Company Registration No. 201306429N

Nazara Pte. Ltd.

Financial Statements for the year ended on 31 March 2020

Nazara Pte. Ltd.

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Nazara Pte. Ltd.

The directors present their statement to the member together with the audited financial statements of Nazara Pte Ltd (the "Company") for the financial year ended 31 March 2020.

Opinion of the directors

In the opinion of the directors,

(i) the accompanying Statement of Financial Position, statement of comprehensive income, statement of changes in equity, and statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

James Savio Saldanha
Pay Thiam Yong Roger

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

No director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Options

During the financial year ended 31 March 2020;

- No options have been granted by the Company to any person to take up unissued shares in the Company; and

- No shares have been issued by virtue of any exercise of option to take up unissued shares in the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Nazara Pte. Ltd.

Auditor

Grant Thornton Audit LLP have expressed their willingness to accept appointment as auditor.

On behalf of the board of directors,

James Savio Saldanha
Director

Singapore
29 March 2021

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nazara Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 13 to the accompanying financial statements, which describes the uncertainties with regards to the timing of collection of certain receivables aggregating to US$ 2,570,499 relating to customers based out of Nepal. These uncertainties primarily relate to restrictions on payments pursuant to the prevailing foreign exchange regulations in Nepal. The management, on the basis of their assessment and the advice of an independent consultant, expects these amounts to be collected within 12 months from the date of the financial statements and consequently no adjustments have been made in the accompanying financial statements. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Company for the financial year ended 31 March 2019 were audited by the predecessor auditors, Ernst and Young LLP, who expressed an unmodified opinion vide their report dated 13 November 2019.

Other information

Management is responsible for other information. The other information comprises the directors' statement set out on pages 1 – 2 but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements (continued)

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

We communicate with the directors 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

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Grant Thornton Audit LLP
Public Accountants and Chartered Accountants
Singapore

29 March 2021

Nazara Pte. Ltd.

Statement of profit and loss and other comprehensive income
For the financial year ended 31 March 2020

	Note	For the year ended on 31 March 2020	For the year ended on 31 March 2019
		US$	US$
Income			
Revenue from operations	4	3,492,055	3,189,352
Other income	5	50,740	41,739
Expenses			
Advertising		(1,590,481)	(1,008,303)
Content and license cost		(71,255)	(131,930)
Amortization of intangible assets	9	(25,483)	(19,321)
Other operating expenses	6	(1,403,262)	(814,842)
Finance cost	7	(15,037)	(15,617)
Profit before tax		437,277	1,241,078
Income tax expense	8	(66,431)	(201,435)
Profit for the year		370,846	1,039,643
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net fair value gain on Financial assets held at fair value through OCI		-	12,773
Other comprehensive income for the year, net of tax		-	12,773
Total comprehensive income for the year		**370,846**	**1,052,416**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Nazara Pte. Ltd.

Statement of financial position as at 31 March 2020

	Note	As at 31 March 2020 US$	As at 31 March 2019 US$
ASSETS			
Non-current assets			
Intangible assets	9	31,646	57,129
Investment in subsidiaries	10	10,118	10,118
Investment in an associate	11	375,000	375,000
Financial assets held at fair value through OCI	12	316,308	316,308
		733,072	758,555
Current assets			
Trade and other receivables	13	4,009,055	3,266,123
Cash and cash equivalents	14	793,707	643,208
		4,802,762	3,909,331
Total Assets		5,535,834	4,667,886
EQUITY AND LIABILITIES			
Equity attributable to equity holder of the Company			
Share capital	16	800	800
Retained earnings		4,403,937	4,033,091
Fair value adjustment reserve	17	(46,547)	(46,547)
Total equity		4,358,190	3,987,344
Current liabilities			
Trade and other payables	15	1,114,827	636,614
Income tax payable		62,817	43,928
		1,177,644	680,542
Total equity and liabilities		5,535,834	4,667,886

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Nazara Pte. Ltd.

