

चौधौं

वार्षिक प्रतिवेदन
(आ.व. २०७५/०८०)



Reliance Finance Limited
रिलायन्स फाइनान्स लिमिटेड

14th

Annual Report

14th 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
साम्नेदार
सुन्दर एण्ड कम्पनी
चार्टर्ड एकाउण्टेन्ट्स

रिलायन्स फाइनेन्स लिमिटेडको चौधौं वार्षिक साधारण सभा बस्ने सूचना

शेयरधनी महानुभावहरू,

यस वित्तीय संस्थाको मिति २०८१/०४/२९ गते बसेको संचालक समितिका ३३३ औं बैठकको निर्णयानुसार यस रिलायन्स फाइनेन्स लि. को चौधौं 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 : २०८१ साल भाद्र महिना २० गते विहिवार (तदनुसार 5th September, 2024)

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

समय : दिनको ११:०० बजे ।

सामान्य प्रस्तावहरू

१. संचालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत गरिने आर्थिक वर्ष २०७९/०८० को चौधौं वार्षिक प्रतिवेदन पारित गर्ने ।
२. लेखापरीक्षकको प्रतिवेदन सहित आ.व.२०७९/८० आषाढ मसान्त सम्मको वासलात, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण लगायतका वित्तीय विवरणहरू पारित गर्ने ।
३. यस संस्थाको लेखापरीक्षण समितिको सिफारिश बमोजिम साविकका लेखापरिक्षक सुन्दर एण्ड कम्पनी लाई आगामी आर्थिक वर्ष आ.व. २०८०/८१ का लागि कम्पनी ऐन २०६३ को दफा ११३ र कम्पनी निर्देशिका २०७२ को दफा ६० बमोजिम कम्पनी रजिष्ट्रारको कार्यालयबाट लेखापरिक्षकमा नियुक्त गरेकोलाई अनुमोदन गर्ने ।
४. विविध ।

(ख) विशेष प्रस्तावहरू

१. वित्तीय संस्थाको प्रबन्धपत्रको दफा ५ को वित्तीय संस्थाको उद्देश्य प्राप्त गरिने कामहरूमा Private Equity Venture Capital (PEVC) (भेन्चर क्यापिटल) तथा सामूहिक लगानी कोषको संस्थापक शेयरमा लगानी गर्ने, बुक बिल्डिङ्ग, समेतको कार्य गर्ने व्यवस्था थप गरि संस्थाको प्रबन्धपत्र संशोधन गर्न प्रस्ताव गरेका छौं ।
२. यस रिलायन्स फाइनेन्स लि. तथा अन्य कुनै बैंक, विकास बैंक तथा वित्तीय संस्था एक आपसमा गाभ्ने र गाभिने (मर्जर), प्राप्ति तथा विलय गर्न उपयुक्त देखिएमा मर्जर, प्राप्ति वा विलय गर्न, DDA गर्न, नियमनकारी निकायबाट आवश्यक स्वीकृति लिन तथा सो सम्बन्धमा सम्पूर्ण काम गर्ने अख्तियारी संचालक समितिलाई प्रदान गर्ने । साथै गाभिने (मर्जर), प्राप्ति तथा विलय समेतका सम्बन्धमा नियमनकारी निकाय वा अन्य कुनै कार्यालयहरूबाट कुनै पनि 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 ।
३. प्रबन्धपत्र नियमावली संशोधनमा नियमनकारी निकाय वा अन्य कुनै कार्यालयहरूबाट कुनैपनि विषयमा संशोधन परिमार्जन, थपघट वा परिवर्तन गर्न कुनै निर्देशन प्राप्त भएमा सो समेत मिलाई संशोधन वा परिवर्तन गर्नुपरेमा सो कार्यहरू समेत गर्न संस्थाको संचालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने ।

साधारण सभा सम्बन्धी अन्य जानकारी

१. वार्षिक साधारण सभा प्रयोजनार्थ २०८१/०५/०७ गते एक दिन यस संस्थाको शेयरधनी दर्ता किताब बन्द रहने जानकारी गराउँदछौं । साथै, नेपाल स्टक एक्सचेञ्ज लिमिटेडमा मिति २०८१/०५/०६ सम्म कारोबार भई सि.डि.एस. एण्ड क्लियरिङ लि. बाट राफसाफ भई यस संस्थाको शेयर रजिष्ट्रार लक्ष्मी सनराईज 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. २०७९/०८० को वित्तीय विवरण सहितको वार्षिक प्रतिवेदन संस्थाको केन्द्रीय कार्यालय वा शेयर रजिष्ट्रार लक्ष्मी सनराईज क्यापिटल लि. कमलपोखरीबाट प्राप्त गर्न सक्नु हुनेछ । साथै उक्त प्रतिवेदन कम्पनीको वेबसाईट www.reliancenepal.com.np मा हेर्न वा डाउनलोड गर्न सक्नुहुनेछ ।
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 शुरु हुनु भन्दा कम्तीमा ७२ घण्टा अगावै संस्थाको केन्द्रीय कार्यालय कमलादीमा भौतिक वा ईमेल मार्फत दर्ता गराई सक्नु पर्नेछ । प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको ब्यक्ति 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 रूपमा समावेश गरिने छैन ।
६. कुनै शेयरधनीले प्रतिनिधि (प्रोक्सी) नियुक्ति गर्दा आफ्नो नाममा रहेको सम्पूर्ण शेयरको प्रोक्सी एक ब्यक्तिलाई मात्र तोक्न सक्ने छ । एक प्रतिनिधि फाराममा एक भन्दा बढी ब्यक्तिलाई 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 गरी सकेपछि शेयरधनी आफै सभामा उपस्थित भई हाजिर पुस्तिकामा दस्तखत गरेको अवस्थामा निजले गरिदिएको प्रोक्सी स्वतः बदर हुनेछ ।
७. नाबालक वा फरक क्षमता भएका शेयरधनीको तर्फबाट संस्थाको लगत किताबमा संरक्षकको रूपमा 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 केन्द्रीय 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 २०८१/०५/२० गते बिहिवारका दिन
हुने चौधौं 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 :

निवेदक :

दस्तखत:

नाम:

ठेगाना:

शेयरधनी प्रमाणपत्र नं. :

शेयरधनी नं.:

हितग्राहि (डिम्याट) खाता नं.:

हितग्राहि (डिम्याट) खाता नं.:

शेयरधनी (क्रम संख्या) नं. :

शेयर संख्या:

मिति :

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 चौधौं वार्षिक साधारण सभामा उपस्थितिका लागि जारी गरीएको प्रवेश पत्र)

द्रष्टव्य :

१) शेयरधनी आफैले खाली कोष्ठहरु भर्नुहोला ।

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



कम्पनी सचिव

FINANCIAL HIGHLIGHTS - CAMELS ANALYSIS
Rs in '000

| Capital Adequacy | 2075/076 | 2076/077 | 2077/078 | 2078/079 | 2079/080 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Core Capital | 977,804 | 1,039,571 | 1,218,266 | 1,280,265 | 1,065,913 |
| Supplementary Capital | 44,835 | 36,077 | 69,103 | 81,043 | 83,985 |
| Capital Fund | 1,022,638 | 1,075,648 | 1,287,368 | 1,361,307 | 1,149,898 |
| Risk Weighted Assets | 4,003,115 | 4,484,687 | 4,946,537 | 7,324,027 | 8,085,356 |
| Capital Adequacy Ratio | 25.55% | 23.98% | 26.03% | 18.59% | 14.22% |
| Core Capital to RWA | 24.43% | 23.18% | 24.63% | 17.48% | 13.18% |

| Assets Quality | 2075/076 | 2076/077 | 2077/078 | 2078/079 | 2079/080 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Loan & Advances | 3,830,377 | 4,149,104 | 4,764,874 | 5,574,114 | 5,829,936 |
| Non Performing Loan | 75,573 | 41,065 | 128,374 | 126,731 | 370,953 |
| Loan Loss Provision | 114,172 | 78,658 | 142,849 | 139,029 | 387,821 |
| NPL to Total Loan & Advances | 1.97% | 0.99% | 2.69% | 2.27% | 6.36% |
| LLP to Total Loan & Advances | 2.98% | 1.90% | 3.00% | 2.49% | 6.65% |
| LLP to Total NPL | 151.08% | 191.55% | 111.27% | 109.70% | 104.55% |

| Management Soundness | 2075/076 | 2076/077 | 2077/078 | 2078/079 | 2079/080 |
|---|-----------------|-----------------|-----------------|-----------------|------------------|
| Total Assets | 5,282,038 | 6,386,087 | 7,215,194 | 9,209,575 | 8,672,274 |
| Net Profit | 64,119 | 102,533 | 149,506 | 71,147 | (182,612) |
| Total Income | 606,758 | 712,553 | 874,026 | 816,691 | 1,040,059 |
| Total Expenses | 509,610 | 564,458 | 650,244 | 713,605 | 1,222,604 |
| No. of Employee | 92 | 129 | 162 | 167 | 168 |
| No. of Shares Outstanding | 8,324 | 8,324 | 9,157 | 10,530 | 11,215 |
| Earnings Per Share (Rs.) | 7.70 | 12.32 | 16.33 | 6.76 | (16.28) |
| Growth Rate in Assets | 11.51% | 20.90% | 12.98% | 27.64% | (5.83%) |
| Growth Rate in Deposits | 11.08% | 25.93% | 12.14% | 17.98% | 1.25% |
| Growth Rate in Loan & Advances | 22.19% | 8.32% | 14.84% | 16.98% | 4.59% |
| Growth Rate in Net Profit | 42.96% | 60% | 45.81% | (52.41%) | (356.67%) |

| Earnings | 2075/076 | 2076/077 | 2077/078 | 2078/079 | 2079/080 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Interest Income | 207,096 | 215,022 | 151,021 | 249,005 | 228,282 |
| Operating Expenses | 98,501 | 141,742 | 181,368 | 193,200 | 197,289 |
| Non Interest Income | 33,206 | 39,301 | 318,320 | 47,281 | 35,254 |
| Earning Assets | 4,811,048 | 4,918,509 | 5,099,021 | 6,114,554 | 6,175,276 |
| Shareholders' Equity | 1,066,935 | 1,087,359 | 1,279,601 | 1,317,103 | 1,127,602 |
| Return on Equity | 6.01% | 9.43% | 11.68% | 5.40% | (16.19%) |
| Return on Assets | 1.21% | 1.61% | 2.07% | 0.77% | (2.11%) |
| Cost-Income Ratio | 16.23% | 19.89% | 20.75% | 23.66% | 18.97% |
| Net Interest Margin | 3.92% | 3.37% | 2.09% | 2.70% | 2.87% |

| Liquidity | 2075/076 | 2076/077 | 2077/078 | 2078/079 | 2079/080 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Deposits | 4,135,375 | 5,207,487 | 5,839,924 | 6,890,130 | 6,976,587 |
| Cash in Vault | 38,535 | 54,832 | 58,503 | 65,397 | 70,525 |
| Cash at NRB | 174,699 | 294,313 | 270,889 | 221,570 | 242,269 |
| Cash at other Bank & Fin. Inst. | 980,671 | 769,405 | 334,147 | 540,440 | 345,341 |
| Deposits to Assets Ratio | 78.29% | 81.54% | 80.94% | 74.81% | 80.45% |
| C D Ratio (As per NRB Directives) | 74.91% | 66.42% | 95.45% | 80.90% | 83.56% |
| Cash & Equivalent to Deposit Ratio | 28.87% | 21.48% | 11.36% | 12.01% | 9.43% |
| Total Deposits to Core Capital (times) | 4.23 | 5.01 | 4.79 | 5.38 | 6.55 |

| Sensitivity | 2075/076 | 2076/077 | 2077/078 | 2078/079 | 2079/080 |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Yield Rate | 14.53% | 12.70% | 11.41% | 13.79% | 14.60% |
| Cost of Funds | 9.63% | 8.30% | 6.60% | 9.35% | 10.02% |
| Net Spread | 4.90% | 4.40% | 4.81% | 4.44% | 4.58% |
| Base Rate | 12.34 | 11.25 | 9.65 | 12.19 | 13.02 |

DETAIL CREDIT RISK ANALYSIS

| Amount of Non Performing Loan | | | |
|-------------------------------|--------------------|--------------------|-------------------|
| Category | Gross | Provision | Net |
| Substandard | 44,760,005 | 11,001,879 | 33,758,126 |
| Doubtful | 66,715,669 | 33,357,835 | 33,357,835 |
| Loss | 259,476,867 | 259,476,867 | - |
| Total | 370,952,541 | 303,836,581 | 67,115,960 |

| Non Performing Loan Ratio | | | |
|------------------------------------|---|---|---------------|
| Gross Loan | - | - | 5,829,935,827 |
| Net Loan | - | - | 5,442,114,393 |
| Gross NPL to Gross Loan & Advances | - | - | 6.36% |
| Net NPL to Net Loan & Advances | - | - | 1.23% |

| Movement of Non Performing Loan | | | |
|---------------------------------|-----------------|-----------------|-------------|
| Particulars | Opening Balance | Closing Balance | Movement |
| Non Performing Loan | 126,731,444 | 370,952,541 | 244,221,097 |
| Restructured | - | - | - |
| Substandard | 53,328,016 | 44,760,005 | (8,568,011) |
| Doubtful | 57,326,626 | 66,715,669 | 9,389,043 |
| Loss | 16,076,802 | 259,476,867 | 243,400,065 |

| 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 | 66,475,626 | 66,044,217 | (431,409) |
| Watch List | 14,566,901 | 17,940,636 | 3,373,735 |
| Restructured | - | - | - |
| Substandard | 13,246,371 | 11,001,879 | (2,244,492) |
| Doubtful | 28,663,313 | 33,357,835 | 4,694,522 |
| Loss | 16,076,802 | 259,476,867 | 243,400,065 |
| PG & Third Party Collateral | - | - | - |
| Total Loan Loss Provision | 139,029,013 | 387,821,434 | 248,792,421 |

| Movement of Interest Suspense | | | |
|-------------------------------|-----------------|-----------------|------------|
| Particulars | Opening Balance | Closing Balance | Movement |
| Interest Suspense | 38,559,825 | 84,979,687 | 46,419,862 |

| Movements of Loan & Loan Loss Provision | | | |
|---|-----------------|-----------------|-------------|
| Particulars | Opening Balance | Closing Balance | Movement |
| Total Loan & Advances | 5,574,113,702 | 5,829,935,827 | 255,822,125 |
| Total Loan Loss Provision | 139,029,013 | 387,821,434 | 248,792,421 |

विषय सूची

| | |
|---|----|
| संचालक समितिको तर्फबाट अध्यक्षज्यूको वार्षिक प्रतिवेदन | १ |
| कम्पनी ऐन, २०६३ सम्बन्धित विवरणहरु | ६ |
| धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ सम्बन्धित विवरण | ९ |
| लेखापरिक्षकको प्रतिवेदन | १० |
| वित्तीय विवरणहरु | १३ |
| वित्तीय विवरण प्रकाशन गर्न नेपाल राष्ट्र बैंकको स्विकृती पत्र | ८० |
| प्रबन्ध पत्रको प्रस्तावित संशोधन | ८२ |
| वित्तीय भलक | ८३ |
| टिपोट | ८५ |

रिलायन्स फाइनेन्स लि.

चौधौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट संस्थाका अध्यक्ष श्री कुश प्रसाद मल्लीज्यूले प्रस्तुत गर्नुभएको आ.व. २०७९/८० को वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

रिलायन्स फाइनेन्स लिमिटेडको चौधौं 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।

विश्वव्यापी अर्थतन्त्रमा परेको नकारात्मक प्रभाव एवं रूस युक्रेन युद्धले गर्दा विश्व बजार तथा स्थानीय बजारमा देखिएको आर्थिक मन्दि, व्याजदर बृद्धि, शेयर बजार तथा व्यापार व्यवसाय समेतमा परेको नकारात्मक असरका कारणले नगद प्रवाहमा कमि आई कर्जा प्रवाह एवं कर्जा असूलीमा नकारात्मक असर परेको तथ्य यहाँहरू सबैलाई अवगत भएकै छ। सोको कारणले विश्वबजार एवं नेपालको अर्थतन्त्रमा पनि नकारात्मक असर पारिरहेको र यस्का साथै नेपालको अर्थ बजारमा भएको व्यापार घाटा, तरलताको अभाव, व्याजदरमा बृद्धि, जग्गा, शेयर तथा व्यापार व्यवसायमा आएको मन्दिले बैंक तथा वित्तीय क्षेत्र लगायत सबै प्रकारका व्यवसायमा प्रतिकूल परिस्थिति श्रृजना भएको कुरा यहाँहरूलाई विदितै छ। यस्तो कठिन परिस्थितिका बावजुद पनि यस संस्थाले आफ्नो निक्षेप तथा कर्जालाई व्यवस्थित गरि राखेको व्यहोरा यहाँहरू समक्ष जानकारी गराउन चाहन्छु।

यस गरिमामय सभामा संचालक समितिका तर्फबाट प्रस्तुत आर्थिक वर्ष २०७९/८० को संस्थाको लेखापरीक्षकको प्रतिवेदन सहितको वासलात, नाफा नोक्सान हिसाव र नगद प्रवाह विवरण सहितको यो वार्षिक प्रतिवेदन यहाँहरू समक्ष पेश गर्न पाउँदा हामीलाई खुशी लागेको छ। यस प्रतिवेदन, बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३, कम्पनी ऐन २०६३ लगायत प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी गरेको निर्देशनको परिधिभित्र रहि तयार गरिएको व्यहोरा समेत जानकारीको लागि अनुरोध छ।

१) आ. व. २०७९/०८० को कारोबारको सिंहावलोकन:

आर्थिक मन्दी र रूस युक्रेन युद्धले, अर्थ व्यवस्थामा पारेको नकारात्मक प्रभावले गर्दा हाल विश्वव्यापी रूपमा भएको आर्थिक तथा व्यापारमा मन्दि, तरलताको अभाव, व्याजदरको बृद्धि, वित्तीय बजारमा भएको तरलताको कमीले निक्षेप लिने अस्वस्थ प्रतिस्पर्धा, उद्योग व्यापार, कलकारखाना, पसल, होटल पर्यटन, यातायात, स्कूल कलेज लगायत सबै आर्थिक क्षेत्रमा परेको नकारात्मक प्रभाव, जस्ता कारणले गर्दा लक्ष्य अनुरूप कर्जा असूली, कर्जा प्रवाह तथा निक्षेप संकलनमा उल्लेखनिय बृद्धि गर्न नसकेता पनि यस संस्थाले व्यवसायमा सन्तोषजनक बृद्धी गर्न सक्षम भएको छ।

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

(रु. हजारमा)

| शिर्षक | आ.व २०७८/७९ आषाढ मसान्त सम्म (लेखापरिक्षित) | आ.व २०७९/८० आषाढ मसान्त सम्म (लेखापरिक्षित) |
|---|---|---|
| निक्षेप | ६८,९०,९३० | ६९,७६,५८७ |
| कर्जा | ५५,७४,९७४ | ५८,२९,९३६ |
| ब्याज आर्जन | ७,६९,४९० | ९०,०४,८०५ |
| ब्याज खर्च | ५,२०,४०५ | ७,७६,५२३ |
| कुल नाफा/(नोक्सान) कर तथा कर्मचारी वोनस पछि | ७९,९४७ | (९,८२,६९२) |

