नेपाल फाईनान्स लिमिटेड
Nepal Finance Limited

"नेपाल राष्ट्र बैंकबाट "ग" वर्गको इजाजतपत्रप्राप्त संस्था"

32 Annual Report

३२औं वार्षिक प्रतिवेदन

आ.व. २०८०/०८१

BOARD OF DIRECTORS

Prof. Hirendra Man Pradhan
Chairman

Diprash Shakya
Director
(Promoter)

Rajan Prajapati
Director
(Promoter)

Bikesh Shakya
Director
(Promoter)

Laxmi Maharjan
Director
(Public)

Bishnu Prasad Gautam
Company Secretary

प्रतिनिधि (प्रोक्सी) फाराम

श्री संचालक समिति
नेपाल फाईनान्स लिमिटेड,
कमलादी, काठमाडौं ।

बिषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला .....म.न.पा./उप.म.न.पा./न.पा./गा.पा. .....वडा नं..... बस्ने म/हामी .....ले त्यस वित्तीय संस्थाको शेयरवालाको हैसियतले मिति २०८१/०९/२९ गतेका दिन हुन गईरहेको ३२ औं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि..... जिल्ला .....म.न.पा./उप.म.न.पा./न.पा./गा.पा. वडा नं.....बस्ने त्यस संस्थाको शेयरवाला श्री.....लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

प्रतिनिधिको
दस्तखत:
नाम:
हितग्राहि खाता नं.:

निबेदकको
दस्तखत:
नाम :
ठेगाना :
शेयर धनी नं.:
हितग्राहि खाता नं.:
शेयर संख्या:
मिति :

नेपाल फाईनान्स लिमिटेड

प्रवेश-पत्र

शेयरधनीको नाम : शेयरधनी नं./हितग्राहि खाता नं.:

शेयर संख्या :

नेपाल फाईनान्स लि.को मिति २०८१/०९/२९ गतेका दिन हुने ३२ औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र ।

शेयरधनीको हस्ताक्षर: ..... कम्पनी सचिव: .....

द्रष्टव्य: यो निवेदन साधारण सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै संस्थाको केन्द्रीय कार्यालयमा पेश गरिसक्नु पर्नेछ । एक भन्दा बढी प्रोक्सीको नाम उल्लेख गरेमा प्रोक्सी रद्द गरिनेछ ।

नेपाल फाईनान्स लिमिटेड
(Nepal Finance Limited)
कमलादी, काठमाण्डौको
३२ औं वार्षिक साधारण सभा सम्बन्धी सूचना

आदरणीय शेयरधनी महानुभावहरू

यस वित्तीय संस्थाको मिति २०८१/०९/०७ गते बसेको सञ्चालक समितिको ३९४ औं बैठकको निर्णयानुसार यस वित्तीय संस्थाको बत्तिसौं वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा निम्न बिषयहरूमा छलफल तथा निर्णय गर्न बस्ने भएको हुँदा कम्पनी ऐन, २०६३ को दफा ६७ अनुसार सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

सभा हुने मिति, स्थान र समय

सभा हुने मिति : २०८१ साल पौष २९ गते (तदनुसार १३ जनवरी २०२५) सोमबार ।

स्थान : नेपाल प्रशासनिक प्रशिक्षण प्रतिष्ठान, जावलाखेल, ललितपुर ।
(Nepal Administrative Staff College, Jawalakhel, Lalitpur)

सभा शुरू हुने समय: विहान ९:३० बजे ।

छलफलका विषयहरू:

(क) **साधारण प्रस्तावहरू:**

१. सञ्चालक समितिको तर्फबाट अध्यक्षज्यूले प्रस्तुत गर्नु हुने समग्र वार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने ।

२. लेखापरिक्षण प्रतिवेदन सहितको आ.व. २०८०/०८१ को वासलात, २०८०/०४/०१ देखि २०८१/०३/३१ सम्मको नाफा-नोक्सान हिसाब तथा सोही अवधिको नगद प्रवाह विवरण (संलग्न अनुसूचीहरू सहित) को छलफल गरी पारित गर्ने ।

३. कम्पनी ऐन, २०६३ को दफा १११ तथा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ६३ अनुसार आ.व. २०८१/०८२ को लेखापरिक्षण गर्न लेखापरिक्षण समितिको सिफारिस अनुसार लेखापरिक्षकको नियुक्ति गर्ने तथा निजको पारिश्रमिक निर्धारण गर्ने ।

४. संस्थाको नियमावली अनुसार सर्वसाधारण शेयरधनीहरूको तर्फबाट संचालक समितिमा प्रतिनिधित्व गर्ने संचालक पद १ (एक) को निर्वाचन गर्ने ।

(ख) **विशेष प्रस्ताव:**

१. संस्थाले अन्य कुनै उपयुक्त बैंक तथा वित्तीय संस्था एक आपसमा गाभ्ने/गाभिने (Merger) तथा संस्थाले अन्य कुनै उपयुक्त संस्थालाई प्राप्ति (Acquisition) गर्ने सम्बन्धमा संस्थाको चल-अचल सम्पत्ति र दायित्व तथा कारोबारको मुल्याङ्कन (Due Diligence Audit-DDA) गर्न मान्यता प्राप्त मुल्याङ्कनकर्ता नियुक्त गरी निजको पारिश्रमिक तोक्ने तथा संस्था गाभ्ने/गाभिने तथा एक्विजिशन गर्ने समझदारीपत्र (Memorandum of Understanding) तर्जुमा गर्ने, हस्ताक्षर गर्ने, अन्तिम सम्झौता तयार पार्ने, हस्ताक्षर गर्ने लगाएतका गाभ्ने/गाभिने तथा एक्विजिशन गर्ने सम्बन्धी आवश्यक सम्पूर्ण प्रक्रिया पुरा गर्न संचालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने सम्बन्धी विशेष प्रस्ताव पारित गर्ने ।

(ग) **विविध ।**

वार्षिक साधारण सभा सम्बन्धी अन्य जानकारी

१. साधारण सभालाई ध्यानमा राखी मिति २०८१/०९/१७ गते १ दिन संस्थाको शेयरधनी दर्त्ता किताव बन्द रहने छ । नेपाल स्टक एकस्चेन्ज लिमिटेडमा २०८१/०९/१६ गतेसम्म कारोबार भई म्यादभित्र यस संस्थाको शेयर रजिष्ट्रार प्रभु क्यापिटल लिमिटेड, कमलादी, काठमाण्डौंमा प्राप्त शेयर नामसारीको लिखतको आधारमा शेयरधनी दर्ता किताबमा कायम शेयरधनीहरूले सो सभामा भाग लिन पाउने छन् ।

२. साधारण सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूले हितग्राही (DMAT) खाता खोलिएका/शेयर प्रमाणपत्र र आफ्नो परिचय खुल्ने प्रमाण वा सोको प्रतिलिपि अनिवार्य रूपमा साथमा लिई आउनुहुन अनुरोध छ ।

३. वार्षिक साधारण सभामा भौतिक रूपमा उपस्थित भई भाग लिन इच्छुक शेयरधनी महानुभावहरूको सुविधाको लागि हाजिरी पुस्तिका सभा स्थलमा सभा हुने दिन बिहान ९:०० बजेदेखि खुल्ला रहनेछ ।

४. सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्तगर्न चाहने शेयरधनीहरूले प्रचलित कम्पनी कानूनले तोकेको ढांचामा प्रतिनिधिपत्र (प्रोक्सी) फारम भरी सभा शुरू हुनुभन्दा कम्तीमा ४८ घण्टा अगाडि संस्थाको केन्द्रीय कार्यालय कमलादी, काठमाण्डौमा दर्ता गराई सक्नु पर्नेछ । संस्थाको शेयरधनी बाहेक अरूलाई प्रोक्सी दिन र एकभन्दा बढी व्यक्तिलाई आफ्नो शेयर विभाजन गरी तथा अन्य कुनै किसिमबाट छुट्याई प्रोक्सी दिन पाइने छैन, यसरी दिइएको प्रोक्सी बदर हुनेछ ।

५. प्रतिनिधि (प्रोक्सी) नियुक्तगरि सकेपछि सम्बन्धित शेयरधनीले प्रतिनिधि फेरबदल गर्न चाहेमा यस अघि दिएको प्रतिनिधि (प्रोक्सी) बदर गरी यो प्रतिनिधि (प्रोक्सी) लाई मान्यता दिइयोस् भन्ने छुट्टै पत्र सहित प्रोक्सी फाराम संस्थाको केन्द्रीय कार्यालयमा सभा शुरू हुनु भन्दा कम्तीमा ४८ घण्टा अगावै दर्ता गराएको अवस्थामा अघिल्लो प्रतिनिधिलाइ स्वतः बदर भएको मानी पछिल्लो प्रतिनिधि (प्रोक्सी) लाई मान्यता दिइने छ । प्रतिनिधि नियुक्त गरी सकेको शेयरधनी आफै सभामा उपस्थित भई हाजीर पुस्तिकामा दस्तखत गरेमा निजले दिएको प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ ।

६. एकभन्दा वढी व्यक्तिहरूको संयुक्त नाममा शेयर दर्ता रहेको अवस्थामा सर्वसम्मत बाट प्रतिनिधि चयन गरिएको एकजनाले मात्र वा लगत किताबमा पहिलो नाम उल्लेख भएको व्यक्तिले सभामा भाग लिन सक्ने छन् ।

७. नाबालक वा मानसिक सन्तुलन ठीक नरहेको शेयरधनीहरूको तर्फबाट संस्थाको शेयर लगत दर्ता किताबमा संरक्षकको रूपमा नाम दर्ता भइरहेका महानुभावहरूले सभामा भाग लिन प्रतिनिधि तोक्न सक्नु हुनेछ ।

८. सभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समयभित्र संस्थाको केन्द्रीय कार्यालय कमलादी, काठमाण्डौंमा सम्पर्क राख्न समेत अनुरोध गरिन्छ ।

९. छलफलको विषय अन्तर्गत विविध शिर्षकको सम्बन्धमा शेयरधनी महानुभावहरूले कुनै बिषय उपर छलफल गर्न चाहनु भएमा सो बिषय बारे सभा हुनुभन्दा ७ (सात) दिन अगावै कम्पनी सचिव मार्फत संचालक समितिका अध्यक्षलाई लिखित रूपमा जानकारी दिनु पर्नेछ ।

१०. संचालकको निर्वाचन सम्बन्धी कार्यक्रम संस्थाको केन्द्रीय कार्यालय, कमलादीमा स्थापित निर्वाचन अधिकृतको कार्यालयले प्रकाशन गरिनेछ र सो को जानकारी संस्थाको सूचना पाटी तथा संस्थाको आधिकारिक website : www.nepalfinance.com.np मा समेत प्रकाशित गरिनेछ ।

पुनश्चः शेयरधनी महानुभावहरूले कम्पनीको केन्द्रीय कार्यालय कमलादी, काठमाण्डौंमा उपस्थित भई वार्षिक साधारण सभामा पेश हुने सम्पूर्ण प्रस्तावहरू निरीक्षण गर्न र प्राप्तगर्न सक्ने व्यहोरा समेत जानकारीका लागि सूचित गरिन्छ । वार्षिक साधारण सभामा पेश हुने सम्पूर्ण प्रस्तावहरू संस्थाको website : www.nepalfinance.com.np मा पनि हेर्न सक्नुहुनेछ ।

सञ्चालक समितिको आज्ञाले
कम्पनी सचिव

नेपाल फाईनान्स लिमिटेडको सञ्चालक समितिको तर्फबाट
३२ औं वार्षिक साधारण सभामा प्रस्तुत अध्यक्षज्यूको मन्तब्य

सम्पूर्ण उपस्थित आदरणीय शेयरधनी महानुभावहरू, प्रतिनिधि, तथा विभिन्न नियमनकारी निकायहरूबाट पाल्नुभएका अतिथी महानुभावहरू एवम् पत्रकार मित्रहरू,

यस संस्थाको ३२ औं वार्षिक साधारणसभामा म मेरो व्यक्तिगत एवम् यस संस्थाको सञ्चालक समितिको तर्फबाट सवैलाई हार्दिक स्वागत गर्दछु ।

निजी क्षेत्रको लगानीमा नेपालको पहिलो वित्तीय संस्थाको रूपमा स्थापित यस संस्थाले हालसम्म आईपुग्दा विभिन्न आरोह अबरोहलाई सामना र व्यवस्थापन गर्दै हाल नेपालको वित्तीय बजारमा आफुलाई एक सबल र उत्कृष्ट फाईनान्स कम्पनीको रूपमा प्रस्तुत हुने लक्ष्यका साथ अग्रसर रहेको व्यहोरा अनुरोध गर्दै सोही बमोजिम यहाँहरूले समेत महशुस गर्नु भएकै होला भन्ने विश्वास लिएको छु । यस कार्यमा अग्रसरताको लागि हामीलाई शेयरधनी महानुभावहरू, ग्राहक महानुभावहरू, स्थानीय लब्ध प्रतिष्ठित व्यक्तित्वहरू, नियमनकारी निकायहरू नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, सिडियस एण्ड क्लियरिङ्ग लि. लगाएत विभिन्न सहयोगी संस्थाहरू र सञ्चारजगतबाट प्राप्त सकारात्मक र उत्प्रेरणाजन्य सहयोग एवं सद्भावको प्रशंसा गर्दै आभार प्रकट गर्न चाहन्छु । संस्थालाई एक सुशाशित, अत्याधुनिक प्रविधिमैत्री, प्रतिष्पर्धी, चुस्त, सवल र उत्कृष्ट संस्थाको रूपमा विकास गर्ने सञ्चालक समितिको लक्ष्यलाई कार्यान्वयन गर्न मद्दत गर्ने सम्पूर्ण कर्मचारीहरूलाई समेत धन्यवाद् ज्ञापन गर्न चाहन्छु ।

संस्थाले हाल मुलुकको विभिन्न १२ स्थानमा रहेका शाखा कार्यालयहरू र काठमाण्डौ उपत्यकाको कालिमाटीमा रहेको १ वटा विस्तारित काउण्टर मार्फत आफ्ना वित्तीय सेवाहरू प्रवाह गर्दै आइरहेको जानकारी गराउन चाहन्छु ।

विगत ३ बर्षदेखि वित्तीय बजारमा देखापरेका विभिन्न खाले समस्याहरूको कारणले गर्दा संस्थाले उल्लेखनीय रूपमा व्यवसाय बृद्धि गर्न नसकिएको भएतापनि संस्था संचालनमा आइपर्ने अनेकन उतार चढावहरूलाई पार गर्दै आदरणीय शेयरधनी महानुभाव तथा सम्बद्ध निकायहरूबाट प्राप्त सुझाव एंव मार्गनिर्देशनलाई आत्मसाथ गर्दै अगाडी बढीरहेको साथै ग्राहकवर्ग तथा आम नागरिकहरूबाट प्राप्त सहयोग, सद्भाव तथा हामीप्रति देखाइएको विश्वासले हामीलाई अगाडी बढ्न थप प्रेरणा मिलेको छ ।

आदरणीय शेयरधनी महानुभावहरू,
अब म, संस्थाको विगत ५ बर्षको कारोबारको अवस्थालाई संक्षिप्त रूपमा प्रस्तुत गर्न चाहन्छु ।

विवरण	आषाढ मसान्त				
	२०७७	२०७८	२०७९	२०८०	२०८१
कुल निक्षेप	२१,०३,२०,९८९	७१,१२,९६,६९२	१,६१,४२,६७,०९०	१,९५,१४,३४,४१५	२,७८,६५,६१,०१०
कुल कर्जा प्रवाह	११,९४,८५,९४१	५६,३०,५१,९४२	१,४१,०४,२७,३३७	१,५४,६७,०८,४४५	२,३४,२२,१९,०००

यस ऐतिहासिक संस्थालाई पूर्नजिवन प्रदान गरी राष्ट्रको आर्थिक तथा वित्तीय क्षेत्रमा योगदान पुऱ्याउने गरी एक सबल वित्तीय संस्थाको रूपमा स्थापित गर्न एवम् नेपाल राष्ट्र बैंकले तोकेको न्यूनतम चुक्ता पूँजी रू. ८० करोडको मापदण्ड पुरा गर्नको लागि आ.व. २०७९/८०मा १:०.७० को अनुपातमा हकप्रद शेयर जारी पश्चात् हाल संस्थाको चुक्ता पूँजि रू. ७२ करोड ९९ लाख ०६ हजार ७४६ रहेको र बिक्री हुन नसकेको बाँकी हकप्रद शेयर १०,९०,३७१.१८७ कित्ता लिलाम बिक्रीको माध्यमबाट विभिन्न मितिमा ५ पटक सम्मसूचना प्रकाशित गरिएको भएतापनि हाल वित्तीय बजारमा देखिएको शिथिलता र शेयर बजारमा देखिएको अस्थिरताको कारणले उक्त शेयर बिक्री हुन नसकेको व्यहोरा यहाँहरूलाई जानकारी गराउन चाहन्छु । तथापी उल्लेखित शेयर बिक्री पश्चात् संस्थाको चुक्ता पूजीं ८३ करोड ८९ लाख ४३ हजार ८६५ पुग्ने व्यहोरा समेत यहाँहरू माझ जानकारी गराउन चाहन्छु ।

