

एधारौं

वार्षिक प्रतिवेदन
(आ.व. २००६/०७७)



Reliance Finance Limited
रिलायन्स फाइनान्स लिमिटेड

11th

Annual Report

11th Annual Report

सञ्चालक समिति



कुश प्रसाद मल्ली
अध्यक्ष



सुरकृष्ण बैद्य
सञ्चालक (संस्थापक समूह)



रवि कृष्ण श्रेष्ठ
सञ्चालक (संस्थापक समूह)



उपेन्द्र बहादुर कार्की
सञ्चालक (सर्वसाधारण समूह)



तुलसी प्रसाद बराल
सञ्चालक (सर्वसाधारण समूह)



श्वेता कक्षपती (शाक्य)
सञ्चालक (सर्वसाधारण समूह)



विनोद कुमार तण्डुकार
स्वतन्त्र सञ्चालक



अनिल श्रेष्ठ
प्रमुख कार्यकारी अधिकृत



समाज प्रकाश श्रेष्ठ
उप-प्रमुख कार्यकारी अधिकृत



युज कुमार भैल
कम्पनी सचिव

लेखा परीक्षक
महेश्वरेन्द्र बहादुर श्रेष्ठ, एफ.सी.ए.
एम.बि.श्रेष्ठ एण्ड कम्पनी
चार्टर्ड एकाउण्टेण्टस्

**रिलायन्स फाइनेन्स लिमिटेडको
एघारौँ वार्षिक साधारण सभा बस्ने सूचना**

शेयरधनी महानुभावहरू,

यस वित्तीय संस्थाको मिति २०७७/१२/२४ गते बसेको संचालक समितिको २६९औँ बैठकको निर्णयानुसार यस रिलायन्स फाइनेन्स लि. को एघारौँ वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा निम्न विषयहरू उपर छलफल तथा निर्णय गर्नका लागि भिडियो कन्फरेन्स (Virtual Zoom Meeting) मार्फत बस्ने भएको हुँदा सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

सभा हुने मिति, स्थान र समय:

मिति : २०७८ साल वैशाख २२ गते बुधवार (तदनुसार May 5 2021, Wednesday)

स्थान : लैनचौर बैकवेट, लैनचौर, काठमाण्डौ ।

समय : दिनको ११:०० बजे ।

छलफलका विषयहरू:

(क) सामान्य प्रस्तावहरू

१. संचालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत गरिने एघारौँ वार्षिक प्रतिवेदन पारित गर्ने ।
२. लेखापरीक्षकको प्रतिवेदन सहित आ.व.२०७६/७७ आषाढ मसान्त सम्मको वासलात, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण लगायतका वित्तीय विवरणहरू पारित गर्ने ।
३. कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आ.व.२०७७/७८ को लेखापरीक्षण गर्नका लागि लेखापरिक्षण समितिको सिफारिश बमोजिम लेखापरीक्षकको नियुक्ति गर्ने र निजको पारिश्रमिक निर्धारण गर्ने बारे । (वर्तमान लेखापरिक्षक एफ. सि.ए. महेश्वरेन्द्र बहादुर श्रेष्ठ पुनः नियुक्त हुन योग्य हुनु हुन्छ)
४. संस्थाको संचालक समितिबाट सिफारिश भई नेपाल राष्ट्र बैंकबाट स्विकृत गरे बमोजिम आ.व.२०७६/०७७ मा भएको मुनाफाबाट संस्थाको चुक्ता पूँजी रु.८३,२४,१६,०६३/- को १० प्रतिशत बोनश शेयर वितरण गरिने हुँदा सो बापत कर प्रयोजनार्थ नगद लाभांश ०.५३ प्रतिशतले हुने रकम रु.४३,८१,१३७/- वितरण गर्ने प्रस्ताव पारित गर्ने ।
५. विविध ।

(ख) विशेष प्रस्तावहरू

१. संस्थाको संचालक समितिबाट सिफारिस भई नेपाल राष्ट्र बैंकबाट स्विकृत गरे बमोजिम आ.व.२०७६/०७७ मा भएको मुनाफाबाट संस्थाको चुक्ता पूँजी रु.८३,२४,१६,०६३/- को १० प्रतिशतका दरले हुने रु.८,३२,४१,६०६/- बराबरको बोनश शेयर जारी गर्ने र सो बापत कर प्रयोजनार्थ ०.५३ प्रतिशत नगद लाभांश वितरण गर्ने प्रस्ताव पारित गर्ने तथा बोनश शेयर वितरण गरे पश्चात कायम हुने भिन्न अंक (Fraction) लाई भविष्यमा समायोजन गर्ने गरी यथावत राख्ने प्रस्ताव स्विकृत गर्ने ।
२. संस्थाको एघारौँ वार्षिक साधारण सभाको निर्णय बमोजिम जारी गरेको १० प्रतिशत बोनश शेयर प्रदान गरे पश्चात कायम हुन आउने चुक्ता पूँजी रु.९१,५६,५७,६६९/- (अक्षरेपी एकनब्बे करोड छपन्न लाख सत्ताउन्न हजार छ सय उनान्सत्तरी) कायम गरि प्रबन्धपत्र संशोधन गरि संस्थाको जारी तथा चुक्ता पूँजी बृद्धि गर्ने र तदनुसरूप हुने गरि संस्थाको प्रबन्धपत्र/नियमावलीमा आवश्यक संशोधन, परिमार्जन र थप गर्ने ।
३. यस रिलायन्स फाइनेन्स लि.तथा अन्य कुनै बैंक, विकास बैंक तथा वित्तीय संस्था एक आपसमा गाभ्ने र गाभिने (मर्जर), प्राप्ति तथा विलय गर्न उपयुक्त देखिएमा मर्जर, प्राप्ति वा विलय गर्न, DDA गर्न, नियमनकारी निकायबाट आवश्यक स्वीकृति लिन तथा सो सम्बन्धमा सम्पूर्ण काम गर्ने अख्तियारी संचालक समितिलाई प्रदान गर्ने । साथै गाभिने (मर्जर), प्राप्ति तथा विलय समेतका सम्बन्धमा नियमनकारी निकाय वा अन्य कुनै कार्यालयहरूबाट कुनैपनि विषयमा संशोधन परिमार्जन थपघट वा परिवर्तन गर्न कुनै निर्देशन प्राप्त भएमा सो समेत मिलाई संशोधन वा परिवर्तन गर्नुपरेमा सो कार्यहरू समेत गर्न संस्थाको संचालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने ।
४. प्रबन्धपत्र नियमावली संशोधनमा नियमनकारी निकाय वा अन्य कुनै कार्यालयहरूबाट कुनैपनि विषयमा संशोधन परिमार्जन, थपघट वा परिवर्तन गर्न कुनै निर्देशन प्राप्त भएमा सो समेत मिलाई संशोधन वा परिवर्तन गर्नुपरेमा सो कार्यहरू समेत गर्न संस्थाको संचालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने ।

साधारण सभा सम्बन्धी अन्य जानकारी

१. विश्वव्यापी रुपमा फैलिएको कोरोना भाइरस (COVID19) को कारणले नेपाल सरकारले जारी गरेको सुरक्षा मापदण्डको पूर्ण पालना गरी साधारण सभा संचालन गर्नु पर्ने विशेष परिस्थितिका कारण अनलाईन (भर्चुअल) माध्यमबाट सभामा भाग लिने व्यवस्था मिलाईएको छ । त्यसरी उपस्थित भएमा सभास्थलमा उपस्थित भए सरह मान्यता दिने व्यवस्था अनुरूप कोरोना भाइरस (COVID19) बाट बच्न र बचाउन अनलाईन (भर्चुअल) माध्यमबाट उपस्थित भईदिनुहुन सम्पूर्ण शेयरधनी महानुभावहरुलाई हार्दिक अनुरोध छ । सभा शुरु हुन भन्दा १ घण्टा अगावै भर्चुअल सभा खुल्ला गरिनेछ ।
२. Meeting ID र Password को लागि यस संस्थाको ईमेल **agm@reliancenepal.com.np** वा मोबाईल नं. ९८४१२८५२९४ मा **SMS** वा **Viber** मार्फत समयमै सम्पर्क गरि प्राप्त गर्न सकिने व्यवस्था गरिएको जानकारी गराउँदछौं । साथै अन्तिम समयमा सम्पर्क गर्दा शेयरधनीहरुको पहिचान verification गरी ID र Password समयमै पठाउन प्राविधिक कठिनाई आउन सक्ने हुँदा कम्तिमा २ दिन अगावै ID र Password लिन समेत अनुरोध छ ।
३. वार्षिक साधारण सभा प्रयोजनार्थ २०७८/०१/१० गते एक दिन यस संस्थाको शेयरधनी दर्ता किताब बन्द रहने जानकारी गराउँदछौं । साथै, नेपाल स्टक एक्सचेञ्ज लिमिटेडमा मिति २०७८/०१/०९ सम्म कारोबार भई यस संस्थाको शेयर रजिष्ट्रार सनराईज क्यापिटल लि., कमलपोखरी काठमाण्डौमा प्राप्त शेयर नामसारीको लिखतको आधारमा शेयरधनी दर्ता किताबमा कायम शेयरधनीहरुले सो सभामा भाग लिन र लाभांश प्राप्त गर्न सक्नेछन् ।
४. साधारण सभाको लागि सम्पूर्ण शेयरधनी महानुभावहरुलाई वित्तीय संस्थाको शेयर लगतमा कायम रहेको सम्बन्धित ठेगानामा वित्तीय विवरण सहितको वार्षिक प्रतिवेदन पुस्तिका पठाइने छ । कुनै कारणवश उक्त वित्तीय विवरण सहितको वार्षिक प्रतिवेदन प्राप्त नभएमा शेयरधनीको निस्सा प्रस्तुत गरी कम्पनीको कार्यालयबाट वा संस्थाको शेयर रजिष्ट्रार सनराईज क्यापिटल लि. कमलपोखरीबाट सो विवरण सहितको सूचना प्राप्त गर्नसक्नु हुनेछ ।
५. सम्पूर्ण शेयरधनी महानुभावहरुले उपस्थिति पुस्तिकामा दस्तखत गर्न शेयरधनी उपस्थिति पुस्तिका विहान १०:०० बजेदेखि साधारण सभा सम्पन्न नभएसम्म खुल्ला रहनेछ ।
६. साधारण सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्ति गर्न चाहने शेयरधनीहरुले प्रोक्सी फाराम सभा शुरु हुनु भन्दा कम्तीमा ४८ घण्टा अगावै संस्थाको प्रदर्शनीमार्ग स्थित संस्थाको प्रधान कार्यालयमा भौतिक वा ईमेल मार्फत दर्ता गराई सक्नु पर्नेछ । प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति समेत यस संस्थाको शेयरधनी हुनु आवश्यक छ ।
७. आफ्नो मन्तव्य राख्न चाहनु हुने शेयरधनीहरुले सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै विहान १० देखि दिनको ४ बजे भित्र **agm@reliancenepal.com.np** मा ईमेल गरी वा मोबाईल नं. ९८४१२८५२९४ मा **SMS** वा **Viber** मार्फत समयमै सम्पर्क गरी आफ्नो नाम र ईमेल ठेगाना टिप्पण हुन अनुरोध छ । त्यसरी सम्पर्क गर्नुहुने शेयरधनी महानुभावहरुलाई सभामा मन्तव्य राख्न ID र Password उपलब्ध गराईने छ ।
८. कुनै शेयरधनीले प्रतिनिधि (प्रोक्सी) नियुक्ति गर्दा आफ्नो नाममा रहेको सम्पूर्ण शेयरको प्रोक्सी एक व्यक्तिलाई मात्र तोक्न सक्ने छ । एक प्रतिनिधि फाराममा एक भन्दा बढी व्यक्तिलाई प्रतिनिधि प्रोक्सी नियुक्ति गरिएमा त्यस्तो नियुक्ति बदर हुने छ । एक शेयरधनीले एक भन्दा बढी प्रतिनिधि (प्रोक्सी) फाराम मार्फत एक भन्दा बढी प्रतिनिधि मुकुर गरेमा कम्पनीमा पहिले दर्ता भएको प्रतिनिधि (प्रोक्सी) लाई मान्यता प्रदान गरिने छ । प्रतिनिधि नियुक्त गरी सकेपछि शेयरधनी आफै सभामा उपस्थित भई हाजिर पुस्तिकामा दस्तखत गरेको अवस्थामा निजले गरिदिएको प्रोक्सी स्वतः बदर हुनेछ ।
९. नाबालक वा विक्षिप्त शेयरधनीको तर्फबाट संस्थाको लगत किताबमा संरक्षकको रुपमा नाम दर्ता भएका व्यक्तिले मात्र सभामा भाग लिन मतदान गर्न वा प्रतिनिधि तोक्न सक्नेछन् ।
१०. सभामा सबै शेयरधनीहरुले विविध शिर्षकमा छलफल गर्न चाहेको विषय, जिज्ञासा, मन्तव्यको सम्बन्धमा कम्तीमा ७ दिन अगावै कम्पनीको प्रधान कार्यालयमा लिखित जानकारी दिनुपर्ने छ । तर यसलाई छलफल र पारित हुने प्रस्तावको रुपमा समावेश गरिने छैन ।
११. सभामा सबै शेयरधनीहरुले विविध शिर्षकमा छलफल गर्न चाहेको विषय, जिज्ञासा, मन्तव्यको सम्बन्धमा संचालक समिति तथा संचालक समितिबाट आदेश पाएका व्यक्तिले जवाफ दिन सक्ने छन् ।
१२. अन्य जानकारीको लागि रिलायन्स फाइनेन्स लिमिटेडको कार्यालय प्रदर्शनी मार्ग काठमाण्डौमा कार्यालय समयभित्र सम्पर्क राख्न हुन शेयरधनी महानुभावहरुलाई अनुरोध गर्दछौं ।

रिलायन्स फाइनेन्स लिमिटेड
वि जे भवन, प्रदर्शनी मार्ग, काठमाडौं
प्रतिनिधि पत्र (प्रोक्सी फाराम)

श्री संचालक समिति,
रिलायन्स फाइनेन्स लि.
प्रदर्शनी मार्ग
काठमाडौं, नेपाल

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला म.न.पा./उप.म.न.पा./न.पा./गा.पा. वडा नं बस्ने म/हामी
.....ले त्यस कम्पनीको शेयरवालाको हैसियतले २०७८ साल वैशाख २२ गते
बुधवारका दिन हुने एघारौं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएको
ले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि जिल्ला म.न.पा./
उप.म.न.पा./न.पा./गा.पा. वडा नंबस्ने त्यस कम्पनीका शेयरवाला श्री
..... शेयरधनी नं लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

प्रतिनिधि नियुक्त भएको व्यक्तिको :

हस्ताक्षरको नमुना :

शेयरधनी प्रमाणपत्र नं. :

हितग्राहि (डिम्याट) खाता नं.:

शेयरधनी (क्रम संख्या) नं. :

मिति :

निवेदक :

दस्तखत:

नाम:

ठेगाना:

हितग्राहि (डिम्याट) खाता नं.:

शेयर धनी क्रम संख्या नं.:

कित्ता नं.: देखि सम्म

मिति :

द्रष्टव्य: यो प्रोक्सी फाराम सभा शुरु हुनुभन्दा ४८ घण्टा अगावै संस्थाको रजिष्टर्ड कार्यालय, प्रदर्शनी मार्ग, काठमाडौंमा पेश गरी सक्नु पर्नेछ ।

रिलायन्स फाइनेन्स लिमिटेड
वि जे भवन, प्रदर्शनी मार्ग, काठमाडौं
प्रवेश पत्र

शेयरधनीको नाम श्री शेयर प्रमाणपत्र नं

शेयरधनी परिचय नं हितग्राहि (डिम्याट) खाता नं. कुल शेयर संख्या

शेयरधनीको दस्तखत

(संस्थाको एघारौं वार्षिक साधारण सभामा उपस्थितिका लागि जारी गरीएको प्रवेश पत्र)

द्रष्टव्य :

१) शेयरधनी आफैले खाली कोष्ठहरु भर्नुहोला ।

२) सभामा भाग लिन आउँदा यो प्रवेश पत्र प्रस्तुत गर्नु अनिवार्य छ ।



कम्पनी सचिव

FINANCIAL HIGHLIGHTS - CAMELS ANALYSIS					
					Rs in'000
Capital Adequacy	2072/073	2073/074	2074/075	2075/076	2076/077
Core Capital	569,850	670,798	881,952	977,804	1,039,571
Supplementary Capital	25,457	34,509	40,087	44,835	36,077
Capital Fund	595,307	705,307	922,039	1,022,638	1,075,648
Risk Weighted Assets	2,538,822	3,261,677	3,857,455	4,003,115	4,484,687
Capital Adequacy Ratio	23.45%	21.62%	23.90%	25.55%	23.98%
Core Capital to RWA	22.45%	20.57%	22.86%	24.43%	23.18%
Assets Quality	2072/073	2073/074	2074/075	2075/076	2076/077
Total Loan & Advances	2,110,318	2,652,522	3,134,797	3,830,377	4,149,104
Non Performing Loan	52,737	43,715	37,294	75,573	41,065
Loan Loss Provision	69,329	70,585	69,518	114,172	78,658
NPL to Total Loan & Advances	2.50%	1.65%	1.19%	1.97%	0.99%
LLP to Total Loan & Advances	3.29%	2.66%	2.22%	2.98%	1.90%
LLP to Total NPL	131.46%	161.46%	186.40%	151.08%	191.55%
Management Soundness	2072/073	2073/074	2074/075	2075/076	2076/077
Total Assets	3,067,294	4,028,159	4,736,793	5,282,038	6,386,087
Net Profit	86,526	108,380	44,850	64,119	102,533
Total Income	271,127	380,266	523,090	606,758	712,553
Total Expenses	192,696	289,458	419,488	509,610	564,458
# of Employee	55	82	88	92	129
# of Shares Outstanding	6,018	5,126	8,002	8,324	8,324
Earnings Per Employee	1,573	1,322	510	697	795
Earnings Per Share (Rs.)	14.38	21.14	5.60	7.70	12.32
Growth Rate in Assets	38.67%	31.33%	17.59%	11.51%	20.90%
Growth Rate in Deposits	39.64%	33.12%	15.31%	11.08%	25.93%
Growth Rate in Loan & Advances	33.99%	25.69%	18.18%	22.19%	8.32%
Growth Rate in Net Profit	90.11%	25.26%	-58.62%	42.96%	59.91%
Earnings	2072/073	2073/074	2074/075	2075/076	2076/077
Net Interest Income	101,881	133,137	156,973	207,096	215,022
Operating Expenses	50,346	66,505	79,025	98,501	141,742
Non Interest Income	26,896	24,176	25,654	33,206	39,301
Earning Assets	3,633,084	2,920,790	4,494,127	4,811,048	4,918,509
Shareholders' Equity	572,688	676,844	802,289	832,416	832,416
Return on Equity	15.11%	16.01%	7.99%	7.70%	12.32%
Return on Assets	2.82%	2.69%	1.21%	1.21%	1.61%
Cost-Income Ratio	18.57%	17.49%	13.02%	16.23%	19.89%
Net Interest Margin	3.32%	3.31%	2.97%	3.92%	3.37%
Liquidity	2072/073	2073/074	2074/075	2075/076	2076/077
Total Deposits	2,425,364	3,228,704	3,722,875	4,135,375	5,207,487
Cash in Vault	22,572	34,243	44,138	38,535	54,832
Cash at N R B	151,496	298,944	190,111	174,699	294,313
Cash at other Band & Fin. Inst.	745,957	842,749	1,127,037	980,671	769,405
Deposits to Assets Ratio	79.07%	80.15%	70.48%	78.29%	81.54%
C D Ratio (As per NRB Directives)	70.46%	68.02%	81.49%	74.91%	66.42%
Cash & Equivalent to Deposit Ratio	37.93%	36.42%	36.57%	28.87%	21.48%
Total Deposits to Core Capital (times)	4.26	4.81	3.81	4.23	5.01
Sensitivity	2072/073	2073/074	2074/075	2075/076	2076/077
Yield Rate	12.05%	15.21%	15.16%	14.53%	12.70%
Cost of Funds	6.35%	9.17%	10.16%	9.63%	8.30%
Net Spread	5.70%	6.04%	5.00%	4.90%	4.40%

DETAIL CREDIT RISK ANALYSIS

Amount of Non Performing Loan			
Category	Gross	Provision	Net
Substandard	5,050,000	1,262,500	3,787,500
Doubtful	2,400,000	1,200,000	1,200,000
Loss	33,614,589	33,614,589	-
Total	41,064,589	36,077,089	4,987,500

Non Performing Loan Ratio	
Gross Loan	4,149,103,882
Net Loan	4,070,446,098
Gross NPL to Gross Loan & Advances	0.99%
Net NPL to Net Loan & Advances	0.12%

Movement of Non Performing Loan			
Particulars	Opening Balance	Closing Balance	Movement
Non Performing Loan	75,572,742	41,064,589	(34,508,153)
Restructured	-	-	-
Substandard	2,045,000	5,050,000	3,005,000
Doubtful	-	2,400,000	2,400,000
Loss	73,527,742	33,614,589	(39,913,153)

Write off of Loans & Interest Suspense			
Particulars	Loan Amount	Interest Suspense	Provision Write back
Total Loan Write Off	-	-	-

Movement of Loan Loss Provision			
Particulars	Opening Balance	Closing Balance	Movement
Pass	37,151,913	40,705,318	3,553,404
Watch List	1,980,656	1,875,377	(105,280)
Restructured	-	-	-
Substandard	511,250	1,262,500	751,250
Doubtful	-	1,200,000	1,200,000
Loss	73,527,742	33,614,589	(39,913,153)
PG & Third Party Collateral	1,000,000	-	(1,000,000)
Total Loan Loss Provision	114,171,562	78,657,784	(35,513,778)

Movement of Interest Suspense			
Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	18,133,628	25,580,164	7,446,536

Movements of Loan & Loan Loss Provision			
Particulars	Opening Balance	Closing Balance	Movement
Total Loan & Advances	3,830,377,180	4,149,103,882	318,726,701
Total Loan Loss Provision	114,171,562	78,657,784	(35,513,778)

विषय सूची

संचालक समितिको तर्फबाट अध्यक्षज्यूको वार्षिक प्रतिवेदन	१
कम्पनी ऐन, २०६३ सम्बन्धित विवरणहरु	७
धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ सम्बन्धित विवरण	१०
लेखापरिक्षकको प्रतिवेदन	११
वित्तीय विवरणहरु	१३
वित्तीय विवरण प्रकाशन गर्न नेपाल राष्ट्र बैंकको स्विकृती पत्र	७४
प्रबन्ध पत्र तथा नियमावलीको प्रस्तावित संशोधन	७६
वित्तीय भलक	७७
टिपोट	७९

रिलायन्स फाइनेन्स लि.

एघारौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट संस्थाका अध्यक्ष श्री कुश प्रसाद मल्लीज्यूले प्रस्तुत गर्नुभएको आ.ब. २०७६/७७ को वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरु,

रिलायन्स फाइनेन्स लिमिटेडको एघारौं वार्षिक साधारण सभामा भौतिक रुपमा र भर्चुअल रुपमा उपस्थित हुनुभएका सम्पूर्ण शेयरधनी महानुभावहरु, आमन्त्रित नियमन निकायका पर्यवेक्षक प्रतिनिधि महानुभावहरु, लेखापरीक्षक तथा संस्थाका पदाधिकारीहरुलाई संचालक समिति तथा संस्थाको परिवारको तर्फबाट म हार्दिक स्वागत तथा अभिवादन गर्दछु ।

विश्वव्यापी कोरोना महामारी कोभिड-१९ को प्रभावले विश्व अर्थतन्त्र, नेपालको अर्थबजार, व्यापार व्यवसाय, बैंक तथा वित्तीय क्षेत्र लगायत सबै प्रकारका व्यवसायमा प्रतिकूल परिस्थिति श्रृजना भएको कुरा यहाँहरुलाई विदितै छ । यस्तो कठिन परिस्थिति बावजुद संस्थाले विगतको तुलनामा आर्थिक वर्ष २०७६/७७ मा पनि सन्तोषजनक उपलब्धि हासिल गरेको छ ।

यस गरिमामय सभामा संचालक समितिका तर्फबाट प्रस्तुत आर्थिक वर्ष २०७६/७७ को लेखापरीक्षकको प्रतिवेदन सहित वासलात, नाफा नोक्सान हिसाब र नगद प्रवाह विवरण सहितको यो वार्षिक प्रतिवेदन यहाँहरु समक्ष पेश गर्न पाउँदा हामीलाई खुशी लागेको छ । यस प्रतिवेदन बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३, कम्पनी ऐन २०६३ लगायत प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी गरेको निर्देशनको परिधि भित्र रहि तयार गरिएको व्यहोरा समेत जानकारीको लागि अनुरोध छ ।

१) आ. ब. २०७६/७७ को कारोबारको सिंहावलोकन:

प्रस्तुत आ.ब.मा कोभिड १९ को महामारीले गर्दा भएको विश्वव्यापी बन्दाबन्दी, गत चैत्र महिना देखि देशमा भएको बन्दाबन्दी, अर्थ व्यवस्थामा पारेको नकारात्मक प्रभाव, ब्याजदरमा देखापरेको प्रतिस्पर्धात्मक उतार चढाव, उद्योग ब्यापार, कलकारखाना, पसल, होटेल, पर्यटन, यातायात, स्कूल कलेज लगायत सबै आर्थिक क्षेत्रमा भएको बन्दाबन्दीले परेको प्रभाव, स्वास्थ्य सुरक्षाका सबै उपायहरु अपनाउँदा समेत संस्थाका कर्मचारीहरुलाई कोभिड संक्रमणबाट प्रभावित हुन गएको जस्ता कारणले गर्दा लक्ष्य अनुरूप कर्जा असूली, कर्जा प्रवाह तथा निक्षेप संकलनमा उल्लेखनिय बृद्धि गर्न नसकी संस्थाको कारोबार र प्रतिफल आर्जनमा समेत असर परेता पनि समिक्षा अवधि आ.ब. २०७६/७७ मा यस संस्थाको निक्षेप तर्फ छुट्टिस प्रतिशतले बृद्धि भई करीब रु.पाँच अर्ब विस करोड चौहत्तर लाख रहन गयो भने कर्जा लगानी तर्फ आठ प्रतिशतले बृद्धि भई करीब रु. चार अर्ब चौध करोड एककानब्वे लाख पुऱ्याउन सफल भएका छौं । जसको फलस्वरुप आ.ब.२०७६/७७ मा हामीले करीब रु. दश करोड पचिस लाख खूद मुनाफा आर्जन गर्न सफल भएका छौं । उक्त नाफाबाट शेयरधनीहरुलाई १० प्रतिशत बोनस शेयर तथा कर प्रयोजनार्थ ०.५३ प्रतिशत नगद लाभाँश दिने प्रस्ताव गरेका छौं । यसरी संस्थाको कारोबारको दायरालाई फराकिलो पार्ने र प्रतिफल बृद्धि गर्ने क्रममा हामीले निक्षेप र कर्जाको अनुपातमा समेत आशातित फरक कायम गरेका छौं ।

यस वित्तीय संस्थाको विगत तथा वर्तमान आ.ब.को कारोबार तथा वित्तीय स्थिति निम्न तालिकाले स्पष्ट गर्दछ :-

रु.हजारमा

शिर्षक	आ.ब २०७६/७७ आषाढ मसान्त सम्म (लेखापरिक्षित)	आ.ब २०७७/७८ चैत्र मसान्त सम्म (अपरिस्कृत)
निक्षेप	रु.५२,०७,४८७	रु.५७,७७,६९५
कर्जा	रु.४९,४९,९०९	रु. ४५,९७,५९५
ब्याज आर्जन	रु.६,३७,७३९	रु.४,९४,९२९
ब्याज खर्च	रु.४,२२,७९६	रु.३,०७,७३८
कुल मुनाफा कर तथा कर्मचारी बोनस पछि	रु.९,०२,५३३	रु.८६,८३४

प्रस्तुत वित्तीय स्थितिलाई अवलोकन गर्दा वित्तीय संस्थाको समग्र वित्तीय स्थिति संतोषजनक नै देखिन्छ तापनी आगामी दिनमा संस्थाको कारोबार अनुपात तथा दायरा फराकिलो बनाउँदै प्रतिफल आर्जन गरि लगानीकर्ताहरूलाई पनि उच्चतम प्रतिफल दिनका लागि संचालक समिति र व्यवस्थापन सदाभै प्रयत्नशील रहेका छौं ।

आगामी दिनमा कारोबारको दायरा अझ फराकिलो गरि कारोबार बृद्धि गर्दै संस्थालाई प्रतिफलदायक अवस्थामा पुर्याउनका लागि शाखाहरू विस्तार गर्दै लैजाने योजना अनुरूप हामीले देश भर २० वटा शाखा संजाल विस्तार गरि सकेका छौं । उक्त शाखा विस्तारले हामी देशको पूर्व देखी पश्चिम सम्म आफ्नो उपस्थिति जनाई सेवा विस्तार गरेको व्यहोरा सहर्ष जानकारी गराउन चाहन्छु ।

२) राष्ट्रिय तथा अन्तर्राष्ट्रिय स्थितिबाट वित्तीय संस्थाको कारोबारलाई परेको असर:

कोभिड १९ को महामारी विश्वव्यापी बन्दाबन्दी, अन्तर्राष्ट्रिय बजारमा देखिएका विभिन्न समस्याहरू, विश्वका देशहरूमा आवत जावतमा रोक, सबै आर्थिक क्षेत्रमा भएको बन्दाबन्दी, व्याजदरमा उतार चढाव, अस्थिर राजनैतिक अवस्था, आर्थिक कारोबारमा मन्दी, शेयर बजारमा देखिएको उतार चढाव जस्ता कारणले समग्र आर्थिक कारोबारमा प्रत्यक्ष प्रभाव पर्न गएको छ । यस संस्थाले लगानी गरेका क्षेत्रहरू होटल, यातायात, पर्यटन, व्यापार व्यवसाय, उद्योग क्षेत्र लामो समय सम्म बन्द रही नयाँ कर्जा प्रवाह तथा कर्जा असुलीमा नकरात्मक प्रभाव पर्न आएको छ । कर्जा भुक्तानी गर्ने ऋणीको आम्दानी ठप्प हुन गएको यस गम्भिर परिस्थितिलाई सम्बोधन गरि ऋणी तथा संस्थाको सहजताको लागि नेपाल राष्ट्र बैंकले समय समयमा जारी गरेको निर्देशनहरूले गर्दा संस्थालाई केही राहत भएको छ ।

नेपाल राष्ट्र बैंकबाट जारी भएको निर्देशनले केही राहत भएता पनि अझ पनि आर्थिक क्षेत्र संचालनमा सहजता नआएको र सोचे जस्तो आर्थिक अवस्थामा आशातित सुधार हुन नसकेकोले त्यसको प्रत्यक्ष प्रभावबाट यस संस्था पनि अछुतो रहन सकेको छैन ।

बैंक तथा वित्तीय संस्थाहरूको पूँजी बृद्धि र एक आपसमा भएको मर्जरले गर्दा बैंक वित्तीय संस्थाहरूले देशभरी शाखाहरू विस्तार गर्दै लगेको कारणले यसबाट उत्पन्न भएको प्रतिस्पर्धात्मक अवस्था विद्यमान नै रहेका एवं लगानी योग्य व्यवसायिक वातावरणको सिमितता कायमै रहेको कारणबाट पनि वित्तीय संस्थाको कारोबारलाई असर परेको देखिन्छ । यस्तो परिस्थितिका बावजुद यस संस्थाले आवश्यक सजगता अपनाउँदै शाखाहरू विस्तार गरी प्रतिस्पर्धात्मक वित्तीय बजारमा आफ्नो स्थान सुरक्षित गर्ने तर्फ कृयाशील रहेको जानकारी गराउँदछौं ।

३) प्रतिवेदन तयार भएको मिति सम्म चालु वर्षको उपलब्धी र भविष्यका सम्बन्धमा संचालक समितिको धारणा:

क) यस संस्थाको चुक्ता पूँजी रु.८३,२४,९६,०६३/- मा १० प्रतिशतका दरले रु.८,३२,४९,६०६/-बराबरको बोनस शेयर तथा कर प्रयोजनार्थ नगद लाभांश ०.५३ प्रतिशतले हुने रकम रु.४३,८९,९३७/-शेयरधनीलाई प्रदान गर्ने प्रस्ताव गरेका छौं, उक्त प्रस्ताव यस गरिमामय सभाबाट पारित गरिदिन हुनेछ भन्ने विश्वास लिएका छौं ।

ख) सूचना प्रविधितर्फ यस संस्थाले आफ्नो Core banking System लाई समय सापेक्ष स्तरोन्नती संगै सूचना प्रविधिसंग सम्बन्धित पूर्वाधारहरू विकास गर्न सफल भएको छौं । संस्थाले ATM, IPS, Connect IPS, ABBS, C-ASBA, SMS Alert, SCT MoCo (Sajilo Payments, Sajilo Life apps), RTGS जस्ता सुविधाहरू संचालन गरि आएका छौं र भर्खरैमात्र संस्थाले आफ्नै मोबाईल एप्स रिलायन्स स्मार्ट एप्स संचालनमा ल्याएर Digital Banking को शुरुवात गरेका छौं । साथै संस्थाको जोखिम न्यूनिकरण गर्नका लागि Data Security / Disaster Recovery Center, को व्यवस्था गर्नुका साथै go AML Software जडान गर्ने सम्झौता गरि सो System लाई अबलम्बन गरेका छौं ।

ग) बजार निर्माताको इजाजतपत्र (Market Maker) प्राप्त भएको सम्बन्धमा ।

संस्थाले नेपाल राष्ट्र बैंकको बजार निर्माता सम्बन्धी कार्यविधि, २०७० बमोजिम हाल निष्काशन हुने तथा भइरहेका राष्ट्रिय बचतपत्र, नागरिक बचतपत्रको प्राथमिक तथा दोस्रो बजार कारोबार र वैदेशिक रोजगार बचतपत्रको दोस्रो बजार कारोबार मात्र गर्ने एवं भविष्यमा नेपाल सरकारको तर्फबाट निष्काशन हुने अन्य ऋणपत्रको समेत प्राथमिक तथा दोस्रो बजार कारोबार गर्नका लागि अनुमति प्राप्त भएको व्यहोरा अनुरोध छ । यसबाट संस्थाका ग्राहकलाई सुविधा पुग्नका साथै विविध क्षेत्रको कारोबार विस्तार भई आम्दानी पनि बृद्धि हुने विश्वास लिएको छु ।

घ) काठमाडौं उपत्यका तथा उपत्यका बाहिर शाखा विस्तार गरि कारोबारको दायरा फराकिलो गर्ने क्रममा मुख्य कार्यालय बाहेक काठमाण्डौको न्यूरोड, सितापाईला तथा ललितपुरको ईमाडोल सहित पोखरा (कास्की), बेसीशहर (लमजुङ्ग) नारायणघाट (चितवन), आरुघाट (गोरखा), बनेपा (काभ्रेपलाञ्चोक), चारआली (भापा), गोरखा बजार (गोरखा), मणिग्राम (रुपन्देही), धनगढी (कैलाली) महेन्द्रनगर (कन्चनपुर), कोहलपुर (बाँके) अत्तरिया (कैलाली), दमक (भापा), विर्तामोड (भापा) र धुलावारी (भापा) मा शाखा संचालन गरेको व्यहोरा जानकारी गराउन चाहन्छौं ।

साथै यस चालु आ.ब. मा संस्थाले टाँडी (चितवन) र भैरहवा (रुपन्देही) मा शाखा संचालन गरेको व्यहोरा जानकारी समेत गराउन चाहन्छौं । हाल सम्म यस संस्थाको मुख्य कार्यालय बाहेक २० वटा शाखा कार्यालय संचालन गरि देशको पूर्व देखि पश्चिम सम्म सेवा गर्दै आएको व्यहोरा जानकारी गराउँदछौं ।

आउँदा दिनहरूमा देशका शहरी तथा ग्रामिण भेगका जनताहरू सम्म वित्तीय पहुँच पुर्याउने हाम्रो लक्ष्यलाई निरन्तरता दिई विभिन्न क्षेत्रमा शाखा विस्तार गर्दै संस्थाले वित्तीय बजारमा एउटा सबल र सक्षम वित्त कम्पनीको रूपमा आफ्नो पहिचान बनाउनका लागि यहाँहरूको सद्भाव तथा सहयोगको अपेक्षा गर्दछौं ।

वित्तीय संस्थाको भावी कार्यक्रमहरू:

- क) संस्थाले वित्तीय बजारमा शाखा विस्तार गर्दै एउटा सबल र सक्षम वित्तीय संस्थाको रूपमा आफ्नो पहिचान बनाउने ।
- ख) संस्थाले आगामी दिनहरूमा निक्षेप तथा कर्जाका आकर्षक नयाँ योजनाहरू तर्जुमा गरि वित्तीय कारोबारको रकम तथा ग्राहकहरूको संख्या समेत बृद्धि गर्दै जाने ।
- ग) संस्थाले प्रवाह गर्ने कर्जाको क्षेत्र विस्तार गर्ने तथा गुणस्तरमा कमशः सुधार गर्दै लैजाने ।
- घ) सेवा विस्तार गर्ने : संस्थाले आफ्ना ग्राहकहरूलाई सरल र सुलभ वित्तीय सेवा प्रदान गर्ने क्रममा विभिन्न आधुनिक सेवा प्रदान गर्दै आएकोमा यस प्रकारको आधुनिक सेवालाई थप विस्तार गर्दै लाने ।
- ङ) गैर पूँजीगत कृयाकलापबाट आय बृद्धि गर्ने: संस्थाले पूँजीगत कृयाकलापका साथै गैर पूँजीगत कृयाकलापबाट आफ्नो वित्तीय कारोबार बृद्धि गर्दै आय बृद्धिका लागि आवश्यक कार्यहरू गरिने छ ।
- च) संस्थाले आगामी दिनहरूमा ठुला परियोजनाहरूमा लगानी गर्ने योजना रहेको छ जसका लागि अन्य बैंक तथा वित्तीय संस्थासंगको सहकार्यमा सहवित्तीयकरण कर्जा प्रवाह गर्ने लक्ष्य लिईएको छ ।
- छ) संस्थाको जोखिमलाई न्यून गर्न र पारदर्शिता सेवालाई अभिवृद्धि गर्न आगामी दिनमा संस्थागत सुशासनलाई अझ सुदृढ गर्दै लैजाने छ ।
- ज) संस्थागत सामाजिक उत्तरदायित्व निर्वाह गर्ने : संस्थाले संस्थागत सामाजिक उत्तरदायित्व बहन गर्दै विभिन्न सामाजिक कृयाकलाप संचालन गर्ने गरेको तथा आगामी दिनमा समेत सो कार्यहरूलाई निरन्तरता दिइनेछ । यस संस्थाले संस्थागत सामाजिक उत्तरदायित्व निर्वाह गर्ने क्रममा निम्न लिखित कार्य गरेको व्यहोरा अनुरोध छ । आउँदा दिनहरूमा पनि यस्ता कृयाकलापहरूलाई निरन्तरता दिनुका साथै थप कार्यक्रमहरू संचालन गरिनेछ ।

कार्यक्रमको विवरण

- ◆ संस्थाले पाटन दरबार क्षेत्र, ललितपुरमा अन्य सामाजिक संस्थाहरूसँगको सहकार्यमा रक्तदान कार्यक्रम संचालन गरेको ।
- ◆ काठमाण्डौ जिल्ला सांखुमा अवस्थित द्वन्द्व पिडित तथा अपाङ्ग समाज नेपालमा रहेका बालबालिकाहरूलाई खाद्यान्न तथा औषधीहरू सहयोग स्वरूप प्रदान गरेको ।
- ◆ यस संस्थाले कोभिड महामारी विरुद्ध अग्रपंङ्तिमा रहेका स्वास्थ्यकर्मीहरूका लागि पि.पि.ई., मास्क, स्यानीटाईजर वितरण गरेको ।
- ◆ माईती नेपालमा आश्रित रहेका महिला तथा बालबालिकाहरूको लागि मोजा पन्जा टोपी, सिरक वितरण गरेको ।
- ◆ कोरोना भाईरस कोभिड १९ को महामारीको बखत देशभर बन्दाबन्दी रहेकोले सो समयमा बन्दाबन्दीबाट प्रभावित वर्गलाई मास्क, पन्जा तथा खाद्यान्न वितरण गरेको ।
- ◆ यस संस्थाले ललितपुर जिल्ला कोन्ज्योसोम गाउँपालिकामा लायन्स क्लब अफ ईन्टरनेशनल डिस्ट्रिक्ट ३२५ वि २ र

अन्य सामाजिक संस्थाहरूसँगको सहकार्यमा बृहत आँखा शिविर संचालन गरि सो शिविरमा आउनु भएका ४३ जनाको मोतियाबिन्दुको अपरेशन गरेको ।

भ) कार्यालय भवनको लागि जग्गा तथा भवन खरिद गर्ने : संस्था प्रति जनविश्वास बृद्धि गर्न एवं संस्थाको गरिमा बृद्धि गर्नका लागि संस्थाको आफ्नै कार्यालय भवनको आवश्यकता महसुस भएकोले सोका लागि यथाशिघ्र चाँडै घर/जग्गा खरिद गरिने लक्ष्य लिइएको छ ।

ब) विप्रेषण कारोबार बृद्धि गर्ने: रेमिटेन्स सेवाले नेपालको आर्थिक अवस्थामा पुर्‍याएको योगदानलाई मध्य नजर गर्दै यस संस्थाले विभिन्न रेमिटेन्स कम्पनीहरूसँग सम्झौता गरि सेवा प्रदान गर्दै आएको छ । आगामी दिनमा अन्य थप रेमिटेन्स कम्पनीहरूसँग सम्झौता गरि सेवामा थप बृद्धि गरिने छ ।

४) बैकिङ सुविधा:

वित्तीय संस्थाले आफ्ना ग्राहकहरूलाई निक्षेप तथा कर्जाको सुविधाको लागि आधारभूत सेवाका अतिरिक्त आधुनिक प्रविधिमा आधारित चिप कार्ड बेसको SCT Network ATM सेवा, सी आस्वा (C –ASBA) , IPS, Connect IPS सेवा, ABBS सेवा, Electronic Cheque Clearing (ECC), SMS Banking, SCT MoCo (Sajilo Payments, Sajilo Life apps) Real Time Gross Settlement (RTGS), सेवाहरू प्रदान गरिएको र समय सापेक्ष नयां सेवाहरू थप गर्दै लानेछ । संस्थाले ग्राहकलाई प्रदान गर्ने चिप कार्ड बेसको SCT Network ATM कार्ड बाट Union Pay नेटवर्कमा आधारित रही कारोबार गर्न सकिनेछ । साथै संस्थाले हालै मात्र Digital Banking को शुरुवात गर्दै आफ्नै मोबाईल एप्स रिलायन्स स्मार्ट एप्स संचालनमा ल्याएको छ । उक्त सेवाबाट सबै ग्राहकहरूले आफ्नो खाताको जानकारी लिने, संक्षिप्त विवरण हेर्ने, अन्य बैंक तथा वित्तीय संस्थामा र संस्था भित्रै एक खाताबाट अर्को खातामा रकम स्थानान्तरण गर्न, टेलिफोन, धारा, बत्ती, ईन्टरनेट लगायतका विलहरू भुक्तानी गर्न, पसलहरूमा QR कोड मार्फत भुक्तानी दिनका साथै संस्थाका ग्राहकले संस्थाबाट प्रदान गरिने QR कोड प्रयोग गरि कारोबार गर्न सक्नेछ । उपरोक्त सुविधाहरूबाट संस्थाका ग्राहकहरू लाभान्वित हुने विश्वास लिएको छु ।

५) औद्योगिक तथा व्यावसायिक सम्बन्ध:

वित्तीय संस्थाले सम्बन्धित नियमन निकायहरू, संस्थाका ग्राहकहरू, औद्योगिक प्रतिष्ठानहरू तथा विभिन्न संघ संस्थाहरूसँग कारोबार अभिवृद्धि गर्ने क्रममा सौहार्दपूर्ण सम्बन्ध राख्दै आएको तथा आगामी दिनहरूमा अझ सुदृढ बनाउने तर्फ हाम्रो प्रयास रहने छ । यस संस्था विभिन्न संस्थाको सदस्य रहनुका साथै आगामी दिनमा अन्य संस्थाहरूसँग सम्बन्ध अभिवृद्धि गर्न सदैव प्रयत्नशिल रहदै आएको छ ।

६) संचालक समितिमा भएको हेरफेर र सो का कारण:

यस संस्थाको स्वतन्त्र संचालक रिक्त रहेकोले संचालक समितिको निर्णय बमोजिम श्री विनोद कुमार तण्डुकारलाई मिति २०७७/०६/०५ मा बसेको संचालक समितिको बैठकले आगामी ४ वर्षका लागि स्वतन्त्र संचालकमा नियुक्ती गरेको व्यहोरा अनुरोध छ । सो पश्चात हाल निम्न बमोजिमको संचालक समिति रहेको व्यहोरा जानकारी गराउँदछु ।

क्र.सं.	नाम	पद
१.	श्री कुश प्रसाद मल्ली	अध्यक्ष
२.	श्री सुरकृष्ण वैद्य	संचालक
३.	श्री रवि कृष्ण श्रेष्ठ	संचालक
४.	श्री तुलसी प्रसाद बराल	संचालक
५.	श्री उपेन्द्र बहादुर कार्की	संचालक
६.	श्री श्वेता कक्षपती (शाक्य)	संचालक
७.	श्री विनोद कुमार तण्डुकार	स्वतन्त्र संचालक

७) अन्य समितिहरू:

नेपाल राष्ट्र बैंकको निर्देशन र बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ मा भएको व्यवस्था बमोजिम संचालक समितिले आफ्नो जवाफदेहीमा १) लेखापरीक्षण समिति, २) जोखिम व्यवस्थापन समिति ३) कर्मचारी व्यवस्थापन तथा सेवा सुविधा

समिति, ४) सम्पत्ती शुद्धिकरण निवारण सम्बन्धी समिति, ५) मर्जर समिति गठन गरेको छ। सो समितिहरूको बैठक समय समयमा बस्नुका साथै सो समितिले आफ्नो प्रतिवेदन संचालक समितिको बैठकमा पेश गर्ने गरेको जानकारी गराउँदछौं।

द) कारोबारलाई असर पर्ने मुख्य कुराहरू:

कोभिड १९ को महामारी विश्वव्यापी बन्दाबन्दी, अन्तराष्ट्रिय बजारमा देखिएका विभिन्न समस्याहरू, आवत जावतमा बन्दाबन्दी, सबै आर्थिक क्षेत्र लकडाउनका कारणले ठप्प रहेको, कर्जा लिने ऋणीहरूको व्यापार व्यवसाय बन्द भई कर्जा असुलीमा समस्या, विश्व बजारमा नेपाली बजारले प्रतिस्पर्धा गर्न नसक्नु, राजनैतिक अस्थिरता, बैंक तथा वित्तीय संस्था बीचको प्रतिस्पर्धात्मक अवस्था, नेपाल सरकार तथा नेपाल राष्ट्र बैंक लगायत नियमनकारी निकायले नीति परिवर्तन गर्नाले पर्न सक्ने असरहरू, निक्षेप तथा लगानीको व्याजदर परिवर्तन, वित्तीय बजारमा तरलताको उतार चढाव समेतका कारण पर्न सक्ने असर, निश्चित समयमा कर्जा असुली नभएका कारणले पर्न जाने असरहरू, आर्थिक अवस्थामा आउने परिवर्तन, पूँजी बजारमा देखिएको उतार चढावका साथै तरलताको उतार चढाव, त्यस्तै वित्तीय क्षेत्रमा नेपाल सरकारको नीति, औद्योगिक श्रम समस्या, जस्ता सवालहरू विद्यमान नै रहेका कारणले समेत संस्थाको कारोबारलाई असर पारेको देखिन्छ। यी सबै परिस्थितिहरूको बाबजुद विभिन्न रणनीति तथा योजनाहरूलाई लागू गर्दै संस्थाको कारोबारलाई चुस्त बनाउने तर्फ संचालक समिति सजग रही चालु आ.व.मा यस संस्थाले अझ बढी मुनाफा आर्जन गर्ने लक्ष्य लिएका छौं।

६) लाभांश बाँडफाँड गर्न सिफारिश गरिएको रकम:

