

SMARTCHOICE TECHNOLOGIES LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT ASHADH 31, 2081 (JULY 15, 2024)

Particulars	Note	Amount in Rs.	
		As at Ashadh 31, 2081 (July 15, 2024)	As at Ashadh 31, 2080 (July 16, 2023)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
a) Property, plant and equipment	4.1	69,660,194	79,448,887
b) Intangible assets	4.2	70,026,684	77,796,917
c) Right of Use Assets	4.3	21,877,989	24,121,886
c) Capital Work in Progress	4.4	106,622,782	104,835,765
d) Financial Assets	4.5	1,287,735	1,287,735
<b>Total non-current assets</b>		<b>269,475,384</b>	<b>287,491,191</b>
<b>CURRENT ASSETS</b>			
a) Trade and other receivables	4.6	43,954,445	45,402,836
b) Current tax assets	4.7	22,879,692	21,341,206
c) Cash and cash equivalents	4.8	80,168,085	110,236,480
d) Financial Assets	4.5	-	1,531,468
<b>Total current assets</b>		<b>147,002,223</b>	<b>178,511,989</b>
<b>TOTAL ASSETS</b>		<b>416,477,606</b>	<b>466,003,180</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	4.9	500,000,000	500,000,000
Reserves and surplus	4.10	(185,635,979)	(132,591,516)
<b>Total equity</b>		<b>314,364,021</b>	<b>367,408,484</b>
<b>NON-CURRENT LIABILITIES</b>			
a) Deferred Tax Liability		29,371,191	29,371,191
b) Other Financial Liabilities	4.11	22,326,336	23,594,118
<b>Total non-current liabilities</b>		<b>51,697,527</b>	<b>52,965,309</b>
<b>CURRENT LIABILITIES</b>			
a) Other Financial Liabilities	4.11	1,267,781	1,120,671
b) Employee benefit liability	4.12	1,765,458	1,381,656
c) Trade and other payables	4.13	47,382,818	43,127,061
d) Current tax liabilities	4.7	-	-
<b>Total current liabilities</b>		<b>50,416,057</b>	<b>45,629,388</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>416,477,606</b>	<b>466,003,180</b>

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SMARTCHOICE TECHNOLOGIES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED ASHADH 31, 2081 (JULY 15, 2024)

Particulars	Note	Amount in Rs.	
		For the year ended Ashadh 31, 2081 (July 15, 2024)	For the year ended Ashadh 31, 2080 (July 16, 2023)
<b>Income</b>			
Revenue From Operations	4.14	63,058,768	65,774,271
Other income	4.15	278,025	200,536
<b>Total Income</b>		<b>63,336,793</b>	<b>65,974,807</b>
<b>Expenses</b>			
Operating Expenses	4.16	45,525,863	42,947,320
Employee Benefit Expenses	4.17	38,199,559	37,918,939
Marketing Expenses	4.18	7,964,867	32,302,838
Administration Expenses	4.19	7,560,421	6,385,510
Foreign exchange(Gain)/ Loss		459,876	810,296
Depreciation and Amortization Expenses	4.20	20,536,259	21,813,296
Impairment on Assets	4.21	-	1,159,559
<b>Total Expenses</b>		<b>120,246,845</b>	<b>143,337,757</b>
<b>Net Operating Profit/(Loss)</b>		<b>(56,910,052)</b>	<b>(77,362,950)</b>
<b>Non Operating Income/Expenses</b>			
Finance Cost	4.22	2,391,849	803,919
Finance Income	4.23	6,257,437	15,425,403
<b>Profit/(loss) before tax</b>		<b>(53,044,463)</b>	<b>(62,741,466)</b>
<b>Income tax expenses</b>			
Current tax	4.24	-	89,808
Deferred tax		-	4,932,380
<b>Profit/(loss) for the year</b>		<b>(53,044,463)</b>	<b>(67,763,653)</b>
Gains /(losses) on re-measuring available for sale financial assets		-	-
Gain/(loss) on Actuarial valuation of defined benefit liability		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
Deferred tax income /(expense) (relating to components of other comprehensive income)		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(53,044,463)</b>	<b>(67,763,653)</b>

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED ASHADH 31, 2081 (JULY 15, 2024)

