Issue of Equity Share Capital | MPS Limited | Holding Company | 6,200.00 |
| 6 | Issue of Preference Share Capital | MPS Limited | Holding Company | 2,200.00 |
| 7 | Intercompany Loan | MPS Limited | Holding Company | 2,300.00 |
| 8 | Reimbursement of Expenses | MPS Limited | Holding Company | 2.92 |
| 9 | Director Sitting Fees | Mr. Vijay Sood | KMP | 5.00 |



MPS Interactive Systems Limited

Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019

(INR in Lacs, except share and per share data, unless otherwise stated)

32 Related party transactions**C Outstanding balance as at 31 March 2019**

| | | | As at |
|-----------------------------|-----------------------|---------------------------|---------------|
| Particulars | Name of related party | Relationship | 31 March 2019 |
| 1 Intercompany Loan | MPS Limited | Holding Company | 2,300.00 |
| 2 Trade receivables | MPS Europa AG | Fellow Subsidiary Company | 8.66 |
| | MPS Limited | Holding Company | 0.32 |
| 3 Trade payables | TOPSIM GmbH | Fellow Subsidiary Company | 22.09 |
| | MPS Limited | Holding Company | 43.74 |
| 4 Other Financial Assets | MPS Limited | Holding Company | 12.09 |
| 5 Other Financial Liability | MPS North America LLC | Fellow Subsidiary Company | 4.96 |

Notes:

- 1 No amount has been written off / written back during the period in respect of dues from / to related parties.



MPS Interactive Systems Limited
Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)

33 Revenue

(i) Revenue from contracts with customers

Revenues for the period ended 31 March 2019 are as follows:

| Particulars | INR in Lacs |
|--------------------|--|
| | For the period from 10 May 2018 to 31 March 2019 |
| eLearning | 6,159.19 |
| Platform solutions | 143.38 |
| | <u>6,302.57</u> |

(ii) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue

| Revenue by geographical markets | INR in Lacs | | |
|---------------------------------|--|-----------------------|-----------------|
| | For the period from 10 May 2018 to 31 March 2019 | | |
| | eLearning | Platform solutions | Total |
| India (country of domicile) | 1,708.68 | 141.92 | 1,850.60 |
| Europe | 100.45 | 0.05 | 100.50 |
| USA | 2,968.74 | 1.41 | 2,970.15 |
| Rest of the World | 1,381.32 | - | 1,381.32 |
| Total | 6,159.19 | 143.38 | 6,302.57 |

Refer note 30 (ii) on Financial risk management for information on revenue from top customers.

(iii) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

| Particulars | INR in Lacs |
|--|------------------------|
| | As at 31 March 2019 |
| Receivables, which are included in 'Trade and other receivables' (refer note no. 10) | 876.22 |
| Contract assets (refer note no. 9 (ii)) | 531.66 |
| Contract liabilities (refer note no. 17) | 1,513.16 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenue).



Significant changes in the contract assets and the contract liabilities balances for the period ended 31 Mar 2019 are as follows

| Particulars | INR in Lacs | |
|--|--|----------------------|
| | For the period from 10 May 2018 to 31 March 2019 | |
| | Contract Assets | Contract Liabilities |
| Balance as on the transition date | - | - |
| Business combination (refer note no. 37) | 595.16 | 850.20 |
| Revenue recognised that was included in the contract liability balance at the time of business combination | - | (741.75) |
| Increases due to cash received, excluding amounts recognised as revenue during the period | - | 1,404.71 |
| Transfers from contract assets recognised at the time of business combination to receivables | (558.33) | - |
| Increases as a result of changes in the measure of progress | 494.83 | - |
| Balance at the end of the year | 531.66 | 1,513.16 |

(iv) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| Particulars | INR in Lacs | | | |
|---------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | As at 31 March 2019 | | | |
| | Year ended 31 March 2020 | Year ended 31 March 2021 | Year ended 31 March 2022 | Year ended 31 March 2023 |
| eLearning solutions | 4,267.74 | 571.73 | - | - |
| Platform solutions | 440.18 | 60.91 | 30.41 | 16.01 |
| | 4,707.92 | 632.64 | 30.41 | 16.01 |