यस संस्थाको चुक्ता पूँजी रु.८३,२४,१६,०६३/- मा १० प्रतिशतले हुन आउने रु.८,३२,४१,६०६/- बराबरको बोनस शेयर तथा कर प्रयोजनार्थ नगद लाभांश ०.५३ प्रतिशतले हुने रकम रु.४३,८१,१३७/- गरि जम्मा १०.५३ प्रतिशत लाभांश शेयरधनीलाई प्रदान गर्ने प्रस्ताव गरेका छौं, उक्त प्रस्ताव यस गरिमामय सभाबाट पारित गरिदिन हुनेछ भन्ने विश्वास लिएका छौं।

१०) लेखापरिक्षक नियुक्ति सिफारिस सम्बन्धमा:

यस संस्थाको लेखापरीक्षण समितिको सिफारिश बमोजिम बर्तमान लेखापरिक्षक एफ.सि.ए.महेश्वरेन्द्र बहादुर श्रेष्ठ (चाटर्ड एकाउण्टेण्ट) लाई आगामी आर्थिक वर्ष २०७७/०७८ को हिसाब किताब लेखापरिक्षण कार्य गर्नका लागि बाह्य लेखापरिक्षक (Statutory Auditor) नियुक्ति गर्न तथा निजको पारिश्रमिक भ्याट बाहेक रु.३,००,०००/- (अक्षरेपी तीन लाख मात्र) दिने गरि साधारण सभामा अनुमोदनको लागि पेश गर्ने संचालक समितिको निर्णय पारित गरिदिनहुन अनुरोध गरिएको छ।

११) मानव संसाधन व्यवस्थापन:

आ.व २०७७ साल चैत्र मसान्त सम्ममा यस संस्थामा कुल १६२ जना कर्मचारीहरू कार्यरत रहेको जानकारी गराउँदै यस संस्थाको कार्य प्रणालीलाई छिटो छरितो चुस्त दुरुस्त र अझ प्रभावकारी बनाउन, दक्ष तथा विभिन्न बैकिङ्ग क्षेत्रका अनुभवी व्यक्तीहरूलाई आवद्ध गरि अनुभवी जनशक्ति तयार पारिएको व्यहोरा अनुरोध छ। साथै संस्थामा आवद्ध जनशक्तिहरूलाई विभिन्न प्रशिक्षणहरू प्रदान गर्ने तथा तालिममा सहभागि गराउन गरिएको र आगामी दिनहरूमा पनि यस्तो तालिम तथा प्रशिक्षणका कार्यलाई निरन्तरता दिई समयानुसार संस्थालाई आवश्यक जनशक्तिको विकाश गर्दै लगिनेछ।

१२) मर्जर सम्बन्धि कार्यका सम्बन्धमा:

नेपाल राष्ट्र बैंकबाट दिइएको निर्देशन बमोजिम यस संस्थाको चुक्ता पूँजी पर्याप्तता भई सकेको भएता पनि यस संस्थाको विगतका साधारण सभाबाट यस संस्था तथा कुनै उपयुक्त बैंक, विकाश बैंक तथा वित्तीय संस्थासंग एक आपसमा गाभ्ने गाभिने, एक्वीजिसन (विलय) तथा प्राप्ती गर्ने गराउने प्रकृयालाई खुला राखी संस्थाको स्तरोन्नति गरि संस्थालाई अगाडी बढाउने प्रस्ताव पारित गरिसकिएकोमा सो प्रस्ताव यस साधारण सभामा पनि पुनः पेश गरेको यहाँहरू सबैमा अवगत छ।

१३) संस्थाको जारी र चुक्ता पूँजी बृद्धि गर्ने लगायतका विषयमा प्रबन्धपत्र तथा नियमावली संशोधन सम्बन्धमा:

संस्थाले बोनस शेयर प्रदान गरे पश्चात संस्थाको जारी तथा चुक्ता पूँजी बृद्धि हुने भएकोले सोही बमोजिम हुने गरि संस्थाको जारी तथा चुक्ता पूँजी बृद्धि सम्बन्धमा संस्थाको प्रबन्धपत्र/नियमावली संशोधन गर्नुपर्ने भएकोले तदनुसर हुने गरि प्रबन्धपत्र तथा नियमावली संशोधन गर्न प्रस्ताव गरेका छौं।

१४) धन्यवाद ज्ञापनः

वित्तीय संस्थाको प्रगति तथा समृद्धिमा प्रत्यक्ष तथा अप्रत्यक्ष रुपमा सहयोग गर्नुहुने हाम्रा सम्पूर्ण सहभागी शेयरधनी महानुभावहरु, निक्षेपकर्ता, ग्राहकवर्ग, नेपाल राष्ट्र बैंक लगायत सम्बन्धित नियमन निकायहरु तथा लगनशिल, कर्मठ कर्मचारी वर्गका साथै अन्य सम्बन्धित सबैमा विगतमा प्राप्त भएको सहयोगका लागि आभार प्रकट गर्दै भविष्यमा समेत निरन्तर रुपमा सहयोग तथा सद्भाव प्राप्त हुने अपेक्षा गर्दै यहाँहरुको अपेक्षा अनुरूप कार्य गर्नका लागि म, संचालक समिति लगायत व्यवस्थापन समेत प्रतिबद्ध रहेको जानकारी गराउँदछौं ।

धन्यवाद ।

संचालक समितिको तर्फबाट

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(कुश प्रसाद मल्ली)

अध्यक्ष

मिति: २०७८/०९/२२

कम्पनी ऐन २०६३ को दफा १०८ को उपदफा ४ संग सम्बन्धित अन्य विवरणहरू

- क) विगत वर्षको कारोबारको सिंहावलोकन :
संचालक समितिको प्रतिवेदन नं. १ मा उल्लेख गरिएको छ ।
- ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर :
प्रत्यक्ष रूपमा कम्पनीको कारोबारलाई असर परेको छैन ।
- ग) प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा,
संचालक समितिको प्रतिवेदन नं. १ र ३ मा उल्लेख गरिएको छ ।
- घ) कम्पनीको औद्योगिक वा व्यावसायिक सम्बन्ध,
संचालक समितिको प्रतिवेदन नं. ५ मा उल्लेख गरिएको छ ।
- ङ) सञ्चालक समितिमा भएको हेरफेर र सोको कारण,
संचालक समितिको प्रतिवेदन नं. ६ मा उल्लेख गरिएको छ ।
- च) कारोबारलाई असर पार्ने मुख्य कुराहरू,
संचालक समितिको प्रतिवेदन नं. ८ मा उल्लेख गरिएको छ ।
- छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया,
वित्तीय संस्थाको नियमित कारोबारसँग सम्बन्धित सामान्य कैफियतहरू बाहेक लेखापरीक्षण प्रतिवेदनमा अन्य कैफियतहरू रहेको छैन । उक्त सामान्य कैफियतहरू तथा लेखापरीक्षकले दिएको सुझावहरू प्रति सञ्चालक समिति / व्यवस्थापन समिति सजग रहनुको साथै कैफियतहरूलाई सुधार गर्न संस्था कटिबद्ध रहेको छ ।
- ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम,
संचालक समितिको प्रतिवेदन नं. ९ मा उल्लेख गरिएको छ ।
- झ) शेयर जफत भएको भए जफत भएको शेयर सङ्ख्या, त्यस्तो शेयरको अङ्कित मूल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण :
शेयर जफत भएको छैन ।
- ञ) विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन : यस वित्तीय संस्थाको कुनै सहायक कम्पनी नभएको ।
- ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन :
यस वित्तीय संस्थाको समिक्षा वर्षमा कम्पनीको कारोबारमा कुनै महत्वपूर्ण परिवर्तन गरिएको छैन तथा यस संस्थाको सहायक कम्पनी नभएको जानकारी गराउँदछौं ।
- ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी,
यस वित्तीय संस्थाको आधारभूत शेयरधनीहरूले त्यस्तो कुनै पनि जानकारी उपलब्ध गराएको छैन ।
- ड) विगत आर्थिक वर्षमा कम्पनीका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी :
सञ्चालकहरूको शेयरको स्वामित्व विवरण निम्न अनुसार छ :

नाम	पद	शेयर संख्या
श्री कुश प्रसाद मल्ली	अध्यक्ष	२,२४,११२
श्री सुरकृष्ण वैद्य	संचालक	२२४११
श्री रवि कृष्ण श्रेष्ठ	संचालक	८९६४५
श्री तुलसी प्रसाद बराल	संचालक	१७७६
श्री उपेन्द्र बहादुर कार्की	संचालक	११२१
श्री श्वेता कक्षपती (शाक्य)	संचालक	१४६७
श्री विनोद कुमार तण्डुकार	संचालक	नभएको
श्री अनिल श्रेष्ठ	प्रमुख कार्यकारी अधिकृत	३३६१७

- (ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्भौताहरुमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा :
त्यस्तो कुनै जानकारी उपलब्ध गराएको छैन ।
- (ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको सङ्ख्या र अङ्कित मूल्य तथा त्यसरी शेयर खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम :
यस वित्तीय संस्थाको शेयर वित्तीय संस्था आफैले खरिद गरेको छैन ।

- (त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण :
आन्तरिक नियन्त्रणका लागि आन्तरिक लेखापरिक्षण गर्ने व्यवस्था हुनुका साथै आवश्यक नीति, विनियमहरु तथा निर्देशिकाहरु रहेको ।

- (थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण :

	आ.व.०७५/०७६मा	आ.व.०७६/०७७मा
कर्मचारी खर्च रकम	रु.५,३४,२८,४२६/-	रु.८,३५,६४,२४३/-
कार्यालय खर्च रकम	रु.४,५०,७२,२३०/-	रु.५,८१,७७,६४२/-
कुल व्यवस्थापन खर्च रकम	रु.९,८५,००,६५६/-	रु.१४,१७,४१,८८५/-

- (द) लेखापरीक्षण समितिका सदस्यहरुको नामावली, निजहरुले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण,
उपरोक्त उल्लेखित समिक्षा वर्षमा यस संस्थाको लेखापरीक्षण समितिको संयोजकमा संचालक श्री उपेन्द्र बहादुर कार्की र सदस्यमा संचालक श्री तुलसी प्रसाद बराल र सदस्य सचिवमा श्री कौशल्या श्रेष्ठ रहनु भएको छ ।
सो समितिको संयोजकलाई प्रति बैठक रु.४,५००/- तथा संचालक सदस्यलाई प्रति बैठक रु. ४,०००/- प्रदान गर्ने गरि एको छ । सदस्य सचिव कर्मचारीलाई भत्ता उपलब्ध नगराएको । समितिले नियमित रुपमा व्यवस्थापनलाई सुझाव तथा निर्देशनहरु दिने गर्दछ ।
- (ध) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा :
वित्तीय संस्थाको संचालक, प्रबन्ध संचालक कुनैपनि पदाधिकारी, कार्यकारी प्रमुख, वित्तीय संस्थाका आधारभूत शेयरधनी वा निजको नातेदार वा निज संलग्न रहेको फर्म, वित्तीय संस्था वा संगठित संस्थाले वित्तीय संस्थालाई कुनैपनि रकम बुझाउन बाँकी रहेको छैन ।



- (न) सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम :
आ.ब. २०७६/७७ मा सञ्चालकलाई प्रदान गरिएको सुविधा :

पद	प्रतिबैठक भत्ता रु.	पत्रपत्रिका तथा मोबाइल सुविधा
अध्यक्ष	रु.५,५००/-	रु.१,५००/-
संचालक	रु.५,०००/-	रु.१,५००/-

आ.ब. २०७६/७७ मा कार्यकारी प्रमुख तथा पदाधिकारीहरू(प्रबन्धक सम्म)लाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम:

विवरण	प्रमुख कार्यकारी अधिकृत	अन्य पदाधिकारीहरू
तलब,भत्ता तथा अन्य सुविधाहरू	रु.४०,४९,८००/-	रु.८४,९९,५९०/-

अन्य सुविधाको हकमा कर्मचारी सेवा विनियमावली बमोजिम तथा संचालक समितिले निर्णय गरे बमोजिम ।

- (प) शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम :
यस वित्तीय संस्थाले घोषणा गरेको लाभांश मध्ये २०७६/७७ को अन्त्यसम्म शेयरधनीहरूबाट दाबी नआएको रकम निम्न अनुसार रहेको छ ।

आ.ब.	२०७६।०७७ सम्म
आ.ब.२०६८/६९ को	रु.२,७४,५२८/-
आ.ब.२०६९/७० को	रु.५,९७,२५६/-
आ.ब.२०७४/७५ को	रु.३४,४९,९७३/-
आ.ब.२०७५/७६ को	रु.८३,३५,७०४/-
जम्मा	रु.९,२५,४५,६७९/-

- (फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण:
आ.ब. २०७६/७७ मा दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेका छैन ।
- (ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरण:
छैन ।
- (भ) यस ऐन तथा प्रचलित कानून बमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा :
यसै प्रतिवेदन अन्तर्गत सम्बन्धित ठाउँमा खुलाईएको छ ।
- (म) अन्य आवश्यक कुराहरू ।
यसै प्रतिवेदन तथा वित्तीय विवरणमा सम्बन्धित ठाउँमा खुलाईएको छ ।

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को नियम २६(२) संग सम्बन्धित अन्य विवरणहरू

- १) सञ्चालक समितिको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा संलग्न रहेको ।
- २) लेखापरीक्षको प्रतिवेदन : यसै वार्षिक प्रतिवेदनमा संलग्न रहेको ।
- ३) लेखापरीक्षण भएको वित्तीय विवरण : यसै वार्षिक प्रतिवेदनमा संलग्न रहेको ।
- ४) कानूनी कारवाही सम्बन्धी विवरण :
 - क) त्रैमास अवधिमा संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए :
कर्जा कारोबारका सिलसिलामा कर्जा असुली सम्बन्धी दायर भएको मुद्दा रहेको ।
 - ख) संस्थाका संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए :
यस सम्बन्धमा त्यस्तो मुद्दा दर्ता भएको वा गरेको जानकारी प्राप्त नभएको ।
 - ग) संस्थाका संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको भए :
यस सम्बन्धमा त्यस्तो मुद्दा दर्ता भएको वा गरेको जानकारी प्राप्त नभएको ।
- ५) संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण :
 - क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा :
यस संस्थाको शेयर माग र आपूर्तिको आधारमा निर्धारण हुने गरी नेपाल धितोपत्र विनिमय बजारमा कारोबार भईरहेको छ । शेयरबजारमा शेयरको मूल्यमा आउने उतारचढाव संगै यस संस्थाको शेयरको मूल्यमा परिवर्तन हुने गरेको छ ।
 - ख) गत वर्षको प्रत्येक त्रैमासको अवधिमा संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबारको शेयर संख्या र कारोबार दिन :

क्रम संख्या	त्रयमास	शेयरका अधिकतम मूल्य	शेयरका न्यूनतम मूल्य	शेयरका अन्तिम मूल्य	कुल कारोबारको संख्या	कारोबार दिन
१	प्रथम	रु.१२७/-	रु.१०८/-	रु.११५/-	२३१	५४
२	दोस्रो	रु.१२२/-	रु.१०६/-	रु.१२१/-	३४२	५५
३	तेस्रो	रु.१५२/-	रु.१२३/-	रु.१३०/-	१,२६०	४६
४	चौथो	रु.१३०/-	रु.१२१/-	रु.१२१/-	८८	१०

६) समस्या र चुनौती

क) आन्तरिक समस्या र चुनौती

दक्ष जनशक्ति कायम राख्न कठिन, वित्तीय श्रोतको लागतमा वृद्धि, अस्वस्थ प्रतिस्पर्धा, आयको विविधिकरण, खर्चमा मितव्ययिता

ख) बाह्य समस्या र चुनौती

व्याजदरमा उतार चढाव, राजनैतिक अवस्था, आर्थिक कारोबारमा मन्दी, शेयर बजारमा मन्दी, तिव्र प्रतिस्पर्धा ।

ग) रणनीति

- निक्षेप तथा कर्जामा विविधिकरण, आय आर्जनको नयाँ क्षेत्र विस्तार, सेवामा विविधिकरण, शाखा तथा सेवामा विस्तार ।

७) संस्थागत सुशासन

बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३, नेपाल राष्ट्र बैंक बाट जारी गरिएको निर्देशन, परिपत्रहरू, धितोपत्र ऐन, र सो ऐन अनुसार जारी भएको नियमावली, विनियमावलीहरू तथा निर्देशनहरू, नेपाल स्टक एक्सचेञ्ज लि.बाट जारी गरिएको निर्देशनहरू लगायत प्रचलित कानूनलाई परिपालना गरिएको छ । साथै संस्थाको आन्तरिक तथा बाह्य लेखापरीक्षकबाट प्राप्त भएको सल्लाह सुझावलाई परिपालन गर्दै संस्थागत सुशासन कायम गर्न संचालक समिति र व्यवस्थापन प्रतिवद्ध रहेको छ ।

M.B. SHRESTHA & CO.

Chartered Accountants
Sankhamul Road
New Baneshwor

Tel: 4781818
Fax No.: 977-1-4781789
E-mail: mbsshrestha@gmail.com
G.P.O. Box : 720
Kathmandu, Nepal.

INDEPENDENT AUDITOR'S REPORT TO THE MEMEBERS OF RELIANCE FINANCE LIMITED

Opinion on the Financial Statements

We have audited the accompanying financial statements of Reliance Finance Ltd ("the Company") which comprise the Statement of Financial Position as at 31 Ashadh 2077 corresponding to 15 July 2020, 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 a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements referred to above present fairly, in all material respects, the financial position of the company as of 31 Ashadh 2077 (15 July, 2020), and its financial performances, changes in equity and its cash flows for the year ended on that date in accordance with Nepal Financial Reporting Standards (NFRS) as mentioned under section(b) of Report on Other Legal and Regulatory Requirements (Bank & Financial Institution Act and Company Act).

Basis of 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 of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirement that are relevant to our audit of the financial statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

Management's Responsibilities and Those Charge with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Nepal Financial Reporting Standards (NFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Auditor's Responsibilities for the Audit of 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 NSAs 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 be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional scepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls 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 the internal controls.
- Evaluate appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the 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 our independence and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements (Bank & Financial Institution Act and Company Act)

On examination of the financial statements as aforesaid, we report that:

- a. We have obtained all information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our examination.
- b. In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report prepared in conformity with the NFRS based format prescribed by Nepal Rastra Bank.
- c. In our opinion, the returns received from the respective company's branches are adequate for the audit purpose, though the statements are independently not audited.
- d. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the company, we have not come across the cases where the Board of Directors or any member thereof or any employee of the company has acted contrary to the provisions of the law relating to accounts or caused loss or damage to the company or committed any misappropriation or violated any directive of Nepal Rastra Bank.
- e. In our opinion, the loans and advances are charged off as per the write off policy and with the approval of the authority concern.
- f. In our opinion, the business of the company has been conducted within its authority.



Maheswarendra Bdr. Shrestha, FCA

Proprietor

M.B. Shrestha & Co

Chartered Accountants

Kathmandu

UDIN#210304CA00117PD9el

Place: Kathmandu

Date: Falgun 21, 2077



Reliance Finance Limited
Statement of Financial Position
As at 31 Asar 2077

Particulars	Note	As at 31.03.2077	As at 31.03.2076
Assets			
Cash and cash equivalent	4.1	824,237,640	1,019,206,027
Due from Nepal Rastra Bank	4.2	294,313,186	174,695,841
Placement with Bank and Financial Institutions	4.3	-	-
Derivative financial instruments	4.4	-	-
Other trading assets	4.5	-	-
Loan and advances to B/FIs	4.6	395,851,500	346,500,000
Loans and advances to customers	4.7	3,746,468,868	3,401,905,688
Investment securities	4.8	992,119,650	309,784,010
Current tax assets	4.9	-	-
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	1,620,874	714,624
Property and equipment	4.13	45,262,260	20,511,234
Goodwill and Intangible assets	4.14	2,644,200	1,146,318
Deferred tax assets	4.15	12,397,887	-
Other assets	4.16	71,170,662	7,574,066
Total Assets		6,386,086,727	5,282,037,808
Liabilities			
Due to Bank and Financial Institutions	4.17	-	-
Due to Nepal Rastra Bank	4.18	-	-
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	5,207,487,032	4,135,375,104
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	13,102,884	2,891,246
Provisions	4.22	-	-
Deferred tax liabilities	4.15	-	2,833,266
Other liabilities	4.23	78,138,137	74,002,712
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total liabilities		5,298,728,053	4,215,102,328
Equity			
Share capital	4.26	832,416,063	832,416,063
Share premium		1,140,765	1,140,765
Retained earnings		96,069,801	54,809,232
Reserves	4.27	157,732,045	178,569,420
Total equity attributable to equity holders		1,087,358,674	1,066,935,480
Non-controlling interest			
Total equity		1,087,358,674	1,066,935,480
Total liabilities and equity		6,386,086,727	5,282,037,808
Contingent liabilities and commitment	4.28	195,391,322	131,445,736
Net assets value per share		130.63	127.97

Note 4.1 to 4.28 are integral part of Statement of Financial Position

Anil Shrestha
Chief Executive Officer

Kush Prasad Mally
Chairman

Sur Krishna Vaidya
Director

Maheswarendra Bahadur Shrestha, FCA
M.B. Shrestha & Co.
Chartered Accountants

Ravi Krishna Shrestha
Director

Tulsi Prasad Baral
Director

Upendra Bahadur Karki
Director

Sweta Kakshapati Shakya
Director

Binod Kumar Tandukar
Director

Date: 20-11-2077, Place: Kathmandu

Reliance Finance Limited
Statement of Profit or Loss
For the year ended on 31 Ashad 2077

Particulars	Note	Current Year	Previous Year
Interest income	4.29	637,738,543	573,551,252
Interest expenses	4.30	422,716,334	366,455,229
Net interest income		215,022,209	207,096,023
Fee and commission income	4.31	30,676,738	29,437,134
Fee and commission expenses	4.32	-	-
Net fee and commission income		30,676,738	29,437,134
Net interest, fee and commission income		245,698,947	236,533,157
Net trading income	4.33	-	-
Other operating income	4.34	8,624,090	3,769,298
Total operating income		254,323,037	240,302,455
Impairment charge/(reversal) for loans and other losses	4.35	(35,513,778)	44,653,622
Net operating income		289,836,815	195,648,833
Operating expenses			
Personnel expenses	4.36	83,564,243	53,428,426
Other operating expenses	4.37	50,627,134	38,263,697
Depreciation & Amortisation	4.38	7,550,508	6,808,533
Operating Profit		148,094,931	97,148,177
Non operating income	4.39	-	-
Non operating expenses	4.40	-	-
Profit before income tax		148,094,931	97,148,177
Income tax expenses	4.41		
Current Tax		42,945,343	33,775,575
Deferred Tax		2,616,096	(746,697)
Profit for the period		102,533,492	64,119,299
Profit attributable to:			
Equity holders of the Bank		102,533,492	64,119,299
Non-controlling interest		-	-
Profit for the period		102,533,492	64,119,299
Earnings per share			
Basic earnings per share		12.32	8.78
Diluted earnings per share		12.32	8.78

Note 4.29 to 4.41 are integral part of Statement of Profit & Loss

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Director

Sweta Kakshapati Shakya
Director

Binod Kumar Tandukar
Director

Date: 20-11-2077, Place: Kathmandu

Reliance Finance Limited
Statement of Comprehensive Income
For the year ended on 31 Asar 2077

Particulars	Note	Current Year	Previous Year
Profit for the year		102,533,492	64,119,299
<u>Other comprehensive income, net of income tax</u>			
a) Items that will not be reclassified to profit or loss			
Gain/(loss) from investments in equity instruments measured at fair value		(59,490,827)	24,976,031
Gain/(loss) on revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items		17,847,248	(7,492,809)
Net other comprehensive income that will not be reclassified to profit or loss		(41,643,579)	17,483,222
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge			
Exchange gain/(losses) arising from translating financial assets of foreign operation			
Income tax relating to above items			
Net other comprehensive income that are or may be reclassified to profit or loss		-	-
c) Share of other comprehensive income of associate accounted as per equity method			
Other comprehensive income for the period, net of income tax		(41,643,579)	17,483,222
Total comprehensive income for the period		60,889,913	81,602,521
<u>Total comprehensive income attributable to:</u>			
Equity holders of the Bank		60,889,913	81,602,521
Non-controlling interest		-	-
Total comprehensive income for the period		60,889,913	81,602,521

