

Paper Boat Apps Private Limited

Standalone Financial Statements and Independent Auditor's Report

For the year ended 31 March 2021

Paper Boat Apps Private Limited

Contents	Page
Independent Auditor's Report	1 - 8
Balance Sheet	9
Statement of Profit and Loss	10
Statement of Cash Flows	11 - 12
Statements of changes in Equity	13
Summary of Significant Accounting Policies and Other Explanatory Information	14 - 43

Walker Chandiok & Co LLP

7th Floor, Block III,
White House, Kundan Bagh,
Begumpet
Hyderabad – 500 016
India

T +91 40 4859 7178
F +91 40 6630 8230

Independent Auditor's Report

To the Members of Paper Boat Apps Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Paper Boat Apps Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone 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.

Information other than the Standalone Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

Responsibilities of Management for the Standalone Financial Statements

5. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the standalone 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 Standards on Auditing 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 standalone financial statements.
8. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone 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 standalone 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 standalone 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; and

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
9. 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.

Report on Other Legal and Regulatory Requirements

10. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
11. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying standalone financial statements;
 - 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 standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 27 May 2021 as per Annexure II expressed unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2021;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

Walker Chandiok & Co LLP

- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Partner

Membership No.: 213356

UDIN: 21213356AAAACF1827

Place: Hyderabad

Date: 27 May 2021

Paper Boat Apps Private Limited
Independent Auditor's Report on the Audit of the Standalone Financial Statements

Annexure I to the Independent Auditor's Report on even date to the members of Paper Boat Apps Private Limited on the standalone financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues, as applicable, to the appropriate authorities, though there has been slight delays in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
 - (b) There are no dues in respect of income-tax and goods and service tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

Walker Chandiok & Co LLP

Paper Boat Apps Private Limited Independent Auditor's Report on the Audit of the Standalone Financial Statements

Annexure 1 (Contd)

- (xi) According to the information and explanations given by the management, Managerial remuneration has been paid/provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nikhil Vaid
Partner
Membership No.: 213356
UDIN: 21213356AAAACF1827

Place: Hyderabad
Date: 27 May 2021

Annexure II to the Independent Auditor's Report of even date to the members of Paper Boat Apps Private Limited on the standalone financial statements for the year ended 31 March 2021

Independent Auditor's report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Paper Boat Apps Private Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone 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 framework). 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes 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 standalone financial statements, whether due to fraud or error.
5. 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 standalone financial statements.

Walker Chandiok & Co LLP

Paper Boat Apps Private Limited

Independent Auditor's Report on the Audit of the Standalone Financial Statements

Annexure II (Contd)

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2021, based on the framework.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Nikhil Vaid

Partner

Membership No.: 213356

UDIN: 21213356AAAACF1827

Place: Hyderabad

Date: 27 May 2021

Paper Boat Apps Private Limited
Balance Sheet as at 31 March 2021
(Amounts are stated in INR thousands unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non current assets			
Property and equipment	3	6,200	5,784
Right of use asset	3	6,347	11,106
Financial assets			
Investment	4	21	21
Other financial assets	5	1,468	1,332
Deferred tax assets (net)	6	4,778	-
Non-current tax assets (net)	7	13,308	6,881
Total non-current assets		32,122	25,124
Current assets			
Financial assets			
Cash and cash equivalents	8	160,222	70,296
Other current financial assets	9	252,821	234,465
Other current assets	10	137,137	141,528
Total current assets		550,180	446,289
Total assets		582,302	471,413
Equity and Liabilities			
Equity			
Equity share capital	11	107	107
Other equity	12	144,014	44,117
Total equity		144,121	44,224
Liabilities			
Non-current liabilities			
Financial liabilities			
Other non-current financial liabilities	13	2,158	6,395
Provision	14	2,588	1,904
Total non-current liabilities		4,746	8,299
Current liabilities			
Financial liabilities			
Trade payables			
- Dues of micro and small enterprises	31	14	228
- Dues of creditors other than micro and small enterprises		178,309	126,221
Other financial liabilities	15	15,063	24,842
Unearned and deferred revenue		218,064	236,055
Provision	16	15,615	2,701
Other current liabilities	17	6,370	28,843
Total current liabilities		433,435	418,890
Total equity and liabilities		582,302	471,413

Summary of significant accounting policies 2
The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors
Paper Boat Apps Private Limited

Nikhil Vaid
Partner
Membership No.: 213356

Place:Hyderabad
Date: 27 May 2021

Anupam Dhanuka
Director
DIN: 02495878

Place:Mumbai
Date: 27 May 2021

Anshu Dhanuka
Director
DIN: 02514116

Place:Mumbai
Date: 27 May 2021

Paper Boat Apps Private Limited
Statement of Profit and Loss for the year ended 31 March 2021
(Amounts are stated in INR thousands unless otherwise stated)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	18	1,692,270	572,174
Other income	19	3,039	7,677
Total income		1,695,309	579,851
Expenses			
Employee benefits expense	20	62,125	34,572
Selling and distribution		459,342	161,540
Business promotion		1,029,819	402,799
Finance costs	21	773	1,534
Depreciation expense	3	6,086	4,254
Other expenses	22	24,785	14,349
Total expenses		1,582,930	619,048
Total profit/(loss) before tax		112,379	(39,197)
Tax expense	23		
Current tax		17,394	-
Adjustment of tax relating to earlier periods		(100)	-
Deferred tax credit		(4,787)	-
Total tax expense		12,507	-
Total profit/(loss) after tax		99,872	(39,197)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss, net of tax			
Re-measurement of defined benefit plan		34	-
Income tax relating to above		(9)	-
Other comprehensive income/(loss) for the year		25	-
Total comprehensive income/(loss) for the year		99,897	(39,197)
Profit/(loss) per equity share	30		
Basic		9,378	(3,816)
Diluted		9,378	(3,816)
Face value per share		10	10
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the standalone financial statements			

