

2010 Annual Report

वार्षिक प्रतिवेदन ०६६/०६७



Make Better Credit Decisions Faster.
Get the critical information and tools to grow your business.

KARJA SUCHANA KENDRA LIMITED



*“A loose-credit policy lost money.
A tight-credit policy lost business.
Intelligence, judgment and good information —
these were what made the crucial difference”*

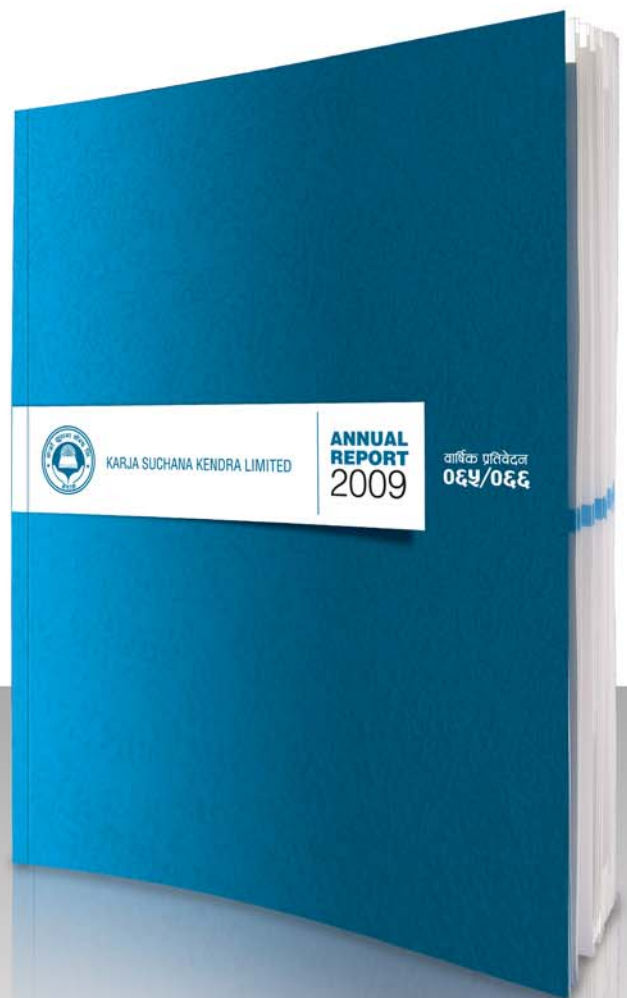
*Mr. Lewis Tappan, 1841
Pioneer of Credit Information Bureau*

Flashback: Origin

To help American merchants in their decision-making, an enterprising businessman named Lewis Tappan began, in 1841, to establish a network of correspondents that would function as a source of reliable, consistent and objective credit information. His Mercantile Agency, located in New York City, was one of the first organizations formed for the sole purpose of providing business information to customers. In 1841, Abraham Lincoln joined the Mercantile Agency as the first credit correspondent.

.....*Rest is the History.*

**WE BELIEVE IN TRANSPARENCY, CLARITY & RELIABILITY
IN OUR ACCOUNT BOOKS.**



Winner of National Best Presented Accounts Award 2009



Beware... we are watching you

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DREAM, INSPIRATION, VISION, MISSION AND OBJECTIVES

OUR DREAM

... we nurture a dream to make this Kendra a world class Bureau in terms of Products, Services and Standards.

OUR INSPIRATION

... the trust and confidence of Banks and Financial Institutions on us.

VISION

... to be a change agent and a major catalyst in the development of country's credit market and a vehicle to modify the culture and behavior of the credit borrowers of the country.

MISSION

- Enhance the functionality and stability of country's financial system by allowing the member banks and financial institutions to make the informed, objective and faster credit decisions.
- Maintain a high quality data bank by adopting highest standards of technical infrastructure and security mechanisms and thus measuring up to the international standard of excellence in credit information reporting.
- Enhance the credibility in operations by adopting a moral and ethical data handling standards and protecting every borrower's credit profiles.
- Consistently offer innovative solutions in credit information reporting by being responsive towards the changing customer needs.

OBJECTIVES

- Make CIB highly organized and efficient institution with best supporting platform to meet the increasing information needs of the banking and finance sector. Make information delivery system fast, secured and error free and continuously endeavor to increase its scope of operations.
- Develop CIB to be a highly professional entity with strong market focus and strive hard to continuously increase its quality of service and profitability for its sustenance, expansion and continuous growth thus creating the value to the nation, stakeholders, clients and staffs.

FUNDAMENTAL OPERATING PRINCIPLE



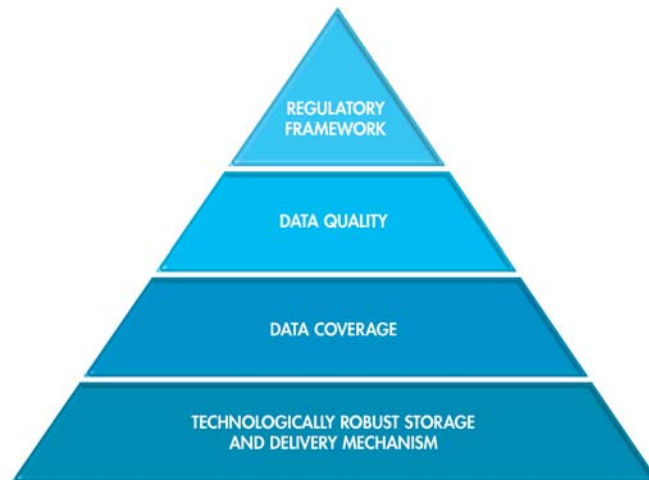
ROLE OF KARJA SUCHANA KENDRA LIMITED

- To provide credit information that is centralized, comprehensive and reliable.
- To facilitate sound credit decisions
 - whom not to give credit, and more importantly
 - whom to give credit
- To increase credit market and improve access to credit
- To provide tools for effective risk management
 - arriving at risk weighted credit pricing
 - the evaluation of risks when changing the terms of credit agreements
 - the evaluation of risks related to any other transactions with deferred payments and any contingent liabilities.

THUS KARJA SUCHANA KENDRA WILL

- Supplement credit growth without increasing risk exposures of credit grantors
- Empower credit grantors to make more informed business decisions
- Facilitate in reduction of total non performing loans over a period of time
- Facilitate better credit terms for financially responsible borrowers
- Facilitate Regulators to manage consumer and business indebtedness, and ensure economic stability

BUILDING BLOCKS OF KARJA SUCHANA KENDRA (CIB)



- Accuracy
- Completeness
- Timeliness
- Security
- Consumer Rights
- Reciprocity
- Neutrality
- Non - discrimination
- End - user regulation

BUSINESS STRATEGIES

Technology Base & Strategic Alliance

- Organize the Business and its Processes around a strong technology base. Automate the whole operation with increasing speed and quality of service supported by strong physical and system security.
- Introduce domain expertise, international best practices and new innovations in credit bureau operations by partnering with international operator.

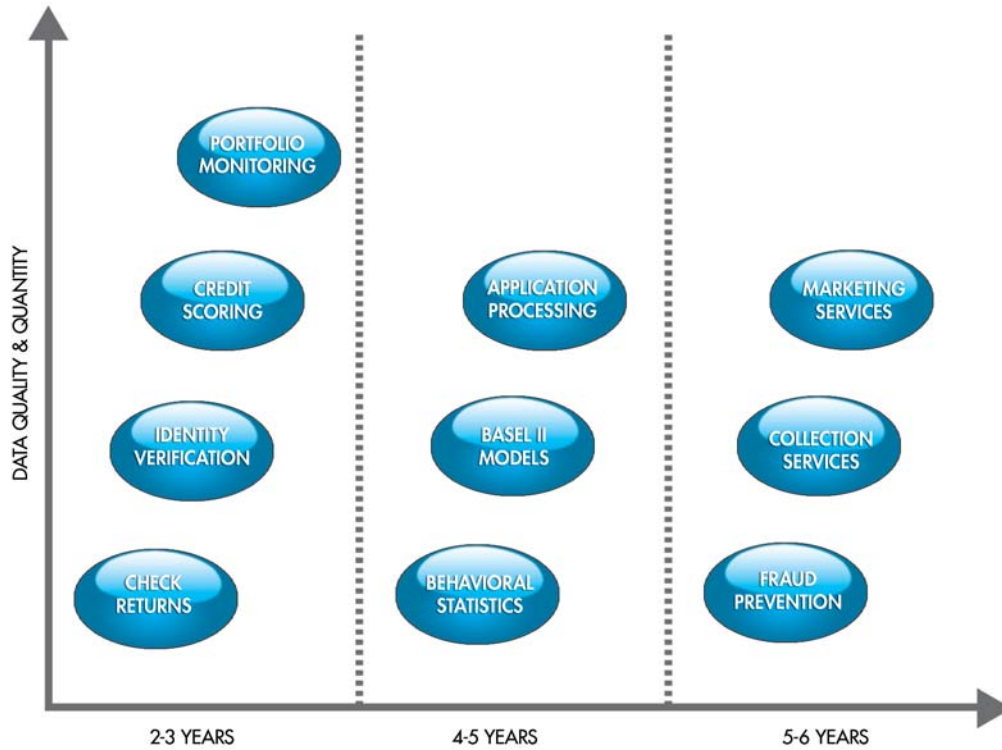
Market Development

- Enhance the scope of operation by reducing the threshold of information collection and incorporating the information of small borrowers and SMEs. Collect the information from the lending agencies of various other sectors other than banking and finance industry.

- Innovate and implement new products and services that are highly desired by the banks and financial institutions and add value in their credit risk assessments and operations.
- Work on to set up Regional Hub in Spoke & Wheel architecture to share the credit information among the credit bureaus of the countries in the region.

Customer Care and Service Delivery

- Ensure the availability of high quality customer care and support.
- Make the service more affordable and economical.
- Provide orientation programs and regular trainings to the users to make them familiar with the credit bureau system.

MOVING AHEAD...

CORPORATE GOVERNANCE FRAMEWORK

The Governing Body of the company is the Board of Directors which is represented by the promoter shareholders. The Board has four members from the Commercial Banks, one member from Development Banks, one member from Finance Companies and one member from Nepal Rastra Bank. The Chairman of the Board is elected from among the Board members. The term of the members of BoD is four years. Board oversees the company on behalf of the shareholders and takes major policy decisions to effectively run the company. Board has delegated the authority to CEO to carry out the day to day management of the company and meet its goals and objectives in line with its set vision and mission. The CEO is further guided and supported by the various committees chaired by the non executive directors of the Board.

