Special Purpose Financial Statements
and Auditor's Report

Persuade Loyalty LLC

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MSKA & Associates
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Designated Partners of Persuade Loyalty LLC

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of Persuade Loyalty 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: 21113292AAAARB6977
Place: Bengaluru
Date: December 8, 2021

Persuade Loyalty 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)	Non-current assets						
	(a) Property, plant and equipment	4	2.76	1.81	0.46	0.70	0.52
	(b) Intangible assets	5(a)	7.28	6.17	-	-	-
	(c) Intangible assets under development	5(b)	-	-	0.83	-	-
	(d) Right-of-use assets	23	1.80	3.31	6.89	2.72	6.76
	(e) Financial assets						
	(i) Other financial assets	8	-	-	0.62	-	0.52
			11.84	11.29	8.80	3.42	7.80
(2)	**Current assets**						
	(a) Financial assets						
	(i) Trade receivables	6	49.30	64.20	15.38	13.55	13.08
	(ii) Cash and cash equivalents	7	40.52	27.21	14.35	9.71	24.39
	(iii) Other financial assets	8	1.52	0.62	2.06	16.35	1.48
	(b) Other current assets	9	-	-	-	0.02	0.01
			91.34	92.03	31.79	39.63	38.96
	Total assets (1+2)		103.18	103.32	40.59	43.05	46.76
II	**Equity and liabilities**						
(1)	**Equity**						
	(a) Equity share capital	10	67.40	67.40	67.40	67.40	45.93
	(b) Other equity	10	(44.36)	(69.93)	(86.21)	(39.60)	(13.76)
	Total equity		23.04	(2.53)	(18.81)	27.80	32.17
(2)	**Non-current liabilities**						
	(a) Financial liabilities						
	(i) Borrowings	11	11.89	11.71	-	-	-
	(ii) Lease liabilities	23	-	-	2.68	-	2.65
			11.89	11.71	2.68	-	2.65
(3)	**Current liabilities**						
	(a) Financial liabilities						
	(i) Borrowings	11	-	-	7.72	-	-
	(ii) Lease liabilities	23	1.75	3.23	4.14	2.65	4.11
	(iii) Trade payables	12					
	(a) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		36.75	37.29	35.07	11.90	6.80
	(iv) Other financial liabilities	13	11.87	15.09	7.74	0.70	1.03
	(b) Other current liabilities	14	17.88	38.53	2.05	-	-
			68.25	94.14	56.72	15.25	11.94
	Total liabilities (2+3)		80.14	105.85	59.40	15.25	14.59
	Total equity and liabilities (1+2+3)		103.18	103.32	40.59	43.05	46.76
	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 Loyalty LLC

John Tschida
Authorised Signatory

Place: Minnesota, US
Date: December 07, 2021

William Jungen
Authorised Signatory

Place: Minnesota, US
Date: December 07, 2021

Persuade Loyalty LLC ★

Persuade Loyalty 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	15	123.95	246.41	128.53	84.66
	Other income	16(a)	-	11.16	-	-
	Finance income	16(b)	0.01	0.02	0.02	0.02
	Total income		**123.96**	**257.59**	**128.55**	**84.68**
II	**Expenses**					
	Professional and consultancy services		22.45	65.49	85.22	56.22
	Employee benefits expenses	17	69.41	161.81	84.48	49.59
	Depreciation and amortisation expenses	18	2.62	7.12	4.62	4.46
	Finance costs	19	0.80	3.53	2.48	0.47
	Other expenses	20	8.76	25.47	50.72	24.53
	Total expenses		**104.04**	**263.42**	**227.52**	**135.27**
III	**Profit/ (loss) before tax (I - II)**		19.92	(5.83)	(98.97)	(50.59)
IV	**Tax expense**					
	(a) Current tax		-	-	-	-
	(b) Deferred tax charge/ (credit)		-	-	-	-
	Total tax expenses		-	-	-	-
V	**Profit/ (loss)/ for the period/ year (III - IV)**		19.92	(5.83)	(98.97)	(50.59)
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		(0.95)	1.49	0.57	2.25
	Total other comprehensive (loss)/ income for the period/ year, net of tax		**(0.95)**	**1.49**	**0.57**	**2.25**
VII	**Total comprehensive (loss)/ income for the period/ year, net of tax (V + VI)**		18.97	(4.34)	(98.40)	(48.34)
	Earnings per equity share (EPS)					
	Basic (₹)	21	14.98	(4.38)	(74.41)	(41.47)
	Diluted (₹)	21	8.44	(4.38)	(74.41)	(41.47)
	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 Loyalty LLC

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

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

Persuade Loyalty LLC ★

Persuade Loyalty 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 ended 30 June 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from/(used in) operating activities				
Profit / (loss) before tax	19.92	(5.83)	(98.97)	(50.59)
Adjustments to reconcile (loss) / profit before tax to net cash flows				
Depreciation and amortisation expenses	2.62	7.12	4.62	4.46
Stock option expenses	6.60	20.62	51.79	22.62
Finance income	(0.01)	(0.02)	(0.02)	(0.02)
Finance costs	0.46	1.86	1.45	0.13
Provision for doubtful trade receivables and advances (including bad debts written off)	0.21	1.14	17.34	-
Operating profit before working capital changes	**29.80**	**24.89**	**(23.79)**	**(23.40)**
Working capital adjustments :				
(Increase) / decrease in trade receivables	14.41	(49.47)	(19.07)	(0.16)
Decrease / (increase) in non-current and current other financial and other assets	(1.11)	2.28	13.80	(13.73)
Increase / (decrease) in trade payables, non-current and current other financial, other liabilities	(24.87)	46.85	32.63	6.10
Cash generated (used in) / from operations	**18.23**	**24.55**	**3.57**	**(31.19)**
Direct taxes (paid) / refund	-	-	-	-
Net cash flow (used in) / from operating activities (A)	18.23	24.55	3.57	(31.19)
Cash flow from/ (used in) Investing activities				
Purchase of property, plant and equipment including intangible assets	(3.16)	(7.92)	(1.08)	(0.60)
Net cash used in investing activities (B)	**(3.16)**	**(7.92)**	**(1.08)**	**(0.60)**
Cash flows from/ (used in) financing activities				
Proceeds from issuance of equity share capital	-	-	-	21.35
Finance costs paid	(0.38)	(1.69)	(1.30)	(0.05)
Proceeds from/ (repayment) of borrowings, net	0.18	3.99	7.72	-
Payment of lease liabilities	(1.56)	(6.07)	(4.27)	(4.19)
Net (used in) / cash from financing activities (C)	**(1.76)**	**(3.77)**	**2.15**	**17.11**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**13.31**	**12.86**	**4.64**	**(14.68)**
Cash and cash equivalents at the beginning of the period/ year	27.21	14.35	9.71	24.39
Cash and cash equivalents at the end of the period/ year	40.52	27.21	14.35	9.71

