

Independent Auditor's Report

To the Shareholders of Samriddhi Finance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Samriddhi Finance Company Limited ("the Finance")** which comprises Statement of Financial Position as at Ashad 32, 2079 (July 16, 2022), Statement of Profit or Loss (including Statement of Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity for the year then ended on that date, and a summary of significant accounting policies and other explanatory information (hereafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements presents fairly, in all material respects, the financial position of the Finance as at Ashad 32, 2079 (July 16, 2022), and its financial performance, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards (NFRSs) with allowed Carveouts and compliance with Companies Act, 2063 and Bank and Financial Institution Act, 2073.

Basis for 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 Finance in accordance with the *Handbook of The Code of Ethics for Professional Accountants* with the ethical requirements that are relevant to our audit of the financial statements issued by the Institute of Chartered Accountants of Nepal (ICAN) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters: Our assessment of risks of material misstatement

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified. We summarize below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of



our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

| Key Audit Matter | The Risk | The Response |
|--|--|---|
| Share Capital of the Finance | Finance has not met its minimum share capital requirement of NPR 80 crores as required by Nepal Rastra Bank Directives | Our Procedure included: <ul style="list-style-type: none"> Obtained and evaluated the management plan on the capital requirements. Our Result: We considered the management capital plan adequate to comply with the minimum capital requirements. |
| Actuary Valuation of employee benefits | Finance has not performed actuary valuation for employee benefits as required by NFRSs. Refer Note 3.15 to Financial Statements. | Our Procedure included: <ul style="list-style-type: none"> Evaluated impact of such valuation on the financial statements and the management assessment for not complying with the requirements of actuary valuation of employee's benefits. Evaluated the commitment of the management to perform such valuation. Our Result: We considered the management assessment and its commitment to comply with it acceptable. |

Other than the Financial Statements and Auditor's Report Thereon

The Finance Management is responsible for preparation of 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 statements 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 in the audit or otherwise appears to be materially misstated. If, based on the work, we have performed, we conclude that there is a material statement of this other information, we are required to report that fact.

We have nothing to report in this regard as the annual report is expected to be made available to us after the date of the auditor's report.

Responsibility of Management 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 Nepal Financial Reporting Standards, 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, management is responsible for assessing the Finance'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 Finance or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Finance's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Finance's ability to continue as 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 date of our auditor's report. However, future events or conditions may cause the Finance 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Finance to express an opinion in the financial statements. We are responsible for the direction, supervision and performance of the finance audit. We remain solely responsible for our audit opinion.



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 identified 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

Based on our examination, we would like to further report that:

- We have obtained all the information and explanations which were considered necessary for the purpose of our audit.
- The Statement of Financial Position, Statement of Profit or Loss (including other Comprehensive Income), Statement of Changes in Equity, Statement of Cash Flows and attached schedules dealt with by this report are prepared as per procedure and format prescribed by Nepal Rastra Bank and agree with the books of accounts maintained by the Finance.
- The proper books of accounts as required by the law have been maintained by the Finance.
- During our examination of the books of accounts of the Finance, we have not come across cases where any office holder of the Finance has acted contrary to the provisions of law or caused loss or damage to the Finance.
- The Finance has maintained adequate capital funds and adequate provision for possible impairment of assets in accordance with the directives of Nepal Rastra Bank, and
- We have not come across any fraudulence in the accounts, based on our sample examination of the books.


CA. Hem Kumar Kafle

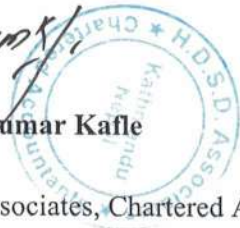
Partner

H.D.S.D. Associates, Chartered Accountants

Place: Kathmandu

Date: 2079/08/23 (9 December 2022)

UDIN: 221209CA00509OqA31



Samriddhi Finance Company Limited

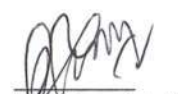
Statement Of Financial Position
As on Ashad end 2079

| Particulars | Note | Ashad End 2079 | Ashad End 2078 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Cash and cash equivalent | 4.1 | 518,124,082 | 107,235,893 |
| Due from Nepal Rastra Bank | 4.2 | 93,500,876 | 48,022,367 |
| Placement with Bank and Financial Institutions | 4.3 | - | - |
| Derivative financial instruments | 4.4 | - | - |
| Other trading assets | 4.5 | - | - |
| Loans and advances to B/FIs | 4.6 | 19,896,314 | 17,976,123 |
| Loans and advances to customers | 4.7 | 1,564,755,929 | 811,952,170 |
| Investment securities | 4.8 | 316,106,062 | 174,176,421 |
| Current tax assets | 4.9 | 5,428,552 | 3,357,919 |
| Investment in subsidiaries | 4.10 | - | - |
| Investment in associates | 4.11 | - | - |
| Investment property | 4.12 | 49,633,027 | 27,521,027 |
| Property Plant and Equipment | 4.13 | 63,122,583 | 36,968,899 |
| Goodwill and Intangible assets | 4.14 | 2,550,553 | 2,931,689 |
| Deferred tax assets | 4.15 | 20,003,615 | 21,346,435 |
| Other assets | 4.16 | 18,313,629 | 17,307,410 |
| Total Assets | | 2,671,435,223 | 1,268,796,351 |
| Liabilities | | | |
| Due to Bank and Financial Institutions | 4.17 | 481,481,127 | 242,845,222 |
| Due to Nepal Rastra Bank | 4.18 | 90,000,000 | - |
| Derivative financial instruments | 4.19 | - | - |
| Deposits from customers | 4.20 | 1,434,112,759 | 708,207,656 |
| Borrowing | 4.21 | - | - |
| Current Tax Liabilities | 4.9 | - | - |
| Provisions | 4.22 | - | - |
| Deferred tax liabilities | 4.15 | - | - |
| Other liabilities | 4.23 | 40,098,296 | 22,992,352 |
| Debt securities issued | 4.24 | - | - |
| Subordinated Liabilities | 4.25 | - | - |
| Total Liabilities | | 2,045,692,181 | 974,045,230 |
| Equity | | | |
| Share Capital | 4.26 | 742,174,800 | 428,385,100 |
| Share premium | | 20,037,125 | 9,660,352 |
| Retained Earnings | | (315,892,265) | (290,385,757) |
| Reserves | 4.27 | 179,423,382 | 147,091,426 |
| Total Equity Attributable To Equity Holders | | 625,743,042 | 294,751,120 |
| Non-Controlling Interest | | - | - |
| Total Equity | | 625,743,042 | 294,751,120 |
| Total Equity & Liabilities | | 2,671,435,223 | 1,268,796,351 |
| Contingent liabilities and commitment | 4.28 | - | 19,649,808 |
| Net assets value per share | | 84.31 | 68.81 |


Ramesh Ghimire
Chief Financial Officer


Tika Nidhi Lohani
Chief Executive Officer


Thakur Prasad Bhattarai
Chairman


Binod Kumar Subedi
Director


Dipak Adhikari
Director


Sujan Adhikari
Director


Durga Thapa
Director


Janga Bahadur Hamal
Director

As per our report of even date

Samriddhi
Finance



CA. Hem Kumar Kafle
Partner
H.D.S.D. Associates
Chartered Accountants

Place: Kathmandu
Date: 2079/08/23


Samriddhi Finance Company Limited

Statement Of Profit Or Loss
For the year ended Ashad 2079

| Particulars | Note | Ashad End 2079 | Ashad End 2078 |
|---|------|--------------------|--------------------|
| Interest income | 4.29 | 199,701,007 | 61,534,820 |
| Interest expense | 4.30 | 132,001,180 | 31,729,266 |
| Net interest income | | 67,699,828 | 29,805,555 |
| Fee and commission income | 4.31 | 12,312,314 | 7,565,639 |
| Fee and commission expense | 4.32 | - | - |
| Net fee and commission income | | 12,312,314 | 7,565,639 |
| Net interest, fee and commission income | | 80,012,142 | 37,371,193 |
| Net trading income/(expenses) | 4.33 | - | - |
| Other operating income | 4.34 | 10,184,975 | 10,886,959 |
| Total operating income | | 90,197,117 | 48,258,153 |
| Impairment charge/(reversal) for loans and other losses | 4.35 | (22,947,579) | (85,350,454) |
| Net operating income | | 113,144,696 | 133,608,607 |
| Operating expense | | | |
| Personnel expenses | 4.36 | 48,911,766 | 33,364,666 |
| Other operating expenses | 4.37 | 28,268,455 | 23,618,523 |
| Depreciation & Amortization | 4.38 | 9,535,974 | 4,192,813 |
| Operating Profit | | 26,428,500 | 72,432,605 |
| Non operating income | 4.39 | 10,960,597 | 27,000 |
| Non operating expense | 4.40 | 34,234,229 | 68,781,377 |
| Profit before income tax | | 3,154,868 | 3,678,228 |
| Income tax expense | 4.41 | - | - |
| Current Tax expenses | | - | - |
| Deferred Tax Expenses/(Income) | | 2,927,028 | (17,201,665) |
| Profit for the period | | 227,840 | 20,879,893 |
| Profit attributable to: | | | |
| Equity holders of the Finance company | | 227,840 | 20,879,893 |
| Non-controlling interest | | - | - |
| Profit for the period | | 227,840 | 20,879,893 |
| Earnings per share | | | |
| Basic earnings per share | | 0.03 | 4.87 |
| Diluted earnings per share | | 0.03 | 4.87 |


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As per our report of even date





CA. Hem Kumar Kafle
Partner
H.D.S.D. Associates
Chartered Accountants


Place: Kathmandu
Date: 2079/08/23


Samridhhi Finance Company Limited
Statement Of Comprehensive Income
For the year ended Ashad 2079

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|---------------------|-------------------|
| Profit for the year | 227,840 | 20,879,893 |
| Other comprehensive income, net of income tax | | |
| a) Items that will not be reclassified to profit or loss | | |
| Gains/(Losses) from investments in equity instruments measured at fair value | (23,820,694) | 1,418,977 |
| Gains/(Losses) on revaluation | 7,270,064 | - |
| Actuarial gain/(loss) on defined benefit plans | - | - |
| Income tax relating to above terms | 4,965,189 | (425,693) |
| Net other comprehensive income that will not be reclassified to profit or loss | <u>(11,585,441)</u> | <u>993,284</u> |
| b) Items that are or may be reclassified to profit or loss | | |
| Gains/(Losses) on cash flow hedge | - | - |
| Exchange gains/(losses) arising from translating financial assets of foreign operation | - | - |
| Income tax relating to above terms | - | - |
| Reclassify to profit or loss | - | - |
| Net other comprehensive income that are or may be reclassified to profit or loss | <u>-</u> | <u>-</u> |
| c) Share of other comprehensive income of associate accounted as per equity method | - | - |
| Other comprehensive income for the year, net of income tax | <u>(11,585,441)</u> | <u>993,284</u> |
| Total comprehensive income for the period | <u>(11,357,601)</u> | <u>21,873,177</u> |
| Total comprehensive income attributable to: | | |
| Equity holders of the Finance company | (11,357,601) | 21,873,177 |
| Non-controlling interest | - | - |
| Total comprehensive income for the period | <u>(11,357,601)</u> | <u>21,873,177</u> |


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Janga Bahadur Hamal
Director

As per our report of even date

Place: Kathmandu
Date: 2079/08/23



Samriddhi Finance Company Limited
Statement Of Changes In Equity
For the year ended Ashad 2079

| Particulars | Share Capital | Share Premium | General Reserve | Exchange Equalization Reserve | Regulatory Reserve | Fair Value Reserve | Revaluation Reserve | Retained Earning | Other Reserve | Total | Non-Controlling Interest | Total Equity |
|---|---------------|---------------|-----------------|-------------------------------|--------------------|--------------------|---------------------|------------------|---------------|--------------|--------------------------|--------------|
| Balance as at Shrawan 1, 2077 | 181,980,300 | 1,359,830 | 88,520,675 | - | 63,359,389 | 2,712,138 | - | (289,151,936) | 84,989,554 | 133,769,950 | - | 133,769,950 |
| Adjustment/Restatement | - | - | - | - | 100,000 | - | - | (1,162,344) | (1,062,344) | (1,062,344) | - | (1,062,344) |
| Adjusted/Restated balance at 1 Shrawan 2077 | 181,980,300 | 1,359,830 | 88,520,675 | - | 63,459,389 | 2,712,138 | - | (290,314,280) | 84,989,554 | 132,707,606 | - | 132,707,606 |
| Comprehensive income for the year | - | - | - | - | - | - | - | 20,879,893 | - | 20,879,893 | - | 20,879,893 |
| Profit for the year | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Comprehensive income, net of tax | - | - | - | - | - | 993,284 | - | - | - | 993,284 | - | 993,284 |
| Gains/(losses) from investments in equity instruments measured at fair value | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains/(losses) on revaluation | - | - | - | - | - | - | - | - | - | - | - | - |
| Actuarial gains/(losses) on defined benefit plans | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains/(Losses) on Cash flow hedge | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange gain/(losses) arising from translating financial assets of foreign operation | - | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | - | 993,284 | - | 20,879,893 | (846,811) | 21,873,177 | - | 21,873,177 |
| Transfer to reserve during the year | - | - | 4,175,979 | - | (13,218,982) | - | - | (3,964,796) | - | (635,628) | - | (635,628) |
| Transfer from reserve during the year | - | - | - | - | - | - | - | (16,986,574) | - | (30,205,556) | - | (30,205,556) |
| Transactions with owners, directly recognised in equity | 246,404,800 | 8,300,522 | - | - | - | - | - | - | (83,693,800) | 171,011,522 | - | 171,011,522 |
| Right share issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Advance Share Capital Received from Promoter | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividend to equity shareholders | - | - | - | - | - | - | - | - | - | - | - | - |
| Bonus shares issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid | - | - | - | - | - | - | - | - | (83,693,800) | (83,693,800) | - | (83,693,800) |
| Total contributions by and distributions | 246,404,800 | 8,300,522 | - | - | - | - | - | - | - | 171,011,522 | - | 171,011,522 |
| Balance as at Ashad end, 2078 | 428,385,100 | 9,660,352 | 92,696,653 | - | 50,240,407 | 3,705,422 | - | (290,385,757) | 448,943 | 294,751,120 | - | 294,751,120 |
| Adjustment/Restatement | - | - | 4,422,400 | - | (3,380,981) | - | - | 17,532,773 | - | 18,564,192 | - | 18,564,192 |
| Adjusted/Restated balance at 1 Shrawan 2078 | 428,385,100 | 9,660,352 | 97,119,053 | - | 46,859,426 | 3,705,422 | - | (272,862,984) | 448,943 | 313,315,312 | - | 313,315,312 |
| Comprehensive income for the year | - | - | - | - | - | - | - | 227,840 | - | 227,840 | - | 227,840 |
| Profit for the year | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Comprehensive income, net of tax | - | - | - | - | - | (16,674,487) | - | - | - | (16,674,487) | - | (16,674,487) |
| Gains/(losses) from investments in equity instruments measured at fair value | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains/(losses) on revaluation | - | - | - | - | - | - | 5,089,045 | - | - | 5,089,045 | - | 5,089,045 |
| Actuarial gains/(losses) on defined benefit plans | - | - | - | - | - | - | - | - | - | - | - | - |
| Gains/(Losses) on Cash flow hedge | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange gain/(losses) arising from translating financial assets of foreign operation | - | - | - | - | - | - | - | - | - | - | - | - |





