

पन्ध्रौं

वार्षिक प्रतिवेदन  
(आ.व. २०८०/०८१)



**Reliance Finance Limited**  
**रिलायन्स फाइनान्स लिमिटेड**

15<sup>th</sup>

*Annual Report*

*15th Annual Report*

# संचालक समिति



**कुश प्रसाद मल्ली**  
अध्यक्ष



**विष्णुमान जोशी**  
संचालक (संस्थापक समूह)



**तुलसी प्रसाद बराल**  
संचालक (सर्वसाधारण समूह)



**श्वेता कक्षपती (शाक्य)**  
संचालक (सर्वसाधारण समूह)



**ईश्वरी प्रसाद न्यौपाने**  
स्वतन्त्र संचालक



**समाज प्रकाश श्रेष्ठ**  
प्रमुख कार्यकारी अधिकृत



**रामहरि आचार्य**  
उप-प्रमुख कार्यकारी अधिकृत



**युज कुमार भैल**  
कम्पनी सचिव

**लेखा परीक्षक**  
**सी.ए.अनिला श्रेष्ठ**  
साझेदार  
सुन्दर एण्ड कम्पनी  
चार्टर्ड एकाउण्टेन्ट्स

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

**शेयरधनी महानुभावहरू,**

यस वित्तीय संस्थाको मिति २०८२/०२/०५ गते बसेको संचालक समितिको ३४४ औं बैठकको निर्णयानुसार यस रिलायन्स फाइनेन्स लि. को पन्ध्रौं वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा निम्न विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिको लागि हार्दिक अनुरोध छ ।

**सभा हुने मिति समय र स्थान :**

मिति : २०८२ साल जेष्ठ महिना २८ गते बुधवार (तदनुसार ११ जुन २०२५)

स्थान : अनुपम फुड ल्याण्ड एण्ड व्यांक्वेट प्रा.लि., बत्तीसपुतली, गौशाला, काठमाण्डौ ।

समय : दिनको ११:०० बजे ।

**क) सामान्य प्रस्तावहरू**

१. संचालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत गरिने आर्थिक वर्ष २०८०/०८१ को पन्ध्रौं वार्षिक प्रतिवेदन पारित गर्ने ।
२. लेखापरीक्षकको प्रतिवेदन सहित आ.व.२०८०/८१ 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.२०८१/८२ को लेखापरीक्षण गर्नका लागि लेखापरिक्षण समितिको सिफारिश बमोजिम लेखापरीक्षकको नियुक्ति गर्ने र निजको पारिश्रमिक निर्धारण गर्ने बारे ।
४. विविध ।

**(ख) विशेष प्रस्तावहरू**

१. यस रिलायन्स फाइनेन्स लि. तथा अन्य कुनै बैंक, विकास बैंक तथा वित्तीय संस्था एक आपसमा गाभ्ने र गाभिने (मर्जर), प्राप्ती 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 ।

## साधारण सभा सम्बन्धी अन्य जानकारी

१. वार्षिक साधारण सभा प्रयोजनार्थ २०८२/०२/१४ गते एक दिन यस संस्थाको शेयरधनी दर्ता किताब बन्द रहने जानकारी गराउंदछौं । साथै, नेपाल स्टक एक्सचेञ्ज लिमिटेडमा मिति २०८२/०२/१३ गते सम्म कारोबार भई सि.डि.एस. एण्ड क्लियरिङ लि. बाट राफसाफ भई यस संस्थाको शेयर रजिष्ट्रार लक्ष्मी सन्लाईज क्यापिटल लि., कमलपोखरी काठमाण्डौमा प्राप्त शेयर नामसारी लिखतको आधारमा शेयरधनी दर्ता किताबमा कायम शेयरधनीहरूले सो सभामा भाग लिन सक्नेछन् ।
२. साधारण सभाको लागि सम्पूर्ण शेयरधनी महानुभावहरूले आ.ब. २०८०/०८१ को वित्तीय विवरण सहितको वार्षिक प्रतिवेदन संस्थाको केन्द्रिय कार्यालय वा शेयर रजिष्ट्रार लक्ष्मी सन्लाईज क्यापिटल लि. कमलपोखरीबाट प्राप्त गर्न सक्नु हुनेछ । साथै उक्त प्रतिवेदन कम्पनीको वेबसाईट [www.reliancenepal.com.np](http://www.reliancenepal.com.np) मा हेर्न वा डाउनलोड गर्न गर्नसक्नुहुनेछ ।
३. सम्पूर्ण शेयरधनी महानुभावहरूले उपस्थिति पुस्तिकामा दस्तखत गर्न शेयरधनी उपस्थिति पुस्तिका विहान १०:०० बजेदेखि साधारण सभा सम्पन्न नभएसम्म खुल्ला रहनेछ ।
४. साधारण सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्ति गर्न चाहने शेयरधनीहरूले प्रोक्सी फाराम सभा शुरू हुनु भन्दा कम्तीमा ७२ घण्टा अगावै संस्थाको केन्द्रिय कार्यालय कमलादीमा भौतिक वा ईमेल मार्फत दर्ता गराई सक्नु पर्नेछ । प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति समेत यस संस्थाको शेयरधनी हुनु आवश्यक छ ।
५. सभामा सबै शेयरधनीहरूले विविध शिर्षकमा छलफल गर्न चाहेको विषय, जिज्ञासा, मन्तव्यको सम्बन्धमा कम्तीमा ७ दिन अगावै कम्पनीको केन्द्रीय कार्यालयमा लिखित जानकारी दिनुपर्ने छ । तर यसलाई छलफल र पारित हुने प्रस्तावको रुपमा समावेश गरिने छैन ।
६. 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 मुकरर गरेमा कम्पनीमा पहिले दर्ता भएको प्रतिनिधि (प्रोक्सी) लाई मान्यता प्रदान गरिने छ । प्रतिनिधि नियुक्त गरि सकेपछि शेयरधनी आफै सभामा उपस्थित भई हाजिर पुस्तिकामा दस्तखत गरेको अवस्थामा निजले गरिदिएको प्रोक्सी स्वतः बदर हुनेछ ।
७. नावालक वा फरक क्षमता भएका शेयरधनीको तर्फबाट संस्थाको लगत किताबमा संरक्षकको रुपमा नाम दर्ता भएका व्यक्तिले मात्र सभामा भाग लिन मतदान गर्न वा प्रतिनिधि तोक्न सक्नेछन् ।
८. सभामा सबै शेयरधनीहरूले विविध शिर्षकमा छलफल गर्न चाहेको विषय, जिज्ञासा, मन्तव्यको सम्बन्धमा संचालक समिति तथा संचालक समितिबाट आदेश पाएका व्यक्तिले जवाफ दिन सक्ने छन् ।
९. अन्य जानकारीको लागि रिलायन्स फाइनेन्स लिमिटेडको केन्द्रिय कार्यालयमा कार्यालय समयभित्र सम्पर्क राख्न हुन शेयरधनी महानुभावहरूलाई अनुरोध गर्दछौं ।

**रिलायन्स फाइनेन्स लिमिटेड**  
रिलायन्स भवन, कमलादी, काठमाडौं  
**प्रतिनिधि पत्र (प्रोक्सी फाराम)**

श्री संचालक समिति,  
रिलायन्स फाइनेन्स लि.  
कमलादी, 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 २०८२/०२/२८ का दिन हुने पन्ध्रौं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा  
सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि..... जिल्ला .....  
म.न.पा./ उप.म.न.पा./न.पा./गा.पा. .... वडा नं ..... बस्ने त्यस कम्पनीका शेयरवाला श्री .....  
..... शेयरधनी/हितग्राही खाता 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: .....

शेयरधनी नं.: .....

हितग्राहि (डिम्याट) खाता नं.: .....

शेयर संख्या: .....

मिति : .....

**द्रष्टव्य: यो प्रोक्सी फाराम सभा शुरु हुनुभन्दा ७२ घण्टा अगावै संस्थाको केन्द्रीय कार्यालय, कमलादी, काठमाडौंमा पेश गरी सक्नु पर्नेछ ।**

**रिलायन्स फाइनेन्स लिमिटेड**  
रिलायन्स भवन, कमलादी, काठमाडौं  
**प्रवेश पत्र**

शेयरधनीको नाम श्री .....

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


शेयरधनीको दस्तखत .....

(संस्थाको पन्ध्रौं 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*

<b>Capital Adequacy</b>	<b>2076/077</b>	<b>2077/078</b>	<b>2078/079</b>	<b>2079/080</b>	<b>2080/081</b>
Core Capital	1,039,571	1,218,266	1,280,265	1,065,913	1,014,613
Supplementary Capital	36,077	69,103	81,043	83,985	105,231
Capital Fund	1,075,648	1,287,368	1,361,307	1,149,898	1,119,844
Risk Weighted Assets	4,484,687	4,946,537	7,324,027	8,085,356	8,356,976
<b>Capital Adequacy Ratio</b>	<b>23.98%</b>	<b>26.03%</b>	<b>18.59%</b>	<b>14.22%</b>	<b>13.40%</b>
<b>Core Capital to RWA</b>	<b>23.18%</b>	<b>24.63%</b>	<b>17.48%</b>	<b>13.18%</b>	<b>12.14%</b>

<b>Assets Quality</b>	<b>2076/077</b>	<b>2077/078</b>	<b>2078/079</b>	<b>2079/080</b>	<b>2080/081</b>
Total Loan & Advances	4,149,104	4,764,874	5,574,114	5,829,936	6,526,416
Non Performing Loan	41,065	128,374	126,731	370,953	422,252
Loan Loss Provision	78,658	142,849	139,029	387,821	396,873
<b>NPL to Total Loan &amp; Advances</b>	<b>0.99%</b>	<b>2.69%</b>	<b>2.27%</b>	<b>6.36%</b>	<b>6.47%</b>
<b>LLP to Total Loan &amp; Advances</b>	<b>1.90%</b>	<b>3.00%</b>	<b>2.49%</b>	<b>6.65%</b>	<b>6.08%</b>
<b>LLP to Total NPL</b>	<b>191.55%</b>	<b>111.27%</b>	<b>109.70%</b>	<b>104.55%</b>	<b>93.99%</b>

<b>Management Soundness</b>	<b>2076/077</b>	<b>2077/078</b>	<b>2078/079</b>	<b>2079/080</b>	<b>2080/081</b>
Total Assets	6,386,087	7,215,194	9,209,575	8,672,274	9,895,135
Net Profit	102,533	149,506	71,147	(182,612)	42,609
Total Income	712,553	874,026	816,691	1,040,059	967,495
Total Expenses	564,458	650,244	713,605	1,222,604	926,292
No. of Employee	129	162	167	168	168
No. of Shares Outstanding	8,324	9,157	10,530	11,215	11,215
<b>Earnings Per Employee</b>	<b>795</b>	<b>923</b>	<b>426</b>	<b>(1,087)</b>	<b>254</b>
<b>Earnings Per Share (Rs.)</b>	<b>12.32</b>	<b>16.33</b>	<b>6.76</b>	<b>(16.28)</b>	<b>3.80</b>
<b>Growth Rate in Assets</b>	<b>20.90%</b>	<b>12.98%</b>	<b>27.64%</b>	<b>(5.83%)</b>	<b>14.10%</b>
<b>Growth Rate in Deposits</b>	<b>25.93%</b>	<b>12.14%</b>	<b>17.98%</b>	<b>1.25%</b>	<b>22.56%</b>
<b>Growth Rate in Loan &amp; Advances</b>	<b>8.32%</b>	<b>14.84%</b>	<b>16.98%</b>	<b>4.59%</b>	<b>11.95%</b>
<b>Growth Rate in Net Profit</b>	<b>59.91%</b>	<b>46%</b>	<b>(52.41%)</b>	<b>(357%)</b>	<b>123.33%</b>

<b>Earnings</b>	<b>2076/077</b>	<b>2077/078</b>	<b>2078/079</b>	<b>2079/080</b>	<b>2080/081</b>
Net Interest Income	215,022	151,021	249,005	228,282	218,587
Operating Expenses	141,742	181,368	193,200	197,289	214,538
Non Interest Income	39,301	318,320	47,281	35,254	6,950
Earning Assets	4,918,509	5,099,021	6,114,554	6,175,276	6,795,572
Shareholders' Equity	1,087,359	1,279,601	1,317,103	1,127,602	1,172,346
<b>Return on Equity</b>	<b>9.43%</b>	<b>11.68%</b>	<b>5.40%</b>	<b>(16.19%)</b>	<b>3.63%</b>
<b>Return on Assets</b>	<b>1.61%</b>	<b>2.07%</b>	<b>0.77%</b>	<b>(2.11%)</b>	<b>0.43%</b>
<b>Cost-Income Ratio</b>	<b>19.89%</b>	<b>20.75%</b>	<b>23.66%</b>	<b>18.97%</b>	<b>22.17%</b>
<b>Net Interest Margin</b>	<b>3.37%</b>	<b>2.09%</b>	<b>2.70%</b>	<b>2.63%</b>	<b>2.21%</b>

<b>Liquidity</b>	<b>2076/077</b>	<b>2077/078</b>	<b>2078/079</b>	<b>2079/080</b>	<b>2080/081</b>
Total Deposits	5,207,487	5,839,924	6,890,130	6,976,587	8,550,575
Cash in Vault	54,832	58,503	65,397	70,525	57,042
Cash at NRB	294,313	270,889	221,570	242,269	313,221
Cash at other Bank & Fin. Inst.	769,405	334,147	540,440	345,341	269,157
<b>Deposits to Assets Ratio</b>	<b>81.54%</b>	<b>80.94%</b>	<b>74.81%</b>	<b>80.45%</b>	<b>86.41%</b>
<b>C D Ratio (As per NRB Directives)</b>	<b>66.42%</b>	<b>95.45%</b>	<b>80.90%</b>	<b>83.56%</b>	<b>76.33%</b>
<b>Cash &amp; Equivalent to Deposit Ratio</b>	<b>21.48%</b>	<b>11.36%</b>	<b>12.01%</b>	<b>9.43%</b>	<b>7.48%</b>
<b>Total Deposits to Core Capital (times)</b>	<b>5.01</b>	<b>4.79</b>	<b>5.38</b>	<b>6.55</b>	<b>8.43</b>

<b>Sensitivity</b>	<b>2076/077</b>	<b>2077/078</b>	<b>2078/079</b>	<b>2079/080</b>	<b>2080/081</b>
Yield Rate	12.70%	11.41%	13.79%	14.60%	12.61%
Cost of Funds	8.30%	6.60%	9.35%	10.02%	8.01%
Net Spread	4.40%	4.81%	4.44%	4.58%	4.60%
Base Rate	11.25	9.65	12.19	13.02	11.04

### DETAIL CREDIT RISK ANALYSIS

Amount of Non Performing Loan			
Category	Gross	Provision	Net
Substandard	85,950,255	21,477,903	64,472,352
Doubtful	100,910,556	37,043,453	63,867,103
Loss	235,390,987	233,120,102	2,270,885
<b>Total</b>	<b>422,251,797</b>	<b>291,641,458</b>	<b>130,610,339</b>

### Non Performing Loan Ratio

Gross Loan			6,526,415,615
Net Loan			6,129,543,114
Gross NPL to Gross Loan & Advances			6.47%
Net NPL to Net Loan & Advances			2.13%

### Movement of Non Performing Loan

Particulars	Opening Balance	Closing Balance	Movement
Non Performing Loan	370,952,541	422,251,797	51,299,257
Restructured	-	-	-
Substandard	44,760,005	85,950,255	41,190,250
Doubtful	66,715,669	100,910,556	34,194,886
Loss	259,476,867	235,390,987	(24,085,880)

### 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	66,044,217	63,406,920	(2,637,297)
Watch List	17,940,636	41,824,123	23,883,487
Restructured			-
Substandard	11,001,879	21,477,903	10,476,024
Doubtful	33,357,835	37,043,453	3,685,618
Loss	259,476,867	233,120,102	(26,356,765)
PG & Third Party Collateral	-	-	-
Total Loan Loss Provision	387,821,434	396,872,501	9,051,068

### Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	84,979,687	70,784,457	(14,195,229)

### Movements of Loan & Loan Loss Provision

Particulars	Opening Balance	Closing Balance	Movement
Total Loan & Advances	5,829,935,827	6,526,415,615	696,479,788
Total Loan Loss Provision	387,821,434	396,872,501	9,051,068



### 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	१४
वित्तीय विवरण प्रकाशन गर्न नेपाल राष्ट्र बैंकको स्विकृती पत्र	८०
वित्तीय भलक	८२
टिपोट	८४

---

## रिलायन्स फाइनेन्स लि.को

### पन्ध्रौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट संस्थाका अध्यक्ष श्री कुश प्रसाद मल्लीले प्रस्तुत गर्नुभएको आ.व. २०८०/८१ को वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

रिलायन्स फाइनेन्स लिमिटेडको पन्ध्रौं वार्षिक साधारण सभामा उपस्थित हुनुभएका सम्पूर्ण शेयरधनी महानुभावहरू, आमन्त्रित नियमन निकायका पर्यवेक्षक, प्रतिनिधि महानुभावहरू, लेखापरीक्षक तथा संस्थाका पदाधिकारीहरूलाई संचालक समिति तथा संस्थाको परिवारको तर्फबाट म हार्दिक स्वागत तथा अभिवादन गर्दछु।

यस गरिमामय सभामा संचालक समितिका तर्फबाट प्रस्तुत आर्थिक वर्ष २०८०/८१ को संस्थाको लेखापरिक्षकको प्रतिवेदन सहितको बासलात, नाफा नोक्सान हिसाव र नगद प्रवाह विवरण सहितको यो वार्षिक प्रतिवेदन यहाँहरू समक्ष पेश गर्न पाउँदा हामीलाई खुशी लागेको छ। यो प्रतिवेदन, बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३, कम्पनी ऐन २०६३ लगायत प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी निर्देशनको परिधिभित्र रहि तयार गरिएको व्यहोरा समेत जानकारीको लागि अनुरोध छ।

#### १) आ. व. २०८०/०८१ को कारोबारको सिंहावलोकन :

देशको राजनैतिक अस्थिरताले गर्दा सरकारमा भएको परिवर्तन, अर्थतन्त्र सम्बन्धी नियम, कानून, करका दर, आयात निर्यात सम्बन्धी नियमहरूमा अस्थिरताले गर्दा नेपाली अर्थतन्त्रमा समेत नकारात्मक प्रभाव पर्नु स्वभाविकै हो। युवा शक्तिको विदेश पलायन, औद्योगिक क्षेत्रको विस्तारमा समेत प्रभाव परेको छ। घरजग्गा व्यवसायमा आएको मन्दी तथा शेयर बजारमा देखिएको शिथिलताले गर्दा बजारमा लगानीको अवसरमा देखिएको कमीले गर्दा यसको प्रभाव यस संस्थामा पर्नु स्वभाविक नै हो। नेपाली समाजमा केहि तत्वहरूले बैंक वित्तीय संस्थाको कर्जा नियमित नगर्नेहरूलाई संरक्षण गर्ने तथा बैंक वित्तीय संस्था प्रति नकारात्मक अफवाह फैलाएको कारणले असूली कार्यमा नकारात्मक प्रभाव परेकोले संस्थाले सोचे अनुसार प्रतिफल हासिल गर्न कठिन भएको व्यहोरा सम्बन्धित सबैमा अनुरोध गर्दछु। माथि उल्लेखित कठिनाइहरूका बीच पनि संस्थाले विचलित नभई निक्षेप संकलन तथा कर्जा प्रवाह कार्यलाई सुव्यवस्थित ढंगले निरन्तरता दिनुका साथै लक्ष्य अनुरूप कर्जा प्रवाह तथा असुली हुन नसकेता पनि संस्थाको व्यवसायमा सन्तोषजनक वृद्धि गर्न सक्षम भएका छौं।