MANAGEMENT

The CEO performs the customary function of developing the plans of actions, implementing the operational decisions and running the bureau's business. CEO is supported by the senior executives who report to him various issues related

with the bureau's operation. CEO meets with the executives regularly and develops policies & strategies to be presented to the Board for their approval. CEO and senior executives implement those approved policies and strategies.



CIB Management Team

BOARD OF DIRECTORS*Ashoke Rana**Siddhant Raj Pandey**Ram Santa Shrestha**Anurag Mishra****Ashoke Rana, Chairman***

Ashoke Rana was educated at Gordonstoun School in Scotland and George Mason University, in Virginia, USA. Mr. Rana returned to Nepal in 1984 to work for Nepal Arab Bank Ltd. (NABIL) and then left to establish and promote the first joint venture brewery with Carlsburg AS, Gorkha Brewery. After divesting from Gorkha Brewery he joined Himalayan Bank which was also founded by his family with other prominent members of Nepal's business community. He is currently the Chief Executive Officer of the bank.

Mr. Rana is also the Chairman of Rural Micro-finance Development Center, an apex microfinance institution providing wholesale lending to the microfinance sector. He is also in the Board of Nepal Clearing House Ltd. (NCHL).

At present Mr. Rana is also the Vice President of the Nepal Bankers' Association.

Siddhant Raj Pandey, Director

Brings extensive international experience working with leading European and American Banks for many years. A graduate of Virginia Tech in Business Administration and MSc in Development Studies from Bristol University, he attended summer executive program of London School of

Economics on International Finance. He is at present the Chief Executive Officer of Ace Development Bank and represents the CIB Board on behalf of the Development Banks (promoter shareholders). He is also the member of the Board of Nepal Bankers Training Institute, member of the executive committee of Nepal Bankers Association and coordinator of Better Kathmandu Project. Regarded as an energetic and dynamic professional in the banking and finance sector of the country, he is equally concerned about the social issues and has contributed immensely for the social causes.

Ram Santa Shrestha, Director

A graduate of Economics from Tribhuvan University, he started his career with Nepal Rastra Bank and later spent nearly 27 years of his professional career with Rastriya Banijya Bank (RBB) working in various capacities at different branches and offices of the bank. He rose to the level of Acting Chief Officer before leaving the bank. He also worked as the Deputy General Manager of NECO Insurance Limited for one year and General Manager of Alpic Everest Finance Limited for 5 years both as the representative of RBB. He later joined Alpic Everest Finance Limited as its CEO and still holds this office. He remained the Treasurer of Nepal Finance Companies Association for 3 years; it's General Secretary for two years and holds this office as its Chairman since 2061 till date. As the Chairman, he is credited to have given new



Amrit C. Shrestha



Nirmal Dahal

direction and vision to the Association and worked for its causes with immense dedication and sincerity. He represents the Board on behalf of the Finance Companies (promoter shareholders).

Anurag Mishra, Director

Has more than 14 years of banking experience. Started his career in 1996 as Assistant Manager in Financial Institution Division of Standard Chartered Bank and later moved on to work with Standard Chartered Bank India (Delhi and Mumbai) occupying various positions for over ten years before joining Standard Chartered Bank Nepal Limited as Head-Corporate and Institutions in 2007. He went on to become Head Wholesale Banking after taking over additional charge of Financial Market (Treasury) in 2009.

Widely traveled, he has represented Standard Chartered Bank at various forums, communities and boards, internally and externally. He did his schooling from Bishop Cotton School, Shimla and graduation from BHU, Varanasi before joining MBA program at FMS, Udaipur.

Amrit C. Shrestha, Director

A veteran of 25 years in the Banking sector of the country, he joined Nabil Bank way back in 1985 as marketing officer and worked over the years in different capacities in the Bank handling various responsibilities and portfolios of activities. During his long association with the bank, he worked as

the head of credit risk management, recovery management, credit control and supervised the marketing and human resource departments of the bank. He worked as the General Manager of Credit Risk Division of the bank before taking over the responsibility of Officiating Chief Executive Officer of bank from December 2009.

He is also the member of the Board of Sana Kishan Bikas Bank Limited and Rural Microfinance Development Center.

Nirmal Dahal, Director

Mr. Dahal, a young and energetic member of the Board, has more than 14 years of experience in the Banking and Finance sector of the country and worked in various banks and financial institutions before joining Laxmi Bank as Assistant General Manager to lead its Credit Risk Department. A MBA graduate of Tribhuvan University, he has attended various training and seminars in the country and abroad and submitted various important papers in different forums.

Anil Chandra Adhikari, CEO

An Electrical Engineering graduate with MBA in finance, Adhikari worked for more than 22 years in the telecommunication sector in Nepal and abroad before joining Karja Suchana Kendra Limited as its Chief Executive Officer. He has the experience of working in the companies like Nokia, Motorola, Telerad Networks & Telecom Holdings in different parts of Asia. He worked as the General Manager of Cambodia Mobile Telephone Company Limited (Motorola Inc, USA) in Cambodia, Vice President of American Cambodian Telecom Limited (based in California, USA) and Business Consultant for Israel based Telrad Network for its business in Asia Pacific before joining Kendra. He also worked as the business consultant for Sydney based consulting firm Tele-resources for its market in Asia Pacific and South Asia.

His paper "Telecom Sector Reform in Nepal: Privatization as the Solution" is considered as the pioneer work in field of liberalization of telecom sector in Nepal. ■

MESSAGE FROM THE CHAIRMAN



The fiscal year 066/067 remained a very successful year for the company. The company maintained a same pace of growth as the previous year with the net profit increasing by 68% and the company earning the net total of NRs. 21.88 million. The total equity capital has increased by NRs. 17.83 million because of the issue of additional bonus shares to its shareholders and increase in Reserve and Surplus. The company has shown consistent growth since the last few years with revenues increasing by hefty margins because of the increased efficiency and effectiveness in operation. Another reason for increased revenue was because of implementation of on-line credit information services which increased number of Hit Rates for information searching by the banks and financial institutions. The operating expenses have increased by the slender margin of only 17% because of tight budgetary control and various forms of austerity measures implemented by the Kendra in its operation.

The on-line service has been a major achievement of the outgoing fiscal year since its implementation brought great deal of efficiency in credit lending decisions of banks and financial institutions. Its implementation was long overdue and was delayed because of various reasons. The primary

reason for the delay was the poor quality of data available with Kendra that took long time to come to the stage of maturity and to the stage of qualifying for the on-line search. The other reason was the lack of unique identification code to correctly identify the borrower which took some time for Kendra to develop the alternative algorithm to identify the borrower.

Kendra updated all the existing data and brought it to the stage of maturity appropriate for on-line search. Kendra also developed the indigenous system that correctly identifies the borrower based on his personal information i.e. the name, citizenship number and three generation information. Kendra also developed the on-line system to facilitate the banks and financial institutions to send the on-line requests to Kendra for blacklisting and delisting their borrowers.

Kendra has recently constructed new Data Center with all the physical and system security in place. The data center will house the additional servers for Secured Transaction Registry service and other services in the future.

Kendra at present is concentrating more on collecting the borrower's records of Rs. 1 million

and above facility and making its data base more matured and developed to bring various kinds of value added products and services in the future. Kendra has all technical infrastructures and security systems in place now to store large volume of data in its system. Apart from this, we expect to install new system very soon that will be procured under World Bank/DFID funded Financial Sector Technical Assistance Project implemented by Nepal Rastra Bank (NRB).

We also signed the agreement with Ministry of Finance for the operation of Secured Transaction Registry (STR) service. We expect the STR service to go on line from July 2011. The implementation of Microfinance project which is funded by Asian Development Bank under the Rural Finance Sector Development Cluster Program (Sub Program II) is expected to take momentum after the third quarter of 2011. The fund will be utilized to upgrade the infrastructure and management information system of the Kendra so as to enable it to provide credit

information services to the microfinance institutions of the country.

Since Kendra is the common institution of all Banks and Financial institutions, we play an important role to make Kendra stronger and effective. This we could do by sharing all our borrowers' records to Kendra irrespective of any threshold and sending their quarterly updates regularly on time. This will help Kendra to bring further maturity in its database and introduce various additional products in the future. Even though there are some delays in the implementation of projects like CIB modernization project and Secured Transaction Registry project, these delays have not dampened our spirit and focus and we are committed to implement these projects very soon. For this we are working very closely with Nepal Rastra Bank, Ministry of Finance and all other stakeholders for the quick fixes in the delays and for their earliest implementation. ■

Ashoke Rana
Chairman

FOREWORD

We have entered into the new fiscal year 067/068 after successfully completing the year 066/067 where many of our operational milestones were achieved. We brought our credit information service into on-line operation facilitating users to access credit profiles of the borrowers through web based system. We also brought the Blacklist and De-list service into online thus facilitating banks and financial institutions to send their Blacklist and De-list requests to Kendra online for the final approval. We have further developed the mechanisms to send the large volume of borrowers' records to Kendra through external mechanisms. Thus operation-wise, the Kendra took a major leap in terms of transforming itself from manual bureau to an automated bureau. There also had been extensive revamping of data during the year leading to improved database and quality of the records.

However many new projects such as CIB modernization project, Secured Transaction Registry project and Microfinance project that were expected to be implemented in the year 066/067 got delayed due to various reasons and are still in the process of implementation. Since Kendra is not the implementing agency of these projects, it can do least in expediting the process of implementation on its own. Nonetheless, we are working very closely with the implementing agencies, Nepal Rastra Bank and Ministry of Finance, to help them bring these projects soon.

Kendra's on-line system has become very successful and is being used by all banks and financial institutions. We are working hard to continuously improve on our on-line service and on the quality of the credit reports based on the feedbacks received from the users of the service. Our objective remains to keep on improving the on line service to make it more user-friendly and easy to use. We also intend to keep on introducing various kinds of additional information in the credit report to make the report more inclusive, informative and useful to the users.

