INDEPENDENT AUDITOR'S REPORT

To The Partners of Cognition Digital LLP

1. Report on the Financial Statements

We have audited the accompanying Financial Statements of Cognition Digital LLP, which comprise the Balance Sheet as at 31st March, 2023, and the Statement of Profit and Loss and the Cash Flow Statement for the period ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the LLP in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility includes design, implementation and maintenance of adequate internal financial controls relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the LLP's preparation and fair presentation of the Financial 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the LLP as at 31st March, 2023;
b) In the case of the Profit and Loss Account, of the Loss for the period ended on that date and,
c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

5. Report on Other Legal and Regulatory Requirements

We Report that:

A. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
B. In our opinion, proper books of account as required by law have been kept by the LLP so far as it appears from our examination of those books.
C. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
D. In our opinion, the aforesaid financial statements comply with the Accounting Standards by the Institute of Chartered Accountants of India.

For Mukta Arvind & Associates,
Chartered Accountants
(FRN 018341N)

MUKTA AGGARWAL Digitally signed by MUKTA AGGARWAL Date: 2023.05.11 23:00:22 +05'30'

CA Mukta Aggarwal
proprietor
M No 500234

Place: Chandigarh
Dated: 11/05/2023

Cognition Digital LLP
Regd. Office: Haibatpur Road, Saddomajra, Derabassi,
District Mohali, Punjab-140507
LLPIN-AAL-2438, PAN no: AANFC0369D
Audited Statement of Assets and Liabilities

(Amount in Rupees unless stated otherwise)

Particulars	Note	**As at 31 March 2023**	**As at 31 March 2022**
ASSETS			
Non-current assets			
Property, plant and equipment	1	6,57,960	53,77,820
Deferred tax assets (net)	2	14,60,875	12,18,971
Other non-current assets	3	2,97,200	2,97,200
Total non-current assets		**24,16,035**	**68,93,991**
Current assets			
Financial assets			
- Trade receivables	4	1,61,52,771	3,43,09,815
- Cash and cash equivalents	5	42,49,245	41,38,232
- Other bank balances	6	3,06,81,632	6,49,230
- Other financial assets	7	6,47,825	30,503
Other current assets	8	2,70,013	7,22,964
Total current assets		**5,20,01,486**	**3,98,50,744**
Total Assets		**5,44,17,521**	**4,67,44,735**
EQUITY AND LIABILITIES			
Equity			
Partners capital	9	42,93,951	42,93,951
Reserve and surplus	10	4,36,01,529	3,63,17,787
Total equity		**4,78,95,480**	**4,06,11,738**
LIABILITIES			
Non-current liabilities			
Provisions	11	6,71,244	8,35,413
Total non-current liabilities		**6,71,244**	**8,35,413**
Current liabilities			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	12	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	12	10,02,150	4,65,789
- Other financial liabilities	13	5,41,918	4,67,972
Other current liabilities	14	9,73,674	12,30,746
Provisions	15	12,56,598	11,08,343
Current tax liabilities (net)	16	20,76,457	20,24,734
Total current liabilities		**58,50,797**	**52,97,584**
Total liabilities		**65,22,041**	**61,32,997**
Total Equity/ (Partner's contribution) and liabilities		**5,44,17,521**	**4,67,44,735**

Significant accounting policies 23
Notes to the Ind As financial statements 24-27
The accompanying notes form an integral part of the Ind AS financial statements
As per our report of even date attached

For **Mukta Arvind & Associates**
Chartered Accountants
Firm Registration No. (FRN 018341N)

MUKTA AGGARWAL Digitally signed by MUKTA AGGARWAL Date: 2023.05.11 22:50:07 +05'30'

Mukta Aggrawal
Proprietor
Membership No. : 500234
Place : Chandigarh
Dated:

For and on behalf of Cognition Digital LLP

Yashovardhan Saboo Digitally signed by Yashovardhan Saboo Date: 2023.05.11 22:47:19 +05'30'

Yashovardhan Saboo
`
Designated Partner
DPIN:00012158

Pranav Shankar Saboo Digitally signed by Pranav Shankar Saboo Date: 2023.05.11 22:48:31 +05'30'

