Special Purpose Financial Statements
and Auditor's Report

Persuade Holdings Inc
(formerly known as Persuade Holdings LLC)

SV Tower, No. 27, Floor 4
80 Feet Road, 6th Block, Koramangala
Bengaluru 560095, INDIA
Tel: +91 80 6811 1600

MSKA & Associates
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Designated Partners of Persuade Holdings Inc (formerly known as Persuade Holdings LLC)

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of Persuade Holdings Inc (formerly known as Persuade Holdings LLC) (the "entity"), which comprise the Balance Sheet as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flows Statement for the three months period April 01, 2021 to June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying special purpose financial statements give a true and fair view in conformity with the group accounting policies and other accounting principles followed by the group, of the state of affairs of the entity as at June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 and of its financial performance, total comprehensive income / loss for the period ended and year ended, its statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements' section of our report. We are independent of the entity in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) together with the ethical requirements that are relevant to our audit of the special purpose financial statements in India issued by Institute of Chartered Accountants of India (ICAI) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Preparation

We draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of preparation of the special purpose financial statements. The special purpose financial statements are prepared for the purpose of assisting the Holding Company in its proforma financial reporting, Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus, therefore the special purpose financial statements may not be suitable for any another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those charged with Governance for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose financial statements that give a true and fair view in accordance with the financial reporting provisions of the group and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 International Standards on Auditing (ISAs) 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 Entity'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 Entity'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 special purpose 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 Entity to cease to continue as a going concern.

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

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

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

Other matter - Restriction on Distribution and Use

The accompanying Special Purpose Financial Statements have been prepared, and this report thereon issued, solely for the purpose of preparation of Proforma Financial Statements of Capillary Technologies India Limited, Holding Company (formerly known as Capillary Technologies India Private Limited) for the period ended June 30, 2021 and year ended March 31, 2021, March 31, 2020, March 31, 2019 and April 01, 2018 and inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus and for the use by the current statutory auditor of Capillary Technologies India Limited's (formerly known as Capillary Technologies India Private Limited) in connection with the Capillary Technologies India Limited's (formerly known as Capillary Technologies India Private Limited) proposed initial public offering of equity shares in Initial Public Offer. Accordingly, this report should not be used, referred to or distributed for any other purpose. MSKA & Associates shall not be liable to the entity or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For MSKA & Associates
Chartered Accountants
Firm Registration No.: 105047W

MSKA & ASSOCIATES ★ Chartered Accountants ★

Deepak Rao
Partner
Membership No: 113292

UDIN: 21113292AAAARC9037
Place: Bengaluru
Date: December 8, 2021

Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)
Special Purpose Financial Statements
Balance Sheet as at 30 June 2021, 31 March 2021, 31 March 2020, and 31 March 2019
(All amounts in Indian rupees millions, except as otherwise stated)

		Notes	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
I	Assets						
(1)	**Current assets**						
	(a) Financial assets						
	(i) Trade receivables	4	19.55	19.26	17.46	11.86	6.76
	(ii) Cash and cash equivalents	5	0.06	0.06	0.06	0.06	0.05
			19.61	**19.32**	**17.52**	**11.92**	**6.81**
	Total assets		**19.61**	**19.32**	**17.52**	**11.92**	**6.81**
II	**Equity and liabilities**						
(1)	**Equity**						
	(a) Equity share capital	6	0.04	0.04	0.04	0.04	0.03
	(b) Other equity	6	19.54	19.25	17.45	11.86	6.76
	Total equity		19.58	19.29	17.49	11.90	6.79
(2)	**Current liabilities**						
	(a) Financial liabilities						
	(i) Trade payables	7					
	(a) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		0.03	0.03	0.03	0.02	0.02
			0.03	0.03	0.03	0.02	0.02
	Total equity and liabilities		19.61	19.32	17.52	11.92	6.81
	Significant accounting policies	2					

The accompanying notes are an integral part of the special purpose financial statements.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

MSKA & ASSOCIATES ★ Chartered Accountants ★

Deepak Rao
Partner
Membership No. 113292
Place: Bengaluru
Date:

08 DEC 2021

For and on behalf of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)

John Tshicha
Authorised Signatory

Place: Minnesota, US
Date: December 07, 2021

William Jansen
Authorised Signatory

Place: Minnesota, US
Date: December 07, 2021

Persuade Holdings Inc ★

Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)
Special Purpose Financial Statements
Statement of Profit and Loss for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019
(All amounts in Indian rupees millions, except as otherwise stated)

		Notes	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
I	**Income**					
	Revenue from operations	8	-	2.33	4.25	4.69
	Total income		-	2.33	4.25	4.69
II	**Expenses**					
	Employee benefit expenses	9	-	-	-	-
	Total expenses		-	-	-	-
III	**Profit/ (loss) before tax (I - II)**		-	2.33	4.25	4.69
IV	Tax expense					
	(a) Current tax		-	-	-	-
	(b) Deferred tax charge/ (credit)		-	-	-	-
	Total tax expenses		-	-	-	-
V	**Profit/ (loss) for the period/ year (III - IV)**		-	2.33	4.25	4.69
VI	**Other comprehensive income**					
(A)	**Other comprehensive income to be reclassified to profit or loss in subsequent periods:**					
	(i) Exchange differences on translating the financial statements		0.29	(0.53)	1.34	0.41
	Total other comprehensive (loss)/ income for the period/ year, net of tax		0.29	(0.53)	1.34	0.41
VII	**Total comprehensive (loss)/ income for the period/ year, net of tax (V + VI)**		0.29	1.80	5.59	5.10
	Earnings per equity share (EPS)					
	Basic (₹)	10	-	1.93	3.51	4.11
	Diluted (₹)	10	-	1.86	3.40	3.97
	Significant accounting policies	2				