Statement of Changes in Equity
For the financial year ended 31 March 2020

	Attributable to equity holder of the Company			
	Share capital	**Retained earnings**	**Fair value adjustment reserve**	**Total**
	US$	US$	US$	US$
Balance as at 1 April 2018	800	2,993,448	(59,320)	2,934,928
Profit for the year, representing total comprehensive income for the financial year	–	1,039,643	–	1,039,643
Net fair value gain on Financial assets held at fair value through OCI	–	–	12,773	12,773
Balance as at 31 March 2019	800	4,033,091	(46,547)	3,987,344
Profit for the year, representing total comprehensive income for the financial year	–	370,846	–	370,846
Balance as at 31 March 2020	**800**	**4,403,937**	**(46,547)**	**4,358,190**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Nazara Pte. Ltd.

Statement of Cash Flows
For the financial year ended 31st March 2020

	Note	For the year ended on 31 March 2020 US$	For the year ended on 31 March 2019 US$
Operating activities			
Profit before tax		437,277	1,241,078
Adjustments for:			
Amortization of intangible assets		25,483	19,321
Finance cost	7	15,037	15,617
Sundry balance written-off	6	32,115	18,660
Sundry balance written-back	5	(50,143)	1
Foreign exchange (gain)/loss on Cash and cash equivalents		44,105	-
Foreign exchange (gain) / loss, net		70,780	(33,939)
Operating cash flows before changes in working capital		574,654	1,260,738
Changes in working capital:			
Increase in trade and other receivables		(829,588)	(1,303,680)
Increase in trade and other payables		468,012	281,384
Cash flows from operations		213,078	238,442
Income tax paid		(47,542)	(232,887)
Net cash flows generated from / (used in) operating activities		**165,536**	**5,555**
Investing activities			
Acquisition of shares in associate	11	-	(25,000)
Purchase of intangible assets	9	-	(76,450)
Net cash flow used in investing activities		-	**(101,450)**
Financing activities			
Interest paid		(15,037)	(15,617)
Net cash flow used in financing activities		**(15,037)**	**(15,617)**
Net change in cash and cash equivalents		**150,499**	**(111,512)**
Cash and cash equivalents at beginning of the year		643,208	754,720
Cash and cash equivalents at end of the year	14	**793,707**	**643,208**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. *Corporate information*

Nazara Pte. Ltd.is a private limited company incorporated in Singapore. The immediate and ultimate holding company is Nazara Technologies Limited, a company domiciled and incorporated in India.

The registered office and principal place of business of the Company is located at 20 Maxwell Road, #09-17 Maxwell House, Singapore 069113.

The principal activity of the Company is providing subscription/download of games/other contents on mobile phones.

2. *Summary of significant accounting policies*

2.1 *Basis of accounting*

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United State Dollar (USD or US$) which is also the functional currency of the Company.

2.2 *Changes in accounting policies*

The Company applied FRS 116 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have any impact on the financial statements of the Company.

(a) FRS 116 Leases

This new standard on leases supersedes the previous standard (FRS 17 Leases) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For lessee, FRS 116 reforms lessee accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognize all leases on their statements of financial position to reflect their rights of use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged.

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

2. Summary of significant accounting policies (continued)

2.2 *Changes in accounting policies (continued)*

On initial application of FRS 116, the Company has elected to apply the following practical expedients:

i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under FRS 17 Lease and INT FRS 104 Determining whether an arrangement contains a Leases, the Company has not reassessed if such contracts contain leases under FRS 116; and

ii) On a lease-by-lease basis, the Group has:
   a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
   b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
   c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
   d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
   e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Company has applied the following transition provisions:

i. On a lease-by-lease basis, the Company chose to measure its ROU assets at an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application (i.e. 1 April 2019).

ii. Recognized its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate foreach individual lease or, if applicable, the incremental borrowing rate foreach portfolio of leases with reasonably similar characteristic.

iii. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the financial statements for year ended 31 March 2019.

The Company elected to adopt FRS 116 using the modified retrospective method. As at 1 April 2019, there are no leases which meet the implementation criteria under FRS 116 and therefore there is no impact on the financial statements on account of adoption of FRS 116.

