

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, 2023, 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, 2023 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.





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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.

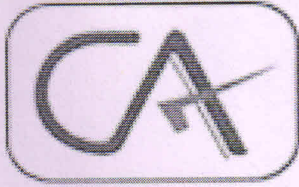
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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;

For SANJEEV JIWAN GUPTA &
CHARTERED ACCOUNTANTS

(CA SANJEEV GUPTA)

(M.NO. 500090)

(FRN 018541N)

UDIN: 23500090BGQFYT2513

DATED: 19.05.2023

PLACE: NOIDA



Digispice Nepal Private Limited
Balance Sheet as at 31 March 2023

Particulars	In NPR		In NPR	
	As at 31 March 2023	As at 31 March 2023	As at 31 Mar 2022	As at 31 Mar 2022
Assets				
Non-current assets				
Property, plant and equipment	-	-	365,921	224,569
Capital work in progress	-	-	-	-
Investment property	-	-	-	-
Other intangible assets	-	-	-	-
Intangible assets under development	-	-	-	-
Investment in associate and a joint venture	-	-	-	-
Financial assets				
(i) Investments	-	-	-	-
(ii) Loans	-	-	-	-
(iii) Other financial assets	-	-	-	-
Deferred tax assets	-	-	-	-
Non current tax assets	1,378,405	850,945	633,752	388,940
Other assets	-	-	-	-
Total non-current assets	1,378,405	850,945	999,673	613,509
Current assets				
Financial assets				
(i) Investments	-	-	-	-
(ii) Trade receivables	0	0.02	21,250,625	13,041,721
(iii) Cash and cash equivalents	100,598,756	62,103,636	79,888,596	49,028,430
(iv) Bank balance other than (iii) above	-	-	-	-
(v) Loans	10,028,195	6,190,806	10,007,000	6,141,396
(vi) Other financial assets	1,164,180	718,695	1,000,034	613,731
Other assets	4,764,475	2,941,301	3,104,204	1,905,081
Total current assets	116,555,606	71,954,438	115,250,460	70,730,360
Total assets	117,934,011	72,805,382	116,250,133	71,343,869
Equity and liabilities				
Equity				
Equity share capital	5,000,000	3,125,000	-	-
Other equity	(5,217,787)	(3,259,448)	(5,491,961)	(3,370,472)
Total equity	(217,787)	(134,448)	(5,491,961)	(3,370,472)
Non-current liabilities				
Financial liabilities				
(i) Borrowings	-	-	-	-
(ii) Other financial liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	-	-	-	-
Total non-current liabilities	-	-	-	-
Current liabilities				
Financial liabilities				
(i) Borrowings	-	-	-	-
(ii) Trade payables	-	-	-	-
- total outstanding dues of micro and small enterprises	-	-	-	-
- total outstanding dues of creditors other than micro and small enter	118,182,189	72,958,593	121,756,513	74,723,190
(iii) Other financial liabilities	-	-	-	-
Provisions	-	-	-	-
Other liabilities	(30,392)	(18,762)	(14,419)	(8,849)
Total current liabilities	118,151,798	72,939,831	121,742,094	74,714,341
Total equity and liabilities	117,934,011	72,805,382	116,250,133	71,343,869

For Digispice Nepal Pvt. Ltd.

(Authorised Signatory-Holding Co.)

Place : Noida
Date: 19.05.2023

For Sanjeev Jiwan Gupta & Co.
Chartered Accountants

CA Sanjeev Gupta (Partner)
M. No. 500090
FRN: 018541N
UDIN: 23500090BGQFYT2513



Digispice Nepal Private Limited
Statement of Profit and Loss for the year ended 31 March 2023

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2023	For the period ended 31 March 2022	For the period ended 31 March 2022
Income				
Revenue from services	164,146	103,970	6,083,417	3,854,284
Other income	7,183,148	4,549,806	3,934,124	2,492,551
Total Income	7,347,294	4,653,776	10,017,541	6,346,836
Expenses				
Cost of goods and services procured (Increase) / Decrease in inventories of procured goods				
Cost of services rendered	(2,401,675)	(1,521,221)	2,446,141	1,549,807
Employee benefits expense				
Finance costs				
Depreciation and amortisation expense	365,921	231,774	1,555,990	985,832
Other expenses	5,891,749	3,731,834	9,056,600	5,738,010
Total expenses	3,855,995	2,442,387	13,058,731	8,273,649
Profit/(loss) before exceptional items and tax	3,491,299	2,211,389	(3,041,190)	(1,926,814)
Exceptional items				
Profit/(loss) before tax	3,491,299	2,211,389	(3,041,190)	(1,926,814)
Tax expense:				
(1) Current tax				
(2) Deferred tax credit				
(3) Income tax adjustments for earlier years	3,217,124			
Income tax expense	3,217,124			
Profit/(loss) for the year	274,175	2,211,389	(3,041,190)	(1,926,814)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement gain of defined benefit plan				
Deferred tax impact				
Other comprehensive income for the year				
Total comprehensive income for the year	274,175	2,211,389	(3,041,190)	(1,926,814)
	1,517,027	3,454,241	(1,798,338)	(683,961)

For DigiSpice Nepal Pvt. Ltd.