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Binod Kumar Tandukar
Director

Date: 20-11-2077, Place: Kathmandu

Reliance Finance Limited
Statement of Changes in Equity
For the year ended on 31 Asar 2077

Particulars	Attributable to Equity holders of the Bank								Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total
Balance at 1 Sawan 2076	832,416,063	1,140,765	89,437,490	-	68,740,387	12,329,955	-	54,809,231	8,061,589	1,066,935,479
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Sawan 2076	832,416,063	1,140,765	89,437,490	-	68,740,387	12,329,955	-	54,809,231	8,061,589	1,066,935,479
Comprehensive income for the year										
Profit for the year								102,533,492		102,533,492
Other comprehensive income, net of tax							(41,643,579)			(41,643,579)
Remeasurements of defined benefit liability (assets)										-
Fair value reserve (Investment in equity instrument):										(41,643,579)
Net change in fair value										(41,643,579)
Net amount transferred to profit or loss										(41,643,579)
Net gain (loss) on revaluation										(41,643,579)
Cash flow hedges:										
Effective portion of changes in fair value										-
Net Amount reclassified to profit or loss										-
Total comprehensive income for the year										-
Transfer to reserve during the year			20,506,698		(3,644,052)	9,466,827		11,379,273	1,025,335	38,734,082
Transfer from reserve during the year								(17,887,982)	(6,548,605)	(24,436,586)
Transactions with owners, directly recognised in equity										
Right share issued		-								-
Share based payments										-
Dividends to equity holders										-
Bonus shares issued										-
Cash dividend paid										-
Total contributions by and distributions								(54,764,215)		(54,764,215)
Balance at Asar end 2077	832,416,063	1,140,765	109,944,188	-	65,096,335	(19,846,797)	-	(54,764,215)	2,538,319	1,087,358,673

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Director

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Director

Maheewarendra Bahadur Shrestha, FCA
M.B. Shrestha & Co.
Chartered Accountants

Date: 20-11-2077, Place: Kathmandu

Reliance Finance Limited
Statement of Cash Flow
For the year ended on 31 Asar 2077

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	590,649,503	578,354,749
Fees and other income received	30,676,738	29,711,032
Dividend received		
Receipts from other operating activities	1,989,090	869,988
Interest paid	(422,716,334)	(366,455,229)
Commission and fees paid		
Cash payment to employees	(83,564,243)	(42,539,232)
Other expense paid	(50,627,134)	(48,797,546)
Operating cash flows before changes in operating assets and liabilities	66,407,621	151,143,762
<u>(Increase)/Decrease in operating assets</u>		
Due from Nepal Rastra Bank	(119,617,345)	15,415,263
Placement with bank and financial institutions		
Other trading assets		
Loan and advances to bank and financial institutions	(49,351,500)	
Loans and advances to customers	(309,049,402)	(700,044,667)
Other assets	(82,802,095)	1,684,448
<u>Increase/(Decrease) in operating liabilities</u>		
Due to bank and financial institutions		
Due to Nepal Rastra Bank		
Deposit from customers	1,072,111,928	412,450,413
Borrowings		
Other liabilities	11,513,797	(4,603,802)
Net cash flow from operating activities before tax paid	589,213,004	(123,954,582)
Income taxes paid	(25,196,816)	(30,007,131)
Net cash flow from operating activities	564,016,189	(153,961,713)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(682,335,640)	(2,504,920)
Receipts from sale of investment securities	3,835,681	1,399,236
Purchase of property and equipment	(32,301,533)	(6,354,573)
Receipt from the sale of property and equipment		
Purchase of intangible assets	(1,497,882)	
Receipt from the sale of intangible assets		
Purchase of investment properties	(906,249)	
Receipt from the sale of investment properties		
Interest received		
Dividend received	2,799,319	1,231,327
Net cash used in investing activities	(710,406,306)	(6,228,930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities		
Repayment of debt securities		
Receipt from issue of subordinated liabilities		
Repayment of subordinated liabilities		
Receipt from issue of shares	-	30,127,452
Dividends paid	(54,764,215)	(21,905,686)
Interest paid		
Other receipt/payment	6,185,945	
Net cash from financing activities	(48,578,269)	8,221,766
Net increase (decrease) in cash and cash equivalents	(194,968,386)	(151,968,877)
Opening balance of cash and cash equivalents	1,019,206,027	1,171,174,904
Effect of exchange rate fluctuations on cash and cash equivalents held		
Closing cash and cash equivalent as at Ashad end	824,237,640	1,019,206,027

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Sweta Kakshapati Shakya
Director

Binod Kumar Tandukar
Director

Date: 20-11-2077, Place: Kathmandu

Reliance Finance Limited
Notes to Financial Statements
For the year ended on 31 Asar 2077

1 Reporting entity

Reliance Finance Limited (hereinafter referred to as "Finance Co.") is class "C" licenced financial institution licenced by Nepal Rastra Bank. Finance Co. is now operating with corporate office at Pradarshani Marg, Kathmandu. Finance Co. has 20 branch offices (excluding Head Office).

Finance Co. was incorporated under Companies Act 2063 on 23 Ashad 2066 as public limited company. Finance Co. is listed with Nepal Stock Exchange. Finance Co. has obtained PAN (303763691) from Inland Revenue Office.

Finance Co. offers comprehensive banking services within the scope of provisions of Banking and Financial Institutions Act 2073.

2 Basis of Preparation

2.1 Statement of Compliance

The financial statements are prepared in line with Nepal Financial Reporting Standards (to the extent of carve out pronounced by ICAN, as stated in note 2.1.1) as issued by Accounting Standards Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN). The financial statements were prepared in accordance with the Directives issued by Nepal Rastra Bank as well as Nepal Accounting Standards.

Nepal Rastra Bank issued circular for reporting format of financial institutions in line with NFRS on November 30, 2017 along with treatment of certain items in the specified reserves. The financial statements are prepared in line with the stated circular, accordingly, are in compliance with regulatory requirement of Nepal Rastra Bank. The financial statements also comply the requirements of Companies Act 2063 and policy, procedures and directives of Securities Board of Nepal.

2.1.1 Use of Carve-out

ICAN has provided carve out on specific areas for alternative treatment of the items of financial statements required as per NFRS. Based on such, Finance Co. has used following carve out for preparation and presentation of financial statements in line with NFRS.

a) Operating Lease

As per para 33 of NAS 17 Lease, lease expenses under operating lease is charged over the lease term on straight line unless another systematic basis is more representative of the time pattern of the user's benefit. The carve-out has allowed to treat expenses under operating lease as the expenses are incurred in case payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. This carve out has been used and lease expenses relating to operating lease are accounted as incurred.

b) Impairment Loss on Loan and Advances

As per para 63 of NAS 39 Financial Instruments: Recognition and Measurement, impairment loss is calculated on incurred loss model. The carve out has allowed to use higher amount of loss calculated as per para 63 or as per NRB Directives 2/076. Finance Co. has used this carve out and presented the impairment loss calculated as per NRB Directives and disclosed the amount of impairment loss as per NAS 39.

c) Effective Interest Rate

As per the definition of effective interest rate (EIR) as per para 9 of NAS 39, all the initial points paid or received is required to be considered for calculation of EIR and the same EIR is used to calculate interest on loans and advances. As per the carve out, if calculation of EIR is impracticable or immaterial, then such could be ignored. Finance Co. has used the carve out and has not considered initial points paid or received on loans to be part of EIR, rather such amount has been accounted as income on accrual basis.

d) Interest income on amortized loan after impairment recognition

As per para AG63 of NAS 39, Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The carve out provides that interest income can be calculated on gross carrying amount of loan. Finance Co. has used the stated carve out in preparing the financial statements.

2.2 Reporting Period and Approval of Financial Statements

2.2.1 Reporting Period

The reporting period for this financial statements is fiscal year 2076-77, starting from 1 Shrawan 2076 and ending on 31 Ashad 2077. Financial information of following period/dates are provided on the financial statements.

2.2.2 Approval of Financial Statements

The financial statements are authorised for issue by the Board of Directors on 20-11-2077 meeting no. 267. The financial statements are presented for approval to the upcoming annual general meeting of shareholders.

2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupee, which is also the functional currency of Finance Co. Figures are rounded off to nearest Rupee, accordingly, minor rounding off error may exist.

2.4 Use of Estimates, Assumptions and Judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that might result in adjustment to the carrying amounts of assets and liabilities within the next financial year are on the following components:

1. Classification of financial assets

Classification of financial assets into Amortized cost or at fair value (either through profit or loss or through other comprehensive income) depends upon the intention of management whether to hold or trade the assets. At the reporting dates, the classification been based on the intention of management on particular group of financial assets. The classification of financial assets may change based on the economic circumstances and intention of management.

2. Fair value of financial assets

Fair value of financial statements is determined on three levels on the basis of available market on reporting date and the measurement may change depending on available market circumstances.

The fair value of financial instruments that are traded in an active market is the closing price on the reporting dates. Whenever the instruments are not actively traded in active market, they are determined using other techniques considering the observable market inputs to the extent possible.

The Finance Co. measures fair values using the following fair value hierarchy as provided in NFRS 13.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Finance Co. can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

3. Impairment loss on financial assets

Impairment loss on financial assets is provided on the higher of loan loss provision as per NRB Directive 2076 and para 63 of NAS 39. On calculating loss as per para 63, estimates are made on amount of loans that are considered to require individual assessment, grouping of loans for collective assessment, parameters for assessing impairment, future cash flow estimates, historical data on similar types of loan or group of loans.

4. Useful life and salvage value of property and equipment

Management reconsiders the economic useful life and salvage value of property and equipment on each reporting dates based on the information available on such dates.

5. Impairment loss of non financial assets

Impairment loss is calculated if carrying amount exceeds the recoverable amount. For recoverable amount, value in use is estimated and an estimated discount rate is used to arrive the present value of value in use.

6. Current Tax and Deferred tax

Significant management judgment is required to arrive at the figure of current tax and deferred tax, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Finance Co. based its assumptions and estimates on parameters available when the financial statements were prepared.

7. Employee benefit obligations

Judgment is required to determine the estimated liability that shall arise on part of accumulated leave of staff which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the company. Considering the cost benefit analysis, Finance Co. has not done actuarial valuation and carried the liability at book value due to immaterial amount.

2.5 Impairment of Loan and Advances

The Loan and advances not settled till asar end 2077 has to be considered for down grading assets quality.

2.6 Changes in Accounting Policies

The financial statements are prepared as per NFRS. NFRS 1 requires the financial statements of previous period be prepared in line with NFRS. This has resulted in changes in accounting policies. The changes in policies as well as impact on statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flow is separately presented.

2.7 New Standards in Issue but not Yet Effective

The financial statements are prepared in line with NFRS issued on 2013. NFRS has not been revised thereafter and accordingly, accounting standards issued by International Accounting Standard Boards and revision thereof have not been considered.

2.8 New Standards and Interpretation not Adopted

Finance Co. has adopted all the applicable interpretation pronounced by ICAN.

2.9 Discounting

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

2.10 Going Concern

The financial statements are prepared on the assumption that Finance Co. is going concern entity.

2.11 Standalone Financial Statements

The presented financial statements is the standalone financial statement of Finance Company. Finance Company does not have subsidiary, accordingly, preparation of consolidated financial statement is not required.

2.12 Quality of Loan Upgradation with Retrospective Effect

"Company's loan quality as of Poush end 2077, the audit finalization date, has been upgraded due to the repayment of overdue loan installment/ loan regularization as per clause 41 (1) NRB Unified Directives, 2077, no. 2/077. The consequential effect of such loan upgradation has caused reduction of Loan Loss Provision (LLP) amount by Rs. 1,37,685 thousand with increment of profit by same amount. Such increment of profit amount has been recognized by the company considering the profit recognizable as of Ashad end 2077."

3 Significant Accounting Policies

The significant accounting policies adopted by Finance Co. while preparing financial statements are as follows:

Note No.	Accounting Policy	Information Note No.
3.1	Basis of Measurement	
3.2	Basis of Consolidation	
3.3	Cash and Cash Equivalent	4.1
3.4	Financial Assets and Financial Liabilities	
3.5	Trading Assets	4.5
3.6	Derivative Assets and Liabilities	4.4
3.7	Property and Equipment	4.13
3.8	Goodwill Intangible assets	4.14

3.9	Investment Property	4.12
3.10	Income tax	4.9
3.11	Deposits, debt securities issued and subordinated liabilities	4.17, 4.20, 4.24, 4.25
3.12	Provisions	4.22
3.13	Revenue	4.29, 4.31, 4.33, 4.34, 4.39
3.14	Interest expenses	4.30
3.15	Employees Benefits	4.23
3.16	Leases	
3.17	Foreign currency translation	
3.18	Financial guarantee and loan commitment	
3.19	Share capital and reserves	4.26, 4.27
3.20	Earning per share including diluted	
3.21	Segment reporting	5.4
3.22	Events after reporting date	

3.1 Basis of Measurement

Financial statements are prepared on historical cost convention except for the following material items:

Particulars	Measurement Basis
Investment in shares and mutual fund schemes	Fair value
Non-banking assets	Lower of Market Value or Outstanding Receivable at the date of booking NBA
Loans to employees	Amortized cost
Property and equipment, investment property and intangible assets	Deemed cost as fair value

3.2 Basis of consolidation

Finance Co. does not have subsidiary companies, accordingly, consolidation of financial statements is not a requirement.

3.3 Cash and cash equivalent

Cash and cash equivalent comprises of cash, demand deposit and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In general, short term investments with original maturity of up to three months are considered as cash equivalent. Cash and cash equivalent are presented at amortized cost on the financial statements.

3.4 Financial assets and financial liabilities

Financial assets is any assets that is cash, equity instrument of another entity or any contractual right to receive cash or financial assets of another entity.

Financial liability is any liability with contractual obligation to deliver cash or other financial assets to another entity.

3.4.1 Recognition

The Finance Co. initially recognises financial assets or financial liability on the date of which the Finance Co. becomes party to the contractual arrangement.

3.4.2 Classification and Measurement

Financial Assets: The classification and measurement of financial assets depend on how these are managed i.e. the Finance Co.'s business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

i) At Amortized Cost

ii) At Fair Value through Profit or Loss (FVPL)

iii) At Fair Value through Other Comprehensive Income (FVOCI)

i) **At amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Finance Co. has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

ii) **At fair value through profit or loss:** Financial assets are classified at fair value through profit or loss if the Finance Co. manages such instruments and makes purchases and sales decisions based on

its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.

- iii) **At fair value through other comprehensive income:** Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Finance Co. has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

Financial Liabilities: Finance Co. classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortised cost or fair value through profit or loss. Financial liability is measured initially at fair value, or an item not at fair value through profit or loss, at transactions costs that are directly attributable to its acquisition or issue.

3.4.3 De-recognition

Financial Assets

Financial assets are partially or fully de-recognized in any of the following condition:

- termination of contractual rights to cash flow
- upon transfer of contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Finance Co. neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognised) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

Financial Liabilities

Upon settlement or termination of any liability related to financial liability, financial liability is de-recognized. The difference between carrying amount and settlement amount is accounted through statement of profit or loss.

3.4.4 Determination of fair value

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. Fair value is initially considered based on quoted rate where the assets or liabilities are principally transaction, in the absence of which the most advantageous market is the active market.

When available, the Finance Co. measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Finance Co. uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Fair value of non-financial assets like property & equipment, investment property and intangible assets are considered the deemed cost of such assets in line with NFRS 1.

Fair Value 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.

Level 1: Fair value is determined based on quoted price of financial instruments in active market.

Level 2: Fair value is determined based on quoted price of similar financial instruments within consideration to significant observable inputs.

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Finance Co. has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities for this level of valuation.

3.4.5 Impairment

At each reporting date, the Finance Co. assesses whether there is objective evidence that financial assets are impaired. The financial assets or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer
- default or delinquency by a borrower
- the restructuring of a loan or advance by the Finance Co. on terms that the Finance Co. would not consider otherwise;
- indication that a borrower or issuer will enter bankruptcy
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its net worth below its book value is objective evidence of impairment.

The Finance Co. considers evidences of impairment for loans and advances and investment securities at both specific asset and at collective level. All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities with similar risk characteristics.

In assessing the collective impairment, the Finance Co. uses the statistical modelling of historic trends of the probability of default, the time of recoveries and the amount of loss incurred and makes an adjustment if the current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against the actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss (through OCI for such investments measured at fair value through OCI on which there exists fair value reserve).

The Finance Co. writes off a loan or an investment security, either partially or in full and any related allowance for impairment losses, when the Finance determines that there is no realistic prospect of recovery.

3.4.6 Amortized cost measurement

The 'amortised cost' of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between initial amount recognised and the maturity amount minus any reduction for impairment.

3.4.7 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expenses over the relevant period.

3.5 Trading assets

Trading assets are those assets that the Finance Co. acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

3.6 Derivatives assets and derivative liabilities

Derivative assets and liabilities are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The changes in value of instruments are accounted through profit or loss.

3.7 Property and Equipment

Non-financial tangible assets that are held for service providing to customers and for administrative use of the Finance Co. are classified as Property and Equipment.

Recognition

Property and Equipment are recognized in books whenever it is probable that future economic benefits associated with such assets will flow to the entity and the amount of assets can be reliably measured.

Measurement

At initial recognition, items of property and equipment are measured at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Finance Co. Ongoing repair and maintenance are expensed off as incurred.

Subsequent to the initial measurement, there is option to measure the assets either on cost or on revaluation. Finance has measured all items at cost on subsequent measurement. On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its property and equipment measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS.

Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Assets not capitalized

Items of property and equipment with original cost up to Rs. 5,000 are directly accounted as expenses.

Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

Salvage Value

The Finance Co. has assessed the salvage value of all property, plant and equipment considering the expected realizable value on the end of life of such assets.

Depreciation

Depreciation is charged upon the assets is available for use and does not cease until the assets is disposed off, classified as held for sale or ceases to generate economic benefits.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write-off their carrying value over the expected useful economic lives.

Items of property and equipment are depreciated on Straight Line Method over their useful life.

Management of the Finance Co. has assessed useful life and salvage value of property and equipment, as follows:

Items	Estimated useful life (years)	Salvage Value
Building	50	5%
Leasehold Properties	Lease period	0
Computer & Accessories	5	0
Vehicle	10	25%
Furniture & Fixture	7	3%
Machinery	10	5%
Equipment & Others	3-5	0%

3.8 Goodwill and Intangible assets

Goodwill

Goodwill arises on the acquisition financial institutions when the aggregate of the fair value of the consideration transferred exceed the amount of the identifiable assets and liabilities acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognised immediately in the Statement of profit or loss.

Goodwill is allocated to cash generating units (CGU) at the lowest level at which goodwill is monitored for internal management process. Impairment testing is performed annually, and whenever there is an indication that CGU may be impaired. If the present value of expected cash inflows is less than carrying amount, impairment loss is recognized and accounted through Statement of Profit or Loss. Goodwill is stated at cost less accumulated impairment losses.

Acquired Intangible Assets

Intangible assets are recognized whenever the cost of assets can be reliably measured, by the past experience it is demonstrated Finance Co. has control over such assets for the specified period and it is probable that future economic benefits could be derived from such assets. Finance has followed NAS 38 for accounting of intangible assets.

In the financial statements, software are presented as intangible assets.

Computer Software

Computer software are capitalised on the basis of the purchase cost of software or license and costs incurred to bring it to use. Cost of internally developed software includes directly attributable costs.

Intangible assets are amortized over the period of its estimated use, or incase of licenses, over the period of contractual right of use. Whenever there is no specific life or license period, such software are amortized over the period of five years.

At each reporting date, impairment test of intangible assets is done in order to oversee whether the carrying amount exceeds recoverable amount. Impairment loss is charged to Statement of Profit or Loss.

On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its intangible assets measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

3.9 Investment Property

Investment property is land and building held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

Useful life of building held as investment property is considered to be same as that of property and equipment (i.e. 50 years) with 5% salvage value.

3.10 Income tax

Income tax expenses include current tax, deferred tax and any adjustments recognised in the period for current tax of prior periods.

Current Tax

Current tax is the amount of income tax payable in respect of taxable profit. This is calculated as per the provisions of Income Tax Act with the effective tax rate for current period. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expenses are taxable or deductible in different years or may never be taxable or deductible. Income tax rate applicable for Finance Co. is 30% (previous year rate was 30%).

Deferred Tax

Deferred tax is calculated using balance sheet approach on temporary differences between tax base of assets and liabilities and carrying amount in the financial statements. Deferred tax is calculated using known future tax rate on each reporting date.

Deferred tax is recognized when it is probable that future taxable profit will be available to adjust the impact of temporary differences. Changes in deferred tax over period is recognized as deferred tax income/expenses in Statement of Profit or Loss.

In line with NRB Directives, deferred tax reserve is created to the amount equal to deferred tax assets and presented as part of regulatory reserve from current year.

Income tax on items of OCI

Income tax arising on the items of other comprehensive income is charged to statement of OCI itself.

3.11 Deposits, debt securities issued and subordinated liabilities

Deposit are financial liabilities and are generally repayable on demand except fixed period deposit accepted by Finance Co. from its customers.

The Finance Co. borrows money by issuing debt securities and subordinated debt. The borrowing is acknowledged or evidenced by issue of a negotiable instrument. The negotiable instrument can be certificate of deposit, commercial paper or debt note. Subordinated debt is issued to meet the capital requirements at Finance Co. level and to supply the capital to various operations. This debt generally consists of negotiable instruments and is usually listed on exchanges providing an active secondary market for the debt.

3.12 Provisions and Contingent Liabilities

Provision is a liability with uncertain timing and event. Provision is recognised if as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent Liabilities: Contingent liabilities are i) possible obligations arising from past events whose existence will be confirmed on happening or not happening or uncertain future events not wholly within the control of Finance Co., or ii) a present obligation arising from past events but are not recognized because outflow of resources to settle may not be required or such amount can not be reliably estimated.

Contingent liabilities are separately disclosed in financial statements.

3.13 Revenue Recognition

Revenue is recognized in line with NAS 18 Revenue when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

3.13.1 Interest income

Interest, in general, is recognized using effective interest rate on the particular assets. Finance Co. has opted to use the carve-out mentioned in Note 2.1.1 (c) and continued to use the actual interest rate to account for interest income. Interest income has been booked for all interest received during the year as well as on those loans having collective impairment as per NRB Directives less than 25%, in line with circular issued by NRB. Interest on those loan with impairment of 25% or more have not been recognized.

Finance Co., in general, generates interest income from loan to customers, investment in debt securities and call deposits.

3.13.2 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided or significant act performed. the fees and commission income and expenses that are integral to the effective interest rate on the financial assets and financial liability are included in the measurement of the effective interest rate. Finance Co. has opted to use carve-out as mentioned in Note 2.1.1 (c) on this matter and accounted all realized fee and commission income upfront.

Commission on guarantees issued that are for more than one year are immediately accounted as income. If the period of guarantee is more than one year, then proportionate amount of fee is accounted as income.

3.13.3 Dividend income

Dividend income is recognized when the right to receive dividend is established i.e. dividend is approved by general meeting of companies.

Dividend income if related to period earlier than the date of acquisition of shares and its amount related to pre and post acquisition could be segregated, then the pre-acquisition period dividend is adjusted to cost of investment.

3.13.4 Net trading income

Income derived from buying/selling of assets and liabilities classified as for trading purpose are accounted as net trading income. Gain and loss on trading assets and liabilities are recognized on mark to market basis and not on realization basis.

3.13.5 Other Operating Income

Income other than interest, fees & commission and trading income are accounted as other operating income. This primarily comprises of changes in foreign exchange rate, dividend income, gain on disposal of non-financial assets etc.

3.14 Interest expenses

Interest on deposit accepted from customer and borrowings of the Finance Co. are accounted on accrual basis.

3.15 Employees Benefits

Employee expenses includes the amount paid to employees of Finance Co. in respect of their service. Payment in respect of services are for the current service and long term benefits. Long term benefits are in the form of defined contribution plan and defined benefit plan. Expenses under defined contribution plan are accounted as they incur and on defined benefit plan as per the actuarial valuation.

Employee benefits are accounted using normal calculation method. Actuarial valuation has not been done considering the cost benefit and materiality impact.

Short term employee benefits include salary, allowance, encashment of unused leave, provident fund, annual bonus based on profit of the Finance Co., subsidized loans etc. These are provided as the services are rendered by the employees and measured on undiscounted amount of payment made.