प्रस्तुत वित्तीय स्थितिलाई अवलोकन गर्दा विगत वर्षमा नोक्सान देखिएतापनि कर्जा असूलीको क्रममा धितो सकार गरेको तथा निस्कृत कर्जा बृद्धि भएकोले नोक्सानी देखिएको व्यहोरा अनुरोध छ। संस्थाले गैह्र बैंकीङ्ग सम्पत्ती विक्री तथा कर्जा असूली पश्चात संस्थाको वित्तीय अवस्थामा सुधार आएकोले हाल वित्तीय संस्थाको समग्र वित्तीय स्थिति संतोषजनक नै देखिएतापनि

आगामी दिनमा संस्थाको कारोबार अनुपात तथा दायरा फराकिलो बनाउँदै प्रतिफल आर्जन गरि लगानीकर्ताहरूलाई पनि उच्चतम प्रतिफल दिनका लागि संचालक समिति र व्यवस्थापन सदाभैँ प्रयत्नशील रहेका छन् ।

यस संस्थाले का.जि.का.म.न.पा. वडा नं. १ कमलादीमा घर जग्गा खरिद गरि केन्द्रीय कार्यालय राखी कारोबार गर्दा संस्थाको शाखामा बृद्धि भएको व्यहोरा सहर्ष जानकारी गराउँदछौं । आगामी दिनमा कारोबारको दायरा अझ फराकिलो गरि कारोबार बृद्धि गर्दै संस्थालाई अझ बढि प्रतिफल दायक अवस्थामा पुऱ्याउनका लागि शाखाहरू विस्तार गर्दै लैजाने योजना रहेको छ । संस्थाले केन्द्रीय कार्यालय सहित देश भरमा २२ वटा शाखा संजाल विस्तार गरि सकेका छन् । संस्थाले देशको पूर्व देखी पश्चिम सम्म आफ्नो उपस्थिति जनाई सेवा विस्तार गरेको व्यहोरा सहर्ष जानकारी गराउन चाहन्छु ।

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

कोभिड १९ को महामारी एवं रूस युक्रेन युद्धले विश्वव्यापी रूपमा व्यापार व्यवसायमा परेको नकरात्मक प्रभाव, आर्थिक क्षेत्रमा भएको मन्दी, मुल्य बृद्धि, राजनैतिक वातावरण, आर्थिक कारोबारमा मन्दी, शेयर बजारमा देखिएको मन्दी, घरजग्गा कारोबारमा सुस्तता, तरलताको अभाव, निक्षेपमा कमि भई कर्जा प्रवाहमा परेको प्रभाव, विभिन्न सामाजिक संजालबाट कर्जा भुक्तानी नगर्नका लागि सर्वसाधारण ऋणीहरूलाई उक्साहतको प्रभाव, कर्जा भुक्तानी नगर्ने प्रवृत्तीको बृद्धि जस्ता कारणले समग्र आर्थिक कारोबारमा प्रत्यक्ष प्रभाव पर्न गएको छ । यस संस्थाले लगानी गरेका क्षेत्रहरू होटल, यातायात, पर्यटन, व्यापार व्यवसाय, उद्योग क्षेत्रमा लामो समय सम्म भएको गिरावट एवं सो परिस्थितीले हाल सम्म पनि सहज हुन नसक्दा सो क्षेत्रको कारोबारमा नकरात्मक प्रभाव पर्न आएको छ ।

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

यस्तो परिस्थितिका बाबजुद यस संस्थाले आवश्यक सजगता अपनाउँदै न्यून शाखाहरू विस्तार गरी प्रतिस्पर्धात्मक वित्तीय बजारमा आफ्नो स्थान सुरक्षित गर्ने तर्फ कृयाशील रहेको जानकारी गराउँदछौं ।

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

क) सूचना प्रविधितर्फ यस संस्थाले आफ्नो Core Banking System लाई समय सापेक्ष स्तरोन्नती संगै सूचना प्रविधिसंग सम्बन्धित पूर्वाधारहरू विकास गर्न सफल भएका छन् । संस्थाले रिलायन्स स्मार्ट एप्स (Digital Banking), ATM, IPS, Connect IPS, ABBS, C-ASBA, SMS Alert, Real Time Gross Settlement (RTGS), जस्ता सुविधाहरू संचालन गरि आएका छन् । साथै संस्थाको जोखिम न्यूनिकरण गर्नका लागि Data Security र Disaster Recovery Center, को व्यवस्था गर्नुका साथै go AML Software (कालोसूची सम्बन्धी सफ्टवेयर) मानव संसाधन सम्बन्धी सफ्टवेयर संचालनमा ल्याई कार्य गर्दै आएका छन् ।

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 गरि आएको व्यहोरा अनुरोध छ । यसबाट संस्थाका ग्राहकलाई सुविधा पुग्नका साथै विविध क्षेत्रको कारोबार विस्तार भई आमदानी पनि बृद्धि हुने विश्वास लिएको छ ।

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 ।

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

वित्तीय संस्थाको भावी कार्यक्रमहरू :

- क) संस्थाले वित्तीय बजारमा शाखा विस्तार गर्दै एउटा सबल र सक्षम वित्तीय संस्थाको रूपमा आफ्नो पहिचान बनाउने ।
- ख) संस्थाले आगामी दिनहरूमा निक्षेप तथा कर्जाका आकर्षक नयाँ योजनाहरू तर्जुमा गरि वित्तीय कारोबारको रकम तथा ग्राहकहरूको संख्या समेत बृद्धि गर्दै जाने ।
- ग) संस्थाले प्रवाह गर्ने कर्जाको क्षेत्र विस्तार गर्ने तथा गुणस्तरमा क्रमशः 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 ठुला परियोजनाहरूमा लगानी गर्ने योजना रहेको छ जसका लागि अन्य बैंक तथा वित्तीय संस्थसंगको सहकार्यमा सहवित्तीयकरण कर्जा प्रवाह गर्ने लक्ष्य लिईएको छ ।
- छ) संस्थाको जोखिमलाई न्यूनीकरण गरी पारदर्शी सेवालाई अभिवृद्धि गर्न आगामी दिनमा संस्थागत सुशासन लाई अझ सुदृढ गर्दै लैजाने छ ।
- ज) संस्थाको कारोबार विस्तारको क्रममा संस्थाले विशिष्टिकृत लगानी कोषहरू जस्तै प्राईभेट इक्विटी, भेन्चर क्यापिटल, हेजफण्ड जस्ता विशिष्टिकृत 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 कानून 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 विल्डीङ्ग विधि अर्न्तगत जारी हुने धितोपत्रको संस्थागत योग्य लगानीकर्ता (Qualified Institutional Investor) को रूपमा लगानी गर्ने, धितोपत्रको खरिद बिक्री गर्ने जस्ता कार्य गर्न स्वीकृती लिई कारोबारमा विस्तार गर्दै लैजाने योजना रहेको छ ।
- झ) 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

- मानवसेवा आश्रम रानीवनमा आश्रित अशक्त, असहाय, घर परिवारविहीन बेसाहाराहरूको लागि वासिङ्ग मेसीन वितरण गरिएको ।
- सितापाईला शाखामा निशुल्क आँखा, कान, घाँटीको जाँच शिविर तथा मोतियाबिन्दु परिक्षण गरि निःशुल्क औषधी तथा चस्मा वितरण गरिएको ।
- केन्द्रिय कार्यालय कमलादीमा रक्तदान कार्यक्रम संचालन गरिएको ।

- संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने क्रममा यस संस्थाका न्यूरोड शाखा, इमाडोल शाखा, पोखरा शाखा वेशीसहर शाखा, कोहलपुर शाखा, धनगढी शाखा, टाँडी शाखा र भैरहवा शाखाले न्यानो कपडा वितरण गर्ने, स्टेशनरी वितरण, इस्टविन वितरण, युरोगार्ड वितरण तथा मन्दिरमा कुर्सी वितरण गरि विभिन्न सामाजिक संघ संस्थालाई सहयोग गरेको ।

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

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 लानेछ । 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 । उपरोक्त सुविधाहरूबाट संस्थाका ग्राहकहरू लाभान्वित हुने विश्वास लिएको छ ।

५) औद्योगिक तथा व्यावसायिक सम्बन्ध :

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

६) संचालक समितिमा भएको हेरफेर र सो का कारण :

आ.व. २०८०/८१ मा यस संस्थाका संचालक समितिबाट स्वतन्त्र संचालक श्री विनोद कुमार तण्डुकारज्यू, संचालक श्री उपेन्द्र बहादुर कार्कीज्यू, र संचालक सुरकृष्ण बैद्यज्यूले 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 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 :

राष्ट्रिय तथा अन्तर्राष्ट्रिय बजारमा देखिएका विभिन्न समस्याहरू, रूस युक्रेन, ईजराईल पेलेस्टाईन विचमा भएको युद्ध, तरलताको अभाव, आर्थिक मन्दी, व्याजदरमा बृद्धि, 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, वित्तीय बजारमा तरलता अभाव समेतका कारण पर्न सक्ने असर, 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 बाबजुद विभिन्न रणनीति तथा योजनाहरूलाई लागू गर्दै संस्थाको कारोबारलाई चुस्त बनाउने तर्फ संचालक समिति सजग रहेको छ ।

९) लेखापरिक्षक नियुक्ति सिफारिस सम्बन्धमा :

यस संस्थाको लेखापरीक्षण समितिको सिफारिस बमोजिम साविकका लेखापरिक्षक सुन्दर एण्ड कम्पनी लाई आगामी आर्थिक वर्ष आ.व. २०८०/८१ का लागि कम्पनी रजिष्ट्रारको कार्यालय त्रिपुरेश्वरबाट कम्पनी ऐन २०६३ को दफा ११३ र कम्पनी निर्देशिका २०७२ को दफा ६० बमोजिम बाह्य लेखापरिक्षक (Statutory Auditor) मा रु.५,००,०००/- (अक्षरेपी पाँच लाख मात्र) पारिश्रमीक दिने गरि नियुक्ती गरेको कार्यलाई साधारण सभामा अनुमोदनको लागि पेश गर्ने संचालक समितिको निर्णय पारित गरिदिनहुन अनुरोध गरिएको छ ।

१०) मानव संसाधन व्यवस्थापन :

मिति २०८१ साल असार मसान्त सम्ममा यस संस्थामा कुल १७२ 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 विभिन्न प्रशिक्षणहरू प्रदान गर्ने तथा तालिममा सहभागि गराउने गरिएको र आगामी दिनहरूमा पनि यस्तो तालिम तथा प्रशिक्षणका कार्यलाई निरन्तरता दिई समयानुसार संस्थालाई आवश्यक जनशक्तिको विकास गर्दै लगिनेछ ।

११) मर्जर सम्बन्धि कार्यका सम्बन्धमा :

नेपाल राष्ट्र बैकबाट दिइएको निर्देशन बमोजिम “ग” वर्गको वित्तीय संस्थाको चुक्ता पुँजी पर्याप्तता भई सकेको भएता पनि यस संस्थाको विगतका साधारण सभाबाट यस संस्था तथा कुनै उपयुक्त बैक, विकाश बैक तथा वित्तीय संस्थासंग एक आपसमा गाभ्ने गाभिने, एक्कीजिसन (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) प्रबन्धपत्र संसोधन गर्ने प्रस्ताव सम्बन्धमा :

संस्थाको प्रबन्धपत्रको दफा ५ को वित्तीय संस्थाको उद्देश्य प्राप्त गरिने कामहरूमा भेन्चर क्यापिटल, बुक विल्डीङ्ग तथा सामूहिक लगानी कोष तथा नेपाल धितोपत्र बोर्डबाट अनुमती लिई गर्न पाउने विभिन्न कार्य गर्ने व्यवस्था थप गरि संस्थाको प्रबन्धपत्र संसोधन गर्न प्रस्ताव गरेको हुँदा उक्त प्रस्ताव पारित गरि दिन हुन अनुरोध छ ।

१३) धन्यवाद ज्ञापन :

वित्तीय संस्थाको प्रगति तथा समृद्धिमा प्रत्यक्ष तथा अप्रत्यक्ष रूपमा सहयोग गर्नुहुने हाम्रा सम्पूर्ण सहभागि शेयरधनी महानुभावहरू, निक्षेपकर्ता, ग्राहकवर्ग, नेपाल राष्ट्र बैक 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 गराउँदछौं ।

धन्यवाद ।

संचालक समितिको तर्फबाट

द.

(ईश्वरी प्रसाद न्यौपाने)

संचालक

संचालक समितिको तर्फबाट

द.

(कुश प्रसाद मल्ली)

अध्यक्ष

मिति : २०८१/०४/२९

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 संचालक 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) संचालक 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 संचालक समितिको प्रतिक्रिया ।
वित्तीय संस्थाको नियमित कारोबारसँग सम्बन्धित सामान्य कैफियतहरू बाहेक लेखापरीक्षण प्रतिवेदनमा अन्य कैफियतहरू रहेको छैन । उक्त सामान्य कैफियतहरू तथा लेखापरीक्षकले दिएको सुझावहरू प्रति संचालक 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 गराउँदछौं ।
- (ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी,
यस वित्तीय संस्थाको आधारभूत शेयरधनीहरूले त्यस्तो कुनै पनि जानकारी उपलब्ध गराएको छैन ।
- (ड) विगत आर्थिक वर्षमा कम्पनीका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी :
संचालकहरूको शेयरको स्वामित्व विवरण निम्न अनुसार छ :

| नाम | पद | शेयर संख्या |
|-----------------------------|-------------------------|-------------|
| श्री कुश प्रसाद मल्ली | अध्यक्ष | ३,०९,९३० |
| श्री विष्णु मान जोशी | संचालक | २२,०९७ |
| श्री तुलसी प्रसाद बराल | संचालक | २,३९२ |
| श्री श्वेता कक्षपती (शाक्य) | संचालक | ९,९७६ |
| श्री ईश्वरी प्रसाद न्यौपाने | संचालक | नभएको |
| श्री समाज प्रकाश श्रेष्ठ | प्रमुख कार्यकारी अधिकृत | ४५,३९० |

(ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्भौताहरूमा कुनै संचालक 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:

| | आ.व.०७८/०७९ मा | आ.व.०७९/०८० मा |
|-------------------------|-------------------|-------------------|
| कर्मचारी खर्च रकम | रु.१०,१५,२४,८९५/- | रु.११,०९,१०,६७३/- |
| कार्यालय खर्च रकम | रु.९,९६,७४,७३२ /- | रु.८,७९,७८,०५९/- |
| कुल व्यवस्थापन खर्च रकम | रु.१९,३९,९९,५४७/- | रु.१९,७२,८८,७३४/- |

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

उपरोक्त उल्लेखित समिक्षा वर्षमा यस संस्थाको लेखापरीक्षण समितिको संयोजकमा संचालक श्री तुलसी प्रसाद बराल र सदस्यमा संचालक श्री श्वेता कक्षपती र सदस्य सचिवमा श्री प्रदिप गुरागाँई 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) संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा:

वित्तीय संस्थाको संचालक, प्रबन्ध संचालक कुनैपनि पदाधिकारी, कार्यकारी प्रमुख, वित्तीय संस्थाका आधारभूत शेयरधनी वा निजको नातेदार वा निज संलग्न रहेको फर्म, वित्तीय संस्था वा संगठित संस्थाले वित्तीय संस्थालाई कुनैपनि रकम बुझाउन बाँकी रहेको छैन ।

(न) संचालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम:

आ.व.२०७८/८० मा संचालकलाई प्रदान गरिएको सुविधा:

| पद | प्रतिवैठक भत्ता रु. | पत्रपत्रिका तथा मोवाइल सुविधा |
|---------|---------------------|-------------------------------|
| अध्यक्ष | रु.७,५००/- | रु.१,५००/- |
| संचालक | रु.७,०००/- | रु.१,५००/- |

आ.ब. २०७८/८० मा कार्यकारी प्रमुख तथा पदाधिकारीहरू(प्रबन्धक सम्म)लाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम :

| विवरण | का.मु. प्रमुख कार्यकारी अधिकृत | अन्य पदाधिकारीहरू |
|-------------------------------|--------------------------------|-------------------|
| तलब, भत्ता तथा अन्य सुविधाहरू | रु.३८,४८,५८२/- | रु.१,१७,१७,१६७/- |

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 २०७९/८० को अन्त्यसम्म शेयरधनीहरूबाट दाबी नआएको रकम निम्न अनुसार रहेको छ ।

| आ.ब. | २०७९/०८० सम्म |
|----------------|----------------|
| आ.ब.२०७४/७५ को | रु.२४,०२,५१४/- |
| आ.ब.२०७५/७६ को | रु.५६,५६,४९६/- |

(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 विवरणः
समिक्षा वर्षमा नभएको ।

(ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरणः
छैन ।

(भ) यस ऐन तथा प्रचलित कानून बमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुराः
यसै प्रतिवेदन अन्तर्गत सम्बन्धित ठाउँमा खुलाईएको छ ।

(म) अन्य आवश्यक कुराहरूः
यसै प्रतिवेदन तथा वित्तीय विवरणमा सम्बन्धित ठाउँमा खुलाईएको छ ।

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

- १) संचालक 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 संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए :
आ.ब.२०७९/८० मा यस सम्बन्धमा त्यस्तो मुद्दा दर्ता भएको वा गरेको जानकारी प्राप्त नभएको ।
 - ग) संस्थाका संस्थापक वा संचालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको भए :
आ.ब.२०७९/८० मा यस सम्बन्धमा त्यस्तो मुद्दा दर्ता भएको वा गरेको जानकारी प्राप्त नभएको ।
- ५) संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण :
 - क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा :
यस संस्थाको शेयर माग र आपूर्तिको आधारमा निर्धारण हुने गरी नेपाल धितोपत्र विनिमय बजारमा कारोबार भईरहेको छ । शेयरबजारमा शेयरको मूल्यमा आउने उतारचढाव संगै यस संस्थाको शेयरको मूल्यमा 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 | त्रयमास | शेयरका अधिकतम मूल्य | शेयरका न्यूनतम मूल्य | शेयरका अन्तिम मूल्य | कुल कारोबारको संख्या | कारोबार दिन |
|-------------|---------|---------------------|----------------------|---------------------|----------------------|-------------|
| १ | प्रथम | रु. ३८९/- | रु. २८६६० | रु. ३०५/- | ११,६०६ | ६५ |
| २ | दोस्रो | रु. ३४२।४० | रु. २७२।६० | रु. ३४२।४० | ५,९३६ | ५१ |
| ३ | तेस्रो | रु. ३६०/- | रु. २८८/- | रु. ३१५/- | ४,७३३ | ५६ |
| ४ | चौथो | रु. ४००/- | रु. २७५/- | रु. ३८२।९० | ९,०४५ | ६२ |

- 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 एक्सचेंज 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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS 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 31st Ashadh 2080 corresponding to 16th July 2023, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements referred to above present fairly, in all material respects, the financial position of the company as of 31st Ashadh 2080 (16th July, 2023), and its financial performances, changes in equity and its cash flows for the year ended on that date in accordance with Nepal Financial Reporting Standards (NFRS) as mentioned under section (b) of Report on Other Legal and Regulatory Requirements (Bank & Financial Institution Act and Company Act)