Pranav S. Saboo
Designated Partner
DPIN:03391925

Cognition Digital LLP
Regd. Office: Haibatpur Road, Saddomajra, Derabassi,
District Mohali, Punjab-140507
LLPIN-AAL-2438, PAN no: AANFC0369D
Audited Statement of Profit and Loss

(All amounts in Rupees unless stated otherwise)

Particulars	**Note**	**Year ended 31 March 2023**	**Year ended 31 March 2022**
Revenue from operations	17	4,12,85,105	3,65,62,949
Other income	18	9,21,377	32,640
Total Income		**4,22,06,482**	**3,65,95,589**
EXPENSES			
Internet marketing expense	19	27,92,420	23,70,378
Employee benefits expense	20	1,73,82,862	1,62,91,970
Finance costs	21	2,39,298	2,72,145
Depreciation and amortization expense	1	10,52,415	9,68,312
Other expenses	22	93,17,998	66,97,364
Total expenses		**3,07,84,993**	**2,66,00,169**
Profit/(loss) before tax		**1,14,21,489**	**99,95,420**
Tax expense			
- Current tax charge		43,76,657	37,96,643
- Deferred tax charge/(credit)		(2,12,364)	(2,17,382)
-Tax expense for earlier years		(81,542)	(6,30,456)
Profit/(loss) for the year		**73,38,738**	**70,46,615**
Other comprehensive income/(expense)			
- Re-measurement of defined benefit (asset)/liability		(84,536)	(15,998)
- Re-measurement of defined benefit (asset)/liability		29,540	5,590
Total other comprehensive (expense)/ income for the year (net of income tax)		(54,996)	(10,408)
Total comprehensive income/(loss) for the year		**72,83,742**	**70,36,207**
Significant accounting policies	23		
Notes to the Ind As financial statements	24-27		

As per our report of even date attached

For **Mukta Arvind & Associates**
Chartered Accountants
Firm Registration No. (FRN 018341N)

MUKTA AGGARWAL Digitally signed by MUKTA AGGARWAL Date: 2023.05.11 22:50:30 +05'30'

Mukta Aggarwal
Proprietor
Membership No. : 500234

Place : Chandigarh
Dated :

For and on behalf of Cognition Digital LLP

Yashovardhan Saboo Digitally signed by Yashovardhan Saboo Date: 2023.05.11 22:47:35 +05'30'

Yashovardhan Saboo
(Nominee of Ethos Ltd.)
Designated Partner
DPIN:00012158

Pranav Shankar Saboo Digitally signed by Pranav Shankar Saboo Date: 2023.05.11 22:48:50 +05'30'

Pranav S. Saboo
Designated Partner
DPIN:03391925

Cognition Digital LLP
Regd. Office: Haibatpur Road, Saddomajra, Derabassi,
District Mohali, Punjab-140507
LLPIN-AAL-2438, PAN no: AANFC0369D
Audited Statement of Cash Flows

(All amounts in Rupees unless stated otherwise)

