



UDIN:- 20091661AAAAA07539

Cognition Digital LLP

Regd. Office: Haibatpur Road, Saddomajra, Derabassi,

District Mohali, Punjab-140507

LLPIN-AAL-2438, PAN no: AANFC0369D

Balance Sheet as at 31 Mar 2020

(Amount in Rupees unless stated otherwise)

| Particulars | Note | As at 31 March 2020 (Audited) | As at 31 March 2019 (Audited) |
|--|-------|----------------------------------|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1 | 15,16,687 | 20,40,293 |
| Capital work-in-progress | | - | - |
| Income tax assets (net) | 2 | - | - |
| Deferred tax assets (net) | 3 | 6,45,812 | 1,47,878 |
| Other non-current assets | | - | - |
| Total non-current assets | | 21,62,499 | 21,88,171 |
| Current assets | | | |
| Inventories | | - | - |
| Financial assets | | | |
| - Trade receivables | 4 | 2,90,83,405 | 2,92,24,272 |
| - Cash and cash equivalents | | - | - |
| - Other bank balances | 5 | 21,79,156 | 28,21,130 |
| - Loans | | - | - |
| - Other financial assets | | - | - |
| Other current assets | 6 | 24,02,317 | 24,67,477 |
| Total current assets | | 3,36,64,878 | 3,45,12,880 |
| Total Assets | | 3,58,27,377 | 3,67,01,051 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Partners' capital contribution | 7 | 2,77,44,610 | 2,60,04,107 |
| Other equity | | - | - |
| Total equity | | 2,77,44,610 | 2,60,04,107 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | | - | - |
| Provisions | 8 | 10,95,726 | - |
| Total non-current liabilities | | 10,95,726 | - |
| Current liabilities | | | |
| Trade payables | | | |
| - total outstanding dues of micro enterprises and small enterprises | | - | - |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 9 | 1,39,689 | 62,83,597 |
| - Other financial liabilities | | - | - |
| Other current liabilities | 10 | 30,47,808 | 11,52,476 |
| Provisions | | - | - |
| Current tax liabilities (net) | 11 | 37,99,545 | 32,60,870 |
| Total current liabilities | | 69,87,041 | 1,06,96,944 |
| Total liabilities | | 80,82,767 | 1,06,96,944 |
| Total Equity/ (Partner's contribution) and liabilities | | 3,58,27,377 | 3,67,01,051 |
| Significant accounting policies | 18 | | |
| Notes to the Ind As financial statements | 19-22 | | |
| 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)

Chartered Accountants

Arvind Singla

Partner

Membership No. : 091661

Place : *Chandigarh*

Dated: *25/06/2020*

For and on behalf of

Cognition Digital LLP

Saboo

Yashovardhan Saboo

(Nominee of Ethos Ltd.)

Designated Partner

DPIN:00012158

Saboo

Designated Partner

DPIN:03391925

Saboo

Wheeler

Cognition Digital LLP

Regd. Office: Haibatpur Road, Saddomajra, Derabassi,

District Mohali, Punjab-140507

LLPIN-AAL-2438, PAN no: AANFC0369D

Statement of Profit and Loss for the period ended 31 Mar 2020

(Amount in Rupees unless stated otherwise)

| Particulars | Note | Period ended 31 March 2020 | Year ended 31 March 2019 |
|--|-------|----------------------------|--------------------------|
| | | Audited | Audited |
| Revenue from operations | 12 | 8,02,80,854 | 8,71,88,371 |
| Other income | 13 | 7,80,632 | - |
| Total Income | | 8,10,61,486 | 8,71,88,371 |
| EXPENSES | | | |
| Purchase of stock-in-trade | | - | - |
| Changes in inventory of stock-in-trade | | - | - |
| Internet marketing expense | 14 | 3,21,26,166 | 4,01,91,076 |
| Employee benefits expense | 15 | 1,57,39,711 | 98,61,862 |
| Finance costs | 16 | 4,60,255 | 5,72,299 |
| Depreciation and amortization expense | 1 | 6,21,617 | 7,18,402 |
| Other expenses | 17 | 27,32,531 | 21,46,024 |
| Total expenses | | 5,16,80,280 | 5,34,89,662 |
| | | 2,93,81,206 | 3,36,98,709 |
| Profit/(loss) before tax | | 2,93,81,206 | 3,36,98,709 |
| Tax expense | | | |
| - Current tax charge | | 1,09,17,168 | 1,21,13,230 |
| - Deferred tax charge/(credit) | | (4,97,934) | (1,47,878) |
| -Tax expense for earlier years | | (78,531) | - |
| Profit/(loss) for the year | | 1,90,40,503 | 2,17,33,357 |
| Significant accounting policies | 18 | | |
| Notes to the Ind As financial statements | 19-22 | | |