We have started collecting the borrowers' records without any threshold and we request the banks and financial institutions to send all their borrowers' records to Kendra soon. As a matter of fact, it is in their own interest to send the information since the more information we have, the more it helps us to make the credit report inclusive and matured. I would like to thank all those banks and financial institutions who have understood this importance and have started sending the records to Kendra. I would like to take this opportunity to request once again to all the lenders to kindly send the borrowers' personal and credit profiles to Kendra once the lending of any amount commences and their quarterly updates till the loans are settled.

The year 066/067 remained a very good year in terms of financial performance of the company. Company managed to earn a total revenue of NRs. 47,029,263 which is a 45% increment in a previous year's revenue. The total operating expenses increased by only 17% from the previous year figure. In sum, net profit increased by 68%. Thus the outgoing year was very productive in terms of total earning of the company.

At the end, I would like to thank all the member banks and financial institutions for their support and assistance extended to Kendra during the transition period of migration from old system to new on-line system and their valuable suggestions and feedbacks on our services. I also would like to thank our Board members for their guidance, direction and support provided to us to make Kendra more efficient and effective. At the end, I would like to thank all my colleagues of this Kendra for their support and co-operation to take this Kendra forward. ■

Anil Chandra Adhikari
CEO



REPORT OF THE BOARD OF DIRECTORS PRESENTED BY THE CHAIRMAN AT SIXTH ANNUAL GENERAL MEETING

Dear Shareholders,

On behalf of Board of Directors of the company, I would like to welcome you all to this 6th Annual General Meeting of Karja Suchana Kendra Limited.

Please, let me have this opportunity to take over this floor to brief you about the operational and financial performance of the company in the year 066/067, its accomplishments, ongoing activities, forthcoming new projects, various other operational issues related with the delivery of the credit information services to the banks and financial institutions of the country. We also would like to put forward our views on how we intend to drive this organization in the coming years.

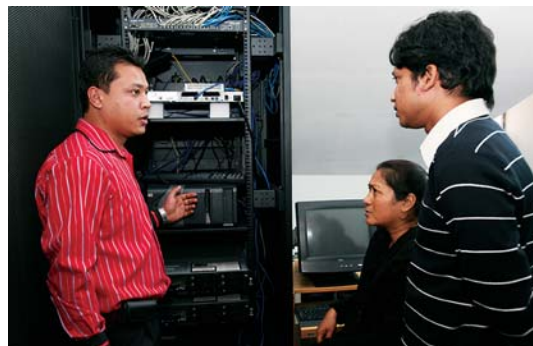
REVIEW OF LAST YEAR OPERATION

Operational Performance

Fiscal Year 066/067 took a huge leap in terms of bringing the efficiency and effectiveness in the operation of the company. The information searching activity was put on-line, data were updated, credit reports were formatted and made more inclusive, black list and de-list activities were made on-line and new mechanisms were developed for data updates and uploads.

On-line System

One of the most prominent activities of the outgoing fiscal year was to implement on-line credit information service by the Kendra.



IT and Operation whizkids

This online service has helped the banks and financial institutions to have the easy and instant

access to the credit profiles of the borrowers available with Kendra. The users can have access through web based system by using a common internet browser present in any PC. All security measures are provisioned for secured transmission of data between CIB and Users. The data are properly encrypted and sent through Virtual Private Network to the users' premises. Kendra has put in place robust application security, network security and web security system for the secured transmission of data between CIB and member banks and financial institutions. Only those users with valid user identifier and password are allowed to access the application.

This on-line system which has been prepared indigenously and with the internal resources of the company has become very successful and the number of information accessed by the banks and financial institutions have increased substantially after its implementation.

...WHAT THEY HAVE TO SAY ABOUT OUR ONLINE SERVICE

This is undoubtedly a great achievement and a great job done by Kendra. Given so many constraints, making the online system indigenously with limited resources and using available technology is really a commendable job. We appreciate Kendra's untiring efforts and endeavors to bring this service online and congratulate them for this accomplishment.

Bir Bikram Raymajhi

Deputy Governor
Nepal Rastra Bank (NRB)

This service will certainly bring a major shift in the efficiency of the banks and financial institutions. Kendra deserves all the praise and thanks for introducing this service. We wish Kendra all the best and hope that Kendra will keep on introducing many new services in the future.

Maha Prasad Adhikari

Executive Director
Regulation Department, NRB

The online service launched by Kendra recently has been a great help in reducing the banks' response time when processing credit applications. Its user-friendliness has been much appreciated by staff. Hopefully, with increased usage the cost will reduce further over time, thus benefiting customers.

Sashin Joshi

CEO, NIC Bank

CIB online service has in fact revolutionized the process of obtaining credit information in Nepal. With the commencement of online services, we can load customer information and obtain the required information instantly without any hassle. Obtaining information online has enabled us to respond to the customer requests quickly. We also appreciate the support services of the CIB staff in terms of resolving any issues that may come in the process. We are really thankful to CIB for its recent initiatives in improving the services.

Upendra Poudyal

CEO, NMB Bank

With the Online Information searching mechanism in place, the possibility of data being recorded inaccurately has been eliminated. The web-based search has enabled us to save a lot of time and make prompt and better credit lending decisions. The technological shift that has enabled it to constantly reduce tariff structure is undeniably praiseworthy. I believe that CIB will consistently enhance its services and become a one-window solution for diverse areas of banking.

Radhesh Pant

CEO, Kumari Bank

During this short span of 6 months, CIB has grown as a major pillar of Banking and Finance industry in Nepal. With increasing complexity in banking, CIB's importance is going to increase only.

P.K. Mohapatra

CEO, Everest Bank

Nepal SBI Bank highly appreciates Kendra's accomplishment in introducing on-line service to the Banks and Financial institutions. We wish Kendra all the best in taking this service to much greater heights & benefit the banking community in Nepal.

N.K Chari
CEO, Nepal SBI Bank

Credit report time has been reduced from 3 days to immediate availability; thereby increasing efficiency of the system. The manpower requirement of banks on movement of papers has been removed and the tariffs have been reduced. A great job done by CIB.

Shovan Dev Pant
CEO, Lumbini Bank

CIB's new service of online information has made the process of acquiring credit information fast, easy and reliable. This service is a cost effective method of acquiring information and is at the level of international standards as required by banks.

Bhusan Rana
CEO, Manakamana Dev. Bank

Timely and accurate credit information on potential and existing borrowers is an integral part of Laxmi Bank's risk management system. We are pleased to see various steps taken by the CIB management towards improving the overall quality of reports and service in the recent years. The online system introduced earlier this year is a good example of CIB adopting available technologies to help financial institutions improve turnaround time in terms of decision making.

Suman Joshi
CEO, Laxmi Bank

The online service of CIB has been of great benefit to the banking sector for receiving credit reports instantly on prospective borrowers. It would be great if CIB would be able to take this to the next level by bringing the threshold further down and making its credit report more inclusive.

Anil Gyawali
CEO, Global Bank

Credit Information Bureau acts as the information broker that has helped banks make comprehensive risk review of the borrowers and make information based lending. With 'Online Credit Information Searching System', bank now has faster and easier access to credit information thus helping bank to maintain effective Turn Around Time.

Shambhu Nath Gautam
General Manager
Siddhartha Bank Limited

CIB has done a very commendable job by launching its on line credit information service which has helped us to provide fast services to the clients. It has not only helped us to save the time but also enabled us to avoid unnecessary procedural formalities. Also, the Bank can obtain information as per their requirement, in no time, as and when required. Thank you CIB.

Kamal Prasad Gnawali
CEO, Kist Bank Ltd.

CIB online system has helped banks and financial institutions to make immediate decisions on credit lending and provide instant service to the clients. The loan processing time has been substantially reduced and the cost of access of the information has been lowered. The information contained in the credit report is continuously updated and is always current. No doubt, CIB is providing very good and prompt service to the banks and financial institutions.

Parshuram Chhetri
CEO, Bank of Asia

CIB online service has made the reporting system prompt, efficient and effective. The usual responses from our Relationship Managers have been changed from "CIB report is awaited" to "CIB report is obtained". This online service also goes a long way to enhance the cause of Clean Energy by making the service paperless. Well Done.

Barsha Shrestha
General Manager
Clean Energy Development Bank Ltd.

BLACKLIST ONLINE

Kendra has also developed the on-line system for the Banks and Financial Institutions to upload their requests to Kendra for Blacklisting and De-listing their borrowers. The lending institutions will fill up all required information on-line along with the applicable Clauses for blacklisting and delisting their borrowers as per the NRB Directive. Kendra will check and verify the uploaded data along with the applicable clauses before processing the requests for Blacklist. This implementation of on-line system has helped Kendra immensely to make the blacklisting process fast and effective and update its data of the blacklisted borrowers.

NEW DATA CENTER

Kendra has constructed a new data center in its premise to provide safety and security to its system infrastructures. Kendra has also maintained its cold standby system in GIDC (Government Integrated Data Center located in Singh Durbar) which may be made operational in the event of any disaster in the primary site. Back up server is installed in GIDS and data are updated regularly in the server to provide the protection against any data loss in the primary site. Kendra is also contemplating to make the GIDC as the primary site in the future because of its solid infrastructures and in built security systems.

CHANGE IN FORMAT OF CREDIT REPORT

The credit report has been given a different format with the inclusion of some additional information. Apart from the personal information, all the credit facilities of the borrower from different banks have been encapsulated into single credit report. Summary and details of each credit facility are provided with the details of previous enquiries and blacklist information. Thus it is much easier for the lender to make quick synopsis on the credit status of the borrower and decide whether to lend to the borrower.

DATA UPLOAD MECHANISMS

Kendra has recently developed the effective mechanism to help the banks and financial

institutions to send the borrowers' records of Rs. 1 million and above facility to it through external devices. The users will load the files in Excel formats into the external devices (disk, tape etc) and send them to Kendra where Kendra will verify and validate the data once again and load them into its data base. Big files are very difficult to send by on-line system because of the congestion and limited bandwidth of the ISPs. Usually data are transferred either through secured FTP server or through external devices. In terms of security, the data transfer through external devices is considered to be safest choice among all.

DATA UPDATE

Kendra puts lot of attention to regularly update its data so that quality of report is always maintained at the highest level. Most of the old records are already updated by now and new incoming records are checked whether it meets all the validation criterions. The data quality has improved tremendously since the last year because of tracking and merging facilities implemented in the system. The data that are collected at data entry level for information searching are tracked and compared with the existing master records in the database. If the record matches, the master record is updated accordingly. This has contributed immensely in the improvement of data quality.