MSKA & ASSOCIATES ★ Chartered Accountants ★

Persuade Loyalty LLC ★

Persuade Loyalty 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)
Explanatory notes to statements of cash flows

-Changes in liabilities arising from financing activities:-

Particulars	Long term Borrowings (refer note 11)	Short term Borrowings (refer note 11)	Lease liabilities (including current portion of lease liabilities) (refer note 23)
As of April 1, 2018	-	-	6.76
Cash flow changes			
Proceeds from/ (repayment) of borrowings, net	-	-	-
Payment of lease liabilities	-	-	(4.19)
Non-cash changes			
Accretion of interest on lease liabilities (refer note 23)	-	-	0.08
Recognition of lease liabilities (refer note 23)	-	-	-
As of March 31, 2019	-	-	2.65
Cash flow changes			
Proceeds from/ (repayment) of borrowings, net	-	7.72	-
Payment of lease liabilities	-	-	(4.27)
Non-cash changes			
Accretion of interest on lease liabilities (refer note 23)	-	-	0.15
Recognition of lease liabilities (refer note 23)	-	-	8.29
As of March 31, 2020	-	7.72	6.82
Cash flow changes			
Proceeds from/ (repayment) of borrowings, net	11.71	(7.72)	-
Payment of lease liabilities	-	-	(6.07)
Non-cash changes			
Accretion of interest on lease liabilities (refer note 23)	-	-	0.17
Recognition of lease liabilities (refer note 23)	-	-	2.31
As of March 31, 2021	**11.71**	-	**3.23**
Cash flow changes			
Proceeds from/ (repayment) of borrowings, net	0.18	-	-
Payment of lease liabilities	-	-	(1.56)
Non-cash changes			
Accretion of interest on lease liabilities (refer note 23)	-	-	0.08
Recognition of lease liabilities (refer note 23)	-	-	-
As of June 30, 2021	11.89	-	1.75

Summary of significant accounting policies (refer note 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 Loyalty LLC

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

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

Persuade Loyalty LLC ★

Persuade Loyalty 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**

	Total
At April 01, 2018	45.93
Add: Issued during the year*	21.47
At March 31, 2019	67.40
At April 01, 2019	67.40
Add: Issued during the year	-
At March 31, 2020	67.40
At April 01, 2020	67.40
Add: Issued during the year	-
At March 31, 2021	67.40
At April 01, 2021	67.40
Add: Issued during the year	-
At June 30, 2021	67.40

* During the financial year 2018-19, one of the warrant holders holding 10,000 units exercised their rights to convert such warrants to Class 'B' Units amounting to Rs. 0.13 million

(b) **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	-	(51.67)	37.91	(13.76)
Profit/(loss) for the year	-	(50.59)	-	(50.59)
Other comprehensive (loss)/income for the year(net of taxes)	2.25	-	-	2.25
Stock option expense for the year (Refer Note 33)	-	-	22.50	22.50
Balance as at March 31, 2019	2.25	(102.26)	60.41	(39.60)
Profit/(loss) for the year	-	(98.97)	-	(98.97)
Other comprehensive (loss)/income for the year(net of taxes)	0.57	-	-	0.57
Stock option expense for the year (Refer Note 33)	-	-	51.79	51.79
Balance as at March 31, 2020	2.82	(201.23)	112.20	(86.21)
Profit/(loss) for the year	-	(5.83)	-	(5.83)
Other comprehensive (loss)/income for the year(net of taxes)	1.49	-	-	1.49
Stock option expense for the year (Refer Note 33)	-	-	20.62	20.62
Balance as at March 31, 2021	4.31	(207.06)	132.82	(69.93)
Profit/(loss) for the period	-	19.92	-	19.92
Other comprehensive (loss)/income for the period(net of taxes)	(0.95)	-	-	(0.95)
Stock option expense for the year (Refer Note 33)	-	-	6.60	6.60
Balance as at June 30, 2021	3.36	(187.14)	139.42	(44.36)

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 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 (refer note 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 Loyalty LLC

John Tschida
Authorised Signatory

Place: Minnesota, US
Date: December 07, 2021

William Jansen
Authorised Signatory

Place: Minnesota, US
Date: December 07, 2021

Persuade Loyalty LLC

1 General Information

Persuade Loyalty 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. Persuade Loyalty LLC is a limited liability company incorporated and domiciled in USA. The address of its registered office is 222 North Second Street, Suite 200 Minneapolis, MN 55401.

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 as '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 as per 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.

