



**sct**

**24<sup>th</sup>**

# **Annual Report**

**FY 2081/2082**

**Smart Choice Technologies Limited**

Panipokhari -3, Kathmandu Nepal



**“Netwo**



ork For All"



# AGM Notice

## स्मार्टट्वाइस टेक्नोलोजिज लिमिटेड २४ औं वार्षिक साधारण सभा सम्बन्धी सूचना

आदरणीय शेयरधनी महानुभाव ज्यूहरू,

मिति २०८२ साल पौष ३ गते बिहिबार बसेको यस कम्पनीको सञ्चालक समितिको ९७औं बैठकको निर्णयानुसार यस कम्पनीको २४औं वार्षिक साधारणसभा निम्नलिखित मिति, स्थान र समयमा निम्न विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा कम्पनी ऐन, २०६३ को दफा ६७ अनुसार सम्पूर्ण शेयरधनी महानुभावहरूको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ ।

### साधारण सभा वस्ने :

मिति : २०८२ साल पौष महिना २५ गते शुक्रबार (तदनुसार 9th January, 2026, Friday) ।

स्थान : आरण्य बुटिक होटेल, मनकामना रोड, हात्तीसार, काठमाडौं ।

समय : दिनको ८.०० बजे ।

छलफलका विषयहरू :

### (क) सामान्य प्रस्तावहरू:

- १) सञ्चालक समितिको तर्फबाट "अध्यक्षज्यूले प्रस्तुत गर्नुहुने आ.व. २०८१/०८२ को वार्षिक प्रतिवेदन पारित गर्ने ।
- २) लेखापरीक्षकको प्रतिवेदन सहितको आ.व.२०८१/०८२ को वासलात, नाफा नोक्सान हिसाव र नगद प्रवाह विवरण लगायत वित्तीय विवरण स्वीकृत गर्ने ।
- ३) कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आ.व. २०८२/०८३ को लेखापरीक्षण कार्यको लागि लेखापरिक्षक नियुक्ती गर्ने र निजको पारिश्रमिक निर्धारण गर्ने ।

### ख) विशेष प्रस्ताव :

- १) संस्थाको प्रबन्धपत्र/नियमावली संसोधन गर्ने ।
- २) संस्थाको प्रबन्धपत्र/नियमावली संसोधन गर्ने र सोमा नियमनकारी निकायहरूबाट थप सुझाव वा हेरफेर वा संसोधन गर्न निर्देशन भएमा सोही बमोजिम गर्ने गरी सञ्चालक समितिलाई अर्ख्तयारी प्रदान गर्ने ।
- ३) यस कम्पनी र अन्य उपयुक्त कम्पनी एक आपसमा गाभने र गाभिने (मर्ज गर्ने) वा प्राप्ति (एक्विवाि) जसन गर्ने उपयुक्त देखिएको अवस्थामा सो सम्बन्धि प्रारम्भिक तथा अन्तिम सम्झौता गर्न आवश्यक पर्ने सम्पूर्ण कार्य गर्नका लागि सञ्चालक समितिलाई अर्ख्तयारी प्रदान गर्ने ।

### ग) विविध

सञ्चालक समितिको आज्ञाले  
कम्पनी सचिव

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# Corporate Profile

**Company Name:**

Smart Choice Technologies Ltd. (SCT)

**Location:**

Panipokhari - 3, Kathmandu

**Contact Details:****URL:**

[www.sct.com.np](http://www.sct.com.np)

**Tel:**

+977-1-4546414, 4543136, 4514155

**Toll Free Number:**

16600144155

**Email:**

[info@sct.com.np](mailto:info@sct.com.np)

**Legal Status:**

Public limited company incorporated under section 5 (1) of Companies Act, 2063

**Date of Incorporation:**

Private Limited Company Registration Date:  
29th Srawan, 2058 (13th August 2001)

**Conversion in Public Limited Company:**

4th Ashad 2074 (18th June 2017)

**Authorized Capital:**

Rs. 1,000,000,000 (NPR One Arab)

**Issued Capital:**

Rs. 650,000,000 (NPR Sixty-Five Crore)

**Paid-up Capital:**

Rs. 500,000,000 (NPR Fifty Crore)

**Registration Details:**

Company Registration Number:  
169909-73-074 (16295/058/59)

**PAN/VAT Number:**

300343144

**License/Certifications:**

Payment System Operator (PSO)  
License Number:  
3/2079/80

**PCI DSS V 3.2.1 Certification****Statutory Auditor:**

PYC & Associates, Chartered Accountants, House No. 321 New Plaza Marga Putalisadak, Kathmandu

**Internal Auditor:**

H.G.S. & Associates,  
Chartered Accountants,  
Kathmandu, Nepal

**PCI DSS Auditor:**

Panacea InfoSec Pvt Ltd, 226, Pocket A2, Pocket B, Sector 17 Dwarka, Dwarka, Delhi, 110078, India

## **Vision**

To establish SCT as the most preferred payment solution provider by providing integrated secure payment solutions by a single platform.

## **Mission**

To transform digital payment landscape with a diverse range of secured payment services envisioned to drive a cashless economy.

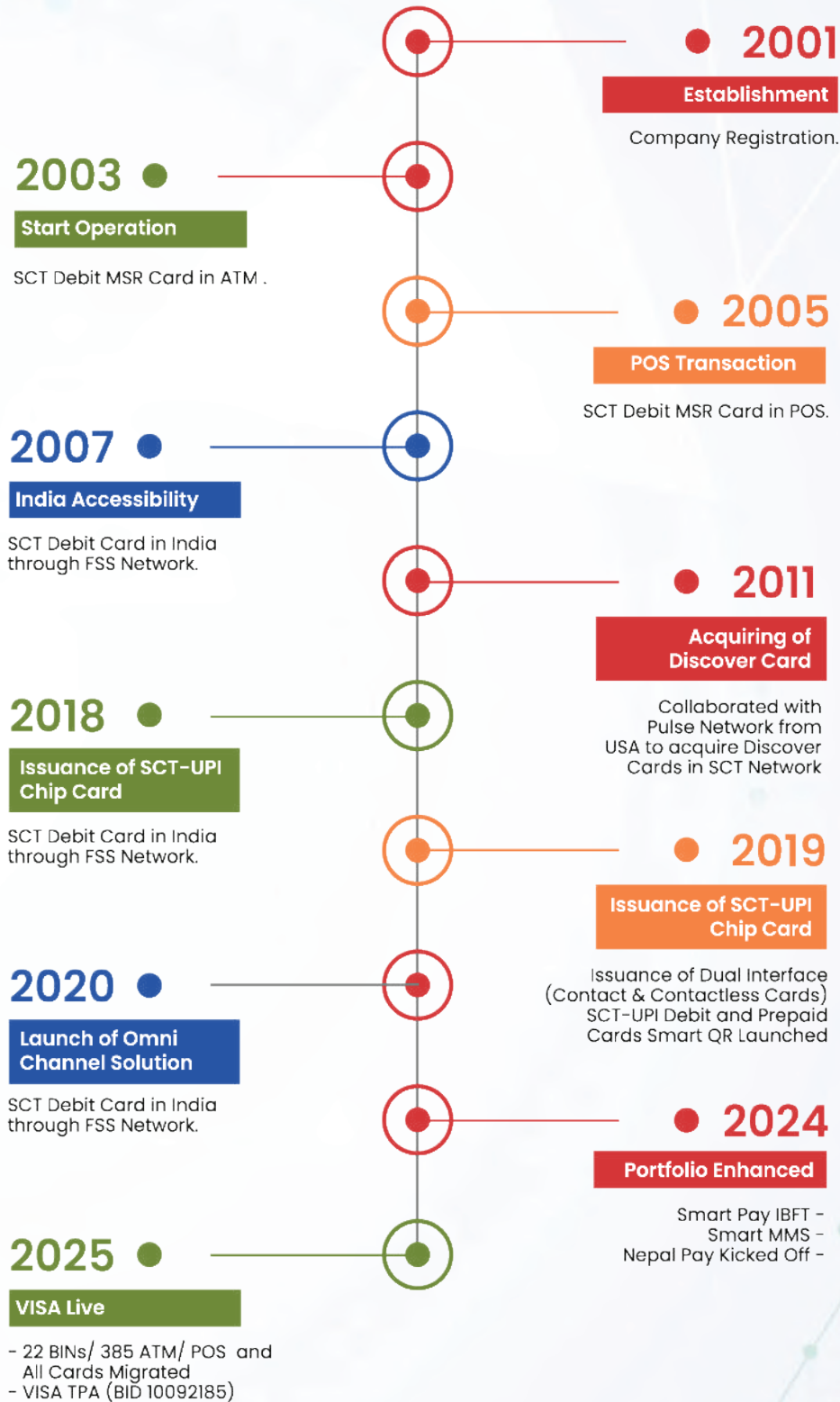
## **Corporate Objectives**

To leverage innovative, efficient, and customer-centric digital payment solutions while promoting financial inclusion and meeting regulatory standards.

## **Core Values**

Technological innovation, customer empowerment, financial inclusion, and regulatory compliance to foster a dynamic and responsible financial ecosystem.

# Journey of Milestones



# Safely pay money in seconds.

#ScanandPay



# Boards of Directors



**Mr. Mrigendra Pradhan**  
Chairman



**Ms. Rashmi Pant**  
Director



**Mr. Anil Joshi**  
Director



**Mr. Subhas Gyawali**  
Director



**Mr. Sabin Dhakal**  
Director



**Mr. Santosh Pageni**  
Director

# Management Team



**Mr. Manoj Ghimire**  
Chief Executive Officer



**Mr. Rakesh Shrestha**  
Deputy Chief Executive Officer



**Mr. Bibek Ghimire**  
Chief Operating Officer



**Mr. Hem Ghimire**  
Chief Business Officer

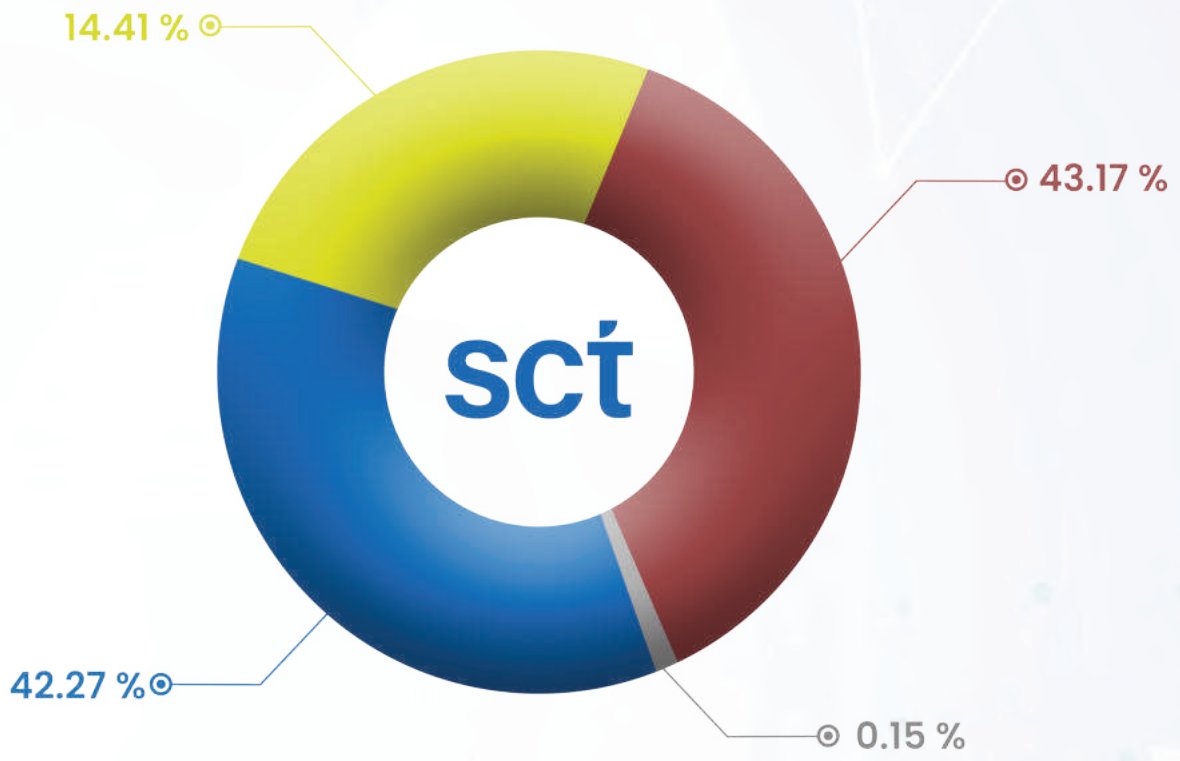


**Mr. Rajim Ali Miya**  
Chief Innovation &  
Development Officer



**Mr. Roshan Bhandari**  
Company Secretary

# Shareholders' Pattern



- Commercial Banks
- Development Banks
- Remittance Companies
- Individuals

# List of Shareholders

Name of Shareholders	No. of Shares	Values in Rs.	% of Holding
IME Limited	1,780,069	178,006,900	35.60
Prabhu Bank Limited	1,079,040	107,904,000	21.58
Global IME Bank Limited	771,608	77,160,800	15.43
City Express Money Transfer Pvt. Ltd	333,312	33,331,200	6.67
Himalayan Bank Limited	307,840	30,784,000	6.16
Shangri-La Development Bank Limited	266,667	26,666,700	5.33
Kamana Sewa Bikas Bank Limited	153,920	15,392,000	3.08
Excel Development Bank Limited	150,000	15,000,000	3.00
Garima Bikas Bank Limited	100,000	10,000,000	2.00
Green Development Bank Limited	50,000	5,000,000	1.00
Individuals	7,544	754,400	0.15
<b>Total</b>	<b>5,000,000</b>	<b>500,000,000</b>	<b>100</b>

sct



# Message from Chairman

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report of Smart Choice Technologies Limited (SCT) for the fiscal year 2081/82 (2024/25), a year marked by meaningful strategic and operational progress in strengthening Nepal's digital payments infrastructure.

During the year, SCT successfully executed several complex and mission-critical initiatives. These included the seamless migration of a member bank's entire card portfolio under the VISA scheme, onboarding of additional member banks under the VISA and UPI frameworks, and the successful implementation of a full-fledged Interbank Fund Transfer (IBFT) solution under SCT's own switch. These achievements significantly enhanced system autonomy, operational reliability, and service continuity.

SCT also expanded its product and service portfolio with the go-live of Access Control Server (ACS) services, the launch of Corporate Internet Banking (Retail), and the roll-out of various value-added digital solutions such as Smart QR Soundbox, Missed Call Banking, "Feature My Card," and the ongoing development of a Buy Now Pay Later (BNPL) module.

These initiatives reflect the Company's continued commitment to innovation, customer convenience, and diversified digital service delivery.

Further strengthening its regional and global standing, SCT maintained active representation with the PCI Security Standards Council (PCI SSC) and continued its regional membership with UnionPay, ensuring alignment with international security standards and global payment network best practices. Recognizing that human capital remains central to long-term sustainability and innovation, the Company continued to prioritize the development, management, and retention of skilled professionals.

I would now like to present a summary of the Company's financial performance over the last three fiscal years. Detailed financial information has been provided in the Financial Statements section of this Annual Report.