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the 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 |
|--|---|
| <u>Impairment of Loans and Advances to Customers</u> Total Loans and Advances to Customers: Rs.5,552,185 thousand as on 16 th July 2023 (NPR. 5,306,470 thousand as on 16 th July 2022) Total Impairment: NPR. 352,150 thousand as on as on 16 th July 2023 (NPR. 134,340 thousand as on 16 th July 2022) Total interest income is NPR.800,342 thousand (NPR.650,091 thousand in F/Y 2078/79) | |
| 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 & advances to customers can be materially misstating if management's judgement and estimation are inappropriate. 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 & advances. Therefore, considering the significance of the above matter to the financial statements, we have identified this as a key audit matter. | 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 & advances. The testing of control included testing of: <ul style="list-style-type: none"> ✓ Controls over correct identification and classification of non – performing loans and advances on time-based criteria ✓ Control over accurate computation and recording of provisions ✓ Tested and checked the mode of calculation for the incurred loss in accordance with incurred loss model. ✓ Control over the monitoring of loans and advances to customers with higher risk default ✓ Control over the governance and approval process for provisions including ongoing reassessment by the Company's Management In carrying out the substantive procedures, we selected sample of loans & 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 & advances based on repayment pattern, documentation, assessment of control over mortgage value of loans & advances, inspection and discussion with management. We considered the impairment charges on loans & advances to customers and interest recognition to be acceptable. |

| | |
|---|--|
| <p>Investment Valuation, Identification and Impairment</p> <p>The Company's investment portfolio includes Treasury Bills, Development Bonds, and quoted and unquoted equity instruments. These instruments were valued in accordance with NFRS 9 and NRB Directive 8.</p> <p>Development bond, 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).</p> <p>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.</p> | <p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <ul style="list-style-type: none"> ✓ Review of the Company's investment and its valuation having reference to NFRS and NRB Directive. ✓ For investment valued at amortized cost, on test check basis, we checked the effective interest rate (EIR) and amortization schedule. ✓ For the investments measured at Fair Value through Other Comprehensive Income (FVTOCT) for quoted investment, we ensured that fair valuation done at the closing transaction rate in NEPSE as on 16th July 2023. ✓ Income and Bonus received have been verified through DEMAT statement maintained by the Company wherever applicable. |
| <p>Investment Properties (Non-Banking Assets)</p> <p>Investment Properties includes land, land and building acquired by the Company as non-companying assets but not sold as on the reporting date.</p> <p>The Company holds investment property that has been acquired through enforcement of security over the loans and advances.</p> <p>Investment property is to be measured at fair value model or cost model.</p> | <p>During the course of audit, we verified the Non-Banking Assets as per Nepal Rastra Bank's Directive.</p> <p>This specific item has been found included under investment property without being mentioning the mode of subsequent measurement.</p> |

Other Information

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 # 240621CA00225q8LCN
Date: 7th Ashad 2081
21st June 2024



Reliance Finance Limited
Statement of Financial Position
As at 31 Asar 2080

| Particulars | Note | As at 31.03.2080 | As at 32.03.2079 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash and cash equivalent | 4.1 | 415,865,544 | 605,836,478 |
| Due from Nepal Rastra Bank | 4.2 | 242,269,078 | 221,569,845 |
| 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 | 430,587,864 | 356,003,243 |
| Loans and advances to customers | 4.7 | 5,170,035,486 | 5,172,130,038 |
| Investment securities | 4.8 | 2,006,786,670 | 2,479,377,272 |
| Current tax assets | 4.9 | 29,132,074 | 12,023,262 |
| Investment in subsidiaries | 4.10 | - | - |
| Investment in associates | 4.11 | - | - |
| Investment property | 4.12 | 24,570,970 | 6,455,816 |
| Property and equipment | 4.13 | 315,808,868 | 328,064,960 |
| Goodwill and Intangible assets | 4.14 | 1,747,507 | 2,698,967 |
| Deferred tax assets | 4.15 | 1,884,381 | 1,208,230 |
| Other assets | 4.16 | 33,585,374 | 24,206,942 |
| Total Assets | | 8,672,273,817 | 9,209,575,054 |
| Liabilities | | | |
| Due to Bank and Financial Institutions | 4.17 | 187,458,851 | 206,958,100 |
| Due to Nepal Rastra Bank | 4.18 | 177,826,000 | 863,500,000 |
| Derivative financial instruments | 4.19 | - | - |
| Deposits from customers | 4.20 | 6,659,827,786 | 6,669,671,912 |
| Borrowing | 4.21 | 370,000,000 | - |
| Current Tax Liabilities | 4.9 | - | - |
| Provisions | 4.22 | - | - |
| Deferred tax liabilities | 4.15 | - | - |
| Other liabilities | 4.23 | 149,558,681 | 152,341,873 |
| Debt securities issued | 4.24 | - | - |
| Subordinated Liabilities | 4.25 | - | - |
| Total liabilities | | 7,544,671,319 | 7,892,471,885 |
| Equity | | | |
| Share capital | 4.26 | 1,121,451,730 | 1,053,006,319 |
| Share premium | | 1,140,765 | 1,140,765 |
| Retained earnings | | (206,208,238) | 75,912,754 |
| Reserves | 4.27 | 211,218,240 | 187,043,330 |
| Total equity attributable to equity holders | | 1,127,602,498 | 1,317,103,169 |
| Non-controlling interest | | | |
| Total equity | | 1,127,602,498 | 1,317,103,169 |
| Total liabilities and equity | | 8,672,273,817 | 9,209,575,054 |
| Contingent liabilities and commitment | 4.28 | 34,633,487 | 84,522,918 |
| Net assets value per share | | 100.55 | 125.08 |

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: 7 Asar, 2081, Place: Kathmandu

Reliance Finance Limited
 Statement of Profit or Loss
 For the year ended on 31 Ashad 2080

| Particulars | Note | Current Year | Previous Year |
|---|------|----------------------|--------------------|
| Interest income | 4.29 | 1,004,804,897 | 769,409,676 |
| Interest expense | 4.30 | 776,523,323 | 520,405,063 |
| Net interest income | | 228,281,575 | 249,004,613 |
| Fee and commission income | 4.31 | 31,701,241 | 38,742,462 |
| Fee and commission expense | 4.32 | - | - |
| Net fee and commission income | | 31,701,241 | 38,742,462 |
| Net interest, fee and commission income | | 259,982,815 | 287,747,075 |
| Net trading income | 4.33 | - | - |
| Other operating income | 4.34 | 3,552,449 | 4,719,169 |
| Total operating income | | 263,535,264 | 292,466,245 |
| Impairment charge/(reversal) for loans and other losses | 4.35 | 248,792,421 | (3,819,553) |
| Net operating income | | 14,742,843 | 296,285,798 |
| Operating expense | | | |
| Personnel expenses | 4.36 | 110,110,673 | 101,524,815 |
| Other operating expenses | 4.37 | 55,620,212 | 61,383,086 |
| Depreciation & Amortisation | 4.38 | 31,557,839 | 30,291,646 |
| Operating Profit | | (182,545,882) | 103,086,251 |
| Non operating income | 4.39 | - | - |
| Non operating expense | 4.40 | - | - |
| Profit before income tax | | (182,545,882) | 103,086,251 |
| Income tax expense | 4.41 | | |
| Current Tax | | | 32,000,924 |
| Deferred Tax | | 66,228 | (61,376) |
| Profit for the period | | (182,612,109) | 71,146,704 |
| Profit attributable to: | | | |
| Equity holders of the Bank | | (182,612,109) | 71,146,704 |
| Non-controlling interest | | | |
| Profit for the period | | (182,612,109) | 71,146,704 |
| Earnings per share | | | |
| Basic earnings per share | | (16.28) | 6.76 |
| Diluted earnings per share | | (16.28) | 6.76 |

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: 7 Asar, 2081, Place: Kathmandu

Reliance Finance Limited
Statement of Comprehensive Income
For the year ended on 31 Asar 2080

| Particulars | Note | Current Year | Previous Year |
|---|------|----------------------|---------------------|
| Profit for the year | | (182,612,109) | 71,146,704 |
| <u>Other comprehensive income, net of income tax</u> | | | |
| a) Items that will not be reclassified to profit or loss | | | |
| Gain/(loss) from investments in equity instruments measured at fair value | | (2,474,595) | (40,935,679) |
| Gain/(loss) on revaluation | | | |
| Actuarial gains/(losses) on defined benefit plans | | | |
| Income tax relating to above items | | 742,378 | 12,280,704 |
| Net other comprehensive income that will not be reclassified to profit or loss | | (1,732,216) | (28,654,975) |
| b) Items that are or may be reclassified to profit or loss | | | |
| Gains/(losses) on cash flow hedge | | | |
| Exchange gain/(losses) arising from translating financial assets of foreign operation | | | |
| Income tax relating to above items | | | |
| Net other comprehensive income that are or may be reclassified to profit or loss | | - | - |
| c) Share of other comprehensive income of associate accounted as per equity method | | | |
| Other comprehensive income for the period, net of income tax | | (1,732,216) | (28,654,975) |
| Total comprehensive income for the period | | (184,344,326) | 42,491,728 |
| <u>Total comprehensive income attributable to:</u> | | | |
| Equity holders of the Bank | | (184,344,326) | 42,491,728 |
| Non-controlling interest | | - | - |
| Total comprehensive income for the period | | (184,344,326) | 42,491,728 |

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: 7 Asar, 2081, Place: Kathmandu



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

| Particulars | Attributable to Equity holders of the Bank | | | | | | | | | | Non-Controlling Interest | Total | Other Reserve | Retained Earning | Revaluation Reserve | Fair Value Reserve | Regulatory Reserve | Exchange Equalization | General Reserve | Share Premium | Share Capital |
|--|--|---------------|-----------------|-----------------------|--------------------|--------------------|---------------------|------------------|---------------|---------------|--------------------------|---------------|---------------|------------------|---------------------|--------------------|--------------------|-----------------------|-----------------|---------------|---------------|
| | Share Capital | Share Premium | General Reserve | Exchange Equalization | Regulatory Reserve | Fair Value Reserve | Revaluation Reserve | Retained Earning | Other Reserve | Total | | | | | | | | | | | |
| Balance at 1 Sawan 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 | - | 1,317,103,169 | - | 1,317,103,169 | - | - | - | - | - | - | - |
| Adjustment/Restatement | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjusted/Restated balance at 1 Sawan 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 | - | 1,317,103,169 | - | 1,317,103,169 | - | - | - | - | - | - | - |
| Comprehensive income for the year | | | | | | | | | | | | | | | | | | | | | |
| Profit for the year | | | | | | | | (182,612,109) | | (182,612,109) | | (182,612,109) | | (182,612,109) | | | | | | | |
| 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 Asar end 2080 | 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 | - | 1,127,602,498 | - | 1,127,602,498 | - | - | - | - | - | - | - |

| | | | |
|--|--|---|--|
| Samaj Prakash Shrestha Chief Executive Officer | Kush Prasad Mallya 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: 7 Asar, 2081, Place: Kathmandu

Reliance Finance Limited
Statement of Changes in Equity
For the year ended on 32 Asar 2079

| Particulars | Attributable to Equity holders of the Bank | | | | | | | | | | Non-Controlling Interest | Total Equity |
|--|--|---------------|-----------------|-----------------------|--------------------|--------------------|---------------------|------------------|---------------|---------------|--------------------------|---------------|
| | Share Capital | Share Premium | General Reserve | Exchange Equalization | Regulatory Reserve | Fair Value Reserve | Revaluation Reserve | Retained Earning | Other Reserve | Total | | |
| Balance at 1 Sawan 2078 | 915,657,669 | 1,140,765 | 139,845,418 | - | 26,457,464 | 31,355,806 | - | 161,622,049 | 3,521,489 | 1,279,600,660 | - | 1,279,600,660 |
| Adjustment/Restatement | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjusted/Restated balance at 1 Sawan 2078 | 915,657,669 | 1,140,765 | 139,845,418 | - | 26,457,464 | 31,355,806 | - | 161,622,049 | 3,521,489 | 1,279,600,660 | - | 1,279,600,660 |
| Comprehensive income for the year | | | | | | | | | | | | |
| Profit for the year | | | | | | | | 71,146,704 | | 71,146,704 | - | 71,146,704 |
| 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 | | | 14,677,272 | | (1,518,043) | 1,180,507 | | 1,650,248 | (501,079) | 15,488,905 | - | 15,488,905 |
| Transfer from reserve during the year | | | | | | (1,180,507) | | (13,928,720) | 1,859,979 | (13,249,248) | - | (13,249,248) |
| Transactions with owners, directly recognised in equity | | | | | | | | | | | - | |
| Right share issued | | | | | | | | | | | - | |
| Share based payments | | | | | | | | | | | - | |
| Dividends to equity holders | | | | | | | | | | | - | |
| Bonus shares issued | | | | | | | | | | | - | |
| Cash dividend paid | 137,348,650 | | | | | | | (137,348,650) | | | - | |
| Total contributions by and distributions | 137,348,650 | | | | | | | (137,348,650) | | | - | |
| Balance at Asar end 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 | - | 1,317,103,169 |

| | | | |
|--|--|---|--|
| Samaj Prakash Shrestha Chief Executive Officer | Kush Prasad Mallya 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: 7 Asar, 2081, Place: Kathmandu

Reliance Finance Limited
Statement of Cash Flow
For the year ended on 31 Asar 2080

| Particulars | Current Year | Previous Year |
|--|----------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest received | 982,352,841 | 756,561,952 |
| Fees and other income received | 31,701,241 | 38,742,462 |
| Divided received | | |
| Receipts from other operating activities | 1,679,757 | - |
| Interest paid | (776,523,323) | (520,405,063) |
| Commission and fees paid | | |
| Cash payment to employees | (110,110,673) | (111,833,440) |
| Other expense paid | (55,620,212) | (61,383,086) |
| Operating cash flows before changes in operating assets and liabilities | 73,479,630 | 101,682,825 |
| (Increase)/Decrease in operating assets | | |
| Due from Nepal Rastra Bank | (20,699,233) | 49,319,113 |
| Placement with bank and financial institutions | - | 100,030,548 |
| Other trading assets | | |
| Loan and advances to bank and financial institutions | (74,584,621) | (34,439,998) |
| Loans and advances to customers | (246,697,869) | (764,443,549) |
| Other assets | (59,084,885) | (47,094,520) |
| Increase/(Decrease) in operating liabilities | | |
| Due to bank and financial institutions | (19,499,248) | 31,552,881 |
| Due to Nepal Rastra Bank | (685,674,000) | 863,500,000 |
| Deposit from customers | (9,844,126) | 1,005,153,031 |
| Borrowings | 370,000,000 | |
| Other liabilities | (2,783,192) | 56,672,535 |
| Net cash flow from operating activities before tax paid | (675,387,543) | 1,361,932,865 |
| Income taxes paid | (17,108,812) | (26,737,103) |
| Net cash flow from operating activities | (692,496,355) | 1,335,195,763 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investment securities | 472,590,601 | (856,561,506) |
| Receipts from sale of investment securities | 452,759 | 728,904 |
| Purchase of property and equipment | (19,617,199) | (296,657,223) |
| Receipt from the sale of property and equipment | | |
| Purchase of intangible assets | 951,460 | 325,139 |
| Receipt from the sale of intangible assets | | |
| Purchase of investment properties | (18,115,155) | (4,109,085) |
| Receipt from the sale of investment properties | | |
| Interest received | | |
| Dividend received | 1,419,933 | 3,990,265 |
| Net cash used in investing activities | 437,682,399 | (1,152,283,506) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipt from issue of debt securities | | |
| Repayment of debt securities | | |
| Receipt from issue of subordinated liabilities | | |
| Repayment of subordinated liabilities | | |
| Receipt from issue of shares | 68,445,411 | 137,348,650 |
| Dividends paid | (3,602,390) | (7,228,876) |
| Interest paid | | |
| Other receipt/payment | | (99,846,142) |
| Net cash from financing activities | 64,843,021 | 30,273,632 |
| Net increase (decrease) in cash and cash equivalents | (189,970,935) | 213,185,889 |
| Opening balance of cash and cash equivalents | 605,836,478 | 392,650,589 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | | |
| Closing Cash and Cash Equivalent net as at Asar end | 415,865,543 | 605,836,478 |

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: 7 Asar, 2081, Place: Kathmandu

Reliance Finance Limited
Notes to Financial Statements
For the year ended on 31 Asar 2080

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 2079-80, starting from 1 Shrawan 2079 and ending on 31 Ashad 2080. 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 07.03.2081 meeting no.328 .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 2079 and para 63 of NAS 39. On calculating loss as per para 63, estimates are made on amount of loans that are considered to require individual assessment, grouping of loans for collective assessment, parameters for assessing impairment, future cash flow estimates, historical data on similar types of loan or group of loans.

4. Useful life and salvage value of property and equipment

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

5. Impairment loss of non financial assets

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

6. Current Tax and Deferred tax

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

7. Employee benefit obligations

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

2.5 Impairment of Loan and Advances

The Loan and advances not settled till asar end 2080 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 Falgun end 2080, the audit finalization date, has been upgraded due to the repayment of overdue loan installment/ loan regularization as per NRB Unified Directives, 2079, no. 2/079. The consequential effect of such loan upgradation has caused reduction of Loan Loss Provision (LLP) amount by Rs. 18,681 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 2080.

3 Significant Accounting Policies

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

| Note No. | Accounting Policy | Information Note No. |
|-----------------|---|------------------------------|
| 3.1 | Basis of Measurement | |
| 3.2 | Basis of Consolidation | |
| 3.3 | Cash and Cash Equivalent | 4.1 |
| 3.4 | Financial Assets and Financial Liabilities | |
| 3.5 | Trading Assets | 4.5 |
| 3.6 | Derivative Assets and Liabilities | 4.4 |
| 3.7 | Property and Equipment | 4.13 |
| 3.8 | Goodwill Intangible assets | 4.14 |
| 3.9 | Investment Property | 4.12 |
| 3.10 | Income tax | 4.9 |
| 3.11 | Deposits, debt securities issued and subordinated liabilities | 4.17, 4.20, 4.24, 4.25 |
| 3.12 | Provisions | 4.22 |
| 3.13 | Revenue | 4.29, 4.31, 4.33, 4.34, 4.39 |
| 3.14 | Interest 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 | 5.10 |

3.1 Basis of Measurement

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

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

3.2 Basis of consolidation

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

3.3 Cash and cash equivalent

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

3.4 Financial assets and financial liabilities

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

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

3.4.1 Recognition

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

3.4.2 Classification and Measurement

Financial Assets: The classification and measurement of financial assets depend on how these are managed

i.e. the Finance Co.'s business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

- i) **At Amortized Cost**
- ii) **At Fair Value through Profit or Loss (FVPL)**
- iii) **At Fair Value through Other Comprehensive Income (FVOCI)**
 - i) **At amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Finance Co. has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.
 - ii) **At fair value through profit or loss:** Financial assets are classified at fair value through profit or loss if the Finance Co. manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.
 - iii) **At fair value through other comprehensive income:** Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Finance Co. has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

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

3.4.3 De-recognition

Financial Assets

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

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

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

Financial Liabilities

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

3.4.4 Determination of fair value

Fair 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 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 reconized as per the guideline on recognition of interest income, 2019 issued by NRB.

| SN | Particulars | FY 2079-80 |
|----|---|------------|
| 1 | Total AIR-Current Year | 98,239,373 |
| 2 | Interest Recognition Suspended Non Performing Loan | 31,801,399 |
| 3 | Accured Income Recognized for Performing Loan | 66,437,974 |
| 4 | Interest Received till Shrawan 15 | 13,259,686 |
| 5 | Accured Income Recognized for Performing Loan(After 15dyas Interest Received) | 53,178,288 |
| 6 | Upto Previous Year Income Recognized- transferred to regulatory reserve | 19,664,027 |
| 7 | AIR(Net) to be transferred to regulatory reserve this year | 13,838,294 |
| 8 | Total Amount to regulatory reserve | 33,502,321 |

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 it amount related to pre and post acquisition could be segregated, then the pre-acquisition period dividend is adjusted to cost of investment.