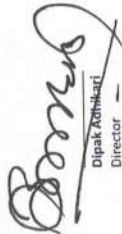




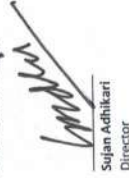
Samriddhi Finance Company Limited
Statement Of Changes In Equity
For the year ended Ashad 2079

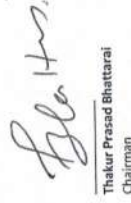
| Particulars | Share Capital | Share Premium | General Reserve | Exchange Equalization Reserve | Regulatory Reserve | Fair Value Reserve | Revaluation Reserve | Retained Earning | Other Reserve | Total | Non-Controlling Interest | Total Equity |
|--|---------------|---------------|-----------------|-------------------------------|--------------------|--------------------|---------------------|------------------|---------------|--------------|--------------------------|--------------|
| Total comprehensive income for the year | - | - | - | - | - | (16,674,487) | 5,089,045 | 227,840 | - | (11,357,602) | - | (11,357,602) |
| Transfer to reserve during the year | - | - | 45,568 | - | - | - | - | (13,016,911) | (378,865) | 29,859,067 | - | 29,859,067 |
| Transfer from reserve during the year | - | - | - | - | 43,209,275 | - | - | (30,240,210) | - | (30,240,210) | - | (30,240,210) |
| Transactions with owners, directly recognised in equity | 313,789,700 | 10,376,773 | - | - | - | - | - | - | - | 324,166,473 | - | 324,166,473 |
| Share issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividend to equity shareholders | - | - | - | - | - | - | - | - | - | - | - | - |
| Bonus shares issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Cash dividend paid | - | - | - | - | - | - | - | - | - | - | - | - |
| Gain on disposal of investments in equity instruments measured at fair value through OCI | - | - | - | - | - | - | - | - | - | - | - | - |
| Total contributions by and distributions | 313,789,700 | 10,376,773 | - | - | - | - | - | - | - | 324,166,473 | - | 324,166,473 |
| Balance as at Ashad end, 2079 | 742,174,800 | 20,037,125 | 97,164,622 | - | 90,068,701 | (17,969,065) | 5,089,045 | (315,892,265) | 70,079 | 625,743,042 | - | 625,743,042 |


Ramesh Ghimire
Chief Financial Officer


Dipak Adhikari
Director


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Director



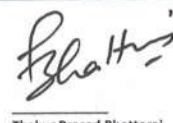
Samriddhi Finance Company Limited


Statement Of Cash Flows
For the year ended Ashad 2079

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Interest received | 188,417,905 | 61,534,820 |
| Fees and other income received | 12,312,314 | 7,565,639 |
| Dividend received | - | - |
| Receipts from other operating activities | 3,438,944 | 10,886,959 |
| Interest paid | (129,813,113) | (31,729,266) |
| Commission and fees paid | - | - |
| Cash payment to employees | (44,848,239) | (33,364,666) |
| Other expenses paid | (28,268,455) | (23,618,523) |
| Operating cash flows before changes in operating assets and liabilities | 1,239,356 | (8,725,036) |
| (Increase)/ Decrease in operating assets | | |
| Due from Nepal Rastra Bank | (45,478,509) | (33,453,812) |
| Placement with bank and financial institutions | - | - |
| Other trading assets | - | - |
| Loan and advances to bank and financial institutions | (1,912,859) | (18,212,890) |
| Loan and advances to customers | (746,922,895) | (761,067,645) |
| Other assets | (2,551,542) | (12,374,622) |
| (Increase)/ Decrease in operating liabilities | | |
| Due to bank and financial institutions | 238,635,905 | 242,845,222 |
| Due to Nepal Rastra Bank | 90,000,000 | - |
| Deposits from Customers | 725,905,103 | 502,525,981 |
| Borrowings | - | - |
| Other Liabilities | (3,679,753) | (4,342,264) |
| Net Cash flow from operating activities before tax paid | 255,234,806 | (92,805,066) |
| Income taxes paid | (2,070,633) | (1,225,630) |
| Net Cash flow from operating activities | 253,164,174 | (94,030,696) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of investment securities | (165,750,326) | (130,107,438) |
| Receipt from the sale of investment securities | (128,575) | - |
| Purchase of property and equipment | (5,277,066) | (13,001,069) |
| Receipt from the sale of property and equipment | - | 360,155 |
| Purchase of intangible assets | (233,910) | (1,735,037) |
| Receipt from the sale of intangible assets | - | - |
| Purchase of investment properties | - | - |
| Receipt from the sale of investment properties | - | 31,367,900 |
| Interest received | 10,313,551 | - |
| Dividend received | - | - |
| Net cash used in investing activities | (161,076,327) | (113,115,490) |
| CASH FLOW 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 | 324,166,473 | 162,710,999 |
| Dividends paid | - | - |
| Principal Payment of Lease Liability | (3,941,062.64) | - |
| Interest payment of Lease Liability | (2,164,040) | - |
| Other receipt/ payment | 738,971 | (37,851,802) |
| Net cash from financing activities | 318,800,342 | 124,859,197 |
| Net Increase/ (decrease) in cash and cash equivalents | 410,888,188 | (82,286,989) |
| Cash and cash equivalents at Shrawan 1, 2078 | 107,235,893 | 189,522,882 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | - | - |
| Cash and cash equivalents at Ashad end, 2079 | 518,124,081 | 107,235,893 |


Ramesh Ghimire
Chief Financial Officer


Tika Nidhi Lohani
Chief Executive Officer


Thakur Prasad Bhattarai
Chairman


Binod Kumar Subedi
Director


Bipak Adhikari
Director


Sujan Adhikari
Director


Durga Thapa
Director


Janga Bahadur Hamal
Director

As per our report of even date



Samriddhi Finance Company Limited

Statement of Distributable Profit or Loss
For the year ended Ashad 2079
(As per NRB Regulation)

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------------|----------------------|
| Opening Retained Earning before current year adjustment | (290,385,757) | (289,151,936) |
| Adjustment for Prior Period | 17,522,773 | (1,162,344) |
| Adjusted retained earning available for distribution before current year profit | (272,862,985) | (290,314,280) |
| Net profit or (loss) as per statement of profit or loss | 227,840 | 20,879,893 |
| Appropriations: | | |
| a. General reserve | (45,568) | (4,175,979) |
| b. Foreign exchange fluctuation fund | - | - |
| c. Capital redemption reserve | - | - |
| d. Corporate social responsibility fund | (2,278) | (208,799) |
| e. Employees' training fund | - | 419,981 |
| f. Other | - | (31,367,900) |
| Profit or (loss) before regulatory adjustment | (272,682,991) | (304,767,083) |
| Regulatory adjustment : | | |
| a. Interest receivable (-)/previous accrued interest received (+) | (6,090,048) | (210,602) |
| b. Short loan loss provision in accounts (-)/reversal (+) | - | - |
| c. Short provision for possible losses on investment (-)/reversal (+) | - | - |
| d. Short loan loss provision on Non Banking Assets (-)/reversal (+) | (22,112,000) | 31,367,900 |
| e. Deferred tax assets recognised (-)/ reversal (+) | (2,038,161) | (16,775,972) |
| f. Goodwill recognised (-)/ impairment of Goodwill (+) | - | - |
| g. Bargain purchase gain recognised (-)/reversal (+) | - | - |
| h. Acturial loss recognised (-)/reversal (+) | - | - |
| i. Other (+/-) (Fair Value Loss) | (12,969,065) | - |
| Distributable profit or (loss) | (315,892,265) | (290,385,757) |

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Samriddhi Finance Company Limited
Notes to Financial Statements
For the year ended on 32 Ashad 2079

1 Reporting entity

Samriddhi Finance Company Limited (hereinafter referred to as "Finance") is a national level class "C" licensed financial institution licensed by Nepal Rastra Bank. The company has head office located at Hetauda, Makwanpur and carries out its financial services through its branches. Samriddhi Finance was earlier known as World Merchant Banking and Finance Limited (WMBFL). The name has been changed from WMBFL to SFCL from 2076/06/15 and approval was obtained from office of Company Registrar and NRB.

Finance was incorporated under Companies Act 2063 as public limited company. The finance company's shares are listed with Nepal Stock Exchange Ltd and its symbol is SFCL.

Finance offers comprehensive banking services within the scope of provisions of Bank and Financial Institutions Act 2073 and its Memorandum and Articles of Association.

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).

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 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 2078. Finance 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 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 63 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 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 2078-79, starting from 1st Shrawan 2078 and ending on 32 Ashad 2079. 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 23 Mangsir 2079, meeting no. 462 . 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. Figures are rounded off to nearest Rupee, accordingly, minor rounding off error may exist.



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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 Bank 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 Bank 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 2078 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.

Loan Loss Provision as per NRB directive is Rs. 44,438,422 and as per impairment testing under NAS 39 is Rs. 28,617,309. So higher of loan loss provision between NAS and NRB, i.e Rs. 44,438,422 has been considered as impairment loss on Financial Assets (loans and Advances).

Finance has considered the impact of covid-19 for testing the impairment of assets and complied with the directions from Nepal Rastra Bank.

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 based its assumptions and estimates on parameters available when the financial statements were prepared.

During the previous year, the value of land was included in Tax Base and accordingly deffered tax was computed. The error has been rectified this year and the deferred tax has been adjusted by Rs. 3,380,981/-. Also, the regulatory reserve has been restated accordingly.

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 has not done actuarial valuation and carried the liability at book value.

2.5 Changes in Accounting Policies

There has been no significant change in the accounting policies adopted by the bank except where required due to adoption of Nepal Financial Reporting Standards.

2.6 New Standards in Issue but not Yet Effective

Standards as pronounced by the Institute of Chartered Accountants of Nepal (ICAN) have been used in the preparation of financial statements. Any departure from the requirements of NFRS, if any, has been separately disclosed in the explanatory notes.

A new number of standards and amendments to the existing standards and interpretations have been issued by International Accounting Standards Board (IASB) after the pronouncements of NFRS with the varying effective dates. Those become applicable when ICAN incorporates them within NFRS.

2.7 Discounting

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

2.8 Going Concern

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

2.9 Standalone Financial Statements

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

3 Significant Accounting Policies

The significant accounting policies adopted by Finance 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 Recognition | 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 |

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



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

3.4.2 Classification and Measurement

Financial Assets: The classification and measurement of financial assets depend on how these are managed i.e. the Finance'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 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 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 has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

Financial Liabilities: Finance 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 the 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 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.



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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 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 Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

Fair Value Hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values.

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

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

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Finance 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 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 on terms that the Finance 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 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 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 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.

Finance has individually assessed impairment of Loan and Advances and Impairment of Loan and Advances as per NFRS and NRB regulation.

3.4.6 Amortized cost measurement

The 'amortized 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 expense over the relevant period.

3.5 Trading assets

Trading assets are those assets that the Finance 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 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. 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 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

Salvage value of assets has not been considered.

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 WDV method using the rates and method prescribed by Income Tax Act.



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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 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, softwares 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 softwares 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 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.

Land or building or both acquired by the Finance as part of Non-Banking Assets are carried at the lower of fair value or the total receivable amount of loan, which is the cost of assets to bank.

Useful life of building held as investment property is considered to be same as that of property and equipment (i.e. 40 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 expense are taxable or deductible in different years or may never be taxable or deductible. Income tax rate applicable for Finance is 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.

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 from its customers.

The Finance 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 bank 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.



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3.12 Provisions

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, 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 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.

Finance, in general, generates interest income from loan to customers, investment in debt securities and on call deposits in Bank and Financial institutions .

Out of the total accrued interest receivable of Rs. 13,153,542, Rs. 1,206,985 related to subsidized loan claim is not recognised as AIR income and accrued interest receivable of Rs. 11,978,757.40 (including AIR of BFIs of Rs. 32,200) has been recognised in income as per NFRS, out of which amount net of tax and employee bonus has been transferred to regulatory reserve after deducting amount of interest recovered upto Shrawn 15 2079. Amount transferred to regulatory reserve is Rs. 6,090,047.65.

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 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 less than one year are immediately accounted as income. If the period of guarantee is more than one year, then proportionate amount of fee is accounted as income.

3.13.3 Dividend income

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

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

3.13.4 Net trading income

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

3.13.5 Other Operating Income

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

3.14 Interest expense

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

3.15 Employees Benefits

Employee expenses includes the amount paid to employees of bank 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, subsidized loans etc. These are provided as the services are rendered by the employees and measured on undiscounted amount of payment made.