CREDIT INFORMATION QUERIES

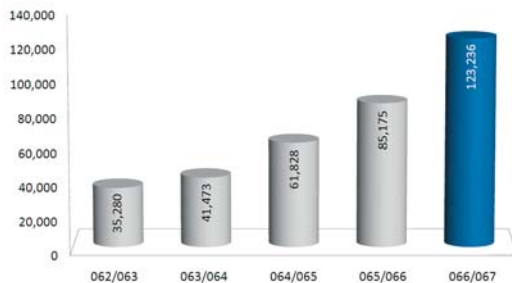
Fiscal Year 066/067 took a huge leap in terms of bringing the efficiency and effectiveness in the operation of the company. The implementation of on-line system has brought immense changes in the ways Banks and Financial institutions have started seeking the borrowers' information for the credit appraisals. Banks are searching the credit profiles not only of their borrowers but also of various concerns and institutions that their borrowers are associated with. The total searches during the six months of online operation increased by nearly 55% as compared to the previous six months of offline operation.

Month	Offline						On-line					
	04/66	05/66	06/66	07/66	08/66	09/66	10/66	11/66	12/66	01/67	02/67	03/67
Queries	7,191	9,986	6,724	8,115	9,473	6,727	8,336	12,795	13,321	10,283	14,232	16,053
	48,216						75,020					

Another reason for increasing number of searches is because of the regular decrease in tariff rates implemented by the Kendra. The tariffs have been

decreasing regularly for both the offline and online system.

	Baisakh/067		Jestha/067		Shrawan/067	
	Online	Offline	Online	Offline	Online	Offline
Transaction (Rs.)	350	350	280	280	250	275
No Transaction (Rs.)	1,000	800	600	800	550	600



Credit Information Queries Growth

	062/063	063/064	064/065	065/066	066/067
Total Information	35,280	41,473	61,828	85,175	123,236
Yearly Increments		6,193	20,355	23,347	38,061

Thus the credit information Queries grew by 45% in the fiscal year 066/067 as compared to the fiscal year 065/066 and by nearly 250% as compared to the year 062/063.

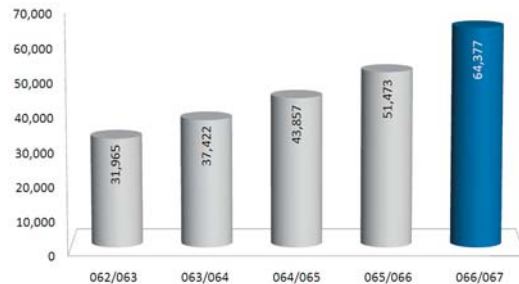
There still remains some government owned banks, few regional development banks and financial institutions which are yet to be connected with on-

line system. Because of this, Kendra has maintained the offline services to them till they migrate to the online system. But the number of credit information deliveries through offline now constitutes a very small percentage of the total deliveries.

INCREASE IN BORROWERS RECORDS

The number of new borrowers' records recorded in CIB database increased by more than 25% in the year 066/067 as against the previous year. Yearly increment is also quite higher as compared to previous years. This increase is primarily

because of the decrease in record collection threshold from Rs. 2.5 million to Rs.1 million (defaulters only) as directed by the NRB regulation.



Registered borrowers in CIB Data Base

	062/063	063/064	064/065	065/066	066/067
Total Borrowers	31,965	37,422	43,857	51,473	64,377
Yearly Increments	3,825	5,457	6,435	7,616	12,904

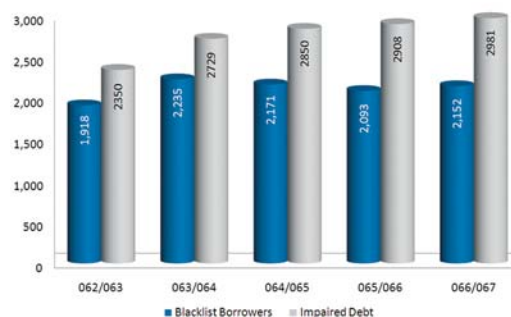
The records are expected to increase sharply in the coming years because of the willingness of the banks and financial institutions to send the borrowers records of any amount irrespective of existing threshold limit and the technical capability and the readiness of the Bureau to accept the records of any volume. Since many banks are voluntarily sending the records of lower than Rs. 1 million facility and Kendra is accepting it, the numbers of records are bound to increase in the coming years.

started increasing from the later part of the fiscal year because of the new directive promulgated by the NRB where Banks and Financial institutions were allowed to include the defaulters of any amount into the blacklist provided they meet the basic inclusion criteria as laid out in the directive. The banks may include the borrowers into the blacklist also in the cases of check returns and write-offs. These kinds of additional provisions for Blacklist have led to increase in the number of blacklisted borrowers in the year 066/067.

The number of Blacklist records which was on a decreasing trend suddenly took a sharp turn and

Statistics of the Blacklisted Borrowers and total Non Performing Assets

	Till 062/063	Added in 063/064	Added in 064/065	Added in 065/066	Added in 066/067	Total till 066/067
Listed in Blacklist	2,909	430	82	55	171	3,647
De-listed from Blacklist	991	113	146	133	112	1,495
Amount to be recovered from Blacklist (in crore)	2,945	390	130	70	85	3,620
Amount recovered (in crore)	595	11	9	12	12	639



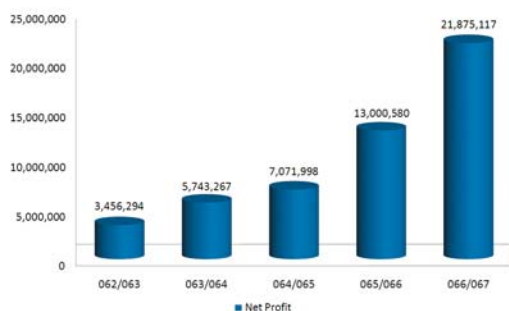
As can be seen, the number of Blacklist borrowers increased sharply in the year 066/067 as compared to previous two years and thus there are a total of 2,152 blacklist borrowers at end of fiscal year 066/067 with the total outstanding amount of Rs. 2,981 crore. ■

FINANCIAL PERFORMANCE

The fiscal year 066/067 had been quite satisfactory in terms of financial performance of the company. The Revenue from the Service Charges, the core revenue generating activity of the company, increased by 43% this year as compared to 36% last year. The total operating revenue increased by 45% because of the additional revenue generated from the interest incomes which increased nearly by 118%. The operating expenses got increased by only 17%. The major expense item was salary & allowance which increased by 17% i.e. Rs. 1,239,424 where as other expenses increased by only 16% i.e. Rs. 593,327 thus giving rise to total increment of only Rs. 1,832,751 in operating expenses. Old non-collectable receivables amounting to

Rs. 227,900 have been written off and have been charged as non operating expenses.

The depreciation expense decreased by 3% where as bonus expense increased by nearly 64% thus giving rise to total pretax profit of Rs. 29,242,789. The income tax amounting to Rs. 7,367,672 has been provisioned this year of which current tax calculated at the rate applicable in accordance with Income Tax Act and Rules amounted to Rs. 7,498,116 and the Deferred Tax income recognized as per the Nepal Accounting Standards 09, amounted to Rs. 130,444.



Net Profit from Operation (NRs.)

	062/063	063/064	064/065	065/066	066/067
Total Revenue	11,953,613	17,034,176	22,656,438	32,502,767	47,029,263
Total Expenses	8,497,319	11,290,909	15,584,440	19,502,187	25,154,146
Net Profit	3,456,294	5,743,267	7,071,998	13,000,580	21,875,117

The deferred tax asset arising due to temporary difference amounted to Rs. 1,175,101 this year where as it was Rs. 1,044,658 in the last fiscal year. This led to deferred tax income amounting to Rs. 130,444 which was adjusted in the Income Statement of the year accordingly. Thus the company made a net profit of Rs. 21,875,117 in 066/067 which was 68% higher than the previous year figure. Twenty percent of the net profit was deducted for the General Reserve and the rest was sent to the Accumulated Profit account.

As decided in the 5th Annual General Meeting, the promoter shareholders were issued bonus shares in the equivalence of 5:1 (1 Bonus share

equivalent to 5 ordinary shares) thus increasing the paid up share capital to Rs. 44,020,200. The reserve and surplus went up to Rs. 46,256,477 and the total Capital & Liabilities increased to Rs. 90,276,677.

Board has recently decided to issue additional bonus shares equal to NRs. 22,010,100 (50% of the total paid up capital) and cash dividend equal to 1,158,426 to the promoter shareholders this year (066/067) subject to the approval from the 6th AGM of the company. Appropriate provisions for proposed bonus share and cash dividend (equivalent to the taxes to be paid) are made in the Reserve & Surplus account, P.L. Appropriation Account and Provisions account.

This new provisions has thus reduced the Reserve and Surplus account to NRs. 45,098,051, Capital & Liabilities account to NRs. 89,118,251 and increased the Provisions account to NRs. 4,082,705.

New assets worth Rs. 2,289,608 were added in the year which increased the Fixed Asset less Depreciation by Rs. 139,448. The balanced portfolio of short term and long term investments increased the returns on investments substantially with average rate of return being 11.5%. The Gratuity Fund that is deposited in Citizens Investment Trust is also shown as Investment. Cash and Bank balance have reduced substantially because of the policy of the company not to retain large sums of money on short term deposits but invest it for higher returns. Some cash were withheld in this account because of the possibility for immediate requirement of cash for installation of new systems. Even the cash for short term were deposited in institutions which gave relatively higher yields. The average yield for short term cash deposits was 7.09%.