The accompanying notes are an integral part of the special purpose financial statements.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date:

MSKA & ASSOCIATES ★ Chartered Accountants ★

08 DEC 2021

For and on behalf of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)

John Tshicha	**William Jansen**
Authorised Signatory	Authorised Signatory
Place: Minnesota, US	Place: Minnesota, US
Date: December 07, 2021	Date: December 07, 2021

Persuade Holdings Inc ★

Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)
Special Purpose Financial Statements
Statement of cash flows for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019
(All amounts in Indian rupees millions, except as otherwise stated)

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from/(used in) operating activities				
Profit / (loss) before tax	-	2.33	4.25	4.69
Operating profit before working capital changes	-	2.33	4.25	4.69
Working capital adjustments :				
(Increase) / decrease in trade receivables	-	(2.33)	(4.25)	(4.69)
Increase / (decrease) in trade payables		-	-	-
Cash generated (used in) / from operations	-	-	-	-
Direct taxes (paid) / refund	-	-	-	-
Net cash flow (used in) / from operating activities (A)	-	-	-	-
Cash flow from/ (used in) Investing activities	-	-	-	-
Net cash used in investing activities (B)	-	-	-	-
Cash flows from/ (used in) financing activities				
Proceeds from issuance of equity share capital	-	-	-	0.01
Net (used in) / cash from financing activities (C)	-	-	-	0.01
Net (decrease) / increase in cash and cash equivalents (A+B+C)	-	-	-	0.01
Cash and cash equivalents at the beginning of the period/ year	0.06	0.06	0.06	0.05
Cash and cash equivalents at the end of the period/ year	0.06	0.06	0.06	0.06

Summary of significant accounting policies 2

The accompanying notes are an integral part of the special purpose financial statements.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date:
08 DEC 2021

MSKA & ASSOCIATES Chartered Accountants

For and on behalf of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)

John Tshicha
Authorised Signatory
Place: Minnesota, US
Date: December 07, 2021

William Jansen
Authorised Signatory
Place: Minnesota, US
Date: December 07, 2021

Persuade Holdings Inc

Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)
Special Purpose Financial Statements
Statement of Changes in Equity for the three months ended 30 June 2021 and years ended 31 March 2021, 31 March 2020 and 31 March 2019
(All amounts in Indian rupees millions, except as otherwise stated)

(a) **Equity Share capital**

Equity Share capital	Total
At April 01, 2018	0.03
Issued during the year*	0.01
At March 31, 2019	0.04
At April 01, 2019	0.04
Issued during the year	-
At March 31, 2020	0.04
At April 01, 2020	0.04
Issued during the year	-
At March 31, 2021	0.04
At April 01, 2021	0.04
Issued during the period	-
At June 30, 2021	0.04

(b) **Other equity**

Particulars	Items of Other Comprehensive Income	Reserve and surplus		Total other equity
	Foreign Currency Translation diffrence account	Retained earnings	Share based payments reserve	
Balance as at April 01, 2018	-	2.81	3.95	6.76
Profit/(Loss) for the year	-	4.69	-	4.69
Other comprehensive (loss)/income for the year(net of taxes)	0.41	-	-	0.41
Balance as at March 31, 2019	0.41	7.50	3.95	11.86
Profit/(Loss) for the year	-	4.25	-	4.25
Other comprehensive income/(loss)	1.34	-	-	1.34
Balance as at March 31, 2020	1.75	11.75	3.95	17.45
Profit/(Loss) for the year	-	2.33	-	2.33
Other comprehensive income/(loss)	(0.53)	-	-	(0.53)
Balance as at March 31, 2021	1.22	14.08	3.95	19.25
Profit/(Loss) for the period	-	-	-	-
Other comprehensive income/(loss)	0.29	-	-	0.29
Balance as at June 30, 2021	1.51	14.08	3.95	19.54

Retained earnings
Retained Earnings are the profits of the LLC earned till date net of appropriations
Foreign Currency Translation diffrence account
The foreign currency translation difference account represents exchange differences arising from the translation of the financial statements of the LLC from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Summary of significant accounting policies 2

The accompanying notes are an integral part of the special purpose financial statements.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date:

MSKA & ASSOCIATES ★ Chartered Accountants ★

08 DEC 2021

For and on behalf of Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)

John Tshicha
Authorised Signatory

Place: Minnesota, US
Date: December 07, 2021

William Jansen
Authorised Signatory

Place: Minnesota, US
Date: December 07, 2021

Persuade Holdings Inc ★

Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)
Notes to Special Purpose Financial Statements
(All amounts in Indian rupees millions, except as otherwise stated)

1 General Information

Persuade Holding LLC ("the LLC")is a Limited Liability Company incorporated in Minnesota of United States of America(USA). The LLC is incorporated in USA and is engaged in the software development services and provides digital, loyalty and analytical services. Subsequent to March 31, 2021, entity has been converted into Incorporation from LLC and subsequently name of the LLC has been changed to Persuade Holding Inc. Certificate of conversion has been issued on August 31, 2021.