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

Employee benefits are provided as per Employee Service Regulation of the Finance.

3.16 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right of use asset, even if that right is not explicitly specified in an arrangement.

Finance has not entered into finance lease.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in Finance cost in the Statement of Profit or loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Bank will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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.

The finance is not involved in any kind of foreign currency transaction during the fiscal year.

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 does not have shares of other kind other than ordinary shares.

3.19.2 Reserves

Finance 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. A bank which has earned foreign exchange revaluation gain on foreign currency other than Indian 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. Since the finance has not involved in foreign exchange transaction and does not hold any foreign currencies, such reserve has not been created.

c) Corporate Social Responsibility (CSR) Reserve

In line with clause 16 of Directive 16/078, Finance 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) **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.
- During the fiscal year, land having carrying value of Rs. 11,269,936/- has been revalued by independent valuator, S.N. Engineering Consultancy. As per the valuation report dated 21/06/2022, the fair value of the land is Rs. 18,540,000/-. The revaluation surplus of Rs. 7,270,064/- has been recognized as a separate revaluation reserve which is not included on the distributable earnings.
- i) **Capital Redemption Reserve**
This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.
- J) **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.
- k) **Investment Adjustment Reserve**
It is a regulatory reserve created as a cushion for adverse price movements in bank'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.

Movement in Share Premium Account

| Particulars | Amount |
|---|-------------------|
| Balance as on Shrawn 2078 | 9,660,352 |
| Add: Addition during FY 2078-79 | 12,653,717 |
| Less: Cost incurred in issue of Right Share during FY 2078-79 | (2,276,944) |
| Balance as on Ashad 2079 | 20,037,125 |

Opening retained earning has been adjusted by Provision related to NBA amounting to Rs. 22,112,000 and prior period error by Rs. 166,828.

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.

The Company has adjusted its retained earning as of 1 Shrawn 2078, due to undercharge of Non Banking Assets and prior period errors in previous years. The adjustment resulted in a correction of Rs. 17,689,600 (related to NBA after transferring Rs. 4,422,400 to general reserve fund) and Rs. 166,828 (related to prior period error) in retained earning. This correction had no impact on the company's income or cash flows. The company has implemented additional controls and procedures to prevent similar errors from occurring in the future.

3.20 Earning per share including diluted

The Finance 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 will be restated on the 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 and accordingly, the seven states of Nepal are considered as the segments. Income and expenses directly related to such segments are reported. Assets and liabilities specific to those are presented as segment assets and liabilities. Income tax is not segregated.

3.22 Events after Reporting Date

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

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

3.24 Finance has fully complied with NRB directions with regard to minimization of Covid-19 impact.

Detail regarding Forbearance/relaxation provided in order to minimize the impact of COVID-19

| Particulars | As of Asadh end 2079 | |
|---|----------------------|--------------|
| | No. of Customers | Amount (Rs.) |
| Accrued interest received after Asadh end 2079 till 15th Shrawan | 76 | 1,977,726 |
| Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio | 558 | 4,168,283 |
| Extension of moratorium periof of loan provided to Industry or Project under construction | | |
| Restructured/Rescheduled Loan with 5% Loan Loss Provision | | |
| Enhancement of Working Capital Loan by 20% to COVID affected borrowers | | |
| Enhancement of Term Loan by 10% to COVID affected borrowers | | |
| Expiry Date of Additional 10% Term Loan (COVID Loan) extended for upto 1year with 5% provisioning | | |
| Time Extension provided for repayment of Principal and Interest for upto two years as per clause 41 of NRB Directives 2 | | |

Details of Refinance and Business Continuity Loan as on Ashadh 2079

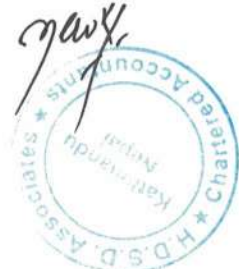
| Particulars | No. of Customers | Amount (NRs.) |
|--------------------------|------------------|---------------|
| Refinance Loan | | |
| Business Continuity Loan | | |

Details of Subsidized Loan as on Ashadh 2079

| Particulars | No. of Customers | Amount (NRs.) |
|-----------------|------------------|---------------|
| Subsidized Loan | 167 | 189,373,933 |

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Movement in Regulatory Reserve (From FY 2074/75 and onwards)

| 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 |
|--------------|---------------------|---------------------------|---|------------------------|---------------------|----------|--------------------------|---------------------------|-----------------------------------|------------------|-------------------|
| 2074/75 | | | | 58,788,927 | | | | | | | 58,788,927 |
| 2075/76 | | | | | 3,606,791 | | | | | | 3,606,791 |
| 2076/77 | | | | 100,000 | 963,672 | | | | | | 1,063,672 |
| 2077/78 | 210,602 | | | (31,367,900) | 13,394,990 | | | | | 1,162,344 | (16,599,963) |
| 2078/79 | 6,090,048 | | | 22,112,000 | 2,038,161 | | | | 12,969,065 | | 43,209,274 |
| Total | 6,300,650 | - | - | 49,633,027 | 20,003,615 | - | - | - | 12,969,065 | 1,162,344 | 90,068,701 |

Prakash S. Choudhary

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Other trading assets

Note 4.5

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-------------------------------|----------------|----------------|
| Treasury bills | - | - |
| Government bonds | - | - |
| NRB bonds | - | - |
| Domestic corporate bonds | - | - |
| Equity securities | - | - |
| Other - Units of mutual funds | - | - |
| Total | - | - |
| Pledged | | |
| Non-pledged | | |

Loan and advances to B/FIs

Note 4.6

| Particulars | Ashad End 2079 | Ashad End 2078 |
|------------------------------------|-------------------|-------------------|
| Loans to microfinance institutions | 20,157,949 | 18,212,890 |
| Other | - | - |
| Less: Allowances for impairment | (261,635) | (236,768) |
| Total | 19,896,314 | 17,976,123 |

Loans to Microfinance institutions includes AIR of Rs. 32,200 in FY 2078-79

Allowances for impairment

Note 4.6.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|------------------------------|------------------|------------------|
| Balance at Shrawan 1 | (236,768) | - |
| Impairment loss for the year | | |
| Charge for the year | (24,867) | (236,768) |
| Recoveries/reversal | - | - |
| Amount written off | - | - |
| Balance at Ashad end | (261,635) | (236,768) |

Handwritten signatures and a circular stamp are present below the table. The stamp is from the H.D.S.D. Association of Chartered Accountants, Nepal, Kathmandu. There are several handwritten signatures in blue ink, including one that appears to be 'Rajendra' and another 'S. Singh'.



Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Loans and advances to customers

Note 4.7

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|----------------------|--------------------|
| Loans and advances measured at amortized cost | 1,608,932,717 | 878,520,325 |
| Less: Impairment allowances | | |
| Collective impairment | - | - |
| Individual Impairment | (44,176,788) | (66,568,156) |
| Net amount | 1,564,755,929 | 811,952,170 |
| Loan and advances measured at FVTPL | - | - |
| Total | 1,564,755,929 | 811,952,170 |

Loans and advances includes staff loan at cost as well as net amount of accrued interest receivable and interest suspense on loan.

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

| Particulars | Ashad End 2079 | Ashad End 2078 |
|------------------------------------|----------------------|--------------------|
| Performing loan | 1,514,660,281 | 836,770,051 |
| Good | 1,419,189,941 | 834,638,473 |
| Watchlist | 95,470,341 | 2,131,579 |
| Non-performing loan | 72,646,601 | 45,040,085 |
| Substandard | 71,277,622 | 2,000,000 |
| Doubtful | - | - |
| Loss | 1,368,979 | 43,040,085 |
| Total | 1,587,306,883 | 881,810,137 |
| Add: loan to employees and Net AIR | 33,090,690 | 17,702,355 |
| Total loan | 1,620,397,573 | 899,512,492 |
| Impairment allowance | | |
| Performing loan | 25,250,037 | 23,264,838 |
| Good | 20,716,082 | 17,688,585 |
| Watchlist | 4,533,955 | 5,576,253 |
| Non-performing loan | 19,188,385 | 43,540,085 |
| Substandard | 17,819,406 | 500,000 |
| Doubtful | - | - |
| Loss | 1,368,979 | 43,040,085 |
| Additional | - | - |
| Total | 44,438,422 | 66,804,923 |

Analysis of loan and advances - By Product

Note 4.7.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------------|--------------------|
| Product | | |
| Term Loans | 545,736,480 | 358,389,550 |
| Overdraft | 279,571,267 | 240,130,850 |
| Trust Receipt/Import loans | - | - |
| Demand and other working capital loans | 3,267,320 | 26,521,800 |
| Personal residential loans | 163,192,692 | 84,284,140 |
| Real estate loans | 104,898,450 | - |
| Margin lending loans | 128,611,815 | 61,219,370 |
| Hire purchase loans | 101,218,033 | 11,229,570 |
| Deprived sector loans | 209,583,475 | 65,258,380 |
| Bills purchased | - | - |
| Staff loans | 28,598,041 | 17,560,771 |
| Other | 31,101,603 | 16,562,200 |
| Sub Total | 1,595,779,175 | 881,156,631 |
| Interest receivable | 13,153,542 | 3,401,654 |
| Total | 1,608,932,717 | 884,558,285 |

Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Analysis of loan and advances - By Currency

Note 4.7.2

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---------------------|----------------------|--------------------|
| Nepalese rupee | 1,608,932,717 | 884,558,285 |
| Indian rupee | - | - |
| United State dollar | - | - |
| Great Britain pound | - | - |
| Euro | - | - |
| Japanese yen | - | - |
| Chinese Yuan | - | - |
| Other | - | - |
| Total | 1,608,932,717 | 884,558,285 |

Analysis of loan and advances - By Collateral

Note 4.7.3

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---------------------------------------|----------------------|--------------------|
| Secured | | |
| Movable/immovable assets | 1,197,450,892 | 675,609,900 |
| Gold and silver | - | - |
| Guarantee of domestic B/FIs | - | - |
| Government guarantee | 2,603,853 | 2,603,850 |
| Guarantee of international rated bank | - | - |
| Collateral of export document | - | - |
| Collateral of fixed deposit receipt | 29,762,425 | 8,200,000 |
| Collateral of Government securities | - | - |
| Counter guarantee | - | - |
| Personal guarantee | 179,048,780 | 68,758,652 |
| Other collateral | 200,066,768 | 129,385,884 |
| Sub Total | 1,608,932,717 | 884,558,285 |
| Unsecured | - | - |
| Total | 1,608,932,717 | 884,558,285 |

Allowances for Impairment

Note 4.7.4

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|-------------------|--------------------|
| Specific allowances for impairment | | |
| Balance at Shrawan 1 | 66,804,923 | 119,754,372 |
| Impairment loss for the year: | | |
| Charge for the year | (22,628,136) | (52,949,449) |
| Recoveries/reversal during the year | - | - |
| Write-offs | - | - |
| Exchange rate variance on foreign currency | - | - |
| Other movement | - | - |
| Balance at Ashad end | 44,176,788 | 66,804,923 |
| Collective allowances for impairment | | |
| Balance at Shrawan 1 | | |
| Impairment loss for the year: | | |
| Charge/(reversal) for the year | - | - |
| Exchange rate variance on foreign currency | - | - |
| Other movement | - | - |
| Balance at Ashad end | | |
| Total allowances for impairment | 44,176,788 | 66,804,923 |

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Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Investment Securities

Note 4.8

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|--------------------|--------------------|
| Investment securities measured at amortized cost | 259,975,957 | 143,357,880 |
| Investment in equity measured at FVTOCI | 56,130,105 | 30,818,541 |
| Total | 316,106,062 | 174,176,421 |

Investment securities measured at amortized cost

Note 4.8.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|--------------------|--------------------|
| Debt securities | - | - |
| Government bonds | 70,000,000 | 50,000,000 |
| Government treasury bills | 189,975,957 | 93,357,880 |
| Nepal Rastra Bank bonds | - | - |
| Nepal Rastra Bank deposits instruments | - | - |
| Other | - | - |
| Less: specific allowances for impairment | - | - |
| Total | 259,975,957 | 143,357,880 |

Investment in equity measured at fair value through other comprehensive income

Note 4.8.2

| Particulars | Ashad End 2079 | Ashad End 2078 |
|----------------------------|-------------------|-------------------|
| Equity instruments | | |
| Quoted equity securities | 50,458,685 | 26,575,723 |
| Unquoted equity securities | 5,671,420 | 4,242,818 |
| Total | 56,130,105 | 30,818,541 |