2. Summary of significant accounting policies (continued)

(b) Standard issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Reference	Description	Effective Date
Amendments to: FRS 109, FRS 39 and FRS 107	Interest Rate Benchmark Reform	1 January 2020
Various	Amendments to References to the Conceptual Framework in FRS standards	1 January 2020
FRS 1, FRS 8	Amendments to the Definition of material	1 January 2020
FRS 103	Definition of a Business	1 January 2020

2.3 *Consolidated financial statements*

The Company is exempted from preparation of consolidation financial statements as the Company's ultimate holding company, Nazara Technologies Limited, a company domiciled and incorporated in India will prepare the consolidated financial statements that are available for public use.

2.4 *Subsidiaries*

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's Statement of Financial Position, Investments in Subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

2.5 *Associates*

An associate is an investee over which Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies.

In the Company's Statement of Financial Position, Investments in Associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

2.6 *Foreign currency*

The Company's financial statements are presented in US Dollars (US$ or USD), which is also the Company's functional currency.

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities.

2. Summary of significant accounting policies (continued)

2.6 *Foreign currency (continued)*

denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in profit or loss.

2.7 *Intangible asset*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The intangible asset is amortised over the period of 3 years.

2.8 *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 makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

2.9 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2. Summary of significant accounting policies (continued)

2.9 *Financial instruments (continued)*

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, all financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.10 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2. Summary of significant accounting policies (continued)

2.10 *Impairment of financial assets (Continued)*

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when the contractual payments are more than 120 days past due.

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 *Revenue recognition*

FRS 115 Revenue from Contracts with Customers establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

2. Summary of significant accounting policies (continued)

2.13 *Revenue recognition (continued)*

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Rendering of services

Service revenue mainly pertains to subscription / download of games / other contents and is recognized on straight line basis over period of subscription / download pack validity period.

2.14 *Taxes*

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

2. Summary of significant accounting policies (continued)

2.14 Taxes (continued)

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) ***Sales tax***

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2.15 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (continued)

2.16 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:
   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the Statement of Financial Position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future years.

3.1 *Judgments made in applying accounting policies*

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the financial statements:

(i) Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

(ii) Recognition of contract assets

There are arrangements between the Company and the operators to invoice the services provided only after the reports have been received from the operators. The reports are received months after the services have been provided and the management will record its estimated contract assets based on the records of its

3. Significant accounting judgements and estimates (continued)

3.1 *Judgments made in applying accounting policies (continued)*

system. The management has to exercise judgement to determine the amount of contract assets and the corresponding revenue to be recognised prior to the receipt of the operator reports. The carrying amount of contract assets as of 31 March is disclosed in Note 13.

Upon receipt of the operator reports, management has to exercise a degree of judgement to determine if the services rendered in the system can be measured reliably and considered historical deviation between its system records with that of the operator reports.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Fair value of unquoted Financial assets held at fair value through OCI

The fair values of unquoted Financial assets held at fair value through OCI are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The assumptions applied in determination of the valuation of these unquoted Financial assets held at fair value through OCI are described in more detail in Note 20.

(ii) Provision for expected credit losses (ECL) of trade receivables

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Financial assets consist of cash and cash equivalents, trade receivables and other receivables. The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4. Revenue from operations

Revenue is recognised over-time and comprises of the following:

	2020	2019
	US$	US$
Rendering of services	3,492,055	3,189,352

Geographical market

	2020	2019
	US$	US$
Nepal	1,307,042	1,606,462
Myanmar	803,031	465,170
Rest of the world	1,381,982	1,117,720
Total	**3,492,055**	**3,189,352**

Contract assets and liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	2020	2019
	US$	US$
Receivables from contracts with customers	2,532,851	1,495,248
Contract assets	1,586,187	1,840,954
Contract liabilities	26,636	10,770

Contract assets

	US$
As at 1 April 2019	1,840,954
Less: billed during the year	(1,832,638)
Add: contract liability for the current year	1,577,871
As at 31 March 2020	**1,586,187**

Contract liabilities	**2020**
	US$
As at 1 April 2019	10,770
Less: billed during the year	(10,770)
Add: contract liability for the current year	26,636
As at 31 March 2020	**26,636**

The Company has recognised impairment losses on receivables arising from contracts with customers amounting to Rs.US$ 182,125 (2019: US$ 192,687).