2 Significant accounting policies

Significant accounting policies adopted by the LLC are as under:

2.1 Basis of Preparation of Special Purpose Financial Statements

(a) Basis of preparation

The special purpose financial statements of the LLC have been prepared in accordance with the group accounting policies as per Ind AS as adopted in Restated Summary statements for the three months period ended June 30, 2021, year ended March 31, 2021, March 31, 2020 and March 31, 2019 by the group company 'Capillary Technologies India Limited', India (formerly known a 'Capillary Technologies India Private Limited').

In addition, the LLC has complied with accounting policies and presentation requirements as adopted by the group company for all the historical financial years, to make the accounting policies and presentation requirements consistent to those used in the financial statements for the three months period ended June 30, 2021.

These statements have been prepared by the Management -

a) For the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.
b) For the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP'), in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of Capillary Technologies India Limited.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The special purpose financial statements are presented in INR and all values are rounded to the nearest millions (INR 000,000), except when otherwise indicated.

The LLC has prepared the special purpose financial statements on the basis that it will continue to operate as a going concern.

This note provides a list of the significant accounting policies adopted in the preparation of these special purpose financial Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

The special purpose financial statements provide comparative information in respect of the previous period. In addition, the LLC presents an additional balance sheet at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in special purpose financial statements.

(b) Basis of measurement

The special purpose financial statements have been prepared on a historical cost convention on accrual basis, except for items that have been measured at fair value as required by relevant group accounting policies.
Current versus non-current classification

The LLC presents assets and liabilities in the Financial Statements on current/ non-current classification. An asset is treated as current when it is:
•Expected to be realised or intended to be sold or consumed in normal operating cycle
•Held primarily for the purpose of trading
•Expected to be realised within twelve months after the reporting period, or
•Cash or cash equivalent 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
•It is held primarily for the purpose of trading
•It is due to be settled within twelve months after the reporting period; or
•There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

All assets and liabilities have been classified as current or non-current as per the LLC's operating cycle and other criteria set out in the group accounting policies. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the LLC has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

(c) Use of estimates

The preparation of special purpose financial statements in conformity with group accounting policies requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying special purpose financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the special purpose financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

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Persuade Holdings Inc ★

2.2 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the special purpose financial statements are measured using the currency of the primary economic environment in which the entity operates which is USD ('the functional currency'). The special purpose financial statements are presented in Indian rupee (INR), which is the LLC's presentation currency. Transactions in functional currency is translated into presentation currency at the exchange rates and are included in other comprehensive income(OCI), net of taxes as exchange difference on translation of foreign exchange.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

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 recognised in profit or loss with the exception of the following:
a) Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
b) Exchange differences arising on monetary items that are designated as part of the hedge of the LLC's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
c) Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

2.3 Revenue Recognition

Revenue is recognized upon transfer of control of promised services to the customers in an amount that reflects the consideration the LLC expects to receive in exchange for those services and where there is no uncertainty as to measurement or collectability of consideration.The LLC has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customerAs per the group accounting policies, the LLC evaluates revenue recognition through a five-step process: (1) identifying a contract with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when (or as) the entity satisfies a performance obligation.

Revenue from consulting services is recognised under the proportionate completion method where revenue is recognised based on services performed to date as a percentage of total services to be performed.

Revenue from contracts that include combinations of products, support and professional services are accounted for as separate performance obligations with differing revenue recognition patterns

Service income from group companies (License Income)
License income is recognized when the performance obligation to which some or all of the sales-based or usage-based License has been allocated has been satisfied (or partially satisfied)

Contract assets and liabilities
Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the LLC performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Financial instruments – initial recognition and subsequent measurement below
Trade receivables
A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Financial instruments – initial recognition and subsequent measurement below.
Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the LLC transfers the related goods or services. Contract liabilities are recognised as revenue when the LLC performs under the contract (i.e., transfers control of the related goods or services to the customer).

'Unbilled revenue' included in other financial assets represents revenue recognized in excess of billings as at the balance sheet date.

'Deferred revenue' included in other current liabilities represents billings in excess of revenue recognized.

As per group accounting policies, direct and incremental costs to acquire a contract such as sales commissions are capitalized and amortized using a systematic basis over the pattern of transfer of the goods and services to which the asset relates. The unamortized portion of such costs are disclosed as 'deferred costs' under other assets.

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Persuade Holdings Inc ★

2.4 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The LLC's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI 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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The LLC shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

(a) **Income tax**

The major tax jurisdictions for the LLC is United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

(b) **Deferred tax**

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The LLC considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets are recognized 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 utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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2.5 Impairment of non-financial assets

The LLC reviews the carrying amounts of its PPE and intangible assets, including goodwill and investments in subsidiary to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:
(i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and
(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the LLC suitably adjusted for risks specified to the estimated cash flows of the asset).

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

The LLC 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 LLC estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The LLC bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the LLC's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the LLC extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the LLC operates, or for the market in which the asset is used.

