

055/56

2nd Annual Report 1998 / 99



नेपाल इण्डस्ट्रियल एण्ड
कमर्सियल बैंक लिमिटेड
Nepal Industrial &
Commercial Bank Ltd.



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Finance Minister at the inauguration of New Road Branch of the Bank.



Finance Minister & Governor with the Chairman & Executive Director of the Bank.



Directors at one of the road shows of the Bank's Public Share Issue.



Strategy formulation meeting.



BOARD OF DIRECTORS



Mr. Jagdish Prasad Agrawal
Chairman



Mr. Lok Manya Golchha
Director



Mr. Basu Dev Golyan
Director



Mr. Subhash Chandra Sanghai
Director



Mr. Tulasi Ram Agrawal
Director



Mr. Nirmal Kumar Agrawal
Director



Mr. Ram Saran Neupane
Director



Mr. K. R. Iyer
Executive Director

Auditor : Mr. Ratna Raj Bajracharya, FCA
R. BAJRACHARYA & CO.
Chartered Accountants



BOARD OF DIRECTORS REPORT FOR THE FISCAL YEAR 1998/99 (2055/56)

Dear Shareholders,

I have pleasure in welcoming you to the 2nd Annual General Meeting of the Bank.

I present below financial highlights and annual report of the Bank for the fiscal year 1998/99.

Review of Operations

The Bank has registered a modest operating profit of Rs. 0.44 million in the review period, which is the first year of its operations. This is a creditable achievement as normally banking institutions take time to break-even, as is borne out by the experience of other banks in Nepal. The financial highlights are presented below which reflect the quarterly progress of the Bank upto the last quarter of the fiscal year.

Rs. In Million

Particulars	4 th Quarter End	3 rd Quarter End	2 nd Quarter End	1 st Quarter End
	Asad, 2056 16.07.99	Chaitra, 2055 13.04.99	Poush, 2055 14.01.99	Aswin, 2055 17.10.98
Total Deposits	437.40	252.73	125.70	115.11
Total Credit	503.55	273.80	104.49	8.49
Total Investment	80.61	100.80	0.80	20.00
Total Income	29.89	12.03	3.05	0.91
Interest Income	21.60	8.44	1.58	0.44
Other Income	8.29	3.59	1.47	0.47
Total Expenditure	29.45	18.58	10.78	4.87
Interest Expenses	12.76	7.15	3.46	1.22
Operating Expenses	16.69	11.43	7.32	3.65
Operating Profit	0.44	(6.55)	(7.73)	(3.96)
Profit/Loss	(4.60)	-	-	-

Deposits

The deposits of the Bank have registered an impressive growth of 280% from the 1st quarter to the year-end figure of Rs. 437.4 million.



Loans and Advances

Advances, which stood at a modest figure of Rs. 8.49 million in the 1st quarter has jumped to Rs. 503.55 million, at the year-end, posting a substantial increment.

Net Interest Income

Net interest income of the Bank stood at Rs. 8.84 million due to increment in the advances in the latter part of the year. The figure was negative at the end of the first quarter.

Other Income

The figure of other income, which was only Rs. 0.47 million in the 1st quarter-end jumped to Rs. 8.29 million at the year-end.

Capital Fund

Due to large capital base the Capital Adequacy Ratio of the Bank surpassed the 8% statutory requirement which is in line with the international banking norms.

Forecast for the Current Fiscal Year

The Bank has achieved operating profit of over Rs. 18 million as at the 2nd quarter-end, this year, as against operating loss of Rs. 7.73 million for the same period last year. Similarly, deposits and advances figures have reached Rs. 1663 million and Rs. 1313 million, respectively, which were Rs. 125.70 million and Rs. 104.49 million respectively for the corresponding period last year.

Based on the above figures the performance for the current fiscal year is expected to be satisfactory.

Branch Expansion

In our pursuit to provide banking services to customers, through out the country, the Bank has opened two branches, one at New Road (Kathmandu) and other at Birtamod. New Road (Kathmandu) branch was opened on 3rd September 1999 and Birtamod on 24th November 1999.

With record business, on the opening day, done by New Road (Kathmandu) branch, Rs. 350 million in deposits and Rs. 190 million in advances, the branch has been receiving tremendous response from customers and is poised for excellent performance by the year-end. Incidentally, the branch has already broken-even and made profit of Rs. 4.1 million upto the month of Poush. Similarly, Birtamod branch has also received good response from customers and is poised to do well, this year-end.

The Bank is also actively involved in extending its branch network with branches proposed in Birgunj and Butwal, scheduled to be opened, shortly. Proposals have been received for the branch premises which are under examination.