संस्थाको विगत दुई आ.व. को वित्तीय स्थिति निम्न अनुसार छ।

शिर्षक	आ.व २०७९/८० आषाढ मसान्त सम्म	आ.व २०८०/८१ आषाढ मसान्त सम्म
निक्षेप	६,९७,६५,८६,६३८	८,५५,०५,७४,९२३
कर्जा	५,८२,९९,३५,८२७	६,५२,६४,९५,६९५
ब्याज आर्जन	१,००,४८,०४,८९७	९२,९२,८९,७९९
ब्याज खर्च	७७,६५,२३,३२३	७०,२७,०२,८०६
कुल नाफा/(नोक्सान) कर तथा कर्मचारी वोनस पछि	(१८,२६,९२,९०९)	४,२६,०९,३४४

प्रस्तुत वित्तीय स्थितिलाई अवलोकन गर्दा विगत वर्षमा नोक्सान देखिएता पनि आ.व २०८०/८१ मा संस्थाले गैह्र बैंकिङ्ग सम्पत्ती विक्री तथा कर्जा असूलीमा देखाएको सक्रियताले संस्थाको समग्र वित्तीय स्थिति संतोषजनक नै देखिन्छ। आगामी दिनमा संस्थाको कारोबार अनुपात तथा दायरा फराकिलो बनाउँदै अधिकतम प्रतिफल आर्जन गरि लगानीकर्ताहरूलाई पनि उच्चतम प्रतिफल दिन संचालक समिति र व्यवस्थापन निरन्तर प्रयासरत छौं।

यस संस्थाले का.जि.का.म.न.पा. वडा नं. १ कमलादीमा केन्द्रीय कार्यालय बाट कारोबार गर्दै आएको छ। आगामी दिनमा कारोबारको दायरा अझ फराकिलो बनाई कारोबार वृद्धि गर्दै संस्थालाई अझ बढि प्रतिफल दायक अवस्थामा पुऱ्याउनका लागि शाखाहरू विस्तार गर्दै लैजाने योजना रहेको छ। हाल संस्थाले केन्द्रीय कार्यालय सहित देश भरमा २२ वटा शाखा संजाल

मार्फत कारोबार गर्दै आएका छौं । संस्थाले देशको पूर्व देखी पश्चिम सम्म आफ्नो उपस्थिति जनाई सेवा विस्तार गरेको व्यहोरा सहर्ष जानकारी गराउन चाहन्छु ।

**२) राष्ट्रिय तथा अन्तराष्ट्रिय स्थितिबाट वित्तीय संस्थाको कारोबारमा परेको असर :**

ठुला शक्ती राष्ट्रहरूबीचको होडबाजी समेतको कारणले गर्दा विश्व आर्थिक बजारमा परेको अस्थिरताले गर्दा नेपाली अर्थतन्त्रमा समेत नकारात्मक प्रभाव परेको छ । उक्त प्रभावले गर्दा स्थानीय बजारमा देखिएको आर्थिक मन्दि, शेयर बजारमा देखिएको शिथिलता घरजग्गा कारोबारमा आएको कमी, अर्थ व्यवस्थामा पारेको नकारात्मक प्रभाव, मुल्य बृद्धि, राजनैतिक वातावरण, कर्जा भुक्तानी नगर्ने प्रवृत्तीको कारण समेतले समग्र आर्थिक कारोबारमा प्रत्यक्ष प्रभाव पर्न गएको छ । यस संस्थाले लगानी गरेका क्षेत्रहरू होटल, यातायात, पर्यटन, व्यापार व्यवसाय, उद्योग, घरजग्गा, शेयरबजार क्षेत्रमा लामो समय सम्म भएको शिथिलता एवं सो परिस्थितीले हाल सम्म पनि सहज हुन नसक्दा सो क्षेत्रको कारोबारमा नकारात्मक प्रभाव पर्न आएको छ ।

यसरी परेको प्रभावलाई न्यून गर्न नेपाल राष्ट्र बैंकबाट समय समयमा जारी भएको निर्देशनले केही राहत भएको छ । हाल नेपाली अर्थतन्त्रमा केही सहजता आए पनि आर्थिक अवस्थामा आशातित सुधार हुन नसकेकोले त्यसको प्रत्यक्ष प्रभावबाट यस संस्था पनि अछुतो रहन सकेको छैन ।

असहज परिस्थितिका बावजुद पनि यस संस्थाले आवश्यक सजगता अपनाउँदै प्रतिस्पर्धात्मक वित्तीय बजारमा आफ्नो स्थान सुरक्षित गर्न सदा कृयाशील रहेको जानकारी गराउँदछौं ।

**३) प्रतिवेदन तयार भएको मिति सम्मको उपलब्धी र भावी योजना सम्बन्धमा संचालक समितिको धारणा :**

क) सूचना प्रविधितर्फ यस संस्थाले Core banking System लाई समय सापेक्ष स्तरोन्नती गर्नुका साथै सूचना प्रविधिको पूर्वाधारहरू विकास गर्न सफल भएको छौं । संस्थाले रिलायन्स स्मार्ट एप्स (Digital Banking), ATM, IPS, Connect IPS, ABBS, C-ASBA, SMS Alert, Real Time Gross Settlement (RTGS), जस्ता सुविधाहरू आफ्ना ग्राहकवर्गहरूलाई उपलब्ध गराउँदै आएका छौं । साथै संस्थाको जोखिम न्यूनिकरण गर्नका लागि Data Security / Disaster Recovery Center, को व्यवस्था गर्नुका साथै go AML Software (कालोसूची सम्बन्धी सफ्टवेयर) मानव संसाधन सम्बन्धी सफ्टवेय प्रयोगमा ल्याएका छौं । साथै संस्थालाई आवश्यक पर्ने Loan Management System (LMS), Memo Management System प्रयोगमा ल्याउने तयारी गरिरहेका छौं ।

ख) बजार निर्माताको इजाजतपत्र (Market Maker) कार्य गरि आएको सम्बन्धमा ।

संस्थाले बजार निर्माताको इजाजतपत्र (Market Maker) कार्य गर्न अनुमती लिई 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 गरि कार्य गर्दै आएको व्यहोरा अनुरोध छ । त्यस्तै संस्थाले विदेशी विनिमय कारोबार गर्ने ईजातपत्र लिई सकेको छ र निकट भविष्यमा नै संस्थाको केन्द्रीय कार्यालय तथा न्यूरोड शाखा बाट विदेशी विनिमयको कारोबार गर्ने व्यहोरा सबैमा जानकारीको लागि अनुरोध छ । यसबाट संस्थाका ग्राहकलाई सुविधा पुग्नका साथै कारोबार विस्तार भई आमदानी पनि बृद्धि हुने विश्वास लिएका छौं ।

ग) हामीले संस्थाको केन्द्रीय कार्यालय सहित काठमाडौं उपत्यका तथा उपत्यका बाहिर शाखा विस्तार गरि कारोबारको दायरा फराकिलो गर्ने क्रममा केन्द्रीय कार्यालय बाहेक काठमाण्डौको न्यूरोड र सितापाईला तथा ललितपुरको ईमाडोल सहित पोखरा (कास्की), बेसीशहर (लमजुङ्ग) नारायणघाट (चितवन), आरूघाट (गोरखा), बनेपा (काभ्रेपलाञ्चोक), चारआली (भापा), गोरखा बजार (गोरखा), मणिग्राम (रूपन्देही), धनगढी (कैलाली), महेन्द्रनगर (कन्चनपुर), कोहलपुर (बाँके), अत्तरिया (कैलाली), दमक (भापा), विर्तामोड (भापा), धुलावारी (भापा), टाँडी (चितवन), भैरहवा (रूपन्देही) र बुटवल (रूपन्देही) गरि २१ वटा शाखा कार्यालय संचालन गरि देशको पूर्व देखि पश्चिम सम्म सेवा गर्दै आएको व्यहोरा जानकारी गराउँदछौं ।

आगामी दिनमा देशका शहरी तथा ग्रामिण भेगका जनताहरू सम्म वित्तीय पहुँच पुऱ्याउने हाम्रो लक्ष्यलाई निरन्तरता दिई विभिन्न क्षेत्रमा शाखा विस्तार गरी संस्थाले वित्तीय बजारमा एउटा सबल र सक्षम वित्त कम्पनीको रूपमा आफ्नो पहिचान बनाउनका लागि यहाँहरूको सद्भाव तथा सहयोगको अपेक्षा गर्दछौ ।

- घ) **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

- हनुमानढोका परिसरमा रक्तदान कार्यक्रम संचालन गरि १०१ पिन्ट रगत संकलन गरिएको ।
- क्षयरोग निवारण संस्थालाई क्षयरोग निवारण सम्बन्धी कार्यक्रमको लागि भौतिक सामग्री सहयोग गरेको ।
- संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने विभिन्न शाखाहरू बाट विभिन्न सामाजिक संघ संस्थालाई सहयोग गरेको ।

#### वित्तीय संस्थाको भावी कार्यक्रमहरू:

- क) संस्थाले वित्तीय बजार विस्तार गर्दै 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 कर्जाको क्षेत्र विस्तार गरी 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 लैजाने ।
- 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 साना तथा मझौला परियोजनाहरूमा लगानी बृद्धि गर्ने र अन्य बैंक तथा वित्तीय संस्थासंगको सहकार्यमा सहवित्तीयकरण कर्जा प्रवाह गर्ने लक्ष्य लिईएको छ ।
- छ) संस्थागत जोखिमलाई न्यूनीकरण गरी पारदर्शी सेवालाई अभिवृद्धि गर्न आगामी दिनमा संस्थागत सुशासनलाई अझ सुदृढ गर्दै लैजाने छ ।
- ज) विदेशी विनिमयको कारोबारको अनुमती लिई सकेको हुँदा संस्थाको केन्द्रीय कार्यालय तथा न्यूरोड शाखाबाट विदेशी विनिमयको कारोबार सुरु गर्ने ।
- झ) संस्थाले प्रदान गर्दै आइरहेको सेवा सुविधालाई अझ छिटो छरितो प्रदान गर्न Memo Management System / Loan Management System खरिद गरि डिजिटलाईजेशन कार्यलाई अगडी बढाईने छ ।
- ञ) संस्थाको कारोबार विस्तारको क्रममा संस्थाले विशिष्टकृत लगानी कोषहरू जस्तै प्राईभेट इक्विटी, भेन्चर क्यापिटल, हेजफण्ड जस्ता विशिष्टकृत कोषहरूमा संस्थापक वा शेयरधनी वा इकाईधनीको रूपमा लगानी गर्ने, खरिद बिक्री गर्ने, उपरोक्त कोषहरूको व्यवस्थापन गर्ने कम्पनी स्थापना गर्ने वा शेयरधनी भई लगानी गर्ने, सम्पत्ति व्यवस्थापन सम्बन्धी कम्पनी स्थापना गर्ने वा लगानी गर्ने तथा उपरोक्त बमोजिम गरिएका लगानीहरू कानुन बमोजिम बिक्री तथा हस्तान्तरण गर्ने , सामुहिक लगानी कोषमा लगानी गर्ने तथा कोष प्रवर्द्धक भई सामुहिक लगानीकोषको स्थापना गर्ने, सामुहिक लगानी कोषका इकाईहरू खरिद बिक्री गर्ने तथा बुक विल्डीङ विधि अर्न्तगत

जारि हुने धितोपत्रको संस्थागत योग्य लगानीकर्ता (Qualified Institutional Investor) को रूपमा लगानी गर्ने, धितोपत्रको खरिद बिक्री गर्ने जस्ता कार्य विस्तार गर्दै लैजाने योजना रहेको छ ।

- ट) विप्रेषण कारोबार वृद्धि गर्ने : रेमिटान्स सेवाले नेपालको आर्थिक अवस्थामा पुर्‍याएको योगदानलाई मध्य नजर गर्दै यस संस्थाले विभिन्न रेमिटान्स कम्पनीहरूसँग सम्झौता गरि सेवा प्रदान गर्दै आएको छ । आगामी दिनमा अन्य थप रेमिटान्स कम्पनीहरूसँग सम्झौता गरि सेवामा थप वृद्धि गरिने छ ।
- ठ) संस्थामा आबद्ध जनशक्तिहरूको क्षमता वृद्धि गर्दै लाने हेतुले संस्थालाई डिजिटल प्रविधि मैत्री बनाउनका लागि विभिन्न सफ्टवेयरहरू खरिद गरि लागू गरिने र सोका लागि विभिन्न तालिम तथा प्रशिक्षणहरू जस्तै सेल्स एण्ड मार्केटिङ्ग, लिडरसिप आदि विषयहरूमा तालिम प्रदान गर्दै जाने ।

#### ४) बैकिङ सुविधा :

वित्तीय संस्थाले आफ्ना ग्राहकहरूलाई निक्षेप तथा कर्जाको सुविधाको आधारभूत सेवाका अतिरिक्त आधुनिक प्रविधिमा आधारित मोबाईल Banking, चिप कार्ड बेसको SCT Network ATM सेवा, सी आस्वा (C –ASBA) , IPS, Connect IPS सेवा, ABBS सेवा, Electronic Cheque Clearing (ECC), SMS Banking, Real Time Gross Settlement (RTGS), QR टेलर सेवा, QR कारोबारलाई अझ सजिलो बनाउन कोईली डिभाईस सुविधा, मोबाईल Banking कस बोर्डर ट्रान्जेक्सन सेवाहरू समेत प्रदान गरिएको र समय सापेक्ष नयां सेवाहरू थप गर्दै लगिनेछ । संस्थाले ग्राहकलाई प्रदान गर्ने चिप कार्ड बेसको SCT Network ATM कार्ड बाट Union Pay नेटवर्कमा आधारित रही कारोबार गर्न सकिनेछ । साथै संस्थाले संचालनमा ल्याएको Digital Banking अर्न्तगत 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 खाता बाट 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 । साथै संस्थाले विदेशी विनिमय कारोबार गर्ने ईजातपत्र लिई सकेको छौं निकट भविष्यमा नै संस्थाको केन्द्रिय कार्यालय तथा न्यूरोड शाखा बाट विदेशी विनिमयको कारोबार गर्ने छौं । 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 संस्थाले विभिन्न संस्थाको सदस्य रहनुका साथै आगामी दिनमा अन्य संस्थाहरूसँग सम्बन्ध अभिवृद्धि गर्न सदैव प्रयत्नशिल रहदै आएको 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 आ.व. २०८०/८१ मा यस संस्थाका संचालक समितिका बाट स्वतन्त्र संचालक श्री विनोद कुमार तण्डुकार, संचालक श्री उपेन्द्र बहादुर कार्की, र संचालक सुरकृष्ण बैद्यले दिनुभएको राजीनामा स्वीकृत गरिएको र स्वतन्त्र संचालकमा श्री ईश्वरी प्रसाद न्यौपानेज्यूलाई नियुक्त गरिएको व्यहोरा अनुरोध छ ।

#### 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 । आवश्यकता अनुसार सो समितिहरूको बैठक समय समयमा बस्नुका साथै सो समितिले आफ्नो प्रतिवेदन संचालक समितिको बैठकमा पेश गर्ने गरेको जानकारी गराउँदछौं ।

**८) कारोबारलाई असर पर्ने मुख्य कुराहरू :**

अन्तर्राष्ट्रिय, राष्ट्रिय बजारमा देखिएका विभिन्न समस्याहरू, शक्ति राष्ट्रहरू बीचमा भएको होडबाजी, आर्थिक मन्दी, व्याजदरमा अस्थिरता, शेयर तथा घर जग्गा कारोबारमा आएका गिरावट समेतबाट कर्जा विस्तार एवं 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 व्याजदरमा परिवर्तन, निश्चित समयमा कर्जा असुली नभएका कारणले पर्न जाने असरहरू, बैंक तथा वित्तीय संस्था प्रति नकरात्मक हल्ला, आर्थिक अवस्थामा आउने परिवर्तन, पुँजी 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 बावजुद विभिन्न रणनीति तथा योजनाहरूलाई लागू गर्दै संस्थाको कारोबारलाई चुस्त बनाउने तर्फ संचालक समिति सजग रहेको छ।

**९) लेखापरिक्षक नियुक्ति सिफारिस सम्बन्धमा :**

आ.व.२०८१/०८२ को लेखापरीक्षण गर्नका लागि साविकका लेखापरिक्षकको ३ बर्षिय कार्यकाल सम्पन्न भई सकेको हुँदा नयाँ बाह्य लेखा परिक्षक नियुक्ती गर्ने सम्बन्धमा लेखापरीक्षण समितिको सिफारिश बमोजिम लेखापरिक्षक श्री बी.आर.एस. न्यौपाने एण्ड कम्पनी लि. लाई पारिश्रमिक बापत भ्याट बाहेक रु.५,००,०००।०० (अक्षरेपी पाँच लाख मात्र) उपलब्ध गराउने गरि बाह्य लेखापरिक्षकमा नियुक्ती गर्ने प्रस्ताव गरेका छौं। उक्त प्रस्तावलाई साधारण सभामा अनुमोदनको लागि पेश गरिने संचालक समितिको निर्णय पारित गरिदिनुन अनुरोध गरिएको छ।

**१०) मानव संसाधन व्यवस्थापन :**

मिति २०८१ साल असार मसान्त सम्ममा यस संस्थामा कुल १६८ जना कर्मचारीहरू कार्यरत रहेको जानकारी गराउँदै यस संस्थाको कार्य प्रणालीलाई छिटो छरितो चुस्त दुरुस्त र अभि प्रभावकारी बनाउन, दक्ष तथा विभिन्न बैकिङ्ग क्षेत्रका अनुभवी व्यक्तीहरूलाई आबद्ध गरि अनुभवी जनशक्ति तयार पारिएको र नपुग जनशक्ति आबद्ध गर्ने नीति रहेको व्यहोरा अनुरोध छ। साथै संस्थामा आबद्ध जनशक्तिहरूलाई सिप तथा दक्षता अभिवृद्धि गर्न तपसील बमोजिमको प्रशिक्षण प्रदान गरिएको छ।

- Credit Risk Management, Deposit & Credit Guarantee Fund
- Credit Analysis to Enhance Sales
- Diversity Risks/ Recovery/ Legal
- Operational Risk Management, Operation Procedure & Risk in Banking
- Comprehensive KYC/AML/CFT AND Operational Risk Management
- NCHL System
- Treasury Management
- Liquidity Management
- Emotional Intelligence
- Working Capital Assessment as per NRB
- Sales & Motivation (Let's Play Sales)
- Interbank Payment System (NCHL-IPS)

**११) मर्जर सम्बन्धि कार्यका सम्बन्धमा :**

नेपाल राष्ट्र बैंकबाट दिइएको निर्देशन बमोजिम “ग” वर्गको वित्तीय संस्थाको चुक्ता पुँजी 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।

१२) धन्यवाद ज्ञापन

वित्तीय संस्थाको प्रगति तथा समृद्धिमा प्रत्यक्ष तथा अप्रत्यक्ष रूपमा सहयोग गर्नुहुने हाम्रा सम्पूर्ण सहभागी शेयरधनी महानुभावहरू, निक्षेपकर्ता, ग्राहकवर्ग, नेपाल राष्ट्र बैंक लगायत सम्बन्धित नियमन निकायहरू तथा मेरो कार्यकालका सफल पार्न सहयोग गर्ने मेरो संचालक समितिका साथिहरू लगनशिल, कर्मठ कर्मचारी वर्गका साथै अन्य सम्बन्धित सबैमा विगतमा प्राप्त भएको सहयोगका लागि आभार प्रकट गर्दै भविष्यमा समेत निरन्तर रूपमा सहयोग तथा सद्भाव प्राप्त हुने अपेक्षा गर्दै यहाँहरूको अपेक्षा अनुरूप कार्य गर्नका लागि म, संचालक समिति लगायत व्यवस्थापन समेत प्रतिबद्ध रहेको जानकारी गराउँदछौ ।

संचालक समितिको तर्फबाट  
द.  
(ईश्वरी प्रसाद न्यौपाने)  
संचालक

संचालक समितिको तर्फबाट  
द.  
(कुश प्रसाद मल्ली)  
अध्यक्ष

मिति : २०८२/०२/२८

**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,  
नभएको ।
- 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 गराउँदछौ ।
- 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 कृश प्रसाद मल्ली	अध्यक्ष	३,०१,९३०
श्री विष्णु मान जोशी	संचालक	२२,०९७
श्री तुलसी प्रसाद बराल	संचालक	२,३९२
श्री श्वेता कक्षपती (शाक्य)	संचालक	१,९७६
श्री ईश्वरी प्रसाद न्यौपाने	संचालक	नभएको
श्री समाज प्रकाश श्रेष्ठ	प्रमुख कार्यकारी अधिकृत	५०१२१