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors
Paper Boat Apps Private Limited

Nikhil Vaid
Partner
Membership No.: 213356

Place:Hyderabad
Date: 27 May 2021

Anupam Dhanuka
Director
DIN: 02495878

Place:Mumbai
Date: 27 May 2021

Anshu Dhanuka
Director
DIN: 02514116

Place:Mumbai
Date: 27 May 2021

Paper Boat Apps Private Limited

Statement of cash flows for the year ended 31 March 2021

(Amounts are stated in INR thousands unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
A. Cash flow from operating activities		
Profit/(Loss) before tax	112,379	(39,197)
<u>Adjustments for:</u>		
Depreciation expense	6,086	4,254
Unrealised foreign exchange (gain)/loss	(96)	(5,654)
Interest income	(2,142)	(1,747)
Foreign tax credit written off	1,925	-
Lease concession gain	(45)	-
Sundry balances/ liability written back	(56)	-
Loss on sale of car	-	29
Finance costs	773	1,534
Operating profit/(loss) before working capital changes	118,824	(40,781)
Adjustment for working capital changes:		
Increase in financial assets	(17,335)	(164,042)
Decrease/(Increase) in other assets	4,390	(107,450)
(Decrease)/Increase in unearned and deferred revenue	(17,991)	169,719
Increase in trade payables	51,980	104,410
Increase in short term and long term provision	13,599	4,169
(Decrease)/Increase in other financial liabilities	(9,849)	17,947
(Decrease)/Increase in other current liabilities	(22,473)	16,109
Cash generated from operations	121,145	81
Income tax paid (net)	(25,646)	(6,460)
Net cash generated/(used in) operating activities	95,499	(6,379)
B. Cash flow from investing activities		
Investment in subsidiary	-	(21)
Purchase of property and equipment	(1,878)	(4,794)
Proceeds from disposal of property and equipment	-	549
Interest received	1,065	1,525
Net cash flow generated from/(used in) investing activities	(813)	(2,739)
C. Cash flow from financing activities		
Proceeds from issue of equity shares (net)	-	99,880
Proceeds from borrowing	-	6,400
Repayment of borrowing	-	(25,255)
Interest paid	-	(868)
Repayment of lease liabilities	(4,760)	(3,723)
Net cash flow (used in)/generated from financing activities	(4,760)	76,434
Net increase in cash and cash equivalents during the year (A+B+C)	89,926	67,316
Opening balance of cash and cash equivalents		
Cash on hand	1	152
Balances with banks in current accounts	2,398	2,828
Balances with banks in fixed deposit	67,897	-
Cash and cash equivalents as at beginning of the year	70,296	2,980
Closing balance of cash and cash equivalents		
Cash on hand	12	1
Balances with banks in current accounts	10,765	2,398
Balances with banks in fixed deposit	149,445	67,897
Cash and cash equivalents as at end of the year	160,222	70,296

Paper Boat Apps Private Limited**Statement of cash flows for the year ended 31 March 2021**

(Amounts are stated in INR thousands unless otherwise stated)

Net debt reconciliation	Year ended 31 March 2021	Year ended 31 March 2020
Opening balance of borrowings	11,137	19,370
Adjustment In lease liability	(180)	-
Proceeds from borrowings	-	6,400
Repayments of borrowings	-	(25,255)
Lease liabilities	-	13,679
Finance costs	773	1,534
Interest paid	-	(868)
Repayment of lease liabilities	(4,760)	(3,723)
Closing balance borrowings	6,970	11,137

As per our attached report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors

Paper Boat Apps Private Limited

Nikhil Vaid

Partner

Membership No.: 213356

Place: Hyderabad

Date: 27 May 2021

Anupam Dhanuka

Director

DIN: 02495878

Place: Mumbai

Date: 27 May 2021

Anshu Dhanuka

Director

DIN: 02514116

Place: Mumbai

Date: 27 May 2021

Paper Boat Apps Private Limited
Statement of changes in equity for the year ended 31 March 2021
(Amounts are stated in INR thousands unless otherwise stated)

A. Equity share capital

	Number of shares	Amount
Issued, subscribed and paid up		
Balance as at 1 April 2019	10,000	100
Changes in equity share capital	650	7
Balance as at 31 March 2020	10,650	107
Changes in equity share capital	-	-
Balance as at 31 March 2021	10,650	107

B. Other equity

	Reserve and surplus		
	Securities premium	Loss in Statement of Profit and Loss	Total
Balance as at 1 April 2019	-	(16,566)	(16,566)
(Loss) for the year		(39,197)	(39,197)
Shares issued during the year	99,880	-	99,880
Balance as at 31 March 2020	99,880	(55,763)	44,117
Profit for the year	-	99,872	99,872
Other comprehensive income for the year	-	25	25
Balance as at 31 March 2021	99,880	44,134	144,014

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors
Paper Boat Apps Private Limited

Nikhil Vaid
Partner
Membership No.: 213356

Place: Hyderabad
Date: 27 May 2021

Anupam Dhanuka
Director
DIN: 02495878

Place: Mumbai
Date: 27 May 2021

Anshu Dhanuka
Director
DIN: 02514116

Place: Mumbai
Date: 27 May 2021

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021

(Amounts are stated in INR thousand unless otherwise stated)

1. Corporate information

Paper Boat Apps Private Limited (the 'Company') is a private company incorporated under the provisions of Indian Companies Act. The Company is in the business of providing learning applications (app) with an array of creative and stimulating activities for kids. The Company's mainstream business is developing and publishing interactive content for kids on mobile platform such as Apple Inc.'s ("Apple") iOS, Google Inc.'s ("Google") Android and Amazon.