संस्था समस्याग्रस्त हुँदाको अवस्थाका कारण श्रृजित नोक्सानीलाई परिपूर्ति गरी नाफा दिलाई आदरणीय शेयरधनीहरूलाई उचित मुनाफा दिन प्रयासरत रहेको यस संस्थाले मुख्यतया दुईवटा रणनितिहरू अगाडी सारेर कार्य गरिरहेको छ, जसमा असल कर्जाको विस्तार र तिव्ररूपमा खराब कर्जा असुली गर्ने रहेका छन् । जस अन्तर्गत कर्जा चुक्तागरी राफसाफ गर्न चाहने ऋणीहरूसंग आपसी सहमतीका आधारमा उचित र सुहाँउदो परिवेशमा कर्जा असुली गर्ने प्रक्रियालाई अगाडी बढाउन कर्जा असुली रणनीति अनुरूप

ब्याज तथा पेनाल्टीमा केही छुटको समेत व्यवस्था गरी असुली प्रकृयालाई अघि बढाईएको छ । जसको प्रतिफल स्वरूप समग्र आर्थिक क्षेत्रमा देखापरेको प्रतिकुल अवस्थाको बावजुद पनि २०८१ आषाढ मसान्तसम्म आईपुग्दा खराब कर्जा रू. १७,१७,८८,१७२ मा झार्न संस्था सफल भएको छ । जसमध्ये करिब १२ करोड ४० लाख रकम सम्मानित सर्वोच्च अदालतमा मुद्दा विचाराधीन अवस्थामा रहीरहेको व्यहोरा यहाँहरूलाई अवगत नै छ भने बाँकी रहेको रकमलाई विभिन्न रणनीति अवलम्बन गर्दै क्रमशः असूली गर्दै आईरहेको समेत जानकारी गराउन चाहन्छु । आगामि दिनहरूमा बचत परिचालन, कर्जाको विस्तार, खराब कर्जाको असुली र मितव्ययी ढंगले संस्था सञ्चालन गरी संस्थाको मुनाफामा वृद्धि हुने कुरामा विश्वास लिइएको छ ।

व्यवस्थापनलाई संस्थागत सुशासन र आन्तरिक नियन्त्रण प्रणालीलाई चुस्त बनाई आधुनिक वित्तीय सेवा अनुरूप छरितोपना ल्याउन एवं प्रतिष्पर्धी क्षमता बढाउन सञ्चालक समितिले आवश्यक नीति निर्देशिका तथा कार्यविधीहरूको तर्जुमा गर्दै आएको छ । अर्थतन्त्रमा मेरूदण्डको रूपमा रहेका बैक तथा वित्तीय संस्थाहरूको भूमिका आर्थिक विकासमा ठूलो रहने हुनाले आर्थिक क्षेत्रमा सुधार देखिनासाथ यस संस्थाले वित्तीय पहुँच नपुगेका क्षेत्रहरू जहाँ आर्थिक र वित्तीय क्षेत्रको प्रचुर संभावना रहेको हुन्छ, त्यस्ता क्षेत्रको पहिचान गरी आफ्नो शाखा सञ्जाल विस्तार गर्दै लैजाने समेत संस्थाको लक्ष्य रहेको छ ।

शेयर सदस्य महानुभावहरू,

संस्थाले नेपाल राष्ट्र बैक लगायत अन्य नियमनकारी निकायहरूले दिएका निर्देशनहरूको अनुपालना गरी शुन्य सहनशीलताको नीति अवलम्वन गरेको छ । संस्थाको व्यवसायिक क्षमता अभिवृद्धि गर्नको लागि थप आधुनिक प्रविधिहरूको उपयोग गरि कार्य सम्पादन गरिदै लैजाने र कर्मचारीहरूलाई उचित रूपमा तालिम, गोष्ठिमा सहभागी गराउदै लगिने रणनिति रहेको छ । जोखिम व्यवस्थापनलाई मध्यनजर गरी विभिन्न जोखिम न्यूनिकरणका उपायहरू अवलम्बन गरिएको छ र गरिदै लगिने छ ।

संस्थाले वित्तीय बजारमा विश्वासको वातावरण श्रृजना गरी आफ्नो व्यावसायिक कार्यलाई दृढताका साथ अगाडी बढाउदै आईरहेको छ भने, आफ्ना ग्राहक वर्गको हित संरक्षण गर्दै उच्चस्तरिय आधुनिक बैकिंग सेवा प्रदान गर्न कटिबद्ध रहेको छ । सोही अनुरूप संस्थाले बैंकिङ्ग क्षेत्रमा भित्रिएका Mobile Banking, Internet Banking, SMS Banking, Chip Based ATM Card, Go-AML Software, Connect IPS, IPS, RTGS, HR Management System, Customer Profiling and Fraud Detection System आदिको उपयोग गर्नुको साथै भईरहेका प्रविधिहरूको स्तरोन्नती गर्ने व्यवस्था मिलाएको छ । साथै संस्थामा भएका सम्पूर्ण बैंकिङ्ग औजारहरूको अधिकतम उपयोग गर्नेगरी कार्यसंचालनको व्यवस्था मिलाइएको छ ।

आगामि दिनहरूमा अझ गुणस्तरीय, अत्याधुनिक र वृहत सञ्जालद्धारा वित्तीय सेवा प्रदान गर्दै संस्थाको मुनाफामा वृद्धि गरी शेयरधनीहरूको मुल्य अभिवृद्धि गर्न अनवरत रूपमा प्रयत्नरत रहने प्रतिबद्धता व्यक्त गर्दछु । यसको अलवा आजको यस साधारण सभामा राखिएका विषयसूचिमा सक्रिय रूपले छलफलमा सहभागी भई पारित गरिदिनुहुन समेत हार्दिक अनुरोध गर्दछु ।

अन्त्यमा,

आफ्नो व्यस्त समयको बावजुद पनि यस संस्था प्रति असिम माया राखी हाम्रो निमन्त्रणालाई स्वीकार गरी उपस्थित हुनु भएका शेयरधनी महानुभावज्यूहरू, विभिन्न संघ संस्थाका प्रतिनिधीज्यूहरू, पत्रकारज्यूहरू, पर्यवेक्षकज्यूहरू तथा सम्पूर्ण अतिथि महानुभावहरूमा हार्दिक आभार प्रकट गर्दछु ।

धन्यवाद !

प्रा. हिरेन्द्रमान प्रधान
अध्यक्ष
सञ्चालक समिति

मितिः २०८१/०९/२९

नेपाल फाईनान्स लिमिटेडको
३२ औं वार्षिक साधारण सभामा
सञ्चालक समितिबाट प्रस्तुत आर्थिक बर्ष २०८०/८१ को प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

नेपाल फाईनान्स लिमिटेडको ३२ औ वार्षिक साधारणसभामा यहाँहरूलाई स्वागत गर्न पाउँदा हामी सञ्चालक समितिका सबै सदस्यहरू हर्षित छौं । कम्पनी ऐन, २०६३ को दफा १०९(४) मा व्यवस्था भए अनुरूप यसै साथ संलग्न सञ्चालक समितिबाट स्वीकृत भै नेपाल राष्ट्र बैंकबाट समेत स्वीकृत भएको र लेखापरीक्षण भएको २०८१ आषाढ मसान्तसम्मको वासलात, आर्थिक वर्ष २०८०/८१ को नाफा-नोक्सान हिसाब तथा नगदप्रवाह विवरण र उक्त वित्तीय विवरणहरूसँग सम्बन्धित अनुसूचीहरू तथा उक्त दफामा उल्लेख भएको निम्नानुसारको सञ्चालक समितिको प्रतिवेदन प्रस्तुत गर्दछु ।

नेपाल फाईनान्स लिमिटेडको वार्षिक प्रतिवेदन आ.व.२०८०/८१ को रहेको छ । उक्त आ.व.को लेखा परिक्षकमा श्री एस. ए. आर. एशोसिएट्स चार्टड एकाउण्टेन्स (सि ए श्री ईशा श्रेष्ठ) संस्थाको मिति २०८० पौष २० गते सम्पन्न ३१ औं वार्षिक साधारण सभाबाट नियुक्त भएकोमा आ.व. २०८०/८१ को एनएफआरएस विधि बमोजिको लेखा परिक्षण प्रतिवेदन तयार गरिएको छ ।

आर्थिक तथा बैकिङ्ग क्षेत्रका परिसूचकहरू

नेपाल राष्ट्र बैंक आर्थिक अनुसन्धान विभागद्वारा प्रकाशित आर्थिक वर्ष २०८०/८१ को वार्षिक तथ्याङ्कमा आधारित देशको वर्तमान आर्थिक तथा वित्तीय स्थितिको सेरोफेरोमा रही वर्ष २०८०/८१ मा विद्यमान देशको समग्र आर्थिक अवस्थाको बारेमा संक्षेपमा समीक्षा गर्न अनुमति चाहन्छौं ।

कूल गार्हस्थ्य उत्पादन

नेपाल राष्ट्र बैंक आर्थिक अनुसन्धान विभागका अनुसार आर्थिक वर्ष २०८०/८१ मा ३.८७% आर्थिक वृद्धि भएको अनुमान छ । कृषि क्षेत्रको वृद्धि ३.०५%, उद्योग क्षेत्रको १.२५% तथा सेवा क्षेत्रको वृद्धि ४.५०% रहेको छ । यसका साथै नेपाल सरकारको चालु आर्थिक वर्ष २०८१/८२ को बजेटमा लक्षित आर्थिक वृद्धिदर ६% रहेबाट हामीमा आ-आफ्नो क्षेत्रबाट अधिकतम् योगदान पुऱ्याउने हौसला समेत मिलेको छ । समीक्षा वर्ष २०८०/८१ मा देशको अर्थतन्त्रमा आएको आर्थिक शिथिलता र यसको कारणले कर्जा असुलीमा परेको चुनौतीकाबीच यस संस्थाको कार्यसम्पादन सन्तोषजनक रहेको छ ।

उपभोक्ता मुद्रास्फीति

समीक्षा वर्ष २०८०/८१ मा वार्षिक औसत उपभोक्ता मुद्रास्फीति ५.४४% रहेको छ । अघिल्लो वर्ष सोही अवधिमा मुद्रास्फीति ७.७४% रहेको थियो । यस समिक्षा अवधिमा खाद्य तथा पेय पदार्थ मुद्रास्फीति ६.४७% र गैर खाद्य तथा सेवा मुद्रास्फीति ४.६४% रहेको छ भने अघिल्लो आर्थिक वर्ष क्रमशः ६.६२% र ८.६२% रहेको थियो ।

ब्याजदर

२०८१ आषाढ मसान्तमा ९१ दिने ट्रेजरी बिलको भारित औसत ब्याजदर अघिल्लो वर्ष मसान्तको तुलनामा कमी भई ३.००% कायम रहेको छ । अधिल्लो वर्ष सोही मितिमा उक्त ब्याजदर ६.३५% रहेको थियो । बैंक तथा वित्तीय संस्थाहरू बीचको अन्तर बैंक ब्याजदरमा समेत कमी भई २०८१ आषाढ मसान्तमा २.९९% कायम भएको छ, जुन २०८० आषाढमा ३.१४% रहेको थियो ।

निक्षेप परिचालन

समीक्षा वर्षमा बैंक तथा वित्तीय संस्थाहरूको निक्षेप १३ प्रतिशतले बढेको छ । अघिल्लो वर्ष यस्तो निक्षेप १२.३० प्रतिशतले बढेको थियो । २०८१ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेपमा चल्ती, बचत र मुद्दती निक्षेपको अंश क्रमशः ५.८ प्रतिशत, ३०.३० प्रतिशत र ५६.४ प्रतिशत रहेको छ । अघिल्लो वर्ष यस्तो अंश क्रमशः ७.७ प्रतिशत, २६.६ प्रतिशत र ५८.९ प्रतिशत रहेको थियो । २०८१ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेपमा संस्थागत निक्षेपको अंश ३६.२ प्रतिशत रहेको छ । २०८० असार मसान्तमा यस्तो निक्षेपको अंश ३६.६० प्रतिशत रहेको थियो ।

कर्जा तथा सापट

समीक्षा वर्षमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जा ५.८ प्रतिशतले बढेको छ । अघिल्लो वर्ष यस्तो कर्जा ३.८ प्रतिशतले बढेको थियो । समीक्षा वर्षमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जा मध्ये गैर-वित्तीय संस्थागत

क्षेत्रतर्फ प्रवाह भएको कर्जाको अंश ६२.३ प्रतिशत र व्यक्तिगत तथा घरपरिवार क्षेत्र तर्फ प्रवाह भएको कर्जाको अंश ३७.७ प्रतिशत रहेको छ। अघिल्लो वर्षको सोही अवधिमा यस्तो अंश क्रमशः ६२.७ प्रतिशत र ३७.३ प्रतिशत रहेको थियो। समीक्षा वर्षमा निजी क्षेत्रतर्फ प्रवाहित कर्जामध्ये वाणिज्य बैंकहरूको कर्जा प्रवाह ५.८ प्रतिशतले, विकास बैंकहरूको कर्जा प्रवाह ५ प्रतिशतले र वित्त कम्पनीहरूको ७.७ प्रतिशतले बढेको छ। २०८१ असार मसान्तमा बैंक तथा वित्तीय संस्थाहरूको लगानीमा रहेको कर्जामध्ये ६६.५ प्रतिशत कर्जा घर जग्गाको धितोमा र १३.२ प्रतिशत कर्जा चालु सम्पत्ति (कृषि तथा गैर-कृषिजन्य वस्तु) को धितोमा प्रवाह भएको छ। २०८० असार मसान्तमा यस्तो धितोमा प्रवाहित कर्जाको अनुपात क्रमशः ६८ प्रतिशत र ११.६ प्रतिशत रहेको थियो। आर्थिक वर्ष २०८०/८१ मा बैंक तथा वित्तीय संस्थाहरूको कृषि क्षेत्रतर्फको कर्जा ०.९ प्रतिशतले, औद्योगिक उत्पादन क्षेत्रतर्फको कर्जा ८.८ प्रतिशतले, यातायात, संचार तथा सार्वजनिक सेवा क्षेत्रतर्फको कर्जा १६.७ प्रतिशतले, थोक तथा खुद्रा व्यापार क्षेत्रतर्फको कर्जा १.५ प्रतिशतले र सेवा उद्योग क्षेत्रतर्फको कर्जा ६.२ प्रतिशतले बढेको छ। समीक्षा वर्षमा बैंक तथा वित्तीय संस्थाहरूबाट प्रवाहित आवधिक कर्जा २२.२ प्रतिशतले, रियल स्टेट कर्जा (व्यक्तिगत आवासीय घर कर्जा समेत) ९.६ प्रतिशतले र हायर पर्चेज कर्जा २२ प्रतिशतले बढेको छ भने ट्रष्ट रिसिट (आयात) कर्जा १२.६ प्रतिशतले, ओभरड्राफ्ट कर्जा ४६.३ प्रतिशतले, डिमान्ड तथा चालु पूँजी कर्जा १७.६ प्रतिशतले र मार्जिन प्रकृति कर्जा ५.२ प्रतिशतले घटेको छ।

विप्रेषण आप्रवाह

समीक्षा अवधीमा विप्रेषण आप्रवाह १६.५ प्रतिशतले बृद्धि भई रू.१४४५ अर्ब ३२ करोड पुगेको छ। अघिल्लो बर्ष विप्रेषण आप्रवाह २३.२ प्रतिशतले बढेको थियो। अमेरिकी डलरमा विप्रेषण आप्रवाह १४.५ प्रतिशतले बृद्धि भई रू.१० अर्ब ८६ करोड पुगेको छ। अघिल्लो बर्ष यस्तो आप्रवाह १३.९ प्रतिशतले बढेको थियो।

वित्तीय पहुँच

इजाजतप्राप्त बैंक तथा वित्तीय संस्थाहरूको संख्या २०८१ असार मसान्तमा १०७ रहेको छ। यस मध्ये वाणिज्य बैंक २०, विकास बैंक १७, वित्त कम्पनी १७, लघुवित्त वित्तीय संस्था ५२ र पूर्वाधार विकास बैंक १ वटा रहेका छन्। बैंक तथा वित्तीय संस्थाहरूको शाखा संख्या २०८० आषाढ मसान्तमा ११,५८९ रहेकोमा २०८१ आषाढ मसान्तमा ११,५३० कायम भएको छ। २०८० आषाढ मसान्तमा प्रतिशाखा जनसंख्या २५१७ रहेकोमा २०८१ आषाढ मसान्तमा २५२९ कायम भएको छ।