(ढ) विगत आर्थिक वर्षमा कम्पनीसाग सम्बन्धित सम्झौताहरूमा 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, विनियमहरू तथा निर्देशिकाहरू रहेको ।

(थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण :

विवरण	आ.व.०७९/०८० मा	आ.व.०८०/०८१ मा
कर्मचारी खर्च रकम	रु.११,०१,१०,६७३/-	रु.१२,३३,५६,५४७/-
कार्यालय खर्च रकम	रु.८,७१,७८,०५१/-	रु.९,११,८१,९०२/-
कूल व्यवस्थापन खर्च रकम	रु.१९,७२,८८,७२४/-	रु.२१,४५,३८,४४९/-

(द) लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारबाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण:

उपरोक्त उल्लेखित समिक्षा वर्षमा यस संस्थाको लेखापरीक्षण समितिको संयोजकमा संचालक श्री तुलसी प्रसाद बराल र सदस्यमा संचालक श्री स्वेता कक्षपती र सदस्य सचिवमा श्री प्रदिप गुरागाई रहनु भएको छ ।

सो समितिको संयोजकलाई प्रति बैठक रु.४,५००/- तथा संचालक सदस्यलाई प्रति बैठक रु. ४,०००/- प्रदान गर्ने गरिएको छ । सदस्य सचिव कर्मचारीलाई भत्ता उपलब्ध नगराएको । समितिले नियमित रूपमा व्यवस्थापनलाई सुझाव तथा निर्देशनहरू 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 ।

- (त) सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम :  
 आ.ब. २०८०/८१ मा सञ्चालकलाई प्रदान गरिएको सुविधा :

पद	प्रतिबैठक भत्ता रु.	पत्रपत्रिका तथा मोबाइल सुविधा
अध्यक्ष	रु. ७,५००/-	रु. १,५००/-
संचालक	रु. ७,०००/-	रु. १,५००/-

आ.ब. २०८०/८१ मा कार्यकारी प्रमुख तथा पदाधिकारीहरू (प्रवन्धक सम्म) लाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम :

विवरण	प्रमुख कार्यकारी अधिकृत	अन्य पदाधिकारीहरू
तलब, भत्ता तथा अन्य सुविधाहरू	रु. ४५,२१,६३५/-	रु. १,०७,२१,४०६/-

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 २०८०/८१ को अन्त्यसम्म शेयरधनीहरूबाट दावी नआएको रकम निम्न अनुसार रहेको छ ।

आ.ब.	२०८०/०८१ सम्म
आ.ब. २०७४/७५ को	रु. २१,६२,७५४/-
आ.ब. २०७५/७६ को	रु. ५१,३०,६३९/-

(नोट : आ.ब. २०६८/०६९ र आ.ब. ०६९/०७० को शेयरधनीले बुझिलिन बाँकी रहेको लाभांशको रकम लगानीकर्ता संरक्षणकोषमा जम्मा गरिएको छ । )

- (फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण :  
 समिक्षा वर्षमा नभएको ।
- (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 असूली र आयकर 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 :  
आ.व.२०८०/८१ मा 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 :  
आ.व.२०८०/८१ मा यस सम्बन्धमा त्यस्तो मुद्दा दर्ता भएको वा गरेको जानकारी प्राप्त नभएको ।
- ५) संस्थाको शेयर कारोबार तथा 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 परिवर्तत 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	क्रमास	शेयरका अधिकतम मूल्य	शेयरका न्यूनतम मूल्य	शेयरका अन्तिम मूल्य	कुल कारोबारको संख्या	कारोबार दिन
१	प्रथम	रु. ३९६।५०	रु. ३००।२०	रु. ३०५।-	५,२९९	६९
२	दोस्रो	रु. ३८५।-	रु. २९२।-	रु. ३७९।-	६,९०३	४९
३	तेस्रो	रु. ४९३।९०	रु. ३४०।-	रु. ३६९।९०	९,९९४	५८
४	चौथो	रु. ४५९।६०	रु. ३५५।९०	रु. ४५९।-	२३,२२८	६९

- 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, तिब्र 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 पारिपालन गर्दै संस्थागत सुशासन कायम गर्न संचालक समिति र व्यवस्थापन प्रतिवद्ध रहेको छ ।

# SUNDAR & CO.

Chartered Accountants

Pulchowk (Machagaa)  
Lalitpur 20/8 Gha  
P.O.B. 3102, Kathmandu, Nepal

Phone#(977-1)5421804/5429942  
Fax: 977-1-5424804  
Email: sundarmans@gmail.com

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF RELIANCE FINANCE LIMITED

#### Opinion on the Financial Statements

We have audited the accompanying financial statements of Reliance Finance Limited. ("the Company") which comprise the Statement of Financial Position as at 31<sup>st</sup> Ashadh 2081 corresponding to 15<sup>th</sup> July 2024, Statement of Profit or Loss, Statement of other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as of 31<sup>st</sup> Ashadh 2081 (15<sup>th</sup> July, 2024), and its financial performances and its cash flows for the year ended on that date in accordance with Nepal Financial Reporting Standards (NFRS).

#### 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 ICAN's Handbook of Code of Ethics for Professional Accountant together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. 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 judgement, 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. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	How our Audit addressed the Key Audit Matters
<b>Impairment of Loans and Advances to Customers</b>	
<p>Company's policy for the allowance for impairment of loans and advances to customers have been based on the application of incurred loss model. It involves significant management judgement and estimation. In addition, assessment of allowances for impairment is important as carve out provides for higher of the incurred loss model or NRB's directive. The carrying value of the loans &amp; advances to customers can be materially misstating if management's judgement and estimation are inappropriate.</p> <p>In addition to above, interest income of the company has been recognized on accrual basis as calculated by the Company's core banking system and following the interest income recognition Guidelines 2019 issued by NRB. Recognition of interest income on non-performing loans and advances involves judgement and estimation on calculating net realizable value of the loans &amp; advances.</p> <p>Therefore, considering the significance of the above matter to the financial statements, we have identified this as a key audit matter.</p>	<p>We tested the Company's operating effectiveness of key controls to identify loss events and for determining the extent of provisioning required against non-performing loans &amp; advances. The testing of control included testing of:</p> <ul style="list-style-type: none"> <li>✓ Controls over correct identification and classification of non-performing loans and advances on time-based criteria</li> <li>✓ Control over accurate computation and recording of provisions</li> <li>✓ Tested and checked the mode of calculation for the incurred loss in accordance with incurred loss model.</li> <li>✓ Control over the monitoring of loans and advances to customers with higher risk default</li> <li>✓ Control over the governance and approval process for provisions including ongoing reassessment by the Company's Management</li> </ul> <p>In carrying out the substantive procedures, we selected sample of loans &amp; advances to customers and checked the repayment schedules and tested the classification of non-performing loans based on overdue period. Assessed the Management's assumption and judgement for classification of loans &amp; advances based on repayment pattern, documentation, assessment of control over mortgage value of loans &amp; advances, inspection and discussion with management.</p> <p>We considered the impairment charges on loans &amp; advances to customers and interest recognition to be acceptable.</p>

<b>Investment Valuation, Identification and Impairment</b> The Company's investment portfolio includes Government Bonds, NRB Deposit instruments and quoted and unquoted equity instruments. These instruments were valued in accordance with NFRS 9 and NRB Directive 8.  Government bond and Treasury bill are measured at amortized cost. Investment in an equity instrument that is not held for trading are measured at fair value through Other Comprehensive Income (FVOCI). Given there are different methods recommended for the treatment of investments based on the nature of cash flow, the business model adopted, complexity of calculation and the significance of amount involved in such investments, same has been considered as Key Audit matter.	Our audit approach regarding verification of process of investment valuation, identification and impairment included: <ul style="list-style-type: none"> <li>✓ Review of the Company's investment and its valuation having reference to NFRS and NRB Directive.</li> <li>✓ For investment valued at amortized cost, on test check basis, we checked the effective interest rate (EIR) and amortization schedule.</li> <li>✓ For the investments measured at Fair Value through Other Comprehensive Income (FVTOCI) for quoted investment, we ensured that fair valuation done at the closing transaction rate in NEPSE as on 15<sup>th</sup> July 2024.</li> <li>✓ Income and Bonus received have been verified through DEMAT statement maintained by the Company wherever applicable.</li> </ul>
<b>Investment Properties (Non-Banking Assets)</b> Investment Properties includes land, land and building acquired by the Company as non-banking assets but not sold as on the reporting date. The Company holds investment property that has been acquired through enforcement of security over the loans and advances. Investment property is to be measured at fair value model or cost model.	During the course of audit, we verified the Non-Banking Assets as per Nepal Rastra Bank's Directive. This specific item has been found included under investment property without being mentioning the mode of subsequent measurement.

#### Information Other than the financial statement and auditor's report thereon

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management Report, Report of the Board of Directors and Chairman's statement but does not include the financial statement and our auditor's report thereon.

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

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

#### Management's Responsibility and Those Charged 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.

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

#### 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 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 decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


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

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

#### **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 are 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 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.

  
CA. Anila Shrestha  
Partner  
Sundar & Co.,  
Chartered Accountants  
UDIN # 250413CA00225AxwKq  
Date: 31<sup>st</sup> Chaitra 2081





**Reliance Finance Limited**  
**Statement of Financial Position**  
**As at 31 Ashad 2081**

Particulars	Note	As at 31.03.2081	As at 31.03.2080
<b>Assets</b>			
Cash and cash equivalent	4.1	326,198,690	415,865,544
Due from Nepal Rastra Bank	4.2	313,220,913	242,269,078
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	348,833,985	430,587,864
Loans and advances to customers	4.7	5,939,519,695	5,170,035,486
Investment securities	4.8	2,339,451,252	2,006,786,670
Current tax assets	4.9	47,769,591	29,132,074
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	210,405,795	24,570,970
Property and equipment	4.13	313,778,087	315,808,868
Goodwill and Intangible assets	4.14	1,645,054	1,747,507
Deferred tax assets	4.15	2,376,724	1,884,381
Other assets	4.16	51,935,287	33,585,374
<b>Total Assets</b>		<b>9,895,135,075</b>	<b>8,672,273,817</b>
<b>Liabilities</b>			
Due to Bank and Financial Institutions	4.17	400,662,950	187,458,851
Due to Nepal Rastra Bank	4.18	246,150,000	177,826,000
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	7,903,761,973	6,659,827,786
Borrowing	4.21	-	370,000,000
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	-	-
Other liabilities	4.23	172,213,874	149,558,681
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
<b>Total liabilities</b>		<b>8,722,788,797</b>	<b>7,544,671,319</b>
<b>Equity</b>			
Share capital	4.26	1,121,451,730	1,121,451,730
Share premium		1,140,765	1,140,765
Retained earnings		(266,552,777)	(206,208,238)
Reserves	4.27	316,306,560	211,218,240
<b>Total equity attributable to equity holders</b>		<b>1,172,346,278</b>	<b>1,127,602,498</b>
Non-controlling interest			
<b>Total equity</b>		<b>1,172,346,278</b>	<b>1,127,602,498</b>
<b>Total liabilities and equity</b>		<b>9,895,135,075</b>	<b>8,672,273,817</b>
Contingent liabilities and commitment	4.28	131,373,076	34,633,487
Net assets value per share		104.54	100.55

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

Samaj Prakash Shrestha  
Chief Executive Officer

Kush Prasad Mally  
Chairman

Bishnu Man Joshi  
Director

Anila Shrestha, FCA  
Sundar & Co.  
Chartered Accountants

Tulsi Prasad Baral  
Director

Sweta Kakshapati Shakya  
Director

Ishwari Prasad Neupane  
Director

Date: 29-Chaitra-2081, Kathmandu

**Reliance Finance Limited**  
**Statement of Profit or Loss**  
**For the year ended on 31 Ashad 2081**

Particulars	Note	Current Year	Previous Year
Interest income	4.29	921,289,719	1,004,804,897
Interest expense	4.30	702,702,806	776,523,323
<b>Net interest income</b>		<b>218,586,912</b>	<b>228,281,575</b>
Fee and commission income	4.31	39,254,502	31,701,241
Fee and commission expense	4.32	-	-
<b>Net fee and commission income</b>		<b>39,254,502</b>	<b>31,701,241</b>
<b>Net interest, fee and commission income</b>		<b>257,841,415</b>	<b>259,982,815</b>
Net trading income	4.33	-	-
Other operating income	4.34	6,950,345	3,552,449
<b>Total operating income</b>		<b>264,791,760</b>	<b>263,535,264</b>
Impairment charge/(reversal) for loans and other losses	4.35	9,051,068	248,792,421
<b>Net operating income</b>		<b>255,740,692</b>	<b>14,742,843</b>
<b>Operating expense</b>			
Personnel expenses	4.36	123,356,547	110,110,673
Other operating expenses	4.37	61,727,241	55,620,212
Depreciation & Amortisation	4.38	29,454,661	31,557,839
<b>Operating Profit</b>		<b>41,202,242</b>	<b>(182,545,882)</b>
Non operating income	4.39	-	-
Non operating expense	4.40	-	-
<b>Profit before income tax</b>		<b>41,202,242</b>	<b>(182,545,882)</b>
Income tax expense	4.41		
Current Tax		-	
Deferred Tax		(1,407,102)	66,228
<b>Profit for the period</b>		<b>42,609,344</b>	<b>(182,612,109)</b>
<b>Profit attributable to:</b>			
Equity holders of the Bank		42,609,344	(182,612,109)
Non-controlling interest			
Profit for the period		42,609,344	(182,612,109)
<b>Earnings per share</b>			
Basic earnings per share		3.80	(16.28)
Diluted earnings per share		3.80	(16.28)

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

**Samaj Prakash Shrestha**  
Chief Executive Officer

**Kush Prasad Mally**  
Chairman

**Bishnu Man Joshi**  
Director

**Anila Shrestha, FCA**  
**Sundar & Co.**  
Chartered Accountants

**Tulsi Prasad Baral**  
Director

**Sweta Kakshapati Shakya**  
Director

**Ishwari Prasad Neupane**  
Director

Date: 29-Chaitra-2081, Kathmandu





**Reliance Finance Limited**  
**Statement of Comprehensive Income**  
**For the year ended on 31 Ashad 2081**

Particulars	Note	Current Year	Previous Year
Profit for the year		42,609,344	(182,612,109)
<b><u>Other comprehensive income, net of income tax</u></b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
Gain/(loss) from investments in equity instruments measured at fair value		3,049,196	(2,474,595)
Gain/(loss) on revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items		(914,759)	742,378
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>2,134,437</b>	<b>(1,732,216)</b>
<b>b) Items that are or may be reclassified to profit or loss</b>			
Gains/(losses) on cash flow hedge			
Exchange gain/(losses) arising from translating financial assets of foreign operation			
Income tax relating to above items			
<b>Net other comprehensive income that are or may be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>
<b>c) Share of other comprehensive income of associate accounted as per equity method</b>			
<b>Other comprehensive income for the period, net of income tax</b>		<b>2,134,437</b>	<b>(1,732,216)</b>
<b>Total comprehensive income for the period</b>		<b>44,743,781</b>	<b>(184,344,326)</b>
<b><u>Total comprehensive income attributable to:</u></b>			
Equity holders of the Bank		44,743,781	(184,344,326)
Non-controlling interest		-	-
<b>Total comprehensive income for the period</b>		<b>44,743,781</b>	<b>(184,344,326)</b>

Samaj Prakash Shrestha  
Chief Executive Officer

Kush Prasad Mally  
Chairman

Bishnu Man Joshi  
Director

Anila Shrestha, FCA  
Sundar & Co.  
Chartered Accountants

Tulsi Prasad Baral  
Director

Sweta Kakshapati Shakya  
Director

Ishwari Prasad Neupane  
Director

Date: 29-Chaitra-2081, Kathmandu

**Reliance Finance Limited**  
**Statement of Changes in Equity**  
**For the year ended on 31 Ashad 2081**

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
<b>Balance at 1 Shrawan 2080</b>	1,121,451,730	1,140,765	154,522,690	-	50,866,414	968,614	-	(206,208,238)	4,860,522	1,127,602,498
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-
<b>Adjusted/Restated balance at 1 Shrawan 2080</b>	1,121,451,730	1,140,765	154,522,690	-	50,866,414	968,614	-	(206,208,238)	4,860,522	1,127,602,498
<b>Comprehensive income for the year</b>										
Profit for the year								42,609,344		42,609,344
Other comprehensive income, net of tax										
Remeasurements of defined benefit liability (assets)										2,134,437
Fair value reserve (Investment in equity instrument)						2,134,437				
Net change in fair value										
Net amount transferred to profit or loss						2,134,437				2,134,437
Net gain (loss) on revaluation						2,134,437				2,134,437
<b>Cash flow hedges:</b>										
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			9,537,295		98,631,173	(5,077,133)		(102,953,883)	48,793	108,217,261
Transfer from reserve during the year									(186,246)	(108,217,261)
<b>Transactions with owners, directly recognised in equity</b>										
Right share issued										
Share based payments										
Dividends to equity holders										
Bonus shares issued										
Cash dividend paid										
<b>Total contributions by and distributions</b>										
<b>Balance at Ashad end 2081</b>	1,121,451,730	1,140,765	164,059,986	-	149,497,587	(1,974,081)	-	(266,552,777)	4,723,070	1,172,346,278

Date: 29-Chaitra-2081,  
Kathmandu

**Samaj Prakash Shrestha**  
 Chief Executive Officer

**Tulsi Prasad Baral**  
 Director

**Kush Prasad Mally**  
 Chairman

**Sweta Kakshapati Shakya**  
 Director

**Bishnu Man Joshi**  
 Director

**Ishwari Prasad Neupane**  
 Director

**Anila Shrestha, FCA**  
**Sundar & Co.**  
 Chartered Accountants



Reliance Finance Limited  
Statement of Changes in Equity  
For the year ended on 31 Ashad 2080

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 Shrawan 2079	1,053,006,319	1,140,765	154,522,690	-	24,939,421	2,700,831	-	75,912,754	4,880,388	1,317,103,169
Adjusted/Restated balance at 1 Shrawan 2079	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year	1,053,006,319	1,140,765	154,522,690	-	24,939,421	2,700,831	-	75,912,754	4,880,388	1,317,103,169
Profit for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	-	-
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	-	-	-	-	-
Net change in fair value	-	-	-	-	-	-	-	-	-	-
Net amount transferred to profit or loss	-	-	-	-	-	-	-	-	-	-
Net gain (loss) on revaluation	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
Transfer from reserve during the year	-	-	-	-	-	-	-	-	-	-
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	68,445,411	-	-	-	-	-	-	-	-	-
Balance at Ashad end 2080	1,121,451,730	1,140,765	154,522,690	-	50,866,414	968,614	-	(72,047,801)	4,860,522	1,127,602,498

Anila Shrestha, FCA  
Sundar & Co.  
Chartered Accountants

Bishnu Man Joshi  
Director  
Ishwari Prasad Neupane  
Director

Kush Prasad Mally  
Chairman  
Sweta Kakshapati Shakya  
Director

Samaj Prakash Shrestha  
Chief Executive Officer  
Tulsi Prasad Baral  
Director

Date: 29-Chaitra-2081,  
Kathmandu

**Reliance Finance Limited**  
**Statement of Cash Flow**  
**For the year ended on 31 Ashad 2081**

Particulars	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	954,122,738	982,352,841
Fees and other income received	39,254,502	31,701,241
Dividend received		
Receipts from other operating activities	3,839,304	1,679,757
Interest paid	(702,702,806)	(776,523,323)
Commission and fees paid		
Cash payment to employees	(127,934,574)	(110,110,673)
Other expense paid	(61,727,241)	(55,620,212)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>104,851,921</b>	<b>73,479,630</b>
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(70,951,835)	(20,699,233)
Placement with bank and financial institutions	-	-
Other trading assets		
Loan and advances to bank and financial institutions	81,753,879	(74,584,621)
Loans and advances to customers	(778,535,277)	(246,697,869)
Other assets	(44,170,851)	(59,084,885)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	213,204,099	(19,499,248)
Due to Nepal Rastra Bank	68,324,000	(685,674,000)
Deposit from customers	1,243,934,186	(9,844,126)
Borrowings	(370,000,000)	370,000,000
Other liabilities	22,655,193	(2,783,192)
<b>Net cash flow from operating activities before tax paid</b>	<b>471,065,316</b>	<b>(675,387,543)</b>
Income taxes paid	(17,108,812)	(17,108,812)
<b>Net cash flow from operating activities</b>	<b>453,956,505</b>	<b>(692,496,355)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(332,664,582)	472,590,601
Receipts from sale of investment securities	1,125,144	452,759
Purchase of property and equipment	(28,337,446)	(19,617,199)
Receipt from the sale of property and equipment		
Purchase of intangible assets	102,453	951,460
Receipt from the sale of intangible assets		
Purchase of investment properties	(185,834,825)	(18,115,155)
Receipt from the sale of investment properties		
Interest received		
Dividend received	1,985,897	1,419,933
<b>Net cash used in investing activities</b>	<b>(543,623,359)</b>	<b>437,682,399</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	-	68,445,411
Dividends paid		(3,602,390)
Interest paid		
Other receipt/payment		
<b>Net cash from financing activities</b>	<b>-</b>	<b>64,843,021</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(89,666,854)</b>	<b>(189,970,935)</b>
<b>Opening balance of cash and cash equivalents, Shrawan 1, 2080</b>	<b>415,865,544</b>	<b>605,836,478</b>
Effect of exchange rate fluctuations on cash and cash equivalents held		
<b>Closing Cash and Cash Equivalent as at Ashad end 2081</b>	<b>326,198,689</b>	<b>415,865,544</b>

**Samaj Prakash Shrestha**  
Chief Executive Officer

**Kush Prasad Mally**  
Chairman

**Bishnu Man Joshi**  
Director

**Anila Shrestha, FCA**  
**Sundar & Co.**  
Chartered Accountants

**Tulsi Prasad Baral**  
Director

**Sweta Kakshapati Shakya**  
Director

**Ishwari Prasad Neupane**  
Director

Date: 29-Chaitra-2081, Kathmandu

**Reliance Finance Limited**  
**Notes to Financial Statements**  
For the year ended on 31 Ashad 2081

**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 Kamaladi-1, Kathmandu. Finance Co. has 21 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) 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.