Particulars	**Year Ended 31 March 2023**	**Year Ended 31 March 2022**
(A) Cash flow from operating activities		
Net Profit/Loss Before extraordinary items and tax	1,14,21,489	99,95,420
Adjustment for :		
Depreciation and amortisation	10,52,415	9,68,312
Finance Cost	2,39,298	2,72,145
Profit on sale of Fixed assets	(82,554)	-
Interest Income	(7,23,430)	(32,640)
Operating Profit/ (Loss) before working capital changes	**1,19,07,218**	**1,12,03,237**
Changes in working Capital :		
Adjustment for (Increase)/ decrease in operating Assets		
(Increase) / decrease in trade receivable	1,81,57,045	(82,83,339)
(Increase) / decrease in Short-Term loans & advances	4,52,950	(3,66,389)
Adjustment for Increase/ (decrease) in operating Liabilities		
Increase / (decrease) in trade payables	5,36,361	(7,48,688)
Increase / (decrease) in current liabilities	(1,83,127)	1,43,169
Increase / (decrease) in short term provisions	1,99,979	(6,03,050)
Increase in provisions	(2,48,705)	(2,50,330)
Cash generated from operations	3,08,21,721	10,94,610
Net Income Tax (Paid)	(42,95,115)	(31,66,186)
Net cash from /(used in) operating activities (A)	**2,65,26,606**	**(20,71,576)**
(B) Cash flow from investing activities		
Capital expenditure for property, plant and equipment including capital advances	-	(52,53,465)
Proceeds from sale of property, plant and equipment	37,50,000	-
Interest received	1,06,108	71,515
Net Cash flow from / (used in) Investing activities (B)	**38,56,108**	**(51,81,950)**
(C) Cash flow from Financing Activities		
Interest expense paid	(2,39,299)	(2,72,144)
Net cash flow from/(Used in) investing activities (C)	**(2,39,299)**	**(2,72,144)**
(D) Net Increase/ (Decrease) in cash & cash equivalents (A+B+C)	**3,01,43,415**	**(75,25,670)**
(E) Cash and cash equivalents at the beginning of the year	**47,87,462**	**1,23,13,132**
(F) Cash and cash equivalents at the end of the year	**3,49,30,877**	**47,87,462**
Cash and Cash Equivalents include:		
Cash on hand	**42,49,245**	**41,38,232**
Other Bank balances	**3,06,81,632**	**6,49,230**
Cash and cash equivalents as per Note 4	**3,49,30,877**	**47,87,462**
Cash and cash equivalents in cash flow	**3,49,30,877**	**47,87,462**

Auditors' Report

As per our report of even date annexed

For **Mukta Arvind & Associates**

Chartered Accountants

Firm Registration No. (FRN 018341N)

MUKTA AGGARWAL Digitally signed by MUKTA AGGARWAL Date: 2023.05.11 22:50:47 +05'30'

Mukta Aggarwal
Proprietor
Membership No. : 500234
Place : Chandigarh
Dated :

For and on behalf of Cognition Digital LLP

Yashovardhan Saboo Digitally signed by Yashovardhan Saboo Date: 2023.05.11 22:47:51 +05'30'

Yashovardhan Saboo
(Nominee of Ethos Ltd.)
Designated Partner
DPIN:00012158

Pranav Shankar Saboo Digitally signed by Pranav Shankar Saboo Date: 2023.05.11 22:49:11 +05'30'

Pranav S. Saboo
Designated Partner
DPIN:03391925

Cognition Digital LLP
Regd. Office: Haibatpur Road, Saddomajra, Derabassi,
District Mohali, Punjab-140507
LLPIN-AAL-2438, PAN no: AANFC0369D
Notes to audited Financial Statements

(All amounts in Rupees unless stated otherwise)

1. Property, Plant and Equipment

A.	Tangible assets	Gross block				Accumulated depreciation, amortisation and impairment				Net block	
		Balance as at 01 April 2022	Additions	Disposals	Balance as at 31 March 2023	Balance as at 01 April 2022	Depreciation / amortisation for the year	Eliminated on disposal of assets	Balance as at 31 March 2023	Balance as at 31 March 2023	Balance as at 31 March 2022
	(a) Computers and data Processing units										
	Owned - Computer & Peripherals	1,33,196	-	-	1,33,196	1,17,705	4,189	-	1,21,894	11,302	15,490
	(b) Furniture and Fixtures										
	Owned	26,84,980	-	-	26,84,980	17,08,423	6,42,525	-	23,50,948	3,34,032	9,76,557
	(c) Office equipment	8,28,780	-	-	8,28,780	4,73,124	43,030	-	5,16,154	3,12,626	3,55,656
	(d) Motor vehicle	44,98,400	-	44,98,400	-	4,68,283	3,62,671	(8,30,954)	-	-	40,30,117
	Total	**81,45,356**	**-**	**44,98,400**	**36,46,956**	**27,67,536**	**10,52,415**	**(8,30,954)**	**29,88,996**	**6,57,960**	**53,77,820**
	Previous year (31.03.2022)	**28,91,891**	**52,53,465**	**-**	**81,45,356**	**17,99,223**	**9,68,312**	**-**	**27,67,536**	**53,77,820**	**10,92,668**