क) आर्थिक वर्ष २०८०/८१ को कारोबारको सिंहावलोकन

विवरण	आषाढ मसान्त		(कमि)/बृद्धि
	२०८१	२०८०	प्रतिशत
कुल सम्पत्ति	३,९३४,३०५,९९०	३,१५७,३९०,०६८	२४.६१
कुल निक्षेप	२,७८६,९३५,९४४	१,९५१,४३४,४२२	४२.८१
कुल खुद कर्जा	२,१४४,१७०,९४८	१,३७९,७२४,५८२	५५.४१
कुल लगानी	४८१,९३७,८२५	७५०,८८२,४३९	(३५.८२)
ब्याज आम्दानी	३१०,४१३,०६५	२६९,५१९,४८९	१५.१७
ब्याज खर्च	२०९,४३५,९१८	१७७,११७,७१७	१८.२५
खुद ब्याज आम्दानी	१००,९७७,१४७	९२,४०१,७७२	९.२८
अन्य संचालन आम्दानी (कमिशन तथा डिस्काउन्ट आम्दानी समेत)	३१,३३१,१३६	२१,१७५,८९१	४७.९६
कर्मचारी खर्च	६०,९९९,१२८	५५,२४६,९६७	१०.४१
अन्य संचालन खर्च	२६,८३५,४२१	२९,३४५,९१७	(८.५५)
संभाबित नोक्सानी व्यवस्था/फिर्ता	५५,९९७,१९५	(२५,०३९,२०२)	(३२३.६४)
संचालन मुनाफा	(३८,५४१,६६८)	२३,५२३,६१९	(२६३.८४)
कर	(१०,३६०,१३३)	३,३८८,९४१	(४०५.७०)
करपछिको खुद मुनाफा	(२८,१८१,५३५)	२०,१३४,६७८	(२३९.९७)

सूचकाङ्कहरू	आषाढ मसान्त		(कमि)/बृद्धि
	२०८१	२०८०	
पूँजी पर्याप्तता (प्रतिशत)	२९.४१	४३.६५	(१४.२४)
निष्क्रिय कर्जा/कुल कर्जा (प्रतिशत)	१३.४२	१२.१६	१.२६
कर्जानोक्सानी व्यवस्था/निष्क्रिय कर्जा (प्रतिशत)	६६.००	९७.९३	(३१.९३)
प्रति शेयर आम्दानी (रू.)	(३.८६)	२.७७	(६.६३)
खुद नाफा/कुल आम्दानी प्रतिशत	८.२५	६.३८	१.८७
नेटवर्थ प्रति शेयर (रू.)	१३३.००	१३६.४५	(३.४५)

१. **निक्षेप संकलन :**
आ.व.२०८०/८१ मा संस्थाको कुल निक्षेप रू. २७८ करोड ६९ लाख ३५ हजार ९ सय ४४ रहेको छ।

२. **कर्जा तथा सापट :**
आ.व.२०८०/८१ मा संस्थाको कुल निक्षेप रू. २१४ करोड ४१ लाख ७० हजार ९ सय ४८ रहेको छ।

३. **ब्याज आम्दानी :**
आ.व.२०८०/८१ मा नियमित एवम् संस्थामा रहेको खराब कर्जा असुलीका लागि भएका प्रयासहरूबाट रू. ३१ करोड ४ लाख १३ हजार ६५ व्याज आम्दानी गरिएको छ।

४. **ब्याज खर्च :**
आ.व.२०८०/८१ मा संस्थाले निक्षेप दायित्वका लागि रू. २० करोड ९४ लाख ३५ हजार ९ सय १८ मात्र व्याज खर्च गरिएको छ।

५. **खुद ब्याज आम्दानी :**
आ.व.२०८०/८१ मा संस्थाले कुल रू.१० करोड ९ लाख ७७ हजार १ सय ४७ खुद ब्याज आम्दानी गरेको छ।

६. **अन्य संचालन आम्दानी :**
आ.व.२०८०/८१ मा संस्थाले कुल रू. ३ करोड १३ लाख ३१ हजार १ सय ३६ अन्य संचालन आम्दानी गरेको छ।

७. **संचालन खर्चः**
आ.व.२०८०/८१ मा संस्थाको कुल संचालन खर्च रू. २ करोड ६८ लाख ३५ हजार ४ सय २१ भएको छ।

८. **संचालन मुनाफाः**
आ.व.२०८०/८१ मा संचालन घाटा रू. ३ करोड ८५ लाख ४१ हजार ६ सय ६८ भएको छ।

९. **सम्पूर्ण कारोबार पछिको खुद मुनाफाः**
आ.व.२०७९/८० मा संस्थाको सम्पूर्ण कारोबार पछिको खुद मुनाफा रू.२ करोड १ लाख ३४ हजार ६ सय ७८ रहेकोमा आ.व.२०८०/८१ मा २३९.९७ प्रतिशतले घटि भई रू.२ करोड ८१ लाख ८१ हजार ५ सय ३५ घाटा हुन गएको छ।

१०. **पूँजी कोषको पर्याप्तता :**
आ.व.२०८०/८१ को अन्त्यमा पूंजी कोषको अनुपात २९.४१ प्रतिशत कायम रहेको छ जुन नेपाल राष्ट्र बैंकको निर्देशन बमोजिम कायम गर्नु पर्ने न्यूनतम १० प्रतिशत भन्दा बढी रहेको छ।

११. **सम्पत्तिको गुणस्तर :**
संस्थामा रहेको जम्मा लगानी मध्ये करिब १३.४२ प्रतिशत निष्क्रिय कर्जा रहेको र उक्त खराब कर्जाहरूको असुलीका लागि प्रयास भइरहेको छ।

ख) विश्व अर्थतन्त्रको प्रभावका सन्दर्भमा

कोभिड-१९ महामारी पछिको प्रभाव, रूस- युक्रेन युद्ध र पछिल्लो ईजरायल-हमास युद्धको कारणले खाद्य पदार्थ र ईन्धनको

मुल्यमा भएको बृद्धि एवम् आपूर्ती व्यवस्थामा परेको असर आदिको कारणले मुद्रास्फिति उच्च रहन गएको छ । विकसित अर्थतन्त्रहरूको आर्थिक बृद्धि र मुद्रास्फिति कोभिडपूर्वको अवस्थामा पुग्न लागेको र विश्व अर्थतन्त्रमा क्रमिक सुधार आएतापनि सुधारको गति सुस्त र असमान रहेको साथै विकासोन्मुख राष्ट्रहरूमा आर्थिक बृद्धि लयमा फर्कन सकेको छैन भने मुद्रास्फिति पनि उच्च रहेको छ। विश्व अर्थतन्त्रको प्रत्यक्ष-अप्रत्यक्ष प्रभाव नेपाली अर्थतन्त्रमा पनि परेको छ। फलस्वरूप नेपालको बैंकिङ्ग प्रणालीमा तरलताको अवस्था सहज देखिएतापनि कर्जा विस्तार अनुमान गरिएभन्दा कम रहेको छ ।

ग) प्रतिवेदन तयार भएको मितिसम्म चालु वर्षको उपलब्धि

चालु आर्थिक वर्ष २०८१/८२ को मंसिर मसान्तसम्मको यस वित्तीय संस्थाको कारोबारको स्थिति निम्नानुसार रहेको छ ।

विवरण	आ.व.२०८१/८२ को मंसिर मसान्त	कैफियत
कुल निक्षेप दायित्व	३,४९५,११७,२०५	
कुल कर्जा तथा सापटी	२,३५०,४९७,९४४	

संस्थाले आफ्नो व्यवसाय विस्तार गर्ने रणनीति विभिन्न स्थानमा रहेका १२ वटा शाखा र कालीमाटी स्थित विस्तारित काउण्टर मार्फत आफ्नो व्यवसाय गर्दै आईरहेको यहाँहरूलाई अवगत नै छ । विश्व अर्थतन्त्रमा परेको प्रभाव एवम् कारण आर्थिक गतिविधिलाई पूर्ण रूपमा संचालन गर्न कठिन भइरहेको सन्दर्भमा अपेक्षाकृत व्यवसाय गर्न नसकेको तथापी निक्षेप तथा कर्जा सापटीमा क्रमिक रूपमा बृद्धि भइरहेको छ ।

घ) भविष्यमा गर्नुपर्ने कार्यको सम्बन्धमा सञ्चालक समितिको धारणा

१. **सेवा बिस्तार**

संस्थाले आफ्ना सेवाग्राहीको मागबमोजिम नयाँ तथा परिमार्जित समयसापेक्ष सेवाहरू सञ्चालनमा ल्याएको छ। ग्राहकको चाहनाअनुरूप ग्राहकवर्ग समक्ष नविनतम, भरपर्दो तथा गुणस्तरीय सेवा प्रदान गर्दै आइरहेको छ। यसको निमित्त प्रविधिमा भइरहेको विकास र व्यापार-व्यवसायमा भएको परिवर्तनअनुरूप आफ्नो जनशक्तिलाई सक्षम बनाउदै ग्राहकवर्गलाई समयसापेक्ष सेवा प्रदान गर्ने प्रयास गरिएको छ। साथै संस्थाले ग्राहकहरूको आवश्यकता- अनुरूप निक्षेप तथा कर्जाका नयाँ योजनाहरू तर्जुमा गरी लागू गर्ने तथा बजारमा आउने परिवर्तनअनुरूप ब्याजदरमा समसामयिक परिवर्तन गर्ने गरेको छ। कृषि, घरेलु तथा साना उद्योग तथा विपन्न वर्गमा लगानी बढाउन प्रथामिकता दिइएको छ र आगामी बर्षहरूमा समेत उत्पादनशिल क्षेत्रहरूमा अझ उच्च प्रथामिकता दिई लगानी योजनाहरू संचालन गरिनेछ ।

२. **प्रविधि विकास**

यस संस्थाले सूचना प्रविधिमा आधारित सेवाहरूलाई समयानुकुल स्तरोन्नती गर्दै गईरहेकोछ। सूचना प्रविधिमा आधारित सेवाहरूलाई थप सुरक्षित र भरपर्दो बनाउन आवश्यक लगानीको व्यवस्था गरेको छ। वित्तीय बजारमा उपलब्ध नविनतम सेवाहरूलाई विश्लेषण गरी ग्राहकको चाहना बमोजिमका सेवा र प्रविधिहरू अवलम्बन गरिनेछ। ग्राहकहरूलाई प्रविधिमैत्री बनाउन विभिन्न माध्यमबाट जानकारी प्रदान गर्ने र सचेतना जागृत गर्ने कार्यहरू गरिनेछ। सोही अनुरूप संस्थाले बैंकिङ्ग क्षेत्रमा भित्रिएका Mobile Banking, Internet Banking, SMS Banking, Chip Based ATM Card, Go-AML Software, Connect IPS, IPS, RTGS, HR Management System, Customer Profiling and Fraud Detection System, Epected Credit Loss System आदिको उपयोग गर्नुको साथै भई रहेका प्रविधिहरूको स्तरोन्नती गर्ने व्यबस्था मिलाएको छ। साथै संस्थामा भएका सम्पूर्ण बैंकिग औजारहरूको अधिकतम उपयोग गर्नेगरी कार्यसंचालन व्यबस्था मिलाइएको छ ।

३. **शाखा बिस्तार**

संस्थाले कार्य क्षेत्र तथा सञ्जाल विस्तार तथा व्यवसाय बृद्धि गर्नको लागि संभाव्यताको अध्ययन गरी आवश्यकता अनुसार शाखा बिस्तार गर्ने नीति अवलम्बन गरिने छ। यसरी विस्तारित शाखा सञ्जालले देशको सुगम क्षेत्रमा मात्र नभई दुर्गम क्षेत्रमा समेत बैंकिङ्ग सुविधाको पहुँच पुग्ने गरी विस्तार गर्ने नीति अवलम्बन गरिनेछ । सोही अनुरूप आगामी बर्षहरूमा आवश्यकता र व्यवसायलाई बृद्धिको अनुकुलता हेरी देशका विभिन्न स्थानहरूमा शाखा विस्तारको कार्यलाई निरन्तरता दिइने छ। हाल संस्थाले देशका विभिन्न १२ स्थानमा शाखा संजाल तथा १ वटा एस्टेन्सन काउण्टर मार्फत आफ्ना सेवाहरू प्रदान गरिरहेको छ ।

४. संस्थागत सामाजिक उत्तरदायित्व

यस संस्थाले गत आर्थिक वर्षदेखि आफ्नो खुद मुनाफाको १% रकम संस्थागत सामाजिक उत्तरदायित्व बहन गर्न खर्च गर्ने कोषमा जम्मा गर्दै आएको र हालसम्म उक्त कोषमा रु. ४ लाख ५७ हजार ७ सय २४ जम्मा भएको छ। संस्थागत सामाजिक उत्तरदायित्व बहनअर्न्तगत नेपाल राष्ट्र बैंकबाट जारी भएको परिपत्र बमोजिम यस संस्थाले सामाजिक उत्तर दायित्व सम्बन्धी कार्यविधि संचालक समितिवाट पारित गरीसकेको र सोही कार्यविधि अनुसार विभिन्न किसिमका कार्यक्रमहरू सञ्चालन गरी संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने नीति लिएको छ।

५. मानव संशाधन

यस संस्थाको कर्मचारी व्यवस्थापन तथा सेवा सुविधा समितिले समय सापेक्ष कर्मचारीको सेवा सुविधाको पुनरावलोकन गर्ने गरेको छ। साथै कर्मचारीहरूको पारदर्शी ढंगले स्तर बृद्धि गर्नका साथै दक्ष जनशक्तिको भर्ना, छनौट, नियुक्ति, पदस्थापना, सरूवा, वृत्ति विकास, कार्य सम्पादन मुल्यांकन, पुरस्कार तथा सजायको लागि आवश्यक नीति तयार पारी प्रभावकारी ढंगले कार्यान्वयन गर्दै आएको छ। संस्थाको प्रगतिका लागि रचनात्मक भुमिका खेल्ने कर्मचारीहरूको योगदानलाई उच्च मुल्याकंन गर्दै आफ्ना जनशक्तिलाई थप दक्षता प्रदान गर्न समय सापेक्ष आवश्यक आन्तरिक तथा बाह्य तालिम प्रदान गर्दै आईरहेको छ। यसै क्रममा यस आर्थिक बर्षमा संस्थाले आफ्ना कर्मचारीहरूलाई २५वटा विभिन्न तालिम, सेमिनार, गोष्ठी र अन्तक्रिया कार्यक्रममा २०४ जना कर्मचारीहरूलाई सहभागी गराएको छ।

६) औद्योगिक वा व्यवसायिक सम्बन्ध

यस वित्तीय संस्थाको औद्योगिक तथा व्यवसायिक प्रतिष्ठानहरू, बैंक तथा वित्तीय संस्थाहरू, नेपाल राष्ट्र बैंक, धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, सिडिएस एण्ड क्लियरिङ्ग, नेपाल धितोपत्र विनिमय बजार तथा कम्पनी रजिष्ट्रारको कार्यालय लगायत नेपाल सरकारका निकायहरूसँग सुमधूर सम्बन्ध रहिआएको छ। ग्राहक सन्तुष्टि नै संस्थाको मूल लक्ष्य रहेकोले ग्राहक सम्बन्ध सुदृढीकरणमा संस्थाको व्यवस्थापन लगायत सबै कर्मचारीहरू सजग रहेका छन्। यस वित्तीय संस्था र आफ्ना ग्राहकहरू बीच सुमधूर सम्बन्ध कायम रहेको तथा संस्थाको सेवाको गुणस्तर उच्च राख्न मानव संशाधन विकासमा यथेष्ट जोड दिइएको शेयरधनी महानुभावहरूलाई अवगत गराउन चाहन्छौं।

७) सञ्चालक समितिमा भएको हेरफेर र सोको कारण

समीक्षा अवधिमा सञ्चालक समितिमा कुनै पनि हेरफेर नभएको तथा हाल कायम रहेको सञ्चालक समितिको संरचना निम्नानुसार रहेको छ।

१. प्रा.श्री हिरेन्द्रमान प्रधान	अध्यक्ष	संस्थापक समुह
२. श्री दिप्रश शाक्य	सञ्चालक	संस्थापक समुह
३. श्री राजन प्रजापती	सञ्चालक	संस्थापक समुह
४. श्री विकेश शाक्य	सञ्चालक	संस्थापक समुह
५. श्री लक्ष्मी महर्जन	सञ्चालक	सर्वसाधारणका तर्फवाट
६. श्री रोजीना श्रेष्ठ	सञ्चालक	सर्वसाधारणका तर्फवाट
७. श्री आनन्द कृष्ण ताम्राकार	सञ्चालक	स्वतन्त्र संचालक

नोटः उल्लेखित संचालकहरूमध्ये सर्वसाधारण शेयरधनीको तर्फबाट संचालक श्री रोजिना श्रेष्ठ र स्वतन्त्र संचालक श्री आनन्द कृष्ण ताम्राकारज्युको कार्यकाल मिति २०८१ श्रावण १६ गतेदेखि समाप्त भएको र हाल ५ जनाको संचालक समिति रहेको व्यहोरा जानकारी गराउँदछौं।