Impairment losses are recognised in the statement of profit and loss.
When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

2.6 Provisions and contingent liabilities

General

Provisions are recognised when the LLC 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 a reliable estimate can be made of the amount of the obligation. When the LLC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the LLC or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The LLC does not recognize a contingent liability but discloses its existence in the Financial Statements.
Provisions and contingent liability are reviewed at each balance sheet.

Onerous contracts

If the LLC has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the LLC recognises any impairment loss that has occurred on assets dedicated to that contract.
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the LLC cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

2.7 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the LLC's cash management.

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2.8 Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits, which include benefits like salaries, performance incentives, etc and are recognised as expense in the period in which the employee renders the related service.
Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the LLC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.9 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.10 Segment Reporting

An operating segment is a component of the LLC that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the LLC's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in the group accounting policies, the chief operating decision maker evaluates the LLC's performance and allocates resources based on an analysis of various performance indicators by business segments

2.11 Fair value measurement

The LLC measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
▶ In the principal market for the asset or liability, or
▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the LLC.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The LLC uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The LLC's management determines the policies and procedures for fair value measurement.

All assets and liabilities for which fair value is measured or disclosed in the special purpose financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
For assets and liabilities that are recognised in the financial statements on a recurring basis, the LLC determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
For the purpose of fair value disclosures, the LLC has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
▶ Disclosures for valuation methods, significant estimates and assumptions
▶ Quantitative disclosures of fair value measurement hierarchy
▶ Investment in unquoted equity shares
▶ Financial instruments (including those carried at amortised cost)

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2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the LLC becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss(FVTPL).
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the LLC's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the LLC has applied the practical expedient, the LLC initially 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. Trade receivables that do not contain a significant financing component or for which the LLC has applied the practical expedient are measured at the transaction price determined as per group accounting policies. Refer to the accounting policies in note 2.3 Revenue from contracts with customers.
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.
The LLC's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

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2.12 Financial instruments (Contd.)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories.
a) Financial assets at amortised cost (debt instruments)
b) Financial assets at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses (debt instruments)
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:
a)The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b)Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
This category is the most relevant to the LLC. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The LLC's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and 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.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell these financial assets and 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.
Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.
For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets excluding investments in subsidiaries and associates

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The LLC recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under group accounting policies.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.
For financial assets maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

De-recognition of financial assets

The LLC de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under group accounting policies.

If the LLC neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the LLCrecognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the LLC retains substantially all the risks and rewards of ownership of a transferred financial asset, the LLC continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

Fair value through other comprehensive income (FVOCI)

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 fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

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Equity instruments
All equity investments other than subsidiaries, associates & joint ventures are measured at fair value.
Investment in equity instrument of subsidiaries, associates & joint ventures are measured at cost in accordance with group accounting policies.
Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which the group accounting policy applies are classified as at FVTPL. For all other equity instruments, the LLC may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The LLC makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the LLC are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the LLC after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

If the LLC decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the LLC may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

(iii) Impairment of financial assets

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

(iv) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the LLC's consolidated balance sheet) when:
a) The rights to receive cash flows from the asset have expired, or
b) The LLC has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the LLC has transferred substantially all the risks and rewards of the asset, or (b) the LLC has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
When the LLC has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the LLC continues to recognise the transferred asset to the extent of the LLC's continuing involvement. In that case, the LLC also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the LLC 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 LLC could be required to repay.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The LLC's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

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(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:
a) Financial liabilities at fair value through profit or loss
b) Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the LLC that are not designated as hedging instruments in hedge relationships as defined by the group accounting policies. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria as per group accounting policies are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the LLC may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The LLC has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the LLC. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to borrowings.

(iii) **Derecognition**

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

(c) **Offsetting financial instruments**

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

2.13 **Share Based Payments**

Designated employees of the LLC receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the group accounting policies, the cost of equity-settled transactions is measured using the fair value method and recognized, together with a corresponding increase in the "Employee share based payments outstanding" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the LLC's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.14 **Rounding off amounts**

All amounts disclosed in special purpose financial statements and notes have been rounded off to the nearest millions as per requirement of group accounting policies, unless otherwise stated.

3 Significant accounting judgments, estimates and assumptions

The preparation of special purpose financial statements requires 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The LLC based its assumptions and estimates on parameters available when the special purpose 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 LLC. Such changes are reflected in the assumptions when they occur.

(a) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/ judgements about these factors could affect the reported fair value of financial instruments.

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Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)
Notes to Special Purpose Financial Statements
(All amounts in Indian rupees millions, except as otherwise stated)

4. Trade receivables

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Trade receivables - Others 2	-	-	-	-	-
Receivable from related parties 1,2	19.55	19.26	17.46	11.86	6.76
Total trade receivables	**19.55**	**19.26**	**17.46**	**11.86**	**6.76**
Trade receivables - Unsecured, considered good	19.55	19.26	17.46	11.86	6.76
	19.55	**19.26**	**17.46**	**11.86**	**6.76**

Trade receivables ageing schedule

Particulars	Current but not due	Outstanding from due date of payment as on June 30, 2021					
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	0.52	1.82	3.98	5.50	7.73	19.55
Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	0.52	**1.82**	**3.98**	**5.50**	**7.73**	19.55
Less: Credit impaired	-	-	-	-	-	-	-
Total	-	6.52	**1.82**	**3.98**	5.50	7.73	19.55