As per our report of even date attached

For **Mukta Arvind & Associates**
Chartered Accountants
Firm Registration No. (FRN 018341N)
Chartered
Accountants
Arvind Singla
Partner ☆
Membership No. : 091661

Place :

Dated :

Chandigarh
25/06/2020

For and on behalf of
Cognition Digital LLP

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

Pranav S. Saboo

Designated Partner
DPIN:03391925

Wheeler

COGNITION DIGITAL LLP
 Regd. Office: Haibatpur Road, Saddomajra, Derabassi,
 District Mohali, Punjab-140507
 LLPIN-AAL-2438, PAN no: AANFC0369D
 Notes to the financial statement for the period ended 31 Mar,2020
 I. Property, Plant and Equipment

In (Rupees)

| A. Tangible assets | Gross block | | | Accumulated depreciation, amortisation and impairment | | | Net block | |
|---|--------------------------------|-----------------|-----------------|---|--|--|--------------------------------|---------------------------------|
| | Balance as at 1.04. 2019 Rs | Additions Rs | Disposals Rs | Balance as at 1.04. 2019 Rs | Depreciation / amortisation for the year Rs | Eliminated on disposal of assets Rs | Balance as at 31.03.2020 Rs | Balance as at 31.03. 2019 Rs |
| (a) Computers and data Processing units | 0 | 98011 | - | 0 | 39161 | - | 39161 | 58850 |
| Owned - Computer & Peripherals | | | | | | | | |
| (b) Furniture and Fixtures | 2371790 | 0 | - | 614208 | 455038 | - | 1069246 | 1302544 |
| Owned | 386905 | 0 | - | 104194 | 127418 | - | 231612 | 155293 |
| (c) Office equipment | | | | | | | | |
| Total | 2758695 | 98011 | - | 718402 | 621617 | 0 | 1340019 | 1516687 |
| Previous year (31.03.2019) | | 2758695 | - | 0 | 718402 | - | 718402 | 2040293 |

| B. Depreciation and amortisation relating to continuing operations: Particulars | For the year ended 31st Mar, 2020 | | For the year ended 31st March, 2019 | |
|--|-----------------------------------|---------------|-------------------------------------|---------------|
| | Rs | Rs | Rs | Rs |
| Depreciation and amortisation for the year on tangible assets | 621617 | - | 718402 | - |
| Depreciation and amortisation for the year on intangible assets | - | - | - | - |
| Depreciation and amortisation relating to continuing operations | 621617 | 621617 | 718402 | 718402 |



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LLPIN-AAL-2438, PAN no: AANFC0369D