८) कारोबारलाई असर पार्ने मुख्य कुराहरू

संस्थाको कारोबारलाई असर पार्न सक्ने विभिन्न किसिमका जोखिमहरूलाई तल प्रस्तुत गरिएको छ।

१. नेपाल सरकार वा नेपाल राष्ट्र बैंकले बैंक तथा वित्तीय संस्था सम्बन्धी नीतिमा परिवर्तन गर्दा श्रृजना हुन सक्ने संभावित जोखिमहरू।
२. निक्षेप तथा कर्जा लगानीको ब्याजदरमा हुने परिवर्तनबाट असर गर्ने जोखिमहरू।
३. यथा समयमा कर्जा असुली नभई उत्पन्न हुने जोखिमहरू।

४. देशको आर्थिक अवस्थामा आउने परिवर्तनबाट पर्न सक्ने जोखिमहरू ।
५. अन्तर्राष्ट्रिय बजारमा हुने मन्दीबाट नेपाली बजारमा पर्नसक्ने असरबाट हुनसक्ने आर्थिक जोखिमहरू ।
६. पूँजीबजारमा आउन सक्ने उतारचढावबाट हुनसक्ने जोखिमहरू ।
७. तीव्र बैकिङ्ग प्रतिस्पर्धाका कारण पर्न सक्ने असरहरू ।
८. सूचना प्रविधिको विकास संगै जोडिएका संचालन जोखिम सम्बन्धी चुनौतीहरू ।
यी चुनौती र अवसरहरूलाई ध्यानमा राख्दै संस्थाले आफ्नो सेवाको दायरा तथा गुणस्तर वृद्धि गर्दै लैजाने, थप सेवाहरू प्रदान गर्ने तथा नयाँ बजारहरू र नयाँ क्षेत्रहरूमा आफ्नो सेवाहरू विस्तार गर्दै लैजाने रणनीति लिनेछ ।

९) लेखापरिक्षकको नियुक्ति

संस्थाको आर्थिक बर्ष २०८०/८१ का हरहिसाबहरू लेखापरिक्षण गर्न संस्थाको ३१ औं वार्षिक साधारण सभाबाट नियुक्ति गरिएका लेखापरिक्षक श्री एस. ए. आर. एशोसिएट्स चार्टर्ड एकाउण्टेन्स (सि ए श्री ईशा श्रेष्ठ) बाट लेखापरिक्षण सम्पन्न भयो । आगामी आर्थिक बर्ष २०८१/८२ को हरहिसाबहरू लेखापरिक्षण गर्नका लागि संस्थाको लेखापरिक्षण समितिको सिफारिस अनुसार लेखापरिक्षकको नियुक्ति गरिने छ ।

१०) भावी कार्यक्रम तथा योजनाहरू

यस संस्थाका भावी कार्यक्रम तथा योजनाहरू निम्नानुसार रहेका छन्:

१. Expected Credit Loss Model पूर्ण रूपमा कार्यान्वयन ल्याउने ।
२. आ.व. २०८२/८३ देखि लागु हुने गरी सञ्चालक समितिबाट पारित पञ्च-वर्षीय रणनीतिक योजना तर्जुमा गरी कार्यान्वयनमा ल्याउने ।
३. निष्कृय कर्जा अनुपातलाई ५% भन्दा कममा राख्ने ।
४. ग्राहकहरूलाई अझ उत्कृष्ट वित्तिय सेवा उपलब्ध गराउने ।
५. संस्थाको आन्तरिक नियन्त्रण प्रणाली तथा सुशासनलाई अझ बढी सुदृढ गर्ने ।
६. छिटो, छरितो र भरपर्दो सेवाका लागि प्रविधि र कर्मचारीहरूको दक्षता अभिबृद्धि गर्ने एवम् कर्मचारीहरूलाई उचित प्रशिक्षण एवं तालिम प्रदान गरि दक्ष वनाउने कार्यलाई निरन्तरता दिने ।
७. संस्थाको जोखिम व्यवस्थापनलाई थप सुदृढीकरण गर्दै लैजाने ।
८. कर्जाको गुणस्तर सुधार गर्ने र कर्जा विस्तार गर्दा कृषि, उर्जा, पर्यटन लगाएत साना तथा घरेलु उद्योग एवम् उत्पादनमुलक क्षेत्रहरूमा लगानी बृद्धि गर्ने ।
९. संस्थाको छवी (Brand) लाई सम्मानजनक रूपमा स्थापित गर्न र थप सबल बनाउन विज्ञापन प्रसारण, समुदायसँग पहुँच (Access) कार्यलाई निरन्तरता दिने ।
१०. संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत विभिन्न थप कार्यक्रमहरू संचालन गर्ने र संस्थालाई समाजको जिम्मेवार संस्थाको रूपमा परिचित गराउँदै संस्थाको ब्राण्डलाई थप सबल बनाउने ।

अध्यक्ष
प्रा.हिरेन्द्रमान प्रधान

मिति: २०८१।०९।२९

कम्पनी ऐन, २०६३ को दफा १०५ उपदफा ४ अनुसारको अतिरिक्त विवरण

(क) **विगत वर्षको कारोबारको सिंहावलोकन :**
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।

(ख) **राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर :**
संस्थाको व्यवसायिक कारोबारहरू लक्ष्य अनुरूप नै सुधार भइरहेको भएतापनि रूस-युक्रेन युद्द र कोभिडपछिको आर्थिक अवस्थाको कारण व्यवसायमा प्रत्यक्ष असर परिरहेको कारणले गर्दा कर्जाको मागमा असर परिरहेको छ ।

(ग) **प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा :**
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।

(घ) **कम्पनीको औधोगिक वा व्यावसायिक सम्बन्ध :**
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।

(ङ) **सञ्चालक समितिमा भएको हेरफेर र सोको कारण :**
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।

(च) **कारोबारलाई असर पार्ने मुख्य कुराहरू :**
सञ्चालक समितिको प्रतिवेदनमा उल्लेख भएका विषय र बुँदा नं. (क) मा उल्लेख भए बमोजिम ।

(छ) **लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिकृया :**
नियमित कारोबारमा देखिएका सामान्य कैफियतबाहेक प्रचलित कानून उल्लंघन हुने कुनै नकारात्मक कुराहरू लेखापरीक्षण प्रतिवेदनमा उल्लेख भएको छैन । प्राप्त प्रतिक्रिया र सुझावहरूमा सञ्चालक समितिको ध्यानाकर्षण भएको छ र सुधारका निम्ति आवश्यक कदम पनि चालिसकिएको छ ।

ज) **लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम ।**
गरिएको छैन ।

झ) **शेयर जफत गरिएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयरको जफत हुनुभन्दा अगावै सो वापतको कम्पनीले प्राप्त गरेको जम्मा रकम त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण ।**
यस अवधिमा वित्तीय संस्थाले कुनै शेयर जफत गरेको छैन ।

ञ) **विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन ।**
यस वित्तीय संस्थाको सहायक कम्पनी नरहेकोले यस प्रकारको कारोबार रहेको छैन ।

ट) **कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेका प्रमुख कारोबारहरू र सो अवधिमा कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन ।**
यस वित्तीय संस्थाको कुनै सहायक कम्पनी रहेको छैन । वित्तीय संस्थाले यस आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरूको विवरण यस प्रतिवेदनको बुँदा नं. (क) मा आर्थिक कारोबारको सिंहावलोकन अन्तर्गत समावेश गरिएको छ ।

ठ) **विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी ।**
गत वर्षमा कम्पनीका आधारभूत शेयरधनीहरूबाट कम्पनीलाई कुनै प्रकारको जानकारी गराईएको छैन ।

ड) **विगत आर्थिक वर्षमा कम्पनीका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्व विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी ।**

क्र. सं.	पद	नाम	शेयर समूह	जम्मा कित्ता
१	अध्यक्ष	प्रा. श्री हिरेन्द्रमान प्रधान	संस्थापक समूह	२,४६,७००।००
२	संचालक	श्री दिप्रश शाक्य (प्रतिनिधिः सोपान इन्भेष्टमेन्ट प्रा. लि.)	संस्थापक समूह	१९,१२५।००
३	संचालक	श्री राजन प्रजापति	संस्थापक समूह	१४३,२८९।००
४	संचालक	श्री विकेश शाक्य (प्रतिनिधिः छिमेकी इन्भेष्टमेन्ट प्रा. लि.)	संस्थापक समूह	११,२५०।००
५	संचालक	श्री लक्ष्मी महर्जन	सर्वसाधारण समूह	१,७६०।००
६	संचालक	श्री रोजिना श्रेष्ठ (प्रतिनिधिः पानस इन्भेष्टमेन्ट प्रा. लि.)	सर्वसाधारण समूह	३,८२५।००
७	संचालक	श्री आनन्द कृष्ण ताम्राकार	स्वतन्त्र संचालक	-

संस्थाका संचालक तथा पदाधिकारीहरू संस्थाको शेयर कारोबारमा संलग्न भएको जानकारी प्राप्त भएको छैन ।

ढ) **विगत आर्थिक वर्षमा कम्पनीसाग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा ।**
वित्तीय संस्थासँग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा जानकारी प्राप्त भएको छैन ।

ण) **कम्पनीले आफनो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अंकित मूल्य तथा त्यसरी शेयर खरिद गरे वापत कम्पनीले भुक्तानी गरेको रकम ।**
वित्तीय संस्थाले आफ्नो शेयर आफै खरिद गरेको छैन ।

त) **आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण ।**
वित्तीय संस्थामा आवश्यकताअनुरूपको आन्तरिक नियन्त्रण प्रणाली रहेको छ र यसलाई समयसापेक्ष रूपमा परिमार्जन गर्दै लगिएको छ । विभिन्न तहमा सम्पन्न हुने काम-कारवाही एक तह माथिको कर्मचारीहरूबाट परीक्षण हुने व्यवस्था मिलाइएको छ । संस्थाका बिभिन्न कर्मचारीहरू तथा पदाधिकारीहरूको अख्तियारी सीमा तोकिएको छ । बिभिन्न कारोबारको प्रकृतिअनुरूप पर्याप्त आन्तरिक नियन्त्रण प्रणाली व्यवस्था गरिएको छ । आन्तरिक नियन्त्रण प्रणालीलाई अझ प्रभावकारी बनाउन संस्थामा Compliance Department रहेको छ ।

आन्तरिक नियन्त्रण प्रणाली सहित अन्य कुराहरूको उच्चस्तरबाट रेखदेख गर्न गैरकार्यकारी सञ्चालकको संयोजकत्वमा जोखीम व्यवस्थापन समिति , लेखापरीक्षण समिति र सम्पत्ति शुद्धिकरण निवारण सम्बन्धी समिति समेत रहेको छ ।

संस्थाले आफना सबै तहका सबै शाखाका कर्मचारीहरूको क्षमता तथा ज्ञान वृद्धिका लागि सुचारू रूपले विभिन्न तालिम तथा सीप विकासका कार्यक्रमहरू संचालन गर्ने गरेको छ । उक्त कार्यबाट कर्मचारीहरूको क्षमता तथा ज्ञान वृद्धि गरी संचालनबाट हुने जोखिम न्युनीकरण गर्ने गरिएको छ । संस्थाले आफ्नो ग्राहक पहिचान (Know your

Customer) को मापदण्ड तथा मुद्रा शुद्धीकरण (Anti money laundering) सम्बन्धी नीति, विद्यमान औद्योगिक प्रचलन, प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी निर्देशनका आधारमा तर्जुमा गरी लागू गरेको छ । साथै संस्थाका बिद्यमान नीतिहरूलाई समय सापेक्ष रूपमा परिमार्जन तथा पुर्नलेखन गरी सम्बन्धित निकायबाट स्वीकृत समेत गरी लागू गरिएको छ ।

थ) **विगत आर्थिक वर्षको व्यवस्थापन तथा संचालन खर्चको विवरण ।**

वित्तीय संस्थाको आर्थिक वर्ष २०८०/८१ को व्यवस्थापन खर्चतर्फ कर्मचारी खर्च रू.६,०९,९९,१२८/- र अन्य सञ्चालन खर्च रू.२,६८,३५,४२१/- गरी जम्मा व्यवस्थापन तथा सञ्चालन खर्च रू. ८,७८,३४,५४९/- भएको छ ।

द) **लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम-कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सो को विवरण ।**

यस संस्थाको सञ्चालक समितिले कम्पनी ऐन, बैंक तथा वित्तीय संस्था सम्बन्धी ऐन तथा नेपाल राष्ट्र बैंकको निर्देशनको अधीनमा रहि गैरकार्यकारी सञ्चालकको संयोजकत्वमा १ सञ्चालक सदस्य र आन्तरिक लेखापरीक्षण विभागका प्रमुख सदस्य सचिव रहने गरी लेखापरीक्षण समिति गठन गरेको छ । यस समितिमा निम्न पदाधिकारीहरू रहेका छन् ।

श्री दिप्रश शाक्य	संयोजक
श्री राजन प्रजापती	सदस्य
श्री पुष्पराज भण्डारी	सदस्य सचिव

लेखापरीक्षण समितिका सदस्यहरूले आ.व. २०८०/८१ मा लिएको कूल बैठक भत्ता रू.६०,०००/- रहेको छ । लेखापरीक्षण समितिले आन्तरिक लेखापरीक्षण प्रतिवेदन र लेखा परीक्षकको प्रारम्भिक लेखापरीक्षण प्रतिवेदनमाथि छलफल गरी व्यवस्थापनलाई आवश्यक निर्देशन जारी गर्ने र सञ्चालक समितिमा सिफारिस गर्ने गरेको छ । साथै समय समयमा संस्थाको वित्तीय अवस्थाको बारेमा विस्तृत जानकारी लिई आवश्यक निर्देशन जारी गर्ने गरेको छ । आ.व. २०८०/८१ मा जम्मा ६ वटा बैठक सम्पन्न गरी सोको प्रतिवेदन समितिको बैठकमा जानकारी तथा सिफारिस गरिएको छ ।

ध) **सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीको आधारभूत शेयरधनी वा निजका नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाकी भए सो कुरा ।**

वित्तीय संस्थाको सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी रहेको छैन । तथापी संस्थाका निबर्तमान प्रमुख कार्यकारी अधिकृत श्री रबिचन्द्रमान प्रधानलाई नेपाल राष्ट्र बैंकले निजबाट असुल गर्नका लागि भएको निर्देशन बमोजिमको रकम रू.४२,५४,०७०।९३ बुझाउन बाँकी रहेकोमा सो सम्बन्धमा सम्मानित अदालतमा मुद्धा विचाराधिन रहेको र निजबाट असुल गर्नपर्ने रकम संस्थासँग सुरक्षित रहेको छ ।

न) **सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भत्ता तथा सुविधाको रकम ।**

वित्तीय संस्थाका सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई आ.व.२०८०/८१ मा भुक्तानी गरिएको पारिश्रमिक तथा भत्ता सुविधाको रकम निम्नानुसार रहेको छ ।

क्र.सं	विवरण	सञ्चालक	प्रमुख कार्यकारी अधिकृत	अन्य कार्यकारी पदाधिकारी
१.	बैठक भत्ता (रु)	६८५,०००	-	-
२.	तलव (रु)	-	३,३६०,०००	१,३४४,०००
३.	भत्ता	छैन	१,४३३,६००	५७३,०६७
४.	विदा वापतको भुक्तानी	छैन	संस्थासँग भएको करार अनुरूप	कर्मचारी सेवा नियमावली अनुरूप
५.	दशैंभत्ता	छैन	३०१,०००	१३१,९६७
६.	संचयकोष योगदान	छैन	६७२,०००	२६८,८००
७.	बोनस	छैन	२५१,८७०	१०७,६३७
८.	टेलिफोन, मोबाइल र पत्रपत्रिका	छैन	संस्थासँग भएको करार अनुरूप	कर्मचारी सेवा नियमावली अनुरूप
९.	इन्धन	छैन		
१०.	गाडी सुविधा	छैन	छ	छ
११.	आवास सुविधा	छैन	छैन	छैन
१२.	बीमा	छैन	छैन	छैन

प) **शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम ।**
शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांस रकम नरहेको ।

फ) **दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण ।**
यस आ.ब मा कम्पनि ऐन २०६३ को दफा १४१ बमोजिम सम्पति खरिद वा बिक्री गरेको छैन ।

ब) **दफा १७५ बमोजिम सम्बद्ध कम्पनीबीच भएको कारोवारको विवरण ।**
यस वित्तीय संस्थाको कुनै सम्बद्ध कम्पनी छैन ।