2. Significant accounting policies

i) Basis of Preparation

These standalone financial statements of the Company comprises of balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), the statement of cash flows, the statement of changes in equity for the a year ended and a summary of significant accounting policies and other explanatory notes (collectively referred to as the "standalone financial statements"). These standalone financial statements has been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 27 May 2021.

The standalone financial statements have been prepared on a historical cost convention and accrual basis, except for the certain financial assets and liabilities that are measured at fair value. Monetary amounts are expressed in Indian Rupee (INR) and are rounded off to nearest thousands, except for earning per share.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of Companies Act, 2013.

ii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized in normal operating cycle or within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period of twelve months as its operating cycle.

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021

(Amounts are stated in INR thousand unless otherwise stated)

iii) Foreign currency transactions

i. Functional currency

The standalone financial statements are presented in Indian Rupees (INR), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

ii. Transactions balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

iv) Use of estimates and judgements

The preparation of standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The areas involving significant judgement and estimates are as follows:

- **Revenue recognition**

Recognition of revenue requires the Company to ascertain whether the performance obligations has been satisfied over the period or at a point in time. Significant judgment has been used in determining how the performance obligations are satisfied by the Company. In doing so, where the Company has any legal or constructive obligation that needs to be satisfied, revenue is recognized over the period. Where there is no such performance obligations pending, revenue is recognized at a point in time.

Further, the Company determines whether the platform service providers are acting as principal or agent for the products or services that are sold through the platform service providers like Google Play Store or The Apple Store. The Company ascertains the same based on the criteria such as who is the primary obligor under the contract, who has the discretion in pricing and who bears the inventory and credit risk.

The Company provides access of virtual items on the Apps/ Platform for purchase/ download by the subscriber/s. The Company estimates average useful life of subscribers purchasing/ downloading virtual items using inputs such as date of sale, date upto which subscriber is active post in-app purchase. Based on current behaviour pattern, i.e. retention period of the active subscribers is below one month, the Company is recognizing the revenue from the sale of In-App items at a point in time, i.e., upon download. However, the behaviour pattern of the consumer is prone to change and accordingly timing of revenue recognition may also vary.

- **Capitalization of internally generated intangibles**

Distinguishing the research and development phases of a new customized applications and determining whether the recognition requirements for the capitalization of development costs are met requires judgement. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021

(Amounts are stated in INR thousand unless otherwise stated)

- **Recognition of deferred tax assets**

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. In assessing the probability, the Company considers whether the entity has sufficient taxable temporary differences, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Impairment of non-financial assets**

Property and equipment are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The calculation of value in use and fair value of a cash generating unit involves use of significant estimates and assumptions which includes turnover, growth rates and net margins used to calculate projected future cash flows, risk adjusted discount rate, future economic and market conditions, sale price of comparable assets.

- **Useful lives of depreciable assets**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

- **Estimation of uncertainties relating to pandemic COVID'19**

The principal risks that the company is impacted include uncertainty around addition and renewal of subscription agreements due to adverse market conditions on account of COVID 19 pandemic. The company is into learning app, with an array of creative and stimulating activities, for kids. The global pandemic has led to innovative ways of getting education services for kids across age group. As on 31 March 2021, the company gained twice the paying subscribers as on 1 April 2020 as well as increased retention of the subscribers. Notwithstanding these safeguards, the business has drawn up contingency plans for reduction of operating expenses, including advertisement expenses.

In preparation of these results, the company has taken into account internal and external sources of information to assess possible impacts of the pandemic, including but not limited to assessment of liquidity and going concern, recoverable values of its financial and non-financial assets, impact on revenues and estimates of operating costs. Based on current indicators of future economic conditions, the company has sufficient liquidity and expects to fully recover the carrying amount of its assets. In addition, the management has reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of approval of these standalone financial statements. The company therefore continues to adopt the going concern basis in preparing its standalone financial statements.

However, due to the evolving nature of the pandemic, its actual impact in future could be different from that estimated as at the date of approval of these financial results. The company will continue to monitor any material changes to future economic conditions.

- v) **Revenue recognition**

Revenue arises mainly from subscription to its App, in App purchases, License fees and interest income. To determine whether the Company should recognize revenues, the Company follows 5-step process:

- a. identifying the contract, or contracts with a customer
- b. identifying the performance obligations in each contract
- c. determining the transaction price
- d. allocating the transaction price to the performance obligations in each contract
- e. recognizing revenue when, or as, we satisfy performance obligations by transferring the promised goods or services

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021**

(Amounts are stated in INR thousand unless otherwise stated)

App subscription and sales

Revenues associated with the subscriptions are deferred until the subscription service is activated by the consumer and are then recognized ratably over the subscription period as the performance obligations are satisfied. Revenues attributable to the purchase by customers, including In-App Purchase, are recognized after the underlying performance obligations have been satisfied. Accrual for sales returns is provided at the point of sale, based upon past experience. Adjustments to such returns is made as new information becomes available.

Revenue includes only the gross inflows of economic benefits received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as VAT, goods and service tax are excluded from revenue.

Amount received in advance from customers for which performance obligations has not been satisfied by the Company is recognized as deferred revenue. Deferred revenue is accounted for as revenue as and when the performance obligation is satisfied.

License fees

License fees represents royalty income form Kiddopia Inc., subsidiary of the Company.

Revenue is recognized over period of time when it is probable that economic benefits associated with transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably.

Interest income

Interest income is recorded using the effective interest rate ('EIR') method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or over a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of the financial liability. Interest income is included under the head "finance income" in the Statement of Profit and Loss account. Interest income is recognized using the effective method as set out in Ind AS 109 - Financial Instrument. Recognition and Measurement, when it is possible that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

vi) Financial assets

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.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

- Debt instruments assets at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments at fair value through profit and loss (FVTPL)

Debt instruments at amortized cost

A debt instrument is measured at amortized cost (net of any write down for impairment) the asset is held to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes) and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021**

(Amounts are stated in INR thousand unless otherwise stated)

Such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit and loss. The losses arising from impairment are recognized statement of profit and loss.