| Notes to the financial statement for the period ended 31 Mar, 2020 | | In (Rupees) | |
|--|----------------------|------------------------|-------------|
| Particulars | As at 31st Mar, 2020 | As at 31st March, 2019 | |
| | Rs | Rs | |
| 2. Income tax assets (net) | | | |
| Advance income tax (FY 2019-20) | - | | - |
| Total | - | | - |
| 3. Deferred tax assets | | | |
| <u>Tax effect of items constituting deferred tax liability</u> | | | - |
| On difference between book balance and tax balance of fixed assets | 6,45,812 | | 1,47,878 |
| Total | 6,45,812 | | 1,47,878 |
| 4. Trade receivables | | | |
| Related parties (Refer to Note No. 19.2) | 2,90,83,405 | | 1,75,54,647 |
| Others | - | | 1,16,69,625 |
| Total | 2,90,83,405 | | 2,92,24,272 |
| 5. Other Bank balances | | | |
| Balance with IDBI Bank Ltd | 4,29,592 | | 27,96,130 |
| Balance with HDFC Bank Ltd | 49,564 | | 25,000 |
| FD with HDFC Bank Ltd | 17,00,000 | | - |
| Total | 21,79,156 | | 28,21,130 |
| 6. Other current assets | | | |
| IGST input credit (CHD) | 21,75,886 | | 1,47,681 |
| CGST credit (CHD) | 3,777 | | 11,55,185 |
| UTGST credit (CHD) | 3,777 | | 11,55,187 |
| CGST, UTGST and IGST input credit (delhi Office) | 1,10,860 | | - |
| CGST and UTGST input credit receivable | - | | 9,424 |
| Interest receivable | 1,08,017 | | - |
| Imprest account | - | | - |
| Total | 24,02,317 | | 24,67,477 |
| 7. Partner's capital contribution | | | |
| Ethos Ltd | 2,60,03,890 | | 42,70,751 |
| Less : Profit distributed during the year | 1,73,00,000 | | - |
| Add : Profit/Loss for the period | 1,90,40,313 | | 2,17,33,139 |
| | 2,77,44,203 | | 2,60,03,890 |
| Pranav S. Saboo | 217 | | - |
| Add : Profit/Loss for the period | 190 | | 217 |
| Sub total | 407 | | 217 |
| Total | 2,77,44,610 | | 2,60,04,107 |
| 8. Provisions | | | |
| Provision for gratuity | - | | - |
| Provision for leave encashment | 10,95,726 | | - |
| Total | 10,95,726 | | - |
| 9. Trade payables | | | |
| Related Party | 1,13,771 | | 62,70,212 |
| Others | 25,917 | | 13,385 |
| Total | 1,39,688 | | 62,83,597 |
| 10. Other current liabilities | | | |
| Other payables : | | | |
| Audit fee | 27,000 | | 30,000 |
| TDS payable | 4,63,044 | | 10,92,974 |
| Expense payable | - | | 29,502 |
| Provision for expenses | 12,88,113 | | - |
| Interest payable | 4,35,742 | | - |
| CGST | - | | - |
| UTGST | - | | - |
| IGST | - | | - |
| EPF/EPS payable | 69,473 | | - |
| Labour welfare fund | 70 | | - |
| Salary payable | 6,09,047 | | - |
| Imprest account | 1,52,429 | | - |
| PM care Fund | 2,890 | | - |
| Total | 30,47,808 | | 11,52,476 |
| 11. Current tax liabilities (net) | | | |
| Provision for Income tax | 37,99,545 | | 32,60,870 |
| Total | 37,99,545 | | 32,60,870 |

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LLPIN-AAL-2438, PAN no: AANFC0369D

| Notes to the financial statement for the period ended 31 Mar,2020 | | |
|---|----------------------|----------------------|
| Particulars | In (Rupees) | |
| | As at 31st Mar, 2020 | As at 31st Mar, 2019 |
| | Rs | Rs |
| 12. Revenue from operations | | |
| Marketing support services | 8,02,80,854 | 8,71,88,371 |
| | 8,02,80,854 | 8,71,88,371 |
| 13. Other income | | |
| Foreign exchange gain | 6,60,613 | - |
| Interest Income | 1,20,019 | - |
| | 7,80,632 | - |
| 14. Internet marketing expense | | |
| Search optimization and mktg and social media expense | 3,19,83,501 | 4,01,91,076 |
| Business support services | 1,42,665 | - |
| | 3,21,26,166 | 4,01,91,076 |
| 15. Employee benefit expense | | |
| Salaries | 1,21,82,420 | 98,61,862 |
| Employers' contribution to PF/EPS | 4,05,521 | - |
| Admn. Charges (EPF) | 15,432 | - |
| Contribution to EDLI | 7,012 | - |
| Attire allowance | 74,454 | - |
| Gratuity Expenses | 50,000 | - |
| Ex-gratia | 1,81,207 | - |
| Incentive | 16,13,284 | - |
| Leave encashment | 12,10,381 | - |
| | 1,57,39,711 | 98,61,862 |
| 16. Finance Costs | | |
| Interest charges | - | 29,502 |
| Interest on delay of deposit of Income tax | 4,60,255 | 5,42,797 |
| | 4,60,255 | 5,72,299 |
| 17. Other expenses | | |
| Audit Fee | 60,000 | 30,000 |
| Advertising expenses | 5,760 | - |
| Books & Periodicals | 2,150 | - |
| Food & beverages | 72,777 | - |
| Internet expenses | 39,223 | - |
| License & Filing Fee | 9,066 | 3,501 |
| Legal & Professional charges | 40,000 | 15,000 |
| Bank Charges | 3,147 | 2,905 |
| Software expense | 2,000 | 4,500 |
| Electricity & power expense | 75,986 | 1,44,159 |
| Rent | 10,03,117 | 7,95,853 |
| Repair & maintenance | 2,12,312 | 1,18,422 |
| Loss on foreign exchange | - | 6,79,328 |
| Travelling expense | 9,90,185 | 3,52,356 |
| Telephone expenses | 1,72,228 | - |
| Misc. office expense | 28,670 | - |
| Business promotion expense | 15,900 | - |
| Printing & Stationery expense | - | - |
| Rounding off | 10 | - |
| Total | 27,32,531 | 21,46,024 |