Contract assets primarily relate to the Company's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Company's obligation to transfer goods or services to customers for which the Company has received advances received from customers. Contract liabilities are recognised as revenue as the Company performs its obligations under the contract. The Contract liability will be recognised as revenue in the financial year 31

March 2021. There are no unsatisfied performance obligation as at the date of Statement of Financial Position.

5. Other income

	2020	2019
	US$	US$
Sundry balances written-back	50,143	–
Net foreign exchange gain	–	33,939
Miscellaneous income	597	7,800
	50,740	41,739

6. Other operating expenses

	2020	2019
	US$	US$
Legal and professional fees	130,290	38,068
Travelling and conveyance expenses	15,888	19,120
Exchange loss	114,885	–
Provision for doubtful debts	–	18,660
Bandwidth charges	49,715	44,619
Sales promotion and business development	40,861	186
Sundry balances written-off	32,115	–
Rates and taxes	11,425	2,008
Administration and business support services	243,931	151,476
Service fee	144,453	57,311
Digital marketing services	30,101	27,934
Technologies services	474,413	318,990
Revenue share with aggregators	90,916	123,472
Miscellaneous expenses	24,269	12,998
	1,403,262	814,842

7. Finance cost

	2020	2019
	US$	US$
Bank charges	15,037	15,617

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are:

	2020	2019
	US$	US$
Current income tax:		
Current income taxation	16,074	41,939
Withholding tax expenses	50,357	159,496
Income tax expense recognised	66,431	201,435

Relationship between income tax expense and accounting profit

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March 2020 and 2019 are as follows:

	2020	2019
	US$	US$
Profit before tax	437,277	1,241,078
Tax calculated at a tax rate of 17% (31 March 2019: 17%)	74,337	210,983
Adjustments:		
Effect of tax benefits	(12,237)	(12,833)
Withholding tax	50,357	159,496
Foreign tax credit	(50,357)	(158,818)
Others	4,331	2,607
Income tax expense recognised	**66,431**	**201,435**

9. Intangible assets

	Computer Software
	US$
Cost	
As at 1 April 2018	–
Additions	76,450
As at 31 March 2019	**76,450**
Additions	-
As at 31 March 2020	**76,450**
Accumulated amortization	
As at 1 April 2018	–
Amortization for the year	19,321
As at 31 March 2019	**19,321**
Amortization for the year	25,483
As at 31 March 2020	**44,804**
Net carrying amount	
As at 31 March 2020	31,646
As at 31 March 2019	57,129

10. Investment in subsidiaries

	2020	2019
	US$	US$
Unquoted equity shares, at cost	10,118	10,118

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Principal activities	Percentage of equity held 2020 %	2019 %
Held by the Company				
Nazara Technologies	Mauritius	Mobile value added services	100	100
Nazara Bangladesh Limited	Bangladesh	Mobile value added services	99.9	99.9
Nazara Uganda Limited	Uganda	Mobile value added services	1	1
Nazara Zambia Limited	Zambia	Mobile value added services	0.02	0.02
NZMobile Kenya Limited	Kenya	Mobile value added services	0.1	0.1
NZMobile Nigeria Limited	Nigeria	Mobile value added services	0.1	0.1
Held through Nazara Technologies				
Nazara Uganda Limited	Uganda	Mobile value added services	99	99
Nazara Zambia Limited	Zambia	Mobile value added services	99.98	99.98
NZMobile Kenya Limited	Kenya	Mobile value added services	99.9	99.9
NZMobile Nigeria Limited	Nigeria	Mobile value added services	99.9	99.9