Debt instruments at fair value through other comprehensive income (FVOCI)

A financial asset that meets the following two conditions is measured at fair value through OCI unless the asset is designated at fair value through profit and loss under fair value option.

- The financial asset is held both to collect contractual cash flows and to sell.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss.

Debt instruments at fair value through profit and loss (FVTPL)

FVTPL is a residual category for Company's investment instruments. Any instruments which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. All investments (except investment in subsidiary) included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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

Derecognition

When 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; It evaluates if and to what extent it has retained the risks and rewards of ownership.

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

- The rights to receive cash flows from the asset have expired, or
- Based on above evaluation, 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 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a bases that reflect the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets which are not fair value through profit & loss and equity instruments recognized in OCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021**

(Amounts are stated in INR thousand unless otherwise stated)

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

vii) Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss or at amortized cost as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, lease obligations, and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized 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 recognized in the statement of profit and loss.

Offsetting of financial instruments

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model because of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

viii) Income tax

Income tax expense comprises of current tax expenses and net change in the deferred tax assets or liabilities during the year. Current and deferred taxes are recognized in the Statement of profit and loss, except when they relate to item that are recognized in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognized in Other comprehensive income or directly in Equity.

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021**

(Amounts are stated in INR thousand unless otherwise stated)

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income.

ix) Property and Equipment

All items of property and equipment are initially recorded at cost. Cost of property and equipment comprises purchase price, non-refundable taxes, levies, and any directly attributable cost of bringing the asset to its working condition for the intended use. After initial recognition, property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of an item of property and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the property and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Useful lives (except computer) used by the Company are different from rates prescribed under Schedule II of the Companies Act 2013. These rates are based on evaluation of useful life estimated by the management supported by internal technical evaluation. The range of useful lives of the property and equipment are as follows:

Nature of assets	Useful life
Furniture and fixtures	10 years
Office equipment	5 years
Computer equipment	3 years
Motor car	8 years

Leasehold improvements are amortised over shorter of useful life or lease period.

x) Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is charged to profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021

(Amounts are stated in INR thousand unless otherwise stated)

xi) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

xii) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

xiii) Lease: Company as lessee

The Company's leased assets consist of leases for building. The Company assesses whether a contract contains lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- a. the contract involves the use of an identified asset
- b. the Company has substantially all the economic benefits from use of the asset through the period of the lease and
- c. the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a lease term of twelve months or less (short-term leases) and low value leases. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the fixed lease payments including variable lease payments that depend on an index or a rate. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the Company.

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021

(Amounts are stated in INR thousand unless otherwise stated)

xiv) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

xv) Provisions, Contingent liabilities, and contingent assets

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognized as interest expense. The provisions are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognized in the standalone financial statements.

xvi) Employee benefits

Post-employment benefits

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the year in which services are rendered by the employees.

The Company's gratuity benefit scheme is an unfunded defined benefit plan. The Company's obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods recognized as a liability at the present value of the defined benefit obligations at the balance sheet date based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date. Actuarial gains or losses on such valuation are recognized immediately in the other comprehensive income.

Short term employee benefits:

All employee benefits which are due within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service. All short-term employee benefits are accounted on undiscounted basis during the accounting year based on services rendered by employees.

Compensated absences

The Compensated leave absences accrue to employees and are expected to be availed or encashed within twelve months after the end of the period in which the employees render the related service. They are recognized using actuarial valuation method.

xvii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended March 31, 2021

(Amounts are stated in INR thousand unless otherwise stated)

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders after taking into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

xviii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM of the Company is identified Board of Directors. The CODM's function is to allocate the resources of the Company and assess the performance of the operating segments of the Company.

xix) Recent accounting pronouncement adopted as on April 1, 2021

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no standards that are issued but not yet effective on March 31, 2021.

3 Property and equipment

	Furniture and fixtures	Motor car	Office equipment	Computer equipment	Leasehold improvements	Total	Right of use asset	Grand total
Balance as at 31 March 2019	419	2,393	113	754	-	3,679	1,682	5,361
Additions	2,512		699	1,173	410	4,794	14,042	18,836
Deletions/adjustments	-	(1,035)	-	-	-	(1,035)	-	(1,035)
Balance as at 31 March 2020	2,931	1,358	812	1,927	410	7,438	15,724	23,162
Additions	-	95	42	1,741	-	1,878	-	1,878
Deletions/adjustments	-	-	-	-	-	-	(170)	(170)
Balance as at 31 March 2021	2,931	1,453	854	3,668	410	9,316	15,554	24,870
Accumulated depreciation								
Upto 31 March 2019	108	721	51	370	-	1,250	1,225	2,475
Depreciation charge	150	259	85	293	74	861	3,393	4,254
Deletions/adjustments		(457)				(457)	-	(457)
Upto 31 March 2020	258	523	136	663	74	1,654	4,618	6,272
Depreciation charge	275	126	155	772	134	1,462	4,624	6,086
Deletions/adjustments	-	-	-	-	-	-	(35)	(35)
Upto 31 March 2021	533	649	291	1,435	208	3,116	9,207	12,323
Net block								
Balance as at 31 March 2020	2,673	835	676	1,264	336	5,784	11,106	16,890
Balance as at 31 March 2021	2,398	804	563	2,233	202	6,200	6,347	12,547

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

4 Non-current investments

	As at 31 March 2021	As at 31 March 2020
Investment in equity instrument of subsidiary at cost		
Equity shares of Kiddopia Inc. 1,000 (31 March 2020: 1,000) equity shares of \$0.1 each, fully paid up	21	21
Total	21	21

5 Other financial assets

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Security deposit	1,468	1,332
Total	1,468	1,332

6 Deferred tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Deferred tax asset arising on account of :		
Property and equipment	252	-
Leases	162	-
Employee benefits	1,312	-
Provisions for right to return	3,052	-
Total deferred tax assets	4,778	-
Deferred tax assets (net)*	4,778	-

*In F.Y.2019-20, deferred tax asset was recognised to the extent it was probable that future taxable profits will be available against which the deductible temporary differences and carried forward losses can be utilized. In view of tax losses, recognition of deferred tax asset was restricted to the extent of deferred tax liabilities.