3.13.4 Net trading income

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

3.13.5 Other Operating Income

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

3.14 Interest expenses

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

3.15 Employees Benefits

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

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

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

Long term employee benefits include 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 reconized as per NFRS 16

| Particulars | Amount(NPR) |
|-------------------------------|--------------|
| Right of use Assets(ROU) | 57,050,061 |
| Accumulated Depreciation-ROU | (16,062,544) |
| Net Right of use Assets(ROU) | 40,987,517 |
| Lease payment during the year | 16,360,876 |

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 Asar end 2080 is Rs.9,20,70,983 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 31.03.2080 | As at 32.03.2079 |
|--------------------------------|--------------------|--------------------|
| Cash in hand | 70,524,920 | 65,396,546 |
| Balances with B/FIs | 345,340,624 | 540,439,932 |
| Money at call and short notice | - | - |
| Other | - | - |
| Total | 415,865,544 | 605,836,478 |

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 31.03.2080 | As at 32.03.2079 |
|---|--------------------|--------------------|
| Statutory balances with NRB | 242,269,078 | 221,569,845 |
| Securities purchased under resale agreement | | |
| Other deposit and receivable from NRB | | |
| Total | 242,269,078 | 221,569,845 |

Placements with Bank and Financial Institutions
4.3

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---------------------------------|------------------|------------------|
| Placement with domestic B/FIs | - | - |
| Placement with foreign B/FIs | - | - |
| Less: Allowances for impairment | - | - |
| Total | - | - |

Derivative financial instruments
4.4

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---------------------------|------------------|------------------|
| Held for trading | - | - |
| Interest rate swap | - | - |
| Currency swap | - | - |
| Forward exchange contract | - | - |
| Others | - | - |
| Held for risk management | - | - |
| Interest rate swap | - | - |
| Currency swap | - | - |
| Forward exchange contract | - | - |
| Other | - | - |
| Total | - | - |

Other trading assets
4.5

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|--------------------------|------------------|------------------|
| Treasury bills | - | - |
| Government bonds | - | - |
| NRB Bonds | - | - |
| Domestic Corporate bonds | - | - |
| Equities | - | - |
| Other | - | - |
| Total | - | - |
| Pledged | - | - |
| Non-pledged | - | - |

Loan and advances to B/FIs
4.6

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|------------------------------------|--------------------|--------------------|
| Loans to microfinance institutions | 436,259,234 | 360,692,242 |
| Other | - | - |
| Less: Allowances for impairment | (5,671,370) | (4,688,999) |
| Total | 430,587,864 | 356,003,243 |

Note: The above amount represents provided to micro finance institution in the normal course of business, which includedes acured interest amounting to Rs.24,743.

4.6.1 : Allowances for impairment

| Balance at Shrawan 1 | As at 31.03.2080 | As at 32.03.2079 |
|-------------------------------|------------------|------------------|
| Impairment loss for the year: | | |
| Opening | 4,688,999 | 4,235,382 |
| Charge for the year | 982,371 | 453,617 |
| Recoveries/reversal | - | - |
| Amount written off | - | - |
| Balance at Asar end | 5,671,370 | 4,688,999 |

Loans and advances to customers
4.7

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|--|----------------------|----------------------|
| Loan and advances measured at amortized cost | 5,552,185,550 | 5,306,470,052 |
| Less: Impairment allowances | | |
| Collective impairment | (303,836,581) | (57,986,486) |
| Individual impairment | (78,313,483) | (76,353,528) |
| Net amount | 5,170,035,486 | 5,172,130,038 |
| Loan and advances measured at FVTPL | - | - |
| Total | 5,170,035,486 | 5,172,130,038 |

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

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

We have selected around 23.66% 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 31.03.2080 | As at 32.03.2079 |
|-----------------------|--------------------|-------------------|
| Individual impairment | - | - |
| Collective impairment | 303,836,581 | 56,156,179 |
| Total | 303,836,581 | 56,156,179 |

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

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|----------------------|----------------------|
| Performing loan | 5,022,724,052 | 5,086,690,016 |
| Good | 4,663,911,326 | 4,795,351,996 |
| Watch list | 358,812,726 | 291,338,020 |
| Non-performing loan | 370,952,541 | 126,731,444 |
| Substandard | 44,760,005 | 53,328,016 |
| Doubtful | 66,715,669 | 57,326,626 |
| Loss | 259,476,867 | 16,076,802 |
| Total | 5,393,676,593 | 5,213,421,460 |
| Add: loan to employees and Net AIR | 158,508,957 | 93,048,593 |
| Total loan | 5,552,185,550 | 5,306,470,052 |
| Impairment allowance | | |
| Performing loan | 78,313,483 | 76,353,528 |
| Good | 60,372,847 | 61,786,627 |
| Watch list | 17,940,636 | 14,566,901 |
| Non-performing loan | 303,836,581 | 57,986,486 |
| Substandard | 11,001,879 | 13,246,371 |
| Doubtful | 33,357,835 | 28,663,313 |
| Loss | 259,476,867 | 16,076,802 |
| Additional | - | - |
| Total | 382,150,064 | 134,340,014 |

4.7.1: Analysis of loan and advances - By Product

| Product | As at 31.03.2080 | As at 32.03.2079 |
|--|----------------------|----------------------|
| Term loans | 1,688,710,144 | 259,572 |
| Overdraft | 179,353,183 | 156,888,106 |
| Cash Credit Loan | 748,811,642 | |
| Trust receipt/Import loans | - | - |
| Demand and other working capital loans | 452,481,960 | - |
| Personal residential loans | 687,616,672 | 669,630,779 |
| Real estate loans | 309,632,742 | 343,864,412 |
| Margin lending loans | 423,452,623 | 442,266,245 |
| Hire purchase loans | 171,817,987 | 260,563,216 |
| Deprived sector loans | 114,890,728 | 76,446,240 |
| Bills purchased | - | - |
| Staff loans | 92,070,983 | 48,626,632 |
| Other | 616,908,912 | 3,263,502,890 |
| Sub total | 5,485,747,576 | 5,262,048,091 |
| Interest receivable | 66,437,974 | 44,421,961 |
| Grand total | 5,552,185,550 | 5,306,470,052 |

4.7.2: Analysis of loan and advances - By Currency

| Currency | As at 31.03.2080 | As at 32.03.2079 |
|---------------------|----------------------|----------------------|
| Nepalese rupee | 5,552,185,550 | 5,306,470,052 |
| Indian rupee | | |
| United State dollar | | |
| Great Britain pound | | |
| Euro | | |
| Japenese yen | | |
| Chinese yuan | | |
| Other | | |
| Total | 5,552,185,550 | 5,306,470,052 |

4.7.3: Analysis of loan and advances - By Collateral

| Collateral | As at 31.03.2080 | As at 32.03.2079 |
|---------------------------------------|----------------------|----------------------|
| <u>Secured</u> | | |
| Movable/immovable assets | 4,688,975,287 | 4,172,430,769 |
| Gold and silver | | |
| Guarantee of domestic B/FIs | | |
| Government guarantee | | |
| Guarantee of international rated bank | | |
| Collateral of export document | | |
| Collateral of fixed deposit receipt | 136,463,611 | 201,579,809 |
| Collateral of Governement securities | - | - |
| Counter guarantee | | |
| Personal guarantee | 83,726,396 | 101,993,452 |
| Other collateral | 643,020,256 | 830,466,023 |
| Subtotal | 5,552,185,550 | 5,306,470,052 |
| <u>Unsecured</u> | | |
| Grant Total | 5,552,185,550 | 5,306,470,052 |

4.7.4: Allowances for impairment

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|--|--------------------|--------------------|
| <u>Specific allowances for impairment</u> | | |
| Balance at Sawan 1 | - | - |
| Impairment loss for the year: | - | - |
| Charge for the year | - | - |
| Recoveries/reversal during the year | - | - |
| Write-offs | - | - |
| Exchange rate variance on foreign currency | - | - |
| Other movement | - | - |
| Balance at Asar end | - | - |
| <u>Collective allowances for impairment</u> | | |
| Balance at Sawan 1 | 134,340,014 | 138,613,184 |
| Impairment loss for the year: | | |
| Charge/(reversal) for the year | 247,810,050 | (4,273,170) |
| Exchange rate variance on foreign currency | | |
| Other movement | | |
| Balance at Asar end | 382,150,064 | 134,340,014 |
| Total allowances for impairment | 382,150,064 | 134,340,014 |

Investment securities
4.8

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|--|----------------------|----------------------|
| Investment securities measured at amortized cost | 1,813,917,940 | 2,306,378,228 |
| Investment in equity measured at FVTOCI | 192,868,730 | 172,999,043 |
| Total | 2,006,786,670 | 2,479,377,272 |

4.8.1: Investment securities measured at amortized cost

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|--|----------------------|----------------------|
| Debt securities | | - |
| Government bonds | 1,760,437,452 | 1,760,347,165 |
| Government treasury bills | - | 492,528,236 |
| Investments - Citizen Saving Bonds | 53,480,488 | 53,502,827 |
| Nepal Rastra Bank bonds | | |
| Nepal Rastra Bank deposits instruments | | |
| Other | | |
| Less: specific allowances for impairment | | |
| Total | 1,813,917,940 | 2,306,378,228 |

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

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|----------------------------------|--------------------|--------------------|
| <u>Equity instruments</u> | | |
| Quoted equity securities | 187,213,630 | 170,029,543 |
| Unquoted equity securities | 5,655,100 | 2,969,500 |
| Total | 192,868,730 | 172,999,043 |

4.8.3: Information relating to investment in equities

| S,No | Particulars | As at 31.03.2080 | | As at 32.03.2079 | |
|-----------------------------|---|------------------|-------------|------------------|-------------|
| | | Cost | Fair Value | Cost | Fair Value |
| Investment in quoted equity | | 190,402,196 | 187,213,630 | 168,057,914 | 170,029,543 |
| 1 | Laxmi Equity Fund 3,77,097 units of Rs.9.98 each | 3,765,113 | 3,616,360 | 3,765,113 | 3,733,260 |
| 2 | National Life Insurance Co.Ltd. 1,36,808 promoter shares of Rs.351.89 each | 48,140,742 | 40,153,148 | 48,140,742 | 70,307,724 |
| 3 | National Life Insurance Co.Ltd. 81,648 ordinary shares of Rs.679.10 each | 55,447,023 | 52,662,960 | 55,447,023 | 40,966,423 |
| 4 | NMB Hybrid Fund 15,7740 units of Rs.10 each | 1,577,400 | 1,702,015 | 1,577,400 | 1,766,688 |
| 5 | NLG Insurance Co.Ltd. 2,281 promoter shares of Rs.47.45 each | 108,229 | 958,020 | 540,280 | 1,941,158 |
| 6 | Premier Insurance Co.Ltd. 14,557 ordinary shares of Rs.741.61 each | 10,795,664 | 11,332,625 | 10,795,664 | 7,338,816 |
| 7 | Uniliver Nepal Ltd 250 ordinary shares of Rs.28,688.35 each | 7,172,087 | 8,249,500 | 10,327,805 | 6,609,600 |
| 8 | IME General Insurance Ltd 10 ordinary shares (Bonus Share) | - | 5,600 | - | 3,330 |
| 9 | NIC SIA Balance Fund 50,000 units of Rs.10 each | 500,000 | 466,500 | 500,000 | 535,500 |
| 10 | Sanima Equity Fund 10,800 units of Rs.10.46 each | 1,054,743 | 1,189,440 | 1,054,743 | 1,285,200 |
| 11 | NIBL Sahabhagita Fund 1,00,000 units of Rs.10 each | 1,000,000 | 1,063,000 | 1,000,000 | 1,071,000 |
| 12 | Laxmi Unnati Kosh 2,50,000 units of Rs.10 each | 2,500,000 | 2,347,500 | 2,500,000 | 2,390,000 |
| 13 | Sana Kisan Bikas Laghubitta Sanstha Ltd 4 ordinary shares (Bonus Share) | - | 3,596 | - | 3,195 |
| 14 | Surya Life Insurance Company Limited 3,605 ordinary shares of Rs.637.31 each | 2,297,499 | 2,199,050 | 2,297,499 | 1,395,135 |
| 15 | Kumari Equity Fund 2,50,000 units of Rs.10 each | 2,500,000 | 2,542,500 | 2,500,000 | 2,517,500 |
| 16 | Sanima Large Cap Fund 10,00,000 units of Rs.10 each | 10,000,000 | 8,920,000 | 10,000,000 | 9,320,000 |
| 17 | NIBL Samridhi Fund-2 1,00,000 units of Rs.10 each | 1,000,000 | 911,000 | 1,000,000 | 867,000 |
| 18 | Nerudhe Laghu Bitta Sanstha 16,006 promoter shares of Rs.194.29 each | 3,109,790 | 6,418,406 | 3,109,790 | 5,772,800 |
| 19 | Prabhu Select Fund 2,50,000 units of Rs.10 each | 2,501,855 | 2,212,500 | 2,501,855 | 2,402,500 |
| 20 | Sunrise Bluechip Fund 10,00,000 units of Rs.10 each | 10,000,000 | 7,850,000 | 10,000,000 | 8,740,000 |
| 21 | Kumari Dhanbirdhhi 50,000 units of Rs.10 each | 500,000 | 502,000 | 500,000 | 500,000 |
| 22 | Sagarmatha Lumbini General Insurance Co. 150 ordinary shares (Bonus Share) | - | 112,200 | - | 61,120 |
| 23 | NIC ASIA Flexicap Fund 50,000 units of Rs.10 each | 500,000 | 508,500 | 500,000 | 500,000 |



| | | | | | |
|--------------------------------------|---|--------------------|--------------------|--------------------|--------------------|
| 24 | Nepal Life Insurance Co.Ltd 1 ordinary shares (Bonus Share) | - | 744 | - | 747 |
| 25 | Himalayanl Life Insurance Co.Ltd 1 ordinary shares (Bonus Share) | - | 507 | - | |
| 26 | NIBL Growth Fund 25,000 units of Rs.10 each | 2,500,000 | 2,660,000 | - | |
| 27 | NLG Insurance Co.Ltd./ Public 7,144units of Rs.60.48 each | 432,051 | 6,000,960 | - | |
| 28 | Prabhu Smart Fund 50,000 units of Rs.10 each | 5,000,000 | 4,950,000 | - | |
| 29 | RBB Mutual Fund2 25,000 units of Rs.10 each | 2,500,000 | 2,500,000 | - | |
| 30 | Sunrise Focused Equity Fund 10,00,000 units of Rs.10 each | 10,000,000 | 9,680,000 | - | |
| 31 | Subha Laxmi Kosh 50,000 units of Rs.10 each | 500,000 | 500,000 | - | |
| 32 | Sanima Growth Fund 50,000 units of Rs.10 each | 5,000,000 | 4,995,000 | - | |
| 33 | Mero Micro Finance Laghubitta 1 ordinary shares (Bonus Share) | - | - | - | 847 |
| Investment in unquoted equity | | 1,082,800 | 5,655,100 | 1,082,800 | 2,969,500 |
| 34 | Nepal Clearing House Ltd. 56,551 shares of Rs.19.15 each | 1,082,800 | 5,655,100 | 1,082,800 | 2,969,500 |
| Total | | 191,484,996 | 192,868,730 | 169,140,714 | 172,999,043 |

Current tax assets
4.9

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|-------------------------------------|-------------------|-------------------|
| Current tax assets | 31,099,343 | 45,991,455 |
| Current year income tax assets | 28,254,875 | 43,146,987 |
| Tax assets of prior periods | 2,844,468 | 2,844,468 |
| Current tax liabilities | 1,967,269 | 33,968,193 |
| Current year income tax liabilities | - | 32,000,924 |
| Tax liabilities of prior periods | 1,967,269 | 1,967,269 |
| Total | 29,132,074 | 12,023,262 |

Investment in subsidiaries
4.10

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|-------------------------------------|------------------|------------------|
| Investment in quoted subsidiaries | - | - |
| Investment in unquoted subsidiaries | - | - |
| Total investment | - | - |
| Less: Impairment allowances | - | - |
| Net carrying amount | - | - |

4.10.1: Investment in quoted subsidiaries

| Particulars | As at 31.03.2080 | | As at 32.03.2079 | |
|--------------|------------------|------------|------------------|------------|
| | Cost | Fair Value | Cost | Fair Value |
| | - | - | - | - |
| | - | - | - | - |
| Total | - | - | - | - |

4.10.2: Investment in unquoted subsidiaries

| Particulars | As at 31.03.2080 | | As at 32.03.2079 | |
|--------------|------------------|------------|------------------|------------|
| | Cost | Fair Value | Cost | Fair Value |
| | - | - | - | - |
| | - | - | - | - |
| Total | - | - | - | - |

4.10.3: Information relating to subsidiaries of the Bank

| Particulars | Percentage of ownership held by the Bank | |
|--------------|--|------------------|
| | As at 31.03.2080 | As at 32.03.2079 |
| | - | - |
| Total | - | - |

4.10.4: Non controlling interest of the subsidiaries

| Particulars | As at 31.03.2080 | |
|--|------------------|------|
| | Ltd. | Ltd. |
| Equity interest held by NCI (%) | | - |
| Profit/(loss) allocated during the year | | - |
| Accumulated balances of NCI as on Asar end | | - |
| Dividend paid to NCI | | - |
| | As at 31.03.2080 | |
| | Ltd. | Ltd. |
| Equity interest held by NCI (%) | | - |
| Profit/(loss) allocated during the year | | - |
| Accumulated balances of NCI as on Asar end | | - |
| Dividend paid to NCI | | - |
| | As at 31.03.2080 | |
| | Ltd. | Ltd. |
| Equity interest held by NCI (%) | | - |
| Profit/(loss) allocated during the year | | - |
| Accumulated balances of NCI as on Asar end | | - |
| Dividend paid to NCI | | - |

Investment in associates
4.11

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|-----------------------------------|------------------|------------------|
| Investment in quoted associates | - | - |
| Investment in unquoted associates | - | - |
| Total investment | - | - |
| Less: Impairment allowances | - | - |
| Net carrying amount | - | - |

4.11.1: Investment in quoted associates

| Particulars | As at 31.03.2080 | | As at 32.03.2079 | |
|--------------|------------------|------------|------------------|------------|
| | Cost | Fair Value | Cost | Fair Value |
| | - | - | - | - |
| | - | - | - | - |
| Total | - | - | - | - |

4.11.2: Investment in unquoted associates

| Particulars | As at 31.03.2080 | | As at 32.03.2079 | |
|--------------|------------------|------------|------------------|------------|
| | Cost | Fair Value | Cost | Fair Value |
| | - | - | - | - |
| | - | - | - | - |
| Total | - | - | - | - |

4.11.3: Information relating to associates of the Bank

| Particulars | Percentage of ownership held by the Finance Company | |
|--------------|---|------------------|
| | As at 31.03.2080 | As at 32.03.2079 |
| | - | - |
| | - | - |
| Total | - | - |

4.11.4: Equity value of associates

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|--------------|------------------|------------------|
| | | |
| Total | - | - |

Investment properties
4.12

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|-------------------|------------------|
| Investment properties measured at fair value | | |
| Balance as on Sawan 1 | | |
| Addition during the year | | |
| Disposal during the year | | |
| Net changes in fair value during the year | | |
| Adjustment/transfer | | |
| Net amount | - | - |
| Investment properties measured at cost | | |
| Balance as on Sawan 1 | 6,455,816 | 2,346,730 |
| Addition during the year | 27,740,118 | 4,109,085 |
| Disposal during the year | (9,624,963) | |
| Adjustment/transfer | | |
| Accumulated depreciation | | |
| Accumulated impairment loss | | |
| Net amount | 24,570,970 | 6,455,816 |
| Total | 24,570,970 | 6,455,816 |