11. Investment in an associate

	2020 US$	2019 US$
Unquoted equity shares, at cost	375,000	375,000

The summarized financial information of the associate is as follows:

	2020 US$	2019 US$
Current assets	113,582	4,763
Current liabilities	46,338	169,887
Non-current assets	711,851	259,522
Non-current liabilities	-	722
Revenue	161,293	110,728
Profit after tax	12,876	13,769
Total comprehensive gains/(losses)	12,876	13,769

The following information relates to the associate:

Name of company	Principal place of business	Principal activities	Percentage of equity held 2020	Percentage of equity held 2019
			%	%
Mastermind Sports Limited	England	Mobile phone gaming application development	26	26

During the previous financial year, the Company has made cash payment for an additional 1% equity interest in Mastermind Sports Limited for a consideration of US$ 25,000

The Summarized table for investment:-

	2020	2019
	US$	US$
Opening	375,000	350,000
Additions during the year	-	25,000
Closing balance	**375,000**	**375,000**

The management had evaluated and concluded that the investments in this entity should be classified as investments in an associate arising from its ability to exercise significant influence through the right and ability to participate in financial and operating policies of the entity.

12. Financial assets held at fair value through OCI

	2020	2019
	US$	US$
Convertible preference shares in Hashcube Inc, at fair value through other comprehensive income (refer note 17)	316,308	316,308
Total	316,308	316,308

Investment in Hashcube

The Investment in Hashcube is held in US Dollars. All convertible preference shares invested are Series Seed-II preference shares.

The holders of the Series Seed-II preference shares ("The Share") have conversion rights. All conversion of Series Seed-II preference shares into Ordinary shares shall be at no additional cost to the holders of the Series Seed-II preference shares. The Shares shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such shares.

The holders of the Series Seed-II preference shares are entitled to receive dividends on a paripassu basis according to the number of shares held by holders, when the dividends are declared.

Investment in Truly Social Limited

Truly Social Limited as a business has been discontinued and investment totaling US$ 100,022 was stuck-off during the previous year.

13. Trade and other receivables

	2020	2019
	US$	US$
Trade receivables		
Third parties (Note (b))	2,532,851	1,495,248
Contract assets (Note 4)	1,586,187	1,840,954
	4,119,038	3,336,202
Less: Allowance for expected credit losses/ doubtful debts	(182,125)	(192,687)
	3,936,913	**3,143,515**
Other receivables		
Advance to creditors	10,250	59,238
Security deposit	31,725	31,725
Receivable from selling shareholders (Note (a) and 18)	29,969	29,969
Amount due from related party (Note (c) and 18)	–	538
Sales tax receivables	–	958
Prepaid expense	198	180
	72,142	**122,608**
Total trade and other receivables	**4,009,055**	**3,266,123**
Add: Cash and cash equivalents (Note 14)	793,707	643,208
Less: Prepaid expense	(198)	(180)
Advance to vendors	(10,250)	(59,238)
Sales tax receivables	–	(958)
Total financial assets carried at amortised cost	**4,792,314**	**3,848,955**

Notes

(a) Selling shareholders includes Mitter Infotech LLP and Westbridge Venture II Investments Holding, who are also the shareholders of the Parent Company (Nazara Technologies Limited, India). The amount comprises of share issue expenses incurred in connection with proposed Initial Public offer (IPO) of the Parent Company. However, the Parent Company has deferred its plan for IPO. The selling shareholders have agreed that the Parent company and its subsidiaries can carry forward these expenses and will reimburse these along with future IPO expenses on successful completion of IPO.

(b) Third parties
Amount due to third parties are non-interest bearing and are generally on 60 to 120 days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Amount due from related company/ parties/ shareholders
Amount due from related company/ parties/ shareholders are non-trade related, unsecured, non-interest bearing, and are to be settled in cash.