Share Issue

The Bank floated its Public Issue of 1,750,000 ordinary shares of Rs. 100 each for public subscription aggregating Rs. 175,000,000 in December 1999. The issue received unprecedented response from the general public, being over-subscribed by over 8 times with total amount of subscriptions in excess of Rs. 1,400,000,000. Necessary works relating to allotment is on hand and expected to be completed on time.

Macro Economic Scenario

As per available statistics, the Gross Domestic Product is estimated to have reached Rs. 84315 million during 1998/99, a growth of 3.39% compared to last year. Growth rates for Agriculture and Non agriculture sectors are expected to be 2.37% and 4.08% respectively.

Overall exports increased by 32.03% in 1998/99 to reach Rs. 36,326.30 million compared to a growth of 21.54% last year. Total imports declined by 1.86% to reach Rs. 87,345.70 million leading to a fall in the trade deficit by 16.95% to Rs. 51,172.70 million.

The foreign exchange reserves, at the end of FY 1998/99, have reached Rs. 76,649.80 million registering an increase of Rs. 11,492.10 million over the level of reserves at the end of FY 1998/99. The available resources are adequate to cover ten months of merchandise imports.

In the monetary sector money supply increased by 13.27% in 1998/99 as compared to the rise of 17.43% in 1997/98. This was mainly due to an increase in time deposits reflecting a lack of alternate investment avenues. During the period, domestic credit grew by 16.89%.

The rate of inflation, which was contained within a single digit during most of the year, rose to 12.70% towards the end of the year.

Acknowledgement

I convey my sincere thanks to Board Members for their keen interest in the Bank. Your suggestions and guidance will undoubtedly help us in our endeavors for the development of the Bank.

On this occasion, on behalf of the Board, I would like to express sincere thanks and gratitude to His Majesty's Government, the Ministry of Finance and the Nepal Rastra Bank for their continued support and guidance and valuable suggestions to the Bank from time to time. Our gratitude also goes to all our customers who have stood by us rendering their valuable support and showed confidence in the Bank.

Last, but not the least, our thanks go to all the staff of the Bank for their dedication and hard work in their pursuit to serve customers justifying the Bank's motto "Your Expectation Our Service."

Thank you.

On behalf of the Board of Directors

Jagdish Prasad Agrawal

Chairman



**R. BAJRACHARYA
& Co.**

Chartered Accountants

P. O. Box 1989
Kathmandu, Nepal
Tel.: 421684
Fax : 977-1-424247

Pufali Sadak, Dhobidhara
Kathmandu, Nepal

Ref: _____

E-mail: ratnraj@mos.com.np

Kathmandu _____

AUDITORS REPORT TO THE SHAREHOLDERS OF NEPAL INDUSTRIAL AND COMMERCIAL BANK LIMITED.

We have audited the attached Balance Sheet of NEPAL INDUSTRIAL AND COMMERCIAL BANK LIMITED as of July 16, 1999 (Ashad 32, 2056), Profit and Loss Account and Cash Flow statement of the Bank for the year ended on that date from the books, records and other documents as maintained by the Company and report that:

In our opinion,

- (a) We have obtained all information and the explanations required for the purpose of our audit.
- (b) The Balance Sheet, Profit and Loss Account and Cash Flow Statement are presented as per the directives of Nepal Rastra Bank and conform to the accounts maintained by the Company.
- (c) The accounts and records of the Bank have been maintained as required by law and practice.
- (d) Returns received from the branch offices of the Bank were adequate for the purpose of our audit.
- (e) To the best of our information and according to the explanation given to us and read with the attached Notes on Accounts (Annexure L), the financial statements give true and fair view,
 - In the case of the Balance Sheet, the financial position of the Bank as at 16th July 1999 (32nd Ashad, 2056)
 - In the case of the Profit and Loss Account, the operational result for the period ended on that date, and
 - In the case of the Cash Flow Statement, the cash inflow and outflow for the period ended on that date.
- (f) The Bank has made adequate provision against loan losses as required under the prevailing directives of Nepal Rastra Bank.
- (g) To the best of our information and according to the explanation given to us and from our examination of the books of accounts, the Board of Directors or any employee of the Bank has not acted contrary to the provisions of law relating to accounts, or caused direct loss or damage to the Bank or committed any misappropriation and violated any directives of Nepal Rastra Bank or in any way acted against the interest and security of the Bank and its depositors.
- (h) The Bank has conducted its business satisfactorily and found within the authority granted to it.