Summary of Financial Information

Rs. In "000"

Particulars	FY 2081/82 (2024/25)	FY 2080/81 (2023/24)	FY 2079/80 (2022/23)
Total Assets	523,330	434,378	466,003
Share Capital (Including Advance	618,921	500,000	500,000
Reserve and Surplus	(189,810)	(151,829)	(132,592)
Total Liabilities	94,219	86,207	98,595
Net-worth per share	69.33	69.63	73.48
Total Incomes	80,927	82,659	81,400
Profit/(Loss) for the Year	(37,981)	(19,237)	(67,764)
Earning/(Loss) per share	(6.14)	(3.85)	(13.55)

In line with the strategic vision and regulatory direction of Nepal Rastra Bank, SCT continues to operate multiple Systemically Important Payment Systems (SIPS), which form a critical pillar of the national payments ecosystem. As the digital payments landscape evolves toward greater interoperability, cross-border capabilities, and value-added services, SCT remains focused on scaling its infrastructure, improving service quality, and strengthening risk, fraud, and cybersecurity management frameworks.

Looking ahead, the Company will continue to prioritize strategic investments in core infrastructure, cyber resilience, and security governance, while promoting robust operational practices and digital financial literacy across the ecosystem. We remain confident in SCT's strategic direction and its growing role in supporting Nepal's digital public infrastructure, delivering sustainable value to member institutions, and generating long-term returns for shareholders.

I would like to express my sincere gratitude to Nepal Rastra Bank for its continued guidance, cooperation, and regulatory support. I also extend my appreciation to the members of the Board of Directors, the Chief Executive Officer, the management team, and all employees for their dedication and leadership, which have been instrumental in the Company's progress.

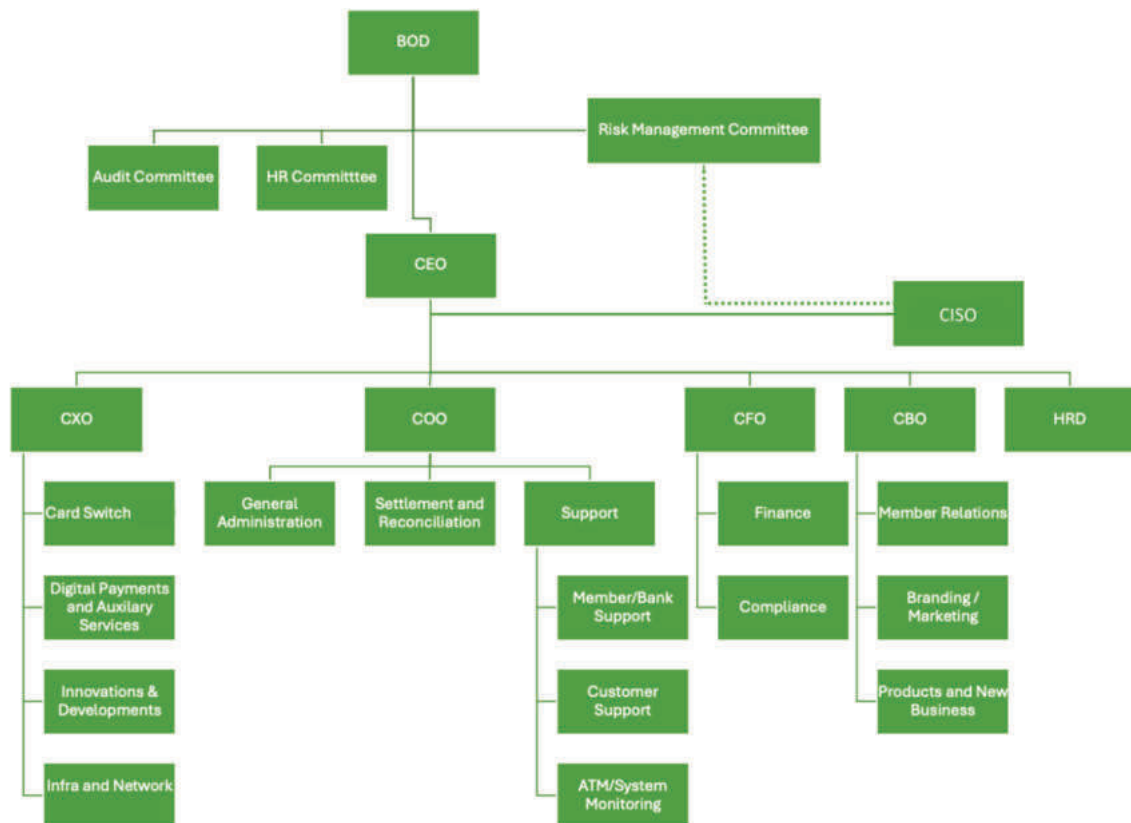
Once again, I warmly welcome you to the 24th Annual General Meeting of Smart Choice Technologies Limited and thank you for your continued trust and support as we move forward together toward a more inclusive, secure, and future-ready digital payments ecosystem for Nepal.

**Mrigendra Pradhan**

Chairman

Smart Choice Technologies Limited

# Corporate Governance



## Organizational Structure

SCT follows rules written in its Memorandum of Association (MOA) and Articles of Association (AOA). It got permission from Nepal Rastra Bank to operate as a Payment System Operator (PSO). Different laws and rules control how SCT works are as follows:

- Companies Act, 2063 (First Amendment, 2074)
- Payment and Settlement Act, 2075
- Electronic Transactions Act, 2063
- Payment and Settlement Bylaw, 2077 (First Amendment, 2080)
- Licensing Policy for Institution/Mechanism for Operating Payment Related Activities, 2073 (First Amendment, 2080)
- Directive and circulars issued by Nepal Rastra Bank on time to time
- Internal Rules and Policies
- Cyber Resilience Guidelines issued by Nepal Rastra Bank

## Board of Directors

The Board of Directors is a body of elected or appointed members by the shareholders, who jointly oversee the activities of the company and are responsible for the company's strategy, structure, and performance including the assessment and management of risk related activities. The Board is accountable and responsible for ensuring that adequate systems and controls are in place; strategic decision making and financial performance of company.

As specified in the Articles of Association of the company, SCT's Board comprises of 6 non-executive directors including Chairman, who is elected from among the Directors. The Board is constituted by the institutional representatives from the shareholder groups. Shareholder composition and the board representation is as shown in the following table:

S.N.	Shareholders	Holding	Number of Board Representation
1	Commercial Banks	43.17%	2
2	Development Banks	14.41%	1
3	Remittance Companies	42.27%	2
4	Individuals	0.15%	-
5	Independent Director	-	1
	<b>Total</b>	<b>100%</b>	<b>6</b>

Following are the members of the current Board of Directors:

Name of Directors	Designation	Institutions Represented
Mr. Mrigendra Pradhan	Chairman/Independent Director	
Mr. Anil Joshi	Director	Global IME Bank Limited
Ms. Rashmi Pant	Director	Prabhu Bank Limited
Mr. Sabin Dhakal	Director	IME Limited
Mr. Santosh Pageni	Director	Shangri-La Development Bank Limited
Mr. Subhas Gyawali	Director	City Express Money Transfer Pvt. Ltd.

The responsibility for day to day management of the company is delegated to the management team. The reporting line between the Board and Management team has been clearly defined ensuring effective monitoring of the senior management by the Board. The management team consists of professionals coming from diverse range of professional backgrounds including banking, information technology, chartered accountancy, law and marketing. The management team is led by the Chief Executive Officer, who is duly accountable to the Board. The Board is mainly involved in formulating strategic and annual plans, approving annual budget, formulating internal policies and procedures including risk management framework. All the key policies, procedures and governance aspects are regularly reviewed by the Board.

### Changes in the Board of Directors

There have been few changes in the representations in the Board in the FY 2081/82

Outgone Board Members		Incoming Board Members		Effective Date
Name	Institutions Represented	Name	Institutions Represented	
Mr. Bipin Thapa	IME Limited	Mr. Robin Kumar Nepal	IME Limited	From 81 <sup>st</sup> BOD Meeting dated 2081.04.13.
Mr. Suman Pokharel	Global IME Bank Limited	Mr. Anil Joshi	Global IME Bank Limited	From 90 <sup>th</sup> BOD Meeting dated 2081.10.25.
<<Vacant>>		Mr. Mrigendra Pradhan		From 90 <sup>th</sup> BOD Meeting dated 2081.10.25.
Mr. Praveen Regmi	IME Limited	Mr. Sabin Dhakal	IME Limited	From 90 <sup>th</sup> BOD Meeting dated 2081.10.25.
Mr. Manoj Dumar Shrestha	Himalayan Bank Limited	Mr. Santosh Pageni	Shangri-La Development Bank Limited	From 92 <sup>nd</sup> BOD Meeting dated 2081.12.26.

## Board Meeting

The Board has appointed the Company Secretary, who helps to convene the Board meetings and prepare agenda for discussion in the meeting, minutes the BOD's decision and ensure implementation of decisions made by the Board and/or address the matters raised by the regulatory authorities. The Minutes of the board meeting are retained by the Company Secretary

During the review period, a total of 15 board meetings were conducted and a summary of the attendance of the Directors in the Board meeting is as shown in the following table.

Name of Director	Total BOD Meeting Allowance	Meeting Attended/Meeting Held
Mrigendra Pradhan **	NPR 710,000	3/15
Anil Joshi **		4/15
Rashmi Pant **		9/15
Subash Gyawali **		14/15
Sabin Dhakal **		4/15
Santosh Pageni *		1/15
Robin Kumar Nepal **		13/15
Suman Pokharel *		5/15
Praveen Regmi *		10/15
Manoj Dumar Shrestha *		7/15
Bipin Thapa *		1/15

\* Outgone Board Members, \*\* Joined during FY 2081-82.

## Audit Committee

Audit Committee is formed pursuant to Section 164 of Companies Act, 2063 and functions as per the provisions of Section 165 of the same Act. It comprises of one Director from the Board as its Member and the Head-Finance acting as its Member Secretary. The Committee reports directly to the Board on the matters concerning financial reporting, internal control, risk management and auditing as per the Terms of Reference (TOR) approved by the Board.

The committee regularly reviews the internal control system, risk management system and compliance, related to financial and operational matters. It also conducts periodic review of financial statements, review of findings reported in the internal audit, statutory audit with appropriate recommendations to the Board for necessary policy changes as a result of the audit/ reviews. The results of quarterly Risk Register, Assessment & Treatment Plan as well as Compliance Self-assessment & Cross-functional Audit reported by the management are also reviewed by the Audit Committee. The Audit Committee periodically updates the Board on the controls and risk related matters.

A total of 1 meeting were held during the review period. The attendance details of the Audit Committee's members in the meeting are as follows

<b>Name of Member</b>	<b>Designation</b>	<b>Meeting Attended/Meeting Held</b>
Ms. Rashmi Pant	Coordinator	1/1
Mr. Roshan Bhandari	Member Secretary	1/1

### **Report on the Major Activities of Audit Committee**

The Audit Committee conducted the functions as mandated by Section 165 of the Companies Act, 2063. Accordingly, followings were the major activities conducted by the Audit Committee are as:

- Reviewed financial statement of the FY 2081/82 and recommended to the Board for approval.
- Discussed over matters concerning appointment of Statutory Auditor for the FY 2082/83 and recommended the name to be proposed in the 24th AGM through the Board.
- Discussed over matters concerning appointment of Internal Auditor for the FY 2081/82 and recommended to the Board of Directors the Internal Auditor. It also reviewed the scope of work, audit plan and schedule of the Internal Auditor.
- Reviewed the findings, recommendations, and management responses of the semi-annually Internal Audit Reports.
- Reviewed the Financial Statements and Budget Variance Report of the company reported by the management on quarterly basis.
- Reviewed the results of Risk Register as well as Compliance Self-assessment reported by the management.

## HR Committee

HR Committee of SCT currently comprises of two members from the Board of Directors with an objective to formulate needed human resource polices and plans in order to develop and retain necessary human resource at the company.

All the policies related to employee recruitment, salary and benefits, performance appraisal and other related issues are overseen by the Committee. HR Committee provides necessary recommendations to the Board for changes in human resource policies.

A total of 1 meeting of the HR Committee were held during the review period. The attendance details of the HR committee's members in the meeting are as follows:

Name of Member	Designation	Meeting Attended/Meeting Held
Mr. Mrigendra Pradhan **	Coordinator	1/1
Mr. Subhas Gyawali **	Member	1/1
Mr. Roshan Bhandari	Member Secretary	1/1

## Report on the Activities of HR Committee

The HR Committee conducted following functions in the FY 2081/82 (2024/25) exercising powers conferred by SCT's Board.

- Reviewed the amendment in SCT Employee Service Rules and SCT Human Resource Plan.
- Reviewed the staffs' salary and benefits and recommended to the Board for necessary approval and considerations.
- Reviewed and recommended necessary restructuring for fulfilling HR requirement.

## Risk Management Committee

SCT, engaged in the card payment industry in Nepal, considers prudent risk management practices as the core pillar of sound operation, and a way to uphold the trust of the stakeholders. The primary objective of this committee is to systematically address risks like Operational Risk, Systemic Risk, Liquidity Risk, Business Risk, Credit Risk, Legal Risk, and other risks like Reputation Risk and Strategic Risks are thoroughly identified, measured, and necessary control mechanisms are implemented and reported to the related on a regular basis. The Composition of the Risk Management and Compliance Committee is as follows:

A total of 1 meeting of the Risk Management Committee were held during the review period. The attendance details of the Risk Management committee's members in the meeting are as follows:

Name of Member	Designation	Meeting Attended/Meeting Held
Mr. Anil Joshi **	Coordinator	1/1

Followings are the major agenda discussed during the meeting of the Committee:

- Formulated the Risk Management and Compliance Policy of SCT at the first meeting of the Committee.
- Discussed the matters escalated by the Meeting of the Operational Risk Management Committee meetings (management level committee).
- Discussed the possibility of the implementation of a RACI (Responsible, Accountable, Controlled, and Informed) chart.

## Meeting Allowance

The members of Board, Audit Committee, HR Committee, and other Board Level Committees are provided with meeting allowance of NPR 10,000 per member per sitting. Tax Deducted at Source (TDS) has been deducted from the above payment and Net proceed has been made available to members. In the review period, the company incurred the total meeting expenses of NPR 750,000. The details of the meeting expenses are disclosed in notes to the accounts.

## Shareholders Communication

Annual General Meeting is a forum for shareholders to exchange their opinions and views. All necessary information as per the prevailing Company Act is incorporated in the Annual Report. It covers all the necessary financials and disclosures required to provide detailed information to the shareholders. Mentioned information is also uploaded at SCT's website ([www.sct.com.np](http://www.sct.com.np)). As per the Nepal Rastra Bank's Payment System Unified Directive (Directive No. 11/080 Clause No. 7), SCT has been publishing its unaudited semi-annual financials on its website for its shareholders and public consumption. Any other information that requires to be communicated to the shareholders are shared and communicated on regular basis through various mediums and in various platforms.