There were very good improvements in trades and receivables. The Service Charges receivable to the total invoiced bills dropped down substantially from 26.6% in the year 065/066 to 16% in 066/067. The stringent credit policy and efficient bill collection mechanism helped improve the account receivable. Cash and Bank Balance has decreased due to substantial investments in fixed deposits. The Prepaid, Advances, Loans and Deposits have increased because of the increased TDS and advance payments of some items. The Trade and other payables have increased by 31% because of the increase in Leave Fund, Dividend payable and others payable. The payable to IFC is still remaining because of the delay in the implementation of the Kendra's modernization project and secured transaction registry service. This dividend payable shown is the tax amount required to be paid in lieu of bonus share distribution. ■

Key Financial Highlights

Particulars	066/067	065/066	Increase	% Increase
Total Assets	100,985,826	82,857,486	18,128,341	21.88%
Total loans & advances	7,530,589	6,836,203	694,386	10.16%
Total Investments				
Operating profit	59,815,728	26,000,000	33,815,728	130%
(before bonus & taxes)	32,167,068	19,639,013	12,528,055	63.8%
Net Profit	21,875,117	13,000,580	8,874,537	68%
Number of shares	440,202	366,835	73,367	20%
Earning per Share	49.65	35.44	14.21	40%

STATUS OF THE NEW PROJECTS

CIB MODERNIZATION PROJECT

The project is expected to be completed and be fully operational by the 3rd Quarter of 2011. The selection of the bidder has taken long time to finalize because of the two stage bidding process which requires bids to be evaluated twice, first for technical proposal and second for updated technical proposal along with financial proposal. Based on the evaluation of technical and financial proposal, vendor will be selected and the qualified vendor is expected to complete installation and commissioning of the equipment by the end of September, 2011.

SECURED TRANSACTION REGISTRY

The operating agreement has already been signed between Karja Suchana Kendra Limited and Ministry of Finance for hosting the registry service in Kendra. As per the Agreement, the Kendra is entrusted with the task of developing the technical design of the registry along with its procurement, installation, commissioning and operation. The agreement has clearly defined the role of the Kendra and the terms and conditions of operation. The STR service is expected to come in live operations by July, 2011.

MICROFINANCE

Immediately after the completion of CIB modernization Project, Kendra intends to begin the microfinance project which aims to provide credit information services to microfinance institutions of the country. The project will be partially funded by Asian Development Bank under the Rural Finance Sector Cluster Program (Sub Program II). ADB has provided the grant of Rs. 15 crores for the project which will be used to support the development of Management Information System (MIS) of the Bureau.

CREDIT RATING AGENCY

Karja Suchana Kendra Limited has been offered a minority stake in the Credit Rating Agency (CRA) which is going to be established very soon in Nepal under the joint venture partnership of Indian Credit Rating Agency of India and Himalayan Infrastructure Fund of Nepal. Both will have majority stakes in the venture. ICRA has completed the initial formalities of getting the approval from the Indian side i.e. Securities and Exchange Board of India (SEBI) and the Reserve Bank of India. The implementation process will start immediately after SEBON comes out with required regulation and other approvals are met. ■

SYNOPSIS OF WHAT WE PROMISED LAST YEAR AND WHAT WE DELIVERED

	What we Promised	What we delivered
1.	Online Credit Information Services	Delivered
2.	Complete installing VPN connections in Banks and Financial Institutions.	Delivered
3.	Organize and Conduct trainings for IT staffs of Banks and Financial institutions.	Delivered
4.	Bring down threshold to Rs.1 million	Delivered (Defaulters)
5.	Implementation of CIB modernization Project.	Completed Technical Evaluation. Working on Financial Proposal.
6.	Implementation of Secured Transaction Registry.	Contract already signed between MOF and CIB. In the process of implementation.
7.	Prepare Plans and Procedures for the implementation of Microfinance Project.	Delivered

ACTION PLANS FOR THE YEAR 067/068

This year our focus will be on the following:

- Expedite the implementation of Secured Transaction Registry. Work on the amendment of the Act to incorporate relevant issues (transition period, tariffs, amendment vs. correction of name etc.) and prepare appropriate regulations which guides the operation. Kendra will work together with MOF for the same.
- Expedite the vendor partner selection process and complete installation and commissioning of the new CIB system. Kendra will coordinate the activities with NRB (implementing agency).
- Develop the technical framework for collecting the information from microfinance institutions.
- Capacity building of the staffs. Organize trainings, seminars and visits.
- Further improve on the access and quality of Credit Information Searching system. Bring down the tariffs and make the service more affordable to the end users.
- Complete collecting all the borrowers' records of Rs. 1 million and above facility provided by the Banks and Financial institutions. Incorporate those records into the credit reports and make the credit report more inclusive.
- Rework on the existing NRB Directive and make recommendations to make Black list and De-list provisions more practical, effective and free from any controversies.
- Conduct regular trainings and interaction programs with the banks and financial institutions to make them familiar with the Credit Bureau System and Secured Transaction Registry. ■

ISSUES & PROBLEMS AFFECTING THE SERVICE OF THE BUREAU

REPORTING AND UPDATES

The last fiscal year also saw no substantial improvements in the Banks and Financial Institutions sending the initial borrower records (ka.su.fa. 1) and their quarterly updates (ka.su.fa. 2) to Kendra on time. Many new borrowers' records are reported too late and sometimes even after the gap of one year. The quarterly reports of the existing borrowers are seldom received on time leading to degradation in the quality and accuracy of the credit report. This has remained a serious problem for us since Bureau can not be effective without the complete and quality data with it in its database. Not only the quality of credit report is affected, but also it affects the development of various kinds of value added products and services. Banks and Financial Institutions are less responsive in this matter and seem to have failed to realize the urgency and importance of current and updated information to Bureau.

CREDIT REPORTING LIMITS

High credit reporting limit as set forth by the NRB Directive has precluded the Bureau from collecting the data of the SME or lower end borrowers which constitute the major portion of lending of the banks and financial institutions. This has serious implications in strengthening our database and making our database more inclusive and matured. Bureau will be of less significance when it fails to collect all credit facilities extended by the banks and financial institutions in the market. By setting higher reporting limit, NRB itself is restraining the growth of credit market in the country. Kendra has reported the seriousness of this issue to NRB, Nepal Bankers Association, Nepal Development Banks Association and Nepal Finance Companies Association.

CREDIT BUREAU CELL

In spite of our repeated requests and the mandatory provision set forth in the NRB directive, many banks and financial institutions have still failed to set up the credit bureau cell in their organizations leading to difficulties for both parties (Kendra and banks/financial institutions) in settling various issues related with data uploads, data quality, blacklist & de-list, information enquiries and system incompatibilities. It will be very beneficial for the lenders to have centralized information searching and credit reporting cell not only for the co-ordination purpose with the Bureau but also for their own monitoring and supervision purposes.

BLACKLIST AND DE-LIST PROVISIONS

There is the immediate need to amend the various Blacklist Clauses of the NRB Directive which contradict each other and has given more room for interpretations leading to misunderstandings between Kendra and Banks & Financial institutions. This issue has to be addressed and sorted out as soon as possible in order to bring the uniformity in the interpretations of Blacklist provisions.

MANDATORY INFORMATION FOR THE BLACKLIST & DE-LIST PROVISIONS

The current status of the credit facility and settlement date of the loan are mandatory information to be sent to Kendra while requesting for Blacklist and De-list services respectively. Many banks and financial institutions fail to send the information along with their requests thus delaying the whole process of Blacklist and De-list activities. The prime reason for the delay in the Kendra relates with the incomplete, inaccurate and dated data sent in by banks and financial institutions for the Blacklist and De-list purposes.

IMPACTS OF REGIONAL AND GLOBAL DEVELOPMENTS IN CREDIT BUREAUS

Last decade saw tremendous growth of the credit bureaus in South Asia and especially in SAARC countries. The countries like Pakistan, India, Sri Lanka and Bangladesh are already having highly advanced Credit Information Bureau System procured from the international vendors such as TransUnion, Dun & Bradstreet and CRIF. Even the small countries of the region like Bhutan and Maldives have installed the new system and are delivering high quality credit bureau services to their clients. The current statistics shows that there has been tremendous growth of the credit markets in those countries with the establishment of credit bureaus which has contributed significantly in the growth of their whole economy.

We have to move a long way to catch up with our regional neighbors. Our existing system does not match with their system in terms of delivering high quality products and services. Even though we are inching forward in that direction, we seem to be too late and too slow.

The major effect of our slow pace of modernization of our bureau will impact on setting up of "SAARC Credit Information Bureau" which is planned to be implemented very soon. The major objective of this regional bureau is to share the information of the loan defaulters among the SAARC countries. This will help immensely for Nepal where many borrowers have disappeared

from the country and invested in neighboring countries leaving behind huge chunk of non performing loans with our banks and financial institutions. The possible incompatibility of our existing system with the advanced system of other bureaus of the region may put us in disadvantage position to extract maximum benefit out of this alliance.

The growth of credit bureaus in Africa, Latin America and Middle East is just astonishing. The countries like Egypt, Kenya and Jordan have made a big leap within the short span of time. The Credit Bureaus of USA and Europe are always setting new limits on the products, services and operation of the Credit Bureaus.

Against this backdrop, Nepal will have difficulty in meeting the international standards as set forth by the International Credit Bureau Associations and other Governing Agencies. Thus there is the fear of being excluded from the fraternity of the credit bureaus if we do not take immediate measures to develop our system as per the international standards. ■

ADDITIONAL DETAILS

SHAREHOLDING STRUCTURE OF THE COMPANY

There have been some changes in the distribution of shares among various groups after the issue of the new bonus shares as decided in the 5th AGM of the company. The AGM decided to increase the authorized capital to Rs. 10 crore, issued capital

to Rs. 5 crore and also decided to issue the bonus shares in the ratio of 5:1 (1 bonus share @ 5 existing shares) to the existing promoter shareholders.

Bank & Financial Institutions	Existing Share Structure	Authorized Share Capital (10 crore).	Total Shares Issued	Subscribed Shares	Remaining Unsubscribed Shares	Total Outstanding Shares	Outstanding Shares to be Issued
Nepal Rastra Bank	10%	100,000	50,000	48,000	2,000	52,000	50,000
Commercial Banks	65%	650,000	325,000	304,338	20,662	345,662	325,000
Development Banks	10%	100,000	50,000	17,496	32,504	82,504	50,000
Financial Institutions	15%	150,000	75,000	70,368	4,632	79,632	75,000
	100%	1,000,000	500,000	440,202	59,798	559,798	500,000

MEMBER BANKS AND FINANCIAL INSTITUTION

All the Banks and Financial Institutions who are registered in Nepal Rastra Bank must be registered in Karja Suchana Kendra Limited as its member before making any lending of Rs. 1 million and above facility. The members are mandatorily required to avail the credit reports of

the borrowers from Kendra for making lending of Rs. 1 million and above facility. Thus all the banks and financial institutions operating their businesses automatically tend to become the members of the Kendra. The number of registered institutions grew by 21 in the year 066/067.