Allowance for expected credit losses/ doubtful debts

The movement in allowance for expected credit losses/ doubtful debts of trade receivables and other receivables computed based on lifetime ECL is as follows:

	2020	2019
	US$	US$
Movement in allowance accounts:		
At 1 April	192,687	174,027
Allowance for expected credit losses/ doubtful debts	–	18,660
Reduction in provision	(10,562)	–
At 31 March	182,125	192,687

Credit risk exposure on trade receivables

An impairment analysis is performed at each reporting date using internal and external information to measure expected credit losses.

The provision is assessed for customers on individual basis. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables do not hold collateral as security. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 1 year from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

	Gross Value US$	Allowance for expected credit losses US$	Net US$	Expected credit losses (ECLs)
Trade receivables and unbilled revenue	4,119,038	(182,125)	3,936,913	4.42%

Trade receivables denominated in foreign currencies as at 31 March are as follows:

	2020	2019
	US$	US$
Nepalese Rupee	1,846,590	256,706
United State Dollar	1,697,944	2,609,725
Pakistan Rupees	220,715	-
Indonesian Rupiah	142,490	84,404
Malaysian Ringgit	23,112	-
Maldive Rufiyaa	2,656	2,503
Euro	1,938	-

Sri Lanka Rupee	847	72,796
Vietnamese Dong	621	159
Bangladeshi Taka	-	115,912
Thai Baht	-	1,310

Trade receivables and unbilled revenue includes certain receivables aggregating to US$ 2,570,499 relating to customers based out of Nepal where there is uncertainties with regards to the timing of collection. These uncertainties primarily relate to restrictions on payments pursuant to the prevailing foreign exchange regulations in Nepal. The management, on the basis of their assessment and the advice of an independent consultant, expects these amounts to be collected within 12 months from the date of the financial statements and consequently no adjustments have been made in the accompanying financial statements. Our opinion is not modified in respect of this matter.

14. Cash and cash equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currencies as at 31 March are as follows:

	2020 US$	2019 US$
Singapore Dollar	44,422	114,433
United States Dollar	749,285	528,775
	793,707	**643,208**

15. Trade and other payables

	2020 US$	2019 US$
Trade payables		
Third parties (Note (a))	451,654	341,794
Other payables		
Accruals	219,945	173,634
Amounts due to holding company (Note 18)	343,309	27,545
Amounts due to related parties (Note 18)	28,505	30,018
Contract liabilities (Note 4)	26,636	10,770
Withholding tax payable	44,707	52,782
Other payables	71	71
Total trade and other payables	1,114,827	636,614
Less: Contract liabilities (Note 4)	(26,636)	(10,770)
Total financial liabilities carried at amortised cost	**1,088,191**	**625,844**

Notes –

(a) Trade payables due are non-interest bearing and usually settled within 30 to 90 days.

(b) Amount due to related party

The amount due to a related party is non-trade in nature, non-interest bearing and repayable on demand. These amounts are unsecured and are to be settled in cash.

(c) Amount due to holding company
The amount due to holding company is trade in nature, non-interest bearing and repayable on demand. These amounts are unsecured and are to be settled in cash.

16. Share capital

	2020	2019
	US$	US$
Issued and fully paid ordinary shares		
1,000 ordinary shares	800	800

All issued shares are fully paid. The Company has one class of ordinary shares, which carry one vote per share without restriction. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. There is no par value for these ordinary shares.

17. Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of Financial assets held at fair value through OCI until they are disposed of or impaired.

18. Related party transactions

Related party represents the shareholder, directors and Key management personnel of the Company and the entities controlled, jointly controlled or significantly influenced by such parties. Pricing, policies and terms of these transactions are approved by the Company's Management. The directors received no remuneration from the Company for the financial years ended 31 March 2020 and 2019.