Particulars	Amount in Rs.	
	For the year ended Ashadh 31, 2081 (July 15, 2024)	For the year ended Ashadh 31, 2080 (July 16, 2023)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	(53,044,463)	(62,741,466)
<b>Adjustments for :</b>		
Depreciation and Amortization	20,536,259	21,813,296
Net unrealized foreign exchange loss (gain)	461,603	771,446
Impairment on Assets	-	1,159,559
Interest Expenses on lease liability	2,391,849	803,919
Gain on sale of non-current assets	(170,000)	(35,398)
Reversal of Impairment Provision	(69,060)	(92,660)
<b>Operating profit before working capital changes</b>	<b>(29,893,813)</b>	<b>(38,321,304)</b>
<b>Adjustments for :</b>		
(Increase)/Decrease in current assets	3,048,918	13,607,928
Increase/(Decrease) in current liabilities	4,177,957	3,394,752
<b>Cash generated from operation</b>	<b>(22,666,938)</b>	<b>(21,318,624)</b>
Income tax paid for Current Year	(1,538,486)	(3,192,851)
<b>Net cash from operating activities</b>	<b>(24,205,424)</b>	<b>(24,511,475)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(733,435)	(24,227,367)
Purchase of intangible assets	-	(4,989,478)
Increase in Capital WIP	(1,787,017)	(19,936,736)
Proceeds from disposal of property, plant and equipment	170,000	35,398
<b>Net cash generated from / (used in) investing activities</b>	<b>(2,350,452)</b>	<b>(49,118,182)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share capital	-	-
Lease Payment - Finance Cost	(2,391,849)	(186,570)
Lease Payment - Liability	(1,120,671)	(4,442,033)
<b>Net cash generated from / (used in) financing activities</b>	<b>(3,512,520)</b>	<b>(4,628,603)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(30,068,394)</b>	<b>(78,258,264)</b>
	110,236,479	188,494,743
<b>Cash and cash equivalents at the end of the year</b>	<b>80,168,085</b>	<b>110,236,479</b>

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED ASHADH 31, 2081 (JULY 15, 2024)

Particulars	Equity and reserves			Amount in Rs.
	Share capital	Retained earnings	Advance for share capital	Total
Balance as at July 16, 2022 (Ashadh 32, 2079)	500,000,000	(63,762,131)	-	436,237,869
Lease Adjustment as per NFRS 16	-	(1,065,732)	-	(1,065,732)
Profit/(loss) for the year	-	(67,763,653)	-	(67,763,653)
<b>Balance as at July 16, 2023 (Ashadh 31, 2080)</b>	<b>500,000,000</b>	<b>(132,591,516)</b>	-	<b>367,408,484</b>
Profit/(loss) for the period	-	(53,044,463)	-	(53,044,463)
<b>Balance as at July 15, 2024 (Ashadh 31, 2081)</b>	<b>500,000,000</b>	<b>(185,635,979)</b>	-	<b>314,364,021</b>

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## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT

Amount in Rs.

Particulars	Leasehold Improvements	Office Equipment and Computers	Furniture and Fixtures	Vehicles	Plant and Machinery	Total
<b>Cost</b>						
At 16 July 2023	5,661,949	81,300,504	3,894,727	5,748,371	138,714,162	235,319,714
Additions	-	190,435	-	-	543,000	733,435
Additions from Acquired Entity	-	-	-	-	-	-
Adjustment/written off	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At 15 July 2024</b>	<b>5,661,949</b>	<b>81,490,939</b>	<b>3,894,727</b>	<b>5,748,371</b>	<b>139,257,162</b>	<b>236,053,149</b>
<b>Accumulated Depreciation</b>						
At 16 July 2023	8,997	63,014,762	3,454,723	2,752,704	86,639,641	155,870,826
Additions	566,195	4,296,441	147,651	599,133	4,912,709	10,522,129
Additions from Acquired Entity	-	-	-	-	-	-
Adjustment/written off	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At 15 July 2024</b>	<b>575,192</b>	<b>67,311,203</b>	<b>3,602,373</b>	<b>3,351,837</b>	<b>91,552,350</b>	<b>166,392,955</b>
<b>Net Book Value</b>						
At 16 July 2023	5,652,953	18,285,742	440,004	2,995,667	52,074,521	79,448,887
At 15 July 2024	5,086,758	14,179,736	292,354	2,396,534	47,704,812	69,660,194