34 Contingent liabilities to the extent not provided for:

| Claims against Company, disputed by the Company, not acknowledged as debt: | | INR in Lacs |
|--|--|------------------------|
| | | As at 31 March 2019 |
| (a) Service tax | | 100.68 |
| (b) Income tax | | Nil |
| (c) Other (refer note below) | | Nil |

Note:
The Supreme Court on 28 February 2019 has provided its judgment regarding inclusion of other allowances such as travel allowances, special allowances, etc., within the expression 'basic wages' for the purpose of computation of contribution of provident fund under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 ('EPF Act'). There are interpretive challenges on the application of the Supreme Court Judgment including the period from which judgment would apply, consequential implications on resigned employees, etc. Further, various stakeholders have also filed representations with PF authorities in this respect. All these factors raises significant uncertainty regarding the implementation of the Supreme Court Judgment. Owing to the aforesaid uncertainty and pending clarification from regulatory authorities in this regard, the Company has recognized provision for the PF contribution on the basis of above mentioned order with effect from the order date. Further, the management believes that impact of aforementioned uncertainties on the financial statements of the Company should not be material.

35 Commitments for the period ended 31 Mar 2019

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) INR Nil
- b) **Leases:**
- (i) The Company has entered into cancellable and non-cancellable operating leases for office premises. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are INR 274.06 Lacs has been included under rent expense in note 24.
- (ii) The Company has operating lease arrangements in respect of vehicles which are cancellable, range between 1 years to 5 years. The aggregate lease rentals payable are charged as expenses. Rental payments under such leases are INR 16.53 Lacs has been included under rent expense in note 24.
- (iii) The Company has significant operating lease arrangements which are non-cancellable for a period up to 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The schedule of future minimum lease rental payments in respect of non-cancellable operating leases is set out below:

| Particulars | INR in Lacs | |
|---|------------------------|--------|
| | Minimum lease payments | |
| | As at 31 March 2019 | |
| - not later than one year | | 170.27 |
| - later than one year and not later than five years | | 563.63 |
| - later than five years | | |

36 Corporate Social Responsibility (CSR) Expense

Provision of Section 135 of the Companies Act 2013 are not applicable on the entity as threshold limits are not triggered during the period.



37 Business Combination:

The Company during the period ended 31 March 2019, had given purchase consideration of INR 5,988.16 Lacs in cash to acquire eLearning business from TATA Industries Limited vide Business transfer agreement dated April 24, 2018 which qualifies for business combination accounting. The customary condition for consummation of the said acquisition has been completed on 31 May 2018.

Following assets and liabilities have been recorded on fair value through business combination accounting by the Company :

| Particulars | Note | INR in Lacs |
|-------------------------------|------|------------------------|
| | | As at 31 March 2019 |
| Property, plant and equipment | 3.1 | 394.44 |
| Other intangible assets | 4 | 1,037.39 |
| Non Current Financial assets | | 46.80 |
| Other non-current assets | | 121.89 |
| Trade receivables | | 867.99 |
| Cash & Cash equivalents | | 305.91 |
| Loans | | 286.55 |
| Other current assets* | | 792.35 |
| Trade payables | | (401.99) |
| Other financial liabilities | | (237.22) |
| Other current liabilities** | | (1,056.52) |
| Provisions | | (129.15) |
| Net assets | | 2,028.44 |
| Purchase consideration | | 5,988.16 |
| Goodwill on acquisition | 4 | 3,959.72 |

The goodwill of INR 3,959.72 Lacs comprises value of acquired workforce and expected synergies arising from the acquisition. Goodwill is deductible for income tax purposes.

The company incurred acquisition related cost of INR 3.96 Lacs on legal fees and due diligence costs. These cost have been included in legal and professional fees under the head "other expenses".