B.	Depreciation and amortisation relating to continuing operations:		
	Particulars	**For the year ended 31 March 2023**	**For the year ended 31 March 2022**
		Rs	**Rs**
	Depreciation and amortisation for the year on tangible assets	10,52,415	9,68,312
	Depreciation and amortisation relating to continuing operations	**10,52,415**	**9,68,312**

Cognition Digital LLP
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LLPIN-AAL-2438, PAN no: AANFC0369D
Notes to audited Financial Statements

(All amounts in Rupees unless stated otherwise)

Particulars	As at 31 March 2023	As at 31 March 2022
2. Deferred tax assets		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	14,60,875	12,18,971
Total	**14,60,875**	**12,18,971**
3. Other Non-Current Assets		
Income tax refundable (FY 2020-21)	2,97,200	2,97,200
Total	**2,97,200**	**2,97,200**
4. Trade receivables		
Related parties (Refer to Note No. 24.2 & 24.5)	1,61,52,771	3,43,09,815
Total	**1,61,52,771**	**3,43,09,815**

For the year ending March 31, 2023	Outstanding for the following periods from the due date of payment:					
	Less than 6 month	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables-considered good	1,61,52,771	-	-	-	-	1,61,52,771
	1,61,52,771	**-**	**-**	**-**	**-**	**1,61,52,771**

For the year ending March 31, 2022	Outstanding for the following periods from the due date of payment:					
	Less than 6 month	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables-considered good	3,43,09,815	-	-	-	-	3,43,09,815
	3,43,09,815	**-**	**-**	**-**	**-**	**3,43,09,815**

Particulars	As at 31 March 2023	As at 31 March 2022
5. Cash and cash equivalents		
Balance with IDBI Bank Ltd	39,27,970	33,67,908
Balance with HDFC Bank Ltd	3,21,275	7,70,324
Total	**42,49,245**	**41,38,232**
6. Other Bank balances		
FD with HDFC Bank Ltd (Refer note below)	3,06,81,632	6,49,230
Note: FD include restricted bank deposits amounting to Rs. 6,81,632 on account of deposits pledged as security againt credit card limit.		
Total	**3,06,81,632**	**6,49,230**
7. Other Financial Assets		
Interest receivable	6,47,825	30,503
Total	**6,47,825**	**30,503**
8. Other current assets		
CGST and UTGST input credit receivable	-	3,326
Impress account	2,19,513	5,11,238
Security deposit	-	2,07,900
Advance to Sundry Creditors	50,500	500
Total	**2,70,013**	**7,22,964**

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District Mohali, Punjab-140507
LLPIN-AAL-2438, PAN no: AANFC0369D
Notes to audited Financial Statements

9. Partners capital	42,93,951	42,93,951
Total	**42,93,951**	**42,93,951**
10. Reserve and Surplus	3,63,17,787	2,92,81,580
Add : Profit/Loss for the period	72,83,742	70,36,207
Total	**4,36,01,529**	**3,63,17,787**
11. Provisions (Non- current)		
Provision for gratuity	6,71,244	8,35,413
Total	**6,71,244**	**8,35,413**
12. Trade payables		
Others (Refer to Note No. 24.3)	10,02,150	4,65,789
Total	**10,02,150**	**4,65,789**

For the year ending March 31, 2023	Outstanding for the following periods from the due date of payment:				
	Less Than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	9,97,760	4,390	-	-	10,02,150
(iv) Disputed dues- (MSMEs)	-	-	-	-	-
(v) Disputed dues- (Others)	-	-	-	-	-
	9,97,760	**4,390**	**-**	**-**	**10,02,150**

For the year ending March 31, 2022	Outstanding for the following periods from the due date of payment:				
	Less Than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	4,47,789	18,000	-	-	4,65,789
(iv) Disputed dues- (MSMEs)	-	-	-	-	-
(v) Disputed dues- (Others)	-	-	-	-	-
	4,47,789	**18,000**	**-**	**-**	**4,65,789**