**b) 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.

**c) 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 2080-81, starting from 1 Shrawan 2080 and ending on 31 Ashad 2081. 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 12.29.2081 meeting no.342. 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 2080 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 ashad end 2081 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**

Amendments in existing Standards and interpretations issued by International Accounting Standards Board (IASB) after the pronouncement of NFRS have not been applied and shall be adopted as and when made effective by ICAN/ASBA.

## **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 Co. Finance Co. 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 Mangsir 7th 2081, the audit finalization date, has been upgraded due to the repayment of overdue loan installment/ loan regularization as per NRB Unified Directives, 2080, no.2/080. The consequential effect of such loan upgradation has caused reduction of Loan Loss Provision (LLP) amount by Rs.77,679 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 2081.

## **3 Significant Accounting Policies**

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

<b>Note No.</b>	<b>Accounting Policy</b>	<b>Information Note No.</b>
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 expense	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 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 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 1.

#### **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.

Further, Interest income on Loan and Advances is recognized as per the guideline on recognition of interest income, 2019 issued by NRB.

SN	Particulars	FY 2080-81
1	Total AIR-Current Year	108,829,932
2	Interest Recognition Suspended Non Performing Loan	50,798,536
3	Accured Income Recognized for Performing Loan	58,031,396
4	Interest Received till Shrawan end	38,045,475
5	Accured Income Recognized for Performing Loan(After 32 dyas Interest Received)	19,985,921
6	Upto Previous Year Income Recognized- transferred to regulatory reserve	33,502,321
7	AIR(Net) to be transferred to regulatory reserve this year	(20,911,191)
8	Total Amount to regulatory reserve	12,591,130

#### 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 expense 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 expense**

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**

Company has obtained all office spaces on lease for varying periods. Lease payments are either on monthly or quarterly basis. Lease accounting has been prepared according to NFRS-16. As per NFRS 16 para C2, the date of initial application is the beginning of the annual reporting period. In line with para C8 (a) and (b) (ii), company has measured lease liability at the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application and right of use assets an amount equal to the lease liability relating to that lease recognised in the statement of financial position. In such scenario, Company shall not be required to restate comparative information. Assets/Liabilities recognized as per NFRS 16

Particulars	Amount(NPR)
Opening -Right of use Assets(ROU)	40,987,517
Addition	16,272,854
Accumulated Depreciation-ROU	(11,394,231)
Net Right of use Assets(ROU)	45,866,140
Lease payment during the year	11,796,130

### 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 Non Banking Assets**

Non Banking Assets are the assets obtained as security for loan and advances and subsequently taken by the finance Co. in the course of loan recovery. Such assets are booked at fair market value or total amount due from the borrower whichever is lower. The finance Co. has practice to transfer entire NBA amount to regulatory reserve as a provision. which amount has been deducted on distributable profit for same fiscal year.

### **3.23 Staff Loan**

Under previous NAS, staff loans were recorded at cost less repayments net loan loss provision, if any. Under NFRS, the Finance Company has to measure the staff loans granted below the market interest rate rate their fair value, calculate based on the market interest rate of similar product.

The Staff loan as on Ashad end 2081 is Rs. 1,00,779,170 as per amortization schedule based on NFRS.

### **3.24 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.



**Reliance Finance Limited**  
**Notes to Financial Statements**

**Cash and cash equivalent**

**4.1**

Particulars	As at 31.03.2081	As at 31.03.2080
Cash in hand	57,042,156	70,524,920
Balances with B/FIs	269,156,534	345,340,624
Money at call and short notice	-	-
Other	-	-
<b>Total</b>	<b>326,198,690</b>	<b>415,865,544</b>

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 31.03.2081	As at 31.03.2080
Statutory balances with NRB	313,220,913	242,269,078
Securities purchased under resale agreement		
Other deposit and receivable from NRB		
<b>Total</b>	<b>313,220,913</b>	<b>242,269,078</b>

**Placements with Bank and Financial Institutions**

**4.3**

Particulars	As at 31.03.2081	As at 31.03.2080
Placement with domestic B/FIs		
Placement with foreign B/FIs		-
Less: Allowances for impairment		-
<b>Total</b>	<b>-</b>	<b>-</b>

**Derivative financial instruments**

**4.4**

Particulars	As at 31.03.2081	As at 31.03.2080
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		-
<b>Total</b>	<b>-</b>	<b>-</b>

**Other trading assets**

**4.5**

Particulars	As at 31.03.2081	As at 31.03.2080
Treasury bills		-
Government bonds		-
NRB Bonds		-
Domestic Corporate bonds		-
Equities		-
Other		-
<b>Total</b>	<b>-</b>	<b>-</b>
Pledged		-
Non-pledged		-

**Loan and advances to B/FIs**
**4.6**

Particulars	As at 31.03.2081	As at 31.03.2080
Loans to microfinance institutions	353,070,835	436,259,234
Other		
Less: Allowances for impairment	(4,236,850)	(5,671,370)
<b>Total</b>	<b>348,833,985</b>	<b>430,587,864</b>

**Note:** The above amount represents provided to micro finance institution in the normal course of business, RFL does not have any accrued interest amount of micro finance in this period.

<b>4.6.1: Allowances for impairment</b>		
<b>Balance at Shrawan 1</b>		
Impairment loss for the year:		
Opening	5,671,370	4,688,999
Charge for the year	(1,434,520)	982,371
Recoveries/reversal		
Amount written off		
<b>Balance at Ashad end</b>	<b>4,236,850</b>	<b>5,671,370</b>

**Loans and advances to customers**
**4.7**

Particulars	As at 31.03.2081	As at 31.03.2080
Loan and advances measured at amortized cost	6,332,155,347	5,552,185,550
Less: Impairment allowances		
Collective impairment	(291,641,458)	(303,836,581)
Individual impairment	(100,994,193)	(78,313,483)
<b>Net amount</b>	<b>5,939,519,695</b>	<b>5,170,035,486</b>
Loan and advances measured at FVTPL		
<b>Total</b>	<b>5,939,519,695</b>	<b>5,170,035,486</b>

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 27.62% 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 31.03.2081	As at 31.03.2080
Individual impairment	-	-
Collective impairment	291,641,458	303,836,581
<b>Total</b>	<b>291,641,458</b>	<b>303,836,581</b>

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

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Performing loan</b>	<b>5,751,092,983</b>	<b>5,022,724,052</b>
Good	4,914,539,510	4,663,911,326
Watch list	836,553,473	358,812,726
<b>Non-performing loan</b>	<b>422,251,797</b>	<b>370,952,541</b>
Substandard	85,950,255	44,760,005
Doubtful	100,910,556	66,715,669
Loss	235,390,987	259,476,867
<b>Total</b>	<b>6,173,344,780</b>	<b>5,393,676,593</b>



<b>Add: loan to employees and Net AIR</b>	<b>158,810,566</b>	<b>158,508,957</b>
<b>Total loan</b>	<b>6,332,155,347</b>	<b>5,552,185,550</b>
<b>Impairment allowance</b>		
<b>Performing loan</b>	<b>100,994,193</b>	<b>78,313,483</b>
Good	59,170,070	60,372,847
Watch list	41,824,123	17,940,636
<b>Non-performing loan</b>	<b>291,641,458</b>	<b>303,836,581</b>
Substandard	21,477,903	11,001,879
Doubtful	37,043,453	33,357,835
Loss	233,120,102	259,476,867
Additional	-	-
<b>Total</b>	<b>392,635,651</b>	<b>382,150,064</b>

#### 4.7.1: Analysis of loan and advances - By Product

<b>Product</b>	<b>As at 31.03.2081</b>	<b>As at 31.03.2080</b>
Term loans	2,481,857,974	1,688,710,144
Overdraft	54,451,826	179,353,183
Cash Credit Loan	757,695,157	748,811,642
Trust receipt/Import loans	-	-
Demand and other short term working capital loans	398,816,345	452,481,960
Personal residential loans	829,046,890	687,616,672
Real estate loans	419,277,687	309,632,742
Margin lending loans	345,532,241	423,452,623
Hire purchase loans	204,340,300	171,817,987
Deprived sector loans	93,072,323	114,890,728
Bills purchased	-	-
Staff loans	100,779,170	92,070,983
Other	589,254,037	616,908,912
<b>Sub total</b>	<b>6,274,123,951</b>	<b>5,485,747,576</b>
Interest receivable	58,031,396	66,437,974
<b>Grand total</b>	<b>6,332,155,347</b>	<b>5,552,185,550</b>

#### 4.7.2: Analysis of loan and advances - By Currency

<b>Currency</b>	<b>As at 31.03.2081</b>	<b>As at 31.03.2080</b>
Nepalese rupee	6,332,155,347	5,552,185,550
Indian rupee		
United State dollar		
Great Britain pound		
Euro		
Japenese yen		
Chinese yuan		
Other		
<b>Total</b>	<b>6,332,155,347</b>	<b>5,552,185,550</b>

#### 4.7.3: Analysis of loan and advances - By Collateral

<b>Collateral</b>	<b>As at 31.03.2081</b>	<b>As at 31.03.2080</b>
<b>Secured</b>		
Movable/immovable assets	6,120,931,806	4,688,975,287
Gold and silver		
Guarantee of domestic B/FIs		
Government guarantee		
Guarantee of international rated bank		

Collateral of export document		
Collateral of fixed deposit receipt	104,863,738	136,463,611
Collateral of Government securities	-	-
Counter guarantee		
Personal guarantee	11,133,523	83,726,396
Other collateral	95,226,280	643,020,256
<b>Subtotal</b>	<b>6,332,155,347</b>	<b>5,552,185,550</b>
<b>Unsecured</b>		
<b>Grant Total</b>	<b>6,332,155,347</b>	<b>5,552,185,550</b>

#### 4.7.4: Allowances for impairment

Particulars	As at 31.03.2081	As at 31.03.2080
<b><u>Specific allowances for impairment</u></b>		
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		-
<b>Balance at Ashad end</b>	<b>-</b>	<b>-</b>
<b><u>Collective allowances for impairment</u></b>		
Balance at Shrawan 1	382,150,064	134,340,014
Impairment loss for the year:		
Charge/(reversal) for the year	10,485,588	247,810,050
Exchange rate variance on foreign currency		
Other movement		
<b>Balance at Ashad end</b>	<b>392,635,651</b>	<b>382,150,064</b>
<b>Total allowances for impairment</b>	<b>392,635,651</b>	<b>382,150,064</b>

#### Investment securities

4.8

Particulars	As at 31.03.2081	As at 31.03.2080
Investment securities measured at amortized cost	2,155,000,450	1,813,917,940
Investment in equity measured at FVTOCI	184,450,802	192,868,730
<b>Total</b>	<b>2,339,451,252</b>	<b>2,006,786,670</b>

#### 4.8.1: Investment securities measured at amortized cost

Particulars	As at 31.03.2081	As at 31.03.2080
Debt securities		-
Government bonds	1,454,885,382	1,760,437,452
Government treasury bills	-	-
Investments - Citizen Saving Bonds	-	53,480,488
Nepal Rastra Bank bonds		
Nepal Rastra Bank deposits instruments	700,115,068	
Other		
Less: specific allowances for impairment		
<b>Total</b>	<b>2,155,000,450</b>	<b>1,813,917,940</b>

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

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Equity instruments</b>		
Quoted equity securities	177,184,002	187,213,630
Unquoted equity securities	7,266,800	5,655,100
<b>Total</b>	<b>184,450,802</b>	<b>192,868,730</b>

**Reliance Finance Limited**  
**Notes to Financial Statements**

**4.8.3: Information relating to investment in equities**

S.No	Particulars	As at 31.03.2081		As at 31.03.2080	
		Cost	Fair Value	Cost	Fair Value
	<b>Investment in quoted equity</b>	<b>186,188,118</b>	<b>177,184,002</b>	<b>190,402,196</b>	<b>187,213,630</b>
1	Laxmi Equity Fund 3,77,097 units of Rs.9.98 each	3,765,113	3,571,109	3,765,113	3,616,360
2	National Life Insurance Co.Ltd. 1,47,753 promoter shares of Rs.325.82 each	48,140,742	43,365,506	48,140,742	40,153,148
3	National Life Insurance Co.Ltd. 89,921 ordinary shares of Rs.627.20 each	56,398,432	53,502,995	55,447,023	52,662,960
4	NLG Insurance Co.Ltd. 2,406 promoter shares of Rs.44.98 each	108,229	956,265	108,229	958,020
5	Siddhartha Premier Insurance Co.Ltd. 1,487 ordinary shares of Rs.741.61 each	1,104,584	1,278,671	10,795,664	11,332,625
6	IME General Insurance Ltd 10 ordinary shares (Bonus Share)	-	5,580	-	5,600
7	NIC ASIA Balance Fund 50,000 units of Rs.10 each	500,000	480,000	500,000	466,500
8	Sanima Equity Fund 10,800 units of Rs.10.46 each	1,054,743	1,099,728	1,054,743	1,189,440
9	NIBL Sahabhagita Fund 1,00,000 units of Rs.10 each	1,000,000	1,056,000	1,000,000	1,063,000
10	Laxmi Unnati Kosh 2,50,000 units of Rs.10 each	2,500,000	2,250,000	2,500,000	2,347,500
11	Sana Kisan Bikas Laghubitta Sanstha Ltd 5 ordinary shares (Bonus Share)	-	4,269	-	3,596
12	Surya Life Insurance Company Limited 3,975 ordinary shares of Rs.577.99 each	2,297,499	1,708,853	2,297,499	2,199,050
13	Kumari Equity Fund 2,50,000 units of Rs.10 each	2,500,000	2,415,000	2,500,000	2,542,500
14	Sanima Large Cap Fund 10,00,000 units of Rs.10 each	10,000,000	9,290,000	10,000,000	8,920,000
15	NIBL Samridhi Fund-2 1,00,000 units of Rs.10 each	1,000,000	825,000	1,000,000	911,000
16	Nerudhe Laghu Bitta Sanstha 16,007 promoter shares of Rs.194.28 each	3,109,790	6,418,807	3,109,790	6,418,406
17	Prabhu Select Fund 2,50,000 units of Rs.10 each	2,500,000	2,447,500	2,501,855	2,212,500
18	Sunrise Bluechip Fund 10,00,000 units of Rs.10 each	10,000,000	8,270,000	10,000,000	7,850,000
19	Kumari Dhanbirdhi 50,000 units of Rs.10 each	500,000	483,500	500,000	502,000



20	Sagarmatha Lumbini General Insurance Co. 150 ordinary shares (Bonus Share)	-	109,050	-	112,200
21	NIC ASIA Flexicap Fund 50,000 units of Rs.10 each	500,000	462,500	500,000	508,500
22	Nepal Life Insurance Co.Ltd 1,069units of Rs.627.58 each	670,885	661,711	-	744
23	Himalayan Life Insurance Co.Ltd 1 ordinary shares (Bonus Share)	-	391	-	507
24	NIBL Growth Fund 25,000 units of Rs.10 each	2,500,000	2,660,000	2,500,000	2,660,000
25	Prabhu Smart Fund 50,000 units of Rs.10 each	5,000,000	4,805,000	5,000,000	4,950,000
26	RBB Mutual Fund2 25,000 units of Rs.10 each	2,500,000	2,375,000	2,500,000	2,500,000
27	Sunrise Focused Equity Fund 10,00,000 units of Rs.10 each	10,000,000	8,240,000	10,000,000	9,680,000
28	Subha Laxmi Kosh 50,000 units of Rs.10 each	500,000	538,500	500,000	500,000
29	Sanima Growth Fund 50,000 units of Rs.10 each	5,000,000	5,070,000	5,000,000	4,995,000
30	Butwal Power Company Limited 3,346 units of Rs.294.39 each	985,039	1,037,260	-	-
31	Citizen Super 30 mutual Fund 2,50,000 units of Rs.10 each	2,500,000	2,500,000	-	-
32	Chilime Hydro power Company Limited 1 ordinary shares (Bonus Share)	-	465	-	-
33	Himalayan 80-20 mutual Fund 2,50,000 units of Rs.10 each	2,500,000	2,497,500	-	-
34	Laxmi Value Fund 2 2,50,000 units of Rs.10 each	2,500,000	2,310,000	-	-
35	Shivam Cement Ltd 1,235 units of Rs.496.75 each	613,485	620,341	-	-
36	Sanima Mai Hydropower Ltd. 4,433 units of Rs.324.74 each	1,439,577	1,505,004	-	-
37	Sidhartha Investment Growth Schem-3 2,50,000 units of Rs.10 each	2,500,000	2,362,500	-	-
38	NMB Hybrid Fund			1,577,400	1,702,015
39	Unilever Nepal Ltd			7,172,087	8,249,500
40	NLG Insurance Co.Ltd./ Public			432,051	6,000,960
<b>Investment in unquoted equity</b>		1,082,800	7,266,800	1,082,800	5,655,100
41	Nepal Clearing House Ltd. 72,668 shares of Rs.14.90 each	1,082,800	7,266,800	1,082,800	5,655,100
<b>Total</b>		<b>187,270,918</b>	<b>184,450,802</b>	<b>191,484,996</b>	<b>192,868,730</b>



**Reliance Finance Limited**  
**Notes to Financial Statements**

**Current tax assets**
**4.9**

Particulars	As at 31.03.2081	As at 32.03.2080
Current tax assets	49,736,860	31,099,343
Current year income tax assets	46,892,392	28,254,875
Tax assets of prior periods	2,844,468	2,844,468
Current tax liabilities	1,967,269	1,967,269
Current year income tax liabilities	-	-
Tax liabilities of prior periods	1,967,269	1,967,269
<b>Total</b>	<b>47,769,591</b>	<b>29,132,074</b>

**Investment in subsidiaries**
**4.10**

Particulars	As at 31.03.2081	As at 32.03.2080
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
<b>Total investment</b>	<b>-</b>	<b>-</b>
Less: Impairment allowances		
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>