If the acquisition had occurred on 1 April 2018, management estimates that total revenue for the Company would have been higher by INR 1,515.30 Lacs and the loss after taxes would have been lower by INR 192.56 Lacs. The pro-forma amounts are not necessarily indicative of the results that would have occurred if the acquisition had occurred on date indicated or that may result in the future.

*Other Current Assets Includes contract assets of INR 595.16 Lacs

**Other Current Liabilities Includes contract liability of INR 850.20 Lacs

38 Segment information

Operating Segments

The CEO and Whole Time Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 103, Operating Segments. Operating Segments have been defined and presented based on the regular review by the CODM to assess the performance of each segment and to make decision about allocation of resources. Accordingly, the Company has determined reportable segment by nature of its product and service, accordingly following are the reportable segments:

- (a) **eLearning:** eLearning means development of client eLearning requirements through technology-enabled, futuristic, and highly scalable learning solutions which includes gamification, simulations, custom eLearning, augmented and virtual reality, animations, videos, micro-learning etc.
- (b) **Platform Solutions:** Platform solutions means developing and implanting various software and technology services programs.

No Operating Segment have been aggregated to form the above reportable segment.



MPS Interactive Systems Limited

Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019

(INR in Lacs, except share and per share data, unless otherwise stated)

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Revenue and expenses which relate to the Company not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses'. Details are as follows:

| (i) Particulars | INR in Lacs |
|---|--|
| | For the period from 10 May 2018 to 31 March 2019 |
| Segment revenue | |
| eLearning | 6,159.19 |
| Platform solutions | 143.38 |
| Total revenue from operations | 6,302.57 |
| Segment results | |
| eLearning | (261.77) |
| Platform solutions | 50.38 |
| Total | (211.39) |
| Add: Interest income | 4.07 |
| Less: Finance cost | 328.79 |
| Less: Un-allocable expenditure (net of un-allocable income) | (54.73) |
| Loss before tax | (481.38) |
| Tax expense | (72.25) |
| Loss for the period | (409.13) |

- (ii) Assets and liabilities used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments and the management believes that it is not practicable to provide segment disclosures relating to total assets and liabilities.

(c) Geographical information's:

The geographical information analysis the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information segment revenue has been based on the geographical location of customers and segment assets which have been based on the geographical location of the assets.

(i) Revenue by geographical markets

| Particular | INR in Lacs |
|-----------------------------|--|
| | For the period from 10 May 2018 to 31 March 2019 |
| India (country of domicile) | 1,850.60 |
| Europe | 100.50 |
| USA | 2,970.15 |
| Rest of the World | 1,381.32 |
| Total | 6,302.57 |

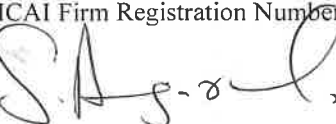


MPS Interactive Systems Limited
Notes forming part of Financial Statements for the period from 10 May 2018 to 31 March 2019
(INR in Lacs, except share and per share data, unless otherwise stated)



(ii) Non-current assets (by geographical location of assets)*

| Particular | INR in Lacs |
|-----------------------------|------------------------|
| | As at 31 March 2019 |
| India (country of domicile) | 5,629.65 |
| Europe | 0.46 |
| USA | 5.69 |
| Rest of the World | 0.97 |
| Total | 5,636.77 |

*Non-current assets are excluding financial instruments and deferred tax assets.

As per our report of even date attached
For BSR & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Shashank Agarwal
Partner
Membership Number: 095109

*For and on behalf of the Board of Directors of
MPS Interactive Systems Limited*

| | |
|---|---|
|  Rahul Arora Chief Executive Officer & Whole Time Director DIN: 05353333 |  Vijay Sood Director DIN: 01473455 |
|---|---|


Sunit Malhotra
Chief Financial Officer &
Company Secretary

Place : Gurugram
Date : 16 May 2019

Place : Gurugram
Date : 16 May 2019