Kathmandu
January 12, 2000

(Ratna Raj Bajracharya, FCA)
R. Bajracharya & Co.
Chartered Accountants



BALANCE SHEET
As at 32 Ashad 2056 (16 July 1999)

Previous Year (Rs.)	Capital & Liabilities	Current Year (Rs.)	Previous Year (Rs.)	Assets	Current Year (Rs.)
	1. SHARE CAPITAL			1. CASH & CASH ITEMS	20,848,420
	Authorised Capital:			(a) Local Currency	18,812,513
	10000000 ordinary shares of Rs. 100 each	1,000,000,000		(b) Foreign Currency	1,386,180
	ISSUED CAPITAL:			(c) Cash Items	649,747
	3250000 ordinary shares of Rs. 100 each	325,000,000		2. BALANCE WITH BANKS	120,859,474
	Paid up capital:			(a) Nepal Rastra Bank	50,587,235
	3250000 ordinary shares of Rs. 100 each	325,000,000		(b) Other Domestic Banks	4,513,068
	2. RESERVES	17,084		(c) Foreign Banks	43,359,171
	(a) Statutory Reserves	-		(d) Funds in Transit	22,400,000
	(b) Share Premium Account	-		3. MONEY AT CALL AND SHORT NOTICE	30,222,500
	(c) Other Reserves (Annex A)	17,084		4. INVESTMENTS	50,387,180
	3. BORROWING FROM OTHER BANKS / AGENCIES	-		(a) HMG Securities	49,587,180
	A. Domestic	-		(b) Foreign Govt. Securities	-
	(1) Nepal Rastra Bank (Annex B)	-		(c) Company Shares	800,000
	(2) Others	-		(d) Debenture and Bonds	-
	4. DEPOSITS (ANNEX C)	437,587,158		(e) Subsidiary Companies	-
	(a) Current	19,458,605		(1) Shares	-
	(b) Savings	139,206,892		(2) Debentures	-
	(c) Fixed	203,683,385		(f) Other Investments	-
	(d) Call	42,570,320		5. BILLS PURCHASED AND DISCOUNTED	3,385,414
	(e) Others	32,667,956		(a) Inland	4,00,000
	5. BILLS PAYABLE	-		(b) Foreign	2,985,414
	6. BILLS COLLECTION (Contra)	5,638,685		(6) LOANS AND ADVANCES (Annex E)	500,161,234
	(a) Inland	271,656		(a) Loan, Advances and Overdraft	-
	(b) Foreign	5,367,029		(1) Local Currency	500,161,234
	7. OTHER LIABILITIES (Annex D)	9,574,392		(2) Convertible Currency	-
	8. BRANCH ACCOUNT	-		7. BILLS LODGED (Contra)	5,638,685
	9. ACCEPTANCE OUTSTANDING (Contra)	8,716,830		8. FIXED ASSETS (Annex F)	14,211,668
	10. PROFIT AND LOSS ACCOUNT	-		9. OTHER ASSETS (Annex G)	13,223,834
	TOTAL	786,534,150		10. EXPENSES NOT WRITTEN OFF (Annex H)	14,279,518
				11. NON BANKING ASSETS	-
				12. BRANCH ACCOUNT	-
				13. CUSTOMER ACCEPTANCES (Contra)	8,716,830
				14. PROFIT & LOSS ACCOUNT	4,599,398
				TOTAL	786,534,150
	CONTINGENT LIABILITIES				
	1. Outstanding Letters of Credit (Total)	266,534,464			
	2. Unexpired Guarantees Issued	178,648,221			
	3. Unexpired Forward Exchange Contract	6,668,478			
	Total	451,851,163			

NOTES TO THE ACCOUNTS : ANNEXURE L

ANNEXURE A TO L ARE INTEGRAL PARTS OF THIS STATEMENT

DIRECTORS :

JAGDISH PRASAD AGRAWAL
Chairman

LOK MANYA GOLCHHA

BASU DEV GOLYAN

SUBHASH CHANDRA SANGHAI

AS PER OUR REPORT OF EVEN DATE

TULASI RAM AGRAWAL

NIRMAL KUMAR AGRAWAL

RATNA RAJ BAJRACHARYA, FCA
R. BAJRACHARYA & CO.
Chartered Accountants

RAM SARAN NEUPANE

K. R. IYER
Executive Director

BHESH RAJ KHATIWADA
Chief-Accounts



DISCLOSURE OF LOANS AND ADVANCES

AS AT 32 ASHAD 2056 (16TH JULY 1999)