Particulars	Current but not due	Outstanding from due date of payment as on March 31, 2021					
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	0.51	1.79	3.92	5.42	7.62	19.26
Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	0.51	**1.79**	**3.92**	**5.42**	**7.62**	**19.26**
Less: Credit impaired	-	-	-	-	-	-	-
Total	-	0.51	**1.79**	**3.92**	**5.42**	**7.62**	**19.26**

Particulars	Current but not due	Outstanding from due date of payment as on March 31, 2020					
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	1.32	3.21	5.09	4.37	3.47	17.46
Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	1.32	**3.21**	**5.09**	**4.37**	**3.47**	**17.46**
Less: Credit impaired	-	-	-	-	-	-	-
Total	-	1.32	**3.21**	**5.09**	4.37	**3.47**	17.46

Particulars	Current but not due	Outstanding from due date of payment as on March 31, 2019					
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	2.59	2.08	4.01	3.18	-	11.86
Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
	-	**2.59**	**2.08**	**4.01**	**3.18**	-	**11.86**
Less: Credit impaired	-	-	-	-	-	-	-
Total	-	**2.59**	**2.08**	**4.01**	**3.18**	-	**11.86**

Notes:
1. Trade receivables are non-interest bearing and contains receivables only from related parties.
2. There are no disputed trade receivables as on 30 June 2021, 31 March 2021, 31 March 2020 and 31 March 2019.

5. 'Cash and cash equivalents

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Cash and bank balances					
Balances with banks					
- on current accounts	0.06	0.06	0.06	0.06	0.05
	0.06	**0.06**	**0.06**	**0.06**	**0.05**

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Persuade Holdings Inc ★

Persuade Holdings Inc. (formerly known as Persuade Holdings LLC)
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6 The LLC has two classes of share capital (Class A & B), referred to herein as equity shares.

Authorised share Capital

	Equity Shares		
	Class A shares	Class B shares	Total
	Number (in million)	Number (in million)	Number (in million)
As at April 01, 2018	1.00	2.00	3.00
Increase/ decrease during the year	-	-	-
As at March 31, 2019	1.00	2.00	3.00
Increase/ decrease during the year	-	-	-
As at March 31, 2020	1.00	2.00	3.00
Increase/ decrease during the year	-	-	-
As at March 31, 2021	1.00	2.00	3.00
Increase/ decrease during the three months period	-	-	-
As at June 30, 2021	1.00	2.00	3.00

Issued equity capital

	Equity Shares			
	Class A shares	Class B shares	Total	
	Number (in million)	Number (in million)	Number (in million)	₹ in Million
As at April 01, 2018	1.00	0.13	1.13	0.03
Increase/ decrease during the year	-	0.08	0.08	0.01
As at March 31, 2019	1.00	0.21	1.21	0.04
Increase/ decrease during the year	-	-	-	-
As at March 31, 2020	1.00	0.21	1.21	0.04
Increase/ decrease during the year	-	-	-	-
As at March 31, 2021	1.00	0.21	1.21	0.04
Increase/ decrease during the three months period	-	-	-	-
As at June 30, 2021	1.00	0.21	1.21	0.04

The LLC is authorized to issue Class A **Units(Voting shares)**, which units have both financial and governance right.
The holders of Class A units are entitled to one vote for each unit held of record on all matters voted upon by the members and may not cumulate votes for the election of governors.
(i)The LLC hass issued 10,00,000 shares(Class A Shares) at $ 250 (INR 15,475)
(ii) There is no conversion or preemptive rights with respect to the units.

The LLC is authorized to issue **Class B Units(Non Voting)**, which units have financial rights but no governance rights.
(i)The LLC has issued 2,08,948 number of shares(Class B Shares) at $300(INR 20,077).
(ii) The LLC reerves the right to grant additional Warrants for Class B units to Business Advisory Board members and to other individuals or companies providing services to the LLC.

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the period/years

Name of the shareholder	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
R. Edward Bergmark Trust	2,01,440	0.02	2,01,440	0.02	2,01,440	0.02	2,01,440	0.02	1,25,900	0.01
BI worldwide	1,50,000	0.01	1,50,000	0.01	1,50,000	0.01	1,50,000	0.01	1,50,000	0.01
Warren G Herreid II	7,508	0.00	7,508	0.00	7,508	0.00	7,508	0.00	7,508	0.00
John Tschida	5,52,500	0.00	5,52,500	0.00	5,52,500	0.00	5,52,500	0.00	5,52,500	0.00
Persuade Strategic Partners LLC	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01	2,97,500	0.01
	12,08,948	**0.04**	**12,08,948**	**0.04**	**12,08,948**	**0.04**	**12,08,948**	**0.04**	**11,33,408**	**0.03**

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(b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the LLC

Name of the shareholder	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
R. Edward Bergmark Trust	2,01,440	16.66%	2,01,440	16.66%	2,01,440	16.66%	2,01,440	16.66%	1,25,900	11.11%
BI worldwide	1,50,000	12.41%	1,50,000	12.41%	1,50,000	12.41%	1,50,000	12.41%	1,50,000	13.23%
John Tschida	5,52,500	45.70%	5,52,500	45.70%	5,52,500	45.70%	5,52,500	45.70%	5,52,500	48.75%
Persuade Strategic Partners LLC	2,97,500	24.61%	2,97,500	24.61%	2,97,500	24.61%	2,97,500	24.61%	2,97,500	26.25%
	12,01,440	99.38%	12,01,440	99.38%	12,01,440	99.38%	**12,01,440**	99.38%	**11,25,900**	**99.34%**