## Internal Controls

Internal control system of an organization ensures effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulation. SCT recognizes the significance of internal control system and hence, the devised internal controls are duly implemented and reviewed to obtain reasonable assurance of such controls. SCT has incorporated following elements as a part of its internal control system:

SCT's Board has formulated set of internal policies and procedures, which are implemented by the Management in its day-to-day operations. The policies and procedures are regularly reviewed by the Board. The current prevailing major policies and procedures of SCT are as follows:

S.No.	Policy
1	Financial Rules and Regulations
2	Business Continuity Policy
3	Risk Management Policy
4	Human Resource Policy
5	Disaster Recovery Policy
6	Dispute Management Policy
7	Investment Policy
8	Procurement Policy
9	Anti-Money Laundering (AML) Policy

## Internal Audit

The Internal Audit reviews the effectiveness of internal control procedures and compliance with policies and procedures across all system and operational departments. The objective of the internal audit engagement is to review and report the SCT's management in effective discharge of their responsibilities. The Internal Audit was conducted by H.G.S. & Associates, Chartered Accountants for the FY 2081/82 (2024/25).

Semi-annual internal audits were carried out during the review period under the supervision of the Audit Committee. H.G.S. & Associates, Chartered Accountants was paid NPR 150,000 excluding VAT with additional internal audit expenses on actual basis.

## Business Continuity Plan

The SCT's Board has approved the Business Continuity Plan and Disaster Recovery Plan (BCP/DRP). To validate their effectiveness, the management conducts regular testing of these plans, and they are meticulously aligned with SCT's IT/IS Policy, ensuring backups, seamless business operations during unforeseen disasters, and comprehensive documentation of these processes.

## External Audit

The independent audit function is discharged by the External Auditor. M/s PYC & Associates, Chartered Accountants has been appointed as the external statutory auditor for the review period by the 23rd AGM of the company. The external auditor is responsible for obtaining reasonable assurance that the financial statements are free of material misstatement whether caused by error or fraud. The scope of the external audit includes statutory and tax audit. Total fee of NPR 185,000 excluding VAT with additional external audit expenses on actual basis paid to the external auditor for the fiscal year.

## Human Resources Management

SCT recognizes the value and effort invested by the employees in attaining the overall organizational objectives. Achieving organizational goal, integration between employee's and employer's interest is vital for any organization. Hence, SCT has tried its best to attract best resources and retain them. HR at SCT is guided by the policies including SCT Code of Conduct, Employee Service Rules, HR Plan and Employee Performance Objectives & Appraisal Procedures, which are formulated by the Board. These are in line with the prevailing Labor Acts and Bylaws. And the responsibilities and job description for each of the positions are defined in the HR Plan and are monitored through regular performance review.

## Recruitment Process

SCT believes in recruiting employees on the best-fit basis for any available job/ position based on competencies, skills, qualification, experience and aptitude. SCT follows fair and competitive recruitment process providing an equal opportunity to all the deserving candidates. The HR function is executed by the Admin & HR department.

The recruitment is done through public notice of vacancy announcement and the applicants go through a series of screening steps. Appropriate controls are put in place from initial screening till finalization of the candidates. In order to make new recruits accustomed with the work culture of the company, induction session is organized. The job specification for each position is clearly indicated in its Human Resource plan.

## Management Team

The non-core office support related functions are outsourced from local personnel service providers.

Name	Designation
Mr. Manoj Ghimire	Chief Executive Officer
Mr. Rakesh Shrestha	Deputy Chief Executive Officer
Mr. Bibek Ghimire	Chief Operating Officer
Mr. Rajim Ali Miya	Chief Innovation and Development Officer
Mr. Hem Ghimire	Chief Business Officer
Mr. Roshan Bhandari	Head – Finance Department

## Staff Health and Insurance

The Company believes that the health and wellbeing of our employees are vital for their personal and professional growth. In order to cover for unforeseen and contingencies company has subscribed a standard group medical insurance to cover employees and their immediate family's medical expenses up to total of NPR 100,000 per annum and group personal accidental insurance ranges from NPR 700,000 to cover risks of loss due to accident depending on employee level.

# Product & Services



# Director's Report & Disclosure

## As per Section 109 of Company Act, 2063

Dear Shareholders,

It is with an honor and privilege on the behalf of the Board of Directors of Smart Chocie Technologies Limited (SCT) to present achievement we have undertaken in the last fiscal year 2081/82 (2024/25) along with the company's performance, achievements, challenges, business review along with the audited reports of the financial statements for the fiscal year ending 2081/82 (2024/25).

### Performance Review of Last Year:

This has been disclosed under sections Financial Review and Operation Review of this report.

### Effect on Business of the Company due to internal & international situations:

In FY 2024/25, the global economy faced continued challenges arising from geopolitical tensions, inflationary pressures, and shifting financial dynamics. The prolonged Russia-Ukraine conflict, emerging tensions in the Middle East, and evolving trade measures disrupted global supply chains—particularly in energy and agricultural commodities—leading to market volatility. Although inflation showed signs of moderation in some regions, central banks maintained cautious and accommodative monetary policies to balance price stability and economic growth. In Nepal, these global developments resulted in higher import costs, a widening trade deficit, and subdued economic activity, adversely affecting financial sector transactions. These pressures were further compounded by recent political uncertainty associated with the Gen Z movement and planned elections.

Encouragement and adoption of electronic payments by the Government of Nepal has increased opportunities, yet competition in the market has also increased. As SCT systems are already linked with all BFIs and PSOs/ PSPs and it being one of the key stakeholders in driving digital payment use cases, it is expected to improve SCT's position within the digital payments ecosystem of Nepal.

Difficulty in finding and recruiting qualified and experienced human resources with increased employee turnover in few departments was one of the major challenges that SCT faced during the year. This high turnover is associated with high demand of technical and industry experts in the market.

Hence, with the increasing products and services and increased business lines, SCT has given utmost priority to increase skill and competency of its existing man power and to attract additional resources to support existing and new projects.

### **Human Resources :**

As disclosed under section Human Resource of this report.

### **Industrial and Professiona Relationships:**

SCT has maintained strong and cordial relationships with key stakeholders, including Government of Nepal agencies, Nepal Rastra Bank, banks and financial institutions, industry associations, non-bank institutions, PSPs/PSOs, and other business groups. The Company also continues to foster balanced and collaborative relationships with both national and international technology partners and service providers.

### **Change in Board of Director:**

Total 3 Directors representatives from the commercial banks, development banks were reappointed by the 23rd AGM, there was change of 2 Board of Director representing Global IME Bank Limited and Himalayan Bank Limited during the review period.

### **Main factors affecting the Business:**

Following are some of the major factors that may adversely affect SCT's business in the coming fiscal year.

- In line with Nepal Rastra Bank's merger policies for licensed PSOs/PSPs, mergers among member banks and financial institutions are expected. The resulting reduction in the number of entities is likely to directly impact SCT's annual revenue.
- The growing number of licensed PSOs/PSPs has accelerated innovation an expansion of Nepal's digital payment ecosystem. However, increased competition and overlapping services have exerted downward pressure on pricing. In response, SCT has adopted a strategic approach focused on collaboration with industry stakeholders.

- As a technology-driven organization, SCT is exposed to inherent operational risks, particularly relating to cybersecurity and fraud. While a comprehensive risk management framework has been implemented, continuous investment in operational resilience and security infrastructure remains critical.
- Limited funding availability, declining domestic interest rates, and volatility in the USD–NPR exchange rate amid geopolitical uncertainties may adversely affect SCT’s operating expenses, especially where services and annual maintenance contracts are denominated in USD.
- The acute shortage of skilled professionals with expertise in both banking and technology continues to pose a challenge. Despite ongoing recruitment efforts, resource constraints persist. Adequate staffing as per the HR plan, redundancy in key roles, and continuous skill development are essential to mitigate this risk.
- Recent political unrest in Nepal has impacted economic and fiscal stability, temporarily disrupting business activities and weakening market confidence. Given SCT’s reliance on physical, co-located data centers and transaction volumes linked to business activity, such instability presents an ongoing operational risk.

**Remarks and Observation from Independent Auditor’s report:**

Auditor has not expressed major or critical observations in the Audit Report. The complete audit report is attached in the later section of this report.

**Detail of share forfeited:**

No share has been forfeited.

**Any information given to company by its principal shareholder (who holds 1% or more shares of the company) during financial year:**

Not applicable.

**Company and its subsidiary company’s transaction and review of situations at the end of the fiscal year:**

SCT does not have subsidiary till the closure of FY 2081/82.

### Purchase of its own share:

Not applicable.

### Information regarding existing internal control:

This has been disclosed under sub-section Internal Control of section Governance of this report.

### This has been disclosed under sub-section Internal Control of section Governance of this report.

The details of the management expenses are as follows

<b>Particulars</b>	<b>FY 2081/82 (2024/25)</b>	<b>FY 2080/81 (2023/24)</b>
Staff Expenses	31,778,329	37,995,369
Other Administration Expenses	12,049,241	7,774,643
<b>Total</b>	<b>43,827,570</b>	<b>45,770,012</b>

### Member of audit committee, their remunerations & benefits and details of their activities performed along with recommendations:

Members of the Audit Committee are:

1. Ms. Rashmi Pant – Coordinator
2. Mr. Sabin Dhakal – Member
3. Roshan Bhandari – Member Secretary

There was no provision for remunerations to any of the members of the Audit Committee. As a meeting allowance, NPR 10,000 for each member is provided per sitting except for the Secretary.

**Details of remunerations, allowances and other benefits paid to directors, managing director and chief executive:**

No remuneration was provided to any of the Directors. However, Board members were paid a meeting allowance of NPR 10,000 per sitting, with applicable taxes duly deducted at source. Details of the meeting allowances paid to each Director are disclosed in the notes to the accounts accompanying this report.

**Details of dividend, bonus and dividend payable:**

There exists no any outstanding dividend payable till the FY 2081/82 (2024/25).

**Information disclosure as per section 141 regarding purchase or sale of assets:**

Not Applicable.

**Details of related party transaction as per the section 175 (transaction between associated companies):**

Not Applicable.

**Disclosures to be made by directors:**

At the time appointment of the director, the directors shall disclose about the following and the same has been reported regulatory authorities.

**1. Disclosure as Required under Section 92.1 of the Companies Act, 2063**

In accordance with Section 92.1 of the Companies Act, 2063, disclosures are made regarding:

- Any direct or indirect interest of directors, key management personnel, or officials in the operations of the company.
- Appointments of the Managing Director, Company Secretary, and other key officials of the company.
- Directorships held by any director in other companies.
- Transactions involving equity or debentures of the company, its holding company, or

## 2. Disclosure as Required under Directive 11 of Unified Payment Directives, 2081

- Disclosure as per Annexure 11.1 of Unified Payment Directives, 2081.
- Oath taking as per Bylaws 12 of Payment and Settlement Bylaws, 2077.
- Self declaration regarding:
  - Elected to a position at the local, provincial, or federal level of the Government of Nepal and has/have held a constitutional office has/have held or not
  - Whether the member of the Board of Directors is serving/not serving on the board of directors of any other institution licensed/authorized by this bank.
- Fit and Proper test, as required under Directive 12 of the Unified Payment Directives, 2081, in the case of a new member elected to the Board of Directors.
- Any other disclosures as may be required by the regulatory authorities.

### **Any other details to be disclosed:**

Disclosed in appropriate part of this report and financial statements.

On behalf of the Board of Directors, we extend our sincere gratitude to the shareholders, banks and financial institutions, regulatory bodies, and all stakeholders for their continued trust and confidence in SCT. We also acknowledge and appreciate the dedication and hard work of the management team and staff, whose efforts have brought the Company to this stage. We look forward to continued support and constructive guidance from all stakeholders as we strive to establish SCT as a leading provider of payment and settlement solutions.

On behalf of Board of Directors

Mrigendra Pradhan  
Chairman

कारोबारको जानकारी  
**SMART SOUNDBOX** मार्फत  
पाउनुहोस साथै रकम तुरुन्तै आफ्नो  
बैंक खातामा प्राप्त गर्नुहोस ।



# Business & Operation Review

## Key Achievements and Progress to Date

Smart Choice Technologies Limited achieved several key milestones across payments infrastructure, card services, digital banking, security, and compliance, further enhancing the Company's technological capabilities and market presence.

We successfully expanded strategic partnerships, launched critical services, and reinforced our position as a leading payment service provider in Nepal. Our achievements spanned Smart QR and P2P Fund Transfer Services, Smart Pay (IBFT), EFT Switch Services, and other strategic initiatives, reflecting strong growth and operational excellence across our service portfolio.

## VISA Project

Smart Choice Technologies Limited successfully completed the VISA migration on January 17 2025, making ATM and POS issuing and acquiring operations fully live, with E-Commerce transactions operating successfully. The migration drove notable growth in transaction volumes. Overall, total ATM transactions and average daily transactions increased by 13% and 24% respectively, demonstrating improved interoperability and network performance.

SCT was also formally registered as a VISA TPA (Third-Party Agent) Member, expanding its roles beyond Third-Party Servicer for VISA (TPSV) to include Instant Card Personalization Issuer, ISO for ATM and Merchant operations, Payment Facilitator, and Third-Party Servicer for PIN management, further strengthening its position as a trusted partner in the VISA ecosystem.

## Smart Pay (IBFT) Expansion

Smart Choice Technologies Limited successfully expanded its Smart Pay (IBFT) Services, operating on SCT's own proprietary switch. The service now covers 9 banks with 25 agreements signed, demonstrating the Company's operational excellence and technical capability in delivering seamless interbank fund transfers, and reinforcing SCT's position as a leading provider of interbank fund transfer solutions in Nepal.

## **Smart QR and P2P Fund Transfer Services**

The Company signed agreements with 31 banks for Smart QR merchant acquisition, significantly expanding its merchant network with the successful onboarding of 2,06,757 merchants to the Smart QR platform. During the year, the Smart QR Soundbox was launched using SCT's own proprietary Soundbox solution. In addition, SCT began collaborating with multiple aggregators, including Moffin, Info Developers, mBank, and Zenob, to support cooperative onboarding. Through these initiatives, 30 cooperatives were successfully onboarded for My QR service. In addition, services went live with 9 wallets, while testing was completed for Dynamic QR integration on the Dish Home screen and Smart QR issuing integration with Khalti.

## **SCT Hub & ATM Monitoring Services**

SCT Hub is a unified operational portal that provides real-time data access, ATM monitoring dashboards, centralized card management, user management, and automation tools, enabling institutions to manage daily operations efficiently from a single platform. The portal supports self-registration, reduces operational dependency, and enhances visibility, control, and compliance across systems.

SCT Hub is currently being actively used by the following member banks: Global IME Bank, Prabhu Bank, Everest Bank, Himalayan Bank, Rastriya Banijya Bank, Green Development Bank, Kamana Sewa Bikas Bank, Saptakoshi Development Bank, Sindhu Bikas Bank, Shangri-La Development Bank, and Salapa Bikas Bank.

In addition, Smart Choice Technologies successfully launched the ATM Monitoring Pilot with Global IME Bank, demonstrating operational efficiency and real-time service quality management.

## **SCT API Pro**

Smart Choice Technologies Limited has been developing a comprehensive suite of APIs designed to support real-time credit card issuance, BNPL conversion, real-time card payments, and end-to-end card lifecycle management. Key functionalities include token generation, card information retrieval, PIN management, card activation, transaction processing, statement access, and account updates. In total, SCT is offering more than 25 APIs that cover critical card operations, strengthening the digital payment ecosystem.