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Of the total advances, total amount lent during the year to the company / institutions in which the member of the Board of Director is Managing Agent or Partner or under guarantee of such member. **	35,277,224
	2. Out of the total loan and advances, total loan disbursed during the year to the relatives of the member of Board of Directors.	
	3. Outstanding balance of loan due from the company or institute in which the member of Board of Directors is Managing Agent or Partner of Lent against guarantee of such member. **	35,277,224
	4. Outstanding balance of loan due from relatives of the member of Board of Directors	

** Loans against Fixed Deposits Receipts.



PROFIT & LOSS ACCOUNT

For The Period 21st July 1998 to 16 July 1999 (5 Shrawan 2055 to 32 Ashad 2056)

Previous Year (Rs.)	Expenses	Current Year (Rs.)	Previous Year (Rs.)	Income	Current Year (Rs.)
	1. INTEREST EXPENSES	12,758,188		1. INTEREST INCOME (Annex K)	21,599,920
	(a) On Deposits (Annex I)	12,758,188			
	(b) On Borrowings	-			
	2. EMPLOYEES EXPENSES	5,163,605		2. COMMISSION & DISCOUNT	6,176,635
	(a) Salary and Perks	4,655,444		(a) From Bills Purchased & Discounted	410,443
	(b) Contribution to Provident Fund	266,414		(b) Commission	5,034,137
	(c) Other personnel expenses	241,947		(c) Others	732,055
	3. OFFICE OVERHEADS (Annex J)	11,528,827		3. DIVIDEND INCOME	-
				(a) Other Company Shares	-
				(b) Shares of Subsidiary Cos.	-
	4. EXCHANGE FLUCTUATION LOSS	-		4. OTHER INCOME	-
	5. NON OPERATIONAL EXPENSES	-		5. EXCHANGE FLUCTUATION INCOME	2,110,333
	(a) Net Loss on sale of Investments and assets	-		(a) Trading Income	2,059,082
	(b) Net Loss on sale of Non Banking assets	-		(b) Revaluation Income	51,251
	(c) Others	-			
	6. EMPLOYEE BONUS	-		6. NON OPERATIONAL INCOME	-
				(a) Net profit from sale of investments and assets	-
	7. PROVISION LOAN LOSS	5,035,466		(b) Net profit from sale of non-Banking assets	-
				(c) Subsidies from NRB	-
	8. PROVISION FOR INCOME TAX	-		(d) Others	-
	9. NET PROFIT (Carried down)	-		7. NET LOSS (Carried down)	4,599,398
	TOTAL	34,486,286		TOTAL	34,486,286
	1. This Year's Balance of Loss	4,599,398		Previous Year Balance c/d	-
				This Year's balance of Profit	-
				Balance Transferred to Balance Sheet	4,599,398
	TOTAL	4,599,398		TOTAL	4,599,398

ANNEXURE A TO L ARE INTEGRAL PARTS OF THIS STATEMENT

DIRECTORS :

LOK MANYA GOLCHHA

JAGDISH PRASAD AGRAWAL
Chairman

BASU DEV GOLYAN

SUBHASH CHANDRA SANGHAI

AS PER OUR REPORT OF EVEN DATE

K. R. IYER
Executive Director

TULASI RAM AGRAWAL

NIRMAL KUMAR AGRAWAL

BHESH RAJ KHATIWADA
Chief-Accounts

RAM SARAN NEUPANE

RATNA RAJ BAJRACHARYA, FCA
R. BAJRACHARYA & CO.
Chartered Accountants



CASH FLOW STATEMENT

For the Year Ending 32 Ashad 2056 (16 July 1999)

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Operating Activities	
	Net Income	(4,599,398)
	Foreign Currency Fluctuation Fund	17,084
	Depreciation	1,753,912
	Amortization of Preliminary Expenses	2,857,624
	Provision for Loan Loss	5,035,466
	Net Cash Generated from Operating Activity	5,064,688
	2. Investing Activities	
	Purchase of Fixed Assets	(15,965,575)
	Purchase of Investments	(80,609,680)
	Increase in Other Assets	(13,223,834)
	Pre-operating, Branch Operation, Leasehold Development etc.	(17,137,142)
	Net Cash Used in Investing Activities	(126,936,231)
	3. Financing Activities	
	Increase in Loans and Advances	(500,161,234)
	Increase in Bills Purchased & Discounted	(3,385,414)
	Issue of Share Capital	325,000,000
	Increase in Deposits	437,587,158
	Increase in Other Liabilities	4,538,926
	Net Cash Used in Financing Activities	263,579,437
	4. Cash & Bank Balances at the beginning of the Year	-
	5. Cash & Bank Balances at the end of the Year	141,707,893

ANNEXURE A TO L ARE INTEGRAL PARTS OF THIS STATEMENT

DIRECTORS :