भ) **यस ऐन तथा प्रचलित कानून बमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा ।**
अन्त्यमा, आर्थिक तथा राजनैतिक क्षेत्रमा देखा परेको विषम परिस्थितिमा समेत यस संस्थाको उद्देश्य प्राप्तिका लागि सहयोग पुऱ्याउनुहुने सम्पूर्ण शेयरधनी महानुभावहरू, निरन्तर रूपमा ग्राहक सेवाप्रति समर्पित कर्मचारीहरू साथै, यस संस्थाको उत्तरोत्तर प्रगतिमा साथ दिने सबै निकायहरूलाई हार्दिक धन्यवाद दिदै यस नेपाल फाइनान्स लिमिटेडलाई एक सफल तथा सुशासित वित्तीय संस्थाको रूपमा उभ्याउन यो सञ्चालक समिति निरन्तर लागि रहने प्रतिबद्धता व्यक्त गर्दछौं ।

(म) **अन्य आवश्यक कुरा :**
नभएको ।

धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को नियम २६ को उपनियम २ सँग सम्बन्धित अनुसूची १५ बमोजिमको वार्षिक विवरण

१. **संचालक समितिको प्रतिवेदन** : सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

२. **लेखापरीक्षकको प्रतिवेदन** : सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

३. **लेखापरीक्षण भएका वित्तीय विवरण** : सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

४. **कानूनी कारवाही सम्बन्धी विवरण :**

(क) **त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाका विरूद्ध कुनै मुद्दा दायर भएको भए,**
यस फाईनान्सको कर्जासँग सम्बन्धित बाहेक अन्य मुद्दा दायर नभएको ।

(ख) **संगठित संस्थाका संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरूद्धमा प्रचलित नियमका अवज्ञा वा फौज्दारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए,**
यस फाईनान्सको जानकारीमा नरहेको ।

५. **संगठित संस्थाको शेयर कारोवार तथा प्रगतिका विश्लेषण :**

(क) **धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारण :**

नेपाल स्टक एक्सचेन्ज तथा धितोपत्र बोर्डको सुपरिवेक्षण व्यवस्थाको अधिनमा रही कारोबार रहेको ।

(ख) **आ.व. २०८०/८१ मा संगठित संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संख्या र कारोबार दिन**

त्रैमासिक अवधी	अधिकतम मुल्य	न्युनत्तम मुल्य	अन्तिम मुल्य	कारोबार संख्या	कारोबार दिन
पहिलो त्रैमास	३६९.९०	२८६.००	२९५.१०	७,३७५	६१
दोस्रो त्रैमास	३५१.००	२७०.००	३४३.७०	४,३०३	४९
तेश्रो त्रैमास	४६५.८०	३२०.००	४४८.९०	२२,२६०	५८
चौथो त्रैमास	१,०३३.००	४३२.००	८९४.००	४१,५६२	६१

(श्रोत : नेपाल स्टक एक्स्चेन्ज)

६. **समस्या तथा चुनौति**

क) **आन्तरिक समस्या तथा चुनौती**

- आयको विविधिकरण ।
- वित्तीय स्रोतको लागतमा वृद्धि ।
- दक्ष कर्मचारी व्यवस्थापन

ख) **बाह्य समस्या र चुनौती**

- बैंक तथा वित्तीय संस्थाको बीच रहेको तीव्र प्रतिष्पर्धा ।
- कर्जाको माग तथा निक्षेप वृद्धिमा सन्तुलन नहुनु ।
- वित्तीय स्रोतको अभाव ।
- विगतमा गुमेको शाखःमा वृद्धि

ग) **रणनीति**

- निक्षेप तथा कर्जाको विविधिकरण ।
- आय आर्जन गर्ने नयाँ क्षेत्रहरू विस्तार तथा निक्षेप परिचालनमा जोड ।

- समय सापेक्ष प्रविधिमा आधारित नयाँ सेवाहरूको विकास ।
- पूजिँ तथा पूजिँ कोष वृद्धि ।
- अझ मजबुद प्रणाली तथा अनुपालना पद्धतीको विकास ।

७. संस्थागत सुशासन

बैंक तथा वित्तीय संस्था सम्बन्धि ऐन, २०७३, नेपाल राष्ट्र बैंकद्धारा जारी गरिएका निर्देशन तथा परिपत्रहरूको पूर्ण रूपमा पालना गरिएको छ । संस्थागत सुशासनलाई सदैव उच्च प्राथमिकतामा राख्दै र संस्थागत सुशासन सम्बन्धी निर्देशन तथा परिपत्रहरूको पुर्णरूपले पालना गरिने छ ।

आन्तरिक नियन्त्रण प्रणाली व्यवस्थित गर्न लेखापरीक्षण समिति (Audit Committee) गठन गरिएको छ जसले वाह्य र आन्तरिक लेखापरीक्षकबाट दिईएका सुझाव तथा निर्देशनहरूलाई कार्यान्वयन गराउनुका साथै आन्तरिक नियन्त्रण प्रणालीलाई अझ सुदृढ बनाउन व्यवस्थापनलाई सल्लाह र सुझावहरू दिदै आईरहेको छ ।

कारोवारलाई छिटो, छरितो, चुस्त तथा वैज्ञानिक बनाउन तथा अन्य आवश्यक रणनीति तय गर्न व्यवस्थापन समिति, जोखिम व्यवस्थापन समिति, AML/CFT Committee, सम्पत्ती/दायित्व व्यवस्थापन समिति लगायतका विभिन्न समितिहरू क्रियाशिल रहेका छन् ।

नेपाल राष्ट्र बैंकको निर्देशन, स्थलगत निरिक्षण प्रतिवेदन, आन्तरिक तथा बाह्य लेखापरीक्षण प्रतिवेदनमा औंल्याईएका सुझाव तथा निर्देशनहरूलाई यस संस्थाले सदैव पालना गर्दै संस्थागत सुशासनको पूर्ण पालना तथा संस्थालाई अझ सुदृढ बनाउँदै लैजान यस संस्थाको संचालक समिति र व्यवस्थापन प्रतिबद्ध रहेको छ ।

S.A.R. ASSOCIATES
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Nepal Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nepal Finance Limited (the "Company") which comprise the statement of financial position as at Ashadh 31, 2081 (July 15, 2024), and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the company as at Ashadh 31, 2081 (July 15, 2024), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our Report. We are independent of the Company in accordance with the *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The NRB Directive (NRB DIR no. 21/2080) requires the national level Class C Financial Institutions to maintain the minimum capital of NPR 80 crores. NRB had given time period of 2 years from the date of release of company from problematic category viz. Mangsir 24, 2076, to maintain its capital requirement as per NRB directives. Such a minimum capital requirement has not been met, which the company has planned to meet through appropriate procedure for unsubscribed portion of right shares issued.

Further, the company has accumulated losses of NPR 244,569,103 as at Ashad 31, 2081 which is significant and has reduced the value of assets to generate the cash flows.

Such a delay in compliance with the minimum capital requirement as well as the position of significant accumulated loss casts significant uncertainty on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N	Key Audit Matters	Auditor's Response
1.	**Interest Recognition** The interest income of the company has to be recognized on accrual basis and following the Interest Income Recognition Guidelines 2019 issued by NRB. Though accrual basis of income recognition is prescribed in general, the guidelines require suspension of interest recognition on accrual basis for loans and advances with overdue of more than 12 months whereas for loans and advances with overdue interest/installment for 3 to 12 months, interest recognition on accrual basis is limited on the basis of result of collateral testing as specified. Given the lack of system capability to suspend recognition of income on the basis of overdue status of loan and fair value of collateral as well as review of fair	Our audit approach regarding verification of process of interest recognition included: a. Obtaining a clear understanding of the process of accrual of interest income on loans and advances in the Core Banking Software of the company. b. For fair valuation of collateral, we relied on the latest available engineer's valuation of the collateral and have test checked the hair cut in fair value of collateral as per NRB Income

	valuation of collateral on regular basis, manual intervention will be required in interest recognition process and hence create risk of improper application of the guidelines and determination of the Fair Value of the collateral. This may, in turn, have an effect on recognition of interest income the company. Thus, we have considered it as key audit matter.	Recognition guidelines 2019. c. Test check of the interest income booking with manual computation.
2.	**Investment Valuation, Identification, and Impairment** Investment of the company comprises of investment in government bonds, T-bills, development bonds and investment in quoted and unquoted equity instruments. The valuation of the aforesaid securities has been done in compliance with NFRS 9 and NRB Directive no. 8. The investment in the government and NRB bonds and T-bills should be recognized on reporting date on Amortized cost basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income. Given the varieties of treatments recommenoded for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved in such investments, same has been considered as Key Audit Matter in our audit.	Our audit approach regarding verification of process of investment valuation, identification and impairment included: a. Review of the investment of the company and its valuation having reference to NFRS issued by the Accounting Standard Board of Nepal and NRB Directive 4 read with 8. b. We assessed the nature of expected cash flow of the investments as well as the business model adopted by the management on the basis of available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flow and management intention of holding the investment. c. For the investment valuation that is done at amortized cost, we checked the EIR and amortization schedule on test basis. d. For the investment valued through OCI for quoted investment, we ensured that fair valuation has been done at the closing transaction rate in NEPSE as on 15.07.2024 and for the unquoted investment the fair value has been taken as the NPR 100.
3.	**Impairment of Loans and Advances** As per NRB Directive 4, company shall measure impairment loss on loans and advances at the higher of: ▪ Amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and ▪ Amount determined as per para 5.5. of NFRS 9, read with carve out issued by Institute of Chartered Accountants of Nepal dated 18 July 2022, adopting Incurred Loss Model As per the norms prescribed by NRB, provision at prescribed rate should be created on loans and advances based on overdue status of loans and advances as well as utilization status of the facility, status of security, borrower's whereabouts etc. As per NFRS 9 read with carve out issued by Institute of Chartered Accountants of Nepal dated 18 July 2022, impairment of loans and advances should be made on individual impairment basis for loans and advances that are individually significant and collective impairment basis for homogeneous groups of loans that are not considered individually significant. On individual impairment, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. Under collective impairment, loss is determined after taking into account the Historical Loss Experience in portfolios of similar credit risk and Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by historical experience. Given the fact that impairment of loans and advances under	Our audit approach regarding verification of impairment of loans and advances included: a. Review of the overdue status of loans and advances by obtaining data from the system and matched the same with the NRB 2.2 report. b. Sample credit files were reviewed, among other things, from the perspective of utilization of loans and advances for intended purpose by way of scrutiny of financial statements, account movement, account turnover etc. c. Expected future cash flows from the individually significant loans and advances with indication of impairment are assessed on the basis of realizable value of collateral securities based on management estimate. d. Grouping of homogeneous groups of loans was assessed on the basis of nature and purpose of loans and data of historical loss experience in portfolios are assessed on the basis of past due data from the system as well as data of loan loss provisions of the defined group in the past.

	incurred loss model require assessment of future cash flows as well as historical loss experiences of portfolios. Further, impairment of loans and advances under NRB norms for loan loss provisioning will require assessment of overdue status of loans and advances and proper utilization of loan for intended purpose. Hence, assessment of availability and accuracy of required data for impairment of loans and advances under incurred loss model as well as NRB provisioning norms is regarded as key audit matters.	
4.	**Information Technology General Controls** IT controls with respect to recording of transactions, generating various reports in compliance with NRB guidelines and other compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems. We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators	Our audit approach regarding Information technology of the company is based upon the Inforınation Technology Guidelines 2012 issued by NRB and it included: a. Understanding the coding system adopted by the company for various categories of customers. b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the company c. Checking of the user requirements for any changes in the regulations/ policy of the company d. Reviewed the reports generated by the system on sample basis. We verified the interest incoıne and expense booking regarding loan and deposit on test basis with the CBS of the company. e. We relied on the IT' audit conducted by the company. f. We verified the provisioning of the loan and advances based on ageing on the test check basis as on 15.07 2024.
5.	**Goodwill on Acquisition** Following the acquisition of Lalitpur Finance Ltd. in FY 2077/78, the company has calculated and restated the goodwill retrospectively. The company is required to annually test the amount of goodwill for impairment, which is complex, highly judgmental and based on several assumptions and indicators which are affected by expected future market or economic conditions. Thus, we have considered this as a key audit matter.	Our audit approach regarding recognition of goodwill on business combination is based upon NFRS 3 with interpretation, explanatory notes issued by ASB, and guidance notes issued by ICAN, and it included: a. Reviewing the calculation and recognition of goodwill based on the agreed prices (as per due diligence report) including the terms and conditions of the merger and acquisition in line with the above guidance note. b. Reviewing impairment testing of goodwill including the assumptions and other indicators taken by the company.

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Management Report, Report of the Director's Report and Chairman's Statement but does not include the financial statements and our auditor's report thereon. Such information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting polices used and the reasonableness of accounting estimates and related disclosures made by the management,
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes pubic disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the requirements of Banks and Financial Institutions Act, 2073 and Company Act, 2063

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the company, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws except that non-performing loan is yet to be maintained within 5%.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed that the loans have been written off as specified; the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority except that the certain promoter shares of the company held by co-operative are yet to be sold/settled. We did not come across cases of accounting related fraud and cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of the company.

S.A.R. Associates Kathmandu Chartered Accountants

Isha Shrestha
Partner

Place: Kathmandu, Nepal
Date: December 17, 2024

UDIN: 241218CA00726u6MKt

Nepal Finance Ltd
Statement of Financial Position
As on 31 Ashad 2081

Amount in NPR

Particulars	Note	Current Year	Previous Year
Assets			
Cash and Cash Equivalents	4.1	735,275,501	541,877,458
Due from Nepal Rastra Bank	4.2	262,054,164	146,221,163
Placement with Bank and Financial Institutions	4.3	-	-
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loans and Advances to BFIs	4.6	166,403,393	76,336,567
Loans and Advances to Customers	4.7	1,977,767,555	1,303,388,015
Investment Securities	4.8	481,937,825	750,882,439
Current Tax Assets	4.9	27,444,744	25,770,215
Investment in Subsidiaries	4.10	-	-
Investment in Associates	4.11	-	-
Investment Property	4.12	54,427,486	64,280,536
Property and Equipment	4.13	155,396,291	178,282,707
Goodwill and Intangible Assets	4.14	21,155,698	21,287,593
Deferred Tax Assets	4.15	40,503,308	32,014,013
Other Assets	4.16	11,940,025	17,049,362
Total Assets		**3,934,305,990**	**3,157,390,068**
Liabilities			
Due to Bank and Financial Institutions	4.17	232,430,158	145,326,782
Due to Nepal Rastra Bank	4.18	-	-
Derivative Financial Instruments	4.19	-	-
Deposits from Customers	4.20	2,554,505,786	1,806,107,640
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred Tax Liabilities	4.15	-	-
Other Liabilities	4.23	176,582,353	213,218,150
Debt Securities Issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total Liabilities		**2,963,518,297**	**2,164,652,572**
Equity			
Share Capital	4.26	729,906,747	727,532,247
Share Premium		51,082,367	51,054,092
Retained Earnings		(244,569,103)	(212,979,846)
Reserves	4.27	434,367,682	427,131,003
Total Equity Attributable to Equity Holders		**970,787,693**	**992,737,496**
Non Controlling Interest		-	-
Total Equity		**970,787,693**	**992,737,496**
Total Liabilities and Equity		**3,934,305,990**	**3,157,390,068**
Contingent Liabilities and Commitments	4.28	27,145,428	11,790,726
Net Assets Value per share		133.00	136.45

As per our attached report of even date

Madhu Nepal Head - Finance & Operation	**Uddhab Raj Thapaliya** Chief Executive Officer	**Prof. Hirendra Man Pradhan** Chairman	**Laxmi Maharjan** Director
Diprash Shakya Director	**Rajan Prajapati** Director	**Bikesh Shakya** Director	**Isha Shrestha** Partner for S.A.R. Associates Chartered Accountants

Nepal Finance Ltd
Statement of Profit or Loss
For the year ended 31 Ashad 2081

Amount in NPR

Particulars	Note	Current Year	Previous Year
Interest Income	4.29	310,413,065	269,519,489
Interest Expense	4.30	209,435,918	177,117,717
Net Interest Income		**100,977,147**	**92,401,772**
Fee and Commission Income	4.31	13,880,602	7,833,547
Fee and Commission Expense	4.32	606,971	649,080
Net Fee and Commission Income		**13,273,631**	**7,184,467**
Net Interest, Fee and Commisson Income		**114,250,778**	**99,586,239**
Net Trading Income	4.33	-	-
Other Operating Income	4.34	17,450,534	13,342,344
Total Operating Income		**131,701,312**	**112,928,583**
Impairment Charge/ (Reversal) for Loans and Other Lossess	4.35	55,997,195	(25,039,202)
Net Operating Income		**75,704,117**	**137,967,785**
Operating Expense			
Personnel Expenses	4.36	60,999,128	55,246,967
Other Operating Expenses	4.37	26,835,421	29,345,917
Depreciation & Amortisation	4.38	26,411,236	29,851,282
Operating Profit		**(38,541,668)**	**23,523,619**
Non Operating Income	4.39	-	-
Non Operating Expense	4.40	-	-
Profit Before Income Tax		**(38,541,668)**	**23,523,619**
Income Tax Expense	4.41		
Current Tax		-	-
Deferred Tax		(10,360,133)	3,388,941
Profit for the Period		**(28,181,535)**	**20,134,678**
Profit Attributable to:			
Equity-holders of the Company		(28,181,535)	20,134,678
Non-Controlling Interest			
Profit for the Period		(28,181,535)	20,134,678
Earnings per Share			
Basic Earnings per Share		(3.86)	2.77
Diluted Earnings per Share		(3.86)	2.77

