



**SANJEEV JIWAN GUPTA & CO.**  
CHARTERED ACCOUNTANTS  
PH: 0161- 2304057  
6-E, KITCHLU NAGAR, LUDHIANA

### INDEPENDENT AUDITOR'S REPORT

To

The Board of Directors,  
Spice Digital Nepal Limited

**Special Purpose Audit Report on the Audit of the Financial Statements for the Consolidation purpose**

#### Opinion

We have audited the accompanying financial statements of Spice Digital Nepal Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the and Statement of Profit and Loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its loss for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide an unmodified opinion on the financial statements.

#### Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) as applicable on the parent company. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





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.

The Board of Directors are also 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





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1. We report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet and the Statement of Profit and Loss Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards;
- (e) The Company does not have any pending litigation which would impact its financial position;
- (f) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

DATED: 23.05.2022  
PLACE: NOIDA

For SANJEEV JIWAN GUPTA & CO.  
CHARTERED ACCOUNTANTS

(CA SANJEEV GUPTA)  
(M.NO. 500090)  
(FRN 018541N)

UDIN: 22500090AJMTRP9841



Digispice Nepal Private Limited  
Balance Sheet as at 31 March 2022

Particulars	In NPR		In NPR	
	As at 31 March 2022	As at 31 March 2022	As at 31 Mar 2021	As at 31 Mar 2021
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	365,921	224,569	-	-
Other intangible assets	-	-	-	-
Intangible assets under development	-	-	-	-
<b>Financial assets</b>				
Deferred tax assets	-	-	-	-
Non-current tax assets	633,752	388,940	593,433	368,338
Other assets	-	-	-	-
<b>Total non-current assets</b>	<b>999,673</b>	<b>613,509</b>	<b>593,433</b>	<b>368,338</b>
<b>Current assets</b>				
<b>Financial assets</b>				
(i) Investments	-	-	-	-
(ii) Trade receivables	21,250,625	13,041,721	23,518,556	14,597,732
(iii) Cash and cash equivalents	79,888,596	49,028,430	76,582,228	47,533,823
(iv) Bank balance other than (iii) above	-	-	-	-
(v) Loans	10,007,000	6,141,396	10,007,000	6,211,245
(vi) Other financial assets	1,000,034	613,731	4,378,939	2,717,963
Other assets	3,104,204	1,905,081	2,673,062	1,659,143
<b>Total current assets</b>	<b>115,250,460</b>	<b>70,730,360</b>	<b>117,159,784</b>	<b>72,719,907</b>
<b>Total assets</b>	<b>116,250,133</b>	<b>71,343,869</b>	<b>117,753,217</b>	<b>73,088,244</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	-	-	-	-
Other equity	(5,491,961)	(3,370,472)	(2,450,771)	(1,521,169)
<b>Total equity</b>	<b>(5,491,961)</b>	<b>(3,370,472)</b>	<b>(2,450,771)</b>	<b>(1,521,169)</b>
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	-	-	-	-
Deferred tax liabilities	-	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	-	-	-	-
(ii) Trade payables	-	-	-	-
- total outstanding dues of micro and small enterprises	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	121,756,513	74,723,190	119,720,222	74,309,145
(iii) Other financial liabilities	-	-	-	-
Provisions	-	-	-	-
Other liabilities	(14,419)	(8,849)	483,766	300,269
<b>Total current liabilities</b>	<b>121,742,094</b>	<b>74,714,341</b>	<b>120,203,988</b>	<b>74,609,413</b>
<b>Total equity and liabilities</b>	<b>116,250,133</b>	<b>71,343,869</b>	<b>117,753,217</b>	<b>73,088,244</b>

For DigiSpice Nepal Pvt. Ltd.

(Authorised Signatory-Holding Co.)