## NOTE 4.2: INTANGIBLE ASSETS

Particulars	Intangible Assets	Total
<b>Cost</b>		
At 16 July 2023		
Additions	135,298,943	135,298,943
Additions from Acquired Entity	-	-
Adjustment/written off	-	-
Disposals	-	-
<b>At 15 July 2024</b>	<b>135,298,943</b>	<b>135,298,943</b>
<b>Accumulated Amortization</b>		
At 16 July 2023	57,502,025	57,502,025
Additions	7,770,234	7,770,234
Additions from Acquired Entity	-	-
Adjustment/written off	-	-
Disposals	-	-
<b>At 15 July 2024</b>	<b>65,272,259</b>	<b>65,272,259</b>
<b>Net Book Value</b>		
At 16 July 2023	77,796,917	77,796,917
At 15 July 2024	70,026,684	70,026,684

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SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4.3: RIGHT OF USE (ROU) ASSETS

Particulars	Amount in Rs.		
	Right of Use Asset - Baluwatar Office	Right of Use Asset - Panipokhari Office	Right of Use Asset - Total
<b>Cost</b>			
At 16 July 2023	3,376,301	24,682,860	28,059,161
Additions	-	-	-
Additions from Acquired Entity	-	-	-
Adjustment/written off	-	-	-
Disposals	-	-	-
<b>At 15 July 2024</b>	<b>3,376,301</b>	<b>24,682,860</b>	<b>28,059,161</b>
<b>Accumulated Amortization</b>			
At 16 July 2023	3,376,301	560,974	3,937,275
Additions	-	2,243,896	2,243,896
Additions from Acquired Entity	-	-	-
Adjustment/written off	-	-	-
Disposals	-	-	-
<b>At 15 July 2024</b>	<b>3,376,301</b>	<b>2,804,870</b>	<b>6,181,172</b>
<b>Net Book Value</b>			
At 16 July 2023	-	24,121,886	24,121,886
At 15 July 2024	-	21,877,989	21,877,989

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## SMARTCHOICE TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Particulars	Amount in Rs.	
	As at Ashadh 31, 2081 (July 15, 2024)	As at Ashadh 31, 2080 (July 16, 2023)
<b>NOTE 4.4: CAPITAL WORK IN PROGRESS</b>		
Capital WIP	106,622,782	104,835,765
<b>Total</b>	<b>106,622,782</b>	<b>104,835,765</b>
<b>NOTE 4.5: FINANCIAL ASSETS</b>		
<b>NON-CURRENT</b>		
Security Deposits	1,287,735	1,287,735
<b>CURRENT</b>		
LC/TT Margin	-	1,531,468
<b>Total</b>	<b>1,287,735</b>	<b>2,819,203</b>
<b>NOTE 4.6: TRADE AND OTHER RECEIVABLES</b>		
Staff Advances	23,693	37,366
Sundry debtors and receivables	205,636	673,970
Work Advance	34,344,298	34,344,298
Bills receivables	17,263,150	15,654,495
VAT Receivables	18,436,442	19,812,160
Prepaid Expenses	5,318,956	5,278,134
Other Advance	719,604	813,750
Custom Margin	3,966,000	5,566,000
Other Receivables	583,086	198,143
Less: Provision for Impairment Loss (Receivables)	(36,906,421)	(36,975,481)
<b>Total</b>	<b>43,954,445</b>	<b>45,402,836</b>
<b>NOTE 4.7: CURRENT TAX ASSETS</b>		
Advance Tax Deposits	22,879,692	21,341,206
Less: Current Tax Liabilities	-	-
<b>Total</b>	<b>22,879,692</b>	<b>21,341,206</b>

SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Particulars	Amount in Rs.	
	As at Ashadh 31, 2081 (July 15, 2024)	As at Ashadh 31, 2080 (July 16, 2023)
<b>NOTE 4.8: CASH &amp; CASH EQUIVALENTS</b>		
Cash balance	31,350	21,350
Balances with banks	29,836,735	33,715,130
Fixed Deposits	50,300,000	76,500,000
<b>Total</b>	<b>80,168,085</b>	<b>110,236,480</b>
<b>NOTE 4.9: SHARE CAPITAL</b>		
<b>Authorized</b>		
65,00,000 Ordinary Share of Rs. 100 each (Previously 50,00,000 Ordinary Share of Rs. 100 each)	650,000,000	500,000,000
<b>Issued</b>		
65,00,000 Ordinary Share of Rs. 100 each (Previously 50,00,000 Ordinary Share of Rs. 100 each)	650,000,000	500,000,000
<b>Subscribed</b>		
50,00,000 Ordinary Share of Rs. 100 each	500,000,000	500,000,000
<b>Paid - Up</b>		
50,00,000 Ordinary Share of Rs. 100 each	500,000,000	500,000,000
<b>Total</b>	<b>500,000,000</b>	<b>500,000,000</b>
<b>NOTE 4.9.1: RECONCILIATION OF NUMBER OF SHARES</b>		
Ordinary Shares as at the beginning of the year	5,000,000	5,000,000
Add: Issuance of shares	-	-
<b>Ordinary Shares as at the end of the year</b>	<b>5,000,000</b>	<b>5,000,000</b>