MSKA & ASSOCIATES ★ Chartered Accountants ★

Persuade Loyalty LLC ★

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the LLC depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The LLC reviews the estimated residual values and expected useful lives of assets at least annually.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the LLC and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The LLC identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

2.2 Property, plant and equipment (Contd.)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.
Internally generated intangible assets are amortised on straight line basis over their useful life.
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the LLC can demonstrate:
a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
b) Its intention to complete and its ability and intention to use or sell the asset
c) How the asset will generate future economic benefits
d) The availability of resources to complete the asset
e) The ability to measure reliably the expenditure during development
Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

Depreciation methods, estimated useful lives

Depreciation on property, plant and equipment is calculated using written down value method using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under group accounting policies.

Property, plant and equipment	Useful life estimated by management (Years)
Computers	3
Furniture and Fixtures	10

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The identified components, if any, are depreciated over their useful life and the remaining assets are depreciated over the principal asset.

Leasehold improvements are amortized over the remaining primary period of lease or its estimated useful life, whichever is lower, on a straight-line basis.

Internally generated software is amortized over the useful life of 3 years on straight-line basis, as estimated by the management.

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2.3 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.4 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.

2.5 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 customer. As 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.

Retainer services

The LLC is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized on an accrual basis as and when services are rendered in accordance with the arrangement with the customers.

Installation services

The Company provides a one-time installation services that are bundled together with the retainer services. The Company recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Company uses an input method in measuring progress of the installation services because there is a direct relationship between the Company's effort and the transfer of service to the customer. The Company recognises revenue on the basis of the milestone achieved which corelates with hours expended relative to the total expected hours to complete the service.
Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

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.Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the LLC has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the LLC has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the LLC performs under the contract.

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

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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

Licence 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).

Finance Income

Interest Income is recognised on a basis of effective interest method as set out in group accounting policies, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists. Dividend is recognised when the LLC's right to receive dividend is established.

For all financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the LLC estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss

2.6 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.

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(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 unlised.

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.

2.7 Leases

The LLC assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

LLC as a lessee

The LLC applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The LLC recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The LLC recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. If ownership of the leased asset transfers to the LLC at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

•Office space 2 years

ii) Lease Liabilities

At the commencement date of the lease, the LLC recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the LLC and payments of penalties for terminating the lease, if the lease term reflects the LLC exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the LLC uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The LLC applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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2.8 Impairment of non-financial assets

As at the end of each accounting year, 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).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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.

2.9 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.

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).

Provisions and contingent liability are reviewed at each balance sheet.

2.10 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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2.11 **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.

2.12 **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.

2.13 **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 per 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.

2.14 **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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2.15 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 under group accounting policies. Refer to the accounting policies in note 2.5 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.

(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.

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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 Company recognises 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 Company 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.

2.15 Financial instruments (Contd.)

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 group accounting policies 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.

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(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.

(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 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 in 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.

2.16 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.

2.17 Government grants

The LLC recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as income in the standalone statement of profit and loss upon fulfilment of the conditions attached to the grant received. These grants are presented in the standalone balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

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2.18 **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) **Useful lives of property, plant and equipment**

Determination of the estimated useful life of property, plant & equipment and the assessment as to which components of the cost may be capitalised. Useful life of property, plant & equipment is based on the technical evaluation. Assumption also need to be made, when LLC assesses, whether an asset may be capitalised and which components of the cost of the assets may be capitalised.

(b) **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 including DCF model. 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.

(c) **Provision for expected credit losses of trade receivables and contract assets**

The LLC estimates the credit allowance as per practical expedient based on the historical credit loss experience as enumerated in note 6.

(d) **Leases - Estimating the incremental borrowing rate**

The LLC cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the LLC would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the LLC 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The LLC estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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Notes to the special purpose financial statements
(All amounts in Indian rupees millions, except as otherwise stated)

4. Property, plant and equipment

Particulars	Computers	Furniture and Fixtures	Total
Cost / Deemed cost			
As at April 1, 2018	0.39	1.04	1.43
Additions	0.60	-	0.60
Disposals/adjustments	-	-	-
As at March 31, 2019	**0.99**	**1.04**	**2.03**
Additions	0.25	-	0.25
Disposals/adjustments	-	-	-
As at March 31, 2020	**1.24**	**1.04**	**2.28**
Additions	2.03	-	2.03
Disposals	-	-	-
As at March 31, 2021	**3.27**	**1.04**	**4.31**
Additions	1.35	-	1.35
Disposals/adjustments	-	-	-
As at June 30, 2021	**4.62**	**1.04**	**5.66**
Accumulated Depreciation			
As at April 1, 2018	0.16	0.75	0.91
Charge for the year	0.34	0.08	0.42
Disposals/adjustments	-	-	-
As at March 31, 2019	**0.50**	**0.83**	**1.33**
Charge for the year	0.44	0.05	0.49
Disposals/adjustments	-	-	-
As at March 31, 2020	**0.94**	**0.88**	**1.82**
Charge for the year	0.64	0.04	0.68
Disposals/adjustments	-	-	-
As at March 31, 2021	**1.58**	**0.92**	**2.50**
Charge for the period	0.39	0.01	0.40
Disposals/adjustments	-	-	-
As at June 30, 2021	**1.97**	**0.93**	**2.90**
Net book value			
As at April 1, 2018	**0.23**	**0.29**	**0.52**
As at March 31, 2019	**0.49**	**0.21**	**0.70**
As at March 31, 2020	**0.30**	**0.16**	**0.46**
As at March 31, 2021	**1.69**	**0.12**	**1.81**
As at June 30, 2021	**2.65**	**0.11**	**2.76**

Refer note 11 for information on property, plant and equipment pledged as security by the LLC