(Authorised Signatory-Holding Co.)

Place : Noida
Date: 19.05.2023

For Sanjeev Jiwan Gupta & Co.
Chartered Accountants

CA Sanjeev Gupta (Partner)
M. No. 500090
FRN: 018541N
UDIN: 23500090BGQFYT2513



Digispice Nepal Private Limited
Notes to the financial statements for the year ended 31 March 2023

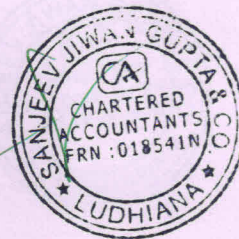
	Current		Current	
	As at 31 March 2023 In NPR	As at 31 March 2023 In INR	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR
Loans - financial assets				
Secured, considered good				
Security deposits	-	-	-	-
Loans to body corporate*	-	-	-	-
Unsecured, considered good				
Security deposits	10,007,000	6,177,721	10,007,000	6,141,396
Security deposits to related party (refer note 37)	-	-	-	-
Receivable on account of merger (refer note 39)	-	-	-	-
Loans to employees	-	-	-	-
Advances recoverable in cash or kind to related party (refer note 37)	21,195.00	13,084.52	-	-
	10,028,195.00	6,190,805.90	10,007,000	6,141,396
Doubtful				
Security deposits	-	-	-	-
Loans to body corporate#	-	-	-	-
Advances recoverable in cash or kind	-	-	-	-
Allowances for bad & doubtful				
Security deposits	-	-	-	-
Loans to body corporate#	-	-	-	-
Advances recoverable in cash or kind	-	-	-	-
	10,028,195.00	6,190,805.90	10,007,000	6,141,396

Security deposits to related parties and loans to employees are non-derivative financial assets which generate a fixed interest income for the Company. The carrying value may be affected by changes

*Loan to body corporate secured against property, plant and equipment and receivables.

Includes loans given to related party Rs 739.32 Lakhs (31 March 2018: Rs 764.32 Lakhs), refer note 37

	Current		Current	
	As at 31 March 2023 In NPR	As at 31 March 2023 In INR	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR
Others- financial assets				
Unsecured, considered good				
Receivable from related party (refer note 37)				
Rent and other receivable	-	-	-	-
Income accrued but not billed	1,164,180	718,695	1,000,034	613,731
	1,164,180	718,695	1,000,034	613,731
Unsecured, considered doubtful				
Interest accrued on inter-corporate loans to related party (refer note 37)	-	-	-	-
Rent and other receivables - from related party (refer note 37)	-	-	-	-
Rent and other receivables - from others	-	-	-	-
Allowances for bad & doubtful				
Interest accrued on inter-corporate loans to related party (refer note 37)	-	-	-	-
Rent and other receivables - from related party (refer note 37)	-	-	-	-
Rent and other receivables - from others	-	-	-	-
	1,164,180	718,695	1,000,034	613,731



Trade receivables

Trade receivables
Receivables from related parties (refer note 37)
Less: allowance for doubtful debts

	As at 31 March 2023 In NPR	As at 31 March 2023 In INR	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR
	13,211,884	8,156,224.49	29,033,104	17,817,906
	(13,211,884)	(8,156,224)	(7,782,479)	(4,776,185)
	0	0	21,250,625	13,041,721
Secured, considered good	0	0	21,250,625	13,041,721
Unsecured, considered good	13,211,884	8,156,224	7,782,479	4,776,185
Doubtful	13,211,884	8,156,224	29,033,104	17,817,906
Allowance for doubtful debts	(13,211,884)	(8,156,224)	(7,782,479)	(4,776,185)
	0	0	21,250,625	13,041,721

Cash and cash equivalents

Balance with banks :
On current accounts
Cash on hand
Fixed Deposit

	As at 31 March 2023 In NPR	As at 31 March 2023 In INR	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR
	5,598,756	3,456,336	9,888,596	6,068,730
	95,000,000	58,647,300	70,000,000	42,959,700
	100,598,756	62,103,636	79,888,596	49,028,430