(c) Details of shares held by promoters at the end of the period/years

Name of the shareholder	As at June 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
John Tschida	5,52,500	45.70%	5,52,500	45.70%	5,52,500	45.70%	5,52,500	45.70%	5,52,500	48.75%
	5,52,500	**45.70%**	**5,52,500**	**45.70%**	**5,52,500**	45.70%	**5,52,500**	**45.70%**	5,52,500	**48.75%**

(d) % change in promoters shareholding

Name of the shareholder	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	% change	% change	% change	% change
John Tsheida	-	-	-	(3.05%)

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6 Other equity

Particulars	Items of Other Comprehensive Income	Reserve and surplus		Total other equity
	Foreign Currency Translation difference account	Retained earnings	Share based payments reserve	
Balance as at April 01, 2018	-	2.81	3.95	6.76
Profit/(Loss) for the year	-	4.69	-	4.69
Other comprehensive income/(loss)	0.41	-	-	0.41
Balance as at March 31, 2019	0.41	7.50	3.95	11.86
Profit/(Loss) for the year	-	4.25	-	4.25
Other comprehensive income/(loss)	1.34	-	-	1.34
Balance as at March 31, 2020	1.75	11.75	3.95	17.45
Profit/(Loss) for the year	-	2.33	-	2.33
Other comprehensive income/(loss)	(0.53)	-	-	(0.53)
Balance as at March 31, 2021	1.22	14.08	3.95	19.25
Profit/(Loss) for the period	-	-	-	-
Other comprehensive income/(loss)	0.29	-	-	0.29
Balance as at June 30, 2021	1.51	14.08	3.95	19.54

Retained earnings
Retained Earnings are the profits of the LLC earned till date net of appropriations
Foreign currency translation difference account
The foreign currency translation differnce account represents exchange differences arising from the translation of the financial statements of the LLC from its functional currency to the presentation currency, and the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency.

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7. Trade payables

At amortised cost	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Total outstanding dues of micro enterprises and small enterprises 1,2	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises 1	0.03	0.03	0.03	0.02	0.02
	0.03	**0.03**	**0.03**	**0.02**	**0.02**
The above amount includes:					
Trade payables to related parties (refer note 13)	-	-	-	-	-
Trade payables to others	0.03	0.03	0.03	0.02	0.02
	0.03	**0.03**	**0.03**	**0.02**	**0.02**

1. Trade payables are non-interest bearing and are normally settled at 30 to 90 days terms.

2. Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with and filings made by the LLC. The LLC has not received any claim for interest from any supplier as at the balance sheet date. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The disclosure pursuant to the said Act is as under:

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(All amounts in Indian rupees millions, except as otherwise stated)

7. Trade payables (Contd.)

Disclosure relating to suppliers registered under Micro, Small and Medium Enterprises Development Act based on the information available with the LLC:

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Amount remaining unpaid to any supplier at the end of each accounting period/year:					
- The principal amount	-	-	-	-	-
- The interest due thereon	-	-	-	-	-
(b) the amount paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), to the supplier beyond the appointed day during each accounting period/year;	-	-	-	-	-
- Interest paid	-	-	-	-	-
- Principal repaid	-	-	-	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting period/year, and	-	-	-	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-	-	-

Trade Payables ageing schedule

Particulars	Outstanding from due date of payment as on June 30, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	0.03	-	-	-	0.03
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**0.03**	-	-	-	0.03

Particulars	Outstanding from due date of payment as on March 31, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	0.03	-	-	-	0.03
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	0.03	-	-	-	0.03

Particulars	Outstanding from due date of payment as on March 31, 2020				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	0.03	-	-	-	0.03
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	0.03	-	-	-	0.03

Particulars	Outstanding from due date of payment as on March 31, 2019				
	Less than 1 year	1-3 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	0.02	-	-	-	0.02
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**0.02**	-	-	-	0.02

There are no "Not due" Trade payables, hence the same is not disclosed in the ageing schedule.

8. Revenue from operations

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from sale of services				
Service income from group companies (refer 13)	-	2.33	4.25	4.69
	-	2.33	4.25	4.69

Revenue by geography

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
USA	-	2.33	4.25	4.69
Outside USA	-	-	-	-
	-	2.33	4.25	4.69

9. Employee Benefit expenses

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee stock option expense	-	-	-	-
	-	-	-	-

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10 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the Income and share data used in the basic and diluted EPS computations:

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit attributable to equity holders of the LLC	-	2.33	4.25	4.69
Weighted average number of equity shares for basic EPS	1.21	1.21	1.21	1.14
Effect of dilution	0.04	0.04	0.04	0.04
Weighted average number of equity shares adjusted for the effect of dilution	1.25	1.25	1.25	1.18
Basic earnings per share	-	1.93	3.51	4.11
Diluted earnings per share	-	1.86	3.40	3.97