Banks	Registered Numbers 066/067	Registered Numbers 065/066
Commercial Banks	27	26
Development Banks	14	12
Regional Development Banks	72	58
Finance Companies	79	75
Others (Rural Development Bank, Micro Finance Institution, Co-operatives)	2	2
Total Registered Financial Institutions	194	173

CHANGES IN THE BOARD OF DIRECTORS

There were no changes in the Board of Directors in the fiscal year 066/067.

BOARD MEETINGS, OTHER COMMITTEES AND EXPENSES INCURRED

Only the directors not assuming any executive role in the Kendra are paid board meeting fees at the rate of Rs. 2000 per meeting. There were altogether 6 board meetings held in the year and the total remuneration paid to the Board of Directors including the Chairman was Rs. 64,000.

The board has formed audit committee consisting of following Board members.

Audit Committee

- 1) Mr. Ram Santa Shrestha, Chairman of the Committee/Board member
- 2) Mr. Anurag Mishra, Member of the Committee/Board member
- 3) Ms. Purna Chitra Pradhan, Member of the Committee/Account officer

There were altogether two meetings held of Audit Committee in the fiscal year 066/067. The members of the Audit Committee are paid the fee of Rs. 2,000 per meeting. The total expense incurred in the form of fees was Rs. 12,000.

MANAGEMENT EXECUTIVES & REMUNERATION

There are altogether 27 staffs working in the company at present. The total expense incurred for the staffs in the form of salary, allowance and other facilities was Rs. 8,365,442. CEO was paid the total remuneration package of Rs. 1,766,000 and the remaining staffs were paid Rs. 6,599,442. CEO is also provided with vehicle and its associated expenses.

INTERNAL CONTROL SYSTEMS

We have very effective internal control system that monitors operational parameters such as hit rates, valid searching, duplicate registration and dispatch that have direct bearing on the billing and revenue of the operation. In addition, there is periodic internal audit of the operations in every quarter which is carried out by renowned firm M/S CSC and Co, and the internal audit report gets reviewed by the Audit committee headed by Mr. Ram Santa Shrestha (non executive director of the board).

JUDICIAL CASES

There are altogether nine cases pending against the CIB related with Blacklist in various courts till the end of 066/067. Out of the nine cases carried forward from the year 065/066, 3 new cases were registered in the year 066/067 and 3 cases were settled by the court during the period.

COMMENTS AND OBSERVATION OF THE BOARD ON THE AUDITOR'S REPORT

Our statutory auditor BRS Neupane & Company, one of the largest firms of accounting and consulting in Nepal has audited our year end books of accounts and M/s CSC and Co., a firm associated with internationally renowned firm "Price Water Coopers" has been our Internal Auditor. Except for general comments, there are no major issues in the Audit Report for FY 066/067. The Board of Directors has duly noted the general comments and has instructed the management to address them.

AMENDMENT OF MEMORANDUM AND THE ARTICLES OF ASSOCIATION

The shareholders endorsed the following proposals as raised by the Board in the floor of 5th AGM:

- 1) Increase the Authorized Capital to 10 crore
- 2) Increase the issued capital to 5 crore (Board

also got the endorsement from AGM to increase the issued capital to any further amount to the limit of 10 crore at its discretion in desired intervals.)

- 3) Change the objectives of the company in the Memorandum (Since the existing Memorandum had restricted the Bureau from undertaking the new projects like Secured Transaction Registry, Microfinance and others, AGM granted the authority to the Board to change the Memorandum accordingly so as to make bureau more diverse in terms of taking new projects related with the current line of business).

SPECIAL PROPOSAL FOR THE ISSUE OF BONUS SHARE

As per the meeting of Board of Directors held on 24th October, 2010, the Board has decided to issue additional bonus shares equivalent to 50% of the total paid up capital to the promoter shareholders subject to the approval from this 6th Annual General Meeting of the Company. This issue will also incur additional cost for tax which will be incorporated as cash dividend in the financial statement. Thus NRs. 22,010,100 will be

transferred to Paid up capital and Rs. 1,158,426 will be allocated as cash dividend.

On behalf of the Board of Directors, I would like to bring forward this proposal in the floor of this Annual General Meeting for its final approval.

GRATITUDE

Finally, I would like to express my sincere gratitude to all the promoter shareholders of Kendra for their unflinching support and unquestioning trust extended to us all the time. I also would like to thank all the member banks & financial institutions for being with us in our difficult period of transitions from manual system to online system and also for their supports, inputs and encouragements during the period. We are grateful to Nepal Rastra Bank for its continued support to Kendra throughout its inception and also to Company Registrar, Ministry of Finance and Government of Nepal for their helps and assistances extended to us all the time.

At the end, our success would not have been possible without the unwavering determination and fortitude of our CEO and the staffs of the company. ■

LIST OF PROMOTER SHAREHOLDERS AND THEIR SHARES

S.No.	Name of Banks and Financial Institutions	Total Shares
1	Nepal Rastra Bank	48,000
Commercial Banks		
1	Nepal Bank Limited	6,354
2	Rastriya Baniya Bank	6,354
3	Nabil	16,944
4	Nepal Investment Bank	16,944
5	Standard Chartered Bank	16,944
6	Himalayan Bank	16,944
7	Nepal SBI Bank	16,944
8	Nepal Bangladesh Bank	17,430
9	Everest Bank	16,944
10	Bank of Kathmandu	26,118
11	Nepal Credit & Commerce Bank	16,944
12	NIC Bank	16,944
13	Lumbini Bank	6,354
14	Machhapuchhre Bank	16,944
15	Kumari Bank	16,944
16	Laxmi Bank	24,000
17	Siddhartha Bank	16,896
18	Agriculture Development Bank	14,400
19	Development Credit Bank	14,400
20	Nepal Merchant Banking & Finance	1,296
21	KIST Bank	1,296
Total Commercial Banks		304,338

S.No.	Name of Banks and Financial Institutions	Total Shares
Development Banks		
1	NIDC	5,400
2	Nepal Development Bank	5,400
3	Mankamana Development Bank	5,400
4	Ace Development Bank	1,296
	Total Development Banks	17,496
Finance Companies		
1	Nepal Housing Development Board	1,296
2	NIDC Capital Market	486
3	National Finance Company	1,296
4	Nepal Share Markets & Finance Limited	1,296
5	Peoples Finance	1,296
6	Himalaya Finance & Saving Company Limited	486
7	United Finance Limited	1,296
8	Union Finance Company Limited	1,296
9	Srijana Finance Limited	2,106
10	Kathmandu Finance Limited	3,696
11	Narayani Finance Limited	1,296
12	Gorakha Finance Limited	1,296
13	Nepal Housing & Merchant Finance Limited	486
14	Paschimanchal Finance Company Limited	1,296
15	Universal Finance Limited	3,762
16	Samjhana Finance Company Limited	1,296
17	Goodwill Finance Company Limited	1,296
18	Shree Investment & Finance Company Limited	4,128
19	Siddhartha Finance Limited	6,096

S.No.	Name of Banks and Financial Institutions	Total Shares
20	International Leasing & Finance Company	1,662
21	Mahalaxmi Finance Limited	1,296
22	Merchant Finance Company Limited	1,296
23	Bhajuratna Finance & Savings Company	486
24	General Finance Limited	1,296
25	Nepal Srilanka Merchant Bank Limited	1,296
26	Alpic Finance	4,128
27	Nav Durga Finance Company Limited	1,296
28	Central Finance Company Limited	1,296
29	Premier Finance Company Limited	1,296
30	Multipurpose Savings & Investments Company Limited	1,296
31	Butwal Finance Limited	1,296
32	Om Finance Limited	486
33	Cosmic Merchant Banking & Finance Limited	4,128
34	World Merchant Banking & Finance Limited	1,296
35	Capital Merchant Banking & Finance Limited	486
36	Chrystal Finance Limited	1,296
37	Royal Merchant Banking & Finance Limited	1,296
38	Ghuweshwori Merchant Banking & Finance Limited	1,296
39	Patan Finance Limited	486
40	Lalitpur Finance Limited	1,296
41	Nepal Finance & Savings Limited	486
42	Annapurna Finance	1,296
43	Lumbini Finance & Leased Company Limited	486
44	Yeti Finance Company Limited	1,296
45	Standard Finance	1,296
	Total Finance Companies	70,368

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**BRS Neupane
& Co.**

Independent Correspondent Firm to Deloitte Touche Tohmatsu

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements and related schedules thereto of **Karja Suchana Kendra Ltd.**, which comprise the Balance Sheet as at 32nd Ashad, 2067 (corresponding to 16th July, 2010) and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to accounts.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards and relevant practices in Nepal. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

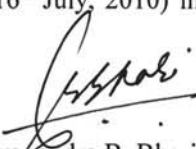
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

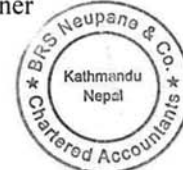
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of **Karja Suchana Kendra Ltd.**, as at 32nd Ashad, 2067 (corresponding to 16th July, 2010) in accordance with Nepal Accounting Standards.

Date: 2067/07/07
Place : Kathmandu, Nepal


Gyaendra B. Bhari, FCA
Partner



KARJA SUCHANA KENDRA LTD.

Balance Sheet

As on Ashad 32nd, 2067 (Corresponding to July 16th, 2010)

Particulars	Schedule	Current Year (NRs)	Previous Year (NRs)
CAPITAL AND LIABILITIES			
Share Capital			
Paid up Share Capital	1	44,020,200	36,683,500
Reserve and Surplus			
Reserve Fund and Accumulated Profit	2	45,098,051	32,104,203
Loan Funds			
Secured Loans	3	-	2,500,000
Total		89,118,251	71,287,703
ASSETS			
Fixed Assets less Depreciation	4	7,071,046	6,931,598
Investments	5	59,815,728	26,000,000
Current Assets (A)			
Trade and Other Receivable	6	8,441,427	8,500,759
Cash and Bank Balances	7	16,951,935	33,544,269
Pre-paid, Advances, Loans and Deposits	8	7,530,589	6,836,203
Total (A)		32,923,951	48,881,230
Current Liabilities and Provisions (B)			
Trade and Other Payables	9	7,784,870	5,941,430
Provisions	10	4,082,705	5,628,352
Total (B)		11,867,575	11,569,782
Net Current Assets (A - B)		21,056,375	37,311,448
Deferred Tax Asset		1,175,101	1,044,658
Total		89,118,251	71,287,703

Significant Accounting Policies and Notes 13
All Schedules form an integral parts of this Financial Statements.