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LLPIN-AAL-2438, PAN no: AANFC0369D

Notes Forming Part of the Balance Sheet as at 31.03.2020

18 Significant Accounting Policies

18.1 Basis of accounting and preparation of financial statement :

a) The Ind AS financial statements of the LLP 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) Amendments Rules, 2016 notified under section 133 of Companies Act,2013, (The 'Act') and other relevant provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Accounting Policies not specifically referred to otherwise are consistent with generally accepted accounting principles are followed by LLP.

18.2 Inventories :

The LLP do not have any Stock in Trade as it does not deal with any tangible product. It does not have a system of valuation of work in process for incomplete assignments due to uncertainties.

18.3 Depreciation and amortisation

Depreciation on all fixed assets has been provided on written down value method as per the rates calculated on the basis of Cost of acquisition of assets less 5% salvage value and remaining life of asset as specified in Schedule II of the Companies Act, 2013, for completed months. Life of assets have been taken as mentioned in above mentioned schedule.

18.4 Revenue recognition

Item of Income and expenditure are recognised on accrual basis.

18.5 Other Income

Interest income, if any, is accounted on accrual basis.

18.6 Property, plant and equipment ('PPE')

Items of PPE have been shown at cost of acquisition/cost of construction less depreciation. The Depreciation amount is restricted upto 95% of the cost. The LLP does not have any intangible asset.

18.7 Employee benefits

The provisions of Employees Provident Fund Act and Payment of Gratuity Act are applicable to the LLP. Therefore, the same is being provided in the books.

18.8 Borrowing costs

The borrowing costs, whenever, incurred will include interest, amortisation of ancillary costs incurred will be charged to the Statement of Profit and loss over the tenure of the loan.

18.9 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

18.10 Deferred tax Asset/liability

Deferred tax asset has been recognized in the financials.

18.11 Impairment of assets

An Assets is treated as impaired, when carrying cost of the Asset exceeds its recoverable amount. An impaired loss is charged to Profit & Loss account in the year in which it is identified as impaired. There has been no impairment during the year, therefore, disclosure as per AS-28 is not required.

18.12 Provisions and contingencies

A provision is recognised when the LLP has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes.

18.13 Foreign Currency Transactions :

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of transaction.

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18.14 Financial instruments

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the firm becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

18.15 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 that relate to transactions with any of the firm's other components, and for which discrete financial information is available.

Currently the firm is primarily engaged in the business of providing digital marketing services within India and outside

18.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, if any, and demand deposits held with banks.

18.17 Cash flow statement

Cash flows are reported using 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 items 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.



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COGNITION DIGITAL LLP

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District Mohali, Punjab-140507

LLPIN-AAL-2438, PAN no: AANFC0369D

Notes to the financial statements as at 31.03.2020

Note 19 Additional information to the financial statements**19.1 Contingent liabilities and commitments (to the extent not provided for)**

Contingent liabilities:

- The LLP does not have any capital commitment as outstanding and there is no contingent liability.
- 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.
- Debit and credit balances in the accounts of the parties are subject to confirmation and reconciliation except Ethos Ltd and KDDL Limited.
- Provision for leave encashment have been made based on leaves outstanding to the employee as on 31.03.2020.

19.2 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 |
| Holding of Holding Company | KDDL Limited |

II) Partners

| |
|-----------------------|
| - Ethos Ltd |
| - Mr. Pranav S. Saboo |

III) Transactions with related party

| Nature of Transaction | 2019-20 | 2018-19 |
|---|-------------|-------------|
| | Rs. | Rs. |
| a) Marketing support services provided Ethos Ltd | 8,02,80,854 | 6,97,57,471 |
| b) Reimbursement of Expenses incurred on behalf of Cognition Digital LLP | | |
| -Ethos Ltd | 3,59,61,991 | 4,60,58,371 |
| - KDDL Limited | 1,33,259 | 54,05,356 |
| C) Investment received during the years | | |
| -Ethos Ltd | - | - |
| (D) Fixed Assets purchased | | |
| -Ethos Ltd | 98,011 | - |

IV) Outstanding Balance at year end

| Particulars | 2019-20 | 2018-19 |
|---------------|-------------|-------------|
| Payables: | | |
| -KDDL Limited | 1,13,771 | 62,70,212 |
| Receivables : | | |
| - Ethos Ltd | 2,90,83,405 | 1,75,54,647 |