## **Perso (Personalization) Upgradation**

The personalization upgradation has been successfully implemented, enhancing existing features and enabling cards across any scheme to be personalized. With this enhancement, member banks are able to perform card personalization directly at their own premises, reducing turnaround time and improving operational efficiency and service delivery.

## **Security and Compliance**

Smart Choice Technologies Limited has successfully completed PCI DSS Version 4 certification, strengthening its commitment to industry-standard security and compliance. Notably, SCT is the first company in Nepal to achieve certification under PCI DSS Version 4.

## **Industry Representation and Strategic Positioning**

Smart Choice Technologies Limited secured representation in the PCI SSC Council, the India Regional Board, reflecting the Company's strong alignment with global payment security standards. The Company was also appointed as a Regional Member of UnionPay, further strengthening its position within the international payment ecosystem.

## **Card Services and Portfolio Expansion**

During the year, an agreement was signed with Agricultural Development Bank Limited, a government-owned bank, for the SCT UPI Card segment, marking a significant milestone for the Company. Shangri-La Development Bank and Salapa Development Bank successfully commenced the issuance of SCT UPI Cards. In addition, system readiness for the NepalPay Card Scheme has been completed over the course of the year, reflecting the Company's ongoing efforts to strengthen its card services infrastructure.

In addition, 6 cooperatives were onboarded for card services. Rastriya Banijya Bank successfully issued 175,000 SCT UPI Cards, significantly broadening the cardholder network.

As of Poush 2082, a total of 1,490,450 cards were sold and 1,001,234 cards were issued, reflecting strong growth in the Company's overall card portfolio.

## **Smart MMS (Merchant Management System)**

Smart MMS is a unified merchant management and payment orchestration platform that provides a one-window solution for managing merchants and payments. It supports Card, QR, eCommerce, and Payment Gateway services, while simplifying reconciliation and reporting for merchants. During the year, the UAT setup for Global IME Bank was completed, and the Proof of Concept (POC) was successfully executed, demonstrating Smart Choice Technologies Limited's seamless integration capabilities.

## **My Card**

The Company launched the "My Card" service, a personalized debit card that allows cardholders to express their individuality. Card designs can be customized across categories such as family, pets, personal belongings, nature, paintings, hobbies, and sports, while ensuring security and a personalized experience. This service is currently adopted by ICFC Finance Limited.

## **Missed Call Banking**

The Company also introduced Missed Call Banking services, enabling customers to block their card or reset their PIN with a simple missed call. Accessible from any mobile phone, anytime, the service provides a safe, quick, and convenient digital banking solution and is currently adopted by Manjushree Finance Limited.

## **Access Control Server (ACS) services:**

Smart Choice Technologies Limited successfully delivered Access Control Server (ACS) services to Global IME Bank and NMB Bank, strengthening card security and authentication capabilities.

## **Internet Banking**

During the year, the Company successfully implemented Internet Banking services for both Corporate and Retail segments.

## **NRB Settlement for Member Banks**

Smart Choice Technologies Limited is equipped to perform transaction settlements for its member banks directly via the National Payment Switch with the Nepal Rastra Bank, strengthening its position in the national payment settlement framework.

## **Marketing Campaigns & Promotional Activities**

Smart Choice Technologies Limited strengthened its brand presence and market visibility through targeted marketing and promotional initiatives. The Company executed campaigns to promote Smart QR, Smart Pay, and UPI card services, emphasizing real-time settlements, interoperability, and convenience for both merchants and customers.

Promotional efforts spanned across retail, banking, and commercial sectors, achieving notable success in engaging merchants and customers. Member banks actively supported SCT's marketing initiatives through extensive social media promotions. Participating banks—including Rastriya Banijya Bank, Global IME Bank, Himalayan Bank Limited, ICFC Finance Ltd, Everest Bank Limited, and Reliance Finance Limited—helped amplify campaign visibility, enhancing customer engagement and overall reach.

## **Merchant Tie-Ups**

We have successfully have established partnership with Thirty Five(35) plus merchant establishments across various sectors including hospitality, healthcare, retail, and food & beverage. These partnerships provide our cardholders with exclusive discounts and benefits, enhancing customer value and driving card usage.

Our merchant network spans:

- Premium hotels and resorts
- Healthcare facilities
- Restaurants and cafes
- Retail outlets
- Entertainment venues

Discount offers range from 10% to 30%, providing significant value to our customers while driving merchant business growth.

## Future Outlook & Plans

Looking ahead, the Company plans to advance its digital banking and payment ecosystem through several key initiatives:

- Mastercard Acquiring to expand digital payment acceptance.
- Enhancing tokenization services and introducing the Virtual Card feature.
- A Mobile App for card operations such as block/unblock, viewing card details, and statement history is being developed.
- Payment Gateway and Corporate Fund Transfer services are being developed to enable seamless and secure business transactions.
- Introducing VIP management services under the card domain.
- Developing the Buy Now Pay Later (BNPL) platform.
- Implementing QR-based ATM withdrawal functionality.
- Developing a Prepaid Management Hub and close-loop payment systems.
- Extending Smart Pay (IBFT), Smart QR, and Mobile Banking services to additional financial institutions.
- Expanding the merchant network and customer base across all service lines.
- Strengthening existing partnerships and onboarding new financial institutions.
- Enhancing social media engagement and reach through targeted campaigns and promotional activities.



# नेपाल राष्ट्र बैंक

## भुक्तानी प्रणाली विभाग



बालुवाटार, काठमाडौं  
फोन: ०१ ५७१९६४१, ५७१९६४२, ५७१९६४३  
फ्याक्स: ०१ ५७१९६०१  
Extension: १३४६, १३९१  
E-mail : psdos@nrb.org.np  
Web : www.nrb.org.np

पत्रसंख्या : भु.प्र.वि./गै. नि/०८२/८३  
चलानी नं.: ३०२  
श्री स्मार्टच्वाईस टेक्नोलोजिज लिमिटेड  
पानीपोखरी, काठमाडौं ।

मिति : २०८२/०९/०३

विषय: वार्षिक वित्तीय विवरण प्रकाशन गर्न स्वीकृति प्रदान गरिएको सम्बन्धमा ।

महाशय,

भुक्तानी तथा फस्यौट ऐन, २०७५ को दफा २५ को उपदफा ३ बमोजिम बाह्य लेखापरीक्षक श्री PYC & Associates Chartered Accountants बाट लेखापरीक्षण सम्पन्न गराई तयार गरिएको त्यस संस्थाको आर्थिक वर्ष २०८१/८२ को वित्तीय विवरणहरु प्रस्तुत/सार्वजनिक गर्ने अनुमतिका लागि अनुरोध भई आएको सम्बन्धमा देहाय बमोजिमका निर्देशनहरु पालना गर्नेगरी वित्तीय विवरणहरु प्रकाशन गर्न स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध छ ।

(क) स्थलगत निरीक्षणको प्रतिवेदन-२०८१ मा दिइएका निर्देशनहरुमध्ये कार्यान्वयन हुन बाँकी निर्देशनहरु कार्यान्वयन गर्नुहुन ।

(ख) बाह्य लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु सुधार गर्नुहुन ।

उपरोक्तानुसारका निर्देशनहरु शेरधनीको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशन गर्नुहुन ।

*[Handwritten Signature]*

(सुधा श्रेष्ठ)  
उप निर्देशक

**Report on the Audit of Financial Statements:**

**Opinion**

We have audited the accompanying financial statements of **Smart Choice Technologies Limited** herein referred to as "**Company**", which comprise the Statement of Financial Position as on Ashadh 32<sup>nd</sup>, 2082 (July 16<sup>th</sup>, 2025), Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and Notes to the Financial Statements, including Significant Accounting Policies.

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements present fairly, in all material respects, the financial position of the company as on Ashadh 32<sup>nd</sup>, 2082 (July 16<sup>th</sup>, 2025), and its financial performance, and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

**Basis for opinion**

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit on the Financial Statements section of our report. We are independent of the company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion on the standalone financial statement.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matter to be communicated in our Report.

Key Audit Matters	How our audit addressed Key Audit Matter
<p><b>Legal and Regulatory Matters</b></p> <p>We focused on this area as the company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p>	<p>Audit procedures include:</p> <ul style="list-style-type: none"> <li>• Understanding, evaluating the design and testing the operational effectiveness of the key controls over the legal provision and contingency processes.</li> <li>• Enquired with those charged with governance to obtain their views on the status of all significant litigation and regulatory matters. Enquire with the company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</li> </ul>



appropriate accounting policies ; making judgment and estimate that are reasonable and prudent; and the design; implementation and maintenance of adequate internal financial control, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably expect to influence the economic decisions of users taken on the basis of these financial statements.

As a part of audit in accordance of NSAs, we exercised professional judgment and maintain professional skepticism throughout the audit of Smart Choice Technologies Limited for FY 2081/82 (2024/2025) We also:

- Identified and assessed the risk of material misstatement of the financial statement whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Concluded an appropriateness of management use of going concern basis of accounting and, based in audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the company's ability to continue as going concern. If we concluded that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going concern.
- Evaluated the appropriateness of accounting policies used as the reasonableness of accounting estimates and related disclosures made by management.
- Evaluated the overall presentation, structure, and content of financial statement including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We remain solely responsible for our audit opinion.
- We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matter that may reasonably be thought to bear on our independence, and where applicable, related standards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirement**

- We have obtained information and explanations asked for, which, to the best knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, the Statement of Financial Position as on Ashadh 32nd, 2082 and Statement of profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including Significant Accounting Policies applied by the Company have been prepared in accordance with the requirements of the Companies Act, 2063 and are in agreement with the book of accounts maintained by the Company including relevant records relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and record of the Company.
- To the best of our information and according to explanation given to us and so far, appeared from our examination of the books of account of the Company we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the company or acted in a manner to jeopardize the interest and security of the company.
- The operation of Company is within its jurisdiction.



**Yuddha Raj Oli, FCA**  
**Partner**  
**PYC & Associates**  
**Chartered Accountants**

**Date: 2082.07.25**

**UDIN No: 251209CA00185B8PN9**

Key Audit Matters	How our audit addressed Key Audit Matter
	<ul style="list-style-type: none"> <li>Assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</li> <li>Evaluated the adequacy of financial statement disclosure in respect of contingencies</li> </ul>
<b>Property, Plant &amp; Equipment</b>	
<p>Property, Plant and equipment is evaluated for recoverability based on expected future cash flows if there are indicators of potential impairment. Auditing management's assessment of potential impairment of property, plant and equipment was of highly judgmental due to the significant estimation required in determining the estimated hold period expected future cash flows, discount rate and/or capitalization rates for the properties subject to a recoverability test and/ or a fair value measurement. In particular, the expected future cash flows are based on assumptions, including the projections of revenues and expenses based on estimated growth rates that are forward looking, could be affected by future economic and market conditions, and sensitive to discount rate and/or capitalization rate changes.</p>	<ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's review process over impairment testing of property and equipment, including controls over management's review of the significant assumptions described above.</li> <li>Our testing of the Company's impairment assessment included, among other procedures, evaluating the significant assumptions and testing the completeness and accuracy of the underlying data used by Company to develop the expected future cash flows, if applicable, for their properties.</li> <li>We compared the significant assumptions used by management to current industry and economic trends, changes to the company's strategy and other relevant factors.</li> <li>We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate changes in the expected undiscounted future cash flows and fair value of the properties that would result from changes in the assumptions.</li> <li>We held discussions with management about the current status of potential transactions and about management's judgments to understand the probability of future events that could affect the hold period and other cash flow assumptions for the properties.</li> </ul>
<b>Information Technology General Control</b>	
<p>IT controls with respect to recording of transactions, generating various reports in compliance with relevant Act/ laws/and guidelines is an important part of the process. Such reporting is highly dependent on the effective working of the information systems used.</p> <p>We have considered this a key audit matter as any control lapses, validation failures, incorrect input data, and wrong extraction of the reports generated by the data may result in</p>	<ul style="list-style-type: none"> <li>An understanding of the coding system added by the company for various categories of customers.</li> <li>Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the company;</li> <li>Reviewing the Report Generated by the system on a sample basis. We also verified the income booking under revenue streams on test basis with the system.</li> </ul>

Key Audit Matters	How our audit addressed Key Audit Matter
wrong reporting of data to the management, shareholders, and regulators	<ul style="list-style-type: none"> <li>• We extended our testing to identify whether there had been unauthorized or inappropriate access or changes made to critical IT systems and related data.</li> <li>• Where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and</li> <li>• Where required, we performed a greater level of testing to validate the integrity and reliability of associated data and reporting.</li> </ul>

**Emphasis of Matters**

As stated in significant accounting policies and notes to the account (Note 3.27.1), actuarial valuation of employee-related liabilities including gratuity has not been carried out. Our opinion is not modified with respect to this matter.

**Other Information**

The Company management and directors are responsible for the preparation of the other information. The other information comprises the information included in the Management report and other progress reports but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Information Other than the Financial Statements and Auditor's Report Thereon**

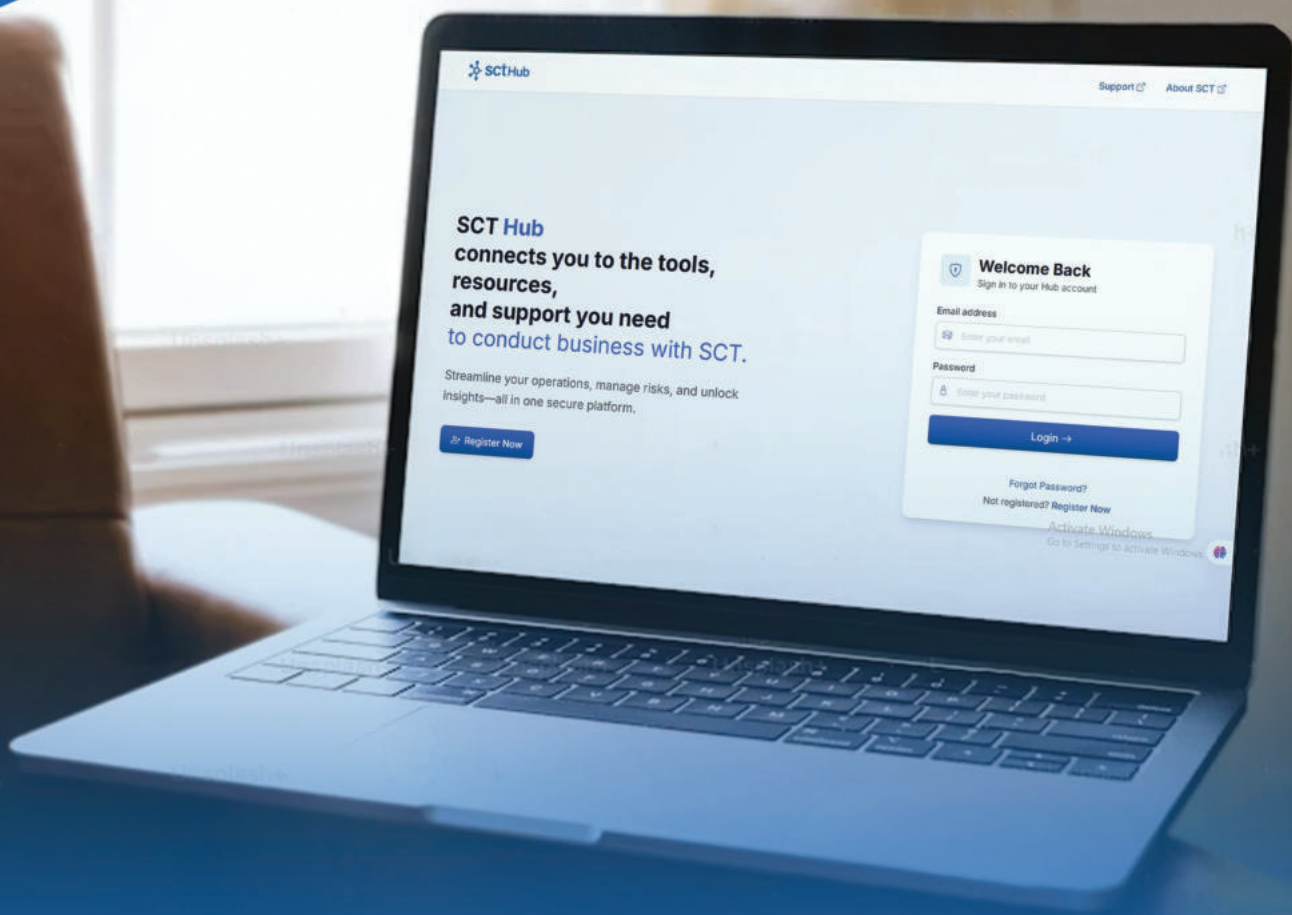
Smart Choice Technologies Ltd.'s management is responsible for the preparation of the other information. The other information comprises the information included in the Management report and other progress reports but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The management and board of directors are responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the entity and for preventing and detecting fraud and other irregularities; selection and application of