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Note 4.8.3

Information relating to investment in equities

| | Ashad End 2079 | | Ashad End 2078 | |
|--|----------------|------------|----------------|------------|
| | Cost | Fair Value | Cost | Fair Value |
| Investment in Quoted Equity | | | | |
| Measured at Fair Value through OCI | | | | |
| Chhimek laghubitta Bittiya Sanstha Ltd 372 shares of Rs. 1,407.04 each | 523,419 | 409,200 | 2,462,006 | 2,398,440 |
| NERUDE Laghubitta Bittiya Sanstha Ltd 125 shares of Rs. 1,118.14 each | 139,767 | 110,000 | 790,222 | 932,800 |
| Sana Kisan Laghubitta Bittiya Sanstha Ltd 72 shares of Rs. 1,391.46 each | 100,185 | 76,680 | 500,924 | 475,600 |
| Swabalamban Laghubitta Bittiya Sanstha Ltd 45 shares of Rs. 1,508.86 each | 67,898 | 52,605 | 425,259 | 394,842 |
| Nirdhan Uthan Laghubitta Bittiya Sanstha Ltd Promotor Share 3,820 shares of Rs. 646.09 each | 2,468,073 | 2,101,000 | 2,468,073 | 1,627,450 |
| Butwal Power Company Ltd 14,231 shares of Rs. 495.76 each | 7,055,193 | 4,582,382 | 1,618,887 | 1,992,122 |
| Chillime Hydropower Company Ltd 8,600 shares of Rs. 548.97 each | 4,721,160 | 3,508,800 | 4,721,160 | 5,496,000 |
| Rasuwagadhi Hydropower Company Ltd 2,355 shares of Rs. 425.06 each | 1,001,020 | 642,915 | 1,001,020 | 1,116,270 |
| Sanjen Jalabidhyut Company Ltd 2,000 shares of Rs. 341.95 each | 683,906 | 520,000 | 683,906 | 898,000 |
| NECO Insurance Company Ltd 1,398 shares of Rs. 1,226.31 each | 1,714,388 | 970,212 | 460,797 | 469,104 |
| NLG Insurance Company Ltd 1,210 shares of Rs. 1,030.34 each | 1,246,708 | 578,380 | - | - |
| Sagarmatha Insurance Company Ltd. 1,020 shares of Rs. 1,225.14 each | 1,249,639 | 887,400 | - | - |
| Premier Insurance Company Ltd. 1,113 shares of Rs. 1,124.24 each | 1,250,986 | 651,456 | - | - |
| Asian Life Insurance Company Ltd. 1,113 shares of Rs. 1,124.24 each | 1,251,279 | 638,862 | - | - |
| Surya Life Insurance Company Ltd. 1,436 shares of Rs. 869.6 each | 1,248,752 | 555,732 | - | - |
| Gurans Life Insurance Company Ltd. 1,645 shares of Rs. 758.42 each | 1,247,596 | 797,825 | - | - |
| National Life Insurance Company Ltd. 1,190 shares of Rs. 1,059.79 each | 1,261,149 | 686,630 | - | - |
| Shivam Cements Limited 2,000 shares of Rs. 1,580.93 each | 3,161,865 | 1,520,000 | 767,879 | 729,000 |
| NIC Asia Dynamic Debt Fund 50,000 units of Rs. 10 each | 500,000 | 535,500 | 500,000 | 500,000 |
| Citizen Mutual Fund-2 331,305 units of Rs. 13.98 each | 4,630,647 | 3,352,807 | 33 | 42 |
| Citizen Mutual Fund-1 558,090 units of Rs. 13.16 each | 7,342,798 | 4,911,192 | 2,912,216 | 3,415,344 |
| NIBL Samridhhi Fund1 75,816 units of Rs. 13.43 each | - | - | 1,018,209 | 1,088,718 |
| Prabhu Select Fund 300,000 units of Rs. 10 each | 3,000,000 | 2,883,000 | 3,000,000 | 3,042,000 |
| NIC Asia Select 30 200,000 units of Rs. 10 each | 2,000,000 | 1,754,000 | 2,000,000 | 2,000,000 |
| Sunrise First Mutual Fund 88,000 units of Rs. 18.13 each | 1,595,359 | 1,012,000 | - | - |
| Global IME Samunnat Scheme 1 539,563 units of Rs. 21.45 each | 11,571,523 | 5,395,630 | - | - |
| NIBL Pragati Fund 141,000 units of Rs. 15.52 each | 2,188,169 | 1,412,820 | - | - |
| Sanima Equity Fund 50,000 units of Rs. 16.67 each | 833,680 | 637,500 | - | - |
| RBB Mutual Fund 1 200,000 units of Rs. 10 each | 2,000,000 | 1,854,000 | - | - |
| Mega Mutual Fund 1 300,000 units of Rs. 10 each | 3,000,000 | 2,397,000 | - | - |
| Nabil Balance Fund 3 16,680 units of Rs. 10 each | 166,800 | 157,292 | - | - |

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[Circular stamp: Chartered Accountants]








Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Information relating to investment in equities

Note 4.8.3

| | Ashad End 2079 | | Ashad End 2078 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Cost | Fair Value | Cost | Fair Value |
| NIBL Sahabagita Fund 267,618 units of Rs. 12.11 each | 3,240,883 | 2,868,865 | | |
| Kumari Dhanabridhhi Yojana 100,000 units of Rs. 10 each | 1,000,000 | 997,000 | | |
| NIC Asia Flexi Cap Fund 100,000 units of Rs. 10 each | 1,000,000 | 1,000,000 | | |
| Total Investment In Quoted Equity | 74,462,840 | 50,458,685 | 25,330,591 | 26,575,732 |
| Investment In Unquoted Equity Measured at Fair Value through OCI | | | | |
| Nepal Clearing House Ltd. 3,784 shares of Rs. 26.43 each | 100,000 | 1,014,708 | 100,000 | 786,310 |
| Credit Information Bureau Ltd. 11,813 shares of Rs. 8 each | 94,500 | 4,656,713 | 94,500 | 3,456,509 |
| Total Investment In Unquoted Equity | 194,500 | 5,671,420 | 194,500 | 4,242,818 |
| Total Investment In Equities | 74,657,340 | 56,130,105 | 25,525,091 | 30,818,551 |



Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Current tax assets Note 4.9

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-------------------------------------|---------------------|------------------|
| Current tax assets | | |
| Current Year income tax assets | 2,069,610 | 1,225,629 |
| Tax assets of prior periods | 3,358,942 | 2,132,290 |
| Current tax liabilities | | |
| Current year income tax liabilities | - | - |
| Tax liabilities of prior periods | - | - |
| Total | 5,428,551.79 | 3,357,919 |

Investment in subsidiaries Note 4.10

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-------------------------------------|----------------|----------------|
| Investment in quoted subsidiaries | - | - |
| Investment in unquoted subsidiaries | - | - |
| Total investment | - | - |
| Less: Impairment allowances | - | - |
| Net Carrying Amount | - | - |

Investment in associates Note 4.11

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-----------------------------------|----------------|----------------|
| Investment in quoted associates | - | - |
| Investment in unquoted associates | - | - |
| Total investment | - | - |
| Less: Impairment allowances | - | - |
| Net Carrying Amount | - | - |

Investment properties Note 4.12

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|-------------------|-------------------|
| Investment properties measured at fair value | | |
| Balance as on Shrawan 1 | - | - |
| Addition/disposal during the year | - | - |
| Net changes in fair value during the year | - | - |
| Adjustment/transfer | - | - |
| Net Amount | - | - |
| Investment properties measured at cost | | |
| Balance as on Shrawan 1 | 27,521,027 | 58,788,927 |
| Addition during the year | 22,112,000 | - |
| Disposal during the year | - | (31,367,900) |
| Adjustment/transfer | - | 100,000 |
| Accumulated depreciation | - | - |
| Accumulated impairment loss | - | - |
| Net amount | 49,633,027 | 27,521,027 |
| Total | 49,633,027 | 27,521,027 |

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Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Note 4.13

Property and Equipment

| Particulars | Land | Building/ROU Assets | Leasehold Properties | Computer & Accessories | Vehicles | Furniture & Fixture | Machinery | Equipment & Others | Ashad End 2079 |
|--|-------------------|---------------------|----------------------|------------------------|------------------|---------------------|-----------|--------------------|-------------------|
| Cost | | | | | | | | | |
| As on Shrawan 1, 2077 | 11,269,936 | - | 7,489,647 | 3,240,587 | 4,665,618 | 919,617 | - | 1,868,869 | 29,454,274 |
| Addition during the Year | - | - | 5,393,966 | 4,698,471 | 876,900 | 1,311,205 | - | 720,527 | 13,001,669 |
| Acquisition | - | - | - | - | (210,641) | - | - | - | (210,641) |
| Capitalization | - | - | - | - | - | - | - | - | - |
| Disposal during the Year | - | - | - | - | - | - | - | - | - |
| Adjustment/Revaluation | - | - | - | - | - | - | - | - | - |
| Balance as on Ashad end 2078 | 11,269,936 | - | 12,883,613 | 7,939,058 | 5,331,877 | 2,230,822 | - | 2,589,395 | 42,244,702 |
| Addition during the Year | - | 22,527,482 | - | 1,664,280 | - | 406,457 | - | 462,153 | 25,060,372 |
| Acquisition | - | - | 2,744,176 | - | - | - | - | - | 2,744,176 |
| Capitalization | - | - | - | - | - | - | - | - | - |
| Disposal during the year | - | - | - | - | - | - | - | - | - |
| Adjustment/Revaluation | 7,270,064 | - | - | - | - | - | - | - | 7,270,064 |
| Balance as on Ashad end 2079 | 18,540,000 | 22,527,482 | 15,627,789 | 9,603,338 | 5,331,877 | 2,637,279 | - | 3,051,548 | 77,319,314 |
| Depreciation and Impairment | | | | | | | | | |
| As on Shrawan 1, 2077 | - | - | 41,007 | 402,153 | 719,549 | 167,925 | - | 251,917 | 1,582,551 |
| Impairment for the year | - | - | - | - | 896,161 | 270,844 | - | 651,028 | 3,745,912 |
| Depreciation charge for the Year | - | - | 827,408 | 1,100,471 | (52,660) | - | - | - | (52,660) |
| Disposals | - | - | - | - | - | - | - | - | - |
| Adjustment | - | - | - | - | - | - | - | - | - |
| As on Ashad end 2078 | - | - | 868,415 | 1,502,624 | 1,563,051 | 438,770 | - | 902,944 | 5,275,803 |
| Impairment for the Year | - | - | - | - | 753,765 | 495,893 | - | 430,915 | 4,824,910 |
| Depreciation charge for the Year | - | - | 1,339,048 | 1,805,288 | - | - | - | - | 4,096,018 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Adjustment(ROU Assets) | - | 4,096,018 | - | - | - | - | - | - | 4,096,018 |
| As on Ashad end 2079 | - | 4,096,018 | 2,207,463 | 3,307,912 | 2,316,816 | 934,663 | - | 1,333,859 | 14,196,731 |
| Capital Work in Progress Net Book Value | | | | | | | | | |
| As on Ashad end 2077 | 11,269,936 | - | 7,448,640 | 2,832,379 | 3,946,069 | 509,881 | - | 2,101,255 | 27,867,330 |
| As on Ashad end 2078 | 11,269,936 | - | 12,015,199 | 6,436,434 | 3,768,827 | 1,792,053 | - | 1,686,451 | 36,968,899 |
| As on Ashad end 2079 | 18,540,000 | 18,431,464 | 13,420,326 | 6,295,426 | 3,015,061 | 1,702,616 | - | 1,717,689 | 63,122,583 |

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Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Goodwill and Intangible Assets

Note 4.14

| Particulars | Goodwill | Software | | Other | Ashad End 2079 |
|--|----------|------------------|-----------|-------|------------------|
| | | Purchased | Developed | | |
| Cost | | | | | |
| As on Shrawan 1, 2077 | - | 1,732,801 | - | - | 1,732,801 |
| Addition during the Year | | | | | |
| Acquisition | - | 1,735,037 | - | - | 1,735,037 |
| Capitalization | - | - | - | - | - |
| Disposal during the year | - | - | - | - | - |
| Adjustment/Revaluation | - | - | - | - | - |
| Balance as on Ashad end 2078 | - | 3,467,838 | - | - | 3,467,838 |
| Addition during the Year | | | | | |
| Acquisition | - | 233,910 | - | - | 233,910 |
| Capitalization | - | - | - | - | - |
| Disposal during the year | - | - | - | - | - |
| Adjustment/Revaluation | - | - | - | - | - |
| Balance as on Ashad end 2079 | - | 3,701,748 | - | - | 3,701,748 |
| Amortization and Impairment | | | | | |
| As on Shrawan 1, 2077 | - | 89,248 | - | - | 89,248 |
| Amortization charge for the Year | - | 446,901 | - | - | 446,901 |
| Impairment for the year | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Adjustment | - | - | - | - | - |
| As on Ashad end 2078 | - | 536,149 | - | - | 536,149 |
| Amortization charge for the Year | - | 615,046 | - | - | 615,046 |
| Impairment for the year | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Adjustment | - | - | - | - | - |
| As on Ashad end 2079 | - | 1,151,195 | - | - | 1,151,195 |
| Capital Work in Progress Net Book Value | | | | | |
| As on Ashad end 2077 | - | 1,643,553 | - | - | 1,643,553 |
| As on Ashad end 2078 | - | 2,931,689 | - | - | 2,931,689 |
| As on Ashad end 2079 | - | 2,550,553 | - | - | 2,550,553 |

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Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Deferred Tax

Note 4.15

| Particulars | Deferred Tax Assets | Current Year | |
|--|---------------------|--------------------------|-----------------------------------|
| | | Deferred Tax Liabilities | Deferred Tax Assets/(Liabilities) |
| Deferred tax on temporary differences on following items | | | |
| Loan and Advance to B/FIs | - | - | - |
| Loans and advances to customers | - | - | - |
| Interest Receivable on Loans and advances | - | - | - |
| Investment properties | - | - | - |
| Investment securities | 5,558,171 | - | 5,558,171 |
| Property & equipment | - | 6,118,288 | (6,118,288) |
| Employees' defined benefit plan | 1,228,534 | - | 1,228,534 |
| Lease liabilities | 5,575,926 | - | 5,575,926 |
| Provisions | - | - | - |
| Other temporary differences | - | 2,181,019 | (2,181,019) |
| Deferred tax on temporary differences | 12,362,630 | 8,299,307 | 4,063,323 |
| Deferred tax on carry forward of unused tax losses | 15,940,292 | - | 15,940,292 |
| Deferred tax due to changes in tax rate | - | - | - |
| Net Deferred tax asset/(liabilities) as on year end of 2079 | | | 20,003,615 |
| Deferred tax asset/(liabilities) as on Shrawan 1, 2078 (Restated) | | | 17,965,454 |
| Origination/(Reversal) during the year | | | (2,038,161) |
| Deferred tax expense/(income) recognised in profit or loss | | | 2,927,028 |
| Deferred tax expense/(income) recognised in other comprehensive income | | | (4,965,189) |
| Deferred tax expense/(income) recognised in directly in equity | | | - |

| Particulars | Deferred Tax Assets | Previous Year | |
|--|---------------------|--------------------------|-----------------------------------|
| | | Deferred Tax Liabilities | Deferred Tax Assets/(Liabilities) |
| Deferred tax on temporary differences on following items | | | |
| Loan and Advance to B/FIs | - | - | - |
| Loans and advances to customers | - | - | - |
| Interest Receivable on Loans and advances | - | - | - |
| Investment properties | - | - | - |
| Investment securities | - | 425,693 | (425,693) |
| Property & equipment | 2,451,965 | - | 2,451,965 |
| Employees' defined benefit plan | 574,237 | - | 574,237 |
| Lease liabilities | - | - | - |
| Provisions | - | - | - |
| Other temporary differences | - | - | - |
| Deferred tax on temporary differences | 3,026,202 | 425,693 | 2,600,509 |
| Deferred tax on carry forward of unused tax losses | 18,745,926 | - | 18,745,926 |
| Deferred tax due to changes in tax rate | - | - | - |
| Net Deferred tax asset/(liabilities) as on year end of 2078 | 21,772,128 | 425,693 | 21,346,435 |
| Deferred tax asset/(liabilities) as on Shrawan 1, 2077 | | | 4,570,463 |
| Origination/(Reversal) during the year | | | (16,775,972) |
| Deferred tax expense/(income) recognised in profit or loss | | | (17,201,665) |
| Deferred tax expense/(income) recognised in other comprehensive income | | | 425,693 |
| Deferred tax expense/(income) recognised in directly in equity | | | - |