**4.10.1: Investment in quoted subsidiaries**

Particulars	As at 31.03.2081		As at 31.03.2080	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**4.10.2: Investment in unquoted subsidiaries**

Particulars	As at 31.03.2081		As at 31.03.2080	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**4.10.3: Information relating to subsidiaries of the Bank**

Particulars	Percentage of ownership held by the Bank	
	As at 31.03.2081	As at 31.03.2080
<b>Total</b>	<b>-</b>	<b>-</b>

**4.10.4: Non controlling interest of the subsidiaries**

Particulars	As at 31.03.2081	
	Ltd.	Ltd.
Equity interest held by NCI (%)		-
Profit/(loss) allocated during the year		-
Accumulated balances of NCI as on Ashad end		-
Dividend paid to NCI		-
	As at 31.03.2081	
	Ltd.	Ltd.
Equity interest held by NCI (%)		-
Profit/(loss) allocated during the year		-
Accumulated balances of NCI as on Ashad end		-
Dividend paid to NCI		-
	As at 31.03.2081	
	Ltd.	Ltd.
Equity interest held by NCI (%)		-
Profit/(loss) allocated during the year		-
Accumulated balances of NCI as on Ashad end		-
Dividend paid to NCI		-

**Investment in associates**
**4.11**

Particulars	As at 31.03.2081	As at 31.03.2080
Investment in quoted associates	-	-
Investment in unquoted associates	-	-
<b>Total investment</b>	-	-
Less: Impairment allowances	-	-
<b>Net carrying amount</b>	-	-

**4.11.1: Investment in quoted associates**

Particulars	As at 31.03.2081		As at 31.03.2080	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
<b>Total</b>	-	-	-	-

**4.11.2: Investment in unquoted associates**

Particulars	As at 31.03.2081		As at 31.03.2080	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
<b>Total</b>	-	-	-	-

**4.11.3: Information relating to associates of the Bank**

Particulars	Percentage of ownership held by the Finance Company	
	As at 31.03.2081	As at 31.03.2080
	-	-
	-	-
<b>Total</b>	-	-



#### 4.11.4: Equity value of associates

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Total</b>	-	-

#### Investment properties

4.12

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Investment properties measured at fair value</b>		
Balance as on Shrawan 1		
Addition during the year		
Disposal during the year		
Net changes in fair value during the year		
Adjustment/transfer		
<b>Net amount</b>	-	-
<b>Investment properties measured at cost</b>		
Balance as on Shrawan 1	24,570,970	6,455,816
Addition during the year	216,050,774	27,740,118
Disposal during the year	(30,215,950)	(9,624,963)
Adjustment/transfer		
Accumulated depreciation		
Accumulated impairment loss		
Net amount	210,405,795	24,570,970
<b>Total</b>	<b>210,405,795</b>	<b>24,570,970</b>

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

Name of Party/NBA Date	As at 31.03.2081	As at 31.03.2080
Manakamana Hastakala, Madanpur, Nuwakot /2074.03.02	714,624	714,624
Chakra Trading Pvt.Ltd,Sutranagar-8,Chitwan/2077.10.26		1,632,107
J.N.J. Fashion World Pvt.Ltd,Hetauda-6/2079.09.12		22,224,240
Everest garment /Rupandehi/19.04.2080	3,856,378	
Chandra Lal Khathariya/Dhangadi/21.04.2080	3,525,642	
Rawat Agriculture Trading/Dhangadi/21.04.2080	36,567,432	
Trimurti Itta Udhyog/Rupandehi/09.06.2080	29,483,089	
Trimurti Enterprises/Rupandehi/09.06.2080	4,577,198	
Trimurti Rice and Oil Mill/Rupandehi/09.06.2080	22,913,307	
Gyan Bdr Gurung/Syanja/17.07.2080	1,257,892	
Gyan Krishna Suntala tatha Pasupanchi firm/Syanja/17.07.2080	2,490,798	
Lumbini Saw Mill/Rupandehi/13.01.2081	33,755,453	
Trading/Bara/18.01.2081	6,845,020	
Bishal and rajesh furniture uddhyog/Nawalparasi/18.01.2081	22,527,286	
Pabitra Sharma/Rupandehi/25.01.2081	3,030,678	
Anjali P.R Suppliers/Rupandehi/30.01.2081	9,443,635	
Lumbini Green Leaf intergrated agro farm/Rupandehi/26.03.2081	21,664,340	
Sudip Hotel & Restaurant Rupandehi/28.03.2081	7,753,025	
<b>Total</b>	<b>210,405,795</b>	<b>24,570,970</b>



**Property and Equipment**

4.13

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Machinery	Equipment & Others	Right to Use Assets(ROU)	Total Ashad end 2081	Total Ashad end 2080
<b>Cost</b>											
<b>As on Shrawan 1, 2079</b>	<b>186,943,740</b>	<b>26,693,760</b>	<b>32,353,633</b>	<b>18,491,984</b>	<b>34,467,746</b>	<b>18,481,319</b>	<b>2,370,033</b>	<b>21,505,581</b>	<b>72,681,598</b>	<b>413,989,395</b>	<b>119,826,063</b>
Addition during the Year			9,943,024	1,057,376	3,746,680	2,982,840	769,100	5,276,465		23,775,485	224,122,733
Acquisition										-	-
Capitalization										-	72,681,598
Disposal during the year					(8,710,223)			(439,006)		(9,149,229)	(2,641,000)
Adjustment/Revaluation											
<b>Balance As on Ashad end, 2080</b>	<b>186,943,740</b>	<b>26,693,760</b>	<b>42,296,658</b>	<b>19,549,360</b>	<b>29,504,203</b>	<b>21,464,159</b>	<b>3,139,133</b>	<b>26,343,039</b>	<b>72,681,598</b>	<b>428,615,650</b>	<b>413,989,395</b>
Addition during the Year	-	-	6,712,595	1,112,901	3,500,000	996,933	635,000	1,419,278	16,272,854	14,376,706	23,775,485
Acquisition											
Capitalization											
Disposal during the year			(1,556,764)	-	(3,880,880)	(3,429,067)	(1,583,109)	(2,073,008)		(12,522,827)	(9,149,229)
Adjustment/Revaluation											
<b>Balance as on Ashad end 2081</b>	<b>186,943,740</b>	<b>26,693,760</b>	<b>47,452,488</b>	<b>20,662,261</b>	<b>29,123,323</b>	<b>19,032,025</b>	<b>2,191,025</b>	<b>25,689,309</b>	<b>88,954,452</b>	<b>446,742,383</b>	<b>428,615,650</b>
<b>Depreciation and Impairment</b>											
<b>As on Shrawan 1, 2079</b>	<b>-</b>	<b>194,535</b>	<b>20,498,789</b>	<b>11,704,201</b>	<b>10,669,733</b>	<b>9,122,668</b>	<b>2,083,566</b>	<b>16,019,404</b>	<b>15,631,537</b>	<b>85,924,434</b>	<b>58,824,227</b>
Depreciation charge for the Year		535,338	3,596,152	2,814,514	2,403,685	1,979,752	196,954	3,017,440	16,062,544	30,606,379	29,270,427
Impairment for the year										-	-
Disposals					(3,355,859)			(368,172)		(3,724,031)	(2,170,220)
Adjustment										-	-
<b>As on Ashad end 2080</b>	<b>-</b>	<b>729,873</b>	<b>24,094,941</b>	<b>14,518,716</b>	<b>9,717,560</b>	<b>11,102,421</b>	<b>2,280,520</b>	<b>18,668,671</b>	<b>31,694,081</b>	<b>112,806,782</b>	<b>85,924,434</b>
Depreciation charge for the Year		529,984	5,560,316	2,343,775	3,053,139	2,269,121	186,888	3,223,754	11,394,231	28,561,208	30,606,379
Impairment for the year										-	-
Disposals			(636,165)		(1,937,173)	(2,838,753)	(1,365,556)	(1,626,048)		(8,403,695)	(3,724,031)
Adjustment											
<b>As on Ashad end 2081</b>	<b>-</b>	<b>1,259,858</b>	<b>29,019,092</b>	<b>16,862,491</b>	<b>10,833,525</b>	<b>10,532,789</b>	<b>1,101,851</b>	<b>20,266,377</b>	<b>43,088,312</b>	<b>132,964,295</b>	<b>112,806,782</b>
<b>Capital Work in Progress</b>											
<b>Net Book Value</b>											
<b>As on Ashad end 2079</b>	<b>186,943,740</b>	<b>26,499,225</b>	<b>11,854,845</b>	<b>6,787,783</b>	<b>23,798,012</b>	<b>9,358,650</b>	<b>286,467</b>	<b>5,486,176</b>	<b>57,050,061</b>	<b>328,064,960</b>	<b>61,001,836</b>
<b>As on Ashad end 2080</b>	<b>186,943,740</b>	<b>25,963,887</b>	<b>18,201,717</b>	<b>5,030,645</b>	<b>19,786,643</b>	<b>10,361,738</b>	<b>858,613</b>	<b>7,674,368</b>	<b>40,987,517</b>	<b>315,808,868</b>	<b>328,064,960</b>
<b>As on Ashad end 2081</b>	<b>186,943,740</b>	<b>25,433,902</b>	<b>18,433,396</b>	<b>3,799,771</b>	<b>18,289,798</b>	<b>8,499,236</b>	<b>1,089,173</b>	<b>5,422,932</b>	<b>45,866,140</b>	<b>313,778,087</b>	<b>315,808,868</b>

**Reliance Finance Limited**  
**Notes to Financial Statements**

**Goodwill and Intangible Assets**

**4.14**

Particulars	Goodwill	Software		Other	Total Ashad end 2081	Total Ashad end 2080
		Purchased	Developed			
<b>Cost</b>						
<b>As on Shrawan 1, 2079</b>		7,474,742	-	-	7,474,742	6,778,662
Addition during the Year					-	696,080
Acquisition						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
<b>Balance as on Ashad end, 2080</b>		7,474,742	-	-	7,474,742	7,474,742
Addition during the Year		791,000			791,000	-
Acquisition					-	-
Capitalization					-	-
Disposal during the year					-	-
Adjustment/Revaluation					-	-
<b>Balance as on Ashad end 2081</b>	-	8,265,742	-	-	8,265,742	7,474,742
<b>Amortization and Impairment</b>						
<b>As on Shrawan 1, 2079</b>		4,775,775	-	-	4,775,775	3,754,556
Amortization charge for the Year		951,460			951,460	1,021,219
Impairment for the year						
Disposals						
Adjustment						
<b>Balance as on Ashad end, 2080</b>		5,727,235	-	-	5,727,235	4,775,775
Amortization charge for the Year		893,453			893,453	951,460
Impairment for the year					-	-
Disposals					-	-
Adjustment					-	-
<b>As on Ashad end 2081</b>	-	6,620,688	-	-	6,620,688	5,727,235
<b>Capital Work in Progress</b>						
<b>Net Book Value</b>						
<b>As on Ashad end 2079</b>		3,024,106	-	-	2,644,200	2,644,200
<b>As on Ashad end 2080</b>		1,747,507	-	-	3,024,106	3,024,106
<b>As on Ashad end 2081</b>	-	1,645,054	-	-	1,645,054	1,747,507

**Reliance Finance Limited**  
**Notes to Financial Statements**

**Deferred Tax**
**4.15**

Particulars	As at 31.03.2081		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loan and Advance to B/FIs			-
Loans and advances to customers			-
Investment properties			-
Investment securities	846,035	-	846,035
Property & equipment	-	274,070	(274,070)
Employees' defined benefit plan	-		-
Lease liabilities	15,031,719	13,759,842	1,271,877
Provisions			-
Other temporary differences	532,882		532,882
<b>Deferred tax on temporary differences</b>	<b>16,410,635</b>	<b>14,033,911</b>	<b>2,376,724</b>
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
<b>Net Deferred tax asset/(liabilities) as on 31 Ashad 2081</b>	<b>16,410,635</b>	<b>14,033,911</b>	<b>2,376,724</b>
Deferred tax (asset)/liabilities as on 1 Shrawan 2080			(1,884,381)
Origination/(Reversal) during the year			492,343
Deferred tax (expense)/income recognised in profit or loss			1,407,102
Deferred tax (expense)/income recognised in other comprehensive income			(914,759)
Deferred tax expense/(income) recognised in directly in equity			

**Deferred Tax**

Particulars	As at 31.03.2080		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loan and Advance to B/FIs			-
Loans and advances to customers			-
Investment properties			-
Investment securities	-	415,120	(415,120)
Property & equipment	-	94,636	(94,636)
Employees' defined benefit plan	-		-
Lease liabilities	13,287,356	12,296,255	991,101
Provisions			-
Other temporary differences	1,403,036		1,403,036
<b>Deferred tax on temporary differences</b>	<b>14,690,392</b>	<b>12,806,011</b>	<b>1,884,381</b>
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
<b>Net Deferred tax asset/(liabilities) as on 31 Ashad 2080</b>	<b>14,690,392</b>	<b>12,806,011</b>	<b>1,884,381</b>
Deferred tax (asset)/liabilities as on 1 Shrawan 2079			(1,208,230)
<b>Origination/(Reversal) during the year</b>			<b>676,151</b>
Deferred tax (expense)/income recognised in profit or loss			(66,228)
Deferred tax (expense)/income recognised in other comprehensive income			742,378
Deferred tax expense/(income) recognised in directly in equity			



**Reliance Finance Limited**  
**Notes to Financial Statements**

**Other Assets**

**4.16**

Particulars	As at 31.03.2081	As at 31.03.2080
Assets held for sale		
Other non banking assets		
Bills receivable	-	-
Accounts receivable	32,818,904	12,719,111
Accrued income	-	-
Prepayments and deposit	9,980,084	9,784,696
Income tax deposit	-	-
Deferred employee expenditure	5,030,874	7,297,651
Other	4,105,425	3,783,916
<b>Total</b>	<b>51,935,287</b>	<b>33,585,374</b>

**Due to Bank and Financial Institutions**

**4.17**

Particulars	As at 31.03.2081	As at 31.03.2080
Money market deposits		-
Interbank borrowing		-
Other deposits from BFIs	400,662,950	187,458,851
Settlement and clearing accounts		
Other deposits from BFIs		
<b>Total</b>	<b>400,662,950</b>	<b>187,458,851</b>

**Due to Nepal Rastra Bank**

**4.18**

Particulars	As at 31.03.2081	As at 31.03.2080
Refinance from NRB		48,526,000
Standing Liquidity Facility		
Lender of last resort facility from NRB		
Securities sold under repurchase agreements		
Borrowings from NRB	-	-
Other payable to NRB	246,150,000	129,300,000
<b>Total</b>	<b>246,150,000</b>	<b>177,826,000</b>

**Derivative financial instruments**

**4.19**

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Held for trading</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<b>Held for risk management</b>		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Deposits from customers**
**4.20**

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Institutions customers:</b>		
Term deposits	1,372,871,862	622,999,153
Call deposits	588,967,478	703,742,645
Current deposits	78,418,029	36,013,926
Other		
<b>Individual customers:</b>		
Term deposits	4,311,835,010	3,953,543,898
Saving deposits	1,551,669,593	1,343,528,164
Current deposits		
Other		
<b>Total</b>	<b>7,903,761,973</b>	<b>6,659,827,786</b>

**4.20.1: Currency wise analysis of deposit from customers**

Particulars	As at 31.03.2081	As at 31.03.2080
Nepalese rupee	7,903,761,973	6,659,827,786
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>7,903,761,973</b>	<b>6,659,827,786</b>

**Borrowing**
**4.21**

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Domestic Borrowing</b>		
Nepal Government	-	-
Other Institutions	-	370,000,000
Other	-	-
<b>Sub total</b>	<b>-</b>	<b>370,000,000</b>
<b>Foreign Borrowing</b>		
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>370,000,000</b>

**Provisions**
**4.22**

Particulars	As at 31.03.2081	As at 31.03.2080
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



**4.22.1: Movement in provision**

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Balance at Shrawan 1</b>	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
<b>Balance at Ashad end</b>	-	-

**Other liabilities**
**4.23**

Particulars	As at 31.03.2081	As at 31.03.2080
Liability for employees defined benefit obligation*	-	-
Liability for long-service leave**	-	-
Short-term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	32,533,747	12,686,811
Interest payable on deposit	62,529,522	66,083,600
Interest payable on borrowing	-	1,291,940
Liabilities on deferred grant income	-	-
Unpaid Dividend	7,293,393	8,059,010
Liabilities under Finance Lease	50,105,730	44,291,187
Employee bonus payable	4,578,027	-
Other	15,173,455	17,146,134
<b>Total</b>	<b>172,213,874</b>	<b>149,558,681</b>

\*The amount represents amount payable to employees in respect of 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 31.03.2081	As at 31.03.2080
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 31.03.2081	As at 31.03.2080
Equity securities		
Government bonds		
Bank deposit		
Other		
<b>Total</b>		

Actual return on plan assets

**4.23.3: Movement in the present value of defined benefit obligations**

Particulars	As at 31.03.2081	As at 31.03.2080
Defined benefit obligations at Shrawan 1		
Actuarial losses		
Benefits paid by the plan		
Current service costs and interest		
Defined benefit obligations at Ashad end		

**4.23.4: Movement in the fair value of plan assets**

Particulars	As at 31.03.2081	As at 31.03.2080
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 Ashad end		

**4.23.5: Amount recognised in profit or loss**

Particulars	As at 31.03.2081	As at 31.03.2080
Current service costs		
Interest on obligation		
Expected return on plan assets		
<b>Total</b>	-	-

**4.23.6: Amount recognised in other comprehensive income**

Particulars	As at 31.03.2081	As at 31.03.2080
Actuarial (gain)/loss		
<b>Total</b>	-	-

**4.23.7: Actuarial assumptions**

Particulars	As at 31.03.2081	As at 31.03.2080
Discount rate		
Expected return on plan asset		
Future salary increase		
Withdrawal rate		

**Debt securities issued**
**4.24**

Particulars	As at 31.03.2081	As at 31.03.2080
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
<b>Total</b>	-	-

**Subordinated Liabilities**
**4.25**

Particulars	As at 31.03.2081	As at 31.03.2080
Redeemable preference shares	-	-
Irredeemable cumulative preference shares	-	-
Other	-	-
<b>Total</b>	-	-

**Share capital**
**4.26**

Particulars	As at 31.03.2081	As at 31.03.2080
Ordinary shares	1,121,451,730	1,121,451,730
Convertible preference shares (equity component)		
Irredeemable preference shares (equity component)		
Perpetual debt (equity component only)		
<b>Total</b>	<b>1,121,451,730</b>	<b>1,121,451,730</b>

**4.26.1: Ordinary shares**

Particulars	As at 31.03.2081	As at 31.03.2080
Authorized Capital		
12,000,000 Ordinary share of Rs. 100 each	1,200,000,000	1,200,000,000
Issued capital		
11,121,451 Ordinary share of Rs. 100 each	1,121,451,730	1,121,451,730
Subscribed and paid up capital		
11,121,451 Ordinary share of Rs. 100 each	1,121,451,730	1,121,451,730
Less: issue cost of equity capital	-	-
<b>Total</b>	<b>1,121,451,730</b>	<b>1,121,451,730</b>
Regulatory Capital (Capital as per NRB Directives, including proposed bonus shares for previous years )	1,121,451,730	1,121,451,730

Reconciliation of no. of equity shares	As at 31.03.2081	As at 31.03.2080
Opening	1,121,451,730	1,053,006,320
Add: issued during the year		68,445,411
<b>Closing</b>	<b>1,121,451,730</b>	<b>1,121,451,730</b>

**4.26.2: Ordinary share ownership**

Particulars	As at 31.03.2081		As at 31.03.2080	
	Percent	Amount	Percent	Amount
<b>Domestic ownership</b>				
Nepal Government				
"A" class licensed institutions				
Other licensed intitutions				
Other Institutions	6.79	76,119,700	6.74	75,583,050
Public	93.21	1,045,332,030	93.26	1,045,868,680
Other				
<b>Foreign ownership</b>				
<b>Total</b>	<b>100.00</b>	<b>1,121,451,730</b>	<b>100.00</b>	<b>1,121,451,730</b>

The shareholders holding 0.5% or more of total paid up capital as at 31.03.2081 are as follows:

Name of shareholder	% of holding
Kush Prasad Mally	2.69
Rastriya Beema Sansthan	2.50
Rajendra Prasad Mally	2.18
Gyanendra Prasad Mally	1.96
Ravi krishna Shrestha	1.08
Sagarmatha Insurance Co.Ltd	0.98
Ram Prakash Shrestha	0.73
Padam Bahadur Shakya	0.67
Eren Gopal Ranjitkar	0.64
Salona Tuladhar	0.63
Gautam Kumar Dongol	0.62
Amrit Lal Shrestha	0.57
Kabindra Shrestha	0.55
Rabindra Bajracharya	0.54
Debendra Khadka	0.51
Ravi Bikram Dhoj Joshi	0.50

#### Reserves

4.27

Particulars	As at 31.03.2081	As at 31.03.2080
Statutory general reserve	164,059,985	154,522,690
Exchange equilisation reserve	-	-
Corporate social responsibility reserve	474,709	425,916
Capital redemption reserve	-	-
Regulatory reserve	149,497,587	50,866,413
Investment adjustment reserve	-	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	(1,974,081)	968,614
Dividend equalisation reserve	-	-
Actuarial gain	-	-
Special reserve	-	-
Other reserve	4,248,360	4,434,605
<b>Total</b>	<b>316,306,560</b>	<b>211,218,240</b>



**4.27.1: Movement of specific reserves for the year 2080-81 is as follows:**

Particulars	Corporate social responsibility reserve	Training reserve
<b>Opening</b>	<b>425,916</b>	<b>4,434,605</b>
Addition for the year	426,093	2,349,006
Utilization during the year	(377,300)	(2,535,252)
<b>Closing</b>	<b>474,709</b>	<b>4,248,360</b>

**4.27.2: The composition of regulatory reserve is as follows:**

The movement in regulatory reserve is as follows:

Particulars	Amount	Note
<b>Opening</b>	<b>50,866,413</b>	
Interest income under NFRS	(20,911,191)	1
Shares at fair value less than their cost	1,974,081	2
Addition to non-banking assets	117,075,940	3
Deferred tax assets on items other than share valuation	492,343	4
<b>Total</b>	<b>149,497,586</b>	

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. Net 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.