# SCT Hub

Real-time Monitoring, Task Management,  
& Insights — **All on one platform!**



Operations Support



Risk Management



Better Analytics

# Financial Information

## Notes to the financial statements as of ashadh end 2082 (16<sup>th</sup> July 2025)

### 1. General Information of the Company

Smart Choice Technologies Limited (hereinafter referred to as “SCT” or “Company”) is a public limited company domiciled in Nepal, incorporated under the provision of the Company Act, 2063. The company was incorporated on 2058.04.29 as Private Limited Company and later on 2074.03.01 the company was converted into Public Limited Company. The registered address of the company is at Panipokhari, Kathmandu, Nepal. Subsequently, SCT was registered in Inland Revenue Department on 2058.07.06 having its Permanent Account Number is 300343144.

SCT obtained payment System Operator (PSO) License from Nepal Rastra Bank (NRB) on 2074.09.17 to provide Network for electronic cards and Payment Switch in Nepal.

The Board of Directors of the company acknowledges the responsibility of preparation of financial statements of the company.

#### 1.1. Board of directors

The composition of Board of Directors as on 32<sup>nd</sup> Ashadh, 2082 is as follow:

Name	Position
Robin Kumar Nepal	Chairperson
Anil Joshi	Director
Rashmi Pant	Director
Subhas Gyawali	Director
Sabin Dhakal	Director
Santosh Pageni	Director
Mrigendra Pradhan	Independent Director

## 1.2. Major shareholding pattern

Name of the Shareholders	As on the Ashadh End, 2082	
	%	No. of Shares
IME Limited	35.60	1,780,069
Prabhu Bank Ltd.	21.58	1,079,040
Global IME Bank Ltd.	15.43	771,608
City Express Money Transfer Pvt. Ltd.	6.67	333,312
Himalayan Bank Ltd.	6.16	307,840
Shangri-La Development Bank Ltd.	5.33	266,667
Kamana Sewa Bikas Bank Ltd.	3.08	153,920
Excel Development Bank Ltd.	3.00	150,000
Garima Bikas Bank Ltd.	2.00	100,000
Green Development Bank Ltd.	1.00	50,000
Unnati Bohara	0.06	3,029
Prajwal Bohara	0.03	1,515
Arjun Jung Thapa	0.04	2,000
Shristi Joshi Malla	0.02	1,000
<b>Total</b>	<b>100.00</b>	<b>5,000,000</b>

## 1.3. Statement of Compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) – Nepal and Issued by Institute of Chartered Accountant of Nepal (ICAN).

## 1.4. Financial Statements and its Approval

The reporting period of SCT covers a twelve-month period from 1<sup>st</sup> Shrawan 2081 (16<sup>th</sup> July 2024) to 32<sup>nd</sup> Ashadh 2082 (16<sup>th</sup> July 2025). The comparative figures in Statement of Financial Position, Income Statement, Statement of Other Comprehensive Income, Statement of Cash Flows, and Statement of Changes in Equity are presented for the year ended 32<sup>nd</sup> Ashadh 2082 (16<sup>th</sup> July 2025).

Accompanied financial statements are prepared under the responsibility of the management and adopted by the Board of Directors on its meeting held on 11<sup>th</sup>

November 2025 with necessary recommendation for approval by the shareholders in the upcoming Annual General Meeting.

## **1.5. Principal Activities and Operations**

SCT operating as Payment System Operator (PSO), provides solution of issuance of cards, acquiring transactions through different delivery channels, connectivity to different payment networks in the country as well as outside of Nepal along with all the related settlement, operational and security aspects on the same. SCT also ensures that its facility is complied with the highest security standard as required by the Payment Card Industry Data Security Standard (PCIDSS) for card data processing company and maintains a complete redundant system to ensure the highest level of up time.

Principal activities of SCT are to provide electronic payment processing services to its member banks & financial institutions for delivering their Card and Digital Payment needs.

## **2. Basis of preparation**

The company while complying with the reporting standards, makes critical accounting judgement as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements as a whole along with the judgements made are described herein.

The company while complying with the reporting standards, makes critical accounting judgment as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements along with the judgments made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the company to exercise judgment in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.

### **2.1. Reporting pronouncements**

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) – Nepal and Issued by Institute of Chartered Accountant

of Nepal (ICAN). The company has, for the preparation of financial statements, adopted the NFRS which is currently effective (based on NFRS of 2018). The first-time adoption of NFRS was from FY 2076-77.

## **2.2. Accounting conventions**

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

Board of Directors (BOD) are satisfied that the company has resources to continue in business for the foreseeable future.

The Financial Statements have been prepared on going concern basis, as the management is satisfied that SCT has, at the time of authorization of financial statement, have adequate resources to continue its operation for the foreseeable future and the management is not aware of any material uncertainties that may cast significant doubt upon SCT's ability to continue as a going concern.

## **2.3. Basis of Measurement**

Financial Statements of SCT have been prepared on historical cost convention, as modified by fair value measurement of financial assets and liabilities wherever the standard requires or provides options for such measurements.

### **Fair Value Measurement**

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 dates regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of assets and liability, the company takes in to account the characteristics of assets or liability if market participants would take those characteristics in to account when pricing the assets or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis except for lease transactions that are within the scope of NFRS 16.

## **2.4. Materiality and Aggregation**

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of item is presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount is reported in the Statement of Financial Position only when there is a legally enforceable right to offset such recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in Statement of Profit or Loss unless required or permitted by the Financial Reporting Standards.

## **2.5. Presentation of Financial Statements**

Assets and liabilities are presented in the order of liquidity in the Statement of Financial Position. Income and expenses are classified 'by nature' in the Statement of Profit or Loss. Cash Flow from Operating Activities are derived using indirect method in the Statement of Cash Flows.

## **2.6. Functional and Presentation Currency**

The financial statements are prepared in Nepalese Rupees, which is the company's functional currency.

### **Foreign currency transactions**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date.

Non-Monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on foreign currency

borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings. During the Year SCT does not have any foreign currency borrowings but having liability denominated at foreign currency.

## **2.7. Current and Non-Current distinction**

### **Assets**

Apart from the property, plant and equipment, intangible assets and deferred taxes assets all the assets are taken as current assets unless specific additional disclosure is made in the notes for current and non-current distinction.

### **Liabilities**

Apart from the deferred taxes liabilities all the liabilities are taken as current liabilities unless specific additional disclosure is made in the notes for current and non-current distinction.

### **Accounting policies and accounting estimates**

Preparation of financial statements in line with NFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses of the reporting period.

Management has applied estimations in preparation and presentation of the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised, if the revision affects only that period; they are recognized in the period of revision and the future periods if the revision affects both current and future periods.

Specific accounting estimates have been included in the relevant section of notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

## **2.8. Reporting periods**

The company follows the Nepalese financial year based on the Nepalese calendar as reporting period.

## **2.9. Discounting**

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material.

## **2.10. Determination of fair values**

The Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the respective notes.

## **2.11. Limitation of NFRS implementation**

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective section.

# **3. Significant Accounting Policies**

## **3.1. Basis of Measurement**

The Financial Statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## **3.2. Revenue Recognition**

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of a Company when those inflows result in increase in equity, other than increases relating to contribution from equity participants. Revenue has been recognized on accrual basis complying with matching concept.

### **3.3. Expense Recognition**

Expense is the gross outflow of economic benefits during the period arising in the course of the ordinary activities of a Company when those outflows result in decrease in equity, other than those relating to payments to equity participants. Expense has been recognized on accrual basis complying with matching concept.

### **3.4. Property, Plant and Equipment**

#### **Recognition and Measurement**

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the asset can be reliably measured. The cost includes expenditures that are directly attributable to the acquisition of the assets. Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the entity. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred.

On revaluation of an asset, any increase in the carrying amount is recognized in 'Other comprehensive income' and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Profit or Loss. In this circumstance, the increase is recognized as income to the extent of previous write down. Any decrease in the carrying amount is recognized as an expense in the Statement of Profit or Loss or debited to the Other Comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.

The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset. Property, plant and equipment are tangible items that are held for serving revenue generation purposes and are expected to be used during more than one period.

Company's PPE Includes Computer and accessories, Batteries, Network Equipment's, Inverter and, Generator, Air Conditioner, Vehicles, Furniture and Fixture, Plant and Machinery, Leasehold Development and Intangible Assets

which are initially recognized as cost and Subsequent expenditure are capitalized on same heading which meets recognition criteria of PPE.

### 3.4.1 Depreciation

Depreciation on assets has been calculated using Straight Line Method on the basis of effective useful life of the asset decided by the management. Accordingly, fixed assets are depreciated from the day the assets are ready to be used as intended by the Management applying the following rates:

Assets	Life	Depreciation Method
Computer and accessories	4 years	Straight-Line Method
Batteries	5 Years	Straight-Line Method
Network Equipment's	10 Years	Straight-Line Method
Inverter and Generator	10 Years	Straight-Line Method
Air Conditioner	8 Years	Straight-Line Method
Vehicles	5 years	Straight-Line Method
Furniture and Fixture	8 years	Straight-Line Method
Plant and Machinery	15 years	Straight-Line Method
Leasehold Development	10 years	Straight-Line Method

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

The company has changed its method of depreciation from Written Down Value (WDV) to Straight Line Method (SLM) from FY 2076/77.

### 3.4.2 De-recognition

Company has derecognized the carrying amount of an item of Property, Plant and Equipment by Disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment has been included in statement of profit or loss when the item is derecognized.

### 3.5. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, or for administrative purpose. In-house developed software's which meets the criteria of intangible assets are recognized as intangible assets.

#### Recognition and Measurement

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses.

Company having Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level and are not impaired. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The intangible asset with finite useful lives is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year. The costs incurred in the development and enhancement of Switch and have been recognized as intangible assets, as they are expected to yield future economic benefits. During the Fiscal Year 2081/82, substantial efforts and investments were directed in go-live of VISA Project. As a result, the Human Resource Cost of those dedicated technical staffs has been capitalized. The company has identified the VISA Project as an intangible asset.

<b>Intangible Assets Name</b>	<b>Amount Capitalized</b>
WIP- Human Resource Cost {VISA Project}	11,864,239
<b>Total</b>	<b>11,864,239</b>

### **3.5.1 Amortization**

Company has amortized Intangible assets over their estimated useful economic life on Straight Line Method. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Company estimated useful lives for the current and comparative periods for Intangible are form 5-15 Years based on nature of assets and Amortizations methods, Useful Lives and Residual Values are reviewed at each reporting period.

### **3.5.2 De-recognition**

Company derecognized an intangible asset on disposal or when no future economic benefits are expected from its use and subsequent disposal.

### **3.6. Lease Accounting**

SCT determines whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. As per NFRS-16, SCT does not have any arrangement related to Finance Lease and SCT is on the role of Lessee under Operating Lease. Assets taken on a lease are recognized as right-of-use (ROU) Assets and a lease liability at the commencement date.

From FY 2079/80, SCT has transitioned from NAS-17 to NFRS-16 for accounting of leases. All previously classified operating leases are now recognized as right-of-use assets with corresponding lease liabilities.

SCT applies depreciation requirements of NAS 16, Property, Plant and Equipment, in depreciating the right of-use asset and the lease term mentioned in the contract is taken as useful life for calculating the depreciation. ROU assets are depreciated using straight-line method from the commencement date to end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date discounted using the SCT's incremental borrowing rate. Subsequently, lease liability is re-measured increasing the carrying amount to reflect interest on lease liability, reducing the carrying amount to reflect the lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

SCT transitioned into NFRS 16 in accordance with the modified retrospective approach, therefore previous year comparative figures are not restated. Additionally, the definition of a lease under NAS 17 and its related interpretation has been retained. Following assumptions are considered for the purpose of Nepal Financial Reporting Standards (NFRS) – 16: Lease.

Particulars	Rate	Assumption
Discount rate	10% P.A.	The company has no any borrowing. So, interest rate on fixed deposits is taken as discount rate.
Lease Tenure	11 Years	Agreement period of lease.

### Lease Details

Lease Category	Lease Rental Expenses (NPR)	Lease End Date (In B.S.)	Increment Rate	Cancellation Notice Period
Rent – Panipokhari Office	3,571,062	2089.11.30	10% increment on initial amount in every 2 years.	3 Months

### 3.7. Financial instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when SCT becomes a party to the contract embodying the related financial instruments.

All financial assets and financial liabilities are initially measured at transaction cost, and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through income statement) are added to or deducted from the fair value measured on initial recognition of a financial asset or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through income statement are immediately recognized in the income statement.

#### Financial assets

Financial assets include Fixed Deposit and Security Deposits. These are measured at Amortized cost whose objective is to collect Contractual Cash flow and Contractual Cash flow received in specified day includes interest and principal is classified at amortized Cost.

#### Financial assets and liabilities held at fair value through profit or loss

Financial assets whose objective/ business model is not to collect Contractual Cash flow but to gain from movement is fair value is classified at fair value through profit or loss. These includes investment in equity shares. Gain on movement of fair value is charged to statement of profit or loss.

### **3.7.1 Recognition / De- recognition**

The company recognizes financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognizes changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognized when the right to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged or expired.

Realized gains and realized losses on de-recognition are determined and are included in the profit or loss in the period in which they arise. The realized gain is the difference between an instrument's cost and disposal amount.