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

5(a) Intangible Assets

Particulars	Internally Generated Software	Total
Cost / Deemed cost		
As at April 1, 2018	-	-
Additions	-	-
Disposals/adjustments	-	-
As at March 31, 2019	-	-
Additions	-	-
Disposals/adjustments	-	-
As at March 31, 2020	-	-
Additions	6.72	6.72
Disposals/adjustments	-	-
As at March 31, 2021	6.72	6.72
Additions	1.82	1.82
Disposals/adjustments	-	-
As at June 30, 2021	8.54	8.54
Accumulated Depreciation		
As at April 1, 2018	-	-
Charge for the year	-	-
Disposals	-	-
As at March 31, 2019	-	-
Charge for the year	-	-
Disposals/adjustments	-	-
As at March 31, 2020	-	-
Charge for the year	0.55	0.55
Disposals/adjustments	-	-
As at March 31, 2021	0.55	0.55
Charge for the period	0.71	0.71
Disposals/adjustments	-	-
As at June 30, 2021	1.26	1.26
Net book value		
As at April 1, 2018	-	-
As at March 31, 2019	-	-
As at March 31, 2020	-	-
As at March 31, 2021	6.17	6.17
As at June 30, 2021	7.28	7.28

5(b) Intangible assets under development

Particulars	Total
As at April 1, 2018	-
Additions	-
Capitalized during the year	-
As at March 31, 2019	-
Additions	0.83
Capitalized during the year	-
As at March 31, 2020	0.83
Additions	-
Capitalized during the year	(0.83)
As at March 31, 2021	-
Additions	-
Capitalized during the period	-
As at June 30, 2021	-

Intangible assets under development (IAUD) Ageing Schedule

Particulars	Outstanding amount				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
As at March 31, 2019	-	-	-	-	-
As at March 31, 2020	0.83	-	-	-	0.83
As at March 31, 2021	-	-	-	-	-
As at June 30, 2021	-	-	-	-	-

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6. 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]	49.30	64.20	15.38	13.55	13.08
Receivable from related parties [1,2]	-	-	-	-	-
Total trade receivables	**49.30**	**64.20**	**15.38**	**13.55**	**13.08**
Trade receivables - Unsecured, considered good [1,4]	49.30	64.20	15.38	13.55	13.08
Trade receivables - Unsecured, credit impaired [1,4]	1.38	1.17	17.34	-	-
	50.68	65.37	32.72	**13.55**	**13.08**
Impairment allowance (allowance for bad and doubtful debts)					
Trade receivables - Unsecured, credit impaired [4]	(1.38)	(1.17)	(17.34)	-	-
	49.30	**64.20**	**15.38**	**13.55**	**13.08**

Trade receivables ageing schedule

Particulars	Current but not due	Outstanding for following periods from due date of payment as on **June 30, 2021**					
		Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	37.49	11.81	-	-	-	-	49.30
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	0.27	1.11	-	-	-	-	1.38
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**37.76**	**12.92**	-	-	-	-	**50.68**
Less: Credit impaired	(0.27)	(1.11)	-	-	-	-	(1.38)
Total	**37.49**	**11.81**	-	-	-	-	**49.30**

Particulars	Current but not due	Outstanding for following periods from due date of payment as on March 31, 2021					
		Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	46.05	18.14	-	-	-	-	64.19
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	0.15	1.02	-	-	-	-	1.17
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**46.20**	**19.16**	-	-	-	-	**65.36**
Less: Credit impaired	(0.15)	(1.02)	-	-	-	-	(1.17)
Total	**46.05**	**18.11**	-	-	-	-	**64.19**

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6. Trade Receivables (contd.)

Trade receivables ageing schedule (contd.)

Particulars	Current but not due	Outstanding for following periods from due date of payment as on March 31, 2020					
		Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	12.20	3.18	-	-	-	-	15.38
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	2.22	15.12	-	-	-	-	17.34
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	14.42	18.30	-	-	-	-	32.72
Less: Credit impaired	(2.22)	(15.12)	-	-	-	-	(17.34)
Total	12.20	3.18	-	-	-	-	15.38

Particulars	Current but not due	Outstanding for following periods from due date of payment as on March 31, 2019					
		Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	7.74	5.81	-	-	-	-	13.55
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	7.74	5.81	-	-	-	-	13.55
Less: Credit impaired	-	-	-	-	-	-	-
Total	7.74	5.81	-	-	-	-	13.55

Notes:
1.Trade receivables are non-interest bearing and are generally within 30 days terms.
2 There are no disputed trade receivables as on 30 June 2021, 31 March 2021, 31 March 2020 and 31 March 2019.
3. No trade receivable are due from directors or other officers of the LLC either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

Expected credit loss allowance	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
At the beginning of the period / year	1.17	17.34	-	-	-
Provision made during the period / year	0.21	1.14	17.34	-	-
(Utilized) / (reversed) during the period / year	-	(17.31)	-	-	-
At the end of the period / year	1.38	1.17	17.34	-	-

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

7. 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
Balances with banks					
On current accounts	40.52	27.21	14.35	9.71	24.39
	40.52	27.21	14.35	9.71	24.39

8. Other financial assets

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at 1 April 2018
Financial instruments at amortised cost					
Non-Current					
Security deposits - others	-	-	0.62	-	0.52
	-	-	0.62	-	0.52
Current					
Security deposits - others	0.63	0.62	-	0.52	-
Unbilled revenue	0.89	-	2.06	15.83	1.48
	1.52	0.62	2.06	16.35	1.48

Unbilled revenue ageing schedule- Based on the requirements of Schedule III

Undisputed- considered good	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Current but not due	0.89	-	2.06	15.83
Total	0.89	-	2.06	15.83

9. Other current assets

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at 1 April 2018
Advances other than capital advances					
Unsecured, considered good	-	-	-	0.02	0.01
	-	-	-	0.02	0.01

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The LLC has two classes of share capital (Class A & B), referred to herein as equity shares.