As per our attached report of even date

Madhu Nepal Head - Finance & Operation	**Uddhab Raj Thapaliya** Chief Executive Officer	**Prof. Hirendra Man Pradhan** Chairman	**Laxmi Maharjan** Director
Diprash Shakya Director	**Rajan Prajapati** Director	**Bikesh Shakya** Director	**Isha Shrestha** Partner for S.A.R. Associates Chartered Accountants

Nepal Finance Ltd
Statement of Other Comprehensive Income
For the year ended 31 Ashad 2081

Amount in NPR

Particulars	Current Year	Previous Year
Profit for the year	**(28,181,535)**	**20,134,678**
Other Comprehensive Income, Net of Income Tax	**-**	**-**
a) Items that will not be reclassified to profit or loss		**-**
Gains/(losses) from investment in equity instruments measured at fair value	(5,139,937)	9,965,390
(Gains/(losses) from investment in equity instruments measured at fair value Then Lalitpur Finance)	-	-
Gains/(losses) on revaluation	-	-
Actuarial gains/(losses) on defined benefit plans	-	-
Income tax relating to above items	1,541,981	(2,989,617)
Net other comprehensive income that will not be reclassified to profit or loss	**(3,597,956)**	**6,975,773**
b) Items that are or may be reclassified to profit or loss		
Gains/(losses) on cash flow hedge	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-
Income tax relating to above items	-	-
Reclassify to profit or loss	-	-
Net other comprehensive income that are or may be reclassified to profit or loss	**-**	**-**
c) Share of other comprehensive income of associate accounted as per equity method	**-**	**-**
Other Comprehensive Income for the year, Net of Income Tax	**(3,597,956)**	**6,975,773**
Total Comprehensive Income for the Period	**(31,779,491)**	**27,110,451**
Total Comprehensive Income attributable to:		
Equity-Holders of the Company	(31,779,491)	27,110,451
Non-Controlling Interest	-	-
Total Comprehensive Income for the Period	**(31,779,491)**	**27,110,451**

Madhu Nepal
Head - Finance & Operation

Uddhab Raj Thapaliya
Chief Executive Officer

Prof. Hirendra Man Pradhan
Chairman

Laxmi Maharjan
Director

Diprash Shakya
Director

Rajan Prajapati
Director

Bikesh Shakya
Director

Isha Shrestha
Partner
for S.A.R. Associates
Chartered Accountants

Nepal Finance Ltd
Statement of Changes in Equity
For the year ended 31 Ashad 2081

Amount in NPR

Particulars	Attributable to Equity-Holders of the Finance Company										Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Shrawan 01, 2079	725,472,247	51,038,571	238,566,567	-	120,213,236	33,678,669	-	(255,113,133)	49,695,366	963,551,523	-	963,551,523
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Provision for NBA net of defer tax	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Income for the year												
Profit for the year	-	-	-	-	-	-	-	20,134,678	-	20,134,678	-	20,134,678
Other Comprehensive Income, Net of Tax												
Gains/(losses) from investment in equity instruments measured at fair value	-	-	107,325	-	-	6,439,148	-	429,300	-	6,975,773	-	6,975,773
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill/Bargain Purchase Gain From Equity Transaction	-	-	-	-	-	-	-	-	-	-		
Total Comprehensive Income for the year	**-**	**-**	**107,325**	**-**	**-**	**6,439,148**	**-**	**20,563,978**	**-**	**27,110,451**	**-**	**27,110,451**
Transfer to Reserves during the year	-	-	4,026,936	-	3,700,483	-	-	21,569,308	71,893	29,368,620	-	29,368,620
Transfer from Reserves during the year	-	-	-	-	(29,033,976)	-	-	-	(334,644)	(29,368,620)	-	(29,368,620)
Transactions with Owners, directly recognized in Equity												
Share Issued	2,060,000	15,521	-	-	-	-	-	-	-	2,075,521	-	2,075,521
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	-	-	-	-	-	-	-
Other: share premium	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	**2,060,000**	**15,521**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,075,521**	**-**	**2,075,521**
Balance at Ashad 31, 2080	**727,532,247**	**51,054,092**	**242,700,828**	**-**	**94,879,743**	**40,117,817**	**-**	**(212,979,846)**	**49,432,615**	**992,737,496**	**-**	**992,737,496**
Balance at Shrawan 01, 2080	**727,532,247**	**51,054,092**	**242,700,828**	**-**	**94,879,743**	**40,117,817**	**-**	**(212,979,846)**	**49,432,615**	**992,737,496**	**-**	**992,737,496**

Nepal Finance Ltd
Statement of Changes in Equity
For the year ended 31 Ashad 2081

Particulars	Attributable to Equity-Holders of the Finance Company										Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalisation	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Income for the year												
Profit for the year	-	-	-	-	-	-	-	(28,181,535)	-	(28,181,535)	-	(28,181,535)
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	(3,597,956)	-	-	-	(3,597,956)	-	(3,597,956)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-		-		-	-	-	-
Transfer to Reserves during the year	-	-	-	-	9,089,093	-	-	(14,010,869)	-	(4,921,776)	-	(4,921,776)
Transfer from Reserves during the year	-	-	-	-	2,281,873	-	-	(17,578,388)	(536,331)	(15,832,846)	-	(15,832,846)
Transactions with Owners, directly recognized in Equity												
Share Issued	2,374,500	28,275	-	-	-	-	-	-	-	2,402,775	-	2,402,775
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions by and Distributions	**2,374,500**	**28,275**	-	-	-	-	-	-	-	**2,402,775**	-	**2,402,775**
Balance at Ashad 31, 2081	**729,906,747**	**51,082,367**	**242,700,828**	-	**106,250,709**	**36,519,861**	-	**(244,569,103)**	**48,896,284**	**970,787,693**	-	**970,787,693**

As per our attached report of even date

Madhu Nepal	**Uddhab Raj Thapaliya**	**Prof. Hirendra Man Pradhan**	**Laxmi Maharjan**
Head - Finance & Operation	Chief Executive Officer	Chairman	Director
Diprash Shakya	**Rajan Prajapati**	**Bikesh Shakya**	**Isha Shrestha**
Director	Director	Director	Partner for S.A.R. Associates Chartered Accountants

Nepal Finance Ltd
Statement of Cash Flows
For the year ended 31 Ashad 2081

Amount in NPR

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Received	310,413,065	269,519,489
Fee and Other Income Received	13,880,602	7,833,547
Dividend Received	727,547	289,941
Receipts from Other Operating Activities	16,722,987	13,052,403
Interest Paid	(209,435,918)	(177,117,717)
Commissions and Fees Paid	(606,971)	(649,080)
Cash Payment to Employees	(60,999,128)	(55,246,967)
Corporate Social Responsibility Expenses Paid	(536,332)	
Other Expenses Paid	(82,832,616)	(4,306,715)
Operating Cash Flows before Changes in Operating Assets and Liabilities	**(12,666,764)**	**53,374,901**
(Increase) Decrease in Operating Assets		
Due from Nepal Rastra Bank	(115,833,001)	(20,196,839)
Placement with Banks and Financial Institutions	-	-
Other Trading Assets	-	-
Loans and Advances to BFIs	(90,066,826)	149,916,500
Loans and Advances to Customers	(674,379,540)	(322,731,106)
Other Assets	(5,054,487)	3,963,487
Increase (Decrease) in Operating Liabilities		
Due to Banks and Financials Institutions	87,103,376	5,261,252
Due to Nepal Rastra Bank	-	-
Deposit from Customers	748,398,146	331,906,080
Borrowings	-	-
Other Liabilities	(36,635,797)	5,951,771
Net Cash Flow from Operating Activities before Tax Paid	**(99,134,893)**	**207,446,046**
Income Tax Paid	10,360,133	(3,388,941)
Net Cash Flow from Operating Activities	**(88,774,760)**	**204,057,105**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment Securities	(48,738,070)	(308,891,087)
Receipts from Sale of Investment Securities	322,047,973	-
Purchase of Property and Equipment	(2,562,577)	(30,230,776)
Receipts from Sale of Property and Equipment	-	-
Purchase of Intangible Assets	(830,348)	-
Receipts from Sale of Intangible Assets	-	872,316
Purchase of Investment Properties	-	-
Receipts from Sale of Investment Properties	9,853,050	36,326,031
Interest Received	-	-
Dividend Received	-	-
Net Cash Used in Investing Activities	**279,770,028**	**(301,923,516)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from Issue of Debt Securities	-	-
Repayments of Debt Securities	-	-
Receipts from Issue of Subordinated Liabilities	-	-
Repayments of Subordinated Liabilities	-	-
Receipt from Issue of Shares	2,402,775	2,060,000
Dividends Paid	-	-
Interest Paid	-	-
Other Receipts/Payments	-	6,991,294
Net Cash from Financing Activities	**2,402,775**	**9,051,294**
Net Increase (Decrease) in Cash and Cash Equivalents	**193,398,043**	**(88,815,117)**
Opening Cash and Cash Equivalents	541,877,458	630,692,576
Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents Held	-	-
Closing Cash and Cash Equivalents	**735,275,501**	**541,877,458**

As per our attached report of even date

Madhu Nepal Head - Finance & Operation	**Uddhab Raj Thapaliya** Chief Executive Officer	**Prof. Hirendra Man Pradhan** Chairman	**Laxmi Maharjan** Director
Diprash Shakya Director	**Rajan Prajapati** Director	**Bikesh Shakya** Director	**Isha Shrestha** Partner for S.A.R. Associates Chartered Accountants

Nepal Finance Ltd
Statement of Distributable Profit or Loss
For the year ended 31 Ashad 2081
(As per NRB Regulation)

Amount in NPR

Particulars	Finance Company	
	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	**(28,181,535)**	**20,134,678**
Appropriations:		
a. General reserve	-	(4,134,261)
b. Foreign exchange fluctuation fund		-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	-	334,644
e. Employees' training fund	-	(71,893)
f. Other		-
Other (Fair Value Gain on sale of investment)	7,963,244	536,625
Provision for Leave encashment	-	-
Profit or (loss) before regulatory adjustment	**(20,218,291)**	**16,799,793**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(9,089,093)	(3,700,483)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/resersal (+)	6,207,422	22,885,400
e. Deferred tax assets recognised (-)/ reversal (+)	(8,489,295)	6,148,576
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	-	-
i. Other (+/-)	-	-
Adjustment for reserve balance from then lalitpur finance	-	-
Distributable profit or (loss)	**(31,589,257)**	**42,133,286**
Opening Retained Earining as on Shrawan 1 2080	(212,979,846)	(255,113,132)
Adjustment(+/-)	-	-
Ditribution	-	-
Bonus Share Issued	-	-
Cash Dividend Paid	-	-
Total Distributable profit or (loss) as on year end date	**(244,569,103)**	**(212,979,846)**

As per our attached report of even date

Madhu Nepal Head - Finance & Operation	**Uddhab Raj Thapaliya** Chief Executive Officer	**Prof. Hirendra Man Pradhan** Chairman	**Laxmi Maharjan** Director
Diprash Shakya Director	**Rajan Prajapati** Director	**Bikesh Shakya** Director	**Isha Shrestha** Partner for S.A.R. Associates Chartered Accountants

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated.

1. Reporting Entity

Nepal Finance Limited is a limited liability company domiciled in Nepal which has been in operation in Nepal since 2049/04/07 BS. The Finance Company is registered with the Office of Company Registrar as a public limited company and carries out banking activities in Nepal under the license from Nepal Rastra Bank as Class "C" licensed institution (National Level). It's registered, and corporate office are at Kamaladi, Kathmandu, Nepal.

The Finance Company offers maximum banking services of banking products and services including loans and advances, deposits etc. to wide range of clients encompassing individuals, corporates, large public sector companies, government corporations, etc. as authorized by the Nepal Rastra Bank (Central Bank of Nepal).

The Finance Company is listed on Nepal Stock Exchange and its stock symbol is "NFS".

2. Basis of Preparation

The financial statements of the Finance Company have been prepared on accrual basis of accounting except the Cash Flow information, which is prepared on a cash basis, using the direct method. The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts of the group and separate financial statements as stated above of the Finance Company. The accounting policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.1. Statement of Compliance

The financial statements have been prepared and approved by the Board of Directors in accordance with Nepal Financial Reporting Standards (NFRS) and as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and as per the provisions of Bank and Financial Institutions Act, 2073 in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2080.

2.2. Reporting Period

Reporting Period is a period from the first day of Shrawan (mid July) of any year to the last day of Ashad (mid July) of the next year as per Nepali calendar.

	Nepali Calendar	English Calendar
Current Year	2080/81	2023/24
Previous Year	2079/80	2022/23
Current Year Period	Shrawan 01, 2080 to Ashad 31, 2081	July 17, 2023 to July 15, 2024
Previous Year Period	Shrawan 01, 2079 to	July 17, 2022 to
	Ashad 31, 2080	July 16, 2023

2.3. Functional and Presentation Currency

The financial statements of the Group are presented in Nepalese Rupees (NPR), which is the currency of the primary economic environment in which the company operates. Financial information is presented in Nepalese Rupees. There was no change in the presentation and functional currency during the year under review. The figures are rounded to nearest integer, except otherwise indicated.

2.4. Use of Estimates, Assumptions and Judgment

The Finance Company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further, the Finance Company is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate. The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed. The NFRS requires the Finance Company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Finance Company applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively. Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.5. Changes in Accounting Policies

The Company has consistently applied the accounting policies to all the periods presented in these financial statements except for new or revised statements and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note that follows.

2.6. New Reporting standards issued but not effective

For the reporting of financial instruments, NAS 32 Financial Instruments Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments. Few carve-outs on applicable Accounting Standards as provided by the Institute of Chartered Accountants of Nepal have been used by the Finance Company which includes carve-out issued on 02.04.2079 for impracticability to determine transaction cost of all previous years which is the part of effective interest rate and implementation of expected credit loss model for computing impairment on loans and advances, the quantitative and qualitative impact of the same have been disclosed in detail in Notes to the Accounts.

2.7. Discounting

Non- current assets and liabilities are discounted where discounting is material. Interest income and expenses have been recognized on unwinding of financial assets and liabilities respectively.

2.8. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard – NAS 1 on 'Presentation of Financial Statements'. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Finance Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.9. Going Concern

The Board has made an assessment of the company's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.10. Prior Period Errors

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the affected prior years' financial statements. Sometimes such changes may not be practicable. In such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

3. Significant Accounting Policies

The principal accounting policies applied by the Finance Company in the preparation of these financial statements are presented below. These policies have been consistently applied to all the years presented unless stated otherwise.

3.1. Basis of Measurement

The Financial Statements of the Finance Company have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Available for sale investments (quoted) are measured at fair value.
- Liabilities for defined benefit obligations are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.
- Financial assets and financial liabilities held at amortized cost are measured using a rate that is a close approximation of effective interest rate.

3.2 Basis of consolidation

a. Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as per the requirements of Nepal Financial Reporting Standard - NFRS 03 (Business Combinations). The Finance Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is immediately recognized in the profit or loss.

The Finance Company elects on a transaction-by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Finance Company incurs in connection with a business combination are expensed as incurred.

The Finance Company has applied Exemptions for NFRS 3 as stated in Appendix C as follows:

A first-time adopter may elect not to apply NFRS 3 retrospectively to past business combinations (business combinations that occurred before the date of transition to NFRSs). However, if a first-time adopter restates any business combination to comply with NFRS 3 it shall restate all later business combinations and shall also apply NFRS 10 from that same date.

However, the Finance Company does not have control over any other entity for consolidation of Financial Statements.

Investments in Shares made by the Finance Company are financial investments and have been described under 4.8 in Notes.

b. Non-Controlling Interest (NCI)

The finance company presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the parent. The group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The proportion allocated to the Nepal Finance Ltd. and non-controlling interests are determined on the basis of present ownership interests.

However, Finance Company does not have a Subsidiary. So the non-controlling interest has not been calculated separately.

c. Subsidiaries

Subsidiaries are entities that are controlled by the Finance Company. The Finance Company is presumed to control an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date the Finance Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control mentioned above.

The Financial Statements of Subsidiaries are fully consolidated from the date on which control is transferred to the Finance Company and continue to be consolidated until the date when such control ceases. The Financial Statements of the Finance Company's Subsidiaries are prepared for the same reporting year as per the Finance Company, using consistent accounting policies.