### **3.7.2 Measurement**

#### **a. Financial assets and liabilities held at fair value through profit or loss**

At initial recognition, the company measures a financial asset at its fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of profit or loss and other comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

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 of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the company is the closing price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques.

**b. Financial assets measured at Amortized cost**

Financial assets at this category are measured initially at fair value plus transaction costs and subsequently amortized using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognized on a financial asset carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Receivables may include amounts for dividends, interest and trade receivables. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(6) above.

Receivable are recognized and carried at amortized cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Recoverability of receivable is reviewed on an ongoing basis at an individual portfolio level, Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognized when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

**As at Ashad 32<sup>nd</sup>, 2082**

Financial Assets	Assets at fair value		Assets at amortised costs	TOTAL
	FVPL	FVTOCI		
Cash and Cash Equivalents	-	-	136,867,521	136,867,521
Financial Assets	-	-	9,388,933	9,388,933
Trade and Other Receivable	-	-	42,049,741	42,049,741
<b>Total</b>	<b>-</b>	<b>-</b>	<b>188,306,194</b>	<b>188,306,194</b>

Financial Liabilities	Liabilities at fair value		Liabilities at amortised costs	TOTAL
	FVPL	FVTOCI		
Employee Benefit Liabilities	-	-	2,217,132	2,217,132
Trade and Other Payables	-	-	66,199,227	66,199,227
<b>Total</b>	<b>-</b>	<b>-</b>	<b>68,416,358</b>	<b>68,416,358</b>

**As at Ashad 31<sup>st</sup>, 2081**

Financial Assets	Assets at fair value		Assets at amortised costs	TOTAL
	FVPL	FVTOCI		
Cash and Cash Equivalents	-	-	29,868,472	29,868,472
Financial Assets	-	-	51,588,933	51,588,933
Trade and Other Receivable	-	-	57,327,126	57,327,126
<b>Total</b>	<b>-</b>	<b>-</b>	<b>138,784,531</b>	<b>138,784,531</b>

Financial Liabilities	Liabilities at fair value		Liabilities at amortised costs	TOTAL
	FVPL	FVTOCI		
Employee Benefit Liabilities	-	-	1,765,458	1,765,458
Trade and Other Payables	-	-	57,900,386	57,900,386
<b>Total</b>	<b>-</b>	<b>-</b>	<b>59,665,844</b>	<b>59,665,844</b>

### 3.7.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### 3.8. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, Company Cash and Cash Equivalents includes cash at bank.

The carrying amount of cash and cash equivalents are representative of their fair values as at the respective reporting date.

Since, In Cash and Cash Equivalent includes Fixed Deposits more than 3 months are reclassified in Non-Current Financial Assets.

### 3.9. Trade and other receivables

Company's Trade Receivables that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment.

The trade and other receivable are non-interest bearing.

The carrying amount of trade and other receivable approximate their fair values at the respective reporting dates.

The receivables that are to be settled within a year is classified as current assets and other are classified as non-current assets.

### **3.10. Prepaid expenses & advances**

Company's Prepaid Expenses & Advances that fall under the classification of Financial Instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment

The fair value of prepayments approximates their carrying value in the statement of financial position.

The prepayment that are to be settled within a year is classified as current assets and other are classified as non-current assets.

### **3.11. Share capital**

Company has classified equity shares as Equity since there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

Share Capital represents the nominal (par) value of ordinary equity shares that have been issued.

#### **Rights, preferences and restrictions attached to equity shares**

The company has a single class of equity shares. According, all equity shares rank equally with regards to dividends and shares in the company's residual assets. The equity shares are entitled to receive dividend was declared from time to time.

### **3.12. Distributions**

The distributions if any to shareholders are recognized in statement of change in equity. In FY 2081-82, the Board has not proposed any dividend.

### **3.13. Long term loan**

The Long-term loans are carried at amortized cost using Effective Interest Rate. The Installments payable within 12 months from the date of the reporting period is classified as short-term loan under current liability. Company has no long-term Liability for Current Year.

### **3.14. Short-term loan**

All kinds of Overdraft, Demand loan, working capital loan, trust receipt loan, cash credit, packing credit, Bills Discounted, force loan, the installments of long-term loan and other types of loan payable within 12 months from reporting date are categorized as short-term loan. Company has no Short-term Loan in this Current Period.

### **3.15. Trade and other payables**

Non-financial liabilities are recorded and reported at cost based on legal and constructive obligation to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The trade and other payables are non-interest bearing.

The payables that are to be settled within a year is classified as current liabilities.

#### **3.15.1 Accrual Staff Expenses**

Accrual Expenses liabilities of NPR 345,726 relating to employees yet to be paid.

## **3.16. Provisions and contingencies**

### **3.16.1 Provisions**

A provision is a liability of uncertain timing or amount.

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount Company recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **3.16.2 Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company: or the present obligation that arises from past event but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation: or the amount of obligation cannot be measured with sufficient reliability.

Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Contingent asset is a probable asset that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

### **3.17. Income tax**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current and deferred taxes. Income tax is recognized as per "NAS 12 Income Taxes".

#### **3.17.1 Current tax**

Current Tax is measured as the amount expected to be paid to the Tax Authorities in accordance with the provision of Income Tax Act, 2058. The Company offsets, on a year-on-year basis, the current tax Assets and Liabilities, where it has a legally enforceable right and where it intends to settle such Assets and liabilities on a net basis. It is measured using tax rates enacted, or substantively enacted, at the reporting date.

Current tax assets and liabilities are offset if certain criteria are met.

If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The tax liability NPR 5,640,808 of the company was amended by the Inland Revenue Department (IRD) for the fiscal year up to 2077/78. Since then, the company has been filing its Income Tax Returns through self-assessment for the periods following the amendment, up to the current fiscal year.

#### **3.17.2 Deferred tax**

Deferred Tax is recognized at the reporting date in respect of temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e. tax base).

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and carried forward unused tax losses (if any), to the extent that it is probable that future taxable profits will be available against which they can be claimed. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

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 the related tax benefit will be realized. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they will be reversed, using tax rates enacted, or substantively enacted, at the reporting date.

Deferred tax income or expense relating to items recognized directly in equity or items not classified in the Statement of Profit or Loss is recognized in the Statement of Comprehensive Income.

### **3.18. Assets held for sale and discontinued operations**

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are available-for-sale in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

Company has not any assets which are recognized as assets held for sale and discontinued operations.

### **3.19. Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

### **3.20. Operating Expenses**

All the operating expenses that are directly related to generating revenue are classified as operating expenses.

### **3.21. Income from financial instruments at fair value**

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value through Other Comprehensive Income is charged to OCI. Once such selection is done the changes in fair value is also charged through Other Comprehensive Income unless the assets is derecognized. The gain or loss on disposal of financial instrument measure at fair value through OCI is recognized directly in equity.

Dividends on equity instruments are recognized in the statement of profit or loss within other income when the Company's right to receive payment is established.

Realized gain is the difference between the cost price and realized price on the sale of the shares after deducting the selling expenses.

Unrealized gain is the difference between the cost price and the closing market price available at the end of the reporting period or the latest trading price if the closing price as on the year end is not available.

Company has no interest-bearing financial instruments so, there is no income from financial instruments in current period.

### **3.22. Other income**

All the incomes that are not qualified to be classified as revenue under IFRS 15 is treated as other income.

### **3.23. Administrative expenses**

All the general administrative expenses are recognized when the benefit is received by the company and are not qualified to be classified as operating expenses.

### **3.24. Net finance cost**

All the interest expenses against the loans and advances and the unwinding of discount on financial liabilities are calculated using effective interest rate method.

Interest income comprising of finance income includes interest received from bank.

Interest income is recognized in profit or loss for all financial instruments measured at amortized cost using the effective interest method.

Net finance cost represents the net off between the interest incomes and interest expenses.

### **3.25. Impairment**

An asset (Tangible and Intangible) is impaired when it's carrying value exceeds its recoverable amount as per "NAS 36 Impairment of Assets". At the end of each reporting period, SCT reviews the carrying value of all assets recognized and assesses whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, SCT makes an estimate of the recoverable amount of the asset. The carrying value of the asset is reduced to its recoverable amount if the recoverable amount is less than it's carrying amount with associated impairment losses recognized in the statement of profit and loss.

## **3.26. Employee benefits**

### **3.26.1 Defined contribution plan**

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees. Employees are eligible for Employees' Provident Fund Contributions and Gratuity in accordance with the respective statutes and regulations.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

The Company has not conducted an actuarial valuation for its employee benefit obligations, including defined benefit plans, in the current financial year. The management has assessed that the costs of obtaining an actuarial valuation outweigh the benefits, given the size and nature of the employee benefit obligations. The Company continues to recognize employee benefit expenses on an estimated basis in accordance with relevant accounting standards.

#### **Employees' provident fund**

The company has booked the liability of 10% of the basic salary of each employee as per the provisions of Labour Act, 2074 to be contributed to Employees' Provident Fund managed by government of Nepal.

#### **Gratuity**

The new Labour Act 2074 is applicable from Bhadra 19, 2074 which requires payment of minimum Gratuity of at least 8.33% of basic salary to all staff (equal to one-month salary per year). These benefits are treated as defined contribution plan and provided accordingly.

The company has booked the liability against gratuity of 8.33% of the basic salary of each employee as per the provisions of Labour Act, 2074.

### **3.26.2 Staff bonus**

The company is in loss so staff bonus has not been set aside.

### **3.27. Risk management**

The company's activities are exposed to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The company's overall risk management program focuses on ensuring compliance with the company's investment policy. It also seeks to maximize the returns derived for the level of risk to which the Company is exposed and seeks to minimize potential adverse effects on the Company's financial performance.

The Company uses different methods to measure and mitigate different types of risk to which it is exposed.

#### **3.27.1 Technological Risk**

The company is exposed to the technological risk. This risk generates from chances of technology being obsolete. The company has tried to mitigate this risk by making regular investment in new technology and product.

#### **3.27.2 Market risk**

##### **Cash flow and fair value interest rate risk**

The company is exposed to interest rate risk on financial instruments with variable interest rates.

Financial instruments with fixed rates expose the Company to fair value interest rate risk. The company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The company has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of

certain companies in which the company invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model.

### **3.27.3 Credit risk**

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the company is exposed arises from the company's investments in debt securities. However, there is no investment in debt securities.

The company's management monitor the status of the receivables in a periodical basis as per necessity. The Company can maximize the returns derived for the level of risk to which the Company is exposed.

### **3.27.4 Liquidity risk**

Liquidity risk is the risk that the company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The company's principal source of liquidity are cash and cash equivalent and the cash flow that are generated from operations. The company believe that its working capital is sufficient to meet its requirements.

The company has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

The Management monitors the company's liquidity position on a regular basis.

### **3.27.5 Currency Risk**

SCT maintains its business projections by analyzing past trend and future prospect of the market.

Accordingly, it has developed long term strategy and plans for sustainability of its business. It also assesses interest rate volatility of the transaction specific foreign exchange risk.

### 3.28. Valuation hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. The Company recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

**Level 1** fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2** valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Level 3** portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

Company adopts the Level 1 and Level 3 fair value hierarchy for the accounting.

#### 3.28.1 Fair value of financial instruments held at amortized costs

The following table shows the carrying amounts and incorporates the Company's estimate of fair value of those financial assets and liabilities not presented on the Company's statement of financial position at fair value but presented at amortized cost.

##### Fair value of financial assets held at amortized cost

32 <sup>nd</sup> Ashadh 2082	Level 1	Level 2	Level 3
Cash and Cash Equivalents	136,867,521	-	-
Financial Assets (Security Deposits and Fixed Deposits)	9,388,933	-	-
Trade and Other Receivable	-	-	42,049,741
<b>Total</b>	<b>146,256,454</b>	<b>-</b>	<b>42,049,741</b>

<b>31<sup>st</sup> Ashadh 2081</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and Cash Equivalents	29,868,472	-	-
Financial Assets (Security Deposits and Fixed Deposits)	51,588,933	-	-
Trade and Other Receivable	-	-	57,327,126
<b>Total</b>	<b>81,457,405</b>	<b>-</b>	<b>57,327,126</b>

#### **Fair value of financial liabilities held at amortized cost**

<b>32<sup>nd</sup> Ashadh 2082</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Employee Benefit Liabilities	-	-	2,217,132
Trade and Other Payables	-	-	66,199,227
<b>Total</b>	<b>-</b>	<b>-</b>	<b>68,416,358</b>

<b>31<sup>st</sup> Ashadh 2081</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Employee Benefit Liabilities	-	-	1,765,458
Trade and Other Payables	-	-	57,900,386
<b>Total</b>	<b>-</b>	<b>-</b>	<b>59,665,844</b>

### **3.28.2 Fair value Level 3 disclosures**

The following sets out the basis of establishing fair values of amortized cost financial instruments. These are not generally traded and there is a significant level of management judgment involved in calculating the fair values.

#### **Prepaid expenses & advances**

These assets are generally with the residual maturity of less than one year. The impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore, the fair value of other assets generally approximates the carrying amount.

### **Trade and other receivables**

These assets are generally with the residual maturity of less than one year. The impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore, the fair value of other assets generally approximates the carrying amount.

### **3.29. Cash flow statement**

The Statement of Cash Flows, as per Nepal Accounting Standard (NAS 7), is a financial statement that provides a summary of an organization's cash inflows and outflows during a specific reporting period. Statement of Cash flows is prepared segregating the cash flows from operating, investing and financing activities. SCT has presented Cash flow from operating activities using indirect method.

**Operating Activities:** These are cash flows directly related to an entity's core business operations, including receipts and payments from activities such as sales and purchases of goods and services. It encompasses activities that are not classified as investing or financing activities.

**Investing Activities:** This category includes cash flows from the acquisition and disposal of long-term assets, such as property, equipment, and investments. It highlights the changes in an organization's investment portfolio and capital expenditures.

**Financing Activities:** Cash flows in this category result from transactions with the entity's owners and creditors. Examples include obtaining loans, issuing shares, and paying dividends. It reflects changes in the entity's capital structure.

### **3.30. Previous Year Figures**

Figures in the financial statements are regrouped/re-arranged as necessary for better presentation of financial statements.