As per our report of even date

Anil Chandra Adhikari
Chief Executive Officer

Ashoke S.J.B. Rana
Chairman

Ram Santa Shrestha
Director

Anurag Mishra
Director

Nirmal Dahal
Director

Siddhant Raj Pandey
Director

Amrit Charan Shrestha
Director

Gyanendra Bd. Bhari
Partner
BRS Neupane & Co.
Chartered Accountants

Date: 2067/07/07
Place: Kathmandu, Nepal

KARJA SUCHANA KENDRA LTD.**Income Statement**

For the period from Sharwan 1st, 2066 to Ashad 32nd, 2067
(Corresponding period from July 16th, 2009 to July 16th, 2010)

Particulars	Schedule	Current Year (NRs)	Previous Year (NRs)
A. Income			
1. Service Charge		42,167,870	29,554,400
2. Interest		4,840,393	2,220,647
3. Registration Charge		21,000	13,000
4. Other Income		-	266,372
5. Gain on Sale of Assets		-	448,348
Total		47,029,263	32,502,767
B. Expenditure			
1. Operating Expenses	11	12,484,136	10,651,384
2. Non Operating Expenses	12	227,900	-
3. Depreciation on Fixed Assets	4	2,150,160	2,212,370
4. Provision for bonus		2,924,279	1,785,365
Profit before Tax (PBT)		29,242,789	17,853,648
5. Provision for Taxation (with deferred tax)		7,367,672	4,853,068
5.1 Current tax expenses		7,498,116	4,448,078
5.2 Deffered tax expenses		(130,444)	404,990
6. Net Profit Transferred to Accumulated Profit		21,875,117	13,000,580
Total		47,029,263	32,502,767

All Schedules form an integral parts of this Financial Statements.

As per our report of even date

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Chief Executive Officer

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Director

Nirmal Dahal
Director

Siddhant Raj Pandey
Director

Amrit Charan Shrestha
Director

Gyanendra Bd. Bhari
Partner
BRS Neupane & Co.
Chartered Accountants

Date: 2067/07/07
Place: Kathmandu, Nepal

KARJA SUCHANA KENDRA LTD.**Profit and Loss Appropriation Account**For the period from Shrawan 1st, 2066 to Ashad 32nd, 2067
(Corresponding period from July 16th, 2009 to July 16th, 2010)

Particulars	Current Year (NRs)	Previous Year (NRs)
Income		
1 Accumulated profit up to the last year	17,905,860	8,656,847
2 Current Year's Profit	21,875,117	13,000,580
Total	39,780,977	21,657,427
Expenses		
1 Accumulated Loss up to the last year	-	-
2 Current Year's Loss	-	-
3 General Reserve	4,375,023	2,600,116
4 Provision for Previous year taxation	-	106,793
5 Capital Reserve	-	-
6 Dividend (Last Year)	386,142	-
7 Bonus Share (Last Year)	7,336,700	-
8 Deferred tax Income	130,444	1,044,658
9 Proposed Bonus Share	22,010,100	-
10 Proposed Cash Dividend	1,158,426	-
Total	35,396,835	3,751,567
Accumulated Profit/(Loss)	4,384,141	17,905,860

As per our report of even date

Anil Chandra Adhikari
Chief Executive Officer**Ashoke S.J.B. Rana**
Chairman**Ram Santa Shrestha**
Director**Anurag Mishra**
Director**Nirmal Dahal**
Director**Siddhant Raj Pandey**
Director**Amrit Charan Shrestha**
Director**Gyanendra Bd. Bhari**
Partner
BRS Neupane & Co.
Chartered AccountantsDate: 2067/07/07
Place: Kathmandu, Nepal

KARJA SUCHANA KENDRA LTD.**Cash Flow Statement**

For the period from Shrawan 1st, 2066 to Ashad 32nd, 2067
(Corresponding period from July 16th, 2009 to July 16th, 2010)

Particulars	Current Year (NRs)	Previous Year (NRs)
A. Cash Flow From Operations		
Net Profit as per P & L A/C	21,875,117	13,000,580
Adjustments:		
Interest income	(4,840,393)	(2,220,647)
Depreciation	2,150,160	2,212,370
Gain on Sale of Assets	-	(448,348)
Cashflow from operating activity	19,184,883	12,543,956
Change in working capital		
Increase/(Decrease) in Provision	(1,676,090)	1,246,826
Increase/(Decrease) in trade and other payables	1,843,440	(5,809,157)
(Increase)/Decrease in Advances, Loans & Deposits	(694,386)	1,820,108
(Increase)/Decrease in trade & other receivables	59,331	(100,683)
Total (A)	18,717,178	9,701,049
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,289,608)	(3,840,048)
Sale of Fixed Assets	-	639,000
Investments	(33,815,728)	(15,000,000)
Interest income	4,840,393	2,220,647
Total (B)	(31,264,942)	(15,980,401)
C. Cash Flow from Financing Activities		
Issue of Share Capital (except bonus share)	-	2,526,000
Secured Loans against Fixed Deposit	(2,500,000)	2,500,000
Dividend (Payable)	(386,142)	-
Proposed Dividend	(1,158,426)	
Total (C)	(4,044,568)	5,026,000
Net Cash increase/decrease (A+B+C)	(16,592,333)	(1,253,351)
Add:- Opening Cash & Bank Balance	33,544,269	34,797,619
Closing Cash & Bank Balance	16,951,935	33,544,269

As per our report of even date

Anil Chandra Adhikari
Chief Executive Officer

Ashoke S.J.B. Rana
Chairman

Ram Santa Shrestha
Director

Anurag Mishra
Director

Nirmal Dahal
Director

Siddhant Raj Pandey
Director

Amrit Charan Shrestha
Director

Gyanendra Bd. Bhari
Partner
BRS Neupane & Co.
Chartered Accountants

Date: 2067/07/07
Place: Kathmandu, Nepal

KARJA SUCHANA KENDRA LTD.**Statement of Changes in Equity**For the period from Shrawan 1st, 2066 to Ashad 32nd, 2067 (Corresponding period from July 16th, 2009 to July 16th, 2010)

(Amount in NRs.)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve	Capital Reserve	Deferred Tax Reserve	Proposed Bonus Share	Total Amount
Opening Balance	36,683,500	17,905,860	5,854,428	7,299,257	1,044,658	-	68,787,703
Provision for last years taxation	-	-	-	-	-	-	-
Restated Opening Balance	36,683,500	17,905,860	5,854,428	7,299,257	1,044,658	-	68,787,703
Adjustments							
Current Year's Net Profit	-	21,875,117	-	-	-	-	21,875,117
General Reserve	-	(4,375,023)	4,375,023	-	-	-	-
Right Share	-	-	-	-	-	-	-
Issue of Bonus Share	7,336,700	(7,336,700)	-	-	-	-	-
Deferred Tax Income	-	(130,444)	-	-	130,444	-	-
Cash Dividend	-	(386,142)	-	-	-	-	(386,142)
Proposed Bonus Share	-	(22,010,100)	-	-	-	22,010,100	-
Proposed Cash Dividend	-	(1,158,426)	-	-	-	-	(1,158,426)
Closing Balance	44,020,200	4,384,141	10,229,451	7,299,257	1,175,101	22,010,100	89,118,251

As per our report of even date

Anil Chandra Adhikari
Chief Executive Officer**Ashoke S.J.B. Rana**
Chairman**Ram Santa Shrestha**
Director**Anurag Mishra**
Director**Nirmal Dahal**
Director**Siddhant Raj Pandey**
Director**Amrit Charan Shrestha**
Director**Gyanendra Bd. Bhari**
Partner
BRS Neupane & Co.
Chartered AccountantsDate: 2067/07/07
Place: Kathmandu, Nepal

KARJA SUCHANA KENDRA LTD.For the period from Shrawan 1st, 2066 to Ashad 32nd, 2067**SHARE CAPITAL**

Schedule -1

Particulars	Current Year (NRs)	Previous Year (NRs)
Authorised Share Capital		
(10,00,000 ordinary share of Rs.100 each)	100,000,000	40,000,000
(Last Year 400,000 ordinary share of Rs. 100 each) 40,000,000		
Issued Share Capital		
(5,00,000 ordinary shares of Rs.100 each)	50,000,000	40,000,000
(Last Year 400,000 ordinary share of Rs. 100 each) 40,000,000		
Paid-up Share Capital		
366,835 ordinary shares of Rs.100 each	36,683,500	36,683,500
73,367 Bonus Share of Rs. 100 each	7,336,700	-
Total Paid-up Capital	44,020,200	36,683,500

RESERVE & SURPLUS

Schedule -2

Particulars	Current Year (NRs)	Previous Year (NRs)
Capital Reserve	7,299,257	7,299,257
General Reserve	10,229,451	5,854,428
Accumulated Profit	4,384,141	17,905,860
Deferred tax Reserve	1,175,101	1,044,658
Proposed Bonus Share	22,010,100	
Total	45,098,051	32,104,203

SECURED LOANS

Schedule -3

Particulars	Current Year (NRs)	Previous Year (NRs)
Sunrise Bank Ltd.(Loan Against FD)	-	700,000
Everest Bank Ltd. (Loan Against FD)	-	1,800,000
Total	-	2,500,000

KARJA SUCHANA KENDRA LTD.