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Other assets

Note 4.16

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-------------------------------|-------------------|-------------------|
| Assets held for sale | - | - |
| Other non banking assets | - | - |
| Bills receivable | - | - |
| Accounts receivable | 84,925 | 3,916,255 |
| Accrued income | 4,185,772 | 1,365,513 |
| Prepayments and deposit | 7,837,682 | 1,227,732 |
| Income tax deposit | - | - |
| Deferred employee expenditure | 4,492,649 | 6,037,971 |
| Other | 1,712,602 | 4,759,939 |
| Total | 18,313,629 | 17,307,410 |

Due to Bank and Financial Institutions

Note 4.17

| Particulars | Ashad End 2079 | Ashad End 2078 |
|----------------------------------|--------------------|--------------------|
| Money market deposits | - | - |
| Interbank borrowing | - | - |
| Other deposits from BFIs | - | - |
| Settlement and clearing accounts | - | - |
| Other deposits from BFIs | 481,481,127 | 242,845,222 |
| Total | 481,481,127 | 242,845,222 |

Due to Nepal Rastra Bank

Note 4.18

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|-------------------|----------------|
| Refinance from NRB | - | - |
| Standing Liquidity Facility | 90,000,000 | - |
| Lender of last report facility from NRB | - | - |
| Securities sold under repurchase agreements | - | - |
| Other payable to NRB | - | - |
| Total | 90,000,000 | - |

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 - A signature that appears to be "Rajendra".
 - A signature that appears to be "Smita".
 - A signature that appears to be "Smita".



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 - A signature that appears to be "Smita".

Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Derivative financial instruments

Note 4.19

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---------------------------------|----------------|----------------|
| 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 | - | - |

Deposits from customers

Note 4.20

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--------------------------------|----------------------|--------------------|
| Institutions customers: | | |
| Term deposits | 399,593,000 | 156,650,000 |
| Call deposits | 84,879,842 | 43,809,980 |
| Current deposits | 16,597,973 | 11,413,002 |
| Other | 10,161,161 | 2,885,610 |
| Individual customers: | | |
| Term deposits | 650,799,777 | 246,995,878 |
| Call deposits | 270,464,994 | 239,613,402 |
| Current deposits | 1,616,011 | 6,839,784 |
| Other | - | - |
| Total | 1,434,112,759 | 708,207,656 |

Currency wise analysis of deposit from customers

Note 4.20.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---------------------|----------------------|--------------------|
| Nepalese rupee | 1,434,112,759 | 708,207,656 |
| Indian rupee | - | - |
| United State dollar | - | - |
| Great Britain pound | - | - |
| Euro | - | - |
| Japanese yen | - | - |
| Chinese yuan | - | - |
| Other | - | - |
| Total | 1,434,112,759 | 708,207,656 |

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Borrowing

Note 4.21

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|----------------|----------------|
| Domestic Borrowing | | |
| Nepal Government | - | - |
| Other Institutions | - | - |
| Other | - | - |
| Sub total | - | - |
| Foreign Borrowing | | |
| Foreign Bank and Financial Institutions | - | - |
| Multilateral Development Banks | - | - |
| Other Institutions | - | - |
| Sub total | - | - |
| Total | - | - |

Provisions

Note 4.22

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|----------------|----------------|
| Provisions for redundancy | - | - |
| Provision for restructuring | - | - |
| Pending legal issues and tax litigation | - | - |
| Onerous contracts | - | - |
| Other | - | - |
| Total | - | - |

Provisions

Note 4.22.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-------------------------------------|----------------|----------------|
| Balance at Shrawan 1 | - | - |
| Provisions made during the year | - | - |
| Provisions used during the year | - | - |
| Provisions reversed during the year | - | - |
| Unwind of discount | - | - |
| Total | - | - |

Other liabilities

Note 4.23

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|-------------------|-------------------|
| Employees defined benefit obligations/(assets)* | 722,083 | 570,211 |
| Liability for long-service leave** | 4,025,068 | 1,844,275 |
| Short-term employee benefits | 204,129 | 309,208 |
| Bills payable | - | - |
| Creditors and accruals | 11,126,335 | 14,541,664 |
| Interest payable on deposit | 43,440 | 19,413 |
| Interest payable on borrowing | - | - |
| Liabilities on deferred grant income | - | - |
| Unpaid Dividend | 137,082 | 137,082 |
| Liabilities under Finance Lease | - | - |
| Employee bonus payable | 315,487 | 367,823 |
| Other | 4,938,252 | 5,202,676 |
| Lease Liabilities | 18,586,419 | - |
| Total | 40,098,296 | 22,992,352 |

*Liability for employees defined benefit obligation represents gratuity liability. Please refer Note 2.4.7 for measurement basis.

**Please refer Note 2.4.7 for measurement basis.

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Defined benefit obligations

NOTE 4.23.1

As actuarial valuation has not been done, the following notes (note 4.23.1 to 4.23.7) are not required to be filled up. Nevertheless, the form has been provided. The amounts recognised in the statement of financial position are as follows:

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------|----------------|
| 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 | - | - |

Plan assets

Note 4.23.2

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------|----------------|
| Equity securities | - | - |
| Government bonds | - | - |
| Bank deposit | - | - |
| Other (in Gratuity Scheme with Citizen Investment Trust) | - | - |

Movement in the present value of defined benefit obligations

Note 4.23.3

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------|----------------|
| Defined benefit obligations at Shrawan 1 | - | - |
| Actuarial losses/(gains) | - | - |
| Benefits paid by the plan | - | - |
| Current service costs and interest | - | - |
| Defined benefit obligations at Ashad end | - | - |

Movement in the fair value of plan assets

Note 4.23.4

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------|----------------|
| Fair value of plan assets at Shrawan 1 | - | - |
| Contributions paid into the plan | - | - |
| Benefits paid during the year | - | - |
| Actuarial (losses)/gains | - | - |
| Expected return on plan assets | - | - |
| Fair value of plan assets at Ashad end | - | - |

Amount recognised in profit or loss

Note 4.23.5

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--------------------------------|----------------|----------------|
| Current service costs | - | - |
| Interest on obligation | - | - |
| Expected return on plan assets | - | - |
| Total | - | - |

Amount recognised in other comprehensive income

Note 4.23.6

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-----------------------|----------------|----------------|
| Actuarial (gain)/loss | - | - |
| TOTAL | - | - |

Actuarial assumptions

Note 4.23.7

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-------------------------------|----------------|----------------|
| Discount rate | - | - |
| Expected return on plan asset | - | - |
| Future salary increase | - | - |
| Withdrawal rate | - | - |

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Debt securities issued

Note 4.24

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|----------------|----------------|
| Debt securities issued designated as at fair value through profit or loss | - | - |
| Debt securities issued at amortised cost | - | - |
| Total | - | - |

Subordinated Liabilities

Note 4.25

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|----------------|----------------|
| Redeemable preference shares | - | - |
| Irredeemable cumulative preference shares | - | - |
| Other | - | - |
| Total | - | - |

Share capital

Note 4.26

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|--------------------|--------------------|
| Ordinary shares | 742,174,800 | 428,385,100 |
| Convertible preference shares (equity component) | - | - |
| Irredeemable preference shares (equity component) | - | - |
| Perpetual debt (equity component only) | - | - |
| Total | 742,174,800 | 428,385,100 |

Ordinary shares

Note 4.26.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|--------------------|--------------------|
| Authorized Capital | | |
| 82,00,000 Ordinary share of Rs. 100 each | 820,000,000 | 820,000,000 |
| Issued capital | | |
| 81,89,114 Ordinary share of Rs. 100 each | 818,911,400 | 818,911,400 |
| Subscribed and paid up capital | | |
| 74,21,748 Ordinary share of Rs. 100 each | 742,174,800 | 428,385,100 |
| Total | 742,174,800 | 428,385,100 |

Ordinary share ownership

Note 4.26.2

| Particulars | Ashad End 2079 | | Ashad End 2078 | |
|---------------------------------|----------------|--------------------|----------------|--------------------|
| | Percent | Amount | Percent | Amount |
| Domestic ownership | | | | |
| Nepal Government | - | - | - | - |
| "A" class licensed institutions | - | - | - | - |
| Other licensed institutions | - | - | - | - |
| Other Institutions | - | - | - | - |
| Public | 44.83% | 332,753,000 | 40.63% | 174,068,177 |
| Other | 55.17% | 409,421,800 | 59.37% | 254,316,923 |
| Foreign ownership | | | | |
| Total | 100.00% | 742,174,800 | 100.00% | 428,385,100 |

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Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Shareholders holding 0.5% shares and above

| S.N. | Name of Shareholder | No. of Shares | Holding % |
|------|---|---------------|-----------|
| 1 | Shiva Prasad Ghimire | 720,882 | 9.71% |
| 2 | Bhesh Raj Lohani | 477,652 | 6.44% |
| 3 | Suchitra Sijapati | 410,441 | 5.53% |
| 4 | Gopini Sanjel | 299,077 | 4.03% |
| 5 | Bidusha Ojha | 153,340 | 2.07% |
| 6 | Diwakar Kucheria | 153,000 | 2.06% |
| 7 | Phadendra Prasad Acharya | 134,000 | 1.81% |
| 8 | Nepa Petroleum Trade Links Pvt Ltd | 120,147 | 1.62% |
| 9 | Binod Pokhrel | 120,147 | 1.62% |
| 10 | Uma Lamichhane | 111,813 | 1.51% |
| 11 | Hema Kumari Lohani | 91,119 | 1.23% |
| 12 | Bhagwan Das Manandhar | 67,731 | 0.91% |
| 13 | Rays Capital And Investment Company Ltd | 60,000 | 0.81% |
| 14 | Dhan Kumari Prasai | 54,000 | 0.73% |
| 15 | Rajnish Kumar Singh | 46,500 | 0.63% |
| 16 | Bhaskar Neuphane | 46,180 | 0.62% |
| 17 | Dilip Poudyal | 46,180 | 0.62% |
| 18 | Kamal Bhattarai | 40,500 | 0.55% |

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Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Reserves

Note 4.27

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|--------------------|--------------------|
| Statutory general reserve | 97,164,622 | 92,696,653 |
| Exchange equalisation reserve | - | - |
| Corporate social responsibility reserve | 2,278 | 208,799 |
| Capital redemption reserve | - | - |
| Regulatory reserve | 90,068,701 | 50,240,408 |
| Investment adjustment reserve | - | - |
| Capital reserve | - | - |
| Assets revaluation reserve | 5,089,045 | - |
| Fair value reserve | (12,969,065) | 3,705,422 |
| Dividend equalisation reserve | - | - |
| Actuarial gain / (loss) | - | - |
| Special reserve | - | - |
| Other reserve | 67,801 | 240,143 |
| Total | 179,423,382 | 147,091,426 |

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 Pankaj
 Indira
 Chandra
 Bhanu
 Jyoti

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Contingent liabilities and commitments

Note 4.28

| Particulars | Ashad End 2079 | Ashad End 2078 |
|------------------------------------|----------------|-------------------|
| Contingent liabilities | - | - |
| Undrawn and undisbursed facilities | - | - |
| Capital commitment | - | - |
| Lease Commitment | - | 19,649,808 |
| Litigation | - | - |
| Total | - | 19,649,808 |

Contingent liabilities

Note 4.28.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-----------------------------------|----------------|----------------|
| Acceptance and documentary credit | - | - |
| Bills for collection | - | - |
| Forward exchange contracts | - | - |
| Guarantees | - | - |
| Underwriting commitment | - | - |
| Other commitments | - | - |
| Total | - | - |

Undrawn and undisbursed facilities

Note 4.28.2

| Particulars | Ashad End 2079 | Ashad End 2078 |
|------------------------------------|----------------|----------------|
| Undisbursed amount of loans | - | - |
| Undrawn limits of overdrafts | - | - |
| Undrawn limits of credit cards | - | - |
| Undrawn limits of letter of credit | - | - |
| Undrawn limits of guarantee | - | - |
| Total | - | - |

Capital commitments

Note 4.28.3

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

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------|----------------|
| Capital commitments in relation to Property and Equipment | | |
| 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 | - | - |

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Lease commitments

Note 4.28.4

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|----------------|-------------------|
| Operating lease commitments | | |
| Future minimum lease payments under non cancellable operating lease, where the bank is lessee | - | - |
| Not later than 1 year | - | 5,280,144 |
| Later than 1 year but not later than 5 years | - | 10,587,750 |
| Later than 5 years | - | 3,781,915 |
| Sub total | - | 19,649,808 |
| 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 | - | - |
| Total | - | 19,649,808 |

Litigation

Note 4.28.5

The finance company's litigations are generally related to its ordinary course of business pending on various jurisdictions. There is rental claim of Rs. 1,250,000 from landlord of Hetauda Branch.