However, Finance Company does not have any subsidiary.

d. Loss of Control

When the Finance Company loses control over a Subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Finance Company recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant NFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with relevant NFRS or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Finance Company recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

However, Finance Company does not have any subsidiary.

e. Special Purpose Entity (SPE)

An entity may be created to accomplish a narrow and well-defined objective (e.g., to affect a lease, research and development activities or a securitization of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their governing board, trustee or management over the operations of the SPE. Examples of SPEs include entities set up to affect a lease, a securitization of financial assets, or R&D activities. Nepal Financial Reporting Standard

10 Consolidated Financial Statement is applicable in relation to consolidation of special purpose entity.

The Finance Company does not have any special purpose entity.

f. Transaction elimination on consolidation

In consolidating a subsidiary, the group eliminates full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the subsidiary and the Finance Company (profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).

The Finance Company does not have any subsidiary.

3.3. Cash and cash equivalents

Cash and Cash Equivalents include cash in hand, balances with banks and money at call and at short notice. These are subject to insignificant risk of changes in their fair value and are used by the Finance Company in the management of short-term commitments.

Details of the Cash and Cash Equivalents are given in Note 4.1to the Financial Statements.

3.4. Financial assets and Financial Liabilities

Initial Recognition

a. Date of Recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date on which the Finance Company becomes a party to the contractual provisions of the instrument. This includes 'regular way trades'. Regular way trade means purchases or sales of financial assets that required delivery of assets within the time frame generally established by regulation or convention in the market place.

b. Recognition and Initial Measurement of Financial Instruments

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and liabilities at fair value through profit or loss, as per the Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement). Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Profit or Loss.

Classification and Subsequent Measurement of Financial Instruments

Classification and Subsequent Measurement of Financial Assets

At the inception, a financial asset is classified into one of the following:

(a) Financial assets at fair value through profit or loss

  i. Financial assets held for trading

  ii. Financial assets designated at fair value through profit or loss

(b) Held to Maturity Financial Assets

(c) Loans and Receivables

(d) Financial assets available for sale

The subsequent measurement of financial assets depends on their classification.

(a) Financial Assets at Fair Value through Profit or Loss

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

(a) (i) Financial Assets Held for Trading

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category also includes derivative financial instruments entered into by Finance Company that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standards (NAS) 39 "Financial Instruments: Recognition and Measurement".

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in 'Net trading income'. Dividend income is recorded in 'Net trading income' when the right to receive the payment has been established

Finance Company evaluates its held for trading asset portfolio, other than derivatives, to determine whether the intention to sell them in the near future is still appropriate. When Finance Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Finance Company may elect to reclassify these financial assets. Financial assets held for trading include instruments such as government securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term.

(a) (ii) Financial Assets Designated at Fair Value through Profit or Loss

Finance Company designates financial assets at fair value through profit or loss in the following circumstances:

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the assets.
- The assets are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The assets contain one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

Financial assets designated at fair value through profit or losses are recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial instruments designated at fair value through profit or losses' in the Statement of Profit or Loss. Interest earned is accrued under 'Interest income', using the effective interest rate method, while dividend income is recorded under 'Other operating income' when the right to receive the payment has been established.

The Finance Company has not designated any financial assets upon initial recognition as designated at fair value through profit or loss.

(b) Held to Maturity Financial Assets

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Finance Company has the intention and ability to hold to maturity. After the initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate, less impairment. The amortization is included in 'Interest income' in the Statement of Profit or Loss. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss.

(c) Loans and Receivables from Customers

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Finance Company intends to sell immediately or in the near term and those that the Finance Company, upon initial recognition, designates as fair value through profit or loss.
- Those that the Finance Company, upon initial recognition, designates as available for sale
- Those for which the Finance Company may not recover substantially all of its initial investment through contractual cash flows, other than because of credit deterioration.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate, less allowance for impairment. Within this category, loans and advances to the customers have been recognized at amortized cost using the method that very closely approximates effective interest rate method. The amortization is included in 'Interest Income' in the Statement of Profit or Loss. The losses arising from impairment are recognized in 'Impairment charge / reversal for loans and other losses' in the Statement of Profit or Loss.

(d) Financial Assets Available for Sale

Available for sale financial assets include equity and debt securities. Equity Investments classified as

'Available for Sale' are those which are neither classified as 'Held for Trading' nor 'Designated at fair value through profit or loss. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available for sale financial investments are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity through 'Other comprehensive income / expense' in the 'Available for sale reserve'. When the investment is disposed of the cumulative gain or loss previously recognized in equity is recognized in the Statement of Profit or Loss under 'Other operating income'. Where Finance Company holds more than one investment in the same security, they are deemed to be disposed of on a first-in-first-out basis. Interest earned whilst holding 'Available for sale financial investments' is reported as 'Interest income' using the effective interest rate. Dividend earned whilst holding 'Available for sale financial investments' are recognized in the Statement of Profit or Loss as 'other operating income' when the right to receive the payment has been established. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss under 'Impairment charge for loans and other losses' and removed from the 'Available for sale reserve'.

Financial assets under AFS that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortized cost of the security are recognized in income statement and other changes in the carrying amount are recognized in other comprehensive income.

In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received). In certain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets, such as interest rate yield, option volatilities and currency rates. When such evidence exists, the Finance Company recognizes a trading gain or loss on inception of the financial instrument, being the difference between the transaction price and fair value.

When unobservable market data have a significant impact on the valuation of financial instruments, the entire initial difference in fair value from the transaction price as indicated by the valuation model is not recognized immediately in the income statement. Instead, it is recognized over the life of the transaction on an appropriate basis, when the inputs become observable, the transaction matures or is closed out, or when the Finance Company enters into an offsetting transaction.

Classification and Subsequent Measurement of Financial Liabilities

At the inception, Finance Company determines the classification of its financial liabilities. Accordingly financial liabilities are classified as:

(a) Financial liabilities at fair value through profit or loss
   i. Financial liabilities held for trading
   ii. Financial liabilities designated at fair value through profit or loss

(b) Financial liabilities at amortized cost

(a) Financial Liabilities at Fair Value through Profit or Loss

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

(a) (i) Financial Liabilities Held for Trading

Financial liabilities are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category includes derivative financial instrument entered into by Finance Company that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standard - NAS 39 (Financial Instruments: Recognition and Measurement).

a) (ii) Financial Liabilities Designated at Fair Value through Profit or Loss

Finance Company designates financial liabilities at fair value through profit or loss at following circumstances:

- Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the liabilities.

- The liabilities are part of a group of Financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The liability contains one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

(b) Financial Liabilities At Amortized Cost

Financial instruments issued by Finance Company that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in Finance Company having an obligation either to deliver cash or another financial asset to another Finance Company, or to exchange financial assets or financial liabilities with another Finance Company under conditions that are potentially unfavorable to the Finance Company or settling the obligation by delivering variable number of Finance Company's own equity instruments.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Within this category, deposits and debt instruments with fixed maturity period have been recognized at amortized cost using the method that very closely approximates effective interest rate method. The amortization is included in 'Interest Expenses' in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized.

Reclassification of Financial Instruments

3.4.1. (a) Reclassification of Financial Instruments 'At fair value through profit or loss',

Finance Company does not reclassify derivative financial instruments out of the fair value through profit or loss category when it is held or issued.

Non-derivative financial instruments designated at fair value through profit or loss upon initial recognition are not reclassified subsequently out of fair value through profit or loss category.

Finance Company may, in rare circumstances reclassify financial instruments out of fair value through profit or loss category if such instruments are no longer held for the purpose of selling or repurchasing in the near term notwithstanding that such financial instruments may have been acquired principally for the purpose of selling or repurchasing in the near term. Financial assets classified as fair value through profit or loss at the initial recognition which would have also met the definition of 'Loans and Receivables' as at that date is reclassified out of the fair value through profit or loss category only if Finance Company has the intention and ability to hold such asset for the foreseeable future or until maturity.

The fair value of financial instruments at the date of reclassification is treated as the new cost or amortized cost of the financial instrument after reclassification. Any gain or loss already recognized in respect of the reclassified financial instrument until the date of reclassification is not reversed to the Statement of Profit or Loss.

If a financial asset is reclassified, and if Finance Company subsequently increases its estimates of the future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than an adjustment to the carrying amount of the asset at the date of change in estimate.

3.4.1. (b) Reclassification of 'Available for sale' Financial Instruments

Finance Company may reclassify financial assets out of available for sale category as a result of change in intention or ability or in rare circumstances that a reliable measure of fair value is no longer available.

A financial asset classified as available for sale that would have met the definition of loans and receivables at the initial recognition may be reclassified out of available for sale category to the loans and receivables category if Finance Company has the intention and ability to hold such asset for the foreseeable future or until maturity.

The fair value of financial instruments at the date of reclassification is treated as the new cost or amortized cost of the financial instrument after reclassification. Difference between the new amortized cost and the maturity value is amortized over the remaining life of the asset using the effective interest rate. Any gain or loss already recognized in Other Comprehensive Income in respect of the reclassified financial instrument is accounted as follows:

i) Financial assets with fixed maturity :

Gain or loss recognized up to the date of reclassification is amortized to profit or loss over the remaining life of the investment using the effective interest rate. If the financial asset is subsequently impaired, any previous

gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

ii) Financial assets without fixed maturity :

Gain or loss recognized up to the date of reclassification is recognized in profit or loss only when the financial asset is sold or otherwise disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

If a financial asset is reclassified, and if Finance Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than an adjustment to the carrying amount of the asset at the date of change in estimate.

3.4.1. (c) Reclassification of 'Held to Maturity' Financial Instruments

As a result of a change in intention or ability, if it is no longer appropriate to classify an investment as held to maturity, Finance Company may reclassify such financial assets as available for sale and re- measured at fair value. Any difference between the carrying value of the financial asset before reclassification and fair value is recognized in equity through other comprehensive income.

However, if Finance Company were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity [other than in certain specific circumstances permitted in Nepal Accounting Standard - NAS 39(Financial Instruments: Recognition and Measurement)], the entire category would be tainted and would have to be reclassified as 'Available for sale'. Furthermore, Finance Company would be prohibited from classifying any financial assets as 'Held to Maturity' during the following two years. These reclassifications are at the election of management and determined on an instrument-by-instrument basis.

De-recognition of Financial Assets and Liabilities

3.4.2. (a) De-recognition of Financial Assets

Finance Company derecognizes a financial asset (or where applicable a part of financial asset or part of a group of similar financial assets) when:

- The rights to receive cash flows from the asset have expired; or
- Finance Company has transferred its rights to receive cash flows from the asset or
- Finance Company has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either Finance Company has transferred substantially all the risks and rewards of the asset or it has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

When Finance Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Finance Company's continuing involvement in the asset. In that case, Finance Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Finance Company has retained.

When Finance Company's continuing involvement that takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received by Finance Company that Finance Company could be required to repay.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to income statement as gains and losses from investment securities.

3.4.2. (b) De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability.

The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

3.4.2. (c) Repurchase and Reverse Repurchase Agreements

Securities sold under agreement to repurchase at a specified future date are not de-recognized from the Statement of Financial Position as the Finance Company retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the Statement of Financial Position as a liability with a corresponding obligation to return it, including accrued interest under 'Securities sold under repurchase agreements', reflecting the transaction's economic substance to the Finance Company. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest rate. When the Finance Company has the right to sell or re-pledge the securities, the Finance Company reclassifies those securities in its Statement of Financial Position as 'Financial assets held for trading pledged as collateral or 'Financial assets available for sale pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at future date are not recognized in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, under "Reverse repurchase agreements' reflecting the transaction's economic substance to the Finance Company. The difference between the purchase and resale prices is recorded as 'Interest income' and is accrued over the life of the agreement using the effective interest rate. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within 'Financial liabilities held for trading' and measured at fair value with any gains or losses included in 'Net trading income'.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when Finance Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under NFRSs or for gains and losses arising from a group of similar transaction such as in trading activity.

Amortized Cost Measurement

The Amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Finance Company has access at that date. The fair value of liability reflects its non-performance risk. When available, the Finance Company measures the fair value of an instrument using the quoted price in an active market for that instrument (Level 01valuation). A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis on an arm's length basis.

If there is no quoted price in an active market, then the Finance Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Finance Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data. Assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price. Where the Finance Company has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to net open position as appropriate.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Finance Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability (Level 01 valuation)nor based on a valuation technique that uses only data from observable markets (Level 02 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Finance Company entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any

other factors, such as liquidity risk or model uncertainties; to the extent that the Finance Company believes a third-party market participant would take them into account in pricing a transaction.

Fair value is a market-based measurement, not an entity specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available.

However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair values are determined according to the following hierarchy:

Level 1 input
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Held for trading and available for sale investments have been recorded using Level 1 inputs.

Level 2 inputs
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs
Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest best use or by selling it to another market participant that would use the asset in its highest and best use.

The Finance Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Impairment of Financial Assets
Finance Company assesses at each reporting date, whether there is any objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events, that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.4.3. (a) Impairment of Financial Assets carried at Amortized Cost

For financial assets carried at amortized cost, such as amounts due from banks, held to maturity investments etc., Finance Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. In the event Finance Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics such as collateral type, past due status and other relevant factors and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current closely approximates effective interest rate. If the Finance Company has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new closely approximates effective interest rate

determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralized financial assets reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

3.4.3. (a) (i) Individually Assessed Financial Assets

The criteria used to determine whether there is objective evidence of impairment include and not limited to:

- Known Cash Flow difficulties experienced by the borrowers:
- Past due contractual payments of either principal or interest;
- Breach of loan covenants or conditions;
- The probability that the borrower will enter bankruptcy or other financial reorganization; and
- A significant downgrading in credit rating by an external credit rating agency.

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured by discounting the expected future cash flows of a financial asset at its original effective interest rate and comparing the resultant present value with the financial asset's current carrying amount. The impairment allowances on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment allowances are only released when there is reasonable and objective evidence of reduction in the established loss estimate. Interest on impaired assets continues to be recognized through the unwinding of the discount.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery, and all collateral has been realized or has been transferred to the Finance Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to the impairment charges for loans and other losses.

When impairment losses are determined for those financial assets where objective evidence of impairment exists, the following common factors are considered:

- Finance Company's aggregate exposure to the customer;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations;
- The amount and timing of expected receipts and recoveries;
- The extent of other creditors 'commitments ranking ahead of, or pari-pasu with the Finance Company and the likelihood of other creditors continuing to support the company;
- The realizable value of security and likelihood of successful repossession;

3.4.3. (a) (ii) Collectively Assessed Financial Assets

Impairment is assessed on a collective basis in two circumstances:

- To cover losses which have been incurred but have not yet been identified on loans subject to individual assessment; and
- For homogeneous groups of loans that are not considered individually significant.

Comparison of Impairment as per NFRS and NRB:

Particulars		F/Y 2080-81
Loan Loss Provision as per NRB Directives – alternative 1		240,170,371.52
Impairment Loss as per NFRS – alternative 2		
Individual Impairment	74,546,802	
Collective Impairment	165,623,570	240,170,371.52
Loss provision recognized in financial statements (higher of the two alternative)		240,170,371.52

Incurred but not yet identified impairment

Individually assessed financial assets for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the Finance Company has incurred as a result of events occurring before the reporting date, which the Finance Company is not able to identify on an individual loan basis and that can be reliably estimated.

These losses will only be individually identified in the future. As soon as information becomes available which identifies losses on individual financial assets within the group, those financial assets are removed from the group and assessed on an individual basis for impairment.

The collective impairment allowance is determined after taking into account:

- Historical Loss Experience in portfolios of similar credit risk; and
- Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by historical experience.

Homogeneous groups of Financials Assets
Statistical methods are used to determine impairment losses on a collective basis for homogenous groups of financial assets. Losses in these groups of financial assets are recorded on an individual basis when individual financial assets are written off, at which point they are removed from the group.

Finance Company uses the following method to calculate historical loss experience on collective basis:

After grouping of loans on the basis of homogeneous risks, the Finance Company uses net flow rate method. Under this methodology the movement in the outstanding balance of customers into default categories over the periods are used to estimate the amount of financial assets that will eventually be irrecoverable, as a result of the events occurring before the reporting date which the Finance Company is not able to identify on an individual loan basis.

Under this methodology, loans are grouped into ranges according to the number of days in arrears and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency and ultimately prove irrecoverable.

Current economic conditions and portfolio risk factors are also evaluated when calculating the appropriate level of allowance required to cover inherent loss. These additional macro and portfolio risk factors may include:

- Recent loan portfolio growth and product mix
- Unemployment rates
- Gross Domestic Production (GDP)Growth
- Inflation
- Interest rates
- Changes in government laws and regulations
- Property prices
- Payment status

3.4.3. (a) (iii) Reversal of Impairment

If the amount of an impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the financial asset Impairment allowance account accordingly. The write-back is recognized in the Statement of Profit or Loss.

3.4.3. (a) (iv) Write-off of Financial Assets Carried At Amortized Cost

Financial assets (and the related impairment allowance accounts) are normally written off either partially or in full, when there is no realistic prospect of recovery. Where there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security.