(Rs. In Lakhs)

19.3 Auditor's Remuneration

| Audit Fee | 2019-20 | 2018-19 |
|-----------|---------|---------|
| | 0.60 | 0.30 |

19.4 Expenditure in Foreign Currency

| Particulars | 2019-20 | 2018-19 |
|--------------------------------|---------|-------------|
| i) Earning in Foreign Exchange | - | 1,74,30,900 |

19.5 Previous year figures has been regrouped and/or rearranged to make them comparable.



COGNITION DIGITAL LLP

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LLPIN-AAL-2438, PAN no: AANFC0369D

Notes to the financial statements as at 31.03.2020

20. Tax expense

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|-----------------------------|-----------------------------|
| <i>a) Income tax recognised in statement of profit and loss</i> | | |
| -Current tax | 1,09,17,168 | 1,21,13,230 |
| -Deferred tax | (4,97,934) | (1,47,878) |
| Total tax expense recognised in the current year | <u>1,04,19,234</u> | <u>1,19,65,352</u> |

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

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| Profit before tax | | |
| Tax at the Indian tax rate of 34.94% (previous year 34.94%) | 1,02,66,969 | 1,17,75,677 |
| Effect of expenses that are not deductible in determining taxable profit | 7,92,440 | 1,89,675 |
| Effect of expenses that are deductible in determining taxable profit | -1,42,241 | - |
| Others | (4,97,934) | - |
| Income tax expenses recognised in statement of profit and loss | <u>1,04,19,234</u> | <u>1,19,65,352</u> |

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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B. Baboo

COGNITION DIGITAL LLP

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Notes to the financial statements for the period ended 31.03.2020

21. Financial instruments - fair values and risk management

| I. | Financial instruments by category and fair values | Note | Level of hierarchy | As at 31 Mar 2020 | | | As at 31 March 2019 | | |
|------------------------------|---|------|--------------------|--------------------|----------------|-------|---------------------|----------------|-------|
| | | | | FVTPL | Amortised cost | FVOCI | FVTPL | Amortised cost | FVOCI |
| Financial assets | | | | | | | | | |
| Non-current | | | | | | | | | |
| Current | | | | | | | | | |
| | Trade receivables | (a) | - | 2,90,83,405 | - | - | 2,92,24,272 | - | - |
| | Cash and cash equivalents | (a) | - | - | - | - | - | - | - |
| | Other bank balances | (a) | - | 21,79,156 | - | - | 28,21,130 | - | - |
| | Other current assets | (a) | - | 24,02,317 | - | - | 24,67,477 | - | - |
| | Total | | - | 3,36,64,878 | - | - | 3,45,12,880 | - | - |
| Financial liabilities | | | | | | | | | |
| Non-current | | | | | | | | | |
| Current | | | | | | | | | |
| | Trade payables | (a) | - | 1,39,688 | - | - | 62,83,597 | - | - |
| | Other financial liabilities | | | | | | | | |
| | -Other Current Liabilities | (a) | - | 30,47,808 | - | - | 11,52,476 | - | - |
| | -Current tax Liabilities | (a) | - | 37,99,545 | - | - | 32,60,870 | - | - |
| | Total | | - | 69,87,041 | - | - | 1,06,96,943 | - | - |

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-st Mar 2019 and 31 March 2020.

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COGNITION DIGITAL LLP

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LLPIN-AAL-2438, PAN no: AANFC0369D

Notes to the financial statements for the period ended 31 Mar 2020

(All amounts in ₹ lakhs, except for share data and if otherwise stated)

II. Financial risk management

(i) Risk management framework

The Firm's 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. 21,79,156 at 31st Mar 2020 (31 March 2019: Rs. 28,21,130). 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.