The composition of regulatory reserve is as follows:

Particulars	As at 31.03.2081	As at 31.03.2080
Interest income on NFRS	12,591,130	33,502,321
Loss on investment	1,974,081	-
Loss on NBA	132,555,651	15,479,711
Deferred tax	2,376,724	1,884,381
<b>Total</b>	<b>149,497,586</b>	<b>50,866,414</b>

**Contingent liabilities and commitments**

**4.28**

Particulars	As at 31.03.2081	As at 31.03.2080
Contingent liabilities	-	-
Undrawn and undisbursed facilities	131,373,076	34,633,487
Capital commitment	-	-
Lease Commitment	-	-
Litigation	-	-
<b>Total</b>	<b>131,373,076</b>	<b>34,633,487</b>

**4.28.1: Contingent liabilities**

Particulars	As at 31.03.2081	As at 31.03.2080
Acceptance and documentary credit		
Bills for collection		
Forward exchange contracts		
Guarantees	-	
Underwriting commitment		
Other commitments		
<b>Total</b>	<b>-</b>	<b>-</b>

**4.28.2: Undrawn and undisbursed facilities**

Particulars	As at 31.03.2081	As at 31.03.2080
Undisbursed amount of loans	76,844,563	13,250,000
Undrawn limits of overdrafts	54,528,513	21,383,487
Undrawn limits of credit cards		
Undrawn limits of letter of credit		
Undrawn limits of guarantee		
<b>Total</b>	<b>131,373,076</b>	<b>34,633,487</b>

**4.28.3: Capital commitments**

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

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Capital commitments in relation to Property and Equipment</b>		
Approved and contracted for		
Approved but not contracted for		
<b>Sub total</b>	-	-
<b>Capital commitments in relation to Intangible assets</b>		
Approved and contracted for		
Approved but not contracted for		
<b>Sub total</b>	-	-
<b>Total</b>	-	-

**4.28.4: Lease commitments**

Particulars	As at 31.03.2081	As at 31.03.2080
<b>Operating lease commitments</b>		
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		
<b>Sub total</b>	-	-
<b>Finance lease commitments</b>		
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		
<b>Sub total</b>	-	-
<b>Grand total</b>	-	-

**4.28.5: Litigation**
**A. Income Tax Matters**

Finance Co. has filed a case at Rajaswo Nyadhikaran and Revenue Tribunal on 2078.01.27 and 2080.04.29 against the income tax assessment made by Middle Taxpayer Office for fiscal year 2073-74 and 2075-76. The total amount demanded by tax office and not accepted by Finance Co. was Rs. 98.74 lakhs which included assessment amount of Rs. 26.40 lakhs. The case has not been decided by the authorities.

**B. Other Legal Cases**

There are twenty 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.



**Reliance Finance Limited**  
**Notes to Financial Statements**

<b>Interest income</b>		<b>4.29</b>
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Cash and cash equivalent	6,591,038	7,407,959
Due from Nepal Rastra Bank		
Placement with bank and financial institutions		
Loan and advances to bank and financial institutions	51,805,073	54,735,425
Loans and advances to customers	758,885,053	800,342,059
Investment securities	94,470,255	133,688,987
Loan and advances to staff	9,537,239	8,630,468
Other	1,060	
<b>Total interest income</b>	<b>921,289,719</b>	<b>1,004,804,897</b>

\*Interest income of 2080-81 is inclusive of Rs. 3,80,45,475 collected within Shrawan 32, 2081 in line with NRB Directives. During the year, (Rs.3,31,92,367) has been included in interest income as per NFRS and accrued interest income on substandard, doubtful and bad loan has not been recognized.

<b>Interest expense</b>		<b>4.30</b>
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Due to bank and financial institutions	35,291,251	5,762,890
Due to Nepal Rastra Bank	21,530,834	5,565,357
Deposits from customers	637,816,870	699,309,035
Borrowing	6,726,032	64,174,495
Debt securities issued		
Subordinated liabilities		
Other(Finance Charge on Lease)	1,337,819	1,711,545
<b>Total interest expense</b>	<b>702,702,806</b>	<b>776,523,323</b>

<b>Fees and Commission Income</b>		<b>4.31</b>
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Loan administration fees		-
Service fees	31,503,727	23,484,110
Consortium fees		
Commitment fees		
DD/TT/Swift fees		
Credit card/ATM issuance and renewal fees	28,078	21,341
Prepayment and swap fees	2,067,500	2,107,450
Investment banking fees		
Asset management fees		
Brokerage fees	592,227	1,198,200
Remittance fees	549,492	806,908
Commission on letter of credit		
Commission on guarantee contracts issued		
Commission on share underwriting/issue		
Locker rental		
Other fees and commission income	4,513,479	4,083,232
<b>Total fees and Commission Income</b>	<b>39,254,502</b>	<b>31,701,241</b>

**Fees and commission expense**
**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 expense		
<b>Total fees and Commission Expense</b>	<b>-</b>	<b>-</b>

**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		
<b>Net trading income</b>	<b>-</b>	<b>-</b>

**Other operating income**
**4.34**

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain		-
Gain/loss on sale of investment securities	1,125,144	452,759
Fair value gain/loss on investment properties		
Dividend on equity instruments	1,985,897	1,419,933
Gain/loss on sale of property and equipment	1,001,304	733,757
Gain/loss on sale of investment property		
Operating lease income	2,838,000	946,000
Gain/loss on sale of gold and silver		
Locker rent		
Other		
<b>Total</b>	<b>6,950,345</b>	<b>3,552,449</b>

**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	(1,434,520)	982,371
Impairment charge/(reversal) on loan and advances to customer	10,485,588	247,810,050
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		
<b>Total</b>	<b>9,051,068</b>	<b>248,792,421</b>





### Personnel Expense

4.36

Particulars	Current Year	Previous Year
Salary	58,678,006	53,394,386
Allowances	24,891,427	24,905,830
Gratuity expense		
Provident fund		
Social Security Fund	11,735,582	10,678,855
Uniform	2,003,874	-
Training & development expense	2,535,252	541,110
Leave encashment	7,086,792	10,379,148
Medical/Insurance	5,535,078	4,060,801
Employees incentive		
Cash-settled share-based payments		
Pension expense		
Finance expense under NFRS	359,348	486,510
Other expenses related to staff	5,953,161	5,664,034
<b>Subtotal</b>	<b>118,778,521</b>	<b>110,110,673</b>
Employees bonus	4,578,027	-
<b>Grand total</b>	<b>123,356,547</b>	<b>110,110,673</b>

### Other operating expense

4.37

Particulars	Current Year	Previous Year
Directors' fee	1,144,000	1,169,100
Directors' expense	467,624	368,739
Auditors' remuneration		
a) Statutory audit Fee	565,000	452,000
b) Internal audit Fee	452,000	452,000
c) System audit Fee	-	-
Other audit related expense		
Professional and legal expense	5,577,508	5,826,771
Office administration expense	53,143,809	47,351,603
Operating lease expense	-	-
Operating expense of investment properties		
Corporate social responsibility expense	377,300	
Onerous lease provisions		
Other		
<b>Total</b>	<b>61,727,241</b>	<b>55,620,212</b>

Office administration expenses include the following:	Current Year	Previous Year
Water and electricity	3,274,067	3,372,963
Repair and maintenance		
Building	220,023	-
Vehicles	506,524	392,987
Computer and accessories	210,778	301,258
Office equipment and furniture	162,351	36,035
Others	150,104	205,715
Insurance	1,806,436	1,710,965
Postage, telex, telephone , fax	3,007,855	2,794,398
Printing and stationery	3,161,850	2,364,203
Newspaper, books and journal	28,054	37,150
Advertisement	1,422,634	1,166,395
Donation	33,000	1,500
Security	13,266,700	15,706,018

Deposit and loan guarantee premium	2,121,393	2,007,654
Travel allowance and expense	1,210,904	1,921,021
Entertainment	254,743	261,196
Annual/special general meeting	159,254	505,175
Other	22,147,139	14,566,970
<b>Total</b>	<b>53,143,809</b>	<b>47,351,603</b>

**Depreciation & Amortisation**
**4.38**

Particulars	Current Year	Previous Year
Depreciation on property and equipment	28,561,208	30,606,379
Depreciation on investment property		
Amortisation of intangible assets	893,453	951,460
<b>Total</b>	<b>29,454,661</b>	<b>31,557,839</b>

**Non operating income**
**4.39**

Particulars	Current Year	Previous Year
Recovery of loan written off		
Other income		
<b>Total</b>	<b>-</b>	<b>-</b>

**Non operating expense**
**4.40**

Particulars	Current Year	Previous Year
Loan written off		
Redundancy provision		
Expense of restructuring		
Other expense		
<b>Total</b>	<b>-</b>	<b>-</b>

**Income tax expense**
**4.41**

Particulars	Current Year	Previous Year
<b>Current tax expense</b>	-	-
Current year	-	-
Adjustments for prior years		
<b>Deferred tax expense</b>	<b>(1,407,102)</b>	<b>66,228</b>
Origination and reversal of temporary differences	(1,407,102)	66,228
Changes in tax rate		
Recognition of previously unrecognised tax losses		
<b>Total income tax expense/(income)</b>	<b>(1,407,102)</b>	<b>66,228</b>

**4.41.1: Reconciliation of tax expense and accounting profit**

Particulars	Current Year	Previous Year
<b>Current Year</b>		
Profit before tax	41,202,242	-
Tax amount at tax rate of 30%	12,360,673	-
Adjustments for prior years		-
Add: Tax effect of expenses that are not deductible for tax purpose	7,061,694	
Less: Tax effect on exempt income	(22,953,947)	
Add/less: Tax effect on other items	(1,407,102)	66,228
<b>Total income tax expense</b>	<b>(4,938,682)</b>	<b>66,228</b>
Effective tax rate	0.00%	0.00%



Reliance Finance Limited  
Notes to Financial Statements

Statement of Distributable Profit or Loss

4.42

Particulars	Current Year	Previous Year
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>42,609,344</b>	<b>(182,612,109)</b>
Appropriations:		
a. General reserve	(9,537,295)	
b. Foreign exchange fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	(426,093)	-
e. Employees' training fund	186,246	(1,534,090)
f. Other	377,300	
<b>Profit or (Loss) Before Regulatory Adjustment</b>	<b>33,209,501</b>	<b>(184,146,199)</b>
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	20,911,191	(13,838,294)
b. Short loan loss provision in accounts (-)/reversal (+)		
c. Short provision for possible losses on investment (-)/reversal (+)	(1,974,081)	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(117,075,940)	(11,412,548)
e. Deferred tax assets recognised (-)/ reversal (+)	(492,343)	(676,151)
f. Goodwill recognised (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognised (-)/reversal (+)		
h. Actuarial loss recognised (-)/reversal (+)		
i. Other (+/-) /Fair Value gain/(Loss)		
<b>Net Profit for the Year Available for Distribution</b>	<b>(65,421,672)</b>	<b>(210,073,191)</b>
Opening Balance of retained earning	(206,208,238)	75,912,754
Adjustment: Gain/Loss in Sale of Share from OCI(+/-)	5,077,133	
<b>Distribution</b>		
Bonus Shares Issued		(68,445,411)
Cash Dividend Paid		(3,602,390)
<b>Distributable profit or (loss) as on 31 Ashad 2081</b>	<b>(266,552,777)</b>	<b>(206,208,238)</b>
<b>Annualized distributable Profit/(Loss) per share</b>	<b>(23.77)</b>	<b>(18.39)</b>

**Reliance Finance Limited**  
**Notes to Financial Statements**

**5 Disclosure and Additional Information**

**5.1 Risk Management**

In compliance with Nepal Rastra Bank Directives on 6 "Corporate Governance" the Board of Finance Company has established a Risk Management Committee with clear terms of reference. As at the date of this report, the Finance Company's Risk Management Committee comprised of the followings.

S.N	Members	Designation
1	Mr. Bishnu Man Joshi	Co-ordinator
2	Mr. Tulsi Prasad Baral	Member
3	Mr. Rabin Shakya	Member
4	Mr. Bishnu Lal Shrestha	Member Secretary

The Finance Co.'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 Co.'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.

**i) Risk Governance**

Risk management committee of the Finance Company has formed to review the credit risk, market risk and liquidity risk of the Finance. Apart from this the Finance Company has formed the Assets Liability Committee (ALCO) to monitor Liquidity risk as well as market risk and Anti- Money Laundering Prevention committee (AML) to monitor the operational risk. The committee and subcommittee has effectively discharged their duties & responsibility.

Risk management committee analyse the Stress testing of the Finance Company as required by Nepal Rastra Bank and its impact and corrective action to mitigate the risk.

Through its risk management framework, the Finance Company seeks to efficiently manage credit, market and liquidity risks which arise directly through the Finance Company's commercial activities as well as operational, regulatory and reputational risks which arise as a normal consequence of any business undertaking. As part of this framework, the Finance Company uses a set of principles that describe its risk management culture. The Finance has developed Risk Management Policy to manage Credit risk, Market risk and liquidity risk.

**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 Co.'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, Risk Management Department function to supervise risk on overall level.

Each prospective borrower is thoroughly analyzed 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 Co. to another Finance Co. 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 substantial 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 analyzes 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 mitigative 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 analyze 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. In order to minimize the risk related to IT, Finance Co. has in place Business Continuity Plan. The assessment of IT risk is done periodically by way of IS Audit, among others. Finance Co. has inhouse 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) AML/CFT Risk**

AML/CFT Committee has been formed as required by the NRB Directives. Furthermore, a separate AML,

KYC & CFT Unit is established which looks after the effective implementation and compliance of AML, KYC & CFT related prevailing Acts, Rules and Directives. As at the date of this report, the Finance Company's AML-CFT Committee comprised of the followings.

S.N	Members	Designation
1	Ms.Sweta Kakshapati	Co-ordinator
2	Mr.Bishnu Lal Shrestha	Member
3	Ms.Alina Shrestha	Member Secretary

**g) Other Risk**

The everchanging 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 Co. 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 2081**

Particulars	Classification	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Cash and cash equivalent				326,198,690
Due from Nepal Rastra Finance Co.	AC			313,220,913
Loans and advances to customers	AC			6,288,353,680
Investment securities				
Quoted shares	FVOCI	177,184,002		
Unquoted shares	FVOCI			7,266,800
Other Investment	AC			2,155,000,450
<b>Total Financial Assets</b>		<b>177,184,002</b>	<b>-</b>	<b>9,090,040,534</b>
<b>Financial Liabilities</b>				
Due to Finance Co. and Financial Institutions	AC	-		
Deposits from customers	AC			7,903,761,973
Other Liabilities	AC			172,213,874
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>8,075,975,847</b>

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 2081	As at 31 Ashad 2080
<b>1.1 Risk Weighted Exposure (RWE)</b>		
RWE for Credit Risk	7,515,915	7,326,340
RWE for Operational Risk	520,895	539,908
RWE for Market Risk	-	-
<b>Total RWE before adjustment under Pillar II</b>	<b>8,036,811</b>	<b>7,866,248</b>
Adjustments under Pillar II		
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE		
Add .....% of the total deposit due to insufficient Liquid Assets		
Adjustments under Pillar II(Add RWE equivalent to reciprocal of capital charge of 3 % of gross income)	79,061	61,783
Adjustments under Pillar II(Overall risk management policies and precedures are not satisfactory. Add 3% of RWE)	241,104	157,325
If desired level of disclosure requirement has not been achieved, Add .....% of RWE		
<b>Total RWE</b>	<b>8,356,976</b>	<b>8,085,356</b>
<b>1.2 Capital</b>		
<b>A. Core Capital (Tier I)</b>	<b>1,014,613</b>	<b>1,065,913</b>
Paid up Equity Share Capital	1,121,452	1,121,452
Irredeemable Non-cumulative preference shares		
Share Premium	1,141	1,141
Proposed Bonus Equity Shares		
Statutory General Reserves	164,060	154,523
Retained Earnings	(266,553)	(206,208)
Un-audited current year cumulative profit/(loss)		
Capital Redemption Reserve		
Capital Adjustment Reserve		
Dividend Redemption Reserves		
Dividend Equalization Reserves		
Other Free Reserve		
Less: Goodwill		
Less: Deferred Tax Assets	(2,377)	(1,884)

Less: Fictitious Assets		
Less: Investment in equity in licensed Financial Institutions		
Less: Investment in equity of institutions with financial interests	(3,110)	(3,110)
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		
Less: Shortfall in provision		
Less: Loan & Facilities extended to related parties and restricted lending		
<b>B. Supplementary Capital (Tier II)</b>	<b>105,231</b>	<b>83,985</b>
Cumulative and/or Redeemable Preference Share		
Subordinated Term Debt		
Hybrid Capital Instruments		
General Loan Loss Provision	105,231	83,985
Exchange Equalization Reserve		
Investment Adjustment Reserve	-	-
Other Reserves		
<b>Total Capital Fund (Tier I and Tier II)</b>	<b>1,119,844</b>	<b>1,149,898</b>
<b>1.3 Capital Adequacy Ratio</b>		
<b>Tier I Capital to Total RWE</b>	<b>12.14%</b>	<b>13.18%</b>
<b>Total Capital Fund to Total RWE</b>	<b>13.40%</b>	<b>14.22%</b>





**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	57,042			57,042	0%	-	70,525	-
Balance With Nepal Rastra Bank	313,221			313,221	0%	-	242,269	-
Gold				-	0%	-	-	-
Investment in Nepalese Government Securities	1,432,850			1,432,850	0%	-	1,785,390	-
All Claims on Government of Nepal				-	0%	-	-	-
Investment in Nepal Rastra Bank securities				-	0%	-	-	-
All claims on Nepal Rastra Bank	700,000			700,000	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)				-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)				-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)				-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)				-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)				-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework				-	0%	-	-	-
Claims on Other Multilateral Development Banks				-	100%	-	-	-
Claims on Domestic Public Sector Entities				-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)				-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)				-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)				-	100%	-	-	-
Claims on Public Sector Entity (ECA 7)				-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	622,227			622,227	20%	124,445	781,600	156,320
Claims on domestic banks that do not meet capital adequacy requirements	1,776	1,776		-	100%	-	-	-
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 (Credit rating score equivalent to AAA)				-	80%	-	-	-