7 Non-current tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provision 31 March 2021: ₹ 17,394 ; 31 March 2020: ₹100)	13,308	6,881
Total	13,308	6,881

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

8 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Cash on hand	12	1
Balances with banks in current accounts	10,765	2,398
Balances with banks in fixed deposit	149,445	67,897
Total	160,222	70,296

9 Other current financial assets

	As at 31 March 2021	As at 31 March 2020
Others receivables		
from others	243,187	228,329
from related party (Refer Note No. 28)	8,554	6,014
Interest accrued but not due on deposits	1,080	122
Total	252,821	234,465

10 Other current assets

	As at 31 March 2021	As at 31 March 2020
Balance with government authorities	79,167	74,807
Prepayments	57,911	66,700
Advance to employees	24	15
Advance to creditors	35	6
Total	137,137	141,528

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

11 Equity share capital

	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
Equity shares of INR10 each (31 March 2021:50,000;31 March 2020:50,000)	500	500
Issued, subscribed and fully paid up		
Equity shares of INR10 each (31 March 2021:10,650;31 March 2020:10,650)	107	107
Total	107	107

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year:

	As at 31 March 2021		As at 31 March 2020	
Equity shares	No. of shares	INR	No. of shares	INR
Balance as at the beginning of the year	10,650	107	10,000	100
Add : Shares Issued during the year	-	-	650	7
Balance outstanding at the end of the year	10,650	107	10,650	107

(b) Shareholders holding more than 5% of the equity shares in the Company

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of holding	Number of shares	% of holding
Nazara Technologies	5,422	50.92%	5,422	50.92%
Anupam Dhanuka	2,614	24.54%	2,614	24.54%
Anshu Dhanuka	2,614	24.54%	2,614	24.54%
Total	10,650	100%	10,650	100%

(c) Shares held by Holding Company

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of holding	Number of shares	% of holding
Nazara Technologies	5,422	50.92%	5,422	50.92%
Total	5,422	50.92%	5,422	50.92%

(d) Terms/Rights attached to 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 Company declares and pays dividend in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion of their shareholding.

(e) The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buy back of shares during five years immediately preceding 31 March 2021.

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

12 Other equity

	As at 31 March 2021	As at 31 March 2020
Profit/(Loss) in Statement of Profit and Loss for the year	44,134	(55,763)
Securities premium	99,880	99,880
Total	144,014	44,117

Nature and purpose of reserves**(i) Profit/(Loss) in Statement of Profit and Loss for the year**

Profit/(Loss) in the Statement of Profit and Loss pertain to the accumulated earnings made by the Company over the years.

(ii) Securities premium

Securities premium reserve is used to record premium on issue of shares. The reserve is utilised in accordance with provisions of Companies Act, 2013.

13 Other non-current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Lease obligation (refer note 32)	2,158	6,395
Total	2,158	6,395

14 Non-current provision

	As at 31 March 2021	As at 31 March 2020
Provision for gratuity (refer note. 29)	2,588	1,904
Total	2,588	1,904

15 Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Salary Payable		
Employees	1,626	1,336
Key Managerial Personnel (Refer Note 28)	5,428	1,546
Audit fees payable	1,387	630
Creditor for expenses	1,809	16,588
Lease obligation (Refer note 32)	4,813	4,742
Total	15,063	24,842

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

16 Provision

	As at 31 March 2021	As at 31 March 2020
Provision for right to return (*)	13,491	1,364
Provision for gratuity	145	107
Provision for leave encashment	1,979	1,230
Total	15,615	2,701

*Provision for right to return in respect of In-app purchases and subscription during the year is made based on the management's estimates. The estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates.

The movement in provision is as under:

i. Carrying amount at the beginning of the year	1,364	437
ii. Provision for the year	13,491	1,364
iii. Utilisation / reversed	(1,364)	(437)
Carrying amount at the end of the year	13,491	1,364

17 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Statutory dues		
Goods and service tax payable	1,011	25,006
Tax deducted at source payable	4,888	2,510
Equalisation levy payable	332	1,218
Provident Fund payable	132	104
Profession tax	7	5
Total	6,370	28,843

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

18 Revenue from operations

	Year ended 31 March 2021	Year ended 31 March 2020
Apps sale/ subscription	1,625,310	562,236
Royalties	-	3,053
Revenue from advertising services	-	127
License fees	66,960	6,758
Total	1,692,270	572,174

19 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income on financial asset measured at amortised cost		
Loans to others	-	1,647
Fixed deposit	2,023	-
Security deposit	118	100
Income Tax	323	-
Unrealised foreign exchange gain (net)	-	5,651
Management fees	474	270
Lease consession gain	45	-
Sundry balances/ liability written back	56	9
Total	3,039	7,677

20 Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, Wages and Bonus		
Employees	20,269	10,817
Key Managerial Personnel (Refer Note 28)	39,151	19,962
Staff welfare	256	274
Provident fund	738	278
Compensated absences	955	1,230
Gratuity	756	2,011
Total	62,125	34,572

21 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest on borrowing measured at amortised cost	-	868
Interest on lease liability	773	666
Total	773	1,534