10 Authorised share 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	0.20	1.20	45.93
Increase/ decrease during the year	-	0.13	0.13	21.47
As at March 31, 2019	1.00	0.33	1.33	67.40
Increase/ decrease during the year	-	-	-	-
As at March 31, 2020	1.00	0.33	1.33	67.40
Increase/ decrease during the year	-	-	-	-
As at March 31, 2021	1.00	0.33	1.33	67.40
Increase/ decrease during the three months period	-	-	-	-
As at June 30, 2021	1.00	0.33	1.33	67.40

Issued equity capital

	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	0.20	1.20	45.93
Increase/ decrease during the year	-	0.13	0.13	21.47
As at March 31, 2019	1.00	0.33	1.33	67.40
Increase/ decrease during the year	-	-	-	-
As at March 31, 2020	1.00	0.33	1.33	67.40
Increase/ decrease during the year	-	-	-	-
As at March 31, 2021	1.00	0.33	1.33	67.40
Increase/ decrease during the three months period	-	-	-	-
As at June 30, 2021	1.00	0.33	1.33	67.40

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 has issued 10,00,000 number of shares (Class A Units) at $ 2,00,300 (INR 122,13,591)
(ii) There is no conversion or preemptive rights with respect to the units.

Class B Units (**Non Voting**), which units have financial rights but no governance rights.
(i) The LLC has issued 3,27,268 number of shares (Class B Units) at $8,25,100 (INR 5,50,77,992)
(ii) The LLC reserves 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 Bernmark Trust	3,09,760	53.40	3,09,760	53.40	3,09,760	53.40	3,09,760	53.40	1,93,600	32.05
BI Worldwide (Schoeneckers Inc)	1,50,000	12.20	1,50,000	12.20	1,50,000	12.20	1,50,000	12.20	1,50,000	12.20
Warren G Herreid II	7,508	1.66	7,508	1.66	7,508	1.66	7,508	1.66	7,508	1.66
Kimberly Mosford	10,000	0.12	10,000	0.12	10,000	0.12	10,000	0.12	-	-
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
John Tshcida	5,52,500	0.01	5,52,500	0.01	5,52,500	0.01	5,52,500	0.01	5,52,500	0.01
	13,27,268	**67.40**	**13,27,268**	**67.40**	**13,27,268**	**67.40**	**13,27,268**	**67.40**	**12,01,108**	**45.93**

(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 Bernmark Trust	3,09,760	23.34%	3,09,760	23.34%	3,09,760	23.34%	3,09,760	23.34%	1,93,600	16.12%
BI Worldwide (Schoeneckers Inc)	1,50,000	11.30%	1,50,000	11.30%	1,50,000	11.30%	1,50,000	11.30%	1,50,000	12.49%
Persuade Strategic Partners LLC	2,97,500	22.41%	2,97,500	22.41%	2,97,500	22.41%	2,97,500	22.41%	2,97,500	24.77%
John Tshcida	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	46.00%
	13,09,760	**98.68%**	**13,09,760**	**98.68%**	**13,09,760**	**98.68%**	**13,09,760**	**98.68%**	**11,53,600**	**99.38%**

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

Name of the promoter	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 Tshcida	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	41.63%	5,52,500	46.00%
	5,52,500	**41.63%**	**5,52,500**	**41.63%**	**5,52,500**	**41.63%**	**5,52,500**	**41.63%**	**5,52,500**	**46.00%**

(d) **% change in promoters shareholding**

Name of the promoter	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 Tshcida	-	-	-	(4.37%)

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

10 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	-	(51.67)	37.91	(13.76)
Profit/(loss) for the year	-	(50.59)	-	(50.59)
Other comprehensive (loss)/income for the year(net of taxes)	2.25	-	-	2.25
Stock option expense for the year (Refer Note 33)	-	-	22.50	22.50
Balance as at March 31, 2019	2.25	(102.26)	60.41	(39.60)
Profit/(loss) for the year	-	(98.97)	-	(98.97)
Other comprehensive (loss)/income for the year(net of taxes)	0.57	-	-	0.57
Stock option expense for the year (Refer Note 33)	-	-	51.79	51.79
Balance as at March 31, 2020	2.82	(201.23)	112.20	(86.21)
Profit/(loss) for the year	-	(5.83)	-	(5.83)
Other comprehensive (loss)/income for the year(net of taxes)	1.49	-	-	1.49
Stock option expense for the year (Refer Note 33)	-	-	20.62	20.62
Balance as at March 31, 2021	4.31	(207.06)	132.82	(69.93)
Profit/(loss) for the year	-	19.92	-	19.92
Other comprehensive (loss)/income for the year(net of taxes)	(0.95)	-	-	(0.95)
Stock option expense for the year (Refer Note 33)	-	-	6.60	6.60
Balance as at June 30, 2021	3.36	(187.14)	139.42	(44.36)

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 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.

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

11. Borrowings

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at 1 April 2018
Non-Current					
Term loan from bank (Secured)	11.89	11.71	-	-	-
	11.89	11.71	-	-	-
Current					
Short-term borrowings:					
Working capital loan from others	-	-	7.72	-	-
	-	-	7.72	-	-

Financial indebtedness

Credit facilities in the ordinary course of its business for the purposes of meeting business requirements. These credit facilities include inter alia overdraft facilities, line of credit facilities and working capital demand loans

The details of aggregate indebtedness of our LLC, is set forth below:

Category of borrowing	Secured/Unsecured	Rate of Interest	Outstanding amount as on			
			June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Line of credit- paypal	Secured	0.03% p.a.	-	-	4.54	-
Line of credit- wells fargo	Secured	3.30% p.a.	-	-	3.18	-
Term loan facility- SBA EIDL Loan*	Secured	3.75% p.a.	11.89	11.71	-	-
Total indebtedness			11.89	11.71	7.72	-

*Note: Borrowings against security of assets

The Collateral includes the following property that Borrower now owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including health-care insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code. The security interest Borrower grants includes all accessions, attachments, accessories, parts, supplies and replacements for the Collateral, all products, proceeds and collections thereof and all records and data relating thereto.