22 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: 103548E

Accountants

Arvind Khandelwal

Partner

M.No. FCA 091661

Place: Chandigarh

Dated: 25/06/2020

For and on behalf of Cognition Digital LLP

Partner

Partner

Cognition Digital LLP

Regd. Office: Haibatpur Road, Saddomajra, Derabassi,
District Mohali, Punjab-140507

LLPIN-AAL-2438, PAN no: AANFC0369D

CASH FLOW STATEMENT FOR THE PERIOD ENDED Mar 31, 2020

(Amount in Rupees unless stated otherwise)

| Particulars | Period Ended 31st Mar, 2020 | | Year Ended 31st Mar, 2019 | |
|--|-----------------------------|----------------------|---------------------------|--------------------|
| | Rs. | Rs | Rs. | Rs |
| (A) Cash flow from operating activities | | | | |
| Net Profit/Loss Before extraordinary items and tax | | 2,93,81,206 | | 3,36,98,709 |
| Adjustment for : | | | | 0 |
| Depreciation and amortisation | 621617 | | 7,18,402 | 0 |
| Finance Cost | 4,60,255 | 10,81,872 | 5,72,299 | 0 |
| | | | | 1290701 |
| Operating Profit/ (Loss) before working capital changes | | 3,04,63,078 | | 3,49,89,409 |
| <i>Changes in working Capital :</i> | | | | |
| <i>Adjustment for (Increase)/ decrease in operating Assets</i> | | | | |
| Trade receivable | 1,40,867 | | (2,92,24,272) | - |
| Short-Term loans & advances | 65,160 | 2,06,027 | (19,32,219) | (3,11,56,492) |
| <i>Adjustment for Increase/ (decrease) in operating Liabilities</i> | | | | |
| Trade payables | -61,43,909 | | 62,83,597 | |
| Current liabilities | 18,95,332 | | 11,29,276 | |
| Short term provisions | 538675 | | 32,60,870 | |
| Provisions | 1095726 | (26,14,177) | - | 10673744 |
| Cash flow from extraordinary items | - | | | |
| Cash generated from operations | | 2,80,54,929 | | 1,45,06,661 |
| Net Income Tax (Paid)/refunds | | (10838637) | | (1,21,13,230) |
| Net cash from / (used in) operating activities (A) | | 1,72,16,292 | | 23,93,431 |
| (B) Cash flow from investing activities | | | | |
| Capital expenditure of fixed Assets including capital advances | (98,011.00) | - | - | - |
| Proceeds from sale of FA | - | - | - | - |
| Interest received | - | - | - | - |
| Dividend received | - | (98,011.00) | - | - |
| Net Cash flow from / (used in) Investing activities (B) | | (98,011.00) | | - |
| (C) Cash flow from Financing Activities | | | | |
| Proceeds against Capital contribution from Partners | (1,73,00,000) | - | - | - |
| Repayment of long term borrowing | - | - | - | - |
| Net increase/(decrease) in working capital borrowings | - | - | - | - |
| Finance cost | (4,60,255) | (1,77,60,255) | (5,72,299) | (5,72,299) |
| Net cash flow from/(Used in) investing activities © | | (1,77,60,255) | | (5,72,299) |
| (D) Net Increase/ (Decrease) in cash & cash equivalents (A+B+C) | | (6,41,974) | | 18,21,132 |
| (E) Cash and cash equivalents at the beginning of the year | | 28,21,130 | | 10,00,000 |
| (F) Cash and cash equivalents at the end of the year | | 21,79,156 | | 28,21,132 |
| Cash and Cash Equivalents include: | | | | |
| Cash on hand | | - | | - |
| With banks | | 4,79,156 | | 28,21,130 |
| Fixed deposits considered as cash equivalents | | 17,00,000 | | |
| Cash and cash equivalents as per Note 4 | | 21,79,156 | | 28,21,130 |
| Cash and cash equivalents in cash flow | | 21,79,156 | | 28,21,132 |

Auditors' Report

As per our report of even date annexed

For: **Mukta Arvind & Associates**

Chartered Accountants

Registration No. ERN 018341N

Accountants

Arvind Singla

Partner

Membership No.: 091661

Place: **Chandigarh**

Dated: **25/06/2020**

For and on behalf of
Cognition Digital LLP

Yashvardhan Saboo

(Nominee of Ethos Ltd.)

Designated Partner

DPIN:00012158

Pamav S. Saboo

Designated Partner

DPIN:03391925

Wheeler



INDEPENDENT AUDITOR'S REPORT

To The Partners of Cognition Digital LLP

1. Report on the Financial Statements

We have audited the accompanying standalone Ind AS Financial Statements of Cognition Digital LLP (hereinafter "LLP"), which comprise the Balance Sheet as at 31st March, 2020, 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

The 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 Ind AS Accounting Standards specified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 standalone Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Ind AS Accounting Standards specified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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, 2020.



Registered Office : # 302, Sector 38 A, Chandigarh – 160014

- 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 018341W)

Chartered
Accountants

(Arvind Kumar Singla)

Partner

M No 091661

Place: Chandigarh

Dated: 25/06/2020