३५

Revocable Commitments						-	0%	-	0	-
Bills Under Collection						-	0%	-	0	-
Forward Exchange Contract Liabilities						-	10%	-	0	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty						-	20%	-	0	-
Foreign counterparty (ECA Rating 0-1)						-	20%	-	0	-
Foreign counterparty (ECA Rating 2)						-	50%	-	0	-
Foreign counterparty (ECA Rating 3-6)						-	100%	-	0	-
Foreign counterparty (ECA Rating 7)						-	150%	-	0	-
LC Commitments With Original Maturity Over 6 months domestic counterparty						-	50%	-	0	-
Foreign counterparty (ECA Rating 0-1)						-	20%	-	0	-
Foreign counterparty (ECA Rating 2)						-	50%	-	0	-
Foreign counterparty (ECA Rating 3-6)						-	100%	-	0	-
Foreign counterparty (ECA Rating 7)						-	150%	-	0	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty						-	50%	-	0	-
Foreign counterparty (ECA Rating 0-1)						-	20%	-	0	-
Foreign counterparty (ECA Rating 2)						-	50%	-	0	-
Foreign counterparty (ECA Rating 3-6)						-	100%	-	0	-
Foreign counterparty (ECA Rating 7)						-	150%	-	0	-
Underwriting commitments						-	50%	-	0	-
Lending of Bank's Securities or Posting of Securities as collateral						-	100%	-	0	-
Repurchase Agreements, Assets sale with recourse						-	100%	-	0	-
Advance Payment Guarantee						-	100%	-	0	-
Financial Guarantee						-	100%	-	100	100
Acceptances and Endorsements						-	100%	-	0	-
Unpaid portion of Partly paid shares and Securities						-	100%	-	0	-
Irrevocable Credit commitments (short term)	54,529					54,529	20%	10,906	75,510	15,102
Irrevocable Credit commitments (long term)	76,845					76,845	50%	38,422	11,684	5,842
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement						-	20%	-	0	-
Other Contingent Liabilities						-	100%	-	0	-
Unpaid Guarantee Claims						-	200%	-	0	-
<b>TOTAL (B)</b>	<b>131,373</b>	<b>-</b>	<b>-</b>	<b>131,373</b>				<b>49,328</b>	<b>87,293</b>	<b>21,044</b>
<b>Total RWE for credit Risk Before Adjustment (A) +(B)</b>	<b>10,511,566</b>	<b>1,776</b>	<b>104,864</b>	<b>10,404,926</b>				<b>7,515,915</b>	<b>9,066,117</b>	<b>7,326,340</b>
Adjustments under Pillar II										
<b>Total RWE for Credit Risk</b>	<b>10,511,566</b>	<b>1,776</b>	<b>104,864</b>	<b>10,404,926</b>				<b>7,515,915</b>	<b>9,066,117</b>	<b>7,326,340</b>



Eligible Credit Risk Mitigants

Credit exposures	Deposits with Bank (a)	Deposits with other banks/FI (b)	Gold (c)	Govt. & NRB Securities (d)	G'tee of Govt. of Nepal (e)	Sec/G'tee of Other Sovereigns (f)	Govt. & NRB Securities (d)	Sec/G'tee of Other Sovereigns (f)	Sec/G'tee of Foreign Banks (i)	Total
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)	72,564									72,564
Claims fulfilling all criterion of regularity retail except granularity	10,300									10,300
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	22,000									22,000
Investments in equity and other capital instruments of institutions listed in stock exchange	-									-

[illegible]

**b) Operational Risk**

Amount in '000

Particulars	Fiscal Year		
	2077-78	2078-79	2079-80
Net Interest Income	151,021	235,795	215,022
Commission and Discount Income	40,479	38,742	31,701
Other Operating Income	277,841	4,719	3,552
Exchange Fluctuation Income			
Addition/Deduction in Interest Suspense during the period	-	13,209	13,260
<b>Gross income (a)</b>	<b>469,341</b>	<b>308,914</b>	<b>263,535</b>
<b>Alfa (b)</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>Fixed Percentage of Gross Income [c=(a×b)]</b>	<b>70,401</b>	<b>46,337</b>	<b>39,530</b>
<b>Capital Requirement for operational risk (d) (average of c)</b>			<b>52,090</b>
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (e)</b>			<b>10</b>
<b>Equivalent Risk Weight Exposure [f=(d×e)]</b>			<b>520,895</b>
Pillar II Adjustments			
<b>If Gross Income for the last three years is negative (6.4 a 8)</b>			
Total Credit and Investment (net of Specific Provision) of releted month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
<b>Risk Weight (reciprocal of capital requirement of 10%) in times</b>			<b>10</b>
<b>Equivalent Risk Weight Exposure (g)</b>			-
<b>Equivalent Risk Weight Exposure [h=f+g]</b>			<b>520,895</b>

**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				-
<b>(a) Total Open Position</b>				-
<b>(b) Fixed Percentage</b>				<b>5%</b>
<b>(c) Capital Charge for Market Risk (=a*b)</b>				
<b>(d) Risk Weight (reciprocal of capital requirement of 10%) in times</b>				<b>10</b>
<b>(e) Equivalent Risk Weight Exposure (=c×d)</b>				

**d) Non Performing Assets (Gross and Net)**

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled			
Sub-Standard	85,950,255	21,477,903	64,472,352
Doubtful	100,910,556	37,043,453	63,867,103
Bad	235,390,987	233,120,102	2,270,885
<b>Total</b>	<b>422,251,797</b>	<b>291,641,458</b>	<b>130,610,340</b>

**5.3.4 Compliance with Capital Requirement**

Inline with NRB Directive 1/080, the following is the status of compliance with capital requirements at Ashad end 2081.

Particulars	Requirement	Position
Tier I Capital to RWE	6%	12.14%
Tier I and Tier II Capital to RWE	10%	13.40%

**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 Madhesh and Karnali province, hence, it is not reported.

In general, the products that derive revenue is classified in the following manner.

- Consumer Financing: Revenue generated by serving individual consumer is categorized under this product. This includes loans and deposit from individual customer.
- Corporate Financing: 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 2081**

Particulars	Koshi	Madesh	Bagmati	Gandaki	Lumbini	Karnali	Far west	Unallocated	Total
Revenue from external customers	49,780,215		705,894,303	125,786,992	44,112,995		41,920,061		967,494,566
Intersegment revenues									-
<b>Net revenue</b>	<b>49,780,215</b>	<b>-</b>	<b>705,894,303</b>	<b>125,786,992</b>	<b>44,112,995</b>	<b>-</b>	<b>41,920,061</b>	<b>-</b>	<b>967,494,566</b>
Interest income	46,936,455		670,107,293	123,316,566	42,566,062	-	38,363,344		921,289,719
Interest expenses	23,954,847		563,279,987	81,327,727	17,987,859	-	16,152,386		702,702,806
<b>Net interest revenue</b>	<b>22,981,608</b>	<b>-</b>	<b>106,827,305</b>	<b>41,988,838</b>	<b>24,578,203</b>	<b>-</b>	<b>22,210,958</b>	<b>-</b>	<b>218,586,913</b>
Depreciation and amortization	1,515,581		24,428,668	426,291	1,406,187		1,677,935		29,454,661
<b>Segment profit/(loss)</b>	<b>(17,184,791)</b>		<b>106,546,290</b>	<b>(65,487,275)</b>	<b>151,100,664</b>		<b>(133,772,646)</b>		<b>41,202,242</b>
Entity's interest in the profit or loss of associate accounted for using equity method									
Other material non-cash items:									-
<b>Loans:</b>	<b>474,447,947</b>	<b>-</b>	<b>4,486,805,664</b>	<b>572,866,495</b>	<b>245,882,559</b>	<b>-</b>	<b>508,351,015</b>	<b>-</b>	<b>6,288,353,680</b>
Consumer	282,021,843		1,894,498,553	455,553,906	82,753,253	-	176,800,461		2,891,628,015
Corporate	192,426,104		2,592,307,111	117,312,589	163,129,306	-	331,550,554		3,396,725,665
<b>Deposit</b>	<b>380,602,652</b>	<b>-</b>	<b>6,246,826,249</b>	<b>1,152,358,934</b>	<b>292,766,692</b>	<b>-</b>	<b>231,870,396</b>	<b>-</b>	<b>8,304,424,923</b>
Consumer	281,897,602		4,114,989,447	846,395,145	201,628,795	-	172,111,432		5,617,022,421
Corporate	98,705,050		2,131,836,802	305,963,789	91,137,896	-	59,758,964		2,687,402,501
<b>Impairment of Assets</b>	<b>7,173,095</b>		<b>187,662,694</b>	<b>8,279,911</b>	<b>137,818,001</b>	<b>-</b>	<b>55,938,800</b>		<b>396,872,502</b>
<b>Segment Assets</b>	<b>477,463,489</b>		<b>7,996,758,685</b>	<b>597,183,921</b>	<b>339,036,327</b>	<b>-</b>	<b>484,692,651</b>		<b>9,895,135,075</b>
<b>Segment Liabilities</b>	<b>324,979,763</b>		<b>7,176,921,991</b>	<b>909,980,525</b>	<b>144,007,190</b>	<b>-</b>	<b>166,899,327</b>		<b>8,722,788,797</b>



### 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	967,494,566
Other revenue	
Elimination of intersegment revenues	
<b>Entity's revenue</b>	<b>967,494,566</b>

#### b) Profit or loss

<b>Total profit or loss for reportable segments</b>	<b>41,202,242</b>
Other profit or loss	
Elimination of intersegment profit	
Unallocated amounts:	
NFRS adjustments	
<b>Profit before income tax</b>	<b>41,202,242</b>

#### c) Assets

<b>Total assets for reportable segments</b>	<b>9,895,135,075</b>
Other assets	
Unallocated assets	
<b>Entity's assets</b>	<b>9,895,135,075</b>

#### d) Liabilities

<b>Total liabilities for reportable segments</b>	<b>8,722,788,797</b>
Other liabilities	
Unallocated liabilities	
<b>Entity's liabilities</b>	<b>8,722,788,797</b>

#### 5.4.5 Information about product and services

Particulars	Amount
Consumer banking	849,944,629
Corporate banking	6,591,038
Treasury	94,470,255
Others	16,488,645

#### 5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

Domestic:	Amount
Koshi	49,780,215
Madhesh	-
Bagmati	705,894,303
Gandaki	125,786,992
Lumbini	44,112,995
Karnali	-
Far West	41,920,061
Foreign:	-
<b>Total</b>	<b>967,494,566</b>

#### 5.4.6 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 Co. comprise the following:**

Name	Position
Kush Prasad Mally	Chairperson
Bishnu Man Joshi	Director
Tulsi Prasad Baral	Director
Sweta Kakshapati Shaky	Director
Ishwori Prasad Neupane	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. 7,500 and other board members are provided Rs. 7,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during the year to board members was Rs. 11,44,000.

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. Samaj Prakash Shrestha serves as Chief Executive Officer of the Finance Co. 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. 45,21,635. 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 disclosures of non consolidated entities**

The Finance Co. has no unconsolidated entities.

**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 in its meetings dated 29.12.2081 have not proposed any dividend for fiscal year 2080.81

## 5.12 Other additional disclosure

### Regulatory Reserve

The amount to this reserve has been allocated from profit/retain earning as per the directives of Nepal Rastra Bank for the purpose of implementation of NFRSs and is not regarded as free for distribution of dividend. Details are as presented under:

FY	Interest Receivable	Short loan loss provision	Short provision for possible losses on investment	Short Provision on NBA	Deferred Tax Assets	Goodwill	Gain on Bargain Purchase	Actuarial Loss Recognized	Fair Value Loss Recognized in OCI	Other	Total
For FY 2075-076	10,979,986	-	57,045,777	714,624	-	-	-	-	-	-	68,740,387
Transfer To/(From) Reserve	(272,137)		(1,662,069)	906,249	(2,616,096)						(3,644,052)
For FY 2076-077	(272,137)	-	(1,662,069)	906,249	(2,616,096)	-	-	-	-	-	65,096,335
Transfer To/(From) Reserve	7,752,927		(52,038,104)	725,857	4,920,449						(38,638,871)
For FY 2077-078	7,752,927	-	(52,038,104)	725,857	4,920,449	-	-	-	-	-	26,457,464
Transfer To/(From) Reserve	1,203,251		(3,345,605)	1,720,434	(1,096,123)	-	-	-		-	(1,518,043)
For FY 2078-079	1,203,251	-	(3,345,605)	1,720,434	(1,096,123)	-	-	-	-	-	24,939,421
Transfer To/(From) Reserve	13,838,294		-	11,412,548	676,151						25,926,992
For FY 2079-080	13,838,294	-	-	11,412,548	676,151	-	-	-	-	-	50,866,413
Transfer To/(From) Reserve	(20,911,191)		1,974,081	117,075,940	492,343						98,631,173
For FY 2080-081	(20,911,191)	-	1,974,081	117,075,940	492,343	-	-	-	-	-	149,497,587
<b>Total</b>	<b>12,591,131</b>	<b>-</b>	<b>1,974,081</b>	<b>132,555,651</b>	<b>2,376,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

### Additional Disclosures:

#### Refinance and Business Continuity

Particulars	During FY 2080/2081	
	No. of Customers	Amount (NRs.)
Refinance Loan	-	-
Business Continuity Loan	N/A	N/A

#### Subsidized Loan

Particulars	During FY 2080/2081	
	No. of Customers	Amount (NRs.)
Subsidized Loan	107	23,814,628

**5.13 Major Financial Indicators of Last Five Years**

S.N.	Particulars	Indicator	2080-81	2079-80	2078-79	2077-78	2076-77
1	Net profit/total income	%	4.40	(17.56)	8.75	17.11	15.14
2	Earning per share						
	Basic earning per share	Rs.	3.80	(16.28)	6.76	16.33	12.32
	Diluted earning per share	Rs.	3.80	(16.28)	6.76	16.33	12.32
3	Market price per share	Rs.	459	386	310	532	121
4	Price/earning ratio	Times	120.81	(23.70)	45.88	32.58	9.82
5	Dividend or bonus per share	Rs.	0.00	0.00	6.50	15.00	10.00
6	Cash dividend	Rs.	0.00	0.00	0.34	0.79	0.53
7	Interest income/loan and advances	%	14.92	18.63	14.76	12.52	17.01
8	Employee expenses/total operating expenses	%	57.50	55.81	52.55	58.76	58.96
9	Employee expenses/total deposit and borrowing	%	1.49	1.61	1.48	1.82	1.60
10	Exchange income/total income	%	0.00	0.00	0.00	0.00	0.00
11	Staff bonus/total employee expenses	%	3.71	0.00	10.15	23.33	19.69
12	Net profit/loans and advances	%	0.68	(3.26)	1.29	3.16	2.48
13	Net profit/total assets	%	0.43	(2.11)	0.77	2.07	1.61
14	Total loans and advances/total deposit	%	76.58	83.66	80.90	84.12	72.00
15	Total operating expenses/total assets	%	2.17	2.27	2.10	2.51	2.22
16	Capital adequacy ratio						
	a) Core Capital	%	12.14	13.18	17.48	24.51	23.18
	b) Supplementary Capital	%	1.26	1.04	1.11	1.39	0.80
	c) Total Capital Fund	%	13.40	14.22	18.59	25.90	23.98
17	Liquidity Ratio	%	32.44	36.69	46.51	35.17	21.48
18	NPAs/total loan and advances	%	6.47	6.36	2.27	2.69	0.99
19	Base rate	%	11.04	13.02	12.19	9.65	11.25
20	Weighted average interest rate spread	%	4.60	4.58	4.44	4.81	4.40
21	Book net worth	Rs.	1,172,346	1,127,602	1,317,103	1,279,601	1,087,359
22	Total shares	No.	11,214,517	11,214,517	10,530,063	9,156,577	8,324,160
23	Total employees	No.	168	168	167	162	129
24	Others:						
	Per employee business (Rs. in lakh)	%	367.46	321.05	312.18	274.02	290.64
	Employee expenses/total income	%	12.75	10.59	12.49	12.19	12.34



**Reliance Finance Limited**  
**Comparison Audited and Unaudited Financial Statements**  
**Fiscal Year: 2080-81**

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	326,199	326,199	-	-	
Due from Nepal Rastra Bank	313,221	313,221	-	-	
Placement with Bank and Financial Institutions	-	-	-	-	
Derivative financial instruments	-	-	-	-	
Other trading assets	-	-	-	-	
Loan and advances to B/FIs	353,071	348,834	(4,237)	(1.20)	Regrouping of loan to microfinance from loan to customer
Loans and advances to customers	5,923,519	5,939,520	16,001	0.27	Regrouping of loan to microfinance from loan to customer
Investment securities	2,339,336	2,339,451	115	0.00	
Current tax assets	34,949	47,770	12,820	36.68	Final calculation of income tax expenses for the period
Investment in subsidiaries	-	-	-	-	
Investment in associates	-	-	-	-	
Investment property	210,406	210,406	-	-	
Property and equipment	309,813	313,778	3,964	1.28	Correction on calculation of depreciation and regrouping amortization expenses
Goodwill and Intangible assets	1,645	1,645	-	-	
Deferred tax assets	5,658	2,377	(3,281)	(57.99)	Correction on calculation of deferred expenses
Other assets	54,314	51,935	(2,379)	(4.38)	AIR (net of interest suspense) included in loans to customer
<b>Total Assets</b>	<b>9,872,131</b>	<b>9,895,135</b>	<b>23,003</b>	<b>0.23</b>	
Liabilities					
Due to Bank and Financial Institutions	324,999	400,663	75,664	23.28	
Due to Nepal Rastra Bank	324,350	246,150	(78,200)	(24.11)	
Derivative financial instruments	-	-	-	-	



Deposits from customers	7,901,226	7,903,762	2,536	0.03	
Borrowing	-	-	-		
Current Tax Liabilities	-	-	-		
Provisions	-	-	-		
Deferred tax liabilities	2,512	-	(2,512)	(99.98)	
Other liabilities	165,840	172,214	6,374	3.84	Changes in figures of liabilities on finalization of calculation related to staffs, bonus etc.
Debt securities issued	-	-	-		
Subordinated Liabilities	-	-	-		
<b>Total liabilities</b>	<b>8,718,927</b>	<b>8,722,789</b>	<b>3,862</b>	<b>0.04</b>	
<b>Equity</b>					
Share capital	1,121,452	1,121,452	0	0.00	
Share premium	1,141	1,141	-	-	
Retained earnings	(308,098)	(266,553)	41,546	(13.48)	Finalization of LLP and Income
Reserves	338,709	316,307	(22,403)	(6.61)	Finalization of LLP and Income
Total equity attributable to equity holders	1,153,203	1,172,346	19,143	1.66	
Non-controlling interest					
<b>Total equity</b>	<b>1,153,203</b>	<b>1,172,346</b>	<b>19,143</b>	<b>1.66</b>	
<b>Total liabilities and equity</b>	<b>9,872,131</b>	<b>9,895,135</b>	<b>23,005</b>	<b>0.23</b>	

Statement of Profit or Loss	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Interest income	918,978	921,290	2,312	0.25	Change in NFRS based Interest income
Interest expense	701,365	702,703	1,338	0.19	Change in NFRS based Interest expenses
<b>Net interest income</b>	<b>217,613</b>	<b>218,587</b>	<b>974</b>	<b>0.45</b>	
Fee and commission income	41,664	39,255	(2,409)	(5.78)	TDS from remittance co booked as commission.
Fee and commission expense	-	-	-		
<b>Net fee and commission income</b>	<b>41,664</b>	<b>39,255</b>	<b>(2,409)</b>	<b>(5.78)</b>	
Other operating income	11,365	6,950	(4,415)	(38.85)	Correction on calculation of Fair Value on share sold
<b>Total operating income</b>	<b>270,642</b>	<b>264,792</b>	<b>(5,850)</b>	<b>(2.16)</b>	