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

12. 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]	36.75	37.29	35.07	11.90	6.80
	36.75	37.29	35.07	11.90	6.80
The above amount includes:					
Trade payables to related parties (refer note 26)	19.55	19.26	17.46	11.86	6.76
Trade payables to others	17.20	18.03	17.61	0.04	0.04
	36.75	37.29	35.07	11.90	6.80

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:

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.	-	-	-	-	-

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

12. **Trade Payables (Contd.)**

Trade Payables ageing schedule

Particulars	Outstanding for following periods 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 in INR
Undisputed dues of micro enterprises and small enterprises	-	-	-	-	-
Undisputed dues of creditors other than micro enterprises and small enterprises	36.75	-	-	-	36.75
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	36.75	-	-	-	36.75

Particulars	Outstanding for following periods 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	37.29	-	-	-	37.29
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	37.29	-	-	-	37.29

Particulars	Outstanding for following periods 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	35.07	-	-	-	35.07
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	35.07	-	-	-	35.07

Particulars	Outstanding for following periods from due date of payment as on March 31, 2019				
	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	11.90	-	-	-	11.90
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	11.90	-	-	-	11.90

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

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

13. Other financial liabilities

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at 1 April 2018
At amortised cost					
Accrued salary and benefits	11.45	14.78	7.74	0.70	1.03
Interest accrued on borrowings	0.42	0.31	-	-	-
	11.87	**15.09**	**7.74**	**0.70**	**1.03**

14. Other current liabilities

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at 1 April 2018
Deferred revenue	17.88	38.53	2.05	-	-
	17.88	**38.53**	**2.05**	-	-

15. 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
(a) Sale of services				
Retainership and other income from external customers	38.53	83.69	95.56	84.66
Installation income from external customers	85.42	162.72	32.97	-
	123.95	**246.41**	**128.53**	**84.66**
Disaggregation of revenue				
License income	-	4.66	8.83	9.37
Analytics	-	-	4.45	-
Digital	85.42	162.72	32.97	-
Loyalty	38.53	79.03	82.28	75.29
	123.95	**246.41**	**128.53**	**84.66**

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	121.17	236.03	118.42	73.60
Outside USA	2.78	10.38	10.11	11.06
	123.95	**246.41**	**128.53**	**84.66**

Timing of revenue recognition

	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
Services transferred over time	123.95	246.41	128.53	84.66
	123.95	**246.41**	**128.53**	**84.66**

Contract Balances

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Trade receivables:				
- Current (Gross)	50.68	65.37	32.72	13.55
- Impairment allowance	(1.38)	(1.17)	(17.34)	-
Contract assets:				
Unbilled revenue:				
-Current	0.89	-	2.06	15.83
Contract liabilities:				
Deferred revenue:				
-Current	17.88	38.53	2.05	-

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Persuade Loyalty LLC
Notes to the special purpose financial statements
(All amounts in Indian rupees millions, except as otherwise stated)

16(a) Other Income

	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
Government grants	-	11.16	-	-
	-	11.16	-	-

16(b) Finance Income

	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
Interest income on other financial assets	0.01	0.02	0.02	0.02
	0.01	0.02	0.02	0.02

17. 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
Salaries, wages and bonus	61.94	141.19	63.93	39.32
Contribution to provident and other funds	0.79	1.06	-	-
Staff welfare expenses	0.73	1.39	2.94	0.87
Employee stock option expenses	5.95	18.17	17.61	9.40
	69.41	161.81	84.48	49.59

18. Depreciation and amortisation 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
Depreciation of property, plant and equipment (refer note 4)	0.40	0.68	0.49	0.42
Depreciation of right-of-use assets	1.51	5.89	4.13	4.04
Amortisation of intangible assets (refer note 5)	0.71	0.55	-	-
	2.62	7.12	4.62	4.46

19. Finance costs

	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
Interest on debts and borrowings	0.38	1.69	1.30	0.05
Interest on lease liabilities	0.08	0.17	0.15	0.08
Bank charges	0.34	1.67	1.03	0.34
	0.80	3.53	2.48	0.47

20. Other 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
License fees	-	2.33	4.25	4.69
Travelling and conveyance	0.91	1.21	7.22	8.66
Communication costs	0.39	0.74	0.96	0.40
Provision for doubtful trade receivables and advances (including bad debts written off)	0.21	1.14	17.34	-
Selling and marketing expenses	2.87	3.39	0.85	1.94
Repairs and maintenance - others	3.06	11.80	13.39	5.71
Rates and taxes	0.03	0.02	0.01	0.01
Miscellaneous expenses	1.29	4.84	6.70	3.12
	8.76	25.47	50.72	24.53

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Persuade Loyalty LLC
Notes to the special purpose financial statements
(All amounts in Indian rupees millions, except as otherwise stated)

21 Earnings/ Loss 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/ (Loss) attributable to equity holders of the LLC	19.92	(5.83)	(98.97)	(50.59)
Weighted average number of equity shares for basic EPS	1.33	1.33	1.33	1.22
Effect of dilution*	1.03	-	-	-
Weighted average number of equity shares adjusted for the effect of dilution	2.36	1.33	1.33	1.22
Basic earnings/(loss) per share	14.98	(4.38)	(74.41)	(41.47)
Diluted earnings/(loss) per share	8.44	(4.38)	(74.41)	(41.47)

* For the years ended 31 March 2021, 31 March 2020 and 31 March 2019, dilutive earnings per share is same as basic earnings per share as the results were anti-dilutive.

22 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.

23 Leases

I. Company as a lessee during the period / year

The LLC has lease contracts for office facilities. The lease term of the office facilities is generally 2 years. The LLC also has certain leases of offices with lease terms of 12 months or less or low value. The LLC applies the leases of low value assets and short term leases recognition exemptions for these leases.