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Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Interest income

Note 4.29

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|--------------------|-------------------|
| Cash and cash equivalent | - | - |
| Due from Nepal Rastra Bank | - | - |
| Placement with bank and financial institutions | 4,942,602 | 2,096,373 |
| Loan and advances to bank and financial institutions | 2,054,073 | 491,220 |
| Loans and advances to customers | 177,328,024 | 51,226,093 |
| Investment securities | 11,153,688 | 3,236,613 |
| Loan and advances to staff | 4,222,620 | 1,445,943 |
| Other | - | 3,038,579 |
| Total interest income | 199,701,007 | 61,534,820 |

Interest expense

Note 4.30

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|--------------------|-------------------|
| Due to bank and financial institutions | 5,683,619 | 6,197,418 |
| Due to Nepal Rastra Bank | 5,762,496 | - |
| Deposits from customers | 118,391,025 | 25,531,848 |
| Borrowing | - | - |
| Debt securities issued | - | - |
| Subordinated liabilities | - | - |
| Other(Finance Cost on lease liability) | 2,164,040 | - |
| Total interest expense | 132,001,180 | 31,729,266 |

Fees and Commission Income

Note 4.31

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|-------------------|------------------|
| Loan administration fees | 11,179,469 | 7,011,723 |
| Service fees | 35,556 | 399,881 |
| Consortium fees | - | - |
| Commitment fees | - | - |
| DD/TT/Swift fees | - | - |
| Credit card/ATM issuance and renewal fees | - | - |
| Prepayment and swap fees | 573,512 | 50,000 |
| Investment banking fees | - | - |
| Asset management fees | - | - |
| Brokerage fees | - | - |
| Remittance fees | 56,706 | 44,663 |
| Commission on letter of credit | - | - |
| Commission on guarantee contracts issued | - | - |
| Commission on share underwriting/issue | - | - |
| Locker rental | - | - |
| Other fees and commission income | 467,071 | 59,372 |
| Total fees and commission income | 12,312,314 | 7,565,639 |

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Samridhhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Fees and commission expense

Note 4.32

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|----------------|----------------|
| 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

Note 4.33

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|----------------|----------------|
| 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

Note 4.34

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|-------------------|-------------------|
| Foreign exchange revaluation gain | - | - |
| Gain/loss on sale of investment securities | (128,575) | 2,099,350 |
| Fair value gain/loss on investment properties | - | - |
| Dividend on equity instruments | 10,313,551 | 168,335 |
| Gain/loss on sale of property and equipment | - | 202,174 |
| Gain/loss on sale of investment property | - | 8,417,100 |
| Operating lease income | - | - |
| Gain/loss on sale of gold and silver | - | - |
| Locker rent | - | - |
| Other | - | - |
| Total | 10,184,975 | 10,886,959 |

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Samridhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Impairment charge/(reversal) for loan and other losses

Note 4.35

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|---------------------|---------------------|
| Impairment charge/(reversal) on loan and advances to B/FIs | - | - |
| Impairment charge/(reversal) on loan and advances to customer | (22,366,501) | (52,949,449) |
| Impairment charge/(reversal) on financial Investment | - | - |
| Impairment charge/(reversal) on Other Assets | (581,078) | (1,033,105) |
| Impairment charge/(reversal) on property and equipment | - | - |
| Impairment charge/(reversal) on goodwill and intangible assets | - | - |
| Impairment charge/(reversal) on investment properties | - | (31,367,900) |
| Total | (22,947,579) | (85,350,454) |

Personnel Expense

Note 4.36

| Particulars | Ashad End 2079 | Ashad End 2078 |
|-----------------------------------|-------------------|-------------------|
| Salary | 21,128,975 | 16,227,707 |
| Allowances | 13,994,063 | 7,441,099 |
| Gratuity expense | - | 1,028,217 |
| Provident fund/SSF Contribution | 4,176,368 | 1,862,098 |
| Uniform | 850,521 | 555,803 |
| Training and development expense | 616,263 | 419,981 |
| Leave encashment | 3,120,405 | 2,122,077 |
| Medical | 2,497,191 | 1,952,722 |
| Insurance | - | - |
| Employees incentive | - | - |
| Cash-settled share-based payments | - | - |
| Pension expense | - | - |
| Finance expense under NFRS | 1,888,277 | 1,069,462 |
| Other expenses related to staff | 324,217 | 317,675 |
| Subtotal | 48,596,280 | 32,996,843 |
| Employees bonus | 315,487 | 367,823 |
| Total | 48,911,766 | 33,364,666 |

Other operating expense

Note 4.37

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|-------------------|-------------------|
| Directors' fee | 969,000 | 861,000 |
| Directors' expense | 469,309 | 320,590 |
| Auditors' remuneration | 813,600 | 601,669 |
| Other audit related expense | 580,000 | 307,894 |
| Professional and legal expense | 1,020,015 | 853,864 |
| Office administration expense (Refer 4.37.1) | 24,317,523 | 15,942,344 |
| Operating lease expense | - | 4,731,161 |
| Operating expense of investment properties | - | - |
| Corporate social responsibility expense | 99,008 | - |
| Onerous lease provisions | - | - |
| Other | - | - |
| TOTAL | 28,268,455 | 23,618,523 |

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Samriddhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Office administration expense

Note 4.37.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|-------------------|-------------------|
| Water and electricity | 1,757,845 | 1,198,194 |
| Repair and maintenance | | |
| (a) Building | - | - |
| (b) Vehicle | 310,187 | 266,095 |
| (c) Computer and accessories | 249,422 | 66,725 |
| (d) Office equipment and furniture | 781,448 | 547,211 |
| (e) Other | 694,975 | 317,185 |
| Insurance | 1,019,094 | 481,187 |
| Postage, telex, telephone, fax | 1,832,092 | 1,284,092 |
| Printing and stationery | 1,147,684 | 965,450 |
| News paper, books and journals | 17,826 | 8,230 |
| Advertisement | 2,327,490 | 1,507,072 |
| Donation | - | - |
| Security expense | 3,269,947 | 2,343,289 |
| Deposit and loan guarantee premium | - | - |
| Travel allowance and expense | 1,476,312 | 407,532 |
| Entertainment | 92,912 | 38,765 |
| Annual / Special general meeting expense | 315,726 | 346,787 |
| Other | | |
| (a) Office expense | 849,441 | 591,705 |
| (b) Business Promotion expense | 1,489,640 | 351,929 |
| (c) Fuel expense | 1,609,306 | 836,763 |
| (d) Registration and Renewal expense | 3,194,876 | 1,636,982 |
| (e) Right Share Issue expense | - | 2,169,129 |
| (f) Cleaning expense | 73,741 | 56,493 |
| (g) Bank charges | 134,202 | 63,416 |
| (h) Festival expense | 58,505 | 111,396 |
| (i) Valuation fees | - | 24,950 |
| (j) Incentives | 1,304,675 | 94,000 |
| (k) Other expenses | 310,176 | 227,767 |
| TOTAL | 24,317,523 | 15,942,344 |

Depreciation & Amortization

Note 4.38

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|------------------|------------------|
| Depreciation on property and equipment | 8,920,928 | 3,745,912 |
| Depreciation on investment property | - | - |
| Amortization of intangible assets | 615,046 | 446,901 |
| Total | 9,535,974 | 4,192,813 |

Non operating income

Note 4.39

| Particulars | Ashad End 2079 | Ashad End 2078 |
|------------------------------|-------------------|----------------|
| Recovery of loan written off | 7,521,653 | 19,000 |
| Other income | 3,438,944 | 8,000 |
| Total | 10,960,597 | 27,000 |

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Samridhi Finance Company Limited

Notes Forming Part Of Financial Statements
For the year ended Ashad 2079

Non operating expense

Note 4.40

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--------------------------|-------------------|-------------------|
| Loan written off | 34,234,229 | 68,781,377 |
| Redundancy provision | - | - |
| Expense of restructuring | - | - |
| Other expense | - | - |
| Total | 34,234,229 | 68,781,377 |

Income tax expense

Note 4.41

| Particulars | Ashad End 2079 | Ashad End 2078 |
|---|------------------|---------------------|
| Current tax expense | | |
| Current year | - | - |
| Adjustment for previous years | - | - |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 2,927,028 | (17,201,665) |
| Changes in tax rate | - | - |
| Recognition of previously unrecognised tax losses | - | - |
| Total income tax expense | 2,927,028 | (17,201,665) |

Reconciliation of tax expense and accounting profit

Note 4.41.1

| Particulars | Ashad End 2079 | Ashad End 2078 |
|--|------------------|---------------------|
| Profit before tax | 3,154,868 | 3,678,228 |
| Tax amount at tax rate of 30% | 946,460 | 1,103,468 |
| Add: Tax effect of expense that are not deductible for tax purpose | - | - |
| Less: Tax effect on exempt income | - | - |
| Add/Less: Tax effect on other items | 1,980,568 | (18,305,133) |
| Total income tax expense | 2,927,028 | (17,201,665) |
| Effective tax rate | 92.78% | -46766% |

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Samridhhi Finance Company Limited
Notes to Financial Statements

5 Disclosure and Additional Information

5.1 Risk Management

The Finance'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. The Finance's Board and senior management has overall responsibility for the establishment and oversight of the Finance's risk management. The Finance's risk management policies are established to identify and analyse the risks faced by the Finance, to set appropriate risk limits (tolerance limit) and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit Risk

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

Credit policy, product papers are the primary documented matters that are directly linked to credit risk management. The policies and procedures to be followed are in documented form defining roles and responsibilities of the personnel involved that provides a degree of 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 analysed on his/her past, current status and future endeavours in order to ensure that borrower has capacity of repayment, before a credit is approved. Sufficient adequate collateral is obtained for all approved credit. Depending on the risk assigned to borrower, subsequent monitoring is being done. For similar group of borrowers, credit portfolio is prepared based on sector of loan.

The tools being used by Finance 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 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 and arises on transaction with customers. In general, management of this type of risk is by diversification.

Finance 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 years with interest rate skyrocketing on few months time. Managing this risk is itself a huge challenge because fund diversion from one to Finance to another Finance is of high probability. Finance 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 does not have any transaction in foreign currency.

Equity Price Risk: Finance has secured its loan by way of obtaining lien over the collateral of borrower. The finance has not disbursed any loans during the fiscal year 2075.76 as it was not allowed to conduct any banking transactions under Prompt Corrective Action (PCA) taken by Nepal Rastra Bank.

c) Liquidity Risk

Liquidity risk is the risk that either Finance 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 now maintained after release of the status of Problematic Financial Institution as per regulatory requirement and periodic status of liquidity profile are prepared to analyse liquidity status. Assets Liability Management Committee is formed at Finance.

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 has formed the Audit Committee for internal audit.

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 and Finance has to rely heavily on IT. In order to minimize the risk related to IT, Finance has in place Business Continuity Plan.

f) Other Risk

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

5.2 Classification of financial assets and financial liabilities

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

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

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Samridhhi Finance

[Circular stamp: Samridhhi Finance Company Limited, Kathmandu, Nepal]

Samriddhi Finance Company Limited
Notes to Financial Statements

5 Disclosure and Additional Information

As at 32 Ashad 2079

| Particulars | Classification | Level 1 | Level 2 | Level 3 |
|--|----------------|---------|---------|----------------------|
| Financial Assets | | | | |
| Cash and cash equivalent | AC | | | 518,124,082 |
| Due from Nepal Rastra Bank | AC | | | 93,500,876 |
| Loans and advances to customers | AC | | | 19,896,314 |
| Investment securities | | | | |
| Quoted shares | FVOCI | | | 50,458,685 |
| Unquoted shares | FVOCI | | | 5,671,420 |
| Other Investment | AC | | | 259,975,957 |
| Other Assets- Account Receivable | AC | | | 84,925 |
| Total Financial Assets | | - | - | 947,712,259 |
| Financial Liabilities | | | | |
| Due to Bank and Financial Institutions | AC | | | 481,481,127 |
| Deposits from customers | AC | | | 1,434,112,759 |
| Other Liabilities | AC | | | 40,098,296 |
| Total Financial Liabilities | | - | - | 1,955,692,181 |

As at 31 Ashad 2078

| Particulars | Classification | Level 1 | Level 2 | Level 3 |
|--|----------------|---------|---------|----------------------|
| Financial Assets | | | | |
| Cash and cash equivalent | AC | | | 107,235,893 |
| Due from Nepal Rastra Bank | AC | | | 48,022,367 |
| Loans and advances to customers | AC | | | 811,952,170 |
| Investment securities | | | | |
| Quoted shares | FVOCI | - | | 26,575,723 |
| Unquoted shares | FVOCI | | | 4,242,818 |
| Other Investment | AC | | | 143,357,880 |
| Total Financial Assets | | - | - | 1,141,386,850 |
| Financial Liabilities | | | | |
| Due to Bank and Financial Institutions | AC | | | - |
| Deposits from customers | AC | | | 708,207,656 |
| Other Liabilities | AC | | | 22,992,352 |
| Total Financial Liabilities | | - | - | 731,200,008 |

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 is to maintain strong capital base, meet the regulatory requirements and ensure reasonable return on capital to its shareholders. The Finance, 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 has submitted a capital plan to Nepal Rastra Bank and it is committed to work accordingly to fulfil the capital requirement as per the plan submitted to Nepal Rastra Bank.