**SMARTCHOICE TECHNOLOGIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT ASHADH 32, 2082 (JULY 16, 2025)**

*Amount in Rs.*

<i>Particulars</i>	<i>Note</i>	<i>As at Ashadh 32, 2082 (July 16, 2025)</i>	<i>As at Ashadh 31, 2081 (July 15, 2024)</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4.1	63,204,098	57,230,952
Intangible assets	4.2	166,674,119	169,384,644
Right of Use Assets	4.3	19,634,093	21,877,989
WIP Projects	4.4	27,126,557	24,220,502
Financial Assets	4.5	1,288,933	1,588,933
Deferred Tax Assets		39,931,678	-
<b>Total non-current assets</b>		<b>317,859,478</b>	<b>274,303,020</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	4.6	42,049,741	57,327,126
Current tax assets	4.7	18,452,777	22,879,692
Financial Assets	4.5	8,100,000	50,000,000
Cash and cash equivalents	4.8	136,867,521	29,868,472
<b>Total current assets</b>		<b>205,470,038</b>	<b>160,075,290</b>
<b>TOTAL ASSETS</b>		<b>523,329,516</b>	<b>434,378,310</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	4.9	500,000,000	500,000,000
Advance for Share Capital		118,920,810	-
Reserves and surplus	4.10	(189,810,230)	(151,828,733)
<b>Total equity</b>		<b>429,110,580</b>	<b>348,171,267</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Tax Liability		-	2,947,081
Other Financial Liabilities	4.11	24,458,570	22,326,336
<b>Total non-current liabilities</b>		<b>24,458,570</b>	<b>25,273,417</b>
<b>CURRENT LIABILITIES</b>			
Other Financial Liabilities	4.11	1,344,007	1,267,781
Employee benefit liability	4.12	2,217,132	1,765,458
Trade and other payables	4.13	66,199,227	57,900,386
Current tax liabilities	4.7	-	-
<b>Total current liabilities</b>		<b>69,760,365</b>	<b>60,933,625</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>523,329,516</b>	<b>434,378,310</b>
<b>Net-worth per share</b>		<b>69.33</b>	<b>69.63</b>

Significant Accounting Policies & Notes to the Accounts are integral parts of Financial Statement

ROSHAN BHANDARI  
FINANCE HEAD

MANOJ GHIMIRE  
CHIEF EXECUTIVE OFFICER

SABIN DHAKAL  
DIRECTOR

SUBHAS GYAWALI  
DIRECTOR

SANTOSH PAGANI  
DIRECTOR

RASHMI PANT  
DIRECTOR

As per our report of even date attached  
Auditor

ANIL JOSHI  
DIRECTOR

MRIGENDRA PRADHAN  
CHAIRMAN

YUDDHA RAJ OLI, FCA  
PARTNER  
PYC & ASSOCIATES  
CHARTERED ACCOUNTANTS

DATE: 11 NOVEMBER 2025  
PLACE: KATHMANDU

**SMARTCHOICE TECHNOLOGIES LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED ASHADH 32, 2082 (JULY 16, 2025)**

<i>Particulars</i>	<i>Note</i>	<i>Amount in Rs.</i>	
		<i>For the year ended Ashadh 32, 2082 (July 16, 2025)</i>	<i>For the year ended Ashadh 31, 2081 (July 15, 2024)</i>
<b>Income</b>			
Revenue From Operations	4.14	79,026,157	76,122,279
Other income	4.15	464,074	278,025
<b>Total Income</b>		<b>79,490,232</b>	<b>76,400,304</b>
<b>Expenses</b>			
Operating Expenses	4.16	52,353,620	36,075,150
Employee Benefit Expenses	4.17	31,778,329	37,995,369
Marketing Expenses	4.18	15,257,270	17,412,856
Administration Expenses	4.19	12,049,241	7,774,643
Foreign exchange(Gain)/ Loss		949,726	459,876
Depreciation and Amortization Expenses	4.20	37,489,796	26,201,087
Impairment on Assets	4.21	489,290	9,824
<b>Total Expenses</b>		<b>150,367,272</b>	<b>125,928,804</b>
<b>Net Operating Profit/(Loss)</b>		<b>(70,877,041)</b>	<b>(49,528,500)</b>
<b>Non Operating Income/Expenses</b>			
Finance Cost	4.22	5,779,523	2,391,849
Finance Income	4.23	1,437,115	6,259,022
<b>Profit/(loss) before tax</b>		<b>(75,219,448)</b>	<b>(45,661,327)</b>
<b>Income tax expenses</b>			
Current tax	4.24	-	-
Deferred tax expenses (income)	4.25	(42,878,759)	(26,424,110)
Income Tax of Previous Year		5,640,808	-
<b>Profit/(loss) for the year</b>		<b>(37,981,497)</b>	<b>(19,237,217)</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>(37,981,497)</b>	<b>(19,237,217)</b>
<b>Earning Per Share</b>			
Basic earning per share		(6.14)	(3.85)
Diluted earning per share		(6.14)	(3.85)

**Significant Accounting Policies & Notes to the Accounts are integral parts of Financial Statement**

ROSHAN BHANDARI  
FINANCE HEAD

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**As per our report of even date attached  
Auditor**

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PYC & ASSOCIATES  
CHARTERED ACCOUNTANTS

DATE: 11 NOVEMBER 2025  
PLACE: KATHMANDU

**SMARTCHOICE TECHNOLOGIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED ASHADH 32, 2082 (JULY 16, 2025)**

Amount in Rs.

<i>Particulars</i>	<i>For the year ended Ashadh 32, 2082 (July 16, 2025)</i>	<i>For the year ended Ashadh 31, 2081 (July 15, 2024)</i>
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	(75,219,448)	(45,661,327)
<b>Adjustments for :</b>		
Depreciation and Amortization	37,489,796	26,201,087
Net unrealized foreign exchange loss (gain)	460,338	461,603
Employee Benefit Expenses	1,693,900	-
Impairment on Assets	489,290	9,824
Interest Expenses on lease liability	5,779,523	2,391,849
Gain on sale of non-current assets	-	(170,000)
Reversal of Impairment Provision	-	(69,060)
<b>Operating profit before working capital changes</b>	<b>(29,306,601)</b>	<b>(16,836,025)</b>
<b>Adjustments for :</b>		
(Increase)/Decrease in current assets	56,988,096	15,875,039
Increase/(Decrease) in current liabilities	8,290,176	14,695,525
<b>Cash generated from operation</b>	<b>35,971,671</b>	<b>13,734,539</b>
Income tax paid for Current Year	(1,213,892)	(1,538,486)
<b>Net cash from operating activities</b>	<b>34,757,778</b>	<b>12,196,053</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(40,202,421)	(733,435)
Increase in Capital WIP	(2,906,055)	(11,988,107)
Proceeds from disposal of property, plant and equipment	-	170,000
<b>Net cash generated from / (used in) investing activities</b>	<b>(43,108,476)</b>	<b>(12,551,543)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share capital	-	-
Proceeds from advance share capital	118,920,810	-
Lease Payment - Finance Cost	(2,634,180)	(2,391,849)
Lease Payment - Liability	(936,882)	(1,120,671)
<b>Net cash generated from / (used in) financing activities</b>	<b>115,349,748</b>	<b>(3,512,520)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>106,999,049</b>	<b>(3,868,012)</b>
	29,868,472	33,736,480
<b>Cash and cash equivalents at the end of the year</b>	<b>136,867,521</b>	<b>29,868,472</b>

Significant Accounting Policies & Notes to the Accounts are integral parts of Financial Statement

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PLACE: KATHMANDU

**SMARTCHOICE TECHNOLOGIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED ASHADH 32, 2082 (JULY 16, 2025)**

*Amount in Rs.*

<i>Particulars</i>	<i>Equity and reserves</i>			<i>Total</i>
	<i>Share capital</i>	<i>Retained earnings</i>	<i>Advance for share capital</i>	
<b>Balance as at July 16, 2023 (Ashadh 31, 2080)</b>	<b>500,000,000</b>	<b>(132,591,516)</b>	<b>-</b>	<b>367,408,484</b>
Profit/(loss) for the year	-	(19,237,217)	-	(19,237,217)
<b>Balance as at July 15, 2024 (Ashadh 31, 2081)</b>	<b>500,000,000</b>	<b>(151,828,733)</b>	<b>-</b>	<b>348,171,267</b>
Profit/(loss) for the period	-	(37,981,497)	-	(37,981,497)
Proceeds from Advance for Share Capital	-	-	118,920,810	118,920,810
<b>Balance as at July 16, 2025 (Ashadh 32, 2082)</b>	<b>500,000,000</b>	<b>(189,810,230)</b>	<b>118,920,810</b>	<b>429,110,580</b>

Significant Accounting Policies & Notes to the Accounts are integral parts of Financial Statement

\_\_\_\_\_  
 ROSHAN BHANDARI  
 FINANCE HEAD

\_\_\_\_\_  
 MANOJ GHIMIRE  
 CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
 SABIN DHAKAL  
 DIRECTOR

\_\_\_\_\_  
 SUBHAS GYAWALI  
 DIRECTOR

\_\_\_\_\_  
 SANTOSH PAGANI  
 DIRECTOR

\_\_\_\_\_  
 RASHMI PANT  
 DIRECTOR

**As per our report of even date attached  
 Auditor**

\_\_\_\_\_  
 ANIL JOSHI  
 DIRECTOR

\_\_\_\_\_  
 MRIGENDRA PRADHAN  
 CHAIRMAN

\_\_\_\_\_  
 YUDDHA RAJ OLI, FCA  
 PARTNER  
 PYC & ASSOCIATES  
 CHARTERED ACCOUNTANTS

DATE: 11 NOVEMBER 2025  
 PLACE: KATHMANDU

SMARTCHOICE TECHNOLOGIES LIMITED

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 2024	5,661,949	51,589,617	3,894,727	5,748,371	139,059,350	205,954,015
Additions	-	2,161,296	235,230	5,016,856	8,028,000	15,441,382
Adjustment/written off	-	-	-	-	-	-
Disposals	-	-	-	(5,748,371)	-	(5,748,371)
<b>At 16 July 2025</b>	<b>5,661,949</b>	<b>53,750,913</b>	<b>4,129,957</b>	<b>5,016,856</b>	<b>147,087,350</b>	<b>215,647,026</b>
<b>Accumulated Depreciation</b>						
At 16 July 2024	575,347	49,429,770	3,603,716	3,726,362	91,387,869	148,723,063
Additions	567,902	1,050,050	116,349	921,885	5,118,150	7,774,336
Adjustment/written off	-	-	-	-	-	-
Disposals	-	-	-	(4,054,471)	-	(4,054,471)
<b>At 16 July 2025</b>	<b>1,143,249</b>	<b>50,479,820</b>	<b>3,720,065</b>	<b>593,776</b>	<b>96,506,018</b>	<b>152,442,929</b>
<b>Net Book Value</b>						
At 16 July 2024	5,086,602	2,159,847	291,011	2,022,009	47,671,482	57,230,952
At 16 July 2025	4,518,700	3,271,093	409,892	4,423,080	50,581,332	63,204,098

NOTE 4.2: INTANGIBLE ASSETS

Particulars	Intangible Assets	Total
<b>Cost</b>		
At 16 July 2024	257,989,338	257,989,338
Additions	24,761,039	24,761,039
Adjustment/written off	-	-
Disposals	-	-
<b>At 16 July 2025</b>	<b>282,750,377</b>	<b>282,750,377</b>
<b>Accumulated Amortization</b>		
At 16 July 2024	88,604,694	88,604,694
Additions	27,471,564	27,471,564
Adjustment/written off	-	-
Disposals	-	-
<b>At 16 July 2025</b>	<b>116,076,258</b>	<b>116,076,258</b>
<b>Net Book Value</b>		
At 16 July 2024	169,384,644	169,384,644
At 16 July 2025	166,674,119	166,674,119

SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4.3: RIGHT OF USE (ROU) ASSETS

Amount in Rs.

<i>Particulars</i>	<i>Right of Use Asset - Panipokhari Office</i>	<i>Right of Use Asset - Total</i>
<b>Cost</b>		
At 16 July 2024	24,682,859	24,682,859
Additions	-	-
Adjustment/written off	-	-
Disposals	-	-
<b>At 16 July 2025</b>	<b>24,682,859</b>	<b>24,682,859</b>
<b>Accumulated Amortization</b>		
At 16 July 2024	2,804,870	2,804,870
Additions	2,243,896	2,243,896
Adjustment/written off	-	-
Disposals	-	-
<b>At 16 July 2025</b>	<b>5,048,766</b>	<b>5,048,766</b>
<b>Net Book Value</b>		
<b>At 16 July 2024</b>	<b>21,877,989</b>	<b>21,877,989</b>
<b>At 16 July 2025</b>	<b>19,634,093</b>	<b>19,634,093</b>

SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>Particulars</i>	<i>Amount in Rs.</i>	
	<i>As at Ashadh 32, 2082 (July 16, 2025)</i>	<i>As at Ashadh 31, 2081 (July 15, 2024)</i>
<b>NOTE 4.4: WIP PROJECTS</b>		
Capital WIP	27,126,557	24,220,502
<b>Total</b>	<b>27,126,557</b>	<b>24,220,502</b>
<b>NOTE 4.5: FINANCIAL ASSETS</b>		
<b>NON-CURRENT</b>		
Security Deposits	1,288,933	1,288,933
Fixed Deposits	-	300,000
<b>CURRENT</b>		
Fixed Deposits	7,660,000	50,000,000
Bank Guarantee Margin	440,000	-
<b>Total</b>	<b>9,388,933</b>	<b>51,588,933</b>
<b>NOTE 4.6: TRADE AND OTHER RECEIVABLES</b>		
Staff Advances	267,457	23,693
Sundry debtors and receivables	500,000	500,010
Work Advance	34,344,298	34,344,298
Bills receivables	13,315,997	17,263,150
Expenses in Advance	4,419,414	1,279,734
VAT Receivables	14,793,252	15,369,888
Prepaid Expenses	8,666,038	5,318,956
Other Advance	2,065,338	69,604
Custom Margin	-	3,966,000
Other Receivables	423,658	15,448,214
Less: Provision for Impairment Loss (Receivables)	(36,745,711)	(36,256,421)
<b>Total</b>	<b>42,049,741</b>	<b>57,327,126</b>
<b>NOTE 4.7: CURRENT TAX ASSETS</b>		
Advance Tax Deposits	18,452,777	22,879,692
Less: Current Tax Liabilities	-	-
<b>Total</b>	<b>18,452,777</b>	<b>22,879,692</b>

SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>Particulars</i>	<i>Amount in Rs.</i>	
	<i>As at Ashadh 32, 2082 (July 16, 2025)</i>	<i>As at Ashadh 31, 2081 (July 15, 2024)</i>
<b>NOTE 4.8: CASH &amp; CASH EQUIVALENTS</b>		
Cash balance	21,350	31,350
Balances with banks	136,846,171	29,837,122
<b>Total</b>	<b>136,867,521</b>	<b>29,868,472</b>
<b>NOTE 4.9: SHARE CAPITAL</b>		
<b>Authorized</b>		
10,000,000 Ordinary Share of Rs. 100 each	1,000,000,000	1,000,000,000
<b>Issued</b>		
6,500,000 Ordinary Share of Rs. 100 each	650,000,000	650,000,000
<b>Subscribed</b>		
5,000,000 Ordinary Share of Rs. 100 each	500,000,000	500,000,000
<b>Paid - Up</b>		
5,000,000 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>

SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>Particulars</i>	<i>Amount in Rs.</i>	
	<i>As at Ashadh 32, 2082 (July 16, 2025)</i>	<i>As at Ashadh 31, 2081 (July 15, 2024)</i>
<b>NOTE 4.10: RESERVES AND SURPLUS</b>		
<b>Retained earnings</b>		
Opening Balance	(151,828,733)	(132,591,516)
Profit (Loss) for the year	(37,981,497)	(19,237,217)
<b>Total</b>	<b><u>(189,810,230)</u></b>	<b><u>(151,828,733)</u></b>
<b>NOTE 4.11: OTHER FINANCIAL LIABILITIES</b>		
<b>Lease Liability as on 31 Ashad, 2081</b>	<b>23,594,117</b>	<b>24,714,789</b>
Add: Finance Cost	2,634,180	2,391,849
Add: Changes in Accounting Estimates (Finance Cost Adjustment)	3,145,343	-
Less: Rental Payments	(3,571,062)	(3,512,520)
<b>Lease Liability as on 32 Ashad, 2082</b>	<b>25,802,578</b>	<b>23,594,117</b>
<b>Segregation of Liabilities into:</b>		
<b>Non Current</b>		
Lease Liability	24,458,570	22,326,336
<b>Current</b>		
Lease Liability	1,344,007	1,267,781
<b>Total</b>	<b><u>25,802,578</u></b>	<b><u>23,594,117</u></b>
<b>NOTE 4.12: EMPLOYEE BENEFIT LIABILITY</b>		
Provident fund payable	649,535	445,483
Gratuity payable	207,228	147,294
Salary payable	45,035	24,854
Leave payable	1,315,333	1,147,827
<b>Total</b>	<b><u>2,217,132</u></b>	<b><u>1,765,458</u></b>
<b>NOTE 4.13: TRADE AND OTHER PAYABLE</b>		
Sundry Creditors	29,068,591	41,518,797
TDS payable	2,656,984	925,503
Audit fee payable	256,100	371,225
Expenses payable	292,299	2,991,159
Royalty payable	1,641,526	997,330
Prepaid revenue	1,808,681	2,221,627
Advance from customers	-	28
Other payable	30,129,320	8,528,990
Accrual staff expenses	345,726	345,726
<b>Total</b>	<b><u>66,199,227</u></b>	<b><u>57,900,386</u></b>

SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>Particulars</i>	<i>Amount in Rs.</i>	
	<i>For the year ended Ashadh 32, 2082 (July 16, 2025)</i>	<i>For the year ended Ashadh 31, 2081 (July 15, 2024)</i>
<b>NOTE 4.14: REVENUE FROM OPERATIONS</b>		
Sale/Revenue	10,337,609	19,342,822
Annual Subscription Fee	5,284,847	4,996,971
One Time Joining Fee	-	50,000
Card Renewal Fee	8,654,418	7,272,257
Connectivity Fee	2,109,145	2,217,646
AMC Hardware	30,018	35,407
Atm Switching Fee	2,094,458	2,104,000
Incentive Income	10,914,505	27,251,102
Transaction Fee (Other Network)	2,787,111	1,375,019
Income from Smart-Banking	24,456,120	11,477,056
Reveune from SmartQR (P2P Fund Transfer)	66,261	-
Reveune from VISA Card Processing	12,291,667	-
<b>Total</b>	<b>79,026,157</b>	<b>76,122,279</b>
<b>NOTE 4.15: OTHER INCOME</b>		
Reversal of impairment provision	-	69,060
Gain on sale of non-current assets	-	170,000
Other income	464,074	38,965
<b>Total</b>	<b>464,074</b>	<b>278,025</b>
<b>NOTE 4.16: OPERATING EXPENSES</b>		
Purchase ATM cards	2,358,235	8,567,500
Annual Subscription Charge	15,324,717	7,850,010
PCI-DSS Audit Fee	2,694,382	587,091
Lease Line Cable & Fiber Networking Charge	168,000	168,000
Connectivity Fee	988,787	974,333
SMS Cost	1,454,915	164,655
Dispute Resolution Fees	70,032	71,438
Service Fee-UPI Connectivity	1,640,231	1,597,174
Penetration Testing	475,664	265,487
DC/DR Cost	2,209,563	1,169,378
Royalty Fee	3,904,199	4,404,592
Smart-banking commission	21,064,896	10,255,492
<b>Total</b>	<b>52,353,620</b>	<b>36,075,150</b>

SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>Particulars</i>	<i>Amount in Rs.</i>	
	<i>For the year ended Ashadh 32, 2082 (July 16, 2025)</i>	<i>For the year ended Ashadh 31, 2081 (July 15, 2024)</i>
<b>NOTE 4.17: EMPLOYEE BENEFIT EXPENSES</b>		
Staff Salary And Allowance Expenses	37,895,717	32,604,020
Gratuity Expenses	1,939,936	1,856,347
Provident Fund Contribution	2,328,855	2,228,508
Mesh Expenses	235,300	143,800
Leave Expenses	1,242,760	1,162,693
Less: Capitalization - Product Development	(11,864,239)	-
<b>Total</b>	<b>31,778,329</b>	<b>37,995,369</b>
<b>NOTE 4.18: MARKETING EXPENSES</b>		
Advertisement	34,565	16,307
Incentive Expenses	65,121	2,330,412
Product Promotion and Marketing Expenses - Free Card	7,662,492	9,612,644
Product Promotion and Marketing Expenses - Campaign Cost	7,495,092	5,453,493
<b>Total</b>	<b>15,257,270</b>	<b>17,412,856</b>
<b>NOTE 4.19: ADMINISTRATION EXPENSES</b>		
AGM Expenses	550,310	-
Due Diligence Audit Fee	87,500	-
Statutory and Tax Audit Fee	215,000	185,000
Internal Audit Fee	150,000	180,000
Audit Expense	79,965	49,762
Legal and Certification Fee	65,000	-
Bank Commission & Charges	650,724	290,638
Cleaning Supply	73,298	82,667
Communication Expenses	85,368	112,184
Electric Expenses	100,668	12,400
Electricity Fee	1,331,687	1,320,192
Staff Welfare	1,182,396	204,190
Fuel & Lubricants	612,251	480,739
Insurance Premium	782,668	747,779
Meeting Allowance	750,000	620,000
Training Expenses	586,133	477,108
Miscellaneous Expenses	3,548	27,685
Office Expenses	387,903	71,817
IS Audit Fee	250,000	-
Meeting Expenses	114,153	4,260
Fine and Penalty	2,750	500
Postage & Courier	34,522	56,994
Printing & Stationery	428,175	446,983
Guest Refreshment	249,509	135,895
Rate & Tax Expenses	29,240	40,350
Registration & Renewal Expenses	63,455	58,240
Repairs & Maintenance	528,479	323,609
Travelling and Conveyance Expenses	915,506	546,600
Security Guards	806,760	797,330
Outsourcing Cost	687,269	464,000
Water Expenses	28,600	37,720
Membership and Subscription Fees	216,403	-
<b>Total</b>	<b>12,049,241</b>	<b>7,774,643</b>

SMARTCHOICE TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

<i>Particulars</i>	<i>Amount in Rs.</i>	
	<i>For the year ended Ashadh 32, 2082 (July 16, 2025)</i>	<i>For the year ended Ashadh 31, 2081 (July 15, 2024)</i>
<b>NOTE 4.20: DEPRECIATION AND AMOTIZATION EXPENSES</b>		
Depreciation on Tangible Assets	7,774,336	7,786,950
Amortization on In-Tangible Assets	27,471,564	16,170,240
Depreciation on Right of Use (ROU) Assets	2,243,896	2,243,896
<b>Total</b>	<b>37,489,796</b>	<b>26,201,087</b>
<b>NOTE 4.21: IMPAIRMENT EXPENSES</b>		
On Leasehold Assets (Non-Current)	-	9,824
On Current Assets	489,290	-
<b>Total</b>	<b>489,290</b>	<b>9,824</b>
<b>NOTE 4.22: FINANCE COST</b>		
Finane Cost on Lease liability - Panipokhari Office	2,634,180	2,391,849
Changes in Accounting Estimates (Finance Cost Adjustment)	3,145,343	-
<b>Total</b>	<b>5,779,523</b>	<b>2,391,849</b>
<b>NOTE 4.23: FINANCE INCOME</b>		
Interest income	1,437,115	6,259,022
<b>Total</b>	<b>1,437,115</b>	<b>6,259,022</b>
<b>NOTE 4.24: TAX EXPENSES</b>		
<b>A. AMOUNT RECOGNISED IN PROFIT OR LOSS</b>		
<b>Current tax</b>		
Income tax for the year	-	-
Income tax related to previous years	5,640,808	-
<b>Total current tax</b>	<b>5,640,808</b>	<b>-</b>

## SMARTCHOICE TECHNOLOGIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 4.25: CALCULATION OF DEFERRED TAX (ASSETS)/LIABILITY

Particulars	Carrying Amount (Rs.)	Restatement (Rs.)	Restated Carrying Amount (Rs.)	Tax Base (Rs.)	Temporary Diff (Rs.)
<b>Deferred Tax</b>					
<b>As on 2081.04.01</b>					
Property, Plant & Equipments	57,230,952	-	57,230,952	72,233,278	(15,002,326)
Intangible Assets	169,384,644	-	169,384,644	140,877,865	28,506,779
Right of Use Assets	21,877,989	-	21,877,989	-	21,877,989
Lease Liabilities	(23,594,117)	-	(23,594,117)	-	(23,594,117)
<b>Total</b>	<b>224,899,467</b>	<b>-</b>	<b>224,899,467</b>	<b>213,111,143</b>	<b>11,788,324</b>
<b>Deferred Tax (Asset)/Liability as on 2081.04.01 (Tax Rate 25%)</b>					<b>2,947,081</b>
<b>Deferred Tax</b>					
<b>As on 2082.03.32</b>					
Property, Plant & Equipments	63,204,098	-	63,204,098	72,381,780	(9,177,682)
Intangible Assets	166,674,119	-	166,674,119	155,141,310	11,532,809
Right of Use Assets	19,634,093	-	19,634,093	-	19,634,093
Lease Liabilities	(25,802,578)	-	(25,802,578)	-	(25,802,578)
Leave payable	(1,315,333)	-	(1,315,333)	-	(1,315,333)
Tax Losses	-	-	-	154,598,022	(154,598,022)
<b>Total</b>	<b>222,394,398</b>	<b>-</b>	<b>222,394,398</b>	<b>382,121,111</b>	<b>(159,726,713)</b>
<b>Deferred Tax (Asset)/Liability as on 2082.03.32 (Tax Rate 25%)</b>					<b>(39,931,678)</b>
<b>Deferred Tax Expenses/(Income) FY 2081-82</b>					<b>(42,878,759)</b>
<b>Deferred Tax Expenses/(Income)-PL</b>					<b>(42,878,759)</b>

#### 4.26 Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is charged.

The Company identifies following as the related parties under the requirements of NAS 24.

- i) Shareholders having shareholding of 1% or more during the year.
- ii) Companies represented by the Directors.
- iii) Directors of the Company and their close family members if any
- iv) Key Managerial Personnel and their close family members if any

The details of transactions with related party are given in table below;

##### ➤ With Board Members and Shareholders

S.N.	Directors	Relationship	Amount	Nature
1	Mr. Robin Kumar Nepal	Chairperson	130,000.00	Meeting Allowance
2	Mr. Anil Joshi	Director	50,000.00	Meeting Allowance
3	Ms. Rashmi Pant	Director	100,000.00	Meeting Allowance
4	Mr. Subhas Gyawali	Director	150,000.00	Meeting Allowance
5	Mr. Sabin Dhakal	Director	40,000.00	Meeting Allowance
6	Mr. Santosh Pageni	Director	10,000.00	Meeting Allowance
7	Mr. Mrigendra Pradhan	Independent Director	40,000.00	Meeting Allowance
8	Mr. Suman Pokharel	Director till 2081.10.25	50,000.00	Meeting Allowance
9	Mr. Manoj Dumar Shrestha	Director till 2081.10.25	70,000.00	Meeting Allowance
10	Mr. Praveen Regmi	Director till 2081.10.25	100,000.00	Meeting Allowance
11	Mr. Bipin Thapa	Director till 2081.04.13	10,000.00	Meeting Allowance
12	Prabhu Bank Limited	Shareholder and Member Bank	936,880.00	Sale of Goods and Services.
13	Himalayan Bank Limited	Shareholder and Member Bank	200,000.00	Sale of Goods and Services.
14	Green Development Bank Limited	Shareholder and Member Bank	381,560.00	Sale of Goods and Services.

15	Global IME Bank Limited	Shareholder and Member Bank	37,057,786.65	Sale of Goods and Services.
16	Global IME Bank Limited	Shareholder and Member Bank	10,962,280.00	Reimbursement of One Time Cost – VISA Project.
17	Kamana Sewa Bikas Bank Limited	Shareholder and Member Bank	100,000.00	Sale of Goods and Services.
18	Prabhu Bank Limited	Shareholder and Member Bank	61,337.53	Interest Income on deposits.
19	Kamana Sewa Bikas Bank Limited	Shareholder and Member Bank	932,055.90	Interest Income on deposits.
20	Shangri-La Development Bank Limited	Shareholder and Member Bank	444,317.82	Interest Income on deposits.
21	Global IME Bank Limited	Shareholder and Member Bank	198,493.15	Interest Income on deposits.
22	Himalayan Bank Limited	Shareholder and Member Bank	278,407.67	Interest Income on deposits.
23	Swift Technology Pvt. Ltd.	Group Companies	21,064,895.75	Smart Banking commission sharing.
	<b>Total</b>		<b>73,368,014.47</b>	

➤ **With Key Management Personnel**

S.N.	Name	Designation	Amount	Remarks
1	Mr. Manoj Ghimire	Chief Executive Officer	4,885,674.35	<b>Other Benefits:</b> Vehicle facility with fuel.

There have been no payment or transactions with the close family member of the directors and key managerial personnel.

#### 4.27 Events after reporting period

The company monitors and assess events that may have potential impact to qualify as adjusting and / or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

There are no material events that has occurred subsequent to 32<sup>nd</sup> Ashad 2082 till the signing of this financial statement other than changes in Board of Directors as follows:

At 32 <sup>nd</sup> Ashad, 2082		Financial Statements approval dated 25 <sup>th</sup> Kartik, 2082	
Robin Kumar Nepal	Chairperson	Mrigendra Pradhan	Chairperson
Anil Joshi	Director	Anil Joshi	Director
Rashmi Pant	Director	Rashmi Pant	Director
Subhas Gyawali	Director	Subhas Gyawali	Director
Sabin Dhakal	Director	Sabin Dhakal	Director
Santosh Pageni	Director	Santosh Pageni	Director
Mrigendra Pradhan	Independent Director		

#### 4.28 Impairment

Reconciliation of impairment provision is as follows:

Particulars	Amount (Rs.)
<b>Opening Balance of Provision for Impairment Loss – Receivables</b>	<b>36,256,421</b>
<b>Adjustments</b>	
Impairment provisioned	489,290
<b>Closing Balance of Provision for Impairment Loss – Receivables</b>	<b>36,745,711</b>

**Date:** 11<sup>th</sup> November, 2025

**Place:** Kathmandu

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## Banking Finance and Insurance Institute of Nepal (BFIN) Conference



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## UnionPay International South East Asia and South Pacific Regional Council Meeting 2025



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## Financial Literacy Session – Everest College



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## Digital Literacy Session at IIMS College



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Knowledge Sharing Workshop at  
Nepal Financial Institutions Association (NFIA)



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Meeting with Honourable Governor & delegates from NRB



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## Nepal Fintech Expo 2026



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## UnionPay Intl 360 Workshop



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## Sunway Codarambha Hackathon event



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## SCT Hiking 2025



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Shangri-La Dev Bank Officially Commencing the issuance of SCT UPI Card



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Salapa Bikas Bank Officially Commencing the issuance of SCT UPI Card



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## 24th Anniversary of Smart Choice Technologies Limited



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## Comprehensive Training Session on Anti Money Laundering



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