Impairment charge/(reversal) for loans and other losses	16,596	9,051	(7,545)	(45.46)	Finalization of LLP and Income
<b>Net operating income</b>	<b>254,046</b>	<b>255,741</b>	<b>1,694</b>	<b>0.67</b>	
Personnel expenses	122,551	123,357	806	0.66	Changes in figures of staffs bonus.
Other operating expenses	73,927	61,727	(12,199)	(16.50)	Regrouping of amortization expenses
Depreciation & Amortisation	16,253	29,455	13,201	81.22	Correction on calculation of depreciation and regrouping amortization expenses as per NFRS.
<b>Operating profit</b>	<b>41,316</b>	<b>41,202</b>	<b>(113)</b>	<b>(0.27)</b>	
Non operating income/(expense)	-	-	-	-	
Profit before tax	41,316	41,202	(113)	(0.27)	
Income tax	12,395	(1,407)	(13,802)	(111.35)	Final calculation of income tax expenses for the period
<b>Profit /(loss) for the period</b>	<b>28,921</b>	<b>42,609</b>	<b>13,688</b>	<b>47.33</b>	
Other comprehensive income	(2,943)	2,134	5,077	(172.53)	
<b>Total comprehensive income</b>	<b>25,978</b>	<b>44,744</b>	<b>18,765</b>	<b>72.24</b>	
<b>Distributable Profit</b>					
Net profit/(loss) as per profit or loss	28,921	42,609	13,688	47.33	Correction on calculation of Fair Value on share sold
Add/Less: Regulatory adjustment as per NRB Directive	(337,019)	(309,162)	27,857	(8.27)	In interim report, regulatory adjustment was not made.
<b>Free profit/(loss) after regulatory adjustments</b>	<b>(308,098)</b>	<b>(266,553)</b>	<b>41,546</b>	<b>(13.48)</b>	





नेपाल राष्ट्र बैंक  
वित्तीय संस्था सुपरिवेक्षण विभाग

केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं  
फोन नं.: ०१-४४१२३०७  
Site: www.nrb.org.np  
Email: nrbfsd@nrb.org.np  
पोष्ट बक्स: ७३

पत्रसंख्या: वि.सं.सु.वि./गैरस्थलगत/०८१/८२  
च.नं.: ३७३



मिति : २०८२/०१/२२

श्री रिलायन्स फाइनेन्स लिमिटेड,  
कमलादी, काठमाण्डौ ।

**विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।**

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०८०/८१ को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेयरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०८०/८१ को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण, नाफा वा नोक्सानको विवरण, विस्तृत आयको विवरण (Statement of Comprehensive Income), नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण, सोसँग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

- (१) संस्थाको नियमावलीमा उल्लेख भए बमोजिम आवश्यक संख्यामा सञ्चालक नियुक्त गर्नुहुन ।
- (२) गुड फर पेमेण्ट चेक जारी गर्दा एकीकृत निर्देशनको प्रावधानको पालना गर्नुहुन ।
- (३) कर्जासँग सम्बन्धित परियोजना तथा धितोको निरीक्षण नियमित रूपमा गरी अभिलेख अद्यावधिक गर्नुहुन ।
- (४) कर्जा स्वीकृत/नवीकरण गर्दा ऋणीको व्यवसायिक योजना तथा सम्भाव्यता अध्ययन, आयस्रोत, नगद प्रवाह तथा तिर्न सक्ने क्षमताको पर्याप्त विश्लेषण गर्नुहुन तथा कर्जा स्वीकृत/नवीकरण गर्दा ऋणीको व्यवसायिक कर चुक्ता प्रमाणपत्र र लेखापरीक्षण भएको वित्तीय विवरण लिनुहुन ।
- (५) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सूचना प्रविधि लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,

*Shin*  
(कृष्ण सिग्देल)

सहायक निर्देशक

**बोधार्थ:**

श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।

श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई-५ ।

श्री नेपाल राष्ट्र बैंक  
वित्तीय संस्था सुपरिवेक्षण विभाग  
बालुवाटार, काठमाण्डौ ।

**विषय : वित्तीय विवरण प्रकाशन गर्न स्वीकृति दिदाँ जारी भएका निर्देशन सम्बन्धमा ।**

महोदय,

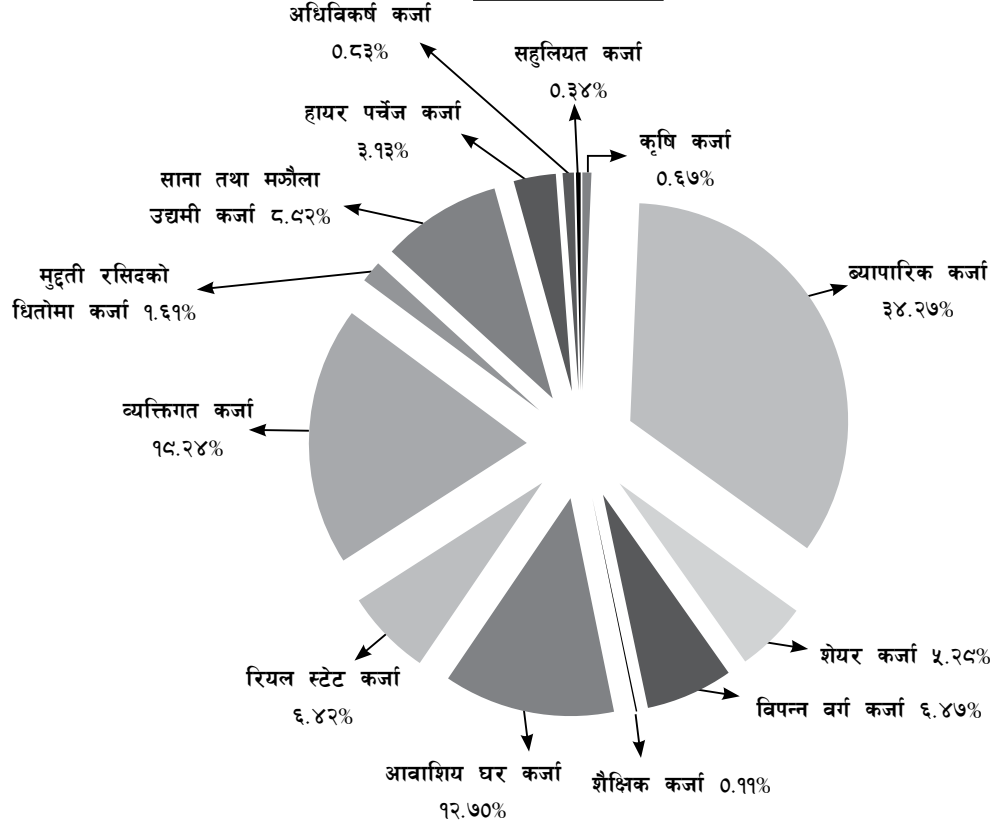
उपरोक्त सम्बन्धमा ताहांको पत्र संख्या वि.सं.सु.वि./गैरस्थलगत/रिलायन्स/०८१/०८२ च.न.३७३, मिति २०८२/०१/२२ को पत्र मार्फत जारी भएको निर्देशन उपर यस संस्थाको प्रतिक्रिया तथा उल्लेखित बुँदाहरूको सुधारको स्थिति तपसिल बमोजिम रहेको व्यहोरा जानकारीका लागि अनुरोध छ ।

१. तहांको निर्देशन बमोजिम रिक्त रहेको सञ्चालक नियुक्ती गरिने व्यहोरा अनुरोध छ ।
२. तहांबाट जारी भएको एकिकृत निर्देशनको प्रावधानको पालना गरिने व्यहोरा अनुरोध छ ।
३. कर्जा संग सम्बन्धित परियोजना तथा धितोको निरिक्षण संस्थाले नियमित रूपमा गरि आएकोमा उक्त कार्यलाई अभि प्रभावकारी बनाउन कर्जा अनुगमन तथा निरिक्षण शाखाको व्यवस्था गरि कार्य गर्दै आएको व्यहोरा अनुरोध छ ।
४. कर्जा स्वीकृत/नविकरण गर्दा तहांबाट जारी भएका निर्देशन तथा आन्तरीक कर्जा नीति तथा निर्देशिका पूर्ण रूपमा कार्यान्वयन गरिने व्यहोरा अनुरोध छ ।
५. तहांबाट जारी भएका निर्देशनहरू पालना गरिनेछ, तथा लेखापरीक्षण प्रतिवेदनमा औल्याइएका कैफियतहरू सुधार गर्दै लगिने व्यहोरा अनुरोध छ ।

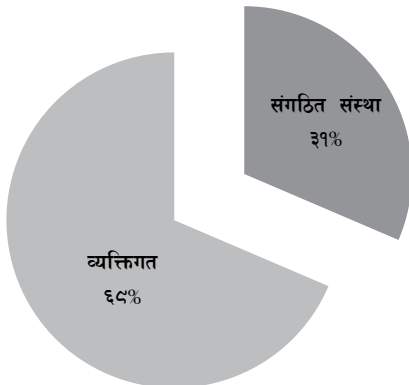
भवदिय,  
समाज प्रकाश श्रेष्ठ  
प्रमुख कार्यकारी अधिकृत

## वित्तीय भलकहरु

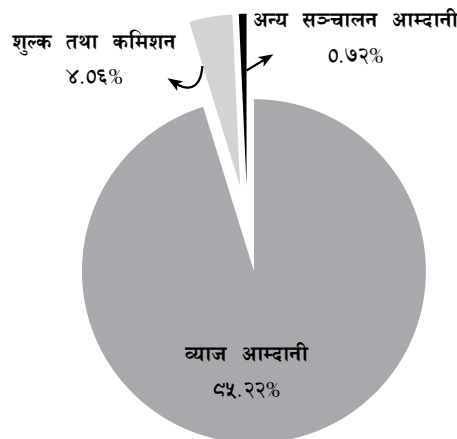
### कर्जा मिश्रण



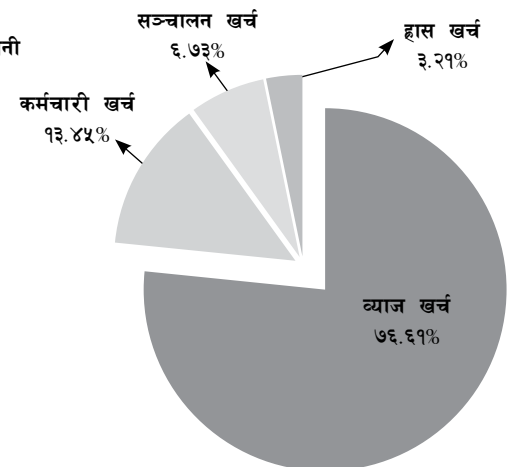
### निक्षेप मिश्रण



### आम्दानीका श्रोतहरु

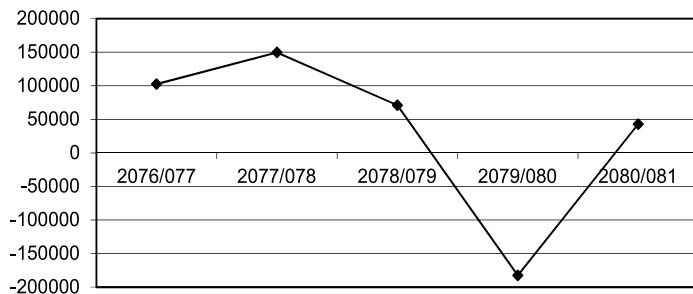


### खर्चका श्रोतहरु

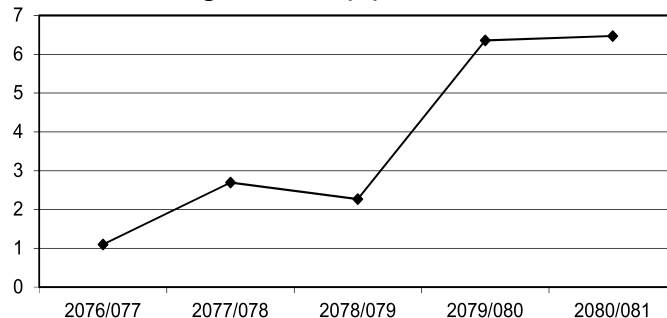


## Trend Lines Presenting Financial Indicators

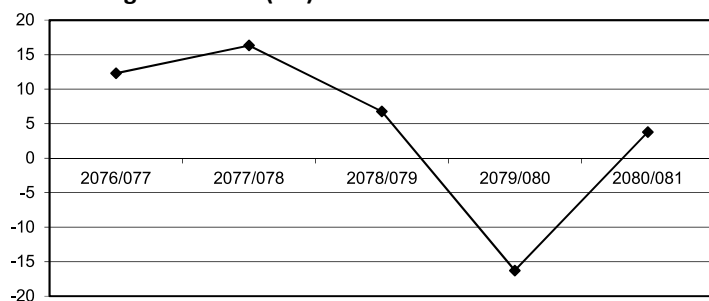
**Net Profit (Rs. '000)**



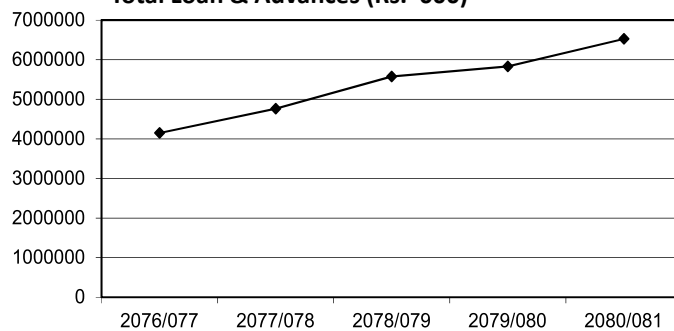
**Non Performing Loan Ratio (%)**



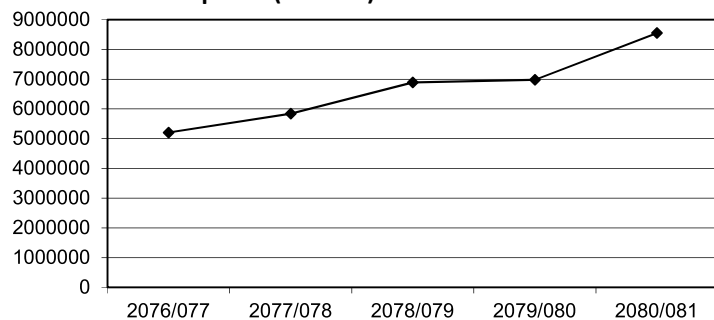
**Earnings Per Share (Rs.)**



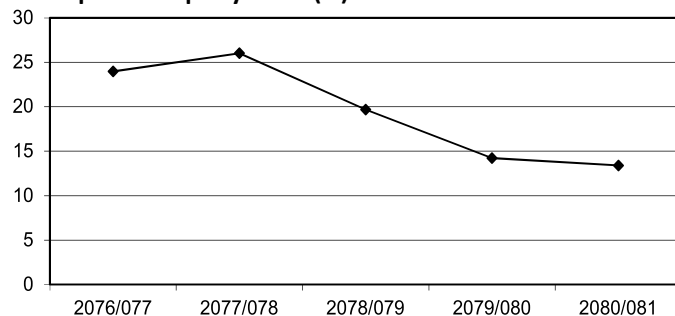
**Total Loan & Advances (Rs. '000)**



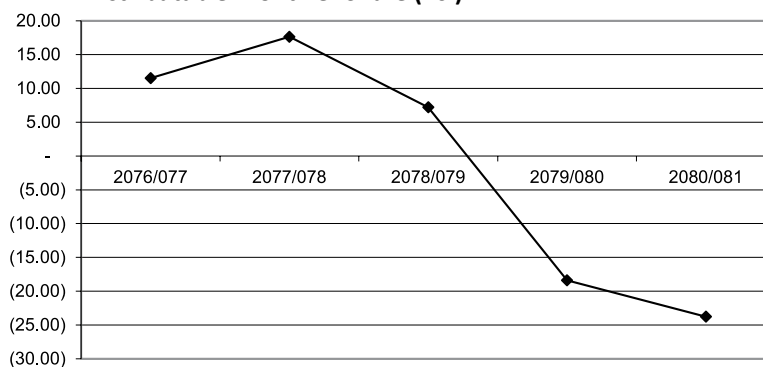
**Total Deposits (Rs. '000)**



**Capital Adequacy Ratio (%)**



**Distributable Profit Per Share (Rs.)**



## नोट तथा टिपोट



## नोट तथा टिपोट

# व्यवस्थापन समुह

## समाज प्रकाश श्रेष्ठ

(प्रमुख कार्यकारी अधिकृत)

## रामहरि आचार्य

(उप-प्रमुख कार्यकारी अधिकृत)

### नविन्द्र के.सी.

(प्रमुख व्यवसाय अधिकृत)

### प्रदिप गुरागाँई

(प्रमुख जोखिम अधिकृत / अनुपालना अधिकृत)

### रविन शाक्य

(प्रमुख संचालन अधिकृत)

### अनश्रु बर्तौला

(प्रमुख वित्त अधिकृत)

### दिक्पाल श्रेष्ठ

(प्रमुख-असुली विभाग)

### युज कुमार भैल

कम्पनी सचिव

(प्रमुख-कानून, शेयर तथा सामान्य सेवा विभाग)

### मनी मानन्धर

(प्रमुख-सूचना तथा प्रविधि विभाग)

### राकेश डंगोल

(AML/CFT कार्यान्वयन अधिकृत)

### विष्णु बस्नेत

(प्रमुख-कर्जा अनुगमन तथा नियन्त्रण)

### प्राञ्जल तिमिसिना

(प्रमुख-मानव संसाधन विभाग)

### जुना श्रेष्ठ

(प्रमुख-कर्जा प्रशासन विभाग)

### नारायण पौडेल

(प्रमुख-कर्जा जोखिम विभाग)

## शाखा प्रमुखहरू

न्यूरोड शाखा  
अखण्ड श्रेष्ठ

नारायणगढ शाखा  
सतिश महर्जन

पोखरा शाखा  
सन्तोष खनियाँ

बेसीशहर शाखा  
भरत नेपाली

बनेपा शाखा  
सुवास के.सी.

आरुघाट शाखा  
प्रकाश कुमार श्रेष्ठ

चारआली शाखा  
राजन राना

इमाडोल शाखा  
सरस्वती श्रेष्ठ

गोरखा शाखा  
सुबत लामिछाने

मणिग्राम शाखा  
बिष्णु पराजुली

अत्तरिया शाखा  
महेश बहादुर कुँवर

महेन्द्रनगर शाखा  
महेश प्रसाद भट्ट

कोहलपुर शाखा  
सुशिल बस्नेत

दमक शाखा  
ईशाहाक राई

विर्तामोड शाखा  
जिवन श्रेष्ठ

धनगढी शाखा  
दोबन बहादुर रावल

सितापाइला शाखा  
सागर शाही

धुलावारी शाखा  
अमोद कुमार गुप्ता

टाँडी शाखा  
नारायण प्रसाद वाग्ले

भैरहवा शाखा  
प्रज्ञान पौडेल

बुटवल शाखा  
लक्ष्मण न्यौपाने

## संस्थागत सामाजिक उत्तरदायित्व तथा वित्तीय साक्षरता सम्बन्धि कार्यक्रम



रक्तदान कार्यक्रम:  
हनुमानढोका, काठमाडौं



वित्तीय साक्षरता सम्बन्धि कार्यक्रम:  
नमुना माध्यामिक विद्यालय, धुलावारी



वित्तीय साक्षरता सम्बन्धि कार्यक्रम:  
दुर्गा लक्ष्मी मल्टिपल क्याम्पस, अत्तरिया



वित्तीय साक्षरता सम्बन्धि कार्यक्रम:  
मर्स्याङ्दी मल्टिपल क्याम्पस, बेशिहसहर



वित्तीय साक्षरता सम्बन्धि कार्यक्रम:  
शिक्षा एडुकेशन ईन्स्युट सिदार्थनगर, रूपन्देहि



वित्तीय साक्षरता सम्बन्धि कार्यक्रमको  
प्रभातफेरीमा सहभागीता: नारायणगढ शाखा