Transaction with related partied included in the statement of comprehensive income are as follows:

	2020	2019
	US$	US$
Expenses recharged by		
Nazara Technologies Limited		
Admin and business services	243,931	151,476
Digital marketing services	30,101	27,934
Advertisement Services	536,314	40,003
Technologies services	474,413	318,990
Mastermind Sports		
License fees	67,363	36,301
Professional fees	1,800	-

a. Balances with related partied included in the statement of financial position are as follows:

	2020	2019
	US$	US$
Payable to Nazara Technologies Limited	343,883	27,545
Payable to Mastermind Sports Ltd	28,505	4,834
Payable to Nodwin Gaming Private Limited	-	25,184
Payable to Nazara Technologies, Mauritius		538
	372,388	58,101

Receivable from Selling shareholder	29,969	29,969

19. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of Note financial instruments. The key financial risks include liquidity risk, foreign currency risk and credit risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risk and the objectives, policies and processes for the management of these risks.

(i) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is not exposed to any significant interest rate risk as it does not have any variable interest rate bearing financial instrument.

(ii) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 365 days when they fall due, which are derived based on the Company's historical information.

Trade receivables

As at 31 March 2020, the Company had a significant concentration of credit risk with one major customer accounting for 65.29% (2019:52.08%) of net trade receivables at that date. Management believes that this concentration of credit risk is mitigated because the outstanding balances at the year-end are with customers who have long-term relationship with the Company.

(iii) *Liquidity risk*

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The maturity profile for the Company's financial liabilities at the end of the reporting periods based on contractual undiscounted repayment obligations approximate the carrying values of financial liabilities as of 31 March 2020.

(iv) *Foreign currency risk*

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company is exposed to currency risk, specifically to Nepalese rupees (NPR), with one major customer accounting for USD 2,570,498 (65.29%) & USD 1,637,112 (52.08%) of net trade receivables as at 31 March 2020 and 31 March 2019 respectively.

Sensitivity analysis:

If the NPR had strengthened/weakened by 2%, then this would have had the following impact on profit and equity:

	2020	**2019**
	US$	US$
Strengthened	51,410	32,742
Weakened	(51,410)	(32,742)

20. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) ***Assets measured at fair value***

The following table shows an analysis of assets carried at fair value by level of fair value hierarchy:

Recurring fair value measurements	Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
31 March 2020				
Financial assets				
Financial assets held at fair value through OCI (Note 12)	–	–	316,308	316,308
31 March 2019				
Financial assets				
Financial assets held at fair value through OCI (Note 12)	–	–	316,308	316,308

(c) ***Level 3 fair value measurements***

Information about significant unobservable inputs used in Level 3 fair value measurements:

	Fair value (US$)	Valuation techniques	Unobservable inputs	Range (Weighted average)
31 March 2020				
Financial assets				
Financial assets held at fair value through OCI (Note 12)	316,308	Discounted cash flow	Cost of equity Growth rate	9.54% 2%
31 March 2019				
Financial assets				
Financial assets held at fair value through OCI (Note 12)	316,308	Discounted cash flow	Cost of equity Growth rate	11.37% 2%

With regards to the determination of fair value of the above instruments, management has considered and believed that no reasonably possible changes in the above key unobservable input would have a material impact.

(d) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Management has determined that the carrying amounts of trade and other receivables (Note 13), Cash and cash equivalents (Note 14), trade and other payables (Note 15) reasonably approximate their fair values because these are short-term in nature or they are repriced frequently.

21. Capital management

The objectives of the Company's when managing capital are:

(i) to safeguard the ability of the Company to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to maintain a strong capital base so as to sustain the future development/ expansion of its business in order to maintain investor and creditor confidence in the Company.

The capital structure of the Company consists primarily of equity, comprising issued share capital and accumulated losses.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2020 and 31 March 2019.

22. Uncertainties relating to the global health pandemic from COVID-19

Since early 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Group is continuously monitoring the situation due to the unprecedented nature of COVID -19 (global pandemic) and its impact on the Group, if any. The Group has considered all the possible results that may result from the pandemic on the carrying amounts of assets and liabilities and concluded that no adjustments to the financial statements are required as at 30 April 2020. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group for future periods. The Group will continue to closely monitor any material changes to future economic conditions.

23. Authorization of financial statements

These financial statements for the financial year ended 31 March 2020 were authorized for issue in accordance with a resolution of the directors on 29 March 2021.