Long term employee benefits include accumulated leave not encashed during service period. These are generally paid on retirement or termination of service of the employee.

Gratuity is provided as per Labour Act 2074 due to which actuarial valuation is not required. Accumulated leave is provided as per Employee Service Regulation of the Finance Co. and on book value basis. Finance Co. believes that the impact of actuarial valuation will not be material as the amount of accumulated leave itself is not material and the benefit of actuarial valuation will not be more than the cost involved on such expert valuation.

3.16 Leases

A lease is classified at the inception date as a finance lease or an operating lease. The Finance Co. has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Finance Co. has not entered into finance lease.

Payment made under operating leases are recognised in profit or loss as per contractual rates with periodic adjustment on inflation. This method is more representative to the nature of expenses than the Straight line method.

3.17 Foreign Currency Transaction

Transaction in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year and the amortised cost in the foreign currency translated at the rate of exchange at the reporting date.

Non monetary assets and liabilities that measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions. The resulting exchange gain or loss differences are generally recognised in Profit or Loss.

3.18 Financial guarantee and loan commitment

Financial guarantees are contract that require the Fund to make specified payments to reimburse the holder for a loss

that incurs because a specified debtors fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below -market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below market interest rate included within other liabilities.

3.19 Share Capital and Reserves

3.19.1 Share Capital

Equity share capital is financial instruments issued by the company only to the extent that they do not meet the definition of financial liabilities.

All the issued shares are paid up and are listed with Nepal Stock Exchange for the purpose of trading by shareholders. All shares have right to vote on the basis of no. of shares held. Finance Co. does not have shares of other kind other than ordinary shares.

3.19.2 Reserves

Finance Co. has created various types of reserves as part of regulatory requirement.

a) General Reserve

General reserve is the statutory reserve. In this reserve, the amount transformed from appropriation of net profit according to the Banks and Financial Institutions Act, 2073 shall be included. No type of dividend (cash or bonus share) shall be distributed from the amount in general/statutory reserve. Approval of NRB shall be required in order to use the amount in this reserve.

b) Exchange Equalization Reserve

Exchange equalization reserve is a statutory reserve. Earning from foreign exchange revaluation gain on foreign currency other than India currency has to allocate 25 percent of such revaluation gain to this reserve as per provision of the Bank and Financial Institution Act. Any amount allocated to exchange equalization reserve as per the provision of the Bank and Financial Institutions Act, shall be presented under this heading.

c) Corporate Social Responsibility (CSR) Reserve

In line with clause 16 of Directive 16/075, Finance Co. is required to allocate 1% of its net profit for the year for CSR and is required to create CSR Reserve. The amount appropriated to this reserve is expensed off as prescribed in the same Directive in the next fiscal year.

d) Regulatory Reserve

This is specific reserve created in line with NRB Directive 4. All the adjustments made in NFRS that are different from earlier NRB Directives are included in this fund. This fund is not available for distribution of dividend.

e) Capital Reserve

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. The amount from share forfeiture due to non-payment of remaining amount for the unpaid shares, capital grants received in cash or kind, capital reserve arising out of merger and acquisition etc. should be presented under this heading.

f) Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets shall be presented under this account head.

g) Actuarial Gain Reserve

This reserve is for presenting the OCI component of defined benefit obligations. This is not an actual reserve.

h) Special Reserve

In line with circular no. 12/072/073, the interest capitalised on loan that have been restructured or

rescheduled because of the borrower facing difficulty resulting from earthquake in 2072 is kept in this reserve. The reserve is required to be maintained till the loan is settled.

i) Assets Revaluation Reserve

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) shall be presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

j) Capital Redemption Reserve

This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.

k) Dividend Equalization Reserve

For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making may be transferred shall be presented under this account head. Dividend may be distributed by debiting this account with the approval of the Board of Directors and endorsed by the General meeting.

l) Investment Adjustment Reserve

It is a regulatory reserve created as a cushion for adverse price movements in Finance Co.'s investments as directed by the Directives of Nepal Rastra Bank.

3.19.3 Share Premium

The amount of money collected on issue of shares in excess of its face value shall be presented under this heading. The outstanding amount in this account shall not be considered eligible for distribution of cash dividend.

3.19.4 Retained Earning

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institutions' operations and is free for distribution of dividend to the shareholders shall be presented under this heading.

3.20 Earning per share including diluted

The Finance Co. measures earning per share on the basis of the earning attributable to the equity shareholders for the Period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share. EPS for prior year have been restated because of issue of bonus share during the year as per NAS 33.

3.21 Segment reporting

Segment has been segregated based on the management function of Finance Co. and accordingly, the seven states of Nepal are considered as the segments. Income and expenses directly related to such segments are reported. Assets and liabilities specific to those are presented as segment assets and liabilities. Income tax is not segregated.

3.22 Events after Reporting Date

These are the events occurring between the reporting date and up to the date of approval of financial statements which are either adjustable or unadjustable.

Adjustable events are adjusted in the presented financial statements. There are no events that require additional disclosure in the financial statements.

3.23 Covid -19 Pandemic Impact on Operating Profitability

The financial institution has granted 10% Interest discount amounted Rs.8,80,002 as per notice no 18/076/77 issued by Nepal Rastra Bank on 2076/12/16 and 2% interest rebate amounted Rs.89,60,701 to each customer as per notice no. 21/076/77 issued by Nepal Rastra Bank on 2077/01/16. The total rebate amount resulted to Rs.98,40,703. Therefore, the operating income of the financial institution has thus declined by such amount.

Reliance Finance Limited
Notes to Financial Statements

Cash and cash equivalent

4.1

Particulars	As at 31.03.2077	As at 31.03.2076
Cash in hand	54,832,438	38,534,849
Balances with B/FIs	769,405,203	980,671,178
Money at call and short notice	-	-
Other	-	-
Total	824,237,640	1,019,206,027

Balances with bank and financial institution includes balance Rs. 1,776,271.99 (p.y Rs. 1,776,271.99) with problematic financial institution (Himalaya Finance Ltd.). Presented amount is net of loss allowance on such balance.

Due from Nepal Rastra Bank

4.2

Particulars	As at 31.03.2077	As at 31.03.2076
Statutory balances with NRB	294,313,186	174,695,841
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	294,313,186	174,695,841

Placements with Bank and Financial Institutions

4.3

Particulars	As at 31.03.2077	As at 31.03.2076
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
Total	-	-

Derivative financial instruments

4.4

Particulars	As at 31.03.2077	As at 31.03.2076
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
Total	-	-

Other trading assets
4.5

Particulars	As at 31.03.2077	As at 31.03.2076
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
Total	-	-
Pledged		
Non-pledged		

Loan and advances to B/FIs
4.6

Particulars	As at 31.03.2077	As at 31.03.2076
Loans to microfinance institutions	399,850,000	350,000,000
Other		-
Less: Allowances for impairment	(3,998,500)	(3,500,000)
Total	395,851,500	346,500,000

4.6.1 : Allowances for impairment

Balance at Shrawan 1	As at 31.03.2077	As at 31.03.2076
Impairment loss for the year:	-	-
Opening	3,500,000	1,430,000
Charge for the year	498,500	2,070,000
Recoveries/reversal		
Amount written off		-
Balance at Asar end	3,998,500	3,500,000

Loans and advances to customers
4.7

Particulars	As at 31.03.2077	As at 31.03.2076
Loan and advances measured at amortized cost	3,821,128,151	3,512,577,250
Less: Impairment allowances		
Collective impairment	(74,659,284)	(110,671,562)
Individual impairment		-
Net amount	3,746,468,868	3,401,905,688
Loan and advances measured at FVTPL		-
Total	3,746,468,868	3,401,905,688

Loan and advance is inclusive of staff loan and accrued interest on such loan net of interest suspense amount.

The above amount of impairment allowance is as per Directive issued by Nepal Rastra Bank.

We have selected around 23% of our outstanding loan for individual impairment test. The market value of collateral on valuation date was subjected to haircut to arrive at adjusted fair value of collateral on each reporting date and if the adjusted fair value is less than outstanding amount, individual impairment is considered along with other factors like repayment history of borrower, credit rating, additional information of customer regarding financial capability, restructuring/rescheduling of loan, etc. None of the loans were individually impaired. Collective assessment has been done using past default rate (probability of default) and a calculated percentage for non-recovery (loss given default) and the rates have been used to calculate impairment allowance as per NAS 39 using incurred loss model.

Particulars	As at 31.03.2077	As at 31.03.2076
Individual impairment	-	-
Collective impairment	32,028,531	37,998,044
Total	32,028,531	37,998,044

Loan classification and impairment allowance as per NRB Directive 2 is as follows:

Particulars	As at 31.03.2077	As at 31.03.2076
Performing loan	3,708,189,293	3,404,804,438
Good	3,670,681,758	3,365,191,313
Watch list	37,507,535	39,613,125
Non-performing loan	41,064,589	75,572,742
Substandard	5,050,000	2,045,000
Doubtful	2,400,000	-
Loss	33,614,589	73,527,742
Total	3,749,253,882	3,480,377,180
Add: loan to employees and Net AIR	71,874,270	32,200,069
Total loan	3,821,128,151	3,512,577,250
Impairment allowance		
Performing loan	38,582,194	35,632,569
Good	36,706,818	33,651,913
Watch list	1,875,377	1,980,656
Non-performing loan	36,077,089	75,038,992
Substandard	1,262,500	511,250
Doubtful	1,200,000	-
Loss	33,614,589	73,527,742
Additional	-	1,000,000
Total	74,659,284	110,671,562

4.7.1: Analysis of loan and advances - By Product

Product	As at 31.03.2077	As at 31.03.2076
Term loans	28,595,000	-
Overdraft	-	-
Trust receipt/Import loans	-	-
Demand and other working capital loans	7,500,000	16,650,589
Personal residential loans	625,388,830	548,910,167
Real estate loans	379,302,730	325,338,461
Margin lending loans	285,722,382	304,634,478
Hire purchase loans	582,561,370	695,666,810
Deprived sector loans	4,814,930	7,323,615
Bills purchased	-	-
Staff loans	13,928,825	7,029,828
Other	1,835,368,640	1,581,853,061
Sub total	3,763,182,707	3,487,407,009
Net Interest receivable	57,945,444	25,170,241
Grand total	3,821,128,152	3,512,577,250

4.7.2: Analysis of loan and advances - By Currency

Currency	As at 31.03.2077	As at 31.03.2076
Nepalese rupee	3,821,128,151	3,512,577,250
Indian rupee		-
United State dollar		-
Great Britain pound		-
Euro		-
Japanese yen		-
Chinese yuan		-
Other		-
Total	3,821,128,151	3,512,577,250

4.7.3: Analysis of loan and advances - By Collateral

Collateral	As at 31.03.2077	As at 31.03.2076
<u>Secured</u>		
Movable/immovable assets	3,737,126,911	3,466,272,464
Gold and silver		-
Guarantee of domestic B/FIs		-
Government guarantee		-
Guarantee of international rated bank		-
Collateral of export document		-
Collateral of fixed deposit receipt	15,240,860	39,274,958
Collateral of Government securities		-
Counter guarantee		-
Personal guarantee	54,831,556	-
Other collateral	13,928,825	7,029,828
Subtotal	3,821,128,152	3,512,577,250
<u>Unsecured</u>		
Grant Total	3,821,128,152	3,512,577,250

4.7.4: Allowances for impairment

Particulars	As at 31.03.2077	As at 31.03.2076
<u>Specific allowances for impairment</u>		
Balance at Shrawan 1		-
Impairment loss for the year:		-
Charge for the year		-
Recoveries/reversal during the year		-
Write-offs		-
Exchange rate variance on foreign currency		-
Other movement		-
Balance at Asar end	-	-
<u>Collective allowances for impairment</u>		
Balance at Shrawan 1	110,671,562	68,087,940
Impairment loss for the year:		
Charge/(reversal) for the year	(36,012,278)	42,583,622
Exchange rate variance on foreign currency		-
Other movement		-
Balance at Asar end	74,659,284	110,671,562
Total allowances for impairment	74,659,284	110,671,562

Investment securities
4.8

Particulars	As at 31.03.2077	As at 31.03.2076
Investment securities measured at amortized cost	800,278,637	55,443,090
Investment in equity measured at FVTOCI	191,841,013	254,340,920
Total	992,119,650	309,784,010

4.8.1: Investment securities measured at amortized cost

Particulars	As at 31.03.2077	As at 31.03.2076
Debt securities		-
Government bonds	743,500,000	23,500,000
Government treasury bills	56,778,637	31,943,090
Nepal Rastra Bank bonds		-
Nepal Rastra Bank deposits instruments		-
Other		-
Less: specific allowances for impairment		-
Total	800,278,637	55,443,090

4.8.2: Investment in equity measured at fair value through other comprehensive income

Particulars	As at 31.03.2077	As at 31.03.2076
Equity instruments		
Quoted equity securities	190,541,613	253,041,520
Unquoted equity securities	1,299,400	1,299,400
Total	191,841,013	254,340,920



4.8.3: Information relating to investment in equities

S.N.	Particulars	As at 31.03.2077		As at 31.03.2076	
		Cost	Fair Value	Cost	Fair Value
	Investment in quoted equity	223,167,992	190,541,613	235,643,899	253,041,520
1	First Microfinance Laghu Bitta Bittiya Sanstha Limitedshares of Rs. each	-	-	10,409,561	6,550,500
2	Gurans Life Insurance Co. Ltd. 1 shares of Rs. 100 each	100	465	1,116,213	1,009,050
3	Laxmi Equity Fund - Mutual Fund 5,90,957 shares of Rs.9.98 each	5,899,474	5,182,693	5,849,570	4,463,222
4	Life Insurance Corporation (Nepal) Limitedshares of Rs. each	-	-	6,067,430	5,393,600
5	Laxmi Value Fund-1- Mutual Fundshares of Rs. each	-	-	200,000	204,000
6	Mero Microfinance Bittiya Sanstha Limitedshares of Rs. each	-	-	400	3,192
7	Nabil Equity Fund - Mutual Fund 13,500 shares of Rs.10 each	135,000	125,955	135,000	125,955
8	Nibl Pragati Fund - Mutual Fund 1,71,247 shares of Rs.10 each	1,712,470	1,395,663	1,712,470	1,274,078
9	Nepal Life Insurance Company Limitedshares of Rs. each	-	-	19,678,416	14,844,876
10	National Life Insurance Company Limited - Promoter Share 1,09,322 shares of Rs.529.71 each	57,909,124	35,311,006	57,909,124	114,121,920
11	National Life Insurance Company Limited- Ordinary Share 15,483 shares of Rs.949.19 each	14,696,269	10,249,746	13,220,602	7,635,420
12	Nimb Hybrid Fund L- 1 Mutual Fund 15,7740 shares of Rs.10 each	1,577,400	1,498,530	1,577,400	1,582,132
13	Nlg Insurance Company Limited- Promoter Share 85,615 shares of Rs.63.17 each	5,408,235	28,124,528	2,197,635	20,386,929
14	Premier Insurance Company (Nepal) Limited 14,435 shares of Rs.755.63 each	10,907,585	8,891,960	10,125,961	6,492,010
15	Sagarmatha Insurance Co. Ltd. 2,954 shares of Rs.937.31 each	2,768,800	2,067,800	2,768,800	1,787,170

S.N.	Particulars	As at 31.03.2077		As at 31.03.2076	
		Cost	Fair Value	Cost	Fair Value
16	Primelife Insurance Company Limited 37,762 shares of Rs.634.56 each	23,962,351	20,051,622	20,755,708	12,784,558
17	Prabhu Insurance Limited 3,661 shares of Rs.629.12 each	2,303,216	1,738,975	2,303,216	1,332,604
18	Rastriya Beema Company Limited 1,307 shares of Rs.13,287.51 each	17,366,771	12,023,093	17,366,771	12,089,750
19	Unilever Nepal Ltd. 330 shares of Rs.29,505.82 each	9,736,921	6,204,000	9,358,570	6,277,500
20	Shikhar Insurance Company Limited 19,500 shares of Rs.1,201.47 each	23,428,701	19,870,500	19,780,002	9,602,805
21	Asian Life Insurance Co. Ltd. 5,002 shares of Rs. 668.42 each	3,343,427	3,036,214	200	1,149
22	Butwal Power Company 26,536 shares of Rs.493.11 each	13,085,045	9,526,424	10,742,270	7,423,350
23	IME General Insurance Co. Ltd. 7,143 shares of Rs.614.69 each	4,390,700	3,135,777	3,948,925	2,268,475
24	Janauthan Samudayik Laghubitta Bittiya Sanssthan Ltd. 11 shares of Rs.1,462.73 each	16,090	18,370	100	935
25	Lumbini General Insurance Co. 5,000 shares of Rs.617.64 each	3,088,216	2,265,000	2,199,999	1,263,340
26	NIC ASIA Growth Fund 1,00,000 shares of Rs.10 each	1,000,000	1,019,000	1,000,000	1,028,000
27	NIC ASIA Balance Fund 50,000 shares of Rs.10 each	500,000	519,000	-	-
28	Prudential Insurance Co. Ltd. 1 shares of Rs.100 each	100	493	-	-
29	Sanima Equity Fund- Mutual Fund 10,00,000 shares of Rs.10 each	10,000,000	9,930,000	10,000,000	9,400,000
30	Sanima Mai Hydropower Ltd. 14,600 shares of Rs.328.69 each	4,798,809	3,255,800	4,219,555	2,695,000
31	NIBL Sahabhagita Fund-Open Ended Mutual Fund 1,00,000 shares of Rs.10 each	1,000,000	1,000,000	1,000,000	1,000,000
32	Sunrise First Mutual Fund 2,50,000 shares of Rs.10 each	2,500,000	2,500,000	-	-
33	Himalayan Distillery Ltd 1,000 shares of Rs.1,633.19 each	1,633,188	1,599,000	-	-
	Investment in unquoted equity	1,082,800	1,299,400	1,082,800	1,299,400
34	Nepal Clearing House Ltd. 12,994 shares of Rs.83.33 each	1,082,800	1,299,400	1,082,800	1,299,400
	Total	224,250,792	191,841,013	236,726,699	254,340,920

Current tax assets
4.9

Particulars	As at 31.03.2077	As at 31.03.2076
Current tax assets	31,809,728	32,851,599
Current year income tax assets	28,965,260	30,007,131
Tax assets of prior periods	2,844,468	2,844,468
Current tax liabilities	44,912,612	35,742,844
Current year income tax liabilities	42,945,343	33,775,575
Tax liabilities of prior periods	1,967,269	1,967,269
Total	(13,102,884)	(2,891,246)

Investment in subsidiaries
4.10

Particulars	As at 31.03.2077	As at 31.03.2076
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
Total investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

4.10.1: Investment in quoted subsidiaries

Particulars	As at 31.03.2077		As at 31.03.2076	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

4.10.2: Investment in unquoted subsidiaries

Particulars	As at 31.03.2077		As at 31.03.2076	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

4.10.3: Information relating to subsidiaries of the Bank

Particulars	Percentage of ownership held by the Bank	
	As at 31.03.2077	As at 31.03.2077
	-	-
	-	-
Total	-	-

4.10.4: Non controlling interest of the subsidiaries

Particulars	As at 31.03.2077	
	Ltd.	Ltd.
Equity interest held by NCI (%)		-
Profit/(loss) allocated during the year		-
Accumulated balances of NCI as on Asar end		-
Dividend paid to NCI		-
	As at 31.03.2077	
	Ltd.	Ltd.
Equity interest held by NCI (%)		-
Profit/(loss) allocated during the year		-
Accumulated balances of NCI as on Asar end		-
Dividend paid to NCI		-
	As at 31.03.2077	
	Ltd.	Ltd.
Equity interest held by NCI (%)		-
Profit/(loss) allocated during the year		-
Accumulated balances of NCI as on Asar end		-
Dividend paid to NCI		-

Investment in associates
4.11

Particulars	As at 31.03.2077	As at 31.03.2076
Investment in quoted associates	-	-
Investment in unquoted associates	-	-
Total investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

4.11.1: Investment in quoted associates

Particulars	As at 31.03.2077		As at 31.03.2076	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

4.11.2: Investment in unquoted associates

Particulars	As at 31.03.2077		As at 31.03.2076	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

4.11.3: Information relating to associates of the Bank

Particulars	Percentage of ownership held by the Finance Company	
	As at 31.03.2077	As at 31.03.2076
	-	-
	-	-
Total	-	-

4.11.4: Equity value of associates

Particulars	As at 31.03.2077	As at 31.03.2076
Total	-	-

Investment properties
4.12

Particulars	As at 31.03.2077	As at 31.03.2076
Investment properties measured at fair value		
Balance as on Shrawan 1	-	-
Addition during the year	-	-
Disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment properties measured at cost		
Balance as on Shrawan 1	714,624	13,055,329
Addition during the year	906,249	-
Disposal during the year	-	(12,340,704)
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	1,620,874	714,624
Total	1,620,874	714,624

Investment property comprise the following assets accounted as non-banking assets (NBA) as per NRB Directives.