11 Contingent Liabilities not provided for in respect of –

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Claims against the LLC not acknowledged as debt	-	-	-	-

12 Capital & other commitments

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capital commitments	-	-	-	-

13 Related party disclosure

i) List of related parties and relationship:

Name of related party	Name of relationship	Country of Incorporation
Persuade loyalty LLC	Common Partners	USA
Technical realities Inc.	Common Partners	USA
Jansen computer associates	Common Partners	USA

Key Managerial Personnel	Designation
John Tschida	Partner
William Jansen	Partner

ii) The LLC has following related party transactions:

	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Persuade loyalty LLC				
License fee income	-	2.33	4.25	4.69

ii) The LLC has following balance with related party at year end:

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Persuade loyalty LLC				
Trade Receivables (License fee receivable)	19.55	19.26	17.46	11.86

14 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
• Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

• Level 2 - Inputs other than quoted prices Included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
No financial assets/liabilities have been valued using level 1 & level 2 fair value measurements.

The following table presents fair value of assets and liabilities which are measured at amortised cost:

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Financial assets measured at amortised cost				
Current				
Trade receivables	19.55	19.26	17.46	11.86
Cash and Cash equivalents	0.06	0.06	0.06	0.06
Financial liabilities measured at amortized cost				
Current				
Financial liabilities				
Trade Payables	0.03	0.03	0.03	0.02

The carrying amount of cash and bank balances, trade receivables, trade payables are considered to be the same as their fair values, since they are short-term in nature. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

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15 Financial risk management objectives and policies

The LLC is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The LLC's risk management is coordinated by the Designated partners and focuses on securing long term and short term cash flows.

(A) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk, currency risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since the LLC does not have any exposure to foreign currency at each reporting date, the LLC does not have foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The LLC does not have exposure to interest rate risk since they do not have any liabilities which are subject to variable interest rate.

(B) **Credit risk**

Credit risk is the risk of financial loss to the LLC if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the LLC's receivables from customers and deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The LLC assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The LLC limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The LLC does a proper financial and credibility check on the landlords before taking any property on lease and has not had instances of non-refund of security deposit on vacating the leased property. The LLC does not foresee any credit risks on deposits with regulatory authorities.

The following table summarizes the changes in loss allowances measured using life time expected credit loss model -

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening Provision	-	-	-	-
Provision during the year	-	-	-	-
Reversal of provision	-	-	-	-
Closing provision	-	-	-	-

(C) **Liquidity risk**

Liquidity risk is the risk that the LLC will not be able to meet its financial obligations as they become due. The LLC manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the LLC's financial liabilities:

	Less than 12 months	More than 12 months	Total
June 30, 2021			
Trade Payables	0.03	-	0.03
	0.03	-	**0.03**
March 31, 2021			
Trade Payables	0.03	-	0.03
	0.03	-	**0.03**
March 31, 2020			
Trade Payables	0.03	-	0.03
	0.03	-	**0.03**
March 31, 2019			
Trade Payables	0.02	-	0.02
	0.02	-	**0.02**

16 Capital Management

The LLC's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the capital management using Debt-Equity ratio, and expects the ratio below 2.

For the each reporting period ended the entity is fully financed by its own equity with no external borrowings.

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17 **Ratios**

Particulars	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019	Variance % (30 June 2021 vs 31 March 2021)	Variance % (31 March 2021 vs 31 March 2020)	Variance % (31 March 2020 vs 31 March 2019)	Reasons for variance of more than 25% (March 2021 vs March 2020)	Reasons for variance of more than 25% (March 2020 vs March 2019)
Current ratio	653.67	644.00	584.00	596.00	Not applicable	10.27%	(2.01%)	-	Increase in trade receivables on account of license fees receivables
Debt equity ratio*	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	-	-
Debt service coverage ratio*	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	-	-
Return on equity ratio	-	0.12	0.24	0.39	Not applicable	(50.00%)	(38.46%)	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.
Trade receivable turnover ratio	-	0.13	0.29	0.50	Not applicable	(55.17%)	(42.00%)	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.
Trade payables turnover ratio	-	77.67	141.67	234.50	Not applicable	(45.18%)	(39.59%)	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.	-
Net capital turnover ratio	-	0.12	0.24	0.39	Not applicable	(50.00%)	(38.46%)	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.	Revenue for the LLC is only license fees from Persuade Loyalty LLC and the license fees has been stable for financial year 2018-19, 2019-20 and have reduced in 2020-21.
Net profit ratio	-	1.00	1.00	1.00	Not applicable	0.00%	0.00%	-	-
Return on capital employed	-	0.12	0.24	0.39	Not applicable	(50.00%)	(38.46%)	The LLC doesn't have expenses, hence the trend is in line with the change in revenue	The LLC doesn't have expenses, hence the trend is in line with the change in revenue
Return on investment	-	38.83	70.83	78.17	Not applicable	(45.18%)	(9.39%)	The LLC doesn't have expenses, hence the trend is in line with the change in revenue	-

*The LLC does not have any debts.

Reasons for variance of more than 25% (30 June 2021 vs 31 March 2021)

1 Due to the outbreak of Covid-19, the operations of the LLC including purchases and revenue where affected during the three month period ended June 30, 2021 and the year ended March 31, 2021. Hence, the above ratios are not comparable.