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
13. Other financial liabilities		
Salary payable	4,32,658	4,47,742
Imprest account	1,09,260	20,230
Total	**5,41,918**	**4,67,972**
14. Other current liabilities		
Other payables :		
TDS payable	3,58,679	2,57,563
Interest payable- Others	1,59,021	1,41,545
Incentive payable	-	4,10,400
CGST/IGST	3,92,374	2,98,332
IGST/CGST/UTGST (Delhi)	-	69,266
EPF/EPS payable	63,600	53,640
Total	**9,73,674**	**12,30,746**
15. Provisions (Current)		
Provision for leave encashment	10,97,952	9,85,553
Provision for gratuity	1,58,646	1,22,790
Total	**12,56,598**	**11,08,343**
16. Current tax liabilities (net)		
Provision for Income tax	20,76,457	20,24,734
Total	**20,76,457**	**20,24,734**

Cognition Digital LLP
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District Mohali, Punjab-140507
LLPIN-AAL-2438, PAN no: AANFC0369D
Notes to audited Financial Statements

(All amounts in Rupees unless stated otherwise)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2023
17. Revenue from operations		
Marketing support/brand promotion services	4,12,85,105	3,65,62,949
	4,12,85,105	**3,65,62,949**
18. Other income		
Interest Income	7,23,430	32,640
Liability no longer required written back	1,15,393	-
Profit on sales of assets	82,554	
	9,21,377	**32,640**
19. Internet marketing expense		
Search optimization and mktg and social media expense	27,82,420	23,60,378
Business support services	10,000	10,000
	27,92,420	**23,70,378**
20. Employee benefit expense		
Salaries	1,50,55,348	1,38,13,846
Employers' contribution to PF/EPS	3,52,800	3,58,980
Admn. Charges (EPF)	14,700	14,958
Contribution to EDLI	5,400	5,568
Attire allowance	1,00,000	1,13,678
Gratuity Expenses	1,87,151	1,72,460
Gratuity premium	6,313	7,461
Ex-gratia	16,800	2,29,700
Incentive	11,23,200	10,51,252
Leave encashment	1,12,399	1,41,159
Staff welfare	4,08,751	3,82,908
	1,73,82,862	**1,62,91,970**
21. Finance Costs		
Interest charges	6,546	40,718
Interest on Income tax	2,32,752	2,31,427
	2,39,298	**2,72,145**
22. Other expenses		
Audit Fee	60,000	60,000
Books & Periodicals	35,299	5,185
Internet expenses	1,32,113	1,32,059
Insurance expenses	74,239	-
License & Filing Fee	3,650	500
Legal & Professional charges & retainership	11,87,766	6,58,733
Bank Charges	649	150
Software expense	2,000	-
Electricity & power expense	39,568	44,144
Rent	17,55,900	21,02,400
Repair & maintenance	6,694	4,63,089
CAM	1,36,013	2,21,760
Travelling and conveyance expense	54,96,674	21,76,680
Vehicle running & Maintenance	1,03,999	-
Telephone expenses	1,25,657	1,12,233
Misc. office expense	99,224	1,44,320
Business promotion expense	56,793	1,56,152
Printing & Stationery expense	1,760	5,951
Gift expenses	-	28,305
Postage and courier	-	250
Event marketing expense	-	3,85,454
Total	**93,17,998**	**66,97,364**

23. Significant accounting policies

Corporate Information

Cognition Digital LLP, is a limited liability partnership firm domiciled in India and was incorporated on November 24, 2017 under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Plot No. 3, Sector III, Parwanoo, Himachal Pradesh.

Information on the Firm's structure is provided in Note 2.2. Information on other related party relationships of the Firm is provided in Note 38.

The Ind AS financial statements were approved for issue in accordance with a resolution of the partners on May 11, 2023.

Basis of preparation

These of the firm have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under Section 133 of Companies Act, 2013, (the 'Act') and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III).
The accounting policies have been consistently applied 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 financial statements provide comparative information in respect of the corresponding previous period.

The functional currency of the firm is the Indian rupee. The financial statements is presented in Indian rupees.

Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The firm have prepared the financial statements on the basis that they will continue to operate as a going concern.

Summary of significant accounting policies

a. Current versus non-current classification

The Firm presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:
- Expected to be 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.

The Firm classifies all other liabilities as non-current.

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

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

b. Property, plant and equipment ('PPE')

Recognition and measurement

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost of acquisition or construction which includes capitalised finance costs less accumulated depreciation and accumulated impairment loss, if any.