Name of Party/NBA Date	As at 31.03.2077	As at 31.03.2076
Manakamana Hastakala, Madanpur, Nuwakot / 2074.03.02	714,624	714,624
Sudarshan Bahadur Thapa, Kalaiya-4, Bara/2076.11.21	906,249	-
Total	1,620,874	714,624

Property and Equipment

4.13

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Machinery	Equipment & Others	Total Asar end 2077
Cost									
As on Sawan 1, 2076			15,460,574	9,678,430	13,571,730	9,840,034	2,248,163	11,855,937	62,654,867
Addition during the Year			6,412,018	5,007,842	10,173,300	4,500,777		5,569,779	31,663,715
Acquisition									
Capitalization									
Disposal during the year									-
Adjustment/Revaluation									
Balance as on Ashad end 2077	-	-	21,872,592	14,686,271	23,745,030	14,340,811	2,248,163	17,425,716	94,318,582
Depreciation and Impairment									
As on Sawan 1, 2076			13,135,117	4,642,112	8,059,002	4,440,806	1,727,023	10,139,573	42,143,633
Depreciation charge for the Year			1,486,289	1,686,798	1,134,983	1,059,165	95,345	1,450,109	6,912,690
Impairment for the year									
Disposals									
Adjustment									
As on Asar end 2077	-	-	14,621,406	6,328,910	9,193,985	5,499,971	1,822,368	11,589,682	49,056,322
Capital Work in Progress									
Net Book Value									
As on Asar end 2077	-	-	7,251,185	8,357,361	14,551,046	8,840,840	425,794	5,836,034	45,262,260

Goodwill and Intangible Assets
4.14

Particulars	Goodwill	Software		Other	Total Asar end 2077
		Purchased	Developed		
<u>Cost</u>					
As on Sawan 1, 2076		3,327,642	-	-	3,327,642
Addition during the Year		2,135,700			2,135,700
Acquisition					-
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation					-
Balance as on Asar end 2077	-	5,463,342	-	-	5,463,342
<u>Amortization and Impairment</u>					
As on Sawan 1, 2076		2,181,324	-	-	2,181,324
Amortization charge for the Year		637,818			637,818
Impairment for the year					-
Disposals					-
Adjustment					-
As on Asar end 2077	-	2,819,142	-	-	2,819,142
Capital Work in Progress					
Net Book Value					
As on Asar end 2076	-	2,644,200	-	-	2,644,200

Deferred Tax
4.15

Particulars	As at 31.03.2077		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs			-
Loans and advances to customers			-
Investment properties			-
Investment securities	9,722,934	-	9,722,934
Property & equipment	722,386		722,386
Employees' defined benefit plan	534,119		534,119
Lease liabilities			-
Provisions			-
Other temporary differences	1,418,448		1,418,448
Deferred tax on temporary differences	12,397,887	-	12,397,887
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
Net Deferred tax asset/(liabilities) as on 31 Asar 2077	12,397,887	-	12,397,887
Deferred tax (asset)/liabilities as on 1 Shrawan 2076			2,833,266
Origination/(Reversal) during the year			15,231,152
Deferred tax (expenses)/income recognised in profit or loss			(2,616,096)
Deferred tax (expenses)/income recognised in other comprehensive income			17,847,248
Deferred tax expenses/(income) recognised in directly in equity			

Particulars	As at 31.03.2076		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	-	5,284,266	(5,284,266)
Property & equipment	230,356	-	230,356
Employees' defined benefit plan	683,149	-	683,149
Lease liabilities	-	-	-
Provisions	-	-	-
Other temporary differences	1,537,495	-	1,537,495
Deferred tax on temporary differences	2,451,000	5,284,266	(2,833,266)
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
Net Deferred tax asset/(liabilities) as on year end of Ashad 32, 2076	2,451,000	5,284,266	(2,833,266)
Deferred tax (asset)/liabilities as on Shrawan 1, 2075			(3,912,847)
Origination/(Reversal) during the year			(6,746,113)
Deferred tax expenses/(income) recognised in profit or loss			746,697
Deferred tax expenses/(income) recognised in other comprehensive income			(7,492,809)
Deferred tax expenses/(income) recognised in directly in equity			

Other Assets
4.16

Particulars	As at 31.03.2077	As at 31.03.2076
Assets held for sale		
Other non banking assets		
Bills receivable	-	-
Accounts receivable	47,309,464	1,455,896
Accrued income	-	-
Prepayments and deposit	7,874,524	2,756,120
Income tax deposit	-	-
Deferred employee expenditure	1,322,579	1,235,816
Other	14,664,095	2,126,235
Total	71,170,662	7,574,066

Due to Bank and Financial Institutions
4.17

Particulars	As at 31.03.2077	As at 31.03.2076
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	-	-
Settlement and clearing accounts	-	-
Other deposits from BFIs	-	-
Total	-	-

Due to Nepal Rastra Bank
4.18

Particulars	As at 31.03.2077	As at 31.03.2076
Refinance from NRB		
Standing Liquidity Facility		
Lender of last report facility from NRB		
Securities sold under repurchase agreements		
Other payable to NRB		
Total	-	-

Derivative financial instruments
4.19

Particulars	As at 31.03.2077	As at 31.03.2076
<u>Held for trading</u>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<u>Held for risk management</u>		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Total	-	-

Deposits from customers
4.20

Particulars	As at 31.03.2077	As at 31.03.2076
<u>Institutions customers:</u>		
Term deposits	1,066,016,128	366,773,304
Call deposits		
Current deposits	50,000,000	
Other	668,680,701	1,174,754,453
<u>Individual customers:</u>		
Term deposits	2,151,631,720	1,465,725,977
Saving deposits	1,271,108,482	1,128,071,370
Current deposits		
Other	50,000	50,000
Total	5,207,487,032	4,135,375,104

4.20.1: Currency wise analysis of deposit from customers

Particulars	As at 31.03.2077	As at 31.03.2076
Nepalese rupee	5,207,487,032	4,135,375,104
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	5,207,487,032	4,135,375,104

Borrowing
4.21

Particulars	As at 31.03.2077	As at 31.03.2076
Domestic Borrowing	-	-
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub total	-	-
Foreign Borrowing	-	-
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub total	-	-
Total	-	-

Provisions
4.22

Particulars	As at 31.03.2077	As at 31.03.2076
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
Total		

4.22.1: Movement in provision

Particulars	As at 31.03.2077	As at 31.03.2076
Balance at Shrawan 1	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
Balance at Asar end	-	-

Other liabilities
4.23

Particulars	As at 31.03.2077	As at 31.03.2076
Liability for employees defined benefit obligation*	-	1,929,357
Liability for long-service leave**	1,780,396	347,807
Short-term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	6,927,991	15,341,109
Interest payable on deposit	29,611,080	37,844,382
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	12,545,671	1,260,391
Liabilities under Finance Lease	-	-
Employee bonus payable	16,486,764	10,794,242
Other	10,786,235	6,485,426
Total	78,138,137	74,002,712

* Gratuity calculated as per Labor Act 2074. Upon compliance with Labour Act 2074, the amount of liability is fixed and accordingly, does not require actuarial valuation.

** The amount is actual liability at each financial reporting date. The total liability amount is not material to the financial statements, accordingly, actuarial valuation has not been done.

4.23.1: Defined benefit obligations

As actuarial valuation is not required for gratuity as mentioned above, the disclosure part from note no. 4.23.1 to 4.23.7 is not required to be filled up, hence kept blank.

Particulars	As at 31.03.2077	As at 31.03.2076
Present value of unfunded obligations		
Present value of funded obligations		
Total present value of obligations		
Fair value of plan assets		
Present value of net obligations		
Recognised liability for defined benefit obligations		

4.23.2: Plan assets

Plan assets comprise

Particulars	As at 31.03.2077	As at 31.03.2076
Equity securities		
Government bonds		
Bank deposit		
Other		
Total		

Actual return on Plan Assets

4.23.3: Movement in the present value of defined benefit obligations

Particulars	As at 31.03.2077	As at 31.03.2076
Defined benefit obligations at Shrawan 1		
Actuarial losses		
Benefits paid by the plan		
Current service costs and interest		
Defined benefit obligations at Asar end		

4.23.4: Movement in the fair value of plan assets

Particulars	As at 31.03.2077	As at 31.03.2076
Fair value of plan assets at Shrawan 1		
Contributions paid into the plan		
Benefits paid during the year		
Actuarial (losses) gains		
Expected return on plan assets		
Fair value of plan assets at Asar end		

4.23.5: Amount recognised in profit or loss

Particulars	As at 31.03.2077	As at 31.03.2076
Current service costs		
Interest on obligation		
Expected return on plan assets		
Total		

4.23.6: Amount recognised in other comprehensive income

Particulars	As at 31.03.2077	As at 31.03.2076
Actuarial (gain)/loss		
Total		

4.23.7: Actuarial assumptions

Particulars	As at 31.03.2077	As at 31.03.2076
Discount rate		
Expected return on plan asset		
Future salary increase		
Withdrawal rate		

Debt securities issued
4.24

Particulars	As at 31.03.2077	As at 31.03.2076
Debt securities issued designated as at fair value through profit or loss		
Debt securities issued at amortised cost		
Total		

Subordinated Liabilities
4.25

Particulars	As at 31.03.2077	As at 31.03.2076
Redeemable preference shares		
Irredeemable cumulative preference shares		
Other		
Total		

Share capital
4.26

Particulars	As at 31.03.2077	As at 31.03.2076
Ordinary shares	832,416,063	832,416,063
Convertible preference shares (equity component)		-
Irredeemable preference shares (equity component)		-
Perpetual debt (equity component only)		-
Total	832,416,063	832,416,063

4.25.1: Ordinary shares

Particulars	As at 31.03.2077	As at 31.03.2076
Authorized Capital		
10,000,000 Ordinary share of Rs. 100 each	1,000,000,000	1,000,000,000
Issued capital		
8,324,160 Ordinary share of Rs. 100 each	832,416,063	832,416,063
Subscribed and paid up capital		
8,324,160 Ordinary share of Rs. 100 each	832,416,063	832,416,063
Less: issue cost of equity capital	-	-
Total	832,416,063	832,416,063
Regulatory Capital (Capital as per NRB Directives, including proposed bonus shares for previous years)	832,416,063	832,416,063

Reconciliation of no. of equity shares	As at 31.03.2077	As at 31.03.2076
Opening	832,416,063	832,416,063
Add: issued during the year	-	-
Closing	832,416,063	832,416,063

4.25.2: Ordinary share ownership

Particulars	As at 31.03.2077		As at 31.03.2076	
	Percent	Amount	Percent	Amount
<u>Domestic ownership</u>				
Nepal Government				
"A" class licensed institutions				
Other licensed institutions				
Other Institutions	5.42	45,099,700	4.49	37,357,376
Public	94.58	787,316,363	95.51	795,058,687
Other				
<u>Foreign ownership</u>				
Total	100	832,416,063	100	832,416,063

The shareholders holding 0.5% or more of total paid up capital as at 31.03.2077 are as follows:

Name of shareholder	% of holding
Kush Prasad Mally	2.69
Gyanendra Prasad Mally	2.69
Rajendra Prasad Mally	2.69
Rastriya Beema Sansthan	2.50
Rajeev Bikram Shah	1.35
Yashaswee Shah	1.35
Mahendra Kumar Goyal	1.28
Ravi Krishna Shrestha	1.08
Amir Das Ranjit	1.05
Gautam Kumar Dongol	0.92
Gauri Shrestha	0.88
Ram Prakash Shrestha	0.88
Sagarmatha Insurance	0.87
Rupa Devi Sarawagi	0.86
Salona Tuladhar	0.81
Eren Gopal Ranjitkar	0.78
Rabindra Bajracharya	0.73
Debendra Khadka	0.67
Amrit Lal Shrestha	0.67
Sanjay Lama Yonjan	0.62
Kabindra Shrestha	0.54
Mandira Shakya	0.54
Ravi Bikram Dhoj Joshi	0.50

Reserves
4.27

Particulars	As at 31.03.2077	As at 31.03.2076
Statutory general reserve	109,944,188	89,437,490
Exchange equalisation reserve	-	-
Corporate social responsibility reserve	1,214,435	1,662,168
Capital redemption reserve	-	-
Regulatory reserve	65,096,335	68,740,387
Investment adjustment reserve	-	4,712,878
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	(19,846,797)	12,329,955
Dividend equalisation reserve	-	-
Actuarial gain	-	-
Special reserve	-	-
Other reserve	1,323,884	1,686,542
Total	157,732,045	178,569,420

4.27.1: Movement of specific reserves for the year 2076-77 is as follows:

Particulars	Corporate social responsibility	Training reserve
Opening	1,662,168	1,686,542
Addition for the year	1,025,335	-
Utilization during the year	(1,473,068)	(362,658)
Closing	1,214,435	1,323,884

4.27.2: The composition of regulatory reserve is as follows:

The movement in regulatory reserve is as follows:

Particulars	Amount	Note
Opening	68,740,387	
Interest income under NFRS	(272,137)	1
Shares at fair value less than their cost	(1,662,068)	2
Addition to non-banking assets	906,249	3
Deferred tax assets on items other than share valuation	(2,616,096)	4
Total	65,096,335	

1. Reversal from interest during the current year has been adjusted in regulatory reserve.
2. Reduction in loss on shares (on shares with fair value less than market value) has been adjusted in regulatory reserve.
3. Additional non- banking asset booked during the year has been included in regulatory reserve.
4. Deferred tax income booked in profit or loss has been transferred to regulatory reserve. OCI component of deferred tax on fair value movement of shares are already separately accounted under fair value reserve, their deferred tax is adjusted in fair value reserve itself, hence, is not required to be adjusted in regulatory reserve.

The composition of regulatory reserve is as follows:

Particulars	As at 31.03.2077	As at 31.03.2076
Interest income on NFRS	10,707,849	10,979,986
Loss on investment	55,383,709	57,045,777
Loss on NBA	1,620,873	714,624
Deferred tax	(2,616,096)	-
Total	65,096,335	68,740,387

Contingent liabilities and commitments
4.28

Particulars	As at 31.03.2077	As at 31.03.2076
Contingent liabilities	-	-
Undrawn and undisbursed facilities	105,780,000	109,970,601
Capital commitment	-	-
Lease Commitment	89,611,322	21,475,135
Litigation		
Total	195,391,322	131,445,736

4.28.1: Contingent liabilities

Particulars	As at 31.03.2077	As at 31.03.2076
Acceptance and documentary credit		
Bills for collection		
Forward exchange contracts		
Guarantees		
Underwriting commitment		
Other commitments		
Total	-	-

4.28.2: Undrawn and undisbursed facilities

Particulars	As at 31.03.2077	As at 31.03.2076
Undisbursed amount of loans	105,780,000	109,970,601
Undrawn limits of overdrafts		
Undrawn limits of credit cards		
Undrawn limits of letter of credit		
Undrawn limits of guarantee		
Total	105,780,000	109,970,601

4.28.3: Capital commitments

Capital expenditure approved by relevant authority of the finance company but provision has not been made in financial statements.

Particulars	As at 31.03.2077	As at 31.03.2076
<u>Capital commitments in relation to Property and Equipment</u>		
Approved and contracted for		
Approved but not contracted for		
Sub total		
<u>Capital commitments in relation to Intangible assets</u>		
Approved and contracted for		
Approved but not contracted for		
Sub total		
Total		

4.28.4: Lease commitments

Particulars	As at 31.03.2077	As at 31.03.2076
<u>Operating lease commitments</u>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year	14,171,461	8,191,214
Later than 1 year but not later than 5 years	49,976,152	12,929,608
Later than 5 years	25,463,709	354,312
Sub total	89,611,322	21,475,135
<u>Finance lease commitments</u>		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year		
Later than 1 year but not later than 5 years		
Later than 5 years		
Sub total	-	-
Grand total	89,611,322	21,475,135

4.28.5: Litigation

A. Income Tax Matters

Finance Co. has filed a case at Revenue Tribunal on 2075.12.13 and 2077.03.26 against the income tax assessment made by Middle Taxpayer Office for fiscal year 2071-72 and 2072-73. The total amount of both fiscal year demanded by tax office and not accepted by Finance Co. was Rs. 43.67 lakhs which included assessment amount of Rs. 18.07 lakhs. The case has not been decided by Revenue Tribunal.

B. Other Legal Cases

There are five cases for and against Finance Co. in different courts. The cases are of general in nature and the company does not expect any additional financial liability to arise on settlement of the cases.

Interest income
4.29

Particulars	Current Year	Previous Year
Cash and cash equivalent	65,186,368	60,555,901
Due from Nepal Rastra Bank		
Placement with bank and financial institutions		
Loan and advances to bank and financial institutions	46,978,323	22,805,049
Loans and advances to customers	508,334,906	486,308,739
Investment securities	15,818,554	2,850,282
Loan and advances to staff	1,420,392	1,031,281
Other		
Total interest income	637,738,543	573,551,252

* Interest income of 2076-77 is inclusive of Rs. 4,72,37,595 collected within Asoj 2077 in line with NRB Directives. During the year, Rs.2,72,137 has been included in interest income as per NFRS and accrued interest on sub standard, doubtful and bad loan has not been recognized.

Interest expenses
4.30

Particulars	Current Year	Previous Year
Due to bank and financial institutions		-
Due to Nepal Rastra Bank		-
Deposits from customers	421,853,320	366,455,229
Borrowing	863,014	-
Debt securities issued		-
Subordinated liabilities		-
Other		-
Total interest expenses	422,716,334	366,455,229

Fees and Commission Income
4.31

Particulars	Current Year	Previous Year
Loan administration fees		-
Service fees	27,625,001	26,625,782
Consortium fees		-
Commitment fees		-
DD/TT/Swift fees		-
Credit card/ATM issuance and renewal fees	14,411	24,185
Prepayment and swap fees	1,768,042	1,623,135
Investment banking fees		-
Asset management fees		-
Brokerage fees	266,966	229,127
Remittance fees	733,134	379,143
Commission on letter of credit		-
Commission on guarantee contracts issued		-
Commission on share underwriting/issue		-
Locker rental		-
Other fees and commission income	269,183	555,763
Total fees and Commission Income	30,676,738	29,437,134

Fees and commission expenses
4.32

Particulars	Current Year	Previous Year
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expenses	-	-
Total fees and Commission Expenses	-	-

Net Trading Income
4.33

Particulars	Current Year	Previous Year
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/loss foreign exchange transaction	-	-
Other	-	-
Net trading income	-	-

Other operating income
4.34

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain		-
Gain/loss on sale of investment securities	3,835,681	638,759
Fair value gain/loss on investment properties		-
Dividend on equity instruments	2,799,319	1,231,327
Gain/loss on sale of property and equipment		(23,151)
Gain/loss on sale of investment property		783,628
Operating lease income		-
Gain/loss on sale of gold and silver		-
Locker rent		-
Other	1,989,090	1,138,735
Total	8,624,090	3,769,298

Impairment charge/(reversal) for loan and other losses
4.35

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs		-
Impairment charge/(reversal) on loan and advances to customer	(35,513,778)	44,653,622
Impairment charge/(reversal) on financial Investment		-
Impairment charge/(reversal) on placement with banks and financial institutions		-
Impairment charge/(reversal) on property and equipment		-
Impairment charge/(reversal) on goodwill and intangible assets		-
Impairment charge/(reversal) on investment properties		-
Total	(35,513,778)	44,653,622

Personnel Expenses
4.36

Particulars	Current Year	Previous Year
Salary	32,826,198	24,118,375
Allowances	16,174,715	7,957,929
Gratuity expense	5,738,135	1,929,357
Provident fund	3,285,061	2,224,369
Uniform	1,123,197	923,895
Training & development expense	362,659	1,159,580
Leave encashment	2,934,756	1,085,417
Medical/Insurance	2,228,463	1,562,133
Employees incentive		-
Cash-settled share-based payments		-
Pension expense		-
Finance expense under NFRS	123,582	94,952
Other expenses related to staff	2,312,484	1,578,176
Subtotal	67,109,250	42,634,184
Employees bonus	16,454,992	10,794,242
Grand total	83,564,243	53,428,426

Other operating expenses
4.37

Particulars	Current Year	Previous Year
Directors' fee	979,583	941,000
Directors' expenses	164,975	445,905
Auditors' remuneration	678,000	678,000
Other audit related expenses		-
Professional and legal expenses	3,644,918	3,585,193
Office administration expenses	31,891,884	23,985,055
Operating lease expenses	11,794,706	7,937,644
Operating expenses of investment properties		-
Corporate social responsibility expenses	1,473,068	252,190
Onerous lease provisions		-
Other		438,710
Total	50,627,134	38,263,697

Other operating expenses
4.37

Office administration expenses include the following:	Current Year	Previous Year
Water and electricity	1,710,374	1,371,486
Repair and maintenance		
Building	-	-
Vehicles	275,358	352,125
Computer and accessories	251,384	17,800
Office equipment and furniture	29,731	239,916
Others	119,349	10,920
Insurance	1,229,010	707,826
Postage, telex, telephone , fax	2,095,970	1,395,878
Printing and stationery	1,988,058	1,475,397
Newspaper, books and journal	55,115	56,661
Advertisement	997,140	917,466
Donation	9,000	21,000
Security	9,286,497	5,866,136
Deposit and loan guarantee premium	931,083	830,152
Travel allowance and expenses	1,878,258	1,236,920
Entertainment	269,276	384,646
Annual/special general meeting	560,336	653,304
Other	10,205,946	8,447,422
Total	31,891,884	23,985,055

Depreciation & Amortisation
4.38

Particulars	Current Year	Previous Year
Depreciation on property and equipment	6,912,690	6,248,052
Depreciation on investment property		-
Amortisation of intangible assets	637,818	560,481
Total	7,550,508	6,808,533

Non operating income
4.39

Particulars	Current Year	Previous Year
Recovery of loan written off	-	-
Other income	-	-
Total	-	-

Non operating expenses
4.40

Particulars	Current Year	Previous Year
Loan written off	-	-
Redundancy provision	-	-
Expenses of restructuring	-	-
Other expenses	-	-
Total	-	-

Income tax expenses
4.41

Particulars	Current Year	Previous Year
Current tax expenses	42,945,343	33,775,575
Current year	42,945,343	33,775,575
Adjustments for prior years		-
Deferred tax expenses	2,616,096	(746,697)
Origination and reversal of temporary differences	2,616,096	(746,697)
Changes in tax rate		-
Recognition of previously unrecognised tax losses		-
Total income tax expenses/(income)	45,561,439	33,028,878

4.41.1: Reconciliation of tax expenses and accounting profit

Particulars	Current Year	Previous Year
Current Year		
Profit before tax	148,094,931	97,148,177
Tax amount at tax rate of 30%	44,428,479	29,144,453
Add: Tax effect of expenses that are not deductible for tax purpose	79,045	4,631,122
Less: Tax effect on exempt income	1,562,181	
Add/less: Tax effect on other items		
Total income tax expenses	42,945,343	33,775,575
Effective tax rate	29.00%	34.77%

Statement of Distributable Profit or Loss
4.42

Particulars	Current Year	Previous Year
Opening retained earning	54,809,232	183,885,468
Distribution to shareholders	(54,764,215)	(111,093,121)
Reserves transferred to retained earning	11,379,273	835,025
Adjusted retained earning available for distribution before current year profit	11,424,291	73,627,372
Net profit or (loss) as per statement of profit or loss	102,533,492	64,119,299
Appropriations:		
a. General reserve	(20,506,698)	(12,823,860)
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	(1,025,335)	(641,193)
e. Employees' training fund		(582,836)
f. Other		(149,165)
Profit or (loss) before regulatory adjustment	92,425,749	123,549,618
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	272,137	(10,979,986)
b. Short loan loss provision in accounts (-)/reversal (+)		
c. Short provision for possible losses on investment (-)/reversal (+)	1,662,068	(57,045,777)
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(906,249)	(714,624)
e. Deferred tax assets recognised (-)/ reversal (+)	2,616,096	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognised (-)/reversal (+)		
h. Actuarial loss recognised (-)/reversal (+)		
i. Other (+/-)		
Distributable profit or (loss) for current year	96,069,801	54,809,232

Reliance Finance Limited

Notes to Financial Statements

5 Disclosure and Additional Information

5.1 Risk Management

The Finance Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity risk, operational risk and credit risk, which may adversely impact the fair value of its financial instruments and in overall, impact the financial performance and position of Finance Co. The Finance Co.'s Board and senior management has overall responsibility for the establishment and oversight of the Finance's risk management. The Finance Co.'s risk management policies are established to identify and analyses the risks faced by the Finance Co., to set appropriate risk limits (tolerance limit) and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit Risk

Credit risk refers to the probability of loss due to a borrower's failure to make payments on the loan provided by the Finance Co. This directly impacts the financial performance of Finance Co.. Motive of credit risk management is to gain a complete understanding of a Finance's overall credit risk by viewing risk at the individual, customer and portfolio levels so that mitigating measures could be applied at desired levels.

Credit policy, product papers are the primary documented matters that are directly linked to credit risk management. The policies and procedures to be followed are in documented form defining roles and responsibilities of the personnel involved that provides a degree to autonomy on the evaluation and analysis of individual borrower. Credit Administration Department as well as senior management function to supervise risk on overall level.

Each prospective borrower is thoroughly analysed on his/her past, current status and future endeavours in order to ensure that borrower has capacity of repayment, before a credit is approved. Sufficient adequate collateral is obtained for all approved credit. Depending on the risk assigned to borrower, subsequent monitoring is being done. For similar group of borrowers, credit portfolio is prepared based on sector of loan.

The tools being used by Finance Co. to assess overall credit risk is the ratio of non-performing loan to total loan on each loan sector.

b) Market Risk

Market risk is the risk of happening of potential loss on assets of the Finance Co. due to market factors. Market factors mainly comprise of interest rate, foreign exchange and collateral price. This risk is not entirely manageable as it encompasses factors that are not wholly within the control of Finance Co. and arises on transaction with customers. In general, management of this type of risk is by diversification.

Finance Co. has the objective of effective risk management by way of risk identification, measurement, monitoring, management and analysis.

Interest Rate Risk: Interest rate risk is the risk of increased volatility due to changes in interest rate. Our nation has seen frequent and high changes in interest rate on deposit in the recent year with interest rate skyrocketing on few months time. Managing this risk is itself a huge challenge because fund diversion from one to Finance to another Finance is of high probability. Finance Co. has been focusing on raising fixed term deposits with fixed interest rate in order to lock the available liquidity/deposit for specified period.

Foreign Exchange Risk: Foreign exchange risk is the risk of changes in exchange rates of convertible foreign currencies. This risk mainly arises from changes in exchange rate of US Dollars. Finance Co. does not have transaction in foreign currency.

Equity Price Risk: Finance Co. has secured its loan by way of obtaining lien over the collateral of borrower. The value of loan disbursed is directly pegged with the value of collateral. Decrease in price of collateral may result in cases of non-recovery of the due amount if borrower defaults in making payment. Collateral value may decline due to environmental factors, government decision, etc. Finance Co. properly analyses the collateral before considering it as security and conducts independent valuation of collateral. Revaluation is done on periodic basis based on the developments after previous valuation and necessary mitigate measures are taken if the value is found to have been declined.

c) Liquidity Risk

Liquidity risk is the risk that either Finance Co. does not have financial resource to meet its obligations when due or could access to those resources at excessively high cost. Liquidity risk is managed by complying with the Directives and circulars issued by regulatory authority on time to time basis. CRR and SLR are maintained as per regulatory requirement and periodic status of liquidity profile are prepared to analyse liquidity status. Assets Liability Management Committee is formed at Finance Co. to monitor the liquidity profile. Cash, highly liquid securities and investments form an integral part of managing liquidity risk.

d) Operational Risk

Operational risk is potential for loss resulting from inadequate or failed internal processes, people and systems or external events. Risk Management Department is in place to monitor and mitigate operational risk. Standard operating procedures are prepared and implemented in order to define the process, people and system involved in each operational matters with existence of four eyes on each transaction (maker and checker function). Finance Co. carries out internal audit from independent professionals on periodic basis in order to review the effectiveness of control system that has been designed to mitigate the operational risk which is monitored by the Audit Committee.

e) Information Technology Risk

Information technology risk refers to the risk arising from use of information technology. It includes hardware and software failure, human error on using IT, spam, virus, malicious attacks and also includes natural disaster. IT is integral part of operation of Finance Co. and Finance Co. has to rely heavily on IT. Finance Co. has in-house IT department for daily monitoring, evaluation of IT related issues. Finance Co.'s IT risk management comprises of investing in resources for identification, detection, recovery, respond and protection of IT assets.

f) Other Risk

The ever-changing environment gives rise to various new risks. Some of this include reputational risk, human resource risk, compliance risk etc. The risks are being evaluated and managed on daily/periodic basis by way of implementing mitigating measures. Nevertheless, the Risk Management Department/Compliance Department remains vigilant towards each risk.