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NOTES TO THE FINANCIAL STATEMENTS

Particulars	Amount in Rs.	
	As at Ashadh 31, 2081 (July 15, 2024)	As at Ashadh 31, 2080 (July 16, 2023)
<b>NOTE 4.10: RESERVES AND SURPLUS</b>		
Retained earnings	(132,591,516)	(63,762,131)
Opening Balance	-	(1,065,732)
Lease Adjustment as per NFRS 16	(53,044,463)	(67,763,653)
Profit (Loss) for the year		
<b>Total</b>	<b>(185,635,979)</b>	<b>(132,591,516)</b>
<b>NOTE 4.11: OTHER FINANCIAL LIABILITIES</b>		
Lease Liability as on 31 Ashad, 2080	24,714,789	24,682,860
Add: Finance Cost	2,391,849	617,350
Less: Rental Payments	(3,512,520)	(585,420)
Lease Liability as on 31 Ashad, 2081	23,594,117	24,714,789
<b>Segregation of Liabilities into:</b>		
<b>Non Current</b>		
Lease Liability	22,326,336	23,594,118
<b>Current</b>		
Lease Liability	1,267,781	1,120,671
<b>Total</b>	<b>23,594,117</b>	<b>24,714,789</b>
<b>NOTE 4.12: EMPLOYEE BENEFIT LIABILITY</b>		
Provident fund payable	445,483	537,153
Gratuity payable	147,294	215,035
Salary payable	24,854	24,854
Leave payable	1,147,827	604,613
<b>Total</b>	<b>1,765,458</b>	<b>1,381,656</b>
<b>NOTE 4.13: TRADE AND OTHER PAYABLE</b>		
Sundry Creditors	33,845,410	34,640,726
TDS payable	925,503	1,270,625
Audit fee payable	371,225	270,875
Expenses payable	441,352	898,720
Royalty payable	997,330	1,013,694
Prepaid revenue	2,221,627	2,149,005
Advance from customers	28	1,514,432
Other payable	8,234,616	496,380
Accrual staff expenses	345,726	345,726
Rent payable	-	526,878
<b>Total</b>	<b>47,382,818</b>	<b>43,127,061</b>

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SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Amount in Rs.

Particulars	For the year ended Ashadh 31, 2081 (July 15, 2024)	For the year ended Ashadh 31, 2080 (July 16, 2023)
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**NOTE 4.14: REVENUE FROM OPERATIONS**

Sale/Revenue	19,402,537	32,697,129
Annual Subscription Fee	4,996,971	5,408,337
One Time Joining Fee	50,000	625,000
Card Renewal Fee	7,272,257	4,908,585
Connectivity Fee	2,217,646	2,297,040
AMC Hardware	35,407	40,000
Atm Switching Fee	2,104,000	2,497,629
Bin Registration Fee	-	30,000
Incentive Income	14,127,876	13,371,670
Transaction Fee (Other Network)	1,375,019	112,345
Income from Smart-Banking	11,477,056	3,786,536
<b>Total</b>	<b>63,058,768</b>	<b>65,774,271</b>

**NOTE 4.15: OTHER INCOME**

Reversal of impairment provision	69,060	92,660
Gain on sale of non-current assets	170,000	35,398
Other income	38,965	72,477
<b>Total</b>	<b>278,025</b>	<b>200,536</b>

**NOTE 4.16: OPERATING EXPENSES**

Purchase ATM cards	18,159,057	26,266,192
Annual Maintenance Charge	7,850,010	4,619,620
PCI-DSS Audit Fee	587,091	-
Lease Line Cable & Fiber Networking Charge	168,000	168,000
Connectivity Fee	974,333	922,743
Dispute Resolution Fees	49,334	74,393
Service Fee-UPI Connectivity	1,597,174	1,634,755
Penetration Testing	265,487	265,487
Location Charge	1,169,378	870,000
Royalty Fee	4,450,506	4,718,243
Smart-banking commission	10,255,492	3,407,888
<b>Total</b>	<b>45,525,863</b>	<b>42,947,320</b>