Recognition criteria

The cost of an item of property, plant and equipment is recognised as an asset if and only if,
- It is probable that future economic benefits associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date, net of accumulated impairment loss, if any. Advances paid towards acquisition of PPE outstanding at each balance sheet date, are shown under other non-current assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Firm and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised.

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the statement of profit and loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate Affairs except for office equipments being mobile phones which are depreciated over the estimated life of two years from the date of capitalization on the basis of internal evaluation by the management.

On an item of property, plant and equipment discarded during the year, accelerated depreciation is provided upto the date on which such item of property, plant and equipment is discarded.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e from (upto) the date on which asset is ready for use (disposed of).

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use and disposal. Any gain or loss arising on derecognition of the asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

c. Retirement and other employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages, short term compensated absences and bonus etc., if the Firm has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits
Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Firm makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Firm's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the Life Insurance Corporation of India ('LIC'). The Firm's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). Remeasurements are not reclassified to profit or loss in subsequent periods. The Firm determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit or loss. The Firm recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Compensated absences

The Firm's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise. The Firm presents the leave liability as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Firm has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

d. Provisions

A provision is recognised if, as a result of a past event, the Firm has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future losses are not provided for.

e. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

f. Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

g. **Revenue from contract with customers**

The Firm earns revenue primarily from retail brand promotions and marketing & support services.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration the Firm expects to receive in exchange for those products or services. To recognize revenues, the Firm applies the following five step approach:
1) identify the contract with a customer,
2) identify the performance obligations in the contract,
3) determine the transaction price,
4) allocate the transaction price to the performance obligations in the contract, and
5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Firm assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Firm applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Firm allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Firm is unable to determine the stand-alone selling price the Firm uses third-party prices for similar deliverables or the Firm uses expected cost plus margin approach in estimating the stand-alone selling price.

The method for recognizing revenues and costs depends on the nature of the services rendered.

Sale of services
Revenue from services rendered is recognised in profit or loss as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes at the time of completion of service.

Contract balances

Trade Receivable

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 Section of Financial instruments – initial recognition and subsequent measurement.

h. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

i. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Firm in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j. Taxes

Income tax expenses comprises of current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized 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 Firm 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting 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 utilised. 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.

In assessing the recoverability of deferred tax assets, the Firm relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

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 reporting 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Firm offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax liabilities and assets and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authorities.

Sales tax/Goods and Service Tax (GST) paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales tax / GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

k. 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

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Firm's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Firm has applied the practical expedient, all financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Firm has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (l) 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 Firm'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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Firm commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instrument at FVPL
FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Firm may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at

FVPL. However, such adoption is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Firm may make an irrevocable adoption to present in other comprehensive income subsequent changes in the fair value. The Firm makes such adoption on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Profit or Loss.

Impairment of financial assets
The Firm recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Firm assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Firm on terms that the Firm would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Firm measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 months expected credit losses:
- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Firm is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Firm considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Firm's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Firm in accordance with the contract and the cash flow that the Firm expects to receive).

Presentation of allowance for expected credit losses in the balance sheet
Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Firm determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Firm's procedure for recovery of amounts due.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a firm of similar financial assets) is primarily derecognized (i.e., removed from the Firm's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Firm 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 Firm has transferred substantially all the risks and rewards of the asset, or (b) the Firm has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Firm 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 Firm continues to recognise the transferred asset to the extent of the Firm's continuing involvement. In that case, the Firm 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 Firm has retained.

Financial liabilities

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 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 Firms's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Derecognition of financial liabilities
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.