5.2 Fair Value of Financial Assets and Liabilities and their Classification

The method of determination of fair value of financial assets and financial liabilities of the Finance at three levels (level one, level two and level three) has been disclosed in Note 3.4.4. Classification of financial assets and financial liabilities is done as mentioned in Note 3.4.2.

Fair value measurement is done for investment in shares. Fair value hierarchy of financial assets and liabilities at each reporting dates for the financial instruments presented in statement of financial position is as follows:

As at 31 Ashad 2077

Particulars	Classification	Level 1	Level 2	Level 3
<u>Financial Assets</u>				
Cash and cash equivalent				824,237,640
Due from Nepal Rastra Bank	AC			294,313,186
Loans and advances to customers	AC			4,142,320,368
Investment securities				
Quoted shares	FVOCI	190,541,613		
Unquoted shares	FVOCI			1,299,400
Other Investment	AC			800,278,637
Total Financial Assets		190,541,613	-	6,062,449,231
<u>Financial Liabilities</u>				
Due to Nepal Rastra Bank	AC	-		
Due to Bank and Financial Institutions	AC			
Deposits from customers	AC			5,207,487,032
Other Liabilities		-	-	78,138,137
Total Financial Liabilities		-	-	5,285,625,169

Note: AC = Amortized Cost, FVOCI = Fair Value Through OCI

5.3 Capital Management

5.3.1 Principle and Objective

The principle of capital management of the Finance Co. is to maintain strong capital base, meet the regulatory requirements and ensure reasonable return on capital to its shareholders. The Finance Co., through its senior management level and manages the capital to meet regulatory requirement at all times and the Board ensures that such management of capital has been carried out by the management. Finance Co. has issued ordinary equity shares and the paid up capital meets the requirement of NRB. Periodic review of core capital and capital fund is also being done to ensure the capital base remains strong. Capital Adequacy Framework (CAF) 2007 (Updated 2008) is a benchmark of managing capital base of the Finance Co.

Finance Co. has not issued preference capital or any other form of hybrid instruments that may be converted into capital.

5.3.2 Capital Structure and Capital Adequacy

Capital Fund of Finance Co. as per CAF 2007 is as follows (amount in '000):

Particulars	As at 31 Ashad 2077	As at 31 Ashad 2076
1.1 Risk Weighted Exposure (RWE)		
RWE for Credit Risk	4,197,571	3,833,583
RWE for Operational Risk	287,116	169,532
RWE for Market Risk	-	-
Total RWE before adjustment under Pillar II	4,484,687	4,003,115
Adjustments under Pillar II		
Total RWE	4,484,687	4,003,115
1.2 Capital		
A. Core Capital (Tier I)	1,039,571	977,804
Paid up Equity Share Capital	832,416	832,416
Irredeemable Non-cumulative preference shares		
Share Premium	1,141	1,141
Proposed Bonus Equity Shares		
Statutory General Reserves	109,944	89,437
Retained Earnings	96,070	54,809
Un-audited current year cumulative profit/(loss)		
Capital Redemption Reserve		
Capital Adjustment Reserve		
Dividend Equalization Reserves		
Other Free Reserve		
Less: Goodwill		
Less: Deferred Tax Assets		-
Less: Fictitious Assets		
Less: Investment in equity in licensed Financial Institutions		
Less: Investment in equity of institutions with financial interests		
Less: Investment in equity of institutions in excess of limits		
Less: Investments arising out of underwriting commitments		
Less: Reciprocal crossholdings		
Less: Purchase of land & building in excess of limit and unutilized		
Less: Other Deductions		
Adjustments under Pillar II		

B. Supplementary Capital (Tier II)	36,077	44,835
Cumulative and/or Redeemable Preference Share		
Subordinated Term Debt		
Hybrid Capital Instruments		
General Loan Loss Provision	36,077	35,633
Exchange Equalization Reserve	-	4,713
Investment Adjustment Reserve		
Assets Revaluation Reserve	-	-
Other Reserves	-	4,490
Total Capital Fund (Tier I and Tier II)	1,075,648	1,022,638
1.3 Capital Adequacy Ratio	-	-
Tier I Capital to Total RWE	23.18%	24.43%
Total Capital Fund to Total RWE	23.98%	25.55%

5.3.3 Risk Exposure

Table of Risk Exposure at the reporting dates (amount in '000) is as follows:

a) Credit Risk

A. Balance Sheet Exposures	Current Year						Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Cash Balance	54,832			54,832	0%	-	38,535	0
Balance With Nepal Rastra Bank	294,313			294,313	0%	-	174,696	0
Gold				-	0%	-		0
Investment in Nepalese Government Securities	800,279			800,279	0%	-	55,443	0
All Claims on Government of Nepal				-	0%	-	-	0
Investment in Nepal Rastra Bank securities				-	0%	-	-	0
All claims on Nepal Rastra Bank				-	0%	-	-	0
Claims on Foreign Government and Central Bank (ECA 0-1)				-	0 %	-	-	0
Claims on Foreign Government and Central Bank (ECA -2)				-	20%	-	-	0
Claims on Foreign Government and Central Bank (ECA -3)				-	50%	-	-	0
Claims on Foreign Government and Central Bank (ECA-4-6)				-	100%	-	-	0
Claims on Foreign Government and Central Bank (ECA -7)				-	150%	-	-	0
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework				-	0%	-	-	0
Claims on Other Multilateral Development Banks				-	100%	-	-	0
Claims on Public Sector Entity (ECA 0-1)				-	20%	-	-	0
Claims on Public Sector Entity (ECA 2)				-	50%	-	-	0
Claims on Public Sector Entity (ECA 3-6)				-	100%	-	-	0
Claims on Public Sector Entity (ECA 7)				-	150%	-	-	0

Claims on domestic banks that meet capital adequacy requirements	769,405			769,405	20%	153,881	978,895	195,779
Claims on domestic banks that do not meet capital adequacy requirements	1,776			1,776	100%	1,776	1,776	1,776
Claims on foreign bank (ECA Rating 0-1)				-	20%	-	-	-
Claims on foreign bank (ECA Rating 2)				-	50%	-	-	-
Claims on foreign bank (ECA Rating 3-6)				-	100%	-	-	-
Claims on foreign bank (ECA Rating 7)				-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement				-	20%	-	-	-
Claims on Domestic Corporates				-	100%	-	-	-
Claims on Foreign Corporates (ECA 0-1)				-	20%	-	-	-
Claims on Foreign Corporates (ECA 2)				-	50%	-	-	-
Claims on Foreign Corporates (ECA 3-6)				-	100%	-	-	-
Claims on Foreign Corporates (ECA 7)				-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	1,732,488			1,732,488	75%	1,299,366	1,717,293	1,287,970
Claims fulfilling all criterion of regularity retail except granularity	998,942			998,942	100%	998,942	762,273	762,273
Claims secured by residential properties	618,687			618,687	60%	371,212	539,566	323,740
Claims not fully secured by residential properties	3,023			3,023	150%	4,535	-	-
Claims secured by residential properties (Overdue)	3,679			3,679	100%	3,679	149	149
Claims secured by Commercial real estate	373,500			373,500	100%	373,500	334,533	334,533
Past due claims (except for claims secured by residential properties)	117,822			117,822	150%	176,733	132,653	198,979
High Risk claims	300,963			300,963	150%	451,445	304,634	456,952
Investments in equity and other capital instruments of institutions listed in stock exchange	223,168			223,168	100%	223,168	235,644	235,644
Investments in equity and other capital instruments of institutions not listed in the stock exchange	1,083			1,083	100%	1,083	1,083	1,624
Staff loan secured by residential property	13,496			13,496	150%	20,244	7,030	4,218
Interest Receivable/claim on government securities	12,283			12,283	50%	6,142	328	-
Cash in transit and other cash items in the process of collection				-	0%	-	-	-
Other Assets (as per attachment)	214,222	1,621		212,601	20%	42,520	29,946	29,946
TOTAL (A)	6,533,961	1,621	-	6,532,340	100%	4,128,225	5,314,478	3,833,583
B. Off Balance Sheet Exposures						-		
Revocable Commitments				-	0%	-		
Bills Under Collection				-	0%	-		
Forward Exchange Contract Liabilities				-	10%	-		
LC Commitments With Original Maturity Up to 6 months domestic counterparty				-	20%	-		
Foreign counterparty (ECA Rating 0-1)				-	20%	-		
Foreign counterparty (ECA Rating 2)				-	50%	-		
Foreign counterparty (ECA Rating 3-6)				-	100%	-		
Foreign counterparty (ECA Rating 7)				-	150%	-		

LC Commitments With Original Maturity Over 6 months domestic counterparty				-	50%	-		
Foreign counterparty (ECA Rating 0-1)				-	20%	-		
Foreign counterparty (ECA Rating 2)				-	50%	-		
Foreign counterparty (ECA Rating 3-6)				-	100%	-		
Foreign counterparty (ECA Rating 7)				-	150%	-		
Bid Bond, Performance Bond and Counter guarantee domestic counterparty				-	50%	-		
Foreign counterparty (ECA Rating 0-1)				-	20%	-		
Foreign counterparty (ECA Rating 2)				-	50%	-		
Foreign counterparty (ECA Rating 3-6)				-	100%	-		
Foreign counterparty (ECA Rating 7)				-	150%	-		
Underwriting commitments				-	50%	-		
Lending of Bank's Securities or Posting of Securities as collateral				-	100%	-		
Repurchase Agreements, Assets sale with recourse				-	100%	-		
Advance Payment Guarantee				-	100%	-		
Financial Guarantee				-	100%	-		
Acceptances and Endorsements				-	100%	-		
Unpaid portion of Partly paid shares and Securities				-	100%	-		
Irrevocable Credit commitments (short term)	94,500			94,500	20%	18,900		
Irrevocable Credit commitments (long term)	100,891			100,891	50%	50,446		
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement				-	20%	-		
Other Contingent Liabilities				-	100%	-		
Unpaid Guarantee Claims				-	200%	-		
TOTAL (B)	195,391	-	-	195,391		69,346	-	-
Total RWE for credit Risk Before Adjustment (A) +(B)	6,729,352	1,621	-	6,727,731		4,197,571	5,314,478	3,833,583
Adjustments under Pillar II								
Total RWE for Credit Risk	6,729,352	1,621	-	6,727,731		4,197,571	5,314,478	3,833,583

Eligible Credit Risk Mitigants

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Balance Sheet Exposures										
Claims on Foreign government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	-	-	-	-	-	-	-	-	-	-
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims not fully secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-
Past due claims (except for claims secured by residential properties)	-	-	-	-	-	-	-	-	-	-
High Risk claims	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions listed in stock exchange	-	-	-	-	-	-	-	-	-	-

Total

5.3.3.3 Risk Exposure

Total

b) Operational Risk
Amount in '000

Particulars	Fiscal Year		
	2073-74	2074-75	2075-76
Net Interest Income	101,880	152,494	207,096
Commission and Discount Income	1,552	24,846	29,437
Other Operating Income	8,074	5,701	3,769
Exchange Fluctuation Income			
Addition/Deduction in Interest Suspense during the period	21,230	3,963	14,190
Gross income (a)	132,736	187,004	254,492
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	19,910	28,051	38,174
Capital Requirement for operational risk (d) (average of c)			28,712
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			287,116
Pillar II Adjustments			
If Gross Income for the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
Risk Weight (reciprocal of capital requirement of 10%) in times			10
Equivalent Risk Weight Exposure (g)			-
Equivalent Risk Weight Exposure [h=f+g]			287,116

c) Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NRs.)		Relevant Open Position of Previous Year	
INR	-	-	-	-	-	-
USD	-	-	-	-	-	-
GBP	-	-	-	-	-	-
EUR	-	-	-	-	-	-
THB	-	-	-	-	-	-
CHF	-	-	-	-	-	-
AUD	-	-	-	-	-	-
CAD	-	-	-	-	-	-
SGD	-	-	-	-	-	-
JPY	-	-	-	-	-	-
HKD	-	-	-	-	-	-
DKK	-	-	-	-	-	-
SEK	-	-	-	-	-	-
SAR	-	-	-	-	-	-
QAR	-	-	-	-	-	-
AED	-	-	-	-	-	-
MYR	-	-	-	-	-	-
KRW	-	-	-	-	-	-
CNY	-	-	-	-	-	-
KWD	-	-	-	-	-	-
BHD	-	-	-	-	-	-
(a) Total Open Position						-
(b) Fixed Percentage						5%
(c) Capital Charge for Market Risk (=a*b)						-
(d) Risk Weight (reciprocal of capital requirement of 10%) in times						10
(e) Equivalent Risk Weight Exposure (=c×d)						-

d) Non Performing Assets (Gross and Net)

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled			
Sub-Standard	5,050,000	1,262,500	3,787,500
Doubtful	2,400,000.00	1,200,000.00	1,200,000.00
Bad	33,614,589	33,614,589	-
Total	41,064,589	36,077,089	4,987,500

5.3.4 Compliance with Capital Requirement

Inline with NRB Directive 1/076, the following is the status of compliance with capital requirements at Ashad end 2077.

Particulars	Requirement	Position
Tier I Capital to RWE	6%	23.18%
Tier I and Tier II Capital to RWE	10%	23.98%

5.4 Operating Segment Information

5.4.1 General Information

Finance Co.'s management has identified its operating segments based on the management of its branches and offices. In line with this, 7 different segments are identified based on 7 Provinces of Nepal on geographical separation basis. The operation, risk, transactions, etc. are more inclined on similar manner on a particular state. All the related income and expenses of such segments are presented in the segment information. Equity, staff bonus, NFRS adjustments and income tax are not segregated and are included in central account. Intra-segment transactions are eliminated. Finance Co. does not have presence in Province 2 and Karnali province, hence, it is not reported. In general, the sectors that derive revenue is classified in the following manner.

- Consumer Financeing: Revenue generated by serving individual consumer is categorized under this product. This includes loans and deposit from individual customer.
- Corporate Financeing: Revenue generated from customer other than consumer is categorized under this product. This includes loan and deposit.
- Treasury: Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this product.
- Others: Other revenue are included in this product and includes operational service fees, locker, guarantee commission, etc.

5.4.2 Segment result and segment position for the year ended on Ashad 2077

Particulars	Province 1	Province 2	Bagmati	Gandaki	Lumbini	Karnali	Far west	Unallocated	Total
Revenue from external customers	15,942,923		586,460,700	72,642,983	1,470,333		522,432		677,039,371
Intersegment revenues									-
Net revenue	15,942,923	-	586,460,700	72,642,983	1,470,333	-	522,432	-	677,039,371
Interest income	14,777,910		552,139,109	69,374,436	1,139,981	-	307,107		637,738,543
Interest expenses	7,281,367		362,868,980	50,479,342	1,373,666	-	712,979		422,716,334
Net interest revenue	7,496,544	-	189,270,129	18,895,094	(233,685)	-	(405,873)	-	215,022,209
Depreciation and amortization	828,652		3,688,964	1,379,437	640,605		1,012,850		7,550,508
Segment profit/(loss)	403,143		154,591,723	4,272,570	(4,251,779)		(6,920,725)		148,094,932
Entity's interest in the profit or loss of associate accounted for using equity method									
Other material non-cash items:									-
Loans:	136,320,513	-	3,525,503,437	442,700,211	25,753,633	-	12,042,574	-	4,142,320,367
Consumer	110,663,315		2,207,684,369	340,121,430	11,536,586	-	8,252,574		2,678,258,273
Corporate	25,657,198		1,317,819,069	102,578,781	14,217,047	-	3,790,000		1,464,062,094
Deposit	126,699,575	-	4,166,592,078	829,786,334	42,755,862	-	41,653,183	-	5,207,487,032
Consumer	69,939,072		2,777,216,603	521,397,226	16,787,657	-	37,449,644		3,422,790,202
Corporate	56,760,503		1,389,375,475	308,389,108	25,968,204	-	4,203,539		1,784,696,830
Impairment of Assets	2,221,685		70,827,050	5,209,086	257,536	-	142,426		78,657,783
Segment Assets	237,808,192		5,507,016,567	551,453,566	43,135,342	-	46,673,061		6,386,086,727
Segment Liabilities	125,639,859		4,244,466,323	843,941,418	42,910,224	-	41,770,228		5,298,728,053

5.4.3 Measurement of operating segment profit or loss, assets and liabilities

i) Basis of accounting for any transactions between reportable segments:

All revenue generated including intra-segment revenue and expenses incurred in particular segment are presented under segment revenue and expenses. Intra-segment revenue/cost is netted off at Head Office.

ii) Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's profit or loss before income tax.

There does not exist such difference.

iii) Nature of any differences between the measurements of the reportable segment's assets and the entity's assets.

There does not exist such difference.

iv) Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect if any

Previously, segment reporting was not done. In current scenario, segment reporting based on geographical segment is presented.

v) Nature and effect of any asymmetrical allocations to reportable segments

There is no such allocation.

5.4.4 Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

a) Revenue

Total revenue for reportable segments	677,039,371
Other revenue	
Elimination of intersegment revenues	
Entity's revenue	677,039,371

b) Profit or loss

Total profit or loss for reportable segments	148,094,932
Other profit or loss	
Elimination of intersegment profit	
Unallocated amounts:	
NFRS adjustments	
Profit before income tax	148,094,932

c) Assets

Total assets for reportable segments	6,386,086,056
Other assets	
Unallocated assets	1,322,579
Entity's assets	6,387,409,306

d) Liabilities

Total liabilities for reportable segments	5,298,728,053
Other liabilities	
Unallocated liabilities	
Entity's liabilities	5,298,728,053



5.4.5 Information about product and services

Particulars	Amount
Consumer banking	585,989,967
Corporate banking	65,186,368
Treasury	15,818,554
Others	10,044,482

5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

Domestic:	
Province 1	15,942,923
Province 2	-
Bagmati	586,460,700
Gandaki	72,642,983
Lumbini	1,470,333
Karnali	522,432
Far West	-
Foreign:	-
Total	677,039,371

5.4.7 Information about major customers

None of the customer have contribution of 10% of more revenue on total revenue of Finance Company.

5.5 Share options and share based payment

Not applicable

5.6 Contingent liabilities and capital commitment

Contingent liabilities are:

- 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 entity or
- present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Capital commitment are projected capital expenditure a company commits to spend on long-term assets over a period of time.

Quantitative information on contingent liabilities and capital commitments are presented in Note 4.28.

5.7 Related parties disclosure

Related parties of the Finance Company include key management personnel of the Finance Company.

5.7.1 Key management personnel

Key management personnel include Board of Director of the Finance Company and Chief Executive Officer.

a) Board of Directors

Board of Directors of the Finance Company comprise the following:

Name	Position
Kush Prasad Mally	Chairperson
Sur Krishna Vaidya	Director
Ravi Krishna Shrestha	Director
Tulsi Prasad Baral	Director
Upendra Bahadur Karki	Director
Sweta Kakshapati Shakya	Director
Binod Kumar Tandukar	I. Director

Mr. Yuja Kumar Bhaila serves as the secretary of Board.

Allowance and facilities provided to board members

Chairperson of the Board is provided Rs. 5,500 and other board members are provided Rs. 5,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during the year to board members was Rs. 9,70,583.

All board members are provided Rs. 1,500 per month in order to cover expenses related to newspaper and telephone expenses.

For official travel, members of board are provided travel and daily allowance as per the rules of Finance Company.

Apart from the stated allowance and facilities, other allowance and facilities are not provided to board members.

There has not been any commercial transaction of the Finance Company with its board members.

b) Chief Executive Officer

Mr. Anil Shrestha serves as Chief Executive Officer of the Bank. He is provided salary and allowance and benefits as per contract entered on his appointment. Annual salary and allowances provided to Mr. Shrestha during the year amounts to Rs. 40,41,800 (previous year Rs. 3,579,784). Vehicle is provided for official purpose only during office hours.

Finance Company has not entered into any commercial transaction with its CEO.

5.8 Merger and acquisition

During the current fiscal year, there has not been any completed merger or acquisition. Finance Co. has not entered into any such agreements subsequently also.

5.9 Additional Disposal of none consolidated Entity

The Finance Company has no on unconsolidated Entity.

5.10 Events after reporting date

The Finance Co. follows NAS 10 Events After Reporting Period for accounting and reporting of the events that occur after the reporting period. Finance Co. classifies those events as adjusting and non-adjusting. There are no material events both adjusting or non-adjusting for the reporting period.

5.11 Proposed Distribution (Dividend and Bonus Shares)

The Board of Directors of the finance co. has proposed 10% bonus share of Rs.8,32,41,606 and 0.53% of Rs.43,81,137 cash dividend (for tax purpose) of paid up capital vide board meeting dated 20.11. 2077.

The proposed dividend is subjected to approval from Nepal Rastra Bank and then the shareholder in the insuring Annual General Meeting of the company.