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

22 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Rates and taxes (*)	10,737	5,411
Legal and professional	8,184	4,415
IT support services	1,755	1,013
Payment to auditors (refer note below)	1,500	680
Travel	109	535
Office maintenance	1,101	699
Car maintenance	33	354
Brokerage	-	270
Dues and subscription	258	196
Electricity	95	181
Insurance	11	-
Internet	97	112
Foreign exchange loss (net)	829	-
Loss on sale of car	-	29
Miscellaneous	76	454
Total	24,785	14,349

(*) includes foreign tax credit written off INR 1,925 (refer note 23.4)

Payment to auditors (*)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Statutory audit	1,500	680
Total	1,500	680

(*)excluding GST and out of pocket expenses

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements

(Amounts are stated in INR thousands unless otherwise stated)

23 Income tax

23.1 Income tax expense in the statement of profit and loss consists of:

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax expense		
Current tax for the year	17,394	-
Adjustment of tax relating to earlier periods	(100)	-
Deferred tax credit	(4,787)	-
Income tax expense reported in the statement of profit or loss	12,507	-
Income tax recognised in other comprehensive income		
Deferred tax arising on income and expense recognised in other comprehensive income	9	-
Total income tax expense	12,516	-

23.2 The reconciliation of estimated income tax expense at tax rate to income tax expense reported in statement of profit and loss is as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
Profit/(loss) before tax	112,379	(39,197)
Income tax rate	25.17%	26.00%
Expected tax expenses	28,286	(10,191)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Expense disallowed under income tax	484	-
Taxes of earlier year	(100)	-
(Utilization)/reversal of business losses/unabsorbed depreciation	(16,154)	10,191
Income tax expense	12,516	-

23.3 Deferred tax assets (net)

Movement in deferred tax balance	As at 31 March 2021	Changes in deferred tax recognised through	As at 31 March 2020 (*)
		Profit & loss	Other comprehensive
Deferred tax assets on account of:			
Property and equipment	252	(252)	-
Leases	162	(162)	-
Employee benefits	1,312	(1,312)	-
Provisions for right to return	3,052	(3,061)	9
Total deferred tax assets	4,778	(4,787)	9
Net deferred tax	4,778	(4,787)	9

(*) In F.Y. 2019-20, deferred tax asset was recognised to the extent it was probable that future taxable profits will be available against which the deductible temporary differences and carried forward losses can be utilized. In view of tax losses, recognition of deferred tax asset was restricted to the extent of deferred tax liabilities.

23.4 The movement in advance tax as at 31 March 2021 and 31 March 2020

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year (net)	6,881	421
Add: Advance tax paid (including self-assessment tax and taxes deducted at source)	30,701	6,460
Less: Foreign tax credit written off (*)	(1,925)	-
Add : Adjustment of tax relating to earlier periods	100	-
Less: Tax refund received	(5,055)	-
Less: Tax expenses during the year	(17,394)	-
Balance at the end of the year (net)	13,308	6,881
Advance tax (refer note 7)	13,308	6,881

(*) included in Rates and taxes (refer note 22)

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

24 Revenue from contracts with customers**a) Disaggregation of revenue**

The Company's mainstream business is developing and publishing interactive content for kids on mobile platform such as Apple Inc.'s ("Apple") iOS. Reportable income stream includes revenue from subscription of applications on the platform, license fees from Kiddopia Inc. and sale of In-App items (IAP) on the platform.

The Company offers subscriptions of its App, Kiddopia, for an periodicity of monthly and yearly.

In case of License fees, Kiddopia Inc. earns arm's length margin and remit the transfer price to PBA India as licensing fees.

In case of IAP, the Company offers its application via separate apps listed on the platform, wherein the customers can install it and purchase in-built items in the said app.

b) Performance obligations

The performance obligation of the Company is to provide customers with content developed for applications which are subscribed through hosting portals (agents) for the subscribed period which is either monthly or yearly, and provide support/maintenance throughout the subscription period.

c) Timing of satisfaction of performance obligation

Revenues associated with the sales of subscriptions are deferred until the subscription service is activated by the consumer and are then recognized rateably over the subscription period as the performance obligations are satisfied. Revenues attributable to the purchase of monthly/yearly application by our customers, revenue from performance-based advertising are recognized after the underlying performance obligations have been satisfied. Revenue from in-app items are recognised at a point in time, as retention period of active subscriber/s is below one month.

d) Transaction price allocated to performance obligation

The Company is earning subscription revenue from apps through agents for which Company is paying commission. Transaction price for the subscription revenue is booked as gross income and commission paid to agents are expensed.

e) Disaggregated revenue information

The Company earns its revenue from the sale of:

1. App sale via subscription
2. License fees
3. In-app sales (sale of virtual products)

The Company's revenue disaggregated by pattern of revenue recognition are as follows:

Sr No	Particulars	App sale (*)		Royalties		Advertising		License fees		Total revenue	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
1	Services transferred at a point in time	64,605	60,528	-	3,053	-	127	-	-	64,605	63,708
2	Services transferred over time	1,560,705	501,708	-	-	-	-	66,960	6,758	1,627,665	508,466

(*) Includes in-app sales

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

25 Fair value measurements

	As at 31 March 2021	As at 31 March 2020
<u>Financial assets - Non-current</u>		
Other financial assets	1,468	1,332
<u>Financial assets - Current</u>		
Cash and cash equivalents	160,222	70,296
Other financial assets	252,821	234,465
<u>Financial liabilities - Non-current</u>		
Other non - financial liabilities	2,158	6,395
<u>Financial liabilities - Current</u>		
Trade payables	178,323	126,449
Other financial liabilities	15,063	24,842

The carrying amounts of financial assets and financial liabilities are considered to be approximately equal to the fair value.

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

26 Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit risk and liquidity risk which may adversely impact the fair value of its financial instrument, in particular financial assets and liabilities. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the Company.

The Company's principal financial liabilities comprises of trade and other payables, lease liabilities and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, cash and bank balances, other financial assets that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

A Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms and obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. The financial instruments that are subject to concentration of credit risk principally consist of trade receivables, loans, cash and bank balances and bank deposits.