LOK MANYA GOLCHHA

JAGDISH PRASAD AGRAWAL
Chairman

BASU DEV GOLYAN

K. R. IYER
Executive Director

SUBHASH CHANDRA SANGHAI

AS PER OUR REPORT OF EVEN DATE

TULASI RAM AGRAWAL

NIRMAL KUMAR AGRAWAL

BHESH RAJ KHATIWADA
Chief-Accounts

RAM SARAN NEUPANE

RATNA RAJ BAJRACHARYA, FCA
R. BAJRACHARYA & CO.
Chartered Accountants



OTHER RESERVES

Annexure A

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Contingent Reserves	-
	2. Bank Development Fund	-
	3. Dividend Equalization Fund	-
	4. Exchange Fluctuation Fund	17,084
	5. Employees Related Fund	-
	Total	17,084

BORROWINGS FROM NEPAL RASTRA BANK

Annexure B

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Interest Free Loan	-
	2. Refinance	-
	3. Loans (against Securities of Govt. Bonds)	-
	Total	-

DEPOSITS LIABILITIES

Annexure C

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Interest Free Deposits	52,126,561
	(a) Current Accounts	19,458,605
	(i) Foreign Currency	-
	(ii) Local Currency	19,458,605
	(b) Margin Accounts	32,667,956
	2. Interest Bearing Deposits	385,460,597
	(a) Savings Accounts	139,206,892
	(b) Call Deposits	-
	(i) Foreign Currency	-
	(ii) Local Currency	42,570,320
	(c) Fixed Deposits	203,683,385
	(i) Foreign Currency	-
	(ii) Local Currency	203,683,385
	Total	437,587,158

OTHER LIABILITIES

Annexure D

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Interest Payable on Fixed Deposits	2,288,567
	2. Unearned Income	-
	3. Expenses Payable	160,997
	4. Bonus Payable	-
	5. Tax Deducted at Source Payable	745,571
	6. Other Payables	1,307,178
	7. Interest Suspense Account	-
	8. Employees Provident Fund	36,613
	9. Provision for Loan Loss	5,035,466
	Total	9,574,392



CLASSIFICATION OF LOANS AND ADVANCES

Annexure E

Previous Year (Rs.)	Description	Current Year (Rs.)	
		Loans, Advances & Overdraft	Bills Purchased / Discounted
	1. Good 2. Acceptable 3. Evidence of Sub-Standard 4. Sub-Standard 5. Doubtful 6. Bad	500,161,234	3,385,414
	TOTAL LOANS AND ADVANCES	500,161,234	3,385,414
	PROVISION FOR LOAN LOSSES		
	1. Good 2. Acceptable 3. Evidence of Sub-Standard 4. Sub-Standard 5. Doubtful 6. Bad	5,001,612	33,854
	TOTAL PROVISION	5,001,612	33,854
	BALANCE	5,001,612	33,854

FIXED ASSETS

Annexure F

DESCRIPTION	LAND	BUILDING	VEHICLES	COMPUTERS / OFFICE EQUIPMENTS	FURNITURE & FIXTURES	TOTAL	
						This Year	Previous Year
1. AT COST							
(A) Balance of Previous Year	-	-	-	-	-	-	-
(B) Addition during This Year	-	-	5,227,823	8,665,366	2,072,386	15,965,575	-
(C) Sold/Written off during This Year	-	-	-	-	-	-	-
Total (A+B-C)	-	-	5,227,823	8,665,366	2,072,386	15,965,575	-
2. DEPRECIATION							
(A) Depreciation until Previous Year	-	-	-	-	-	-	-
(B) Depreciation for This Year #	-	-	496,226	1,044,282	213,405	1,753,912	-
(C) Depreciation on Assets sold or written off	-	-	-	-	-	-	-
Total (A+B-C)	-	-	496,226	1,044,282	213,405	1,753,912	-
3. Book value (1-2) Current Year	-	-	4,731,597	7,621,085	1,858,981	14,211,663	-
4. Capital Construction Expenses (To be Capitalized)	-	-	-	-	-	-	-
Net Block (3+4)	-	-	4,731,597	7,621,085	1,858,981	14,211,663	

Note : No depreciation has been provided on assets purchased for New Road, Kathmandu Branch; Yet to commence its operations.