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SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Particulars	Amount in Rs.	
	For the year ended Ashadh 31, 2081 (July 15, 2024)	For the year ended Ashadh 31, 2080 (July 16, 2023)
<b>NOTE 4.17: EMPLOYEE BENEFIT EXPENSES</b>		
Staff Salary And Allowance Expenses	32,604,020	39,750,719
Gratuity Expenses	1,856,347	5,122,882
Provident Fund Contribution	2,228,508	2,642,821
Mesh Expenses	143,800	191,400
Leave Encashment Expenses	1,162,693	603,613
Staff Welfare	204,190	486,696
Less: Capitalization - Product Development	-	(10,879,193)
<b>Total</b>	<b>38,199,559</b>	<b>37,918,939</b>
<b>NOTE 4.18: MARKETING EXPENSES</b>		
Advertisement	16,307	95,326
Incentive Expenses	2,330,412	782,394
Product Promotion and Marketing Expenses	5,618,148	31,425,118
<b>Total</b>	<b>7,964,867</b>	<b>32,302,838</b>
<b>NOTE 4.19: ADMINISTRATION EXPENSES</b>		
AGM Expenses	-	39,250
Due Diligence Audit Fee	-	262,500
Statutory Audit Fee	185,000	185,000
Internal Audit Fee	180,000	180,000
Audit Expense	49,762	40,129
Bank Commission & Charges	280,606	313,047
Cleaning Supply	82,667	100,998
Microsoft 365 license cost	-	51,543
Communication Expenses	112,184	135,336
Consultancy Fee	-	92,500
Electric Expenses	12,400	11,850
Electricity Fee	1,320,192	1,312,874
Fuel & Lubricants	480,739	539,476
Insurance Premium	747,779	660,324
Meeting Allowance	620,000	670,000
Training Expenses	477,108	-
Miscellaneous Expenses	27,685	21,717
Office Expenses	71,817	-
Meeting Expenses	4,260	-
Fine and Penalty	500	-
Postage & Courier	56,994	62,592
Printing & Stationery	446,983	236,185
Guest Refreshment	135,895	34,754
Rate & Tax Expenses	40,350	54,710
Registration & Renewal Expenses	58,240	183,890
Repairs & Maintenance	323,609	205,488
Travelling and Conveyance Expenses	546,600	158,973
Security Guards	797,330	700,259
Outsourcing Cost	464,000	-
Water Expenses	37,720	65,195
Membership and Subscription Fees	-	46,535
Seasonal Daily Wages	-	20,385
<b>Total</b>	<b>7,560,421</b>	<b>6,385,510</b>

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SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Particulars	Amount in Rs.	
	For the year ended Ashadh 31, 2081 (July 15, 2024)	For the year ended Ashadh 31, 2080 (July 16, 2023)
<b>NOTE 4.20: DEPRECIATION AND AMOTIZATION EXPENSES</b>		
Depreciation on Tangible Assets	10,522,129	9,610,282
Amortization on In-Tangible Assets	7,770,234	8,265,738
Depreciation on Right of Use (ROU) Assets	2,243,896	3,937,275
<b>Total</b>	<b>20,536,259</b>	<b>21,813,296</b>
<b>NOTE 4.21: IMPAIRMENT EXPENSES</b>		
On Leasehold Assets (Non-Current)	-	509,559
On Current Assets	-	650,000
<b>Total</b>	<b>-</b>	<b>1,159,559</b>
<b>NOTE 4.22: FINANCE COST</b>		
Finane Cost on Lease liability - Panipokhari Office	2,391,849	617,350
Finane Cost on Lease liability - Baluwatar Office	-	186,570
<b>Total</b>	<b>2,391,849</b>	<b>803,919</b>
<b>NOTE 4.23: FINANCE INCOME</b>		
Interest income	6,257,437	15,425,403
<b>Total</b>	<b>6,257,437</b>	<b>15,425,403</b>
<b>NOTE 4.24: TAX EXPENSES</b>		
<b>A. AMOUNT RECOGNISED IN PROFIT OR LOSS</b>		
Current tax	-	-
Income tax for the year	-	89,808
Income tax related to previous years	-	89,808
<b>Total current tax</b>	<b>-</b>	<b>89,808</b>

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