For the period from Shrawan 1st, 2066 to Ashad 32nd, 2067

FIXED ASSETS AND DEPRECIATION

Schedule -4

Particulars	Dep. Rate	Cost Value			Depreciation			Written Down Value			
		Previous Year NRs.	Addition Current Year NRs.	Sales Adjustment	Balances NRs.	Previous Year NRs.	Current Year NRs.	Sales Adjustment	Balances NRs.	Current Year NRs.	Previous Year NRs.
Land											
Pool A: Building, Structures and similar Works of Permanent Nature	5%										
Pool B: Computers, Furniture & Fixtures and Office Equipment	25%	5,122,052	776,778	-	5,898,830	2,118,564	539,654	-	2,658,218	2,026,031	1,788,906
Pool C: Vehicle	20%	3,521,229	-	-	3,521,229	732931	555,682	-	1,288,614	2,222,729	2778411
Pool D: Plant and Machinery	15%	-	1,263,080	-	1,263,080	-	126,308	-	126,308	1,136,772	-
Pool E: Other Intangible Assets		3,196,724	249,750	-	3,446,474	2,056,912	928516	-	2,985,427	1,685,515	2,364,281
Balance of Current Year		11,840,005	2,289,608	-	14,129,612	4,908,407	2,150,160	-	7,058,567	7,071,046	6,931,598

KARJA SUCHANA KENDRA LTD.Schedules to Balance Sheet As at Ashad 32nd, 2067

INVESTMENTS		Schedule -5	
Particulars	Current Year (NRs)	Previous Year (NRs)	
(a) Fixed Deposit			
ACE Development Bank Ltd.	5,500,000	5,500,000	
Alpic Everest Finance Co. Ltd.	9,000,000	6,000,000	
Everest Bank Ltd.	3,000,000	2,000,000	
Goodwill Finance Ltd.	2,500,000	2,500,000	
Kumari Bank Ltd.	5,000,000	5,000,000	
Sagarmatha Finance Ltd.	5,000,000	3,000,000	
Sunrise Bank Ltd	-	2,000,000	
International Development Bank Ltd.	1,000,000	-	
Nepal Investment Bank Ltd.	5,000,000	-	
Union Finance Ltd.	2,000,000	-	
Manjushree Financial Institution	2,000,000	-	
NIC Bank Ltd.	5,000,000	-	
Prime Bank Ltd.	4,000,000	-	
Global Bank Ltd.	4,000,000	-	
Manakamana Development Bank Ltd.	3,400,000	-	
	56,400,000	26,000,000	
(b) Citizen Investment Trust			
	3,415,728	-	
Total	59,815,728	26,000,000	

TRADE AND OTHER RECEIVABLE		Schedule -6	
Particulars	Current Year (NRs)	Previous Year (NRs)	
Receivables			
Service Charge	7,083,868	7,850,600	
Interest Accrued			
ACE Development Bank Ltd.	172,753	235,938	
Alpic Everest Finance Co. Ltd.	259,483	205,525	
Sunrise Bank Ltd.	-	44,083	
Everest Bank Ltd.	45,616	7,117	
Goodwill Finance Ltd.	79,247	67,031	
Kumari Bank Ltd.	57,021	10,639	
Sagarmatha Merchant Finance Ltd.	241,726	79,825	
International Development Bank Ltd.	48,411	-	
Nepal Investment Bank Ltd.	227,055	-	
Union Finance Ltd.	12,110	-	
NIC Bank Ltd.	185,753	-	
Manjushree Financial Institution	28,384	-	
Total	8,441,427	8,500,759	

CASH AND BANK BALANCE

Schedule -7

Particulars	Current Year (NRs)	Previous Year (NRs)
Cash in Hand	1,314	493
Citizen Bank International - Call A/C	1,646,270	12,906,060
Nepal Rastra Bank - CIBL	4,789,800	7,700,273
Nepal Industrial & Comm. Bank - Call A/C	5,789,931	3,105,425
Nabil Bank Ltd. - 0201017500811 (Current)	1,881,548	454,570
Nabil Bank Ltd. - Call A/C	265,233	1,766,754
NMB Bank Ltd. (Call)	74,294	2,388,834
Tourism Development Bank	2,000,511	-
Nepal Development Bank	-	35,400
Sunrise Bank Ltd.	136,543	5,186,461
Manakamana Development Bank	366,491	-
Total	16,951,935	33,544,269

PRE-PAID, ADVANCES, LOANS AND DEPOSITS

Schedule -8

Particulars	Current Year (NRs)	Previous Year (NRs)
Deposit		
Nepal Telecommunication	23,060	26,011
Staff Advances	292,678	479,394
Loans to Staff	2,001,054	2,301,054
Advance Tax	4,679,263	4,029,744
Others	534,534	-
Total	7,530,589	6,836,202

TRADE AND OTHER PAYABLES

Schedule -9

Particulars	Current Year (NRs)	Previous Year (NRs)
Auditors Fee	201,258	62,150
Telephone Charge (Payable)	39,132	34,633
Others Payable	1,189,622	370,428
Advance Received of Service Charges	-	5,000
Gratuity Fund/Retirement Fund (CIT)	3,415,728	3,415,728
Leave Fund	1,484,217	1,005,804
World Link Technologies Payables	-	22,600
TDS payable	7,423	986
IFC Intervation Expenses Payable	1,000,000	1,000,000
Dividend Payable	386,142	-
Postal Charge Payable	-	7,000
NLG Insurance Payable	41,549	17,101
Bonus Payable	19,800	-
Total	7,784,870	5,941,430

PROVISIONS

Schedule -10

Particulars	Current Year (NRs)	Previous Year (NRs)
Provision for Income Tax	-	3,842,987
Provision for bonus	2,924,279	1,785,365
Provision for Cash Dividend	1,158,426	-
Total	4,082,705	5,628,352

KARJA SUCHANA KENDRA LTD.For the period from Shrawan 1st, 2066 to Ashad 32nd, 2067**OPERATING EXPENSES****Schedule -11**

Particulars	Current Year (NRs)	Previous Year (NRs)
Salary and Allowances	8,365,442	7,126,018
Meeting Expenses	102,826	52,878
Travelling Expenses	-	360,032
Training Expenses	9,797	79,555
Printing and Stationery	423,260	368,976
Repair and Maintenance:	-	357,031
a) Repair Expenses	189,534	-
b) Maintenance Expenses - Annual Charges(Software)	487,426	-
Telephone Charge	197,960	184,149
Postal Charge	132,293	149,562
Fuel Expenses	97,934	84,479
Insurance Premium	46,784	10,544
Auditor's Fee	203,965	62,150
Water, Electricity and Others	237,044	287,073
Legal Expenses	142,350	152,060
Paper and Publication	41,172	37,822
Web Charges	271,200	271,200
AGM Expenses	356,935	267,957
Books and Periodicals	400	4,650
Office Rent, Security and Other Expenses	725,000	480,000
Fee and Commission	55,460	5,374
Uniform Expenses	68,712	47,130
Interest Expenses:	112,925	89,342
Entertainment Expenses	57,355	-
Furniture and Equipment Expenses	35,395	-
Miscellaneous Expenses	122,966	173,402
Total	12,484,136	10,651,384

NON OPERATING EXPENSE**Schedule -12**

Particulars	Current Year (NRs)	Previous Year (NRs)
Write off Expenses	227,900	-
Total	227,900	-

KARJA SUCHANA KENDRA LTD

Significant Accounting Policies and Notes to Account for the period ended
on 32nd Ashad 2067

Schedule 13**1. GENERAL**

Incorporation and Legal form of the Company:

The company is incorporated as a public limited company under the Company Act 2053.

2. NATURE OF BUSINESS

The primary objective of the company is to provide credit information to Banks and Financial institutions.

3. ACCOUNTING CONVENTION

The Financial Statements have been prepared under the historical cost convention and comply with Nepal Accounting Standards.

4. BASIS OF ACCOUNTING

Incomes and expense have been accounted for on accrual basis

5. FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to Profit & Loss Account on a Written down value method except on software, intangible asset and server which has been amortized over their useful life equally by using the following depreciation rates.

Particulars	Depreciation rate
Building	5%
Computers, Furniture & Fixtures and Office Equipment	25%
Server	20%
Vehicle	20%
Software	25%
Other Intangible Assets	20%

6. PROVISION FOR INCOME TAX

The provision for Income Tax has been calculated at the rate applicable for that year in accordance with Income Tax Act and Rules. The Provision for Income Tax as per Income Tax Act 2058 for the year is NRs. 7,498,116. The amount has been adjusted against the Advance Tax.

7. DEFERRED TAX

Nepal Accounting Standard 09, "Income Taxes" has been complied with from the fiscal year 2064/65.

The details of deferred tax assets and liabilities are as follows.

Particulars	Deductible temporary differences (NRs.)	Taxable temporary differences (NRs.)	Net (NRs.)
Fixed Assets		(199,539.87)	(199,539.87)
Retirement Fund (CIT)	3,415,728		3,415,727.75
Leave Fund	1,484,218		1,484,217.97
Total Temporary difference	4,899,946	(199,539.87)	4,700,405.85
Deferred Tax Assets(Liability)	1,224,986	(49,884.97)	1,175,101.46

The deferred tax asset arising due to the temporary difference amounts to NRs. 1,175,101.46 this year where as it was NRs. 1,044,657.73 in previous year. The increase in deferred tax assets by NRs. 130,443.73 during the year is added to the previous years' balance of the deferred tax assets in the Balance Sheet and incorporated as the deferred tax income in the Income Statement of the current year.

8. PROVISION FOR STAFF BONUS

Staff bonus is provided at 10% of net profit before tax.

9. GENERAL RESERVE

As per the provision of the Articles of Association, 20% of the current year's profit amounting to NRs. 4,375,023 has been transferred to General Reserve.

10. INVESTMENTS

Investments in Fixed Deposits are recorded at cost price.

11. LOAN TO STAFF

Loan to staff represent loan granted to employees at concessional interest rate as per the policy of the company. Interest on such loan is recovered from employees on monthly basis and shown as income. Employees of the company availing such loan facility are required to obtain life insurance policy with insured sum equivalent to the amount of loan granted. Such policies are assigned to the company. Loans are recovered upon maturity of insurance policy.

12. CASH DIVIDEND AND BONUS SHARE

As per the decision of AGM of F/Y 2065/66, Cash dividend of NRs. 386,142 and Bonus Share of NRs. 7,336,700 was allocated out of the profit of the last year. Cash dividend is shown as Dividend Payable in Schedule 9 "Trade and Other Payables" and Bonus Share is shown as addition to the Paid up Capital during the year.

Board has decided to issue additional bonus shares equivalent to 50% of the total paid up capital and some Cash Dividend to the promoter shareholders of the company subject to the approval from the 6th Annual General Meeting of the company. Thus the provision of NRs. 22,010,100 for the proposed bonus share and NRs. 1,158,426 for cash dividend is made accordingly in the financial statements. The provision for cash dividend is shown in Provisions account and proposed bonus share in Reserve & Surplus account.

13. ROUNDING-OFF/PREVIOUS YEAR FIGURES

Figures are rounded off to the nearest rupee. Previous year figures has been regrouped or rearranged wherever necessary. ■



CIB Family

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