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17 **Ratios (Contd.)**

Elements of ratios

Ratios	Numerator	Denominator	June 30, 2021		March 31, 2021		March 31, 2020		March 31, 2019	
			Numerator	Denominator	Numerator	Denominator	Numerator	Denominator	Numerator	Denominator
Current ratio	Current assets	Current liabilities	19.61	0.03	19.32	0.03	17.52	0.03	11.92	0.02
Debt equity ratio*	Debt	Total Equity	-	19.58	-	19.29	-	17.49	-	11.90
Debt service coverage ratio*	EBITDA	Debt (Borrowings)	-	-	2.33	-	4.25	-	4.69	-
Return on equity ratio	Profit for the period	Total Equity	-	19.58	2.33	19.29	4.25	17.49	4.69	11.90
Trade receivable turnover ratio	Revenue from operations	Average Trade Receivables	-	19.41	2.33	18.36	4.25	14.66	4.69	9.31
Trade payables turnover ratio	Revenue from operations	Average Trade Payables	-	0.03	2.33	0.03	4.25	0.03	4.69	0.02
Net capital turnover ratio	Revenue from operations	Total Equity	-	19.58	2.33	19.29	4.25	17.49	4.69	11.90
Net profit ratio	Profit for the period	Revenue from operations	-	-	2.33	2.33	4.25	4.25	4.69	4.69
Return on capital employed	Profit before tax and interest(EBIT)	Equity + Non current liabilities	-	19.58	2.33	19.29	4.25	17.49	4.69	11.90
Return on investment	Net profit	Current investments + Non current Investments + Other bank balances	-	0.06	2.33	0.06	4.25	0.06	4.69	0.06

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(All amounts in Indian rupees millions, except as otherwise stated)

18 Segment Reporting

The LLC's operations predominantly relate to providing software development services. The Chief Operating Decision Maker(CODM) reviews the operations of the LLC as one operating segment. Hence no separate segment information has been furnished herewith.

19 Share Based Payments

The LLC has issued warrants to purchase 40,751 Class B units to its employees. The table below summarizes the key details:

Particulars	Details
Name	Warrant for Purchase of Membership Units.
Type	Equity Settled Share Based Payment Transaction.
Description	Pursuant to the LLC's Member Control Agreement, the LLC has issued warrants to purchase 40,751 Class B units to its employees. The LLC's Class B units have financial rights but not governance rights.
Vesting Schedule	The vesting schedule is specified in the grant letter of each employee and may vary from employee to employee.
Exercise period	The vested options can be exercised by the employee prior to the date of expiration as mentioned in the grant letter.
Exercise price / strike price	The exercise price is $ 0.01 per share.

In accordance with group accounting policies, the LLC has accounted for these warrants. The number and the exercise price of the warrants are as follows:

Table showing the movement of stock options during the year

Particulars	For the three months period ended June 30, 2021		For the year ended March 31, 2021		For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of warrants	Weighted average exercise price in $	Number of warrants	Weighted average exercise price in $	Number of warrants	Weighted average exercise price in $	Number of warrants	Weighted average exercise price in $
Outstanding at the beginning	42,751	$0.01	42,751	$0.01	42,751	$0.01	42,751	$0.01
Granted during the year/period	-	-	-	-	-	-	-	-
Forfeited/lapsed during the year/period	-	-	-	-	-	-	-	-
Exercised during the year/period	-	-	-	-	-	-	-	-
Outstanding at the end of the year/period	42,751	$0.01	42,751	$0.01	42,751	$0.01	42,751	$0.01
Exercisable at the end of the year/period	42,751		42,751		42,751		42,751	

The fair value of each option is estimated on the date of grant using the Black Scholes model. The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are as under:

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Risk Free Interest Rate*	1.27%	0.88%	1.82%	2.38%
2. Expected life (in years)	9.17	9.72	9.87	9.45
3. Expected volatility	32.09%	32.09%	32.09%	38.58%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%

* 1 year average of United states' 10 year bond yield

20 The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic. This pandemic and government response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

The management has made an assessment of the impact of COVID-19 on the LLC's operations, financial performance and position as at and for the year ended March 31, 2020, March 31, 2021 & June 30, 2021 and has concluded that there is no significant impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.

21 Subsequent Events

Pursuant to a certificate under Minnesota Statutes dated August 31, 2021, the entity has undergone a change in its legal structure from 'Persuade Holdings LLC' to 'Persuade Holdings Inc.' and based on the merger agreement dated September 01, 2021, the entity got merged with Vessel Merger Sub, Inc., a Minnesota corporation, which was a wholly owned subsidiary of Capillary Pte Ltd., thereby Vessel Merger Sub, Inc. ceased to exist. Owing to this, Persuade Holdings Inc. became a wholly subsidiary of Capillary Pte Ltd.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No: 113292
Place: Bengaluru
Date:

MSKA & ASSOCIATES ★ Chartered Accountants ★

08 DEC 2021

For and on behalf of Persuade Holdings Inc.
(formerly known as Persuade Holdings LLC)

John Tshicha
Authorised Signatory
Place: Minnesota, US
Date: December 07, 2021

William [illegible]
Authorised [illegible]
Place: Minnesota, US
Date: December 07, 2021

Persuade Holdings Inc ★