OTHER ASSETS

Annexure G

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Accrued Interest on :	4,413,640
	a. Investments	151,568
	b. Loans and advances	4,262,072
	2. Advance Payments & Receivables	6,512,113
	3. Staff Advances	-
	4. Security Deposits	170,970
	5. Pre-paid Expenses	801,105
	6. Tax Deducted at Source Recoverable	94,682
	7. Stock of Supply & Stationery	1,231,324
	Total	13,223,834

EXPENSES NOT WRITTEN OFF

Annexure H

Particulars	Total Expenses	Written Off During the Year	Expenses not written off	
			Current Year	Previous Year
Pre-Operating Expenses	6,854,771	1,370,954	5,483,817	-
Branch Operations Expenses	1,447,523	-	1,447,523	-
Leasehold Improvement	5,497,148	859,130	4,638,018	-
Software Application	1,975,000	355,000	1,620,000	-
Consultancy Fee	1,362,700	272,540	1,090,160	-
Total	17,137,142	2,857,624	14,279,518	

INTEREST EXPENSES ON DEPOSITS

Annexure I

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Fixed Deposits :	5,612,334
	a. Foreign Currency	-
	b. Local Currency	5,612,334
	2. Call Deposits	1,707,787
	3. Savings Deposits	5,438,067
	Total	12,758,188



OPERATING EXPENSES

Annexure J

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Rent	1,175,100
	2. Utility and Janitorial	584,313
	3. Insurance	277,646
	4. Communication Expenses	498,533
	5. Office Equipments (Not Capitalized)	22,785
	6. Travelling Expenses	565,071
	7. Transportation Expenses	147,728
	8. Stationery and Printing	486,095
	9. Periodicals and Books	70,381
	10. Advertisement & Business Promotion	312,275
	11. Entertainment	163,391
	12. Postages & Courier Expenses	25,439
	13. Repairs & Maintenance (Others)	135,761
	14. Audit Fee	80,000
	15. Board Meeting – Fee	70,500
	– Expenses	46,739
	16. Annual General Meeting Expenses	13,132
	17. Depreciation on Fixed Assets	1,753,912
	18. Expenses written off	2,857,624
	19. Bank Charges	1,117,970
	20. Security Expenses	354,043
	21. Membership Fee	128,200
	22. Professional Fee	25,833
	23. Miscellaneous Expenses	616,355
	Total	11,528,827

INTEREST INCOME

Annexure K

Previous Year (Rs.)	Particulars	Current Year (Rs.)
	1. Loans Advances and Overdraft	
	a. Foreign Currency	
	b. Local Currency	19,431,651
	2. Government Securities	169,029
	3. Investment on Debentures	--
	4. Others	
	a. Foreign Currency	468,235
	b. Local Currency	1,531,004
	Total	21,599,920



NOTES TO THE ACCOUNTS

Annexure L

Fiscal Year 2055/56 (1998/99)

1. Accounting Convention

The financial statements of the Bank have been prepared in accordance with generally accepted accounting principles and presentational requirement under the existing guidelines of Nepal Rastra Bank.

2. Interest Income & Expenses

Interest income on Loans and Advances, including investments and expenses on interest bearing deposits, are accounted on accrual basis and computed on the basis of 365 days a year. As required under Nepal Rastra Bank guidelines, the Bank has the policy of transferring the interest accruals on Loans and Advances not collected within 3 months period from the due date to Interest Suspense Account.

However, during the current year, no interest accruals qualify for such transfer.

3. Commission Income

With respect to the commission earned on bank guarantees issued, the Bank has the policy to recognize commission upto Rs. 50,000 on cash basis and to apportion commission receipts exceeding Rs. 50,000 on the basis of the proportionate period covered by the guarantee.

4. Foreign Exchange Transactions

- Exchange gains on sale of foreign currencies have been recognized as income in full.
- Foreign currency assets and liabilities at the close of the financial year are translated at the buying rate prevalent on the balance sheet date.
- As per the prevailing directives of Nepal Rastra Bank, 25 percent of the exchange gain arising out of the revaluation of the foreign exchange rates has been credited to EXCHANGE FLUCTUATION FUND.

5. Loan Loss Provision

The Bank has classified the outstanding loans and advances and loan loss provision has been provided as per the guidelines of Nepal Rastra Bank.

6. Fixed Assets

- Value of Fixed Assets has been presented under historical cost concept.
- Capital items costing up to Rs. 1,000 has been depreciated in full, in the year of purchase.
- Fixed Assets are depreciated under the diminishing balance method at the rate and policy prescribed under the Income Tax Rules, 2031.

7. Investment in Shares

Value of investment in shares (not listed) has been accounted at cost.



8. Preliminary and Deferred Expenses

- Preliminary and pre-operative expenses are provided for amortization over a period of 5 years. Accordingly, proportionate amount has been amortized during the year.
- Expenses incurred on purchase of software, branch pre-operative expenses and development of leasehold property are deferred for amortization over a period of 5 years. Accordingly, proportionate amount has been amortized during the year.