Place : Noida  
Date: 23.05.2022

For Sanjeev Jiwan Gupta & Co.  
Chartered Accountants

CA Sanjeev Gupta (Partner)  
M. No. 500090  
FRN: 018541N  
UDIN: 22500090AJMTRP9841



Digispice Nepal Private Limited  
Statement of Profit and Loss for the period ended 31 March 2022

Particulars	In I	In I	In I	In I
	For the period ended 31 Mar 2022	For the period ended 31 Mar 2022	For the period ended 31 March 2021	For the period ended 31 March 2021
<b>Income</b>				
Revenue from services	6,083,417	3,854,284	18,932,791	11,978,943
Other income	3,934,124	2,492,551	780,669	493,936
<b>Total Income</b>	<b>10,017,541</b>	<b>6,346,836</b>	<b>19,713,460</b>	<b>12,472,879</b>
<b>Expenses</b>				
Cost of goods and services procured (Increase) / Decrease in inventories of procured goods				
Cost of services rendered	2,446,141	1,549,807	19,310,310	12,217,802
Employee benefits expense				
Finance costs				
Depreciation and amortisation expense	1,555,990	985,832		
Other expenses	9,056,600	5,738,010	3,223,951	2,039,822
<b>Total expenses</b>	<b>13,058,731</b>	<b>8,273,649</b>	<b>22,534,261</b>	<b>14,257,625</b>
<b>Profit/(loss) before exceptional items and tax</b>	<b>(3,041,190)</b>	<b>(1,926,814)</b>	<b>(2,820,801)</b>	<b>(1,784,746)</b>
Exceptional items				
<b>Profit/(loss) before tax</b>	<b>(3,041,190)</b>	<b>(1,926,814)</b>	<b>(2,820,801)</b>	<b>(1,784,746)</b>
Tax expense:				
(1) Current tax			483,766	306,083
(2) Deferred tax credit				
(3) Income tax adjustments for earlier years				
<b>Income tax expense</b>			<b>483,766</b>	<b>306,083</b>
<b>Profit/(loss) for the year</b>	<b>(3,041,190)</b>	<b>(1,926,814)</b>	<b>(3,304,567)</b>	<b>(2,090,829)</b>

For DigiSpice Nepal Pvt. Ltd.

(Authorised Signatory-Holding Co.)

Place : Noida  
Date: 23.05.2022

For Sanjeev Jiwan Gupta & Co.  
Chartered Accountants

CA Sanjeev Gupta (Partner)  
M. No. 500090  
FRN: 018541N  
UDIN: 22500090AJMTRP9841



**Digispice Nepal Private Limited**  
**Statement of changes in equity for the period ended 31 March 22**

**A : Equity share capital**

**B : Other equity**

**For the year ended March 31,2022**

**(Amount in NPR)**

Particulars	Retained Earnings	Total
<b>As at April 01, 2021</b>	<b>(2,450,771.18)</b>	<b>(2,450,771.18)</b>
Profit/(Loss) for the year	(3,041,190.26)	(3,041,190.26)
Other comprehensive income (net of tax)	-	-
<b>Total Comprehensive Income for the year</b>	<b>(3,041,190.26)</b>	<b>(3,041,190.26)</b>
<b>As at Mar 31, 2022</b>	<b>(5,491,961.44)</b>	<b>(5,491,961.44)</b>

<b>As at April 01, 2020</b>	<b>853,796.14</b>	<b>853,796.14</b>
Profit/(Loss) for the year	(3,304,567.32)	(3,304,567.32)
Other comprehensive income (net of tax)	-	-
<b>Total Comprehensive Income for the year</b>	<b>(3,304,567.32)</b>	<b>(3,304,567.32)</b>
<b>As at Mar 31, 2021</b>	<b>(2,450,771.18)</b>	<b>(2,450,771.18)</b>