Reliance Finance Limited
Notes to Financial Statements

5.11 Major Financial Indicators of Last Five Years

S.N.	Particulars	Indicator	2076-77	2075-76	2074-75	2073-74	2072-73
1	Net profit/total income	%	15.14	10.57	13.14	28.50	31.91
2	Earning per share						
	Basic earning per share	Rs.	12.32	8.78	11.83	21.14	19.41
	Diluted earning per share	Rs.	12.32	8.78	11.83		
3	Market price per share	Rs.	121	126	119	212	301
4	Price/earning ratio	Times	9.82	14.36	10.06	10.03	15.51
5	Dividend or bonus per share	Rs.	10.00	0.00	0.00	12.00	15.00
6	Cash dividend	Rs.	0.53	6.58	2.63	0.63	0.79
7	Interest income/loan and advances	%	17.01	16.48	16.48	13.42	11.57
8	Employee expenses/total operating expenses	%	58.96	54.24	52.79	46.57	43.48
9	Employee expenses/total deposit and borrowing	%	1.60	1.29	1.21	0.96	0.90
10	Exchange income/total income	%	0.00	0.00	0.00	0.00	0.00
11	Staff bonus/total employee expenses	%	19.69	20.20	14.08	49.83	56.47
12	Net profit/loans and advances	%	2.48	1.71	2.22	4.09	4.10
13	Net profit/total assets	%	1.61	1.21	1.44	2.69	2.82
14	Total loans and advances/total deposit	%	72.00	84.16	80.32	82.15	87.01
15	Total operating expenses/total assets	%	2.22	1.86	1.79	1.65	1.64
16	Capital adequacy ratio						
	a) Core Capital	%	23.18	24.43	33.93	20.57	22.45
	b) Supplementary Capital	%	0.80	1.12	1.42	1.06	1.00
	c) Total Capital Fund	%	23.98	25.55	35.35	21.62	23.45
17	Cash reserve ratio (CRR)	%	21.48	28.87	36.57	36.42	37.93
18	NPAs/total loan and advances	%	1.10	2.17	1.25	1.70	2.50
19	Base rate	%	11.25	12.34	9.38	12.90	9.38
20	Weighted average interest rate spread	%	4.4	4.90	5.72	5.80	5.72
21	Book net worth	Rs.	1,087,359	1,066,935	976,523	676,844	572,688
22	Total shares	No.	8,324,160	8,324,160	8,022,886	5,125,715	4,457,143
23	Total employees	No.	129	92.00	88.00	82.00	55.00
24	Others:						
	Per employee business (Rs. In lakh)	%	290.64	378.30	339.98	313.55	383.69
	Employee expenses/total income	%	12.34	8.81	8.62	6.63	6.55

Reliance Finance Limited
Comparison Audited and Unaudited Financial Statements
Fiscal Year: 2076-77

Amount in '000

Statement of Financial Position	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Assets					
Cash and cash equivalent	824,238	824,238	-	-	
Due from Nepal Rastra Bank	294,313	294,313	-	-	
Placement with Bank and Financial Institutions	-	-	-	-	
Derivative financial instruments	-	-	-	-	
Other trading assets	-	-	-	-	
Loan and advances to B/FIs	399,850	395,852	(3,999)	(1.00)	Regrouping of loan to microfinance from loan to customer
Loans and advances to customers	3,717,873	3,746,469	28,596	0.77	Regrouping of loan to microfinance from loan to customer
Investment securities	984,309	992,120	7,811	0.79	Error on fair valuation of shares corrected
Current tax assets	-	-	-	-	
Investment in subsidiaries	-	-	-	-	
Investment in associates	-	-	-	-	
Investment property	1,621	1,621	-	-	
Property and equipment	42,854	45,262	2,407	5.62	Correction on calculation of depreciation and regrouping amortization expenses
Goodwill and Intangible assets	2,644	2,644	-	-	
Deferred tax assets	18,043	12,398	(5,645)	(31.29)	Deferred tax was not calculated on unaudited figures, net liability arose on finalization and assets figure transferred to deferred tax liability
Other assets	47,047	71,171	24,124	51.28	AIR (net of interest suspense) included in loans to customer
Total Assets	6,332,792	6,386,087	53,294	0.84	
Liabilities					
Due to Bank and Financial Institutions	-	-	-	-	
Due to Nepal Rastra Bank	-	-	-	-	
Derivative financial instruments	-	-	-	-	
Deposits from customers	5,207,487	5,207,487	-	-	
Borrowing	-	-	-	-	
Current Tax Liabilities	7,330	13,103	5,773	78.76	Changes in income tax on finalization of profit or loss figures and netting with earlier advance tax
Provisions	-	-	-	-	
Deferred tax liabilities	-	-	-	-	
Other liabilities	63,594	78,138	14,544	22.87	Changes in figures of liabilities on finalization of calculation related to staffs, bonus etc.
Debt securities issued	-	-	-	-	
Subordinated Liabilities	-	-	-	-	
Total liabilities	5,278,411	5,298,728	20,317	0.38	



Reliance Finance Limited
रिलायन्स फाइनेन्स लिमिटेड

Equity						
Share capital	832,416	832,416	-	-	-	
Share premium	1,141	1,141	-	-	-	
Retained earnings	67,564	96,070	28,506	42.19	Finalization of LLP and Income	
Reserves	153,260	157,732	4,472	2.92	Finalization of LLP and Income	
Total equity attributable to equity holders	1,054,381	1,087,359	32,978	3.13		
Non-controlling interest						
Total equity	1,054,381	1,087,359	32,978	3.13		
Total liabilities and equity	6,332,792	6,386,087	53,294	0.84		

Statement of Profit or Loss	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Interest income	637,085	637,739	653	0.10	Change in accrued interest on NRB Bond and NFRS based interest Income on Staff Loan
Interest expense	422,716	422,716	-	-	
Net interest income	214,369	215,022	653	0.30	
Fee and commission income	32,554	30,677	(1,878)	(5.77)	Regrouping change
Fee and commission expense	-	-	-	-	
Net fee and commission income	32,554	30,677	(1,878)	(5.77)	
Other operating income	6,470	8,624	2,154	33.29	Regrouping change
Total operating income	253,393	254,323	930	0.37	
Impairment charge/(reversal) for loans and other losses	(10,829)	(35,514)	(24,684)	227.93	
Net operating income	264,223	289,837	25,614	9.69	
Personnel expenses	80,651	83,564	2,913	3.61	
Other operating expenses	51,265	50,627	(638)	(1.24)	Regrouping of amortization expenses
Depreciation & Amortisation	9,321	7,551	(1,770)	(18.99)	Correction on calculation of depreciation and regrouping amortization expenses
Operating profit	122,986	148,095	25,109	20.42	
Non operating income/(expense)	-	-	-	-	
Profit before tax	122,986	148,095	25,109	20.42	
Income tax	36,896	42,945	6,049	16.39	Final calculation of income tax expenses for the period
Profit/(loss) for the period	86,090	105,150	19,059	22.14	
Other comprehensive income	(48,712)	(41,644)	7,068		Finalization of fair value of investment
Total comprehensive income	37,379	63,506	26,127	69.90	
Distributable Profit					
Net profit/(loss) as per profit or loss	86,090	105,150	19,059	22.14	
Add/Less: Regulatory adjustment as per NRB Directive	(29,588)	3,644	33,232	(112.31)	In interim report, regulatory adjustment was not made.
Free profit/(loss) after regulatory adjustments	56,502	108,794	52,291	92.55	



नेपाल राष्ट्र बैंक
वित्त कम्पनी सुपरिवेक्षण विभाग
गैर-स्थलगत सुपरिवेक्षण इकाई



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन : ४४९९८०४ ४४९९२२०
फ्याक्स ४४९२९२८
इमेल : fsidreportsfc@nrb.org.np
Web : www.nrb.org.np
पोष्ट बक्स : ३३

पत्रसंख्या:- वि.कं.सु.वि./अफसाइट/एजिएम/१७/२०७७/७८/१९२

मिति २०७७/१२/१९

श्री रिलायन्स फाइनेन्स लिमिटेड
प्रदर्शनीमार्ग, काठमाडौं ।

विषय: लाभांश घोषणा/वितरण तथा वित्तीय विवरण प्रकाशन सम्बन्धमा ।

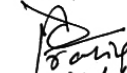
महाशय,

तहाँबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा आव. २०७६/७७ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गरी सार्वजनिक गर्न र प्रस्तावित नगद लाभांश रु.४३,८१,१३७/- र बोनस शेयर रु.८,३२,४१,६०६/- आयकर ऐन/नियमावली तथा अन्य प्रचलित कानुनी व्यवस्थाको पालना गर्ने गरी वार्षिक साधारण सभाबाट स्वीकृत भए पश्चात् मात्रै वितरण गर्न देहायको निर्देशन सहित सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

१. यस बैंकले दिएका निर्देशन पालना गर्ने तथा लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था गर्नुहुन ।
२. नियमित रूपमा System Audit गर्ने व्यवस्था मिलाउनु हुन ।
३. यस बैंकबाट जारी गरिएको इजाजतपत्रप्राप्त बैंक तथा वित्तीय संस्थाको वार्षिक साधारण सभा प्रयोजनको लागि वित्तीय विवरण प्रकाशन गर्न सहमति प्रदान गर्ने तथा लाभांश स्वीकृत गर्ने सम्बन्धी कार्यविधि, २०७७ को खण्ड (ख) को बुँदा नं. ५ बमोजिम बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ बाहेक अन्य प्रचलित कानून बमोजिम स्थापना भएको वचत तथा ऋणको कारोबार गरिरहेका संस्थाहरुले इजाजतपत्रप्राप्त बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा गरेको लगानी बिक्री गर्ने कार्य सम्पन्न नभएसम्म त्यस्तो संस्थाले पाउने नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनु हुन ।
४. सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४(दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरुको पूर्ण पालना गर्न संचालक समिति र प्रमुख कार्यकारी अधिकृतको ध्यानाकर्षण गराइन्छ ।
५. कम्पनी ऐन, २०६३ को दफा १८२(१) बमोजिम साधारणसभाबाट स्वीकृत भई ५ वर्षसम्म पनि दावी नपरेको भुक्तानी दिन बाँकी लाभांशलाई लगानीकर्ता संरक्षण कोषमा दाखिला गर्नुहुन ।

उपर्युक्त निर्देशनहरुलाई त्यस संस्थाको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन समेत अनुरोध गर्दछु ।

भवदीय,


२०७७/१२/१९
(प्रतिभा अधिकारी)
उप निर्देशक

बोधार्थ :

१. नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. वित्त कम्पनी सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, श्री रिलायन्स फाइनेन्स लि.

श्री नेपाल राष्ट्र बैंक
वित्त कम्पनी सुपरिवेक्षण विभाग
बालुवाटार, काठमाडौं ।

विषय : बित्तीय विवरण प्रकाशन गर्न स्वीकृती दिदाँ जारी भएका निर्देशन सम्बन्धमा ।

महोदय,

उपरोक्त सम्बन्धमा ताहांको पत्र संख्या वि.क.सु.वि./अफसाईट/एजिएम/१७/७७/७८/१९२ मिति २०७७/१२/१९ को पत्र मार्फत जारी भएको निर्देशन उपर यस संस्थाको प्रतिक्रिया तथा उल्लेखित बुँदाहरुको सुधारको स्थिति तपसिल बमोजिम रहेको व्यहोरा जानकारीका लागि अनुरोध छ ।

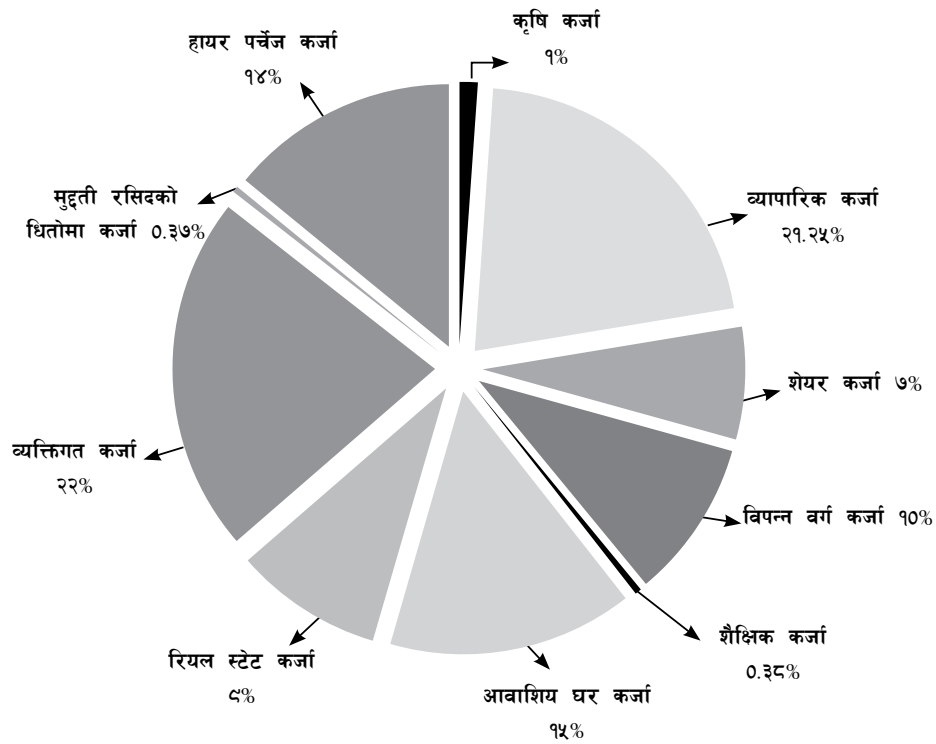
१. तहांबाट जारी भएका निर्देशनहरु पालना गरीनेछ, तथा लेखा परिक्षण प्रतिवेदनमा औल्याइएका कैफियतहरु नदोहोरिने गरी सुधार गर्दै लगिनेछ ।
२. नियमित रुपमा System Audit गर्ने निति लिईएको छ ।
३. तहांबाट जारी भएका निर्देशन अनुसार गरिने व्यहोरा अनुरोध छ ।
४. सम्पत्ती शुद्धिकरण तर्फ विशेष सजगभई तहांबाट जारी भएका निर्देशनहरुको पूर्ण रुपमा परीपालना गरिनेछ ।
५. तहांबाट जारी भएका निर्देशन अनुसार गरिनेछ ।

रिलायन्स फाइनेन्स लिमिटेडको
प्रबन्धपत्रमा संशोधन प्रस्ताव

साविक व्यवस्था र दफा	हाल गर्नुपर्ने संशोधन र दफा	संशोधन गर्नुपर्ने कारण र औचित्य
६ (ख) वित्तीय संस्थाको तत्काल जारी पूँजी रु.८३,२४,१६,०६३/- (अक्षरेपी त्रियासी करोड चौविस लाख सोह्र हजार त्रिसठ्ठी) हुनेछ । सो पूँजीलाई प्रतिशेयर रु.१००/- (रु.एक सय) दरका ८३,२४,१६०.६३ थान साधारण शेयरमा विभाजन गरिएको छ ।	६ (ख) वित्तीय संस्थाको तत्काल जारी पूँजी रु.९१,५६,५७,६६९/- (अक्षरेपी एकनब्बे करोड छपन्न लाख सत्ताउन्न हजार छ सय उनान्सत्तरी) हुनेछ । सो पूँजीलाई प्रतिशेयर रु.१००/- (रु.एक सय) दरका ९१,५६,५७.६९ थान साधारण शेयर मा विभाजन गरिएको छ ।	संस्थाल १० प्रतिशत बोनश शेयर जारी गरे पश्चात कायम हुन आउने चुक्ता पूँजी अनुसार मिलान गरिएको ।
६ (ग) वित्तीय संस्थाको तत्काल चुक्ता पूँजी रु.८३,२४,१६,०६३/- (अक्षरेपी त्रियासी करोड चौविस लाख सोह्र हजार त्रिसठ्ठी) हुनेछ ।	६(ग) वित्तीय संस्थाको तत्काल चुक्ता पूँजी रु.९१,५६,५७,६६९ /- (अक्षरेपी एकनब्बे करोड छपन्न लाख सत्ताउन्न हजार छ सय उनान्सत्तरी) हुनेछ ।	

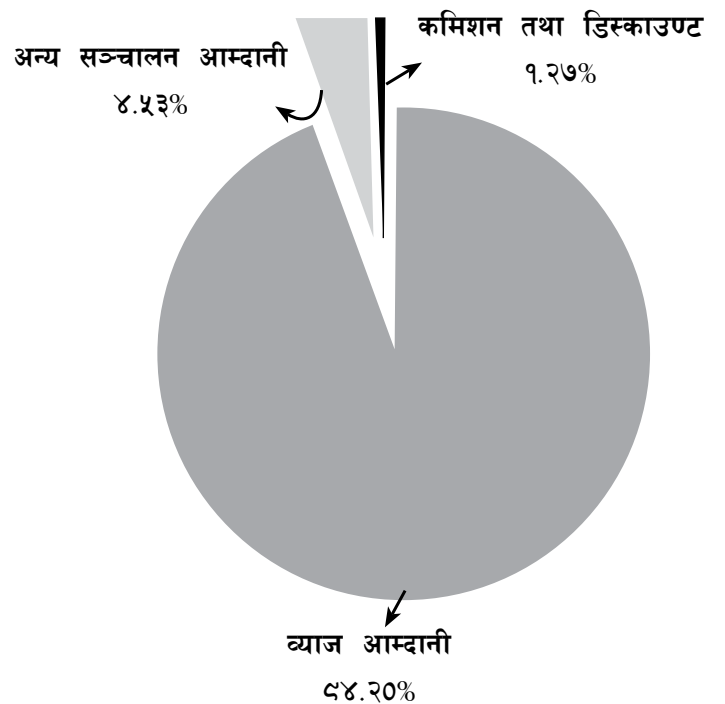
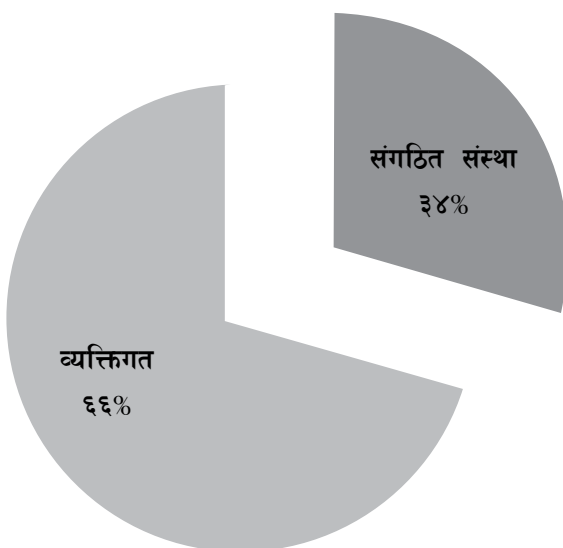
वित्तीय भलकहरु

कर्जा मिश्रण



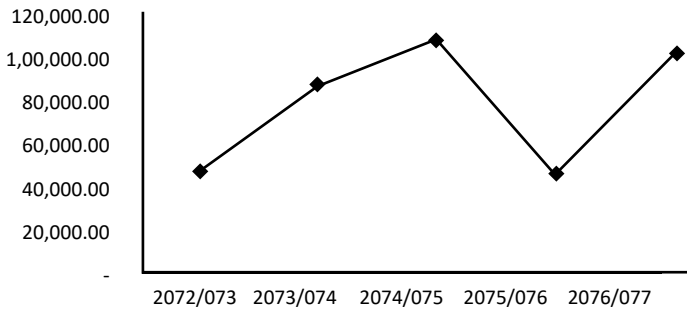
आम्दानीका श्रोतहरु

निक्षेप मिश्रण

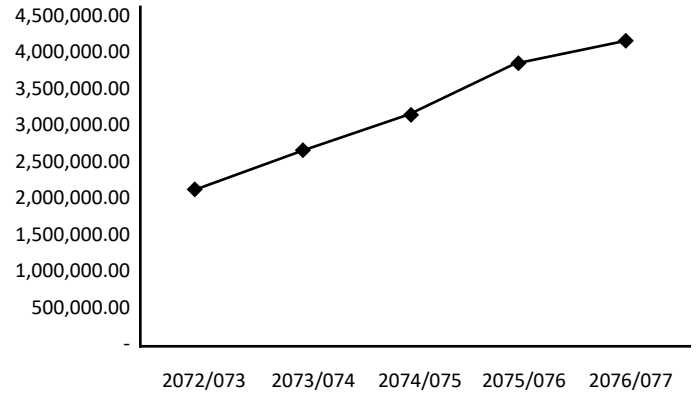


Trend Lines Presenting Financial Indicators

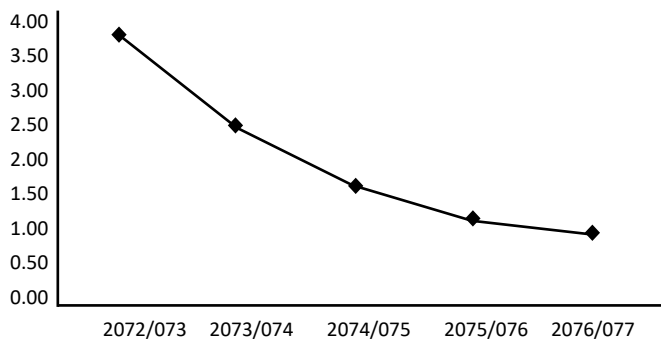
Net Profit (Rs. '000)



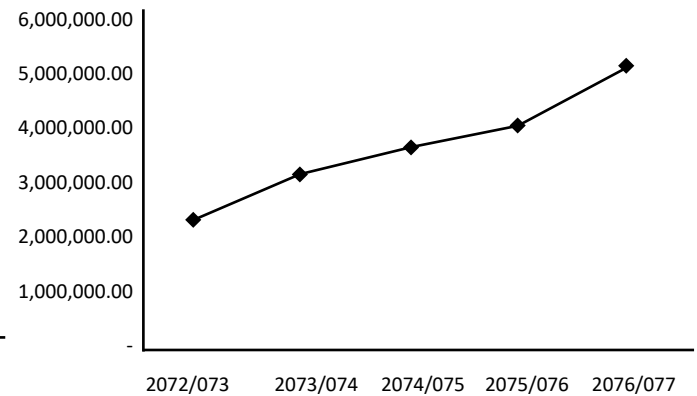
Total Loan & Advances (Rs. '000)



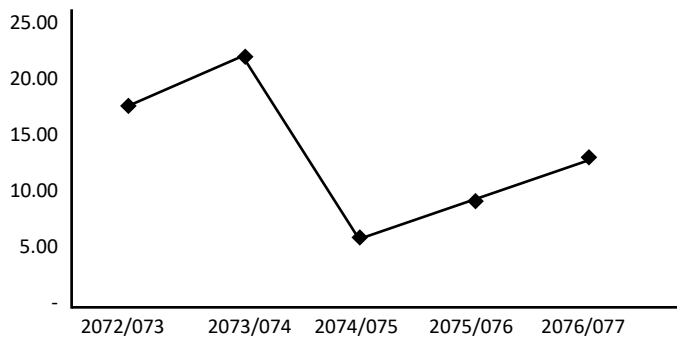
Non Performing Loan Ratio (%)



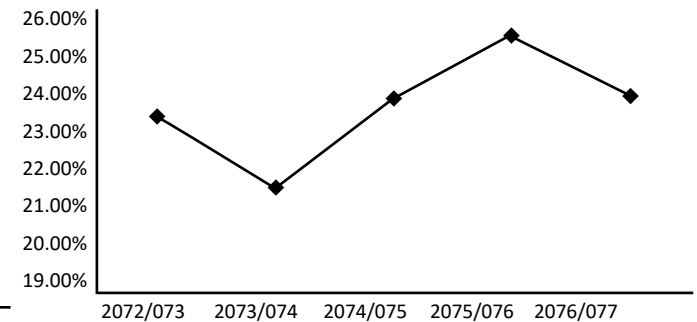
Total Deposits (Rs.'000)



Earnings Per Share (Rs.)



Capital Adequacy Ratio (%)





नोट तथा टिपोट

व्यवस्थापन समुह

अनिल श्रेष्ठ

(प्रमुख कार्यकारी अधिकृत)

समाज प्रकाश श्रेष्ठ

(उप-प्रमुख कार्यकारी अधिकृत/सूचना तथा गुनासो सुन्ने अधिकारी)

बिष्णु लाल श्रेष्ठ

(प्रमुख-जोखिम व्यवस्थापन/अनुपालन अधिकृत)

ओमकार मणि आचार्य दिक्षित

(प्रमुख व्यवसाय अधिकृत)

केशव प्रसाद खनाल

(प्रमुख-संचालन/जनशक्ति विभाग)

दिक्पाल श्रेष्ठ

(प्रमुख-कर्जा विभाग)

रविन शाक्य

(नायब प्रबन्धक)

सृजना श्रेष्ठ

(प्रमुख-लेखा विभाग)

कौशल्या श्रेष्ठ

(प्रमुख-कर्जा प्रशासन तथा असुली विभाग)

युज कुमार भैल

(प्रमुख-कानून विभाग/कम्पनी सचिव)

एलिना श्रेष्ठ

(प्रमुख-सामान्य सेवा विभाग)

प्रदिप गुराँगाई

(प्रमुख-कर्जा जोखिम विभाग)

मनी मानन्धर

(प्रमुख-सूचना तथा सामान्य प्रविधी विभाग)

शाखा प्रमुखहरू

न्यूरोड शाखा
अखण्ड श्रेष्ठ
(शाखा प्रमुख)

नारायणगढ शाखा
बुद्ध नारायण श्रेष्ठ
(शाखा प्रमुख)

पोखरा शाखा
प्रकाश पौडेल
(शाखा प्रमुख)

बेसीशहर शाखा
सन्तोष खनियाँ
(शाखा प्रमुख)

बनेपा शाखा
सुवास के.सी.
(शाखा प्रमुख)

आरुघाट शाखा
सुबत लामिछाने
(शाखा प्रमुख)

चारआली शाखा
जिवन श्रेष्ठ
(शाखा प्रमुख)

इमाडोल शाखा
प्रकाश कुमार श्रेष्ठ
(शाखा प्रमुख)

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(शाखा प्रमुख)

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कुल बहादुर पुन
(शाखा प्रमुख)

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प्रकाश ढकाल
(नि. शाखा प्रमुख)

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(शाखा प्रमुख)

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(शाखा प्रमुख)

टाँडी शाखा
आशिस ढकाल
(शाखा प्रमुख)

भैरहवा शाखा
रविन पाण्डे
(शाखा प्रमुख)

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५.७५%



कञ्चनजङ्गा
वचत खाता
५.५०%



धौलागिरी
वचत खाता
५.२५%

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८%
९ वर्षे मुद्दती

४.५०-६.५०%
बचतमा



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C-ASBA मार्फत
रोचरमा
(IPO, FPO, RIGHT,
MUTUAL FUND)
आवेदनहरू दिनुहोस्

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रकमाहरू पठाउन
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