Derivative financial instruments
The Firm uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

l. Impairment of non-financial assets

The Firm's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash flows are firmed together into cash generating units (CGUs). Each CGU represents the smallest firm of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

The Firm's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

m. Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Firm at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. The financial statements are presented in INR, which is also the Parent Company's functional currency. Functional currency is the currency of the primary economic environment in which the Firm operates and is normally the currency in which the Firm primarily generates and expends cash.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

n. Operating segments

An operating segment is a component of the Firm that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Firm's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Firm's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

o. 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 Firm's cash management.

p. Cash flow statement

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

q. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r. Measurement of fair values

The Firm measures financial instruments, such as, derivatives at fair value at each balance sheet date.
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

The principal or the most advantageous market must be accessible by the Firm.
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 Firm uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 Firm 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 Firm 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.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes

23.1 Changes in accounting policies and disclosures

New and amended standards

- Proceeds before Intended Use – Amendments to Ind AS 16 (Property, Plant and Equipment): The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

- Fees in the '10 per cent' test for derecognition of financial liabilities - Ind AS 109 Financial Instruments: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

All aforesaid amendments had no impact on the financial statement of the Firm for the year ended March 31, 2023.

Significant accounting judgements, estimates and assumptions

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2023 is included in the following notes:

Defined benefit plans

The present value of the gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, and gratuity increases are based on expected future inflation rates for the respective countries.

a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Firm establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies. Refer Note 2.2 (o) and 9 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

b) Useful life of Property, plant and equipment and intangibles: The management estimates the useful life and residual value of property, plant and equipment and other intangible assets. These assumptions are reviewed at each reporting date.

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(All amounts in Rupees unless stated otherwise)

24.1 Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities:

a. The LLP does not have any capital commitment as outstanding and there is no contingent liability.

b. In the opinion of the Partners, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount considered reasonable.

c. Debit and credit balances in the accounts of the parties are subject to confirmation and reconciliation except Ethos Ltd and KDDL Limited.

d. Provision for leave encashment have been made based on the actuarial valuation report as on 31.03.2023

24.2 Related Party Disclosure

I) Related parties and nature of related party relationship, where control exists :

Description of Relationship	Name of the Party
Holding company	Ethos Ltd
Ultimate Parent Company	KDDL Limited

II) Partners

- Ethos Ltd
- Mr. Pranav S. Saboo

III) Transactions with related party

Nature of Transaction	**31 March 2023**	**31 March 2022**
	Rs.	Rs.
a)Marketing support services provided		
Ethos Ltd	4,12,85,105	3,65,62,949
b) Reimbursement of Expenses incurred on behalf of Cognition Digital LLP		
-Ethos Ltd	1,56,54,376	96,36,160
- KDDL Limited	70,800	70,800

IV) Outstanding Balance at year end with related parties

Particulars	**31 March 2023**	**31 March 2022**
Receivables :		
- Ethos Ltd	1,61,52,771	3,43,09,815

24.3 Expenditure in Foreign Currency

Particulars	**31 March 2023**	**31 March 2022**
i) Earning in Foreign Exchange	-	-
ii) Expenditure in Foreign Exchange	52,84,676	11,23,597

24.4 Ratios

Ratios	Numerator	Denominator	**31 March 2023**	**31 March 2022**	**% change over the period**
Current Ratio (Note -1)	Current Assets	Current Liabilities	8.89	7.52	18.15
Debt-Equity ratio	Total Debts	Shareholders Equity	0.00	0.00	0.00
Debt service coverage ratio	Net profit before tax+non-cash OE+F	Interest + Prinicipal Repayment	N/A	N/A	0.00
Return on equity ratio (%)	Net profit after Taxes	Average Share holders Equity	16.46	18.97	(13.23)
Inventory turnover ratio	Cost of Goods sold	Average Inventory	N/A	N/A	0.00
Trade receivables turnover ratio (Note-1)	Net Sales	average Trade receivables	1.64	1.21	35.01
Trade payables turnover ratio (Note- 2)	Net Purchase	Average Trade payable	3.80	2.82	34.84
Net capital turnover ratio (Note 3)	Net Sales	WC= Current assets- current Liabilities	0.89	1.06	(15.46)
Net profit ratio (%) (Note -3)	Net profit after Tax	Net Sales	17.64	19.24	(8.32)
Return on capital employed (%)	Earnin g before	Capital employed=Total Assets-CL+Total Debts+Deferred Tax Liability	24.01	24.77	(3.08)
Return on investment (%)	Profit before tax	Total assets	20.99	21.38	(1.84)

24.5 Previous year figures have been regrouped and/or rearranged to make them comparable.

(All amounts in Rupees unless stated otherwise)