Non current tax assets

Advance income-tax (net of provision for taxation)

	As at 31 March 2023 In NPR	As at 31 March 2023 In INR	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR
	1,378,405	850,945	633,752	388,940
	1,378,405	850,945	633,752	388,940

Other assets

Balances with statutory / government authorities*
Interest receivable on Fixed Deposit
Advance to suppliers/ service providers

	Current	Current	Current	Current
	As at 31 March 2023 In NPR	As at 31 March 2023 In INR	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR
	1,881,992	1,161,829	1,731,094	1,062,389
	2,684,468	1,657,230	1,346,973	826,651
	198,015	122,243	26,138	16,041
	4,764,475	2,941,301	3,104,204	1,905,081
	4,764,475	2,941,301	3,104,204	1,905,081



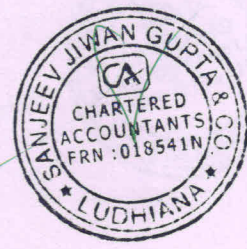
Particulars	In NPR	In INR	In NPR	In INR
	For the year ended 31 March 2023	For the year ended 31 March 2023	For the period ended 31 March 2022	For the period ended 31 March 2022
Revenue from services				
Sale of hardware and software solution				
Sales/rendering of services	164,146	103,970	6,083,417	3,854,284
	164,146	103,970	6,083,417	3,854,284
Other income				
Interest received on financial and non financial assets -carried at amortised cost				
Bank deposits	7,183,148	4,549,806	3,934,124	2,492,551
	7,183,148	4,549,806	3,934,124	2,492,551
Cost of services rendered				
Value added service charges				
	(2,401,675)	(1,521,221)	2,446,141	1,549,807
	(2,401,675)	(1,521,221)	2,446,141	1,549,807
Other expenses				
Loss on foreign exchange fluctuation (net)				
Rent*	120,000	76,008	120,000	76,029
Rates and taxes	-	-	(14,000)	(8,870)
Electricity charges	-	-	(9,000)	(5,702)
Networking Expenses	274,500	173,868	366,000	231,887
Legal and professional charges	293,496	185,900	210,000	133,050
Audit Fees	168,000	106,411	168,000	106,440
Interest on late payment	(6,014)	(3,809)	67,445	42,732
Water Exp	-	-	(6,000)	(3,801)
Postage & Courier	-	-	11,500	7,286
Conveyance	3,454	2,188	21,000	13,305
Misc Expenses	-	-	1	1
Bank Charges	428	271	50	32
Provision for Doubtful Debts	5,429,405	3,438,985	7,782,479	4,930,762
Staff Welfare Exp	28,723	18,193	-	-
Travelling Exp	514,184	325,684	-	-
Business Promotion Exp	(934,427)	(591,866)	339,125	214,860
	5,891,749	3,731,834	9,056,600	5,738,010



Digispice Nepal Private Limited
 Notes to the financial statements for the year ended 31 March 2023

Equity share capital

	In NPR	In NPR	In NPR	In NPR
	As at 31 March 2023	As at 31 March 2023	As at 31 Mar 2022	As at 31 Mar 2022
Authorized				
5,00,000 Equity shares of Rs. 10/- each	5,000,000	3,125,000	5,000,000	3,125,000
Issued, subscribed and fully paid-up				
500,000 (31 March 2022 Nil) equity shares of Rs. 10 each	5,000,000	3,125,000	-	-
	<u>5,000,000</u>	<u>3,125,000</u>	-	-



Digispice Nepal Private Limited
Notes to the financial statements for the year ended 31 March 2023

Trade payables

Trade payables (refer note 47 for details of due to micro and small enterprises)
 -Due to Micro and Small Enterprises
 -Due to Other than Micro and Small Enterprises
 Trade payable to related parties (refer note 37)

Current As at 31 March 2023 In NPR	As at 31 March 2023 In INR	As at 31 Mar 2022 In NPR	As at 31 Mar 2022 In INR
2,206,302	1,362,038	13,403,329	8,225,757
115,975,887	71,596,554	108,353,184	66,497,433
118,182,189	72,958,593	121,756,513	74,723,190
71,590,054			

Other liabilities

TDS payable
 Indirect taxes and duties payable
 Others
 Provision for Income tax

Current As at 31 March 2023	As at 31 March 2023	Current As at 31 Mar 2022	As at 31 Mar 2022
(38,000)	(23,459)	(17,500)	(10,740)
-	-	-	-
7,608	4,697	3081	1,891
(30,392)	(18,762)	(14,419)	(8,849)