9. Stock of Stationery and Supplies

Stock of unused stationery and supplies are provided as certified by the Management.

10. Staff Bonus

No provision for staff bonus is provided since the Bank has no profit for the year.

11. Income Tax

On account of net loss and also on the basis of tax audit, no provision is made for income tax.

12. Staff Housing Fund

Considering the practice followed by other similar financial institutions as well as on the basis of policy consideration by the Bank Management to introduce staff housing loans scheme, no separate provision for Staff Housing Fund has been made as per the Labour Act, 2048.

13. Previous Year Figure

The Bank has commenced its business operations from Srawan 5, 2055 (July 21, 1998). Accordingly, the Profit and Loss Account covers the period from that date to Ashadh 32, 2056 (July 16, 1999). This being the first year of bank operations, no comparative previous year's figures are provided.

14. Round off

Figures in the Financial Statements are rounded off to the nearest Rupee.

DIRECTORS :

LOK MANYA GOLCHHA

JAGDISH PRASAD AGRAWAL
Chairman

BASU DEV GOLYAN

SUBHASH CHANDRA SANGHAI

AS PER OUR REPORT OF EVEN DATE

TULASI RAM AGRAWAL

NIRMAL KUMAR AGRAWAL

RATNA RAJ BAJRACHARYA, FCA
R. BAJRACHARYA & CO.
Chartered Accountants

K. R. IYER
Executive Director

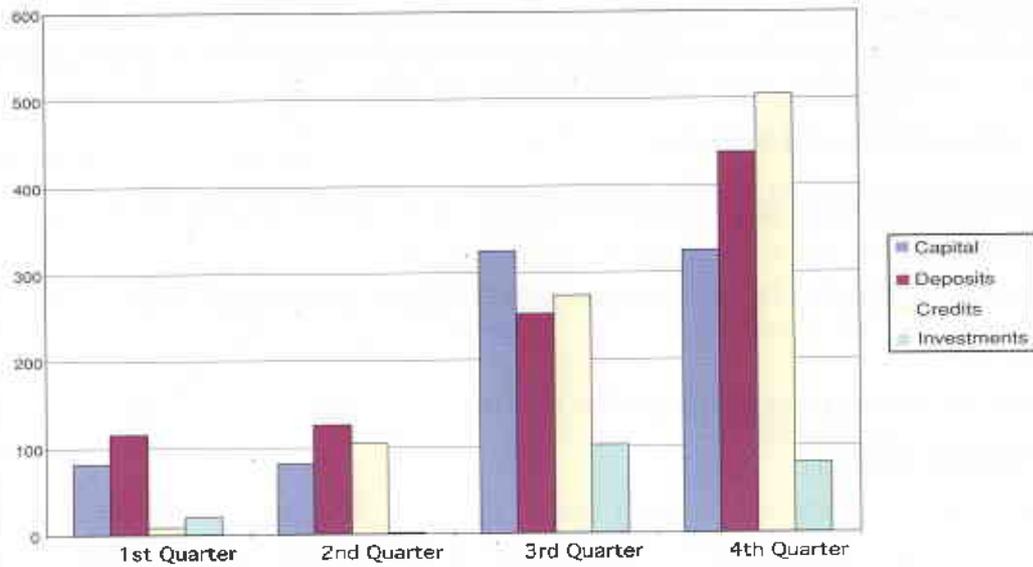
BHESH RAJ KHATIWADA
Chief-Accounts

RAM SARAN NEUPANE

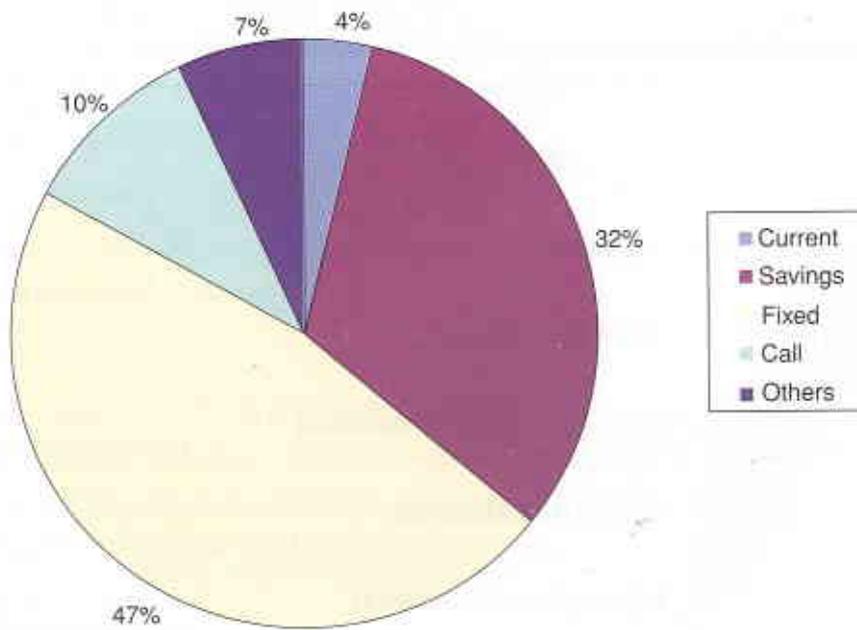


QUARTERLY PERFORMANCE HIGHLIGHTS

Rs. in million