3.4.3. (a) (v) Impairment of Rescheduled Loans and Advances

Where possible, the Finance Company seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate (EIR).

3.4.3. (a) (vi) Collateral Valuation

The Finance Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of

collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Nepal Rastra Bank. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuator and audited financial statements.

3.4.3. (a) (vii) Collateral Legally Repossessed or Where Properties have Devolved to the Finance Company

Legally Repossessed Collateral represents Non-Financial Assets acquired by the Bank in settlement of the overdue loans. The assets are initially recognized at fair value when acquired. The Finance Company's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. The proceeds are used to reduce or repay the outstanding claim. The immovable property acquired by foreclosure of collateral from defaulting customers, or which has devolved on the Finance Company as part settlement of debt, has not been occupied for business use.

These assets are shown as Legally Repossessed Collateral under "Other Assets."

3.4.3. (b) Impairment of Financial Assets – Available for Sale

For available for sale financial investments, Finance Company assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments, Finance Company assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the Income Statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized, the impairment loss is reversed through the Income Statement.

In the case of equity investments classified as available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss is removed from equity and recognized in the Statement of profit or loss. However, any subsequent increase in the fair value of an impaired available for sale equity security is recognized in other comprehensive income.

Finance Company writes-off certain available for sale financial investments when they are determined to be uncollectible.

3.5. Trading Assets

One of the categories of financial assets at fair value through profit or loss is "held for trading" financial assets. All financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking are trading assets.

3.6. Derivatives assets and derivative liabilities

A derivative is a financial instrument whose value changes in response to the change in an underlying variable such as an interest rate, commodity or security price, or index; that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors; and that is settled at a future date.

Forward contracts are the contracts to purchase or sell a specific quantity of a financial instrument, a commodity, or a foreign currency at a specified price determined at the outset, with delivery or settlement at a specified future date. Settlement is at maturity by actual delivery of the item specified in the contract, or by a net cash settlement.

All freestanding contacts that are considered derivatives for accounting purposes are carried at fair value on the statement of financial position regardless of whether they are held for trading or non-trading purposes. Changes in fair value on derivatives held for trading are included in net gains/ (losses) from financial instruments in fair value through profit or loss on financial assets/ liabilities at fair value through profit or loss.

Finance Company doesn't deal with any derivative financial instruments.

3.7. Property, Plant and Equipment

Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Finance Company applies the requirements of the Nepal Accounting Standard - NAS 16 (Property, Plant and Equipment) in accounting for these assets. Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably measured.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to replace part of an item of property, plant& equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Cost Model

Property and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Revaluation Model

The Finance Company has not applied the revaluation model to the any class of freehold land and buildings or other assets. Such properties are carried at a previously recognized GAAP Amount.

On revaluation of an asset, any increase in the carrying amount is recognized in 'Other comprehensive income' and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Profit or Loss. In this circumstance, the increase is recognized as income to the extent of previous write down. Any decrease in the carrying amount is recognized as an expense in the Statement of Profit or Loss or debited to the Other Comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.

The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within that part will flow to the Finance Company and it can be reliably measured. The cost of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

Depreciation

Depreciation is calculated by using the written down value method on cost or valuation of the Property & Equipment other than freehold land and leasehold properties.

The rates of depreciations are given below:

Rate of Depreciation per annum (%)

Asset Category	For the year ended 15 July 2024
Buildings	5%
Motor Vehicles	20%
Computer Equipment	25%
Furniture, Office Equipment	25%
Machinery	15%

Residual Value and estimated useful lives of Property and equipment are reviewed at each year end and adjusted, if appropriate. If any asset is in use even after its full depreciation, such assets are not considered material. And also, the assets are reviewed at each year end for indicators of impairment. If in such review, the carrying amount of any asset is higher than its recoverable amount, the asset is written down to its recoverable amount immediately.

Changes in Estimates

The asset's methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Capital Work in Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Finance Company incurs in connection with the borrowing of funds.

De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in the Statement of Profit or Loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such

3.8. Goodwill and Intangible Assets

Recognition

Goodwill arising out of acquisition is initially measured at cost. Goodwill is measured at the excess of the aggregate of the consideration transferred taken together with the amount recognized for any non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. At the reporting date, the Finance Company has recognized the goodwill as intangible asset that has been arisen from the acquisition of erstwhile Lalitpur Finance Limited.

Goodwill from Acquisition of erstwhile Lalitpur Finance Limited has been recognized of Rs. 16,952,666.00 as calculated below:

Particulars	Amount (Rs)
Net Assets Received	209,652,982
Purchase Consideration (1,879,453 shares at net worth Rs 120.57 each share)	226,605,648
Goodwill	16,952,666

Goodwill and intangible assets with infinite useful life such as license are not amortized but are assessed for impairment in each reporting period or as and when there is indication of impairment. The assessment of infinite life is reviewed each reporting period to determine whether the infinite life continues to be supportable.

The Goodwill recognized upon acquisition of erstwhile Lalitpur Finance Limited has been assessed for impairment and indication of impairment of such goodwill has not been observed at the end of the reporting period. These acquisitions have resulted in synergistic growth in the business of the Finance Company with significant boost observed in many key areas. As the assets acquired from these acquisitions along with the goodwill will continue to provide support in generation of future cash flows as well, the probability of the goodwill being impaired is assessed to be very low. The impairment indicators are being monitored regularly.

Recognition

An intangible asset is an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost. Expenditure incurred on an intangible item that was initially recognized as an expense by the Finance Company in previous annual Financial Statements or interim Financial Statements are not recognized as part of the cost of an intangible asset at a later date.

Computer Software & Licenses

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Finance Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured, and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category 'Intangible assets' and carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent Expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Goodwill is measured at cost less accumulated impairment losses.

Amortization of Intangible Assets

Intangible Assets, except for goodwill, are amortized on a straight–line basis in the Statement of Profit or Loss from the date when the asset is available for use, over the best of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the Finance Company. Amortization methods, useful lives, residual values are reviewed at each financial year end and adjusted if appropriate. The Finance Company assumes that there is no residual value for its intangible assets.

Asset Category	For the year ended 15 July 2024	For the year ended 16 July 2023
Computer Software	5 years	5 years
Licenses	5 years	5 years

De-recognition of Intangible Assets

The carrying amount of an item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising on de recognition of an item of intangible assets is included in the Statement of Profit or Loss when the item is derecognized.

3.9. Investment Property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business.

Measurement

Investment property is accounted for under Cost Model in the Financial Statements. Accordingly, after recognition as an asset, the property is carried at its cost, less impairment losses. If any property is reclassified to investment property due to changes in its use, fair value of such property at the date of reclassification becomes its cost for subsequent accounting.

De-recognition:

Investment properties are derecognized when they are disposed of or permanently withdrawn from use since no future economic benefits are expected. Transfers are made to and from investment property only when there is a change in use. When the use of a property changes such that it is reclassified as Property, Plant and Equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Details of Investment Property as on Ashad end 2081 are as follows:

Amount in Thousand

S.N.	Particular	Date of NBA Booked	Closing FY 2080-81
1	Oriental Builders and Developers Pvt. Ltd. Kathmandu	2081.03.27	5,175.00
2	Lila Rayamajhi, Inaruwa-4, Sunsari	2080.12.12	3,640.00
3	G.C. Group of Company	2070.01.08	2,627.20
4	Gokyo Copy Udhyog	2070.01.08	-
5	Snow Hatchary Udhyohg	2071.03.32	17,285.29
6	Sudhir Basnet	2071.03.32	3,300.00
8	B.B Trade Link	2071.05.04	2,950.00
9	Purnima Trade Link	2071.06.29	2,850.00
10	Kumari Trade Link	2077.06.30	8,600.00
11	Anuska International Concern Pvt Ltd	2079.07.30	8,000.00
	Total		**54,427.49**

Investment in Associates

Associates are those entities in which the Finance Company has significant influence, but not control, over the financial and operating policies. Investments in associate entities are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs.

The Finance Company doesn't have any associates. The Finance Company considers that mere representation of the Finance Company in Board of Directors doesn't indicate significant influence.

3.10 Income Tax

As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is

recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference will be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority.

3.11 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued, and subordinated liabilities are the Finance Company's sources of funding. Deposits include non-interest-bearing deposits, saving deposits, term deposits, call deposits and margin deposits. The estimated fair value of deposits with no stated maturity period is the amount repayable on demand. The fair value of fixed interest-bearing deposits is considered as the interest receivable on these deposits plus carrying amount of these deposits. The fair value of debt securities issued is also considered as the carrying amount of these debt securities issued. Sub-ordinated liabilities are liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors. The Finance Company does not have any debt securities issued and subordinated liabilities.

3.12 Provisions

A provision is recognized if, as a result of a past event, the Finance Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows. A provision for onerous contracts is recognized when the expected benefits to be derived by the Finance Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Provision is not recognized for future operating losses.

Before a provision is established, the Finance Company recognizes any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.13. Regulatory Reserve

Regulatory reserve has been created as required by NRB Directive 4.3 by earmarking certain amounts of the retained earnings in respect of various NFRS adjustments carried out in its first NFRS financial statement as well as subsequent financial statements. Amount in this reserve is not distributable unless approved by NRB. The details are as follows:

Particulars	In respect of interest income recognized on accrual basis	Short loan loss provision on Non-Banking Assets (-)/ reversal (+)	Bargain Purchase Gain	Goodwill	Short provision for possible losses on Investment	In respect of loss on Fair value recognition of investment in securities	In respect of deferred tax Assets recognized	Others (Transferred from then M/S Lalitpur Finance)	Total
Balance as on Asadh end, 2077	**352,637.00**	**92,936,567.00**	-	-	**1,836,883.00**	-	**18,245,611.00**	-	**113,371,698.00**
Transfer during FY 2077-78	179,536.00	(10,945,455.00)	-	16,952,666.00	(1,836,883.00)	-	25,721,368.00	13,068,855.00	43,140,087.00
Balance as on Asadh end, 2078	**532,173.00**	**81,991,112.00**	-	**16,952,666.00**	-	-	**43,966,979.00**	**13,068,855.00**	**156,511,785.00**
Transfer during FY 2078-79	1,183,671.00	(18,608,975.00)	-	-	-	-	(5,804,390.00)	(13,068,855.00)	(36,298,549.00)
Balance as on Asadh end, 2079	**1,715,844.00**	**63,382,137.00**	-	**16,952,666.00**	-	-	**38,162,589.00**	-	**120,213,236.00**
Transfer during FY 2079-80	3,700,483.00	(22,885,400.00)	-	-	-	-	(6,148,576.00)	-	(25,333,493.00)
Balance as on Asadh end, 2080	**5,416,326**	**40,496,737.00**	-	**16,952,666.00**	-	-	**32,014,013.00**	-	**94,879,743.00**
Transfer during FY 2080-81	9,089,092.76	-6,207,421.50	-	-	-	-	8,489,295.00	-	11,370,966.00
Balance as on Asadh end, 2081	**14,505,418.76**	**34,289,315.50**	-	**16,952,666.00**	**0.00**	**0.00**	**40,503,308.00**	**0.00**	**106,250,708.00**

General Reserve:

20% of the net profit is set aside every year to the general reserve as per Banking and Financial Institution Act, 2073 until the reserve is twice the paid of share capital. No Dividend (either cash dividend or bonus share) are distributed from the amount in General/ Statutory Reserve:

Particulars	Amount(Rs.)
Opening reserve	242,700,828
Addition during the year: (20% of the net profit)	-
Closing Reserve	**242,700,828**

3.14 Other Reserves

The other reserves shown in the SOCE of the financial statements comprises of followings:

Particulars	Amount(Rs.)
Opening reserve	49,432,615
Changes during the year:	
Capital Adjustment Reserve*	-
Staff Skill Development Fund	-
Corporate social responsibility reserve	(536,331)
Closing Reserve*	**48,896,284**

* Closing balance of Other Reserves includes closing balance of Capital Adjustment Reserve, which is the amount received by the Finance Company from its shareholders but yet to be capitalized due to legal issues.

Corporate Social Responsibility Reserve

In accordance with the directives outlined in NRB directive no. 6/80, a statutory reserve has been established by the Institution. This reserve necessitates an annual allocation of an amount equivalent to 1% of the bank's net profit. The purpose of this reserve is to support the bank's corporate social responsibility initiatives in the forthcoming year, as mandated by the requirement to allocate and utilize a minimum of 1% of the net profit for corporate social responsibility. The following represents the reserve balance at the conclusion of the reporting period.

Particulars	Amount(Rs.)
Opening reserve	994,056
Addition during the year	-
Expenses during the year	(536,332)
Closing Reserve	**457,724**

Employees' training fund

As per NRB Directive 6(6), Bank should spend 3% of total personnel expense of previous year on training and personal development of its employees. Accordingly, the Bank has spent during the FY 2080/81 on different Internal & External Trainings.

Staff Skill Development Fund

Particulars	Amount (Rs.)
Opening reserve	**74,460**
Addition during the year (3%) of Total Personnel Expenses of Previous year	1,184,909
Employee training expenses during FY 2080-81	1,586,801
Short employee training expenses during FY 2080-81	(401,892)
Closing Reserve	**74,460**

3.15 Fair value Reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for financial assets. NFRS 9 requires that cumulative net change in the fair value of financial assets measured at FVTOCI is recognized under fair value reserve heading until the fair valued asset is de-recognized. Any realized fair value changes upon disposal of the re-valued asset are reclassified from this reserve heading to retained earnings. The fair value reserve shown in the SOCE of the financial statements comprises of followings:

Particulars	Amount(Rs.)
Opening reserve	40,117,817
Changes during the year	**(3,597,956)**
Closing Reserve	**36,519,861**

3.16 Share Premium

Share Premium, as shown in the SOCE of the financial statements comprises of followings:

Particulars	Amount(Rs.)
Opening Share Premium	51,054,092
Addition during the year due to Auction of Right Share	28,275
Closing Share Premium	**51,082,367**

3.17 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Finance Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized. The Finance Company applies NFRS 15 – "Revenue from Contract with Customers" in the accounting of revenue, unless otherwise stated.

Interest Income

For all financial assets measured at amortized cost, interest bearing financial assets classified as Fair value through other comprehensive income, interest income is recorded using the rate that closely approximates the EIR because the Finance Company considers that the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

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

S.N	Particular	FY 2080-81
1.	Total AIR- Current Year	384,975,212.08
2.	Interest Recognition Suspended	361,950,735.86
3.	Accrued Income Recognized	23,024,476
4.	Interest Received till Shrawan 15	-
5.	Accrued Income Recognized for Preforming Loan	16,049,295

Accrued interest (not realized in cash), has been appropriated to regulatory reserve at net of staff bonus and income tax as per regulatory requirement.

Fee and Commission Income

Fees earned for the provision of services over a period of time are accrued over that period. These fees include Service fees, commission income. Loan syndication fees are recognized as revenue when the syndication has been completed and the Finance Company retained no part of the loan package for itself, or retained a part at the same effective interest rate as for the other participants. Portfolio and other management advisory fees and service distribution fees are recognized based on the applicable contracts, usually on a time apportionment basis.

Dividend Income

Dividend income is on equity instruments are recognized in the statement of profit and loss within other income when the Finance Company's right to receive payment is established.

Net Trading Income

Net trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as wells as unrealized changes in fair value of trading assets and liabilities.

Net Income from other financial instrument at fair value through Profit or Loss

Trading assets such as equity shares and mutual fund are recognized at fair value through profit or loss. No other financial instrument is designated at fair value through profit or loss. The Finance Company has no income under the heading net income from other financial instrument at fair value through profit or loss.

3.18 Interest Expense

For financial liabilities measured at amortized cost using the rate that closely approximates effective interest rate, interest expense is recorded using such rate. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

3.19 Employee Benefits

Employee benefits include:

- Short-term employee benefits such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:
  - i. Wages, salaries and social security contributions;
  - ii. Paid annual leave and paid sick leave;
  - iii. Profit sharing and bonuses, and
  - iv. Non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;

Short term employee benefits are measured on an undiscounted basis and are expenses as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Finance Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- Post-employment benefits, such as the following:
  - i. Retirement benefits (eg: pensions, lump sum payments on retirement); and
  - ii. Other post-employment benefits such as post-employment life insurance and post-employment medical care;
- Other long term employee benefits and
- Termination benefits

Post employments benefits are as follows:

Defined Contribution Plans
A defined contribution plan is a post-employment benefit plan under which a Finance Company pays fixed contribution into a separate bank (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).

The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to Finance Company by the employees and is recorded as an expense under 'Personnel expense' as and when they become due. Unpaid contributions are recorded as a liability under 'Other Liabilities'.

Finance Company contributed 10% on the basic salary of each employee as the Employees' Provident Fund. The above expenses are identified as contributions to 'Defined Contribution Plans' as defined in Nepal Accounting Standards – cNAS 