The LLC has lease contracts that include extension and termination options. The LLC applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the LLC reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The carrying amounts of right-of-use assets recognised and the movements during the period/year is as follows:

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening Balance	3.31	6.89	2.72	6.76
Additions	-	2.31	8.29	-
Disposals/ transfers	-	-	-	-
Depreciation expenses	1.51	5.89	4.12	4.04
Closing Balance	**1.80**	**3.31**	**6.89**	**2.72**

The carrying amounts of lease liabilities recognised and the movements during the period / year is as follows:

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening Balance	3.23	6.82	2.65	6.76
Additions	-	2.31	8.29	-
Accretion of interest	0.08	0.17	0.15	0.08
Payments	(1.56)	(6.07)	(4.27)	(4.19)
Closing Balance	**1.75**	**3.23**	**6.82**	**2.65**

The same is shown under:

Current	1.75	3.23	4.14	2.65
Non-current	-	-	2.68	-

The effective interest rate for lease liabilities is 3.75% (March 31, 2021: 3.75%, March 31, 2020: 3.75% and March 31, 2019: 3.75%).

c. Maturity analysis of lease liabilities

	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Within one year	1.75	3.23	4.14	2.65
After one year but not more than five years	-	-	2.68	-
More than five years	-	-	-	-
Total	1.75	3.23	6.82	2.65

d. Amounts recognised in the statement of cash flows

i. Total cash outflow for the lease	(1.56)	(6.07)	(4.27)	(4.19)

c. The following amounts are recognised in the statement of profit and loss

Particulars	For the three months period ended June 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020 (Proforma)	For the year ended March 31, 2019 (Proforma)
Depreciation expense of right-of-use assets	1.51	5.89	4.12	4.04
Interest expense on operating lease liabilities	0.08	0.17	0.15	0.08
Total amount recognised in the Restated Summary Statement of Profit and Loss	1.59	6.06	4.27	4.12

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

24 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	-	-	-	-

25 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	-	-	-	-

26 Related party disclosure

i) List of related parties and relationship

Name of related party	**Name of relationship**	**Country of incorporation**
Persuade Holdings Inc. (Formerly known as Persuade Holdings LLC)	Common Partners	USA
Technical Realties	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
Other expenses-License fees				
Persuade Holdings Inc. (Formerly known as Persuade Holdings LLC)	-	2.33	4.25	4.69
Professional and consultancy services				
Technical Realties	4.19	19.72	17.93	17.45
Jansen Computer Associates	3.35	12.96	11.35	11.11
William Jansen (Employee share based payments)	-	-	2.25	3.33
John Tschida (Employee share based payments)	-	-	2.25	3.33

iii) 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
Trade Payables				
Persuade Holdings Inc. (Formerly known as Persuade Holdings LLC)	19.55	19.26	17.46	11.86

27 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).

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 amortized cost				
Non-current				
Other financial assets	-	-	0.62	-
Current				
Trade receivables	49.30	64.20	15.38	13.35
Cash and cash equivalents	40.32	27.21	14.35	9.71
Other financial assets	1.52	0.62	2.06	10.35
Financial liabilities measured at amortized cost				
Non-current				
Borrowings	11.85	11.71	-	-
Lease liabilities	-	-	2.08	-
Current				
Borrowings	-	-	7.72	-
Lease liabilities	1.75	3.23	4.14	2.15
Trade payables	36.75	37.29	35.07	11.90
Other financial liabilities	11.87	15.09	7.74	0.20

The carrying amounts of trade receivables, cash and cash equivalents, other current financial assets, trade payables and other current financial liabilities are considered to be the same as their fair values, since they are short-term in nature. The amortised cost using effective interest rate (EIR) of other non-current financial assets consisting of security deposits are not significantly different from carrying amounts. 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.

No financial assets/liabilities have been valued using Level 1 & level 2 fair value measurements.

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

28 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.

(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.

Particulars	Less than 12 months	More than 12 months	Total
June 30, 2021			
Borrowings	-	11.89	11.89
Lease liabilities	1.75	-	1.75
Trade payables	36.75	-	36.75
Other financial liabilities	11.87	-	11.87
	50.37	11.89	62.26
March 31, 2021			
Borrowings	-	11.71	11.71
Lease liabilities	3.23	-	3.23
Trade payables	37.29	-	37.29
Other financial liabilities	15.09	-	15.09
	55.61	11.71	67.32
March 31, 2020			
Borrowings	7.72	-	7.72
Lease liabilities	4.14	2.68	6.82
Trade payables	35.07	-	35.07
Other financial liabilities	7.74	-	7.74
	54.67	2.68	57.35
March 31, 2019			
Borrowings	-	-	-
Lease liabilities	2.65	-	2.65
Trade payables	11.90	-	11.90
Other financial liabilities	0.70	-	0.70
	15.25	-	15.25

29 Capital management

The LLC's capital management is intended to create value for members by facilitating the meeting of long term and short term goals of the LLC.

The LLC determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and short-term bank borrowings/loans taken.

For the purpose of the LLC's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity shareholders of the LLC.

The LLC manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the LLC may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The LLC monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The LLC's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

Particulars	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Borrowings (Refer Note 11)				
Non-current	11.89	11.71	-	-
Current	-	-	7.72	-
Total Borrowings	**11.89**	**11.71**	7.72	-
Less: Cash and cash equivalents (Refer Note 7)	40.52	27.21	14.35	9.71
Total debts (A)	(28.63)	(15.50)	(6.63)	(9.71)
Equity share capital (Refer Note 10)	67.40	67.40	67.40	67.40
Other equity (Refer Note 10)	(44.36)	(69.93)	(86.21)	(39.60)
Total capital (B)	**23.05**	(2.53)	(18.81)	27.79
Capital and Borrowings C= (A+B)	**(5.60)**	**(18.03)**	(25.44)	18.08
Gearing ratio (%) D= (A/C)	511.25%	85.97%	26.06%	(53.71%)