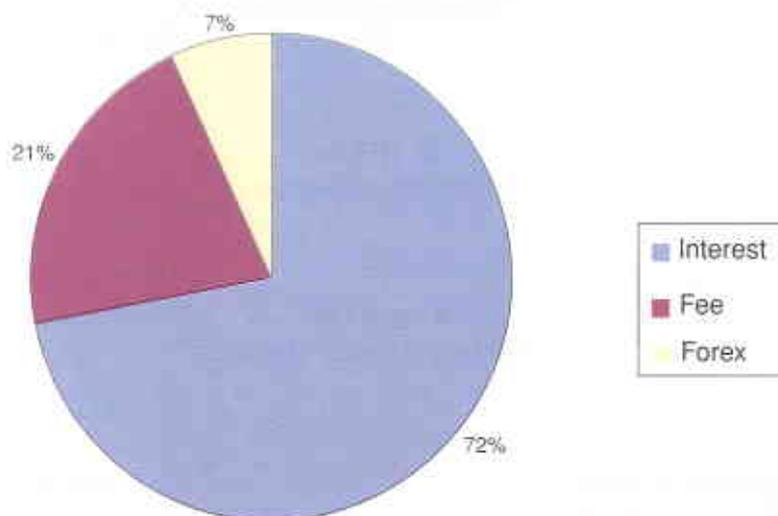


DEPOSITS MIX

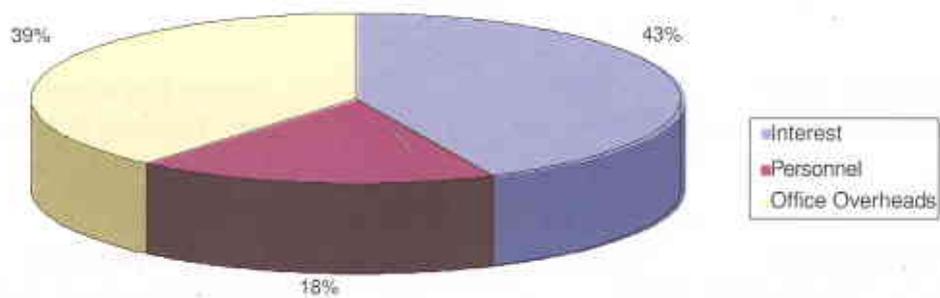




INCOME TYPE-WISE



EXPENSES TYPE-WISE





Management

K. R. Iyer
Executive Director

Kamal Giri
Assistant General Manager

Janak Sharma Poudyal
Senior Manager- New Road

Laxman Subba
Branch Manager- Biratnagar

Kamal Gautam
Manager Operations - New Road

Raju Nath Chalise
Manager Marketing & Credit- New Road

Pradeep Ratna Tuladhar
Manager Information Technology

Dhruba Shrestha
Branch Manager- Dharan

Debu Gautam
Incharge Credit & Marketing- New Road

Jeewan Babu Shrestha
Branch Manager- Birtamod

Bam Dev Dahal
Incharge- Personnel & Administration

Bhesh Raj Khatiwada
Chief- Treasury & Accounts

Ravi Rauniyar
Incharge- Trade Finance- New Road

Binaya Dahal
Incharge- Operations-Biratnagar



Notes:



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Management

K. D. Giri

Managing Director

Yashu Das

Executive Director

Jaydev Shrestha

Executive Director

Laxman

Executive Director

Rajendra

Executive Director

Prakash

Executive Director

Manoj

Executive Director

Prakash

Executive Director

Dinesh

Executive Director

Jaydev

Executive Director

Rajendra

Executive Director

Rajendra

Executive Director

Rajendra

Executive Director

Rajendra

Executive Director

HEAD OFFICE :

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e-mail : nicb@brt.wlink.com.np

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BIRGUNJ*

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* Opening Soon