The Company is charging end users or customers upfront for all the subscription revenue and app sales via its agent. The agent in turn within 45 days generates a report and remit net of commission amount to the Company. So as revenue is collected upfront there is virtually no credit risk on account of counterparty failure to pay.

Bank balances and deposits are held with only high rated banks and security deposits are placed for leasing purpose only. Hence, in such cases, the credit risk is negligible.

The table below provide details regarding past dues receivables as at each reporting date:

	As at 31 March 2021	As at 31 March 2020
Up to 30 days	252,821	234,343
Total	252,821	234,343
Provision for doubtful debts	-	-
Total	252,821	234,343

B Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to maintain optimum levels of liquidity and to ensure that funds are available for use as per requirement. The liquidity risk principally arises from obligations on account of financial liabilities viz. trade payables and other financial liabilities.

The corporate finance department of the Company is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The maturity of financial liabilities are as follows:

As at 31 March 2021

Particulars	Within 1 year	1 - 5 years	Beyond 5 years	Total
Financial liabilities - Current				
Trade payables	178,323	-	-	178,323
Other financial liabilities	15,063	-	-	15,063
Financial liabilities - Non - Current				
Other financial liabilities	-	2,158	-	2,158
Total	193,386	2,158	-	195,544

As at 31 March 2020

Particulars	Within 1 year	1 - 5 years	Beyond 5 years	Total
Financial liabilities - Current				
Borrowings	-	-	-	-
Trade payables	126,449	-	-	126,449
Other financial liabilities	24,842	-	-	24,842
Financial liabilities - Non - Current				
Other financial liabilities	-	6,395	-	6,395
Total	151,291	6,395	-	157,686

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

26 Financial risk management (Contd)**C Market risk****(i) Foreign currency risk management**

The Company is exposed to foreign exchange risk on their receivables and payables which are held in USD.

In respect of the foreign currency transactions, the Company does not hedge the exposures since the management believes that the same will be offset by the natural hedge and credit period is not significant.

	As at 31 March 2021	As at 31 March 2020
Other receivable	251,741	234,343
Trade payable and other payable	(14,243)	(20,298)
Net exposure to foreign currency assets / (liabilities)	237,498	214,045

Sensitivity to foreign currency risk

The following table demonstrates the sensitivity in USD with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

Currency	As at 31 March 2021		As at 31 March 2020	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
USD	11,875	(11,875)	10,702	(10,702)

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements

(Amounts are stated in INR thousands unless otherwise stated)

27 Capital management

The Company's objectives when managing capital are as below -

- safeguard their ability to continue as a going concern, so that they can continue to provide returns and benefits for stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholder, return capital to shareholder or issue new shares.

The Company monitors its capital by using gearing ratio, which is net debt divided to total equity. Net debt includes non-current and current borrowings net of cash and bank balances and total equity comprises of equity share capital, security premium, general reserve, other comprehensive income and retained earnings.

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

28 Related party disclosures

Names of related parties	Description of relationship
Nazara Technologies Limited	Holding Company
Kiddopia Inc	Wholly owned subsidiary
Walnut Labs Private Limited	Associate
Anupam Dhanuka	Director
Anshu Anupam Dhanuka	Director
Nitish Mittersain	Director
Vamsi Talasila	Director
Kuldeep Jain	Independent Director
Dhaval Sheth	Chief financial officer

Details of related party transactions during the year ended 31 March 2021:

Transactions during the year with key managerial personnel	Year ended 31 March 2021	Year ended 31 March 2020
a) Remuneration(*)		
Anupam Dhanuka		
- Short term employment benefits	19,181	11,367
Anshu Anupam Dhanuka		
- Short term employment benefits	16,156	8,287
Dhaval Sheth		
- Short term employment benefits	3,814	308
b) Loan received during the year		
Anupam Dhanuka	-	5,400
c) Loans repaid during the year		
Anupam Dhanuka	-	13,100

(*) The managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

Transactions during the year with associates	Year ended 31 March 2021	Year ended 31 March 2020
d) Loan received during the year		
Walnut Labs Private Limited	-	1,000
e) Loans repaid during the year		
Walnut Labs Private Limited	-	12,155

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

28 Related party disclosures (Contd)

Transactions during the year with wholly own subsidiary	Year ended 31 March 2021	Year ended 31 March 2020
<hr/>		
f) Kiddopia Inc		
License fees	66,960	6,758
Management fees	474	270
Investment in subsidiary	-	21
Balance as at year end	As at 31 March 2021	As at 31 March 2020
<hr/>		
g) Payables		
Remuneration payable	5,428	1,546
h) Receivable		
Kiddopia Inc	8,554	6,014

Paper Boat Apps Private Limited

Summary of significant accounting policies and other explanatory information to the standalone financial statements

(Amounts are stated in INR thousands unless otherwise stated)

29 Retirement benefit plans

(A) Defined benefit obligation

Gratuity, unfunded

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days' salary (last drawn salary) for each completed year of service.