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

30 Ratios

Particulars	June 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019	Variance % (June 2021 vs March 2021)	Variance % (March 2021 vs March 2020)	Variance % (March 2020 vs 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	1.34	0.98	0.56	2.60	Not applicable	75.00%	(78.46%)	-	Increase in trade payable as at March' 2020 as compared to March' 2019
Debt equity ratio	0.52	(4.63)	(0.41)	-	Not applicable	1029.27%	-	Reduction in equity due to loss for the year	Reduction in equity due to loss for the year
Debt service coverage ratio	1.96	0.41	(11.90)	-	Not applicable	(103.45%)	-	Improvement in EBITDA	Significant increase in debt as at March' 2020 as compared to March' 2019
Return on equity ratio	0.86	2.30	5.20	(1.82)	Not applicable	(56.27%)	(389.01%)	Improvement in profitability (decrease in loss) for the year as compared to previous year	Due to loss for the year, total equity is detoriorated
Trade receivable turnover ratio	2.18	6.19	8.89	6.36	Not applicable	(30.37%)	39.78%	-	-
Trade payables turnover ratio*	3.35	6.81	5.47	Not applicable	Not applicable	24.50%	-	-	-
Net capital turnover ratio	5.38	(97.40)	(6.83)	3.05	Not applicable	1326.06%	(323.93%)	Improvement in profitability (decrease in loss) for the year as compared to previous year	Due to loss for the year, total equity is detoriorated
Net profit ratio	0.16	(0.02)	(0.77)	(0.60)	Not applicable	(97.40%)	28.33%	Improvement due to achievement of economies of scale	Improvement due to achievement of economies of scale
Return on capital employed	0.59	(0.25)	5.98	(1.80)	Not applicable	(104.18%)	(432.22%)	Improvement in profitability (decrease in loss) for the year as compared to previous year	Due to loss for the year, total equity is detoriorated
Return on investment	0.49	(0.21)	(6.90)	(5.21)	Not applicable	(96.96%)	32.44%	Improvement in profitability (decrease in loss) for the year as compared to previous year	Improvement due to achievement of economies of scale

* The LLC has no trade payables as at 31 March 2019, hence trade payables turnover ratio as at 31 March 2019 is not computable.

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

i 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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Persuade Loyalty LLC

Persuade Loyalty LLC
Notes to the special purpose financial statements
(All amounts in Indian rupees millions, except as otherwise stated)

30 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	91.34	68.25	92.03	94.14	31.79	56.72	39.63	15.25
Debt equity ratio	Debt	Total Equity	11.89	23.04	11.71	(2.53)	7.72	(18.81)	-	27.80
Debt service coverage ratio	EBITDA	Debt (Borrowings)	23.34	11.89	4.82	11.71	(91.87)	7.72	(45.67)	-
Return on equity ratio	Profit for the period	Total Equity	19.92	23.04	(5.83)	(2.53)	(98.97)	(18.81)	(50.59)	27.80
Trade receivable turnover ratio	Revenue from operations	Average Trade Receivables	123.95	56.75	246.41	39.79	128.53	14.46	84.66	13.32
Trade payables turnover ratio	Revenue from operations	Average Trade Payables	123.95	37.02	246.41	36.18	128.53	23.49	84.66	9.35
Net capital turnover ratio	Revenue from operations	Total Equity	123.95	23.04	246.41	(2.53)	128.53	(18.81)	84.66	27.80
Net profit ratio	Profit for the period	Revenue from operations	19.92	123.95	(5.83)	246.41	(98.97)	128.53	(50.59)	84.66
Return on capital employed	Profit before tax and interest(EBIT)	Equity + Non current liabilities	20.72	34.93	(2.29)	9.18	(96.48)	(16.13)	(50.12)	27.80
Return on investment	Net profit	Current investments + Non current Investments + Other bank balances	19.92	40.52	(5.83)	27.21	(98.97)	14.35	(50.59)	9.71

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Notes to the special purpose financial statements
(All amounts in Indian rupees millions, except as otherwise stated)

31 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.

32 **Subsequent Events**
Pursuant to acquisition agreement dated September 01, 2021, the membership interests of Persuade Loyalty LLC was transferred to Capillary Pte Ltd, Singapore.

33 **Share Based Payments**

Particulars	Details
Name	Warrants and Units 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 and units to purchase 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 case of warrants

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 & units	Weighted average exercise price in $	Number of warrants & units	Weighted average exercise price in $	Number of warrants & units	Weighted average exercise price in $	Number of warrants & units	Weighted average exercise price in $
Outstanding at the beginning	10,28,179	$0.01	9,59,491	$0.01	6,48,991	$0.01	5,31,991	$0.01
Granted during the year/period	-	$0.01	68,688	$0.01	3,10,500	$0.01	1,57,000	$0.01
Forfeited/lapsed during the year/period	-	-	-	-	-	-	(30,000)	$0.01
Exercised during the year/period	-	-	-	-	-	-	(10,000)	$0.01
Outstanding at the end of the year/period	10,28,179	$0.01	10,28,179	$0.01	9,59,491	$0.01	6,48,991	$0.01
Exercisable at the end of the year/period	10,28,179		10,28,179		9,59,491		6,48,991	

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 (% p.a)*	1.27%	0.88%	1.82%	2.88%
2. Expected life of option (years)	9.17	9.72	9.87	9.45
3. Expected volatility(%)	32.09%	32.09%	32.09%	18.58%
4. Dividend Yield(%)	0.00%	0.00%	0.00%	0.00%

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

Expense recognised in statement of profit and loss
The expense recognised for employee services received during the year is shown in the following table :

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
Expense arising from equity settled share based payment transaction				
Employee benefit expenses	5.95	18.17	17.61	9.40
Professional and consultancy services	0.65	2.45	34.18	13.22

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

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

08 DEC 2021

For and on behalf of Persuade Loyalty LLC

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

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