25. Tax expense

	Year ended 31 March 2023	Year ended 31 March 2022
a) Income tax recognised in statement of profit and loss		
-Current tax	43,76,657	37,96,643
-Deferred tax	(2,12,364)	(2,17,382)
-Changes in estimates related to prior year	(81,542)	(6,30,456)
Total tax expense recognised in the current year	40,82,751	29,48,805

The above tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Profit before tax	**1,14,21,489**	**97,03,758**
Tax at the Indian tax rate of 34.94% (previous year 34.94%)	39,91,125	34,92,800
Effect of expenses that are not deductible in determining taxable profit	5,14,093	5,37,404
Effect of expenses that are deductible in determining taxable profit	(1,28,561)	(2,33,561)
Effect of tax (benefit) / expense pertaining to prior year	(81,542)	(6,30,456)
Others	(2,12,364)	(2,17,382)
Income tax expenses recognised in statement of profit and loss	40,82,751	29,48,805

The tax rate used for the current year reconciliation above is the corporate tax rate of 34.94% (previous year 34.94%) payable by LLP in India on taxable profits under the Indian tax law.

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(All amounts in Rupees unless stated otherwise)

26. Financial instruments - fair values and risk management

I.

Financial instruments by category and fair values	Note	Level of hierarchy	As at 31 March 2023			As at 31 March 2022		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
Financial assets								
Non-current								
			-		-		-	-
Current								
Trade receivables	(a)		-	1,61,52,771	-	-	3,43,09,815	-
Cash and cash equivalents	(a)		-	42,49,245	-	-	41,38,232	-
Other bank balances	(a)		-	3,06,81,632	-	-	6,49,230	-
Other financial assets	(a)		-	6,47,825	-	-	30,503	
Other current assets	(a)		-	2,70,013		-	7,22,964	-
Total			**-**	**5,20,01,486**	**-**	**-**	**3,98,50,744**	**-**
Financial liabilities								
Non-current								
Current								
Trade payables	(a)		-	10,02,150	-	-	4,65,789	-
Other financial liabilities				5,41,918			4,67,972	
-Other Current Liabilities	(a)		-	22,30,272	-	-	23,39,089	-
-Current tax Liabilities	(a)		-	20,76,457	-	-	20,24,734	-
Total			**-**	**58,50,797**		**-**	**52,97,584**	

Note:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2022 and 31 March 2023.

(All amounts in Rupees unless stated otherwise)

II. Financial risk management

(i) *Risk management framework*

The Firms' Partners have overall responsibility for the establishment and oversight of the Firm's risk management framework. The Firm's risk management policies are established to identify and analyse the risk faced by the Firm, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Firm's activities. The Firm, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

ii) *Credit risk*

Credit risk is the risk of financial loss to the Firm if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Firm's receivable from customers and loans.

Trade receivables and Loans

The Firm is into the business of providing digital marketing services and has major exposure to the holding company only. There the credit risk is minimal.

Cash and cash equivalents(Incl. Bank balances)

The Firm holds cash and cash equivalents of Rs. 42,49,245 at 31 March 2023 (31 March 2022: Rs. 41,38,232). The cash and cash equivalents are held with scheduled banks.

ii) *Liquidity risk*

Liquidity risk is the risk that the Firm will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Firm's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Firm's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

27 Segment information

The Firm is primarily engaged in the business of providing digital marketing services within India and outside India.

Auditors' Report
As per our report of even date annexed
For Mukta Arvind & Associates
Chartered Accountants
(FRN 018341N)

MUKTA AGGARWAL Digitally signed by MUKTA AGGARWAL Date: 2023.05.11 22:51:05 +05'30'

Mukta Aggarwal
Proprietor
Membership no. 500234
Place: Chandigarh
Dated:

For and on behalf of Cognition Digital LLP

Yashovardhan Saboo Digitally signed by Yashovardhan Saboo Date: 2023.05.11 22:46:56 +05'30'

Yashovardhan Saboo
(Nominee of Ethos Ltd.)
Designated Partner
DPIN:00012158

Pranav Shankar Saboo Digitally signed by Pranav Shankar Saboo Date: 2023.05.11 22:49:27 +05'30'

Pranav S. Saboo
Designated Partner
DPIN:03391925