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

Particulars	As at 31 March 2021	As at 31 March 2020
29.1 Actuarial assumptions		
Discount rate (per annum)	6.46%	6.59%
Rate of salary increase	8.00%	8.00%
	1% p.a. for director	1% p.a. for director
Rate of employee turnover	15% p.a. for employees	15% p.a. for employees

29.2 Changes in the present value of defined benefit obligation	As at 31 March 2021	As at 31 March 2020
Present value of obligation at the beginning of the year	2,011	-
Interest expense	132	-
Current service cost	624	2,011
Actuarial (gains) / losses on obligations - due to change in financial assumptions	37	-
Actuarial (gains) / losses on obligations - due to experience	(71)	-
Present Value of obligation at the end of the year	2,733	2,011

29.3 Assets and liabilities recognised in the balance sheet	As at 31 March 2021	As at 31 March 2020
Present value of the defined benefit obligation at the end of the year	2,733	2,011
Funded Status (Surplus/ (Deficit))	-	-
Net liability recognised in the balance sheet	2,733	2,011
Current	145	107
Non - current	2,588	1,904
Net liability recognised in the balance sheet	2,733	2,011

29.4 Expenses recognised in the Statement of Profit and Loss

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	624	2,011
Net interest (income)/ expense	132	-
Net gratuity cost recognised in the current year	756	2,011

29.5 Expenses recognised in the statement of Other comprehensive income (OCI)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Actuarial gain/ loss on post employment benefit obligation		
Actuarial (gains) / losses on obligations - due to change in financial assumptions	37	-
Actuarial (gains) / losses on obligations - due to experience	(71)	-
Total remeasurement cost / (credit) for the year recognised in OCI	(34)	-

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

29 Retirement benefit plans (continued)

29.6 Reconciliation of net asset / (liability) recognised	As at 31 March 2021	As at 31 March 2020
Opening net liability	2,011	-
Expenses recognised at the end of year	756	2,011
Amount recognised in other comprehensive income	(34)	-
Net Liability/(Asset) Recognized in the Balance Sheet	2,733	2,011
29.7 Sensitivity analysis	Year ended 31 March 2021	Year ended 31 March 2020
Delta effect of +1% change in rate of discounting	(268)	(219)
Delta effect of -1% change in rate of discounting	317	262
Delta effect of +1% change in rate of salary increase	93	49
Delta effect of -1% change in rate of salary increase	(85)	(45)
Delta effect of +1% change in rate of employee turnover	180	194
Delta effect of -1% change in rate of employee turnover	(203)	(220)
29.8 Maturity analysis of projected benefit obligation	As at 31 March 2021	As at 31 March 2020
1	145	107
2	155	103
3	183	111
4	185	128
5	209	129
Sum of Years 6 to 10	873	559
Sum of Years 11 and above	4,304	4,060

(B) Defined contribution plan

The Company contributes Provident Fund which is the defined contribution plan for qualifying employees. Under this plan, the Company is required to contribute specified percentage of the payroll expense. The Company recognised INR 738 (31 March 2020: INR 278) for provident fund contributions in the Statement of profit and loss.

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

30 Earnings/ (loss) per share

	Year ended 31 March 2021	Year ended 31 March 2020
Profit/(loss) after tax as per statement of profit and loss	99,872	(39,197)
Basic weighted average number of equity shares outstanding	10,650	10,271
Earnings/ (loss) per share:		
Basic	9,378	(3,816)
Diluted	9,378	(3,816)
Nominal value per equity share	10	10

31 Due to micro and small enterprises

The Company has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at 31 March 2021

The disclosure pursuant to the said Act is as under:

	Year ended 31 March 2021	Year ended 31 March 2020
Principal amount due to suppliers under MSMED Act	14	228
Interest accrued and due to suppliers under MSMED Act on the above amount	-	-
Payment made to suppliers (other than interest) beyond appointed day during the year	-	-
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act towards payments already made	-	-
Interest accrued and remaining unpaid at the end of the accounting year	-	-
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 section 23 of the MSMED Act.	-	-

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company.

32 Leases**Where the Company is the lessee:**

The Company has entered into agreements for taking its office premises under leave and license arrangements. These agreements are for tenures between 2 years to 3 years, lease rentals have an escalation of 5%.

Right of use assets (ROU)

	As at 31 March 2021	As at 31 March 2020
Carrying amount at the end of reporting date	6,347	11,106
Carrying amount at the start of reporting date	11,106	457
Additions(*)	-	14,042
Adjustments	(135)	-
Depreciation	4,624	3,393

Lease liability

	As at 31 March 2021	As at 31 March 2020
Not later than one year	5,187	4,940
Later than one year and not later than five years	2,205	7,392
Later than five years	-	-
Total undiscounted lease liabilities	7,392	12,332
Lease liabilities included in statement of financial position		
Current	4,813	4,742
Non- current	2,158	6,395
Total lease liabilities	6,971	11,137

Paper Boat Apps Private Limited**Summary of significant accounting policies and other explanatory information to the standalone financial statements**

(Amounts are stated in INR thousands unless otherwise stated)

32 Leases (Contd)

Amount recognised in Statement of Profit and Loss	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation for Right of use assets	4,624	3,393
Interest on lease liabilities	773	666
Amount recognised in Statement of Cash flow	Year ended 31 March 2021	Year ended 31 March 2020
Total cash outflow for leases	4,760	3,723

(*) It includes INR 363 on account of fair valuation of security deposit during the year ended 31 March 2020.

33 Contingent liabilities and commitments

There are no contingent liabilities as at the balance sheet date (31 March 2020: Nil).

34 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM regularly monitors and reviews the operating result of the whole Company as one segment . Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment.

35 Events After Reporting date

The Board of Directors and members of the Company approved an ESOP policy to create, grant, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company including any Director of the Company based on terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority.

The Company has evaluated all subsequent events till May 27, 2021, the date on which these standalone financial statements are authorized for issuance. No adjusting or significant non-adjusting events, other than those disclosed above, have occurred between March 31, 2021 and the date of authorization of these standalone financial statements that would have a material impact on these standalone financial statements.

36 Previous year figures have been regrouped/reclassified, where applicable to conform to with current year's classification

As per our report of even date attached.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors

Paper Boat Apps Private Limited

Nikhil Vaid

Partner

Membership No.: 213356

Place:Hyderabad

Date: 27 May 2021

Anupam Dhanuka

Director

DIN: 02495878

Place:Mumbai

Date: 27 May 2021

Anshu Dhanuka

Director

DIN: 02514116

Place:Mumbai

Date: 27 May 2021