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

| Name of Party/NBA Date | As at 31.03.2080 | As at 32.03.2079 |
|---|-------------------|------------------|
| Manakamana Hastakala, Madanpur, Nuwakot /2074.03.02 | 714,624 | 714,624 |
| Chakra Trading Pvt.Ltd,Sutranagar-8,Chitwan/2077.10.26 | 1,632,107 | 1,632,107 |
| J.N.J. Fashion World Pvt.Ltd,Hetauda-6/2079.09.12 | 22,224,240 | - |
| Harry Knokha Handicraft Pvt Ltd,KMC-6,Boudha/2078.06.08 | | 1,343,397 |
| Tiklal Sadashankar,Shishuwa-1,Kaski/2079.01.13 | | 2,765,688 |
| Total | 24,570,970 | 6,455,816 |



Property and Equipment 4.13

| Particulars | Land | Building | Leasehold Properties | Computer & Accessories | Vehicle | Furniture & Fixture | Machinery | Equipment & Others | Right to Use Assets(ROU) | Total Asar end 2080 | Total Asar end 2079 |
|-------------------------------------|--------------------|-------------------|----------------------|------------------------|-------------------|---------------------|------------------|--------------------|--------------------------|---------------------|---------------------|
| Cost | | | | | | | | | | | |
| As on Sawan 1, 2078 | | | | | | | | | | | |
| Addition during the Year | 186,943,740 | 26,693,760 | 28,481,138 | 16,815,023 | 34,307,046 | 17,581,067 | 2,248,163 | 20,393,627 | - | 119,826,063 | 94,318,582 |
| Acquisition | | | 3,872,496 | 1,676,961 | 2,801,700 | 900,251 | 121,871 | 1,111,954 | | 224,122,733 | 27,059,708 |
| Capitalization | | | | | | | | | 72,681,598 | 72,681,598 | 72,681,598 |
| Disposal during the year | | | | | (2,641,000) | | | | | (2,641,000) | (1,552,226) |
| Adjustment/Revaluation | | | | | | | | | | | |
| Balance As on Asar end, 2079 | 186,943,740 | 26,693,760 | 32,353,633 | 18,491,984 | 34,467,746 | 18,481,319 | 2,370,033 | 21,505,581 | 72,681,598 | 413,989,395 | 192,507,662 |
| 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 | | | | | | | | | | | |
| Disposal during the year | | | | | (8,710,223) | | | (439,006) | | (9,149,229) | (2,641,000) |
| Adjustment/Revaluation | | | | | | | | | | | |
| Balance as on Asar end 2080 | 186,943,740 | 26,693,760 | 42,296,658 | 19,549,360 | 29,504,203 | 21,464,159 | 3,139,133 | 26,343,039 | 72,681,598 | 428,615,650 | 413,989,395 |
| Depreciation and Impairment | | | | | | | | | | | |
| As on Sawan 1, 2078 | | | | | | | | | | | |
| Depreciation charge for the Year | | 194,535 | 17,321,656 | 8,744,927 | 10,114,653 | 7,101,178 | 1,940,300 | 13,601,514 | - | 58,824,227 | 49,056,322 |
| Impairment for the year | | | 3,177,133 | 2,959,274 | 2,725,301 | 2,021,491 | 143,266 | 2,417,891 | 15,631,537 | 29,270,427 | 10,968,390 |
| Disposals | | | | | (2,170,220) | | | | | - | - |
| Adjustment | | | | | | | | | | (2,170,220) | (1,200,484) |
| As on Asar end 2079 | - | 194,535 | 20,498,789 | 11,704,201 | 10,669,733 | 9,122,668 | 2,083,566 | 16,019,404 | 15,631,537 | 85,924,434 | 58,824,227 |
| 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 | | | | | | | | | | | |
| As on Asar end 2080 | - | 729,873 | 24,094,941 | 14,518,716 | 9,717,560 | 11,102,421 | 2,280,520 | 18,668,671 | 31,694,081 | 112,806,782 | 85,924,434 |
| Capital Work in Progress | | | | | | | | | | | |
| Net Book Value | | | | | | | | | | | |
| As on Asar end 2078 | - | - | 11,159,482 | 8,070,096 | 24,192,393 | 10,479,889 | 307,862 | 6,792,113 | - | 61,001,836 | 45,262,260 |
| As on Asar end 2079 | 186,943,740 | 26,499,225 | 11,854,845 | 6,787,783 | 23,798,012 | 9,358,650 | 286,467 | 5,486,176 | 57,050,061 | 328,064,960 | 133,683,435 |
| As on Asar end 2080 | 186,943,740 | 25,963,887 | 18,201,717 | 5,030,645 | 19,786,643 | 10,361,738 | 858,613 | 7,674,368 | 40,987,517 | 315,808,868 | 328,064,960 |

Company has applied NFRS-16 Leases for the first time. As per NFRS 16 opening amount of Lease assets ROU Rs.5,70,50,061 capitalized and depreciation on ROU Rs.1,60,62,544 shown on depreciation charge for the year.

Goodwill and Intangible Assets

4.14

| Particulars | Goodwill | Software | | Other | Total Asar end 2080 | Total Asar end 2079 |
|---|----------|------------------|-----------|----------|------------------------|------------------------|
| | | Purchased | Developed | | | |
| Cost | | | | | | |
| As on Sawan 1, 2078 | | 6,778,662 | - | - | 6,778,662 | 5,463,342 |
| Addition during the Year | | 696,080 | | | 696,080 | 1,315,320 |
| Acquisition | | | | | | |
| Capitalization | | | | | | |
| Disposal during the year | | | | | | |
| Adjustment/Revaluation | | | | | | |
| Balance as on Asar end, 2079 | | 7,474,742 | - | - | 7,474,742 | 6,778,662 |
| Addition during the Year | | - | | | - | 696,080 |
| Acquisition | | | | | - | - |
| Capitalization | | | | | - | - |
| Disposal during the year | | | | | - | - |
| Adjustment/Revaluation | | | | | - | - |
| Balance as on Asar end 2080 | - | 7,474,742 | - | - | 7,474,742 | 7,474,742 |
| Amortization and Impairment | | | | | | |
| As on Sawan 1, 2078 | | 3,754,556 | - | - | 3,754,556 | 2,819,142 |
| Amortization charge for the Year | | 1,021,219 | | | 1,021,219 | 935,414 |
| Impairment for the year | | | | | | |
| Disposals | | | | | | |
| Adjustment | | | | | | |
| Balance as on Asar end, 2079 | | 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 | | | | | - | - |
| As on Asar end 2080 | - | 5,727,235 | - | - | 5,727,235 | 4,775,775 |
| Capital Work in Progress | | | | | | |
| Net Book Value | | | | | | |
| As on Asar end 2078 | | 2,644,200 | - | - | 2,644,200 | 2,644,200 |
| As on Asar end 2079 | | 3,024,106 | - | - | 3,024,106 | 3,024,106 |
| As on Asar end 2080 | - | 1,747,507 | - | - | 1,747,507 | 2,698,967 |

Deferred Tax

4.15

| Particulars | As at 31.03.2080 | | |
|--|---------------------|--------------------------|---------------------------------------|
| | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets/(Liabilities) |
| Deferred tax on temporary differences on following items | | | |
| Loan and Advance to B/FIs | | | - |
| Loans and advances to customers | | | - |
| Investment properties | | | - |
| Investment securities | - | 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 |
| Deferred tax on temporary differences | 14,690,392 | 12,806,011 | 1,884,381 |
| Deferred tax on carry forward of unused tax losses | | | |
| Deferred tax due to changes in tax rate | | | |
| Net Deferred tax asset/(liabilities) as on 31 Asar 2080 | 14,690,392 | 12,806,011 | 1,884,381 |
| Deferred tax (asset)/liabilities as on 1 Sawan 2079 | | | (1,208,230) |
| Origination/(Reversal) during the year | | | 676,151 |
| 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 | | | |

Deferred Tax

| Particulars | As at 32.03.2079 | | |
|--|---------------------|--------------------------|---------------------------------------|
| | Deferred Tax Assets | Deferred Tax Liabilities | Net Deferred Tax Assets/(Liabilities) |
| Deferred tax on temporary differences on following items | | | |
| Loan and Advance to B/FIs | | | - |
| Loans and advances to customers | | | - |
| Investment properties | | | - |
| Investment securities | - | 1,157,499 | (1,157,499) |
| Property & equipment | 209,264 | | 209,264 |
| Employees' defined benefit plan | - | | - |
| Lease liabilities | 17,682,155 | 17,115,018 | 567,137 |
| Provisions | | | - |
| Other temporary differences | 1,589,328 | | 1,589,328 |
| Deferred tax on temporary differences | 19,480,747 | 18,272,517 | 1,208,230 |
| Deferred tax on carry forward of unused tax losses | | | |
| Deferred tax due to changes in tax rate | | | |
| Net Deferred tax asset/(liabilities) as on 32 Asar 2079 | 19,480,747 | 18,272,517 | 1,208,230 |
| Deferred tax (asset)/liabilities as on 1 Sawan 2078 | | | 11,133,850 |
| Origination/(Reversal) during the year | | | 12,342,080 |
| Deferred tax (expense)/income recognised in profit or loss | | | 61,376 |
| Deferred tax (expense)/income recognised in other comprehensive income | | | 12,280,704 |
| Deferred tax expense/(income) recognised in directly in equity | | | |

Other Assets
4.16

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|-------------------------------|-------------------|-------------------|
| Assets held for sale | | |
| Other non banking assets | | |
| Bills receivable | - | - |
| Accounts receivable | 12,719,111 | 9,193,225 |
| Accrued income | - | - |
| Prepayments and deposit | 9,784,696 | 3,074,032 |
| Income tax deposit | - | - |
| Deferred employee expenditure | 7,297,651 | 8,563,967 |
| Other | 3,783,916 | 3,375,718 |
| Total | 33,585,374 | 24,206,942 |

Due to Bank and Financial Institutions
4.17

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|----------------------------------|--------------------|--------------------|
| Money market deposits | | - |
| Interbank borrowing | | - |
| Other deposits from BFIs | 187,458,851 | 206,958,100 |
| Settlement and clearing accounts | | |
| Other deposits from BFIs | | |
| Total | 187,458,851 | 206,958,100 |

Due to Nepal Rastra Bank
4.18

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|--------------------|--------------------|
| Refinance from NRB | 48,526,000 | - |
| Standing Liquidity Facility | | - |
| Lender of last report facility from NRB | | - |
| Securities sold under repurchase agreements | | - |
| Borrowings from NRB | - | 850,000,000 |
| Other payable to NRB | 129,300,000 | 13,500,000 |
| Total | 177,826,000 | 863,500,000 |

Derivative financial instruments
4.19

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|--|------------------|------------------|
| <u>Held for trading</u> | - | - |
| Interest rate swap | - | - |
| Currency swap | - | - |
| Forward exchange contract | - | - |
| Others | - | - |
| <u>Held for risk management</u> | | |
| Interest rate swap | - | - |
| Currency swap | - | - |
| Forward exchange contract | - | - |
| Others | - | - |
| Total | - | - |

Deposits from customers
4.20

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---------------------------------------|----------------------|----------------------|
| <u>Institutions customers:</u> | | |
| Term deposits | 622,999,153 | 828,266,313 |
| Call deposits | 703,742,645 | 485,225,527 |
| Current deposits | 36,013,926 | 19,540,901 |
| Other | | |
| <u>Individual customers:</u> | | |
| Term deposits | 3,953,543,898 | 3,822,202,468 |
| Saving deposits | 1,343,528,164 | 1,514,436,704 |
| Current deposits | | |
| Other | | |
| Total | 6,659,827,786 | 6,669,671,912 |

4.20.1: Currency wise analysis of deposit from customers

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---------------------|----------------------|----------------------|
| Nepalese rupee | 6,659,827,786 | 6,669,671,912 |
| Indian rupee | - | - |
| United State dollar | - | - |
| Great Britain pound | - | - |
| Euro | - | - |
| Japanese yen | - | - |
| Chinese yuan | - | - |
| Other | - | - |
| Total | 6,659,827,786 | 6,669,671,912 |

Borrowing
4.21

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|--------------------|------------------|
| Domestic Borrowing | - | - |
| Nepal Government | - | - |
| Other Institutions | 370,000,000 | - |
| Other | - | - |
| Sub total | 370,000,000 | - |
| Foreign Borrowing | - | - |
| Foreign Bank and Financial Institutions | - | - |
| Multilateral Development Banks | - | - |
| Other Institutions | - | - |
| Sub total | - | - |
| Total | 370,000,000 | - |

Provisions
4.22

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|------------------|------------------|
| Provisions for redundancy | - | - |
| Provision for restructuring | - | - |
| Pending legal issues and tax litigation | - | - |
| Onerous contracts | - | - |
| Other | - | - |
| Total | - | - |

4.22.1: Movement in provision

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|-------------------------------------|------------------|------------------|
| Balance at Sawan 1 | - | - |
| Provisions made during the year | - | - |
| Provisions used during the year | - | - |
| Provisions reversed during the year | - | - |
| Unwind of discount | - | - |
| Balance at Asar end | - | - |

Other liabilities
4.23

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|--------------------|--------------------|
| Liability for employees defined benefit obligation* | - | - |
| Liability for long-service leave** | - | - |
| Short-term employee benefits | - | - |
| Bills payable | - | - |
| Creditors and accruals | 12,686,811 | 8,673,143 |
| Interest payable on deposit | 66,083,600 | 53,974,087 |
| Interest payable on borrowing | 1,291,940 | 696,164 |
| Liabilities on deferred grant income | - | - |
| Unpaid Dividend | 8,059,010 | 8,516,353 |
| Liabilities under Finance Lease | 44,291,187 | 58,940,518 |
| Employee bonus payable | - | 10,308,625 |
| Other | 17,146,134 | 11,232,982 |
| Total | 149,558,681 | 152,341,873 |

* 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 31.03.2080 | As at 32.03.2079 |
|--|------------------|------------------|
| 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 31.03.2080 | As at 32.03.2079 |
|-------------------|------------------|------------------|
| Equity securities | | |
| Government bonds | | |
| Bank deposit | | |
| Other | | |
| Total | | |

Actual return on Plan Assets

4.23.3: Movement in the present value of defined benefit obligations

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|------------------|------------------|
| Defined benefit obligations at Sawan 1 | | |
| Actuarial losses | | |
| Benefits paid by the plan | | |
| Current service costs and interest | | |
| Defined benefit obligations at Asar end | | |

4.23.4: Movement in the fair value of plan assets

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---------------------------------------|------------------|------------------|
| Fair value of plan assets at Sawan 1 | | |
| Contributions paid into the plan | | |
| Benefits paid during the year | | |
| Actuarial (losses) gains | | |
| Expected return on plan assets | | |
| Fair value of plan assets at Asar end | | |

4.23.5: Amount recognised in profit or loss

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|--------------------------------|------------------|------------------|
| Current service costs | | |
| Interest on obligation | | |
| Expected return on plan assets | | |
| Total | - | - |

4.23.6: Amount recognised in other comprehensive income

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|----------------------|------------------|------------------|
| Acturial (gain)/loss | | |
| Total | - | - |

4.23.7: Actuarial assumptions

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|-------------------------------|------------------|------------------|
| Discount rate | | |
| Expected return on plan asset | | |
| Future salary increase | | |
| Withdrawal rate | | |

Debt securities issued
4.24

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|------------------|------------------|
| Debt securities issued designated as at fair value through profit or loss | - | - |
| Debt securities issued at amortised cost | - | - |
| Total | - | - |

Subordinated Liabilities
4.25

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|------------------|------------------|
| Redeemable preference shares | - | - |
| Irredeemable cumulative preference shares | - | - |
| Other | - | - |
| Total | - | - |

Share capital
4.26

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|----------------------|----------------------|
| Ordinary shares | 1,121,451,730 | 1,053,006,319 |
| Convertible preference shares (equity component) | | |
| Irredeemable preference shares (equity component) | | |
| Perpetual debt (equity component only) | | |
| Total | 1,121,451,730 | 1,053,006,319 |

4.26.1: Ordinary shares

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|----------------------|----------------------|
| Authorized Capital | | |
| 12,000,000 Ordinary share of Rs. 100 each | 1,200,000,000 | 1,200,000,000 |
| Issued capital | | |
| 11,214,517 Ordinary share of Rs. 100 each | 1,121,451,730 | 1,053,006,319 |
| Subscribed and paid up capital | | |
| 11,214,517 Ordinary share of Rs. 100 each | 1,121,451,730 | 1,053,006,319 |
| Less: issue cost of equity capital | - | - |
| Total | 1,121,451,730 | 1,053,006,319 |
| Regulatory Capital (Capital as per NRB Directives, including proposed bonus shares for previous years) | 1,121,451,730 | 1,053,006,319 |

| Reconciliation of no. of equity shares | As at 31.03.2080 | As at 32.03.2079 |
|--|----------------------|----------------------|
| Opening | 1,053,006,320 | 915,657,669 |
| Add: issued during the year | 68,445,411 | 137,348,650 |
| Closing | 1,121,451,730 | 1,053,006,320 |

4.26.2: Ordinary share ownership

| Particulars | As at 31.03.2080 | | As at 32.03.2079 | |
|----------------------------------|------------------|----------------------|------------------|----------------------|
| | Percent | Amount | Percent | Amount |
| <u>Domestic ownership</u> | | | | |
| Nepal Government | | | | |
| "A" class licensed institutions | | | | |
| Other licensed intitutions | | | | |
| Other Institutions | 6.74 | 75,583,050 | 6.95 | 73,155,200 |
| Public | 93.26 | 1,045,868,680 | 93.05 | 979,851,120 |
| Other | | | | |
| <u>Foreign ownership</u> | | | | |
| Total | 100.00 | 1,121,451,730 | 100.00 | 1,053,006,320 |

The shareholders holding 0.5% or more of total paid up capital as at 31.03.2080 are as follows:

| Name of shareholder | % of holding |
|-----------------------------|--------------|
| Kush Prasad Mally | 2.69 |
| Rastriya Beema Sansthan | 2.50 |
| Rajendra Prasad Mally | 2.48 |
| Gyanendra Prasad Mally | 1.96 |
| Ravi krishna Shrestha | 1.08 |
| Sagarmatha Insurance Co.Ltd | 0.87 |
| Eren Gopal Ranjitkar | 0.64 |
| Salona Tuladhar | 0.63 |
| Gautam Kumar Dongol | 0.62 |
| Ram Prakash Shrestha | 0.60 |
| Amrit Lal Shrestha | 0.56 |
| Kabindra Shrestha | 0.54 |
| Rabindra Bajracharya | 0.54 |
| Debendra Khadka | 0.51 |
| Ravi Bikram Dhoj Joshi | 0.50 |

Reserves
4.27

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|--------------------|--------------------|
| Statutory general reserve | 154,522,690 | 154,522,690 |
| Exchange equilisation reserve | - | - |
| Corporate social responsibility reserve | 425,916 | 1,979,872 |
| Capital redemption reserve | - | - |
| Regulatory reserve | 50,866,413 | 24,939,421 |
| Investment adjustment reserve | - | - |
| Capital reserve | - | - |
| Assets revaluation reserve | - | - |
| Fair value reserve | 968,614 | 2,700,831 |
| Dividend equalisation reserve | - | - |
| Actuarial gain | - | - |
| Special reserve | - | - |
| Other reserve | 4,434,606 | 2,900,516 |
| Total | 211,218,240 | 187,043,330 |