**For the year ended March 31,2022**

**(Amount in INR)**

Particulars	Retained Earnings	Total
<b>As at April 01, 2021</b>	<b>(1,521,169.16)</b>	<b>(1,521,169.16)</b>
Profit/(Loss) for the year	(1,807,460.32)	(1,807,460.32)
Other comprehensive income (net of tax)	-	-
<b>Total Comprehensive Income for the year</b>	<b>(1,807,460.32)</b>	<b>(1,807,460.32)</b>
<b>As at Mar 31, 2022</b>	<b>(3,328,629.48)</b>	<b>(3,328,629.48)</b>

<b>As at April 01, 2020</b>	<b>527,817.37</b>	<b>527,817.37</b>
Profit/(Loss) for the year	(2,048,986.53)	(2,048,986.53)
Other comprehensive income (net of tax)	-	-
<b>Total Comprehensive Income for the year</b>	<b>(2,048,986.53)</b>	<b>(2,048,986.53)</b>
<b>As at Mar 31, 2021</b>	<b>(1,521,169.16)</b>	<b>(1,521,169.16)</b>





Digispice Nepal Private Limited  
Notes to the financial statements for the Period ended 31 March 2022

16. Equity share capital

	In NPR	In NPR	In NPR	In NPR
	As at 31 March 2022	As at 31 March 2022	As at 31 Mar 2021	As at 31 Mar 2021
<b>Authorized</b>				
5,00,000 Equity shares of Rs. 10/- each	5,000,000		5,000,000	
<b>Issued, subscribed and fully paid-up</b>				
5,00,000 Equity shares of Rs. 10/- each				
	0.00	0.00	0.00	0.00

16A. Other equity

FCTR  
Retained earnings

	As at 31 March 2022	As at 31 March 2022	As at 31 Mar 2021	As at 31 Mar 2021
		119,353		41,842
	(5,491,961)	(3,489,825)	(2,450,771)	(1,563,011)
	<b>(5,491,961)</b>	<b>(3,370,472)</b>	<b>(2,450,771)</b>	<b>(1,521,169)</b>
<b>d) Retained earnings</b>				
Balance as per the last financial statements				
Add: Created during the year				
Remeasurement gain/(loss) on defined benefit plan, net of tax impact (from OCI)	(2,450,771)	(1,563,011)	853,796	527,817
	(3,041,190)	(1,926,814)	(3,304,567)	(2,090,829)
<b>Closing Balance</b>	<b>(5,491,961)</b>	<b>(3,489,825)</b>	<b>(2,450,771)</b>	<b>(1,563,011)</b>