Finance 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 Structure and Capital Adequacy of Finance is as follows

A. Core Capital

| S.N. | Description | Period | |
|-------------------------------|--|----------------|----------------|
| | | Current | Previous |
| 1 | Paid up Capital (ordinary shares) | 742,175 | 428,385 |
| 2 | Proposed bonus share | - | - |
| 3 | Share premium | 20,037 | 9,660 |
| 4 | Irredeemable preferential share | - | - |
| 5 | General Reserve Fund | 97,165 | 92,697 |
| 6 | Accumulated profit/loss (Retained earnings) | (315,892) | (290,386) |
| 7 | Profit & loss a/c as per | - | - |
| 8 | Capital Redemption Reserve Fund | - | - |
| 9 | Capital Adjustment Fund | - | - |
| 10 | Other Free Reserves | - | - |
| Deductions: | | | |
| | Goodwill | - | - |
| | Deferred tax assets | - | - |
| | Investment on shares and securities in excess of limits | - | - |
| | Investment to the company having financial interests | - | - |
| | Fictitious Asset | - | - |
| | Investment on land and building for self use not complying the Directives of NRB | - | - |
| | Investment on land development and housing construction in excess of limits | - | - |
| | Underwriting share not sold within the stipulated time | - | - |
| | Credit and other facilities banned by the prevailing laws | - | - |
| Total Core Capital (A) | | 543,484 | 240,356 |

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Samridhhi Finance Company Limited
Notes to Financial Statements

5 Disclosure and Additional Information

B. Supplementary capital

| S.N. | Description | Period | |
|--|---|---------------|---------------|
| | | Current | Previous |
| 1 | Provisions of loan loss made for pass loan | 25,250 | 12,447 |
| 2 | Additional loan loss provision | - | - |
| 3 | Hybrid capital instruments | - | - |
| 4 | Unsecured Subordinated Term Debt | - | - |
| 5 | Exchange Equalization Fund | - | - |
| 6 | Assets revaluation Fund (max. 2% of Supplementary capital is added automatically) | - | - |
| 7 | Investment adjustment Fund | - | - |
| Total Supplementary Capital (B) | | 25,250 | 12,447 |

C. Total Capital Fund (A+B)

568,734 252,804

D. Minimum capital Fund to be maintained based on Risk Weighted Assets:

| | | | |
|---|---|---------|---------|
| 1 | Minimum Capital Fund Required (10.0 % of RWA) | 202,614 | 103,945 |
| 2 | Minimum Core Capital Required (6 % of RWA) | 121,568 | 62,367 |
| 3 | Capital Fund maintained (in %) | 28.07% | 24.32% |
| 4 | Core Capital maintained (in %) | 26.82% | 23.12% |
| 5 | Capital Fund surplus by 18.07% | 366,120 | 148,859 |
| 6 | Core Capital surplus by 20.82% | 340,870 | 136,411 |

5.3.3 Compliance with external requirement

The financial institutions are required to attain minimum paid up capital of NPR 800 million as per Monetary Policy 2015/16. The financial institution's paid up capital is Rs. 742.17 million and has not complied with the requirement.

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Samridhhi Finance Company Limited
Risk Weighted Exposure

| A. On-Balance-sheet Items | | (Rs. in '000) | | | | |
|---|---|---------------|------------------|------------------|------------------|----------------|
| S.N. | Description | Weight (%) | Current period | | Previous period | |
| | | | Amount | RWA | Amount | RWA |
| 1 | Cash Balance | 0% | 38,099 | - | 13,351 | - |
| 2 | Balance With Nepal Rastra Bank | 0% | 93,500 | - | 48,022 | - |
| 3 | Gold | 0% | - | - | - | - |
| 4 | Investment in Nepalese Government Securities | 0% | 259,976 | - | 50,000 | - |
| 5 | All Claims on Government of Nepal | 0% | 2,604 | - | 2,604 | - |
| 6 | Investment in Nepal Rastra Bank securities | 0% | - | - | 93,358 | - |
| 7 | All claims on Nepal Rastra Bank | 0% | - | - | - | - |
| 8 | Claims on Foreign Government and Central Bank (ECA 0-1) | 0% | - | - | - | - |
| 9 | Claims on Foreign Government and Central Bank (ECA -2) | 20% | - | - | - | - |
| 10 | Claims on Foreign Government and Central Bank (ECA -3) | 50% | - | - | - | - |
| 11 | Claims on Foreign Government and Central Bank (ECA-4-6) | 100% | - | - | - | - |
| 12 | Claims on Foreign Government and Central Bank (ECA -7) | 150% | - | - | - | - |
| 13 | Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework | 0% | - | - | - | - |
| 14 | Claims on Other Multilateral Development Banks | 100% | - | - | - | - |
| 15 | Claims on Domestic Public Sector Entities | 100% | - | - | - | - |
| 16 | Claims on Public Sector Entity (ECA 0-1) | 20% | - | - | - | - |
| 17 | Claims on Public Sector Entity (ECA 2) | 50% | - | - | - | - |
| 18 | Claims on Public Sector Entity (ECA 3-6) | 100% | - | - | - | - |
| 19 | Claims on Public Sector Entity (ECA 7) | 150% | - | - | - | - |
| 20 | Claims on domestic banks that meet capital adequacy requirements | 20% | 478,021 | 95,604 | 93,885 | 18,777 |
| 21 | Claims on domestic banks that do not meet capital adequacy requirements | 100% | - | - | - | - |
| 22 | Claims on foreign bank (ECA Rating 0-1) | 20% | - | - | - | - |
| 23 | Claims on foreign bank (ECA Rating 2) | 50% | - | - | - | - |
| 24 | Claims on foreign bank (ECA Rating 3-6) | 100% | - | - | - | - |
| 25 | Claims on foreign bank (ECA Rating 7) | 150% | - | - | - | - |
| 26 | Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement | 20% | - | - | - | - |
| 27 | Claims on Domestic Corporates | 100% | 129,552 | 129,552 | 263,508 | 263,508 |
| 28 | Claims on Foreign Corporates (ECA 0-1) | 20% | - | - | - | - |
| 29 | Claims on Foreign Corporates (ECA 2) | 50% | - | - | - | - |
| 30 | Claims on Foreign Corporates (ECA 3-6) | 100% | - | - | - | - |
| 31 | Claims on Foreign Corporates (ECA 7) | 150% | - | - | - | - |
| 32 | Regulatory Retail Portfolio (Not Overdue) | 75% | 639,320 | 479,490 | 11,200 | 8,400 |
| 33 | Claims fulfilling all criterion of regularity retail except granularity | 100% | 52,717 | 52,717 | 323,272 | 323,272 |
| 34 | Claims secured by residential properties | 60% | 105,175 | 63,105 | 122,806 | 73,684 |
| 35 | Claims not fully secured by residential properties | 150% | - | - | - | - |
| 36 | Claims secured by residential properties (Overdue) | 100% | - | - | - | - |
| 37 | Claims secured by Commercial real estate | 100% | - | - | - | - |
| 38 | Past due claims (except for claims secured by residential properties) | 150% | - | - | 2,000 | 3,000 |
| 39 | High Risk claims | 150% | 608,989 | 913,483 | 124,536 | 186,803 |
| 40 | Lending Against Securities (Bonds & Shares) | 100% | - | - | 31,885 | 31,885 |
| 41 | Investments in equity and other capital instruments of institutions listed in stock exchange | 100% | 75,708 | 75,708 | 25,796 | 25,796 |
| 42 | Investments in equity and other capital instruments of institutions not listed in the stock exchange | 150% | 4,243 | 6,364 | 4,069 | 6,103 |
| 43 | Staff loan secured by residential property | 50% | 10,495 | 5,247 | 5,186 | 2,593 |
| 44 | Interest Receivable/claim on government securities | 0% | 4,186 | - | 1,366 | - |
| 45 | Cash in transit and other cash items in the process of collection | 20% | - | - | - | - |
| 46 | Other Assets (as per attachment) | 100% | 120,801 | 120,801 | 51,954 | 51,954 |
| Total On-Balance-sheet Items (A) | | | 2,623,385 | 1,942,072 | 1,268,796 | 995,775 |

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 - Top left: *Samridhhi*
 - Middle left: *Prakash*
 - Middle right: *George*
 - Bottom right: *new*



B. Off-Balance-sheet Exposures

| S.N. | Description | Weight (%) | Current period | | Previous period | |
|------|---|------------|------------------|------------------|------------------|------------------|
| | | | Amount | RWA | Amount | RWA |
| 1 | Revocable Commitments | 0% | - | - | - | - |
| 2 | Bills Under Collection | 0% | - | - | - | - |
| 3 | Forward Exchange Contract Liabilities | 10% | - | - | - | - |
| 4 | LC Commitments With Original Maturity Upto 6 months domestic counterparty | 20% | - | - | - | - |
| | Foreign counterparty (ECA Rating 0-1) | 20% | - | - | - | - |
| | Foreign counterparty (ECA Rating 2) | 50% | - | - | - | - |
| | Foreign counterparty (ECA Rating 3-6) | 100% | - | - | - | - |
| | Foreign counterparty (ECA Rating 7) | 150% | - | - | - | - |
| | LC Commitments With Original Maturity Over 6 months domestic counterparty | 50% | - | - | - | - |
| | Foreign counterparty (ECA Rating 0-1) | 20% | - | - | - | - |
| | Foreign counterparty (ECA Rating 2) | 50% | - | - | - | - |
| | Foreign counterparty (ECA Rating 3-6) | 100% | - | - | - | - |
| | Foreign counterparty (ECA Rating 7) | 150% | - | - | - | - |
| | Bid Bond, Performance Bond and Counter guarantee domestic counterparty | 50% | - | - | - | - |
| | Foreign counterparty (ECA Rating 0-1) | 20% | - | - | - | - |
| | Foreign counterparty (ECA Rating 2) | 50% | - | - | - | - |
| | Foreign counterparty (ECA Rating 3-6) | 100% | - | - | - | - |
| | Foreign counterparty (ECA Rating 7) | 150% | - | - | - | - |
| | Underwriting commitments | 50% | - | - | - | - |
| | Lending of Bank's Securities or Posting of Securities as collateral | 100% | - | - | - | - |
| | Repurchase Agreements, Assets sale with recourse | 100% | - | - | - | - |
| | Advance Payment Guarantee | 100% | - | - | - | - |
| | Financial Guarantee | 100% | - | - | - | - |
| | Acceptances and Endorsements | 100% | - | - | - | - |
| | Unpaid portion of Partly paid shares and Securities | 100% | - | - | - | - |
| | Irrevocable Credit commitments (short term) | 20% | 31,890.65 | 6,378.13 | - | - |
| | Irrevocable Credit commitments (long term) | 50% | - | - | - | - |
| | Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement | 20% | - | - | - | - |
| | Other Contingent Liabilities | 100% | - | - | - | - |
| | Unpaid Guarantee Claims | 200% | - | - | - | - |
| | TOTAL (B) | | 31,890.65 | 6,378.13 | - | - |
| | Total RWE for credit Risk Before Adjustment (A) +(B) | | 2,655,276 | 1,948,450 | 1,268,796 | 995,775 |
| | Adjustments under Pillar II | | | | | |
| | SRP 6.4a (5) ALM policies & practices are not satisfactory, add 1% of net interest income to RWE | | - | - | - | - |
| | SRP 6.4a (6) Add% of the total deposit due to insufficient Liquid Assets | | - | - | - | - |
| | SRP 6.4a (7) Add RWE equivalent to reciprocal of capital charge of 3 % of gross income. | | - | 14,477.40 | - | - |
| | SRP 6.4a (9) If overall risk management policies and procedures are not satisfactory. Add% of RWE | | - | - | - | - |
| | SRP 6.4a (10) Desired level of disclosure requirement has not been achieved. Add 1% of RWE | | - | 19,917.47 | - | - |
| | Total RWE for Credit Risk after Bank's adjustments under Pillar II | | 2,655,276 | 1,982,845 | 1,268,796 | 995,775 |
| | Risk Weighted Exposure for Operational Risk | | 43,297 | 43,297 | 43,674 | 43,674 |
| 17 | Total Risk Weighted Exposures of the entity | | 2,698,573 | 2,026,142 | 1,312,470 | 1,039,449 |












Samridhhi Finance Company Limited
Notes to Financial Statements

5.4 Operating Segment Information

5.4.1 General Information

Finance's management has identified its operating segments based on the management of its branches and offices. In line with this, 3 different segments are identified based on 7 Provinces of Nepal on geographical separation basis. The operation, risk, transactions, etc. are more inclined on similiar 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 company has presence in five provinces namely; Province 1, Madhesh Province, Bagmati Province, Gandaki Province and Lumbini Province. The company has not carried out its operation in Province 1 and Madhesh Province in current fisacal year, thus is not included as reportable segment.

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

- i) Consumer Financing: Revenue generated by serving individual consumer is categorized under this product. This includes loans and deposit from individual customer.
- ii) Corporate Financing: Revenue generated from customer other than consumer is categorized under this product. This includes loan and deposit.
- iii) Treasury: Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this product.
- iv) 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 2079

| Particulars | Bagmati | Gandaki | Lumbini | Unallocated | Total |
|--|------------------|----------------|----------------|---------------|------------------|
| Revenue from external customers | 54,463 | 575 | 1,368 | | 56,405 |
| Intersegment revenues | - | - | - | | - |
| Net revenue | 54,463 | 575 | 1,368 | - | 56,405 |
| Interest income | 164,220 | 11,286 | 24,195 | | 199,701 |
| Interest expenses | 98,017 | 12,932 | 21,052 | | 132,001 |
| Net interest revenue | 66,202 | (1,646) | 3,144 | | 67,700 |
| Staff expenses | 42,013 | 3,506 | 3,077 | | 48,596 |
| Operating expenses | 23,057 | 2,134 | 3,078 | | 28,268 |
| Depreciation and amortization | 8,708 | 492 | 335 | | 9,536 |
| Other expenses | 34,234 | - | - | | 34,234 |
| Total segment expenses | 108,012 | 6,132 | 6,490 | | 120,635 |
| Segment profit/(loss) | 12,653 | (7,204) | (1,979) | | 3,470 |
| Entity's interest in the profit or loss of associate accounted for using equity method | | | | | |
| Other material non-cash items: | | | | | |
| Loans: | | | | | |
| Consumer | | | | | 456,202 |
| Corporate | | | | | 1,131,105 |
| Deposit | | | | | |
| Consumer | | | | | 922,881 |
| Corporate | | | | | 992,713 |
| Impairment of Assets | | | | | |
| | | | | | 44,438 |
| Segment Assets | 2,263,041 | 141,117 | 247,274 | 20,004 | 2,671,435 |
| Segment Liabilities | 1,617,600 | 159,328 | 268,764 | - | 2,045,692 |

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Samriddhi Finance Company Limited
Notes to Financial Statements

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 | 256,106 |
| Other revenue | - |
| Elimination of intersegment revenues | - |
| Entity's revenue | 256,106 |

b) Profit or loss

| | |
|---|--------------|
| Total profit or loss for reportable segments | 3,470 |
| Other profit or loss | - |
| Elimination of intersegment profit | - |
| Unallocated amounts: | |
| Staff bonus | 315 |
| Income tax | - |
| NFRS adjustments | - |
| Profit before income tax | 3,155 |

c) Assets

| | |
|---|------------------|
| Total assets for reportable segments | 2,651,432 |
| Other assets | - |
| Unallocated assets | 20,004 |
| Entity's assets | 2,671,435 |

d) Liabilities

| | |
|--|------------------|
| Total liabilities for reportable segments | 2,045,692 |
| Other liabilities | - |
| Unallocated liabilities | - |
| Entity's liabilities | 2,045,692 |

5.4.5 Information about product and services

| Particulars | Amount |
|-------------------|--------|
| Consumer banking | - |
| Corporate banking | - |
| Treasury | - |
| Others | - |

Samriddhi Finance Company Limited
Notes to Financial Statements

5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

| Domestic: | Amount |
|------------------|----------------|
| Bagmati Province | 218,683 |
| Gandaki Province | 11,860 |
| Lumbini Province | 25,563 |
| Foreign: | |
| Total | 256,106 |

5.4.6 Information about major customers

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

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 Bank include key management personnel of the Bank.