4.27.1: Movement of specific reserves for the year 2079-80 is as follows:

| Particulars | Corporate social responsibility reserve | Training reserve |
|-----------------------------|---|------------------|
| Opening | 1,979,872 | 2,900,516 |
| Addition for the year | - | 2,075,199 |
| Utilization during the year | (1,553,956) | (541,110) |
| Closing | 425,916 | 4,434,605 |

4.27.2: The composition of regulatory reserve is as follows:

The movement in regulatory reserve is as follows:

| Particulars | Amount | Note |
|---|-------------------|------|
| Opening | 24,939,421 | |
| Interest income under NFRS | 13,838,294 | 1 |
| Shares at fair value less than their cost | - | 2 |
| Addition to non-banking assets | 11,412,548 | 3 |
| Deferred tax assets on items other than share valuation | 676,151 | 4 |
| Total | 50,866,414 | |

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 31.03.2080 | As at 32.03.2079 |
|-------------------------|-------------------|-------------------|
| Interest income on NFRS | 33,502,321 | 19,664,027 |
| Loss on investment | - | - |
| Loss on NBA | 15,479,711 | 4,067,164 |
| Deferred tax | 1,884,381 | 1,208,230 |
| Total | 50,866,414 | 24,939,421 |

Contingent liabilities and commitments
4.28

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|------------------------------------|-------------------|-------------------|
| Contingent liabilities | - | - |
| Undrawn and undisbursed facilities | 34,633,487 | 84,522,918 |
| Capital commitment | - | - |
| Lease Commitment | - | - |
| Litigation | - | - |
| Total | 34,633,487 | 84,522,918 |

4.28.1: Contingent liabilities

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|-----------------------------------|------------------|------------------|
| Acceptance and documentary credit | | |
| Bills for collection | | |
| Forward exchange contracts | | |
| Guarantees | - | |
| Underwriting commitment | | |
| Other commitments | | |
| Total | - | - |

4.28.2: Undrawn and undisbursed facilities

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|------------------------------------|-------------------|-------------------|
| Undisbursed amount of loans | 13,250,000 | 13,880,000 |
| Undrawn limits of overdrafts | 21,383,487 | 70,642,918 |
| Undrawn limits of credit cards | | |
| Undrawn limits of letter of credit | | |
| Undrawn limits of guarantee | | |
| Total | 34,633,487 | 84,522,918 |

4.28.3: Capital commitments

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

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|------------------|------------------|
| <u>Capital commitments in relation to Property and Equipment</u> | | |
| Approved and contracted for | | |
| Approved but not contracted for | | |
| Sub total | - | - |
| Capital commitments in relation to Intangible assets | | |
| Approved and contracted for | | |
| Approved but not contracted for | | |
| Sub total | - | - |
| Total | - | - |

4.28.4: Lease commitments

| Particulars | As at 31.03.2080 | As at 32.03.2079 |
|---|-------------------------|-------------------------|
| <u>Operating lease commitments</u> | | |
| Future minimum lease payments under non cancellable operating lease, where the bank is lessee | | |
| Not later than 1 year | | |
| Later than 1 year but not later than 5 years | | |
| Later than 5 years | | |
| Sub total | - | |
| Finance lease commitments | | |
| Future minimum lease payments under non cancellable operating lease, where the bank is lessee | | |
| Not later than 1 year | | |
| Later than 1 year but not later than 5 years | | |
| Later than 5 years | | |
| Sub total | - | |
| Grand total | - | |

4.28.5: Litigation

A. Income Tax Matters

Finance Co. has filed a case at Revenue Tribunal on 2078.01.27 against the income tax assessment made by Middle Taxpayer Office for fiscal year 2073-74. The total amount demanded by tax office and not accepted by Finance Co. was Rs. 16.90 lakhs which included assessment amount of Rs. 9.20 lakhs. The case has not been decided by the authorities.

B. Other Legal Cases

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

Interest income
4.29

| Particulars | Current Year | Previous Year |
|--|----------------------|--------------------|
| Cash and cash equivalent | 7,407,959 | 5,984,130 |
| Due from Nepal Rastra Bank | | |
| Placement with bank and financial institutions | | |
| Loan and advances to bank and financial institutions | 54,735,425 | 29,140,388 |
| Loans and advances to customers | 800,342,059 | 650,091,273 |
| Investment securities | 133,688,987 | 76,977,442 |
| Loan and advances to staff | 8,630,468 | 7,216,442 |
| Other | | |
| Total interest income | 1,004,804,897 | 769,409,676 |

* Interest income of 2079-80 is inclusive of Rs. 1,32,59,686 collected within Shrawan 15th, 2080 in line with NRB Directives. During the year, Rs.2,19,65,546 has been included in interest income as per NFRS and accrued interest income on substandard, doubtful and bad loan has not been recognized.

Interest expenses
4.30

| Particulars | Current Year | Previous Year |
|--|--------------------|--------------------|
| Due to bank and financial institutions | 5,762,890 | 2,420,640 |
| Due to Nepal Rastra Bank | 5,565,357 | 658,115 |
| Deposits from customers | 699,309,035 | 503,449,109 |
| Borrowing | 64,174,495 | 11,993,156 |
| Debt securities issued | | |
| Subordinated liabilities | | |
| Other(Finance Charge on Lease) | 1,711,545 | 1,884,043 |
| Total interest expense | 776,523,323 | 520,405,063 |

Fees and Commission Income
4.31

| Particulars | Current Year | Previous Year |
|---|-------------------|-------------------|
| Loan administration fees | | - |
| Service fees | 23,484,110 | 29,228,925 |
| Consortium fees | | |
| Commitment fees | | |
| DD/TT/Swift fees | | |
| Credit card/ATM issuance and renewal fees | 21,341 | 29,041 |
| Prepayment and swap fees | 2,107,450 | 2,434,395 |
| Investment banking fees | | |
| Asset management fees | | |
| Brokerage fees | 1,198,200 | 1,627,786 |
| Remittance fees | 806,908 | 928,504 |
| Commission on letter of credit | | |
| Commission on guarantee contracts issued | | |
| Commission on share underwriting/issue | | |
| Locker rental | | |
| Other fees and commission income | 4,083,232 | 4,493,810 |
| Total fees and Commission Income | 31,701,241 | 38,742,462 |

Fees and commission expenses
4.32

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

Net Trading Income
4.33

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

Other operating income
4.34

| Particulars | Current Year | Previous Year |
|---|------------------|------------------|
| Foreign exchange revaluation gain | | - |
| Gain/loss on sale of investment securities | 452,759 | 728,904 |
| Fair value gain/loss on investment properties | | |
| Dividend on equity instruments | 1,419,933 | 3,990,265 |
| Gain/loss on sale of property and equipment | 733,757 | |
| Gain/loss on sale of investment property | | |
| Operating lease income | 946,000 | |
| Gain/loss on sale of gold and silver | | |
| Locker rent | | |
| Other | | |
| Total | 3,552,449 | 4,719,169 |

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 | 982,371 | 453,617 |
| Impairment charge/(reversal) on loan and advances to customer | 247,810,050 | (4,273,170) |
| Impairment charge/(reversal) on financial Investment | | |
| Impairment charge/(reversal) on placement with banks and financial institutions | | |
| Impairment charge/(reversal) on property and equipment | | |
| Impairment charge/(reversal) on goodwill and intangible assets | | |
| Impairment charge/(reversal) on investment properties | | |
| Total | 248,792,421 | (3,819,553) |

Personnel Expenses
4.36

| Particulars | Current Year | Previous Year |
|-----------------------------------|--------------------|--------------------|
| Salary | 53,394,386 | 45,442,455 |
| Allowances | 24,905,830 | 23,730,851 |
| Gratuity expense | | |
| Provident fund | | |
| Social Security Fund | 10,678,855 | 8,366,451 |
| Uniform | - | 2,034,168 |
| Training & development expense | 541,110 | 591,098 |
| Leave encashment | 10,379,148 | 2,683,042 |
| Medical/Insurance | 4,060,801 | 3,384,404 |
| Employees incentive | | |
| Cash-settled share-based payments | | |
| Pension expense | | |
| Finance expense under NFRS | 486,510 | 95,758 |
| Other expenses related to staff | 5,664,034 | 4,887,963 |
| Subtotal | 110,110,673 | 91,216,190 |
| Employees bonus | - | 10,308,625 |
| Grand total | 110,110,673 | 101,524,815 |

Other operating expenses
4.37

| Particulars | Current Year | Previous Year |
|--|-------------------|-------------------|
| Directors' fee | 1,169,100 | 1,148,000 |
| Directors' expense | 368,739 | 120,792 |
| Auditors' remuneration | | |
| a) Statutory audit Fee | 452,000 | 452,000 |
| b) Internal audit Fee | 452,000 | 452,000 |
| c) System audit Fee | - | - |
| Other audit related expense | | |
| Professional and legal expense | 5,826,771 | 5,498,492 |
| Office administration expense | 47,351,603 | 52,499,256 |
| Operating lease expense | - | - |
| Operating expense of investment properties | | |
| Corporate social responsibility expense | | 1,212,546 |
| Onerous lease provisions | | |
| Other | | |
| Total | 55,620,212 | 61,383,086 |

Other operating expenses
4.37

| Office administration expenses include the following: | Current Year | Previous Year |
|---|-------------------|-------------------|
| Water and electricity | 3,372,963 | 3,114,583 |
| Repair and maintenance | | |
| Building | - | - |
| Vehicles | 392,987 | 458,212 |
| Computer and accessories | 301,258 | 167,259 |
| Office equipment and furniture | 36,035 | 17,605 |
| Others | 205,715 | 135,847 |
| Insurance | 1,710,965 | 1,517,998 |
| Postage, telex, telephone , fax | 2,794,398 | 2,970,864 |
| Printing and stationery | 2,364,203 | 3,029,687 |
| Newspaper, books and journal | 37,150 | 47,690 |
| Advertisement | 1,166,395 | 2,084,339 |
| Donation | 1,500 | 8,000 |
| Security | 15,706,018 | 14,699,374 |
| Deposit and loan guarantee premium | 2,007,654 | 1,396,385 |
| Travel allowance and expense | 1,921,021 | 1,384,739 |
| Entertainment | 261,196 | 562,077 |
| Annual/special general meeting | 505,175 | 303,707 |
| Other | 14,566,970 | 20,600,890 |
| Total | 47,351,603 | 52,499,256 |

Depreciation & Amortisation
4.38

| Particulars | Current Year | Previous Year |
|--|-------------------|-------------------|
| Depreciation on property and equipment | 30,606,379 | 29,270,427 |
| Depreciation on investment property | | |
| Amortisation of intangible assets | 951,460 | 1,021,219 |
| Total | 31,557,839 | 30,291,646 |

Non operating income
4.39

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

Non operating expenses
4.40

| Particulars | Current Year | Previous Year |
|--------------------------|--------------|---------------|
| Loan written off | | |
| Redundancy provision | | |
| Expense of restructuring | | |
| Other expense | | |
| Total | - | - |

Income tax expenses
4.41

| Particulars | Current Year | Previous Year |
|---|---------------|-------------------|
| Current tax expense | - | 32,000,924 |
| Current year | - | 32,000,924 |
| Adjustments for prior years | | |
| Deferred tax expense | 66,228 | (61,376) |
| Origination and reversal of temporary differences | 66,228 | (61,376) |
| Changes in tax rate | | |
| Recognition of previously unrecognised tax losses | | |
| Total income tax expense/(income) | 66,228 | 31,939,548 |

4.41.1: Reconciliation of tax expenses and accounting profit

| Particulars | Current Year | Previous Year |
|---|---------------|-------------------|
| Current Year | | |
| Profit before tax | - | 103,086,251 |
| Tax amount at tax rate of 30% | - | 30,925,875 |
| Adjustments for prior years | - | - |
| Add: Tax effect of expenses that are not deductible for tax purpose | | 3,030,951 |
| Less: Tax effect on exempt income | | 1,955,903 |
| Add/less: Tax effect on other items | 66,228 | (61,376) |
| Total income tax expense | 66,228 | 31,939,548 |
| Effective tax rate | 0.00% | 30.98% |

Statement of Distributable Profit or Loss
4.42

| Particulars | Current Year | Previous Year |
|---|----------------------|-------------------|
| Net profit or (loss) as per statement of profit or loss | (182,612,109) | 71,146,704 |
| Appropriations: | | |
| a. General reserve | | (14,677,272) |
| b. Foreign exchange fluctuation fund | | |
| c. Capital redemption reserve | | |
| d. Corporate social responsibility fund | - | (711,467) |
| e. Employees' training fund | (1,534,090) | (2,451,077) |
| f. Other | | 2,862,794 |
| Profit or (Loss) Before Regulatory Adjustment | (184,146,199) | 56,169,682 |
| Regulatory adjustment : | | |
| a. Interest receivable (-)/previous accrued interest received (+) | (13,838,294) | (1,203,251) |
| b. Short loan loss provision in accounts (-)/reversal (+) | | |
| c. Short provision for possible losses on investment (-)/reversal (+) | - | 3,345,605 |
| d. Short loan loss provision on Non Banking Assets (-)/reversal (+) | (11,412,548) | (1,720,434) |
| e. Deferred tax assets recognised (-)/ reversal (+) | (676,151) | 1,096,123 |
| f. Goodwill recognised (-)/ impairment of Goodwill (+) | | |
| g. Bargain purchase gain recognised (-)/reversal (+) | | |
| h. Actuarial loss recognised (-)/reversal (+) | | |
| i. Other (+/-) | | |
| Net Profit for the Year Available for Distribution | (210,073,191) | 57,687,725 |
| Opening Balance of retained earning | 75,912,754 | 161,622,049 |
| Adjustment: (+/-) | | 1,180,507 |
| Distribution | | |
| Bonus Shares Issued | (68,445,411) | (137,348,650) |
| Cash Dividend Paid | (3,602,390) | (7,228,876) |
| Distributable profit or (loss) for current year | (206,208,238) | 75,912,754 |

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. Nabindra K.C | 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

The 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 | Mr. Bishnu Lal Shrestha | Member |
| 2 | 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 2080

| Particulars | Classification | Level 1 | Level 2 | Level 3 |
|---|----------------|--------------------|----------|----------------------|
| Financial Assets | | | | |
| Cash and cash equivalent | | | | 415,865,544 |
| Due from Nepal Rastra Finance Co. | AC | | | 242,269,078 |
| Loans and advances to customers | AC | | | 5,600,623,350 |
| Investment securities | | | | |
| Quoted shares | FVOCI | 187,213,630 | | |
| Unquoted shares | FVOCI | | | 5,655,100 |
| Other Investment | AC | | | 1,813,917,940 |
| Total Financial Assets | | 187,213,630 | - | 8,078,331,012 |
| Financial Liabilities | | | | |
| Due to Finance Co. and Financial Institutions | AC | - | | |
| Deposits from customers | AC | | | 6,659,827,786 |
| Other Liabilities | AC | | | 149,558,681 |
| Total Financial Liabilities | | - | - | 6,809,386,467 |

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 2080 | As at 32 Ashad 2079 |
|---|---------------------|---------------------|
| 1.1 Risk Weighted Exposure (RWE) | | |
| RWE for Credit Risk | 7,326,340 | 6,575,694 |
| RWE for Operational Risk | 539,908 | 512,697 |
| RWE for Market Risk | - | - |
| Total RWE before adjustment under Pillar II | 7,866,248 | 7,088,391 |
| Adjustments under Pillar II | | |
| Adjustments under Pillar II (Add RWE equivalent to reciprocal of capital charge of 2 % of gross income) | 61,783 | 93,868 |
| Adjustments under Pillar II (Overall risk management policies and procedures are not satisfactory. Add 2% of RWE) | 157,325 | 141,768 |
| Total RWE | 8,085,356 | 7,324,027 |
| 1.2 Capital | | |
| A. Core Capital (Tier I) | 1,065,913 | 1,280,265 |
| Paid up Equity Share Capital | 1,121,452 | 1,053,006 |
| Irredeemable Non-cumulative preference shares | | |
| Share Premium | 1,141 | 1,141 |
| Proposed Bonus Equity Shares | | |
| Statutory General Reserves | 154,523 | 154,523 |
| Retained Earnings | (206,208) | 75,913 |
| Un-audited current year cumulative profit/(loss) | | |
| Capital Redemption Reserve | | |
| Capital Adjustment Reserve | | |
| Dividend Equalization Reserves | | |
| Other Free Reserve | | |
| Less: Goodwill | | |
| Less: Deferred Tax Assets | (1,884) | (1,208) |
| 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 | | |
| B. Supplementary Capital (Tier II) | 83,985 | 81,043 |
| Cumulative and/or Redeemable Preference Share | | |
| Subordinated Term Debt | | |
| Hybrid Capital Instruments | | |
| General Loan Loss Provision | 83,985 | 81,043 |
| Exchange Equalization Reserve | | |
| Investment Adjustment Reserve | - | - |
| Assets Revaluation Reserve | | |
| Other Reserves | | |
| Total Capital Fund (Tier I and Tier II) | 1,149,898 | 1,361,307 |
| 1.3 Capital Adequacy Ratio | | |
| Tier I Capital to Total RWE | 13.18% | 17.48% |
| Total Capital Fund to Total RWE | 14.22% | 18.59% |

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 | 70,525 | | | 70,525 | 0% | - | 65,397 | - |
| Balance With Nepal Rastra Bank | 242,269 | | | 242,269 | 0% | - | 221,570 | - |
| Gold | | | | - | 0% | - | - | - |
| Investment in Nepalese Government Securities | 1,785,390 | | | 1,785,390 | 0% | - | 2,274,887 | - |
| All Claims on Government of Nepal | | | | - | 0% | - | - | - |
| Investment in Nepal Rastra Bank securities | | | | - | 0% | - | - | - |
| All claims on Nepal Rastra Bank | | | | - | 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 | 781,600 | | | 781,600 | 20% | 156,320 | 901,132 | 180,226 |
| 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% | - | - | - |
| Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-) | | | | - | 85% | - | - | - |
| Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-) | | | | - | 90% | - | - | - |
| Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below) | | | | - | 100% | - | - | - |
| Claims on Domestic Corporates (Unrated) | 335,142 | | 335,142 | 100% | 335,142 | 724,218 | 724,218 | |
| Claims on Foreign Corporates (ECA 0-1) | | | - | 20% | - | - | - | |
| Claims on Foreign Corporates (ECA 2) | | | - | 50% | - | - | - | |
| Claims on Foreign Corporates (ECA 3-6) | | | - | 100% | - | - | - | |
| Claims on Foreign Corporates (ECA 7) | | | - | 150% | - | - | - | |
| Regulatory Retail Portfolio (Not Overdue) | 1,104,120 | 97,042 | 1,007,078 | 75% | 755,308 | 1,265,390 | 949,042 | |
| Claims fulfilling all criterion of regularity retail except granularity | 143,690 | 25,760 | 117,930 | 100% | 117,930 | 45,646 | 45,646 | |
| Claims secured by residential properties | 344,318 | | 344,318 | 60% | 206,591 | 534,402 | 320,641 | |
| Claims not fully secured by residential properties | | | - | 150% | - | - | - | |
| Claims secured by residential properties (Overdue) | 263,228 | | 263,228 | 100% | 263,228 | 135,229 | 135,229 | |
| Claims secured by Commercial real estate | | | - | 100% | - | 6,725 | 6,725 | |
| Past due claims (except for claims secured by residential properties) | 2,327,555 | | 2,327,555 | 150% | 3,491,332 | 1,014,880 | 1,522,321 | |
| High Risk claims | 668,126 | 13,662 | 654,465 | 150% | 981,697 | 1,305,328 | 1,957,993 | |
| Lending Against Securities (Bonds) | | | - | 100% | - | - | - | |
| Lending Against Shares(upto Rs. 5 Million) | 200,382 | | 200,382 | 100% | 200,382 | - | - | |
| Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes) | | | - | 100% | - | - | - | |
| Personal Hirepurchase/Personal Auto Loans (upto Rs. 2.5 Million) | 7,116 | | 7,116 | 100% | 7,116 | - | - | |
| Investments in equity and other capital instruments of institutions listed in stock exchange | 194,260.53 | | 194,261 | 100% | 194,261 | 212,852 | 212,852 | |
| Investments in equity and other capital instruments of institutions not listed in the stock exchange | 1,083 | | 1,083 | 150% | 1,624 | 1,083 | 1,624 | |
| Staff loan secured by residential property | 47,179 | | 47,179 | 50% | 23,590 | 40,256 | 20,128 | |
| Interest Receivable/claim on government securities | 28,528 | | 28,528 | 0% | - | 31,491 | - | |
| Cash in transit and other cash items in the process of collection | | | - | 20% | - | - | - | |
| Other Assets (as per attachment) | 570,775.82 | | 570,776 | 100% | 570,776 | 470,515 | 470,515 | |
| TOTAL (A) | 9,117,063 | 1,776 | 136,464 | 8,978,823 | 7,305,296 | 9,251,001 | 6,547,161 | |
| B. Off Balance Sheet Exposures | | | | | | | | |
| 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% | 100 | 0 | - |
| Acceptances and Endorsements | | | | - | 100% | - | 0 | - |
| Unpaid portion of Partly paid shares and Securities | | | | - | 100% | - | 0 | - |
| Irrevocable Credit commitments (short term) | 75,510 | | | 75,510 | 20% | 15,102 | 45,761 | 9,152 |
| Irrevocable Credit commitments (long term) | 11,684 | | | 11,684 | 50% | 5,842 | 38,762 | 19,381 |
| 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 | - |
| TOTAL (B) | 87,293 | - | - | 87,293 | | 21,044 | 84,523 | 28,533 |
| Total RWE for credit Risk Before Adjustment (A) +(B) | 9,204,357 | 1,776 | 136,464 | 9,066,117 | | 7,326,340 | 9,335,524 | 6,575,694 |
| Adjustments under Pillar II | | | | | | | | |
| Total RWE for Credit Risk | 9,204,357 | 1,776 | 136,464 | 9,066,117 | | 7,326,340 | 9,335,5 | 6,575,694 |

Eligible Credit Risk Mitigants

| Credit exposures | Deposits with Bank | Deposits with other banks/FI | Gold | Govt. & NRB Securities | G'tee of Govt. of Nepal | Sec/G'tee of Other Sovereigns | G'tee of domestic banks | G'tee of MDBs | Sec/ G'tee of Foreign Banks | Total |
|---|--------------------|------------------------------|------|------------------------|-------------------------|-------------------------------|-------------------------|---------------|-----------------------------|--------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | |
| Balance Sheet Exposures | | | | | | | | | | |
| Claims on Foreign government and Central Bank (ECA -2) | | | | | | | | | | - |
| Claims on Foreign government and Central Bank (ECA -3) | | | | | | | | | | - |
| Claims on Foreign government and Central Bank (ECA -4-6) | | | | | | | | | | - |
| Claims on Foreign government and Central Bank (ECA -7) | | | | | | | | | | - |
| Claims on Other Multilateral Development Banks | | | | | | | | | | - |
| Claims on Public Sector Entity (ECA 0-1) | | | | | | | | | | - |
| Claims on Public Sector Entity (ECA 2) | | | | | | | | | | - |
| Claims on Public Sector Entity (ECA 3-6) | | | | | | | | | | - |
| Claims on Public Sector Entity (ECA 7) | | | | | | | | | | - |
| Claims on domestic banks that meet capital adequacy requirements | | | | | | | | | | - |
| Claims on domestic banks that do not meet capital adequacy requirements | | | | | | | | | | - |
| Claims on foreign bank (ECA Rating 0-1) | | | | | | | | | | - |
| Claims on foreign bank (ECA Rating 2) | | | | | | | | | | - |
| Claims on foreign bank (ECA Rating 3-6) | | | | | | | | | | - |
| Claims on foreign bank (ECA Rating 7) | | | | | | | | | | - |
| Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement | | | | | | | | | | - |
| Claims on Domestic Corporates | | | | | | | | | | - |
| Claims on Foreign Corporates (ECA 0-1) | | | | | | | | | | - |
| Claims on Foreign Corporates (ECA 2) | | | | | | | | | | - |
| Claims on Foreign Corporates (ECA 3-6) | | | | | | | | | | - |
| Claims on Foreign Corporates (ECA 7) | | | | | | | | | | - |
| Regulatory Retail Portfolio (Not Overdue) | 97,042 | | | | | | | | | 97,042 |
| Claims fulfilling all criterion of regularity retail except granularity | 25,760 | | | | | | | | | 25,760 |
| 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 | 13,662 | | | | | | | | | 13,662 |

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b) Operational Risk
Amount in '000

| Particulars | Fiscal Year | | |
|--|----------------|----------------|----------------|
| | 2076-77 | 2077-78 | 2078-79 |
| Net Interest Income | 215,022 | 151,021 | 252,243 |
| Commission and Discount Income | 30,677 | 40,479 | 38,742 |
| Other Operating Income | 8,624 | 277,841 | 4,719 |
| Exchange Fluctuation Income | | | |
| Addition/Deduction in Interest Suspense during the period | 47,238 | - | 13,209 |
| Gross income (a) | 301,561 | 469,341 | 308,914 |
| Alfa (b) | 15% | 15% | 15% |
| Fixed Percentage of Gross Income [c=(a×b)] | 45,234 | 70,401 | 46,337 |
| Capital Requirement for operational risk (d) (average of c) | 53,991 | | |
| Risk Weight (reciprocal of capital requirement of 10%) in times (e) | 10 | | |
| Equivalent Risk Weight Exposure [f=(d×e)] | 539,908 | | |
| Pillar II Adjustments | | | |
| If Gross Income for the last three years is negative (6.4 a 8) | | | |
| Total Credit and Investment (net of Specific Provision) of releted month | - | | |
| Capital Requirement for Operational Risk (5% of net credit and investment) | - | | |
| Risk Weight (reciprocal of capital requirement of 10%) in times | 10 | | |
| Equivalent Risk Weight Exposure (g) | - | | |
| Equivalent Risk Weight Exposure [h=f+g] | 539,908 | | |

c) Market Risk

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

d) Non Performing Assets (Gross and Net)

| Non Performing Assets | Gross Amount | Impairment Allowance | Net Amount |
|------------------------------|--------------------|----------------------|-------------------|
| Restructured and Rescheduled | | | |
| Sub-Standard | 44,760,005 | 11,001,879 | 33,758,126 |
| Doubtful | 66,715,669 | 33,357,835 | 33,357,835 |
| Bad | 259,476,867 | 259,476,867 | - |
| Total | 370,952,541 | 303,836,581 | 67,115,960 |

5.3.4 Compliance with Capital Requirement

Inline with NRB Directive 1/079, the following is the status of compliance with capital requirements at Ashad end 2080.

| Particulars | Requirement | Position |
|-----------------------------------|-------------|----------|
| Tier I Capital to RWE | 6% | 13.18% |
| Tier I and Tier II Capital to RWE | 10% | 14.22% |

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 Madesh and Karnali province, hence, it is not reported.

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

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

5.4.2 Segment result and segment position for the year ended on Ashad 2080

| Particulars | Koshi | Madesh | Bagmati | Gandaki | Lumbini | Karnali | Far west | Unallocated | Total |
|--|-------------------|----------|--------------------|--------------------|----------------------|----------|---------------------|-------------|----------------------|
| Revenue from external customers | 47,732,215 | | 830,627,232 | 110,165,449 | 20,399,827 | | 31,133,864 | | 1,040,058,586 |
| Intersegment revenues | | | | | | | | | - |
| Net revenue | 47,732,215 | - | 830,627,232 | 110,165,449 | 20,399,827 | - | 31,133,864 | - | 1,040,058,586 |
| Interest income | 45,465,645 | | 803,935,555 | 107,549,449 | 19,442,084 | - | 28,412,164 | | 1,004,804,897 |
| Interest expenses | 23,499,519 | | 640,049,584 | 81,523,197 | 15,213,996 | - | 16,237,027 | | 776,523,323 |
| Net interest revenue | 21,966,126 | - | 163,885,971 | 26,026,252 | 4,228,088 | - | 12,175,137 | - | 228,281,575 |
| Depreciation and amortization | 1,674,676 | | 25,938,944 | 498,871 | 1,624,906 | | 1,820,442 | | 31,557,839 |
| Segment profit/(loss) | 3,527,089 | | 1,067,092 | 7,081,339 | (140,193,496) | | (54,027,906) | | (182,545,882) |
| Entity's interest in the profit or loss of associate accounted for using equity method | | | | | | | | | |
| Other material non-cash items: | | | | | | | | | - |
| Loans: | 423,804,536 | - | 3,875,187,476 | 549,173,207 | 304,629,165 | - | 447,828,966 | - | 5,600,623,350 |
| Consumer | 285,540,709 | | 1,895,928,780 | 444,336,913 | 67,529,900 | - | 152,491,156 | | 2,845,827,459 |
| Corporate | 138,263,827 | | 1,979,258,695 | 104,836,294 | 237,099,265 | - | 295,337,810 | | 2,754,795,891 |
| Deposit | 324,979,763 | - | 5,301,419,832 | 909,980,525 | 144,007,190 | - | 166,899,327 | - | 6,847,286,638 |
| Consumer | 217,800,123 | | 4,011,451,204 | 737,949,876 | 122,865,931 | - | 126,230,929 | | 5,216,298,063 |
| Corporate | 107,179,640 | | 1,289,968,628 | 172,030,649 | 21,141,259 | - | 40,668,398 | | 1,630,988,575 |
| Impairment of Assets | 7,173,095 | | 178,611,626 | 8,279,911 | 137,818,001 | - | 55,938,800 | | 387,821,434 |
| Segment Assets | 477,463,489 | | 6,773,897,427 | 597,183,921 | 339,036,327 | - | 484,692,651 | | 8,672,273,817 |
| Segment Liabilities | 324,979,763 | | 5,998,804,513 | 909,980,525 | 144,007,190 | - | 166,899,327 | | 7,544,671,319 |

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 | 1,040,058,586 |
| Other revenue | |
| Elimination of intersegment revenues | |
| Entity's revenue | 1,040,058,586 |

b) Profit or loss

| | |
|---|----------------------|
| Total profit or loss for reportable segments | (182,545,882) |
| Other profit or loss | |
| Elimination of intersegment profit | |
| Unallocated amounts: | |
| NFRS adjustments | |
| Profit before income tax | (182,545,882) |

c) Assets

| | |
|---|----------------------|
| Total assets for reportable segments | 8,672,273,817 |
| Other assets | |
| Unallocated assets | |
| Entity's assets | 8,672,273,817 |

d) Liabilities

| | |
|--|----------------------|
| Total liabilities for reportable segments | 7,544,671,319 |
| Other liabilities | |
| Unallocated liabilities | |
| Entity's liabilities | 7,544,671,319 |

5.4.5 Information about product and services

| Particulars | Amount |
|--------------------|---------------|
| Consumer banking | 886,778,725 |
| Corporate banking | 7,407,959 |
| Treasury | 133,688,987 |
| Others | 12,182,916 |

5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

| | |
|-----------------|----------------------|
| Koshi | 47,732,215 |
| Madhesh | - |
| Bagmati | 830,627,232 |
| Gandaki | 110,165,449 |
| Lumbini | 20,399,827 |
| Karnali | - |
| Far West | 31,133,864 |
| Foreign: | - |
| Total | 1,040,058,586 |

5.4.7 Information about major customers

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

5.5 Share options and share based payment

Not applicable

5.6 Contingent liabilities and capital commitment

Contingent liabilities are:

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

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

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

5.7 Related parties disclosure

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

5.7.1 Key management personnel

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

a) Board of Directors

Board of Directors of the Finance Company comprise the following:

| Name | Position |
|-------------------------|-----------------|
| Kush Prasad Mally | Chairperson |
| Bishnu Man Joshi | Director |
| Tulsi Prasad Baral | Director |
| Sweta Kakshapati Shakya | 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. 9,27,600.

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. 38,48,582. Vehicle is provided for official purpose only during office hours.

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

5.8 Merger and acquisition

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

5.9 Additional disposal of none consolidated Entity

The Finance Company has no 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 07.03.2081 have not proposed any dividend for fiscal year 2079.80

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 NFRs 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 |
| Total | 33,502,322 | - | - | 15,479,711 | 1,884,381 | - | - | - | - | - | |

Additional Disclosure
Refinance and Business Continuity

| Particulars | During FY 2079/2080 | |
|--------------------------|---------------------|--------------|
| | No.of Customers | Amount(NRs.) |
| Refinance Loan | 1 | 48,526,000 |
| Business Continuity Loan | N/A | N/A |

Subsidized Loan

| Particulars | During FY 2079/2080 | |
|-----------------|---------------------|--------------|
| | No.of Customers | Amount(NRs.) |
| Subsidized Loan | 124 | 36,273,092 |

5.13 Major Financial Indicators of Last Five Years

| S.N. | Particulars | Indicator | 2079-80 | 2078-79 | 2077-78 | 2076-77 | 2075-76 |
|------|---|-----------|------------|------------|-----------|-----------|-----------|
| 1 | Net profit/total income | % | (17.56) | 8.75 | 17.11 | 15.14 | 10.57 |
| 2 | Earning per share | | | | | | |
| | Basic earning per share | Rs. | (16.28) | 6.76 | 16.33 | 12.32 | 8.78 |
| | Diluted earning per share | Rs. | (16.28) | 6.76 | 16.33 | 12.32 | 8.78 |
| 3 | Market price per share | Rs. | 385.9 | 310 | 532 | 121 | 126 |
| 4 | Price/earning ratio | Times | (23.70) | 45.88 | 32.58 | 9.82 | 14.36 |
| 5 | Dividend or bonus per share | Rs. | - | 6.50 | 15.00 | 10.00 | 0.00 |
| 6 | Cash dividend | Rs. | - | 0.34 | 0.79 | 0.53 | 6.58 |
| 7 | Interest income/loan and advances | % | 18.63 | 14.76 | 12.52 | 17.01 | 16.48 |
| 8 | Employee expenses/total operating expenses | % | 55.81 | 52.55 | 58.76 | 58.96 | 54.24 |
| 9 | Employee expenses/total deposit and borrowing | % | 1.61 | 1.48 | 1.82 | 1.60 | 1.29 |
| 10 | Exchange income/total income | % | - | - | - | - | - |
| 11 | Staff bonus/total employee expenses | % | - | 10.15 | 23.33 | 19.69 | 20.20 |
| 12 | Net profit/loans and advances | % | (3.26) | 1.29 | 3.16 | 2.48 | 1.71 |
| 13 | Net profit/total assets | % | (2.11) | 0.77 | 2.07 | 1.61 | 1.21 |
| 14 | Total loans and advances/total deposit | % | 83.66 | 80.90 | 84.12 | 72.00 | 84.16 |
| 15 | Total operating expenses/total assets | % | 2.27 | 2.10 | 2.51 | 2.22 | 1.86 |
| 16 | Capital adequacy ratio | | | | | | |
| | a) Core Capital | % | 13.18 | 17.48 | 24.51 | 23.18 | 24.43 |
| | b) Supplementary Capital | % | 1.04 | 1.11 | 1.39 | 0.80 | 1.12 |
| | c) Total Capital Fund | % | 14.22 | 18.59 | 25.90 | 23.98 | 25.55 |
| 17 | Liquidity Ratio | % | 36.69 | 35.17 | 35.17 | 21.48 | 28.87 |
| 18 | NPAs/total loan and advances | % | 6.36 | 2.27 | 2.69 | 1.10 | 2.17 |
| 19 | Base rate | % | 13.02 | 12.19 | 9.65 | 11.25 | 12.34 |
| 20 | Weighted average interest rate spread | % | 4.58 | 4.44 | 4.81 | 4.40 | 4.90 |
| 21 | Book net worth | Rs. | 1,127,602 | 1,317,103 | 1,279,601 | 1,087,359 | 1,066,935 |
| 22 | Total shares | No. | 11,214,517 | 10,530,063 | 9,156,577 | 8,324,160 | 8,324,160 |
| 23 | Total employees | No. | 168 | 167 | 162 | 129 | 92 |
| 24 | Others: | | | | | | |
| | Per employee business (Rs. In lakh) | % | 321.05 | 312.18 | 274.02 | 290.64 | 378.30 |
| | Employee expenses/total income | % | 10.59 | 12.49 | 12.19 | 12.34 | 8.81 |



Reliance Finance Limited
Comparison Audited and Unaudited Financial Statements
Fiscal Year: 2079-80

Amount in '000

| Statement of Financial Position | As per Unaudited Financial Statements | As per Audited Financial Statements | Variance | | Reasons for Variance |
|--|---------------------------------------|-------------------------------------|-----------------|---------------|--|
| | | | In Amount | In % | |
| Assets | | | | | |
| Cash and cash equivalent | 415,866 | 415,866 | - | - | |
| Due from Nepal Rastra Bank | 242,269 | 242,269 | - | - | |
| Placement with Bank and Financial Institutions | - | - | - | - | |
| Derivative financial instruments | - | - | - | - | |
| Other trading assets | - | - | - | - | |
| Loan and advances to B/FIs | 436,259 | 430,588 | (5,671) | (1.30) | Regrouping of loan to microfinance from loan to customer |
| Loans and advances to customers | 5,191,588 | 5,170,035 | (21,553) | (0.42) | Regrouping of loan to microfinance from loan to customer |
| Investment securities | 2,006,787 | 2,006,787 | - | - | |
| Current tax assets | 28,887 | 29,132 | 245 | 0.85 | Final calculation of income tax expenses for the period |
| Investment in subsidiaries | - | - | - | - | |
| Investment in associates | - | - | - | - | |
| Investment property | 24,571 | 24,571 | - | - | |
| Property and equipment | 332,187 | 315,809 | (16,379) | (4.93) | Correction on calculation of depreciation and regrouping amortization expenses |
| Goodwill and Intangible assets | 1,748 | 1,748 | - | - | |
| Deferred tax assets | 1,951 | 1,884 | (66) | (3.38) | Correction on calculation of deferred expenses |
| Other assets | 34,848 | 33,585 | (1,263) | (3.62) | AIR (net of interest suspense) included in loans to customer |
| Total Assets | 8,716,960 | 8,672,274 | (44,687) | (0.51) | |
| Liabilities | | | | | |
| Due to Bank and Financial Institutions | 187,458.85 | 187,459 | - | - | |
| Due to Nepal Rastra Bank | 177,826 | 177,826 | - | - | |
| Derivative financial instruments | - | - | - | - | |
| Deposits from customers | 6,659,828 | 6,659,828 | - | - | |
| Borrowing | 370,000 | 370,000 | - | - | |
| Current Tax Liabilities | - | - | - | - | |
| Provisions | - | - | - | - | |
| Deferred tax liabilities | - | - | - | - | |
| Other liabilities | 164,208 | 149,559 | (14,649) | (8.92) | Changes in figures of liabilities on finalization of calculation related to lease etc. |
| Debt securities issued | - | - | - | - | |

| | | | | |
|--|------------------|------------------|-----------------|---------------|
| Subordinated Liabilities | - | - | - | - |
| Total liabilities | 7,559,321 | 7,544,671 | (14,649) | (0.19) |
| Equity | | | | |
| Share capital | 1,121,452 | 1,121,452 | 0 | 0.00 |
| Share premium | 1,141 | 1,141 | - | - |
| Retained earnings | (162,066) | (206,208) | (44,142) | 27.24 |
| Reserves | 197,113 | 211,218 | 14,105 | 7.16 |
| Total equity attributable to equity holders | 1,157,639 | 1,127,602 | (30,037) | (2.59) |
| Non-controlling interest | | | | |
| Total equity | 1,157,639 | 1,127,602 | (30,037) | (2.59) |
| Total liabilities and equity | 8,716,960 | 8,672,274 | (44,686) | (0.51) |

| Statement of Profit or Loss | As per Unaudited Financial Statements | As per Audited Financial Statements | Variance | | Reasons for Variance |
|---|---------------------------------------|-------------------------------------|-----------------|----------------|---|
| | | | In Amount | In % | |
| Interest income | 985,185 | 1,004,805 | 19,620 | 1.99 | Change in NFRS based Interest income |
| Interest expense | 774,812 | 776,523 | 1,712 | 0.22 | Change in NFRS based Interest expenses |
| Net interest income | 210,373 | 228,282 | 17,908 | 8.51 | |
| Fee and commission income | 32,399 | 31,701 | (697) | (2.15) | TDS from remittance co.booked as commission. |
| Fee and commission expense | - | - | - | - | |
| Net fee and commission income | 32,399 | 31,701 | (697) | (2.15) | |
| Other operating income | 2,606 | 3,552 | 946 | 36.29 | Correction on calculation of Fair Value on share sold |
| Total operating income | 245,378 | 263,535 | 18,157 | 7.40 | |
| Impairment charge/(reversal) for loans and other losses | 201,169 | 248,792 | 47,624 | 23.67 | Finalization of LLP and Income |
| Net operating income | 44,210 | 14,743 | (29,467) | (66.65) | |
| Personnel expenses | 109,624 | 110,111 | 487 | 0.44 | Changes in figures of staffs bonus. |
| Other operating expenses | 74,487 | 55,620 | (18,866) | (25.33) | Regrouping of amortization expenses |
| Depreciation & Amortisation | 14,228 | 31,558 | 17,329 | 121.79 | Correction on calculation of depreciation and regrouping amortization expenses as per NFRS. |
| Operating profit | (154,129) | (182,546) | (28,417) | 18.44 | |
| Non operating income/(expense) | - | - | - | - | |
| Profit before tax | (154,129) | (182,546) | (28,417) | 18.44 | |
| Income tax | | 66 | 66 | | Final calculation of deferred expenses for the period |
| Profit/(loss) for the period | (154,129) | (182,612) | (28,483) | 18.48 | |
| Other comprehensive income | (1,732) | (1,732) | - | - | |
| Total comprehensive income | (155,862) | (184,344) | (28,483) | 18.27 | |
| Distributable Profit | | | | | |
| Net profit/(loss) as per profit or loss | (154,129) | (182,612) | (28,483) | 18.48 | Correction on calculation of Fair Value on share sold |
| Add/Less: Regulatory adjustment as per NRB Directive | (7,937) | (23,596) | (15,659) | (197.28) | In interim report, regulatory adjustment was not made. |
| Free profit/(loss) after regulatory adjustments | (162,067) | (206,208) | (44,142) | 27.24 | |



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/रिलायन्स/०८०/८१
च.नं.: ३२२

मिति : २०८१/०३/११

✓ श्री रिलायन्स फाइनेन्स लिमिटेड,
कमलादी, काठमाण्डौ ।

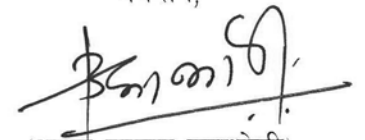
विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७९/८० 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 २०७९/८० 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) कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
- (२) यस बैंकमा पठाउनुपर्ने विवरणहरू यथार्थपरक र सहि तथ्याङ्कमा आधारित रहे/नरहेको एकीन गरी पठाउने गर्नुहुन ।
- (३) यस बैंकबाट जारी एकीकृत निर्देशन नं १९/०८० बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।
- (४) 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,


(अमृत बहादुर बुढाथोकी)
उप-निर्देशक

बोधार्थ:

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

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

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

विषय : वित्तीय विवरण प्रकाशन गर्न स्वीकृत दिँदा जारी भएका निर्देशन सम्बन्धमा ।

महोदय,

उपरोक्त सम्बन्धमा ताहाँको पत्र संख्या वि.सं.सु.वि./गैरस्थलगत/रिलायन्स/०८०/०८१ च.न.३५८, मिति २०८१/०३/११ को पत्र मार्फत जारी भएको निर्देशन उपर यस संस्थाको प्रतिक्रिया तथा उल्लेखित बुँदाहरूको सुधारको स्थिति तपसिल बमोजिम रहेको व्यहोरा जानकारीका लागि अनुरोध छ ।

१. तहाँको निर्देशन बमोजिम कर्जा सदुपयोगिताको सुनिश्चितता गर्ने व्यहोरा अनुरोध छ ।
२. तहांबाट जारी भएका निर्देशन अनुसार गरिने व्यहोरा अनुरोध छ ।
३. सम्पत्ती शुद्धिकरण तर्फ विशेष सजग भई तहांबाट जारी भएका निर्देशनहरूको पूर्ण रूपमा परीपालना गरिनेछ ।
४. तहांबाट जारी भएका निर्देशनहरू पालना गरिनेछ, तथा लेखा परिक्षण प्रतिवेदनमा औल्याइएका कैफियतहरू सुधार गर्दै लगिनेछ ।

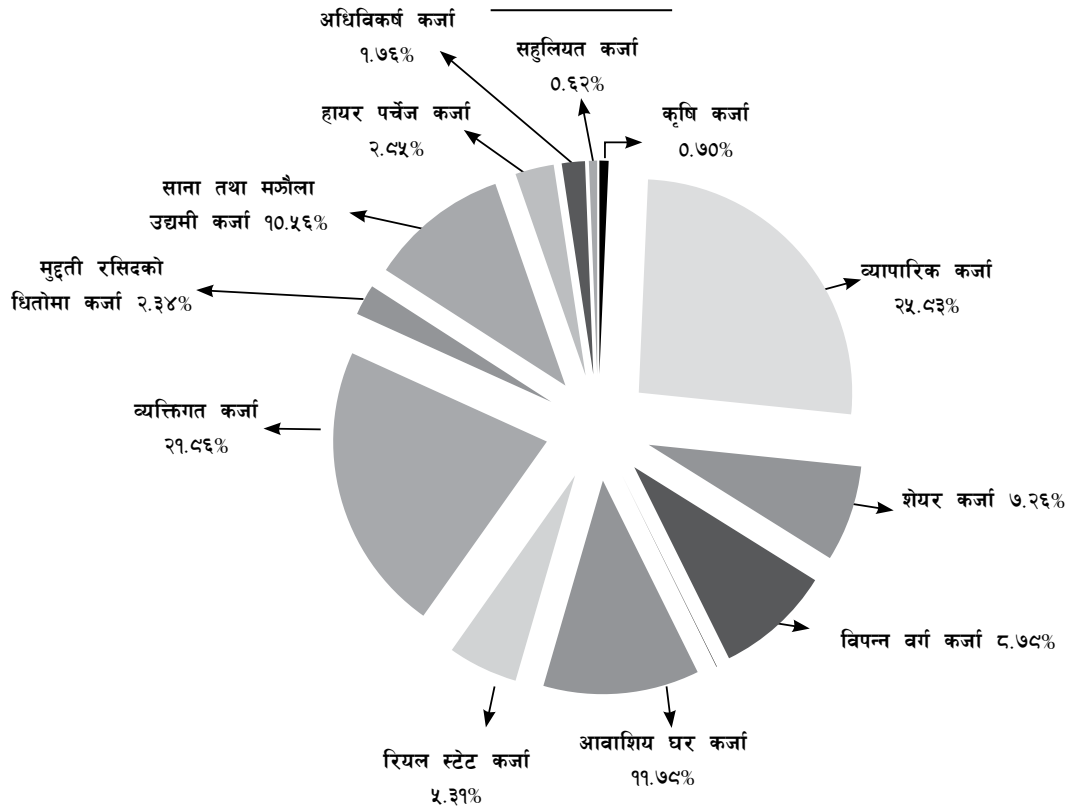
भवदिय,
समाज प्रकाश श्रेष्ठ
प्रमुख कार्यकारी अधिकृत

रिलायन्स फाइनेन्स लिमिटेडको प्रबन्धपत्रमा संशोधन प्रस्ताव

| साविक व्यवस्था र दफा | हाल गर्नुपर्ने संशोधन र दफा | संशोधन/थप गर्नुपर्ने कारण र औचित्य |
|-------------------------|---|--|
| ५ ई हाल नभएको | ५. ई. प्रचलित कानून बमोजिम नेपाल धितोपत्र बोर्ड तथा सम्बन्धित निकायको स्वीकृति लिनुपर्ने भएमा स्वीकृति लिई विशिष्टीकृत लगानी कोषहरु जस्तै प्राईभेट इक्विटी, भेन्चर क्यापिटल, हेजफण्ड जस्ता विशिष्टीकृत कोषहरुमा संस्थापक वा शेयरधनी वा इकाईधनीको रुपमा लगानी गर्ने, खरिद बिक्री गर्ने, उपरोक्त कोषहरुको व्यवस्थापन गर्ने कम्पनी स्थापना गर्ने वा शेयरधनी भई लगानी गर्ने, सम्पत्ति व्यवस्थापन सम्बन्धी कम्पनी स्थापना गर्ने वा लगानी गर्ने तथा उपरोक्त बमोजिम गरिएका लगानीहरु कानून बमोजिम बिक्री तथा हस्तान्तरण गर्ने । | धितोपत्र सम्बन्धी प्रचलित कानून तथा नियम बमोजिम वित्त कम्पनीले लगानी गर्न पाउने क्षेत्रमा लगानी गरी व्यवसायको दायरा बढाउनु उपयुक्त देखिएकोले । |
| ५ उ हाल नभएको | ५. उ. प्रचलित कानून बमोजिम नेपाल धितोपत्र बोर्ड तथा सम्बन्धित निकायको स्वीकृति लिनुपर्ने भएमा स्वीकृति लिई सामूहिक लगानी कोष (म्यूचुअल फण्ड) दर्ता गर्ने, सामूहिक लगानी कोषमा लगानी गर्ने तथा कोष प्रवर्द्धक भई सामूहिक लगानीकोषको स्थापना गर्ने, सामूहिक लगानी कोषका इकाईहरु खरिद बिक्री गर्ने । | |
| ५ ऊ हाल नभएको | ५. ऊ. प्रचलित कानून बमोजिम सम्बन्धित निकायको स्वीकृति लिनुपर्ने भएमा स्वीकृति लिई बुक विल्डीङ्ग विधि अन्तर्गत जारी हुने धितोपत्रको संस्थागत योग्य लगानीकर्ता (Qualified Institutional Investor) को रुपमा लगानी गर्ने, धितोपत्रको खरिद बिक्री गर्ने । | |

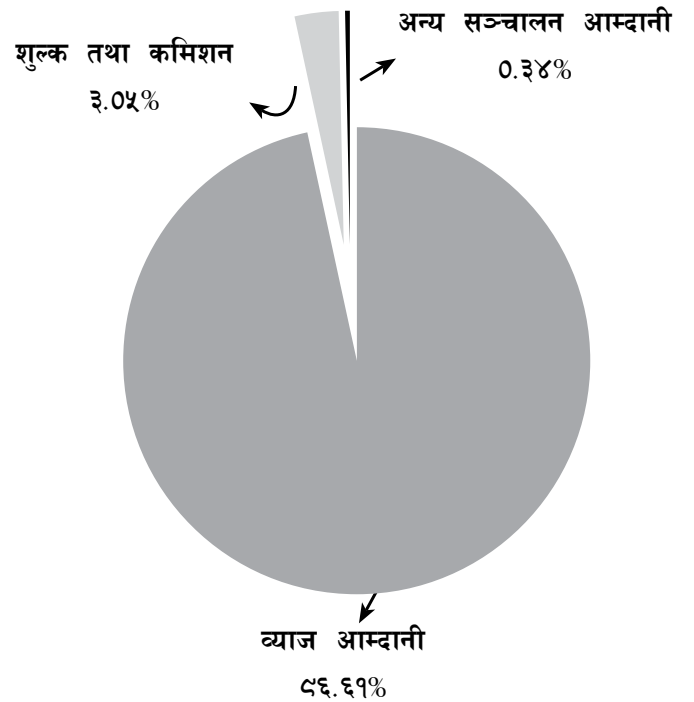
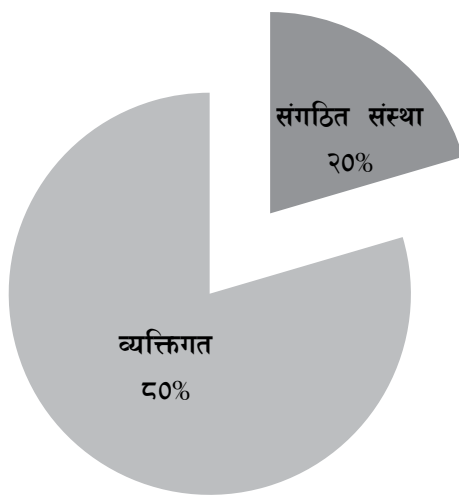
वित्तीय भलकहरु

कर्जा मिश्रण



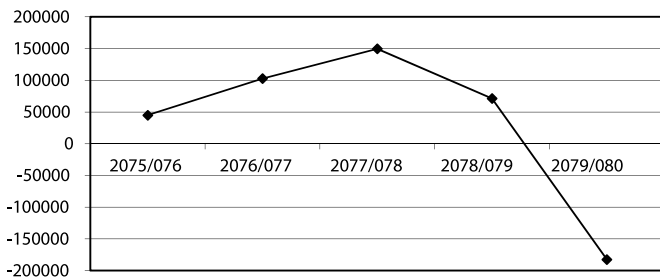
आम्दानीका श्रोतहरु

निक्षेप मिश्रण

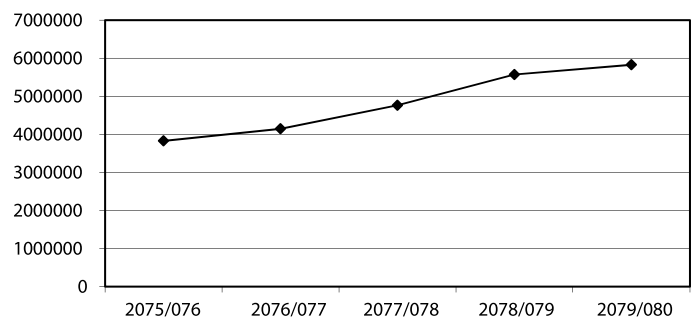


Trend Lines Presenting Financial Indicators

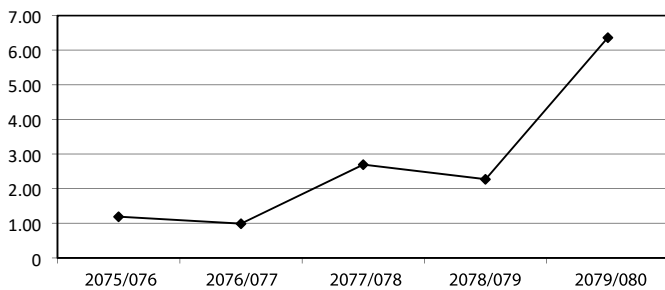
Net Profit (Rs. '000)



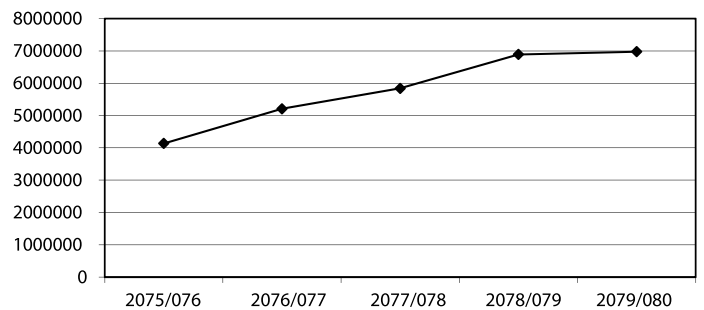
Total Loan & Advances (Rs. '000)



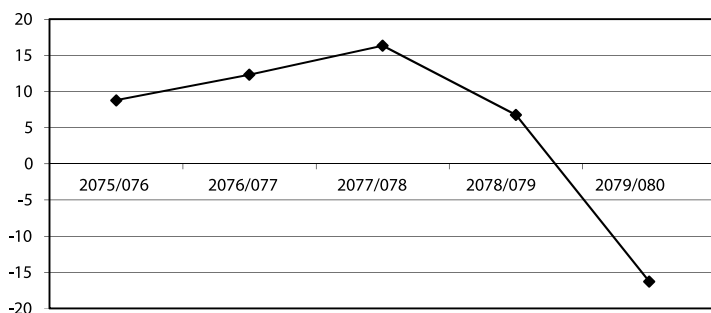
Non Performing Loan Ratio (%)



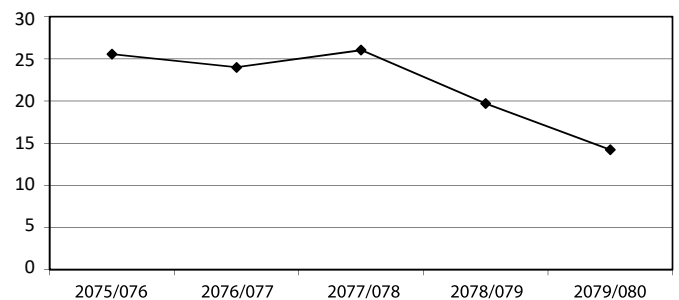
Total Deposits (Rs.'000)



Earnings Per Share (Rs.)



Capital Adequacy Ratio (%)



નોટ તથા ટિપોટ

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व्यवस्थापन समुह

समाज प्रकाश श्रेष्ठ

(प्रमुख कार्यकारी अधिकृत)

रामहरि आचार्य

(उप-प्रमुख कार्यकारी अधिकृत)

बिष्णु लाल श्रेष्ठ

(प्रमुख जोखिम अधिकृत/अनुपालना अधिकृत)

दिक्पाल श्रेष्ठ

(प्रमुख व्यवसाय अधिकृत)

कौशल्या श्रेष्ठ

(प्रमुख-असुली विभाग)

रविन शाक्य

(प्रमुख-संचालन अधिकृत)

नविन्द्र के.सी

(प्रमुख-रिटेल एण्ड एसएमई कर्जा)

युज कुमार भैल

कम्पनी सचिव

(प्रमुख-कानून, शेयर तथा सामान्य सेवा विभाग)

प्रदिप गुरागाँई

(प्रमुख-कर्जा जोखिम विभाग)

एलिना श्रेष्ठ

(AML/CFT कार्यान्वयन अधिकृत)

अनश्रु बर्तौला

(प्रमुख-वित्त अधिकृत)

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निमा श्रेष्ठ

(प्रमुख-कर्जा प्रशासन विभाग)

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इन्चार्ज

इमाडोल शाखा
सरस्वती श्रेष्ठ

गोरखा शाखा
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कोहलपुर शाखा
सुशिल बस्नेत

दमक शाखा
ईशाहाक राई

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रामशरण श्रेष्ठ

धुलावारी शाखा
सन्दिप राजवंशी

टाँडी शाखा
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