10	Trade receivables	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR	As at 31 Mar 2021 In NPR	As at 31 Mar 2021 In INR
	Trade receivables	29,033,104	17,817,906.27	23,518,556	14,597,732
	Receivables from related parties				
	Less: allowance for doubtful debts	(7,782,479)	(4,776,185)		
		<u>21,250,625</u>	<u>13,041,721</u>	<u>23,518,556</u>	<u>14,597,732</u>
	Secured, considered good				
	Unsecured, considered good	21,250,625	13,041,721	23,518,556	14,597,732
	Doubtful	7,782,479	4,776,185		
	Allowance for doubtful debts	29,033,104	17,817,906	23,518,556	14,597,732
		(7,782,479)	(4,776,185)		
		<u>21,250,625</u>	<u>13,041,721</u>	<u>23,518,556</u>	<u>14,597,732</u>
11	Cash and cash equivalents	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR	As at 31 Mar 2021 In NPR	As at 31 Mar 2021 In INR
	Balance with banks:				
	On current accounts	9,888,596	6,068,730	26,582,228	16,499,323
	Cash on hand	70,000,000	42,959,700	50,000,000	31,034,500
	Fixed Deposit				
		<u>79,888,596</u>	<u>49,028,430</u>	<u>76,582,228</u>	<u>47,533,823</u>
13	Non current tax assets	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR	As at 31 Mar 2021 In NPR	As at 31 Mar 2021 In INR
	Advance income-tax (net of provision for taxation)	633,752	388,940	593,433	368,338
		<u>633,752</u>	<u>388,940</u>	<u>593,433</u>	<u>368,338</u>
14	Other assets	Non current As at 31 Mar 2022 In NPR	Current As at 31 Mar 2022 In INR	Non current As at 31 Mar 2021 In NPR	Current As at 31 Mar 2021 In INR
	Balances with statutory / government authorities	-	1,731,094	-	2,031,966
	Interest receivable on Fixed Deposit	-	1,346,973	-	1,261,221
	Advance to suppliers/ service providers	-	26,138	-	641,096
		-	16,041	-	397,922
		<u>3,104,204</u>	<u>1,905,081</u>	<u>2,673,062</u>	<u>1,659,143</u>
		<u>3,104,204</u>	<u>1,905,081</u>	<u>2,673,062</u>	<u>1,659,143</u>
18	Trade payables	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR	As at 31 Mar 2021 In NPR	As at 31 Mar 2021 In INR
	Trade payables (refer note 47 for details of due to micro and small enterprises)				
	-Due to Micro and Small Enterprises	13,403,329	8,225,757	119,720,222	74,309,145
	-Due to Other than Micro and Small Enterprises	108,353,184	66,497,433	119,720,222	74,309,145
	Trade payable to related parties				
		<u>121,756,513</u>	<u>74,723,190</u>	<u>119,720,222</u>	<u>74,309,145</u>
21	Other liabilities	Non current As at 31 Mar 2022	Current As at 31 Mar 2022	Non current As at 31 Mar 2021	Current As at 31 Mar 2021
	TDS payable		(17,500.00)		
	Indirect taxes and duties payable		(10,740)		
	Others		3,081		
	Provision for Income tax		1,891		
		<u>(14,419)</u>	<u>(8,849)</u>	<u>483,766</u>	<u>300,269</u>
		<u>(14,419)</u>	<u>(8,849)</u>	<u>483,766</u>	<u>300,269</u>

Notes	Particulars	In NPR	In INR	In NPR	In INR
		For the period ended 31 Mar 2022	For the period ended 31 Mar 2022	For the period ended 31 March 2021	For the period ended 31 March 2021
22	<b>Revenue from services</b>				
	Sale of hardware and software solution				
	Sales/rendering of services	6,083,417	3,854,284	18,932,791	11,978,943
		<b>6,083,417</b>	<b>3,854,284</b>	<b>18,932,791</b>	<b>11,978,943</b>
23	<b>Other income</b>				
	<b>Interest received on financial and non financial assets -carried at amortised cost</b>				
	Bank deposits	3,934,124	2,492,551	780,669	493,936
		<b>3,934,124</b>	<b>2,492,551</b>	<b>780,669</b>	<b>493,936</b>
26	<b>Cost of services rendered</b>				
	Value added service charges	2,446,141	1,549,807	19,310,310	12,217,802
		<b>2,446,141</b>	<b>1,549,807</b>	<b>19,310,310</b>	<b>12,217,802</b>
30	<b>Other expenses</b>				
	Loss on foreign exchange fluctuation (net)				
	Rent	120,000	76,029	120,000	75,925
	Rates and taxes	(14,000)	(8,870)	16,000	10,123
	Electricity charges	(9,000)	(5,702)	(3,000)	(1,898)
	Networking Expenses	366,000	231,867	366,000	231,571
	Legal and professional charges	210,000	133,050	410,000	259,411
	Audit Fees	168,000	106,440	374,000	236,633
	Interest on late payment	67,445	42,732	742,479	469,773
	Water Exp	(6,000)	(3,801)	-	-
	Postage & Courier	11,500	7,286	-	-
	Conveyance	21,000	13,305	-	-
	Misc Expenses	1	1	17	11
	Bank Charges	50	32	-	-
	Provision for Doubtful Debts	7,782,479	4,930,762	-	-
	Business Promotion Exp	339,125	214,860	-	-
		<b>9,056,600</b>	<b>5,738,010</b>	<b>3,223,951</b>	<b>2,039,822</b>