5.7.1 Key management personnel

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

a) Board of Directors

Board of Directors of the Bank comprise the following:

| SN | Name | Position | Remarks |
|----|-------------------------|----------------------|---------|
| 1 | Thakur Prasad Bhattarai | Chairperson | |
| 2 | Binod Kumar Subedi | Director | |
| 3 | Dipak Adhikari | Director | |
| 4 | Gupta Bahadur Rana | Director | |
| 5 | Sujan Adhikari | Director | |
| 6 | Durga Thapa | Director | |
| 7 | Janga Bahadur Hamal | Independent Director | |
| 8 | Shivalal Puri | Director | |
| 9 | Kumar Shrestha | Director | |

Mr. Tika Nidhi Lohani serves as the company secretary.

Allowance and facilities provided to board members

Chairperson of the Board is provided Rs. 5,000 and other board members are provided Rs. 4,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during the year to board members was Rs. 9,69,000.

All board members are provided Rs. 4,000 per month in order to cover expenses related to newspaper and telephone expenses. Total amount paid to board members during the year was Rs. 284,000.

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 with its board members.

Samriddhi Finance Company Limited
Notes to Financial Statements

b) Chief Executive Officer

Mr. Tika Nidhi Lohani serves as the Chief Executive Officer of the finance with effect from 2077/08/14. CEO is provided salary and allowance and benefits as per his appointment. Annual salary and allowances provided to Mr. Tika Nidhi Lohani amounts to Rs. 4,773,821 during the year.

In addition, the vehicle facility has been provided to the CEO by the finance.
Finance 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.

5.9 Events after reporting date

The events after reporting date are all those events, whether favourable or unfavourable, which occurs between the reporting date and the date approval of the financial statements by the board of directors. During this period, there are no such events that require adjustments or additional disclosures in the financial statement.

5.10 Proposed Distributions (Dividend or Bonus Shares)

The company is not in a position to declare dividend or bonus shares this year.

5.11 Departure from NFRS

The management of the finance company concluded that the financial statements fairly present the company's financial position, performance and cash flows. The Institute of Chartered Accountants of Nepal (ICAN) issued 'Notice regarding decision on Carve-outs in NFRS with alternative treatments' on 18 July 2022 and alternative treatments as per carve outs published on various dates has been adopted while preparing the financial statements.

5.12 Limitations of NFRS

During NFRS implementation, whenever the information is not adequately available and the cost to develop the same would exceed the benefit derived, if any, has been noted and disclosed in the respective sections.

5.13 Reclassifications, regrouping and rounding off

Previous year figure has been reclassified and regrouped wherever necessary to make the same comparable with the current year's figure. Figures in financial statements are rounded off to nearest rupee.

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Samridhi Finance Company Limited
Notes to Financial Statements

5.11 Major Financial Indicators of Last Five Years

| S.N. | Particulars | Indicator | 2078-79 | 2077-78 | 2076-77 | 2075-76 | 2074-75 |
|------|---|-----------|-------------|-------------|-------------|------------|--------------|
| 1 | Net profit/total income | % | 0.11 | 30.22 | 82.34 | 57.78 | 93.45 |
| 2 | Earning per share | | | | | | |
| | Basic earning per share | Rs. | 0.03 | 4.87 | 18.07 | 3.02 | 24.95 |
| | Diluted earning per share | Rs. | 0.03 | 4.87 | 18.07 | 3.02 | 24.95 |
| 3 | Market price per share | Rs. | 223.00 | 469.00 | 97.00 | 101.00 | 104.00 |
| 4 | Price/earning ratio | Times | 7,264.08 | 96.22 | 5.37 | 33.45 | 4.17 |
| 5 | Dividend or bonus per share | Rs. | - | - | - | - | - |
| 6 | Cash dividend | Rs. | - | - | - | - | - |
| 7 | Interest income/loan and advances | % | 12.60 | 7.41 | 33.19 | 5.41 | 22.45 |
| 8 | Employee expenses/total operating expenses | % | 56.40 | 54.54 | 61.66 | 36.77 | 33.51 |
| 9 | Interest expenses/total deposit and borrowing | % | 9.20 | 4.71 | 12.51 | 7.23 | 2.78 |
| 10 | Exchange income/total income | % | - | - | - | - | - |
| 11 | Staff bonus/total employee expenses | % | 0.65 | 1.10 | 12.05 | 6.42 | - |
| 12 | Net profit/loans and advances | % | 0.01 | 2.52 | 27.46 | 3.13 | 19.95 |
| 13 | Net profit/total assets | % | 0.01 | 1.65 | 8.97 | 2.60 | 79.31 |
| 14 | Total loans and advances/total deposit | % | 103.99 | 117.22 | 58.22 | 233.52 | 287.08 |
| 15 | Total operating expenses/total assets | % | 3.25 | 4.82 | 11.37 | 6.99 | 27.33 |
| 16 | Capital adequacy ratio | | | | | | |
| | a) Common Equity Tier 1 Capital | % | 26.82 | 23.12 | 43.59 | 12.37 | (16.15) |
| | b) Core Capital | % | 26.82 | 23.12 | 43.59 | 12.37 | - |
| | c) Supplementary Capital | % | 1.25 | 1.20 | 0.12 | - | - |
| | d) Total Capital Fund | % | 28.07 | 24.32 | 43.72 | 12.37 | (16.15) |
| 17 | Cash reserve ratio (CRR) | % | 5.27 | 5.02 | 7.60 | 0.11 | 0.11 |
| 18 | NPAs/total loan and advances | % | 4.58 | 5.11 | 86.64 | 100.00 | 100.00 |
| 19 | Base rate | % | 13.84 | 13.78 | 20.84 | 17.60 | 15.09 |
| 20 | Weighted average interest rate spread | % | 5.62 | 3.81 | 10.52 | 3.90 | 19.67 |
| 21 | Book net worth | Rs. | 625,743,042 | 294,751,120 | 131,973,756 | 99,101,575 | (49,916,040) |
| 22 | Total shares | No. | 7,421,748 | 4,283,851 | 1,819,803 | 1,819,803 | 1,819,803 |
| 23 | Total employees | No. | 65.00 | 59.00 | 39.00 | 13.00 | 17.00 |
| 24 | Others: | | | | | | |
| | Per employee business (Rs. In lakh) | | 247.53 | 148.90 | 35.50 | 135.68 | 127.47 |
| | Employee expenses/total income * | % | 23.07 | 48.28 | 64.41 | 57.22 | 10.35 |

* Interest and other operational income has been considered as income while calculating this ratio

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Samridhhi Finance Company Limited
Comparison of Unaudited and Audited Financial Statements as of 2018-19

| | As per Unaudited Financial Statement | As per Audited Financial Statement | Variance | | Reasons for Variance |
|---|---|---------------------------------------|--------------------|----------------|--|
| | | | Amount | In % | |
| Statement of Financial Position | | | | | |
| Assets | | | | | |
| Cash and cash equivalent | 518,567,992 | 518,124,082 | (443,910) | -0.09% | Adjustment on accrued interest on bank deposit |
| Due from Nepal Rastra Bank | 93,499,378 | 93,500,876 | 1,497 | 0.00% | Rescheduling of Bank balance to Due from NRB |
| Placement with bank and financial institutions | - | - | - | 0.00% | |
| Derivative financial instruments | - | - | - | 0.00% | |
| Other trading assets | - | - | - | 0.00% | |
| Loans and advances to B/FIs | 20,125,750 | 19,896,314 | (229,435) | -1.14% | Adjustment for AIR and Impairment charges on loans to BFIs |
| Loans and advances to customers | 1,571,603,640 | 1,564,755,929 | (6,847,711) | -0.44% | NFRS staff amortization and Loan Impairment adjustment |
| Investment securities | 314,120,182 | 316,106,062 | 1,985,880 | 0.63% | Fair value adjustment |
| Current tax assets | 5,428,552 | 5,428,552 | - | 0.00% | |
| Investment in subsidiaries | - | - | - | 0.00% | |
| Investment in associates | - | - | - | 0.00% | |
| Investment property | 49,633,027 | 49,633,027 | - | 0.00% | |
| Property, plant and equipment | 44,635,357 | 63,122,583 | 18,487,226.12 | 41.42% | NFRS 16- Lease adjustment |
| Goodwill and intangible assets | 2,553,655 | 2,550,553 | (3,102) | -0.12% | Audit adjustment |
| Deferred tax assets | 21,346,435 | 20,003,615 | (1,342,820) | -6.29% | Due to change in carry forward loss by tax audit and recomputation of deferred tax |
| Other assets | 14,302,547 | 18,313,629 | 4,011,082 | 28.04% | Regrouping and due to audit adjustment of deferrd employee expenditure |
| Total assets | 2,655,816,516 | 2,671,435,223 | 15,618,707 | 0.59% | |
| Capital and liabilities | | | | | |
| Share capital | 742,174,800 | 742,174,800 | - | 0.00% | |
| Share premium | 20,037,125 | 20,037,125 | - | 0.00% | |
| Retained earnings | (291,543,044) | (315,892,265) | (24,349,221) | 8.35% | Due to transfer of fair value loss to regulatory reserve |
| Reserves | 157,707,062 | 179,423,382 | 21,716,320 | 13.77% | Due to transfer of fair value loss to regulatory reserve |
| Due to bank and financial institutions | 501,621,682 | 481,481,127 | (20,140,555) | 0.00% | Reclassification |
| Due to Nepal Rastra Bank | 90,000,000 | 90,000,000 | - | 0.00% | |
| Derivative financial instruments | - | - | - | 0.00% | |
| Deposits from customers | 1,413,972,203 | 1,434,112,759 | 20,140,555 | 1.42% | Reclassification |
| Other liabilities | 21,846,687 | 40,098,296 | 18,251,609 | 83.54% | NFRS 16- Lease liability adjustment |
| Total capital and liabilities | 2,655,816,516 | 2,671,435,223 | 15,618,708 | 0.59% | |
| Statement of profit or loss | | | | | |
| Interest income | 200,839,075 | 199,701,007 | (1,138,068) | -0.57% | Adjustment on interest income on staff loan |
| Interest expense | 129,837,140 | 132,001,180 | 2,164,040.03 | 1.67% | Adjustment on finance cost on lease liability |
| Net interest income | 71,001,935 | 67,699,828 | (3,302,108) | -4.65% | |
| Fee and commission income | 12,321,653 | 12,312,314 | (9,338) | -0.08% | Reclassification |
| Fee and commission expense | - | - | - | 0.00% | |
| Net fee and commission income | 12,321,653 | 12,312,314 | (9,338) | -0.08% | |
| Net interest, fee and commission income | 83,323,588 | 80,012,142 | (3,311,446) | -3.97% | |
| Net trading income | - | - | - | 0.00% | |
| Other operating income | 10,184,975 | 10,184,975 | - | 0.00% | |
| Total operating income | 93,508,563 | 90,197,117 | (3,311,446) | -3.54% | |
| Impairment charge/(reversal) for loans and other losses | (23,429,710) | (22,947,579) | 482,132 | -2.06% | Change in classification |
| Net operating income | 116,938,273 | 113,144,696 | (3,793,578) | -3.24% | |
| Operating expense | | | | | |
| Personnel expenses | 47,351,086 | 48,911,766 | 1,560,681 | 3.30% | Adjustment on deferred employee expenditure and change in employee bonus due to change in profit |
| Other operating expenses | 34,384,725 | 28,268,455 | (6,116,270) | -17.79% | Operating lease adjustment as per NFRS 16 |
| Depreciation and amortization | 5,492,616 | 9,535,974 | 4,043,358 | 73.61% | Right of Use Assets amortization as per NFRS 16 |
| Operating Profit | 29,709,846 | 26,428,500 | (3,281,347) | -11.04% | |
| Non operating income | 10,955,213 | 10,960,597 | 5,384 | 0.05% | Reclassification |
| Non operating expense | 34,234,229 | 34,234,229 | - | 0.00% | |
| Profit before income tax | 6,430,831 | 3,154,868 | (3,275,963) | -50.94% | |
| Income tax expense | | | | | |
| Current tax expenses | - | - | - | 0.00% | |
| Deferred tax expenses/(income) | - | 2,927,028 | 2,927,028 | 0.00% | |
| Profit for the period | 6,430,831 | 227,840 | (6,202,990) | | |
| Other comprehensive income | (18,536,511) | (11,585,441) | 6,951,069 | | |
| Total comprehensive income | (12,105,680.07) | (11,357,601) | 748,079 | | |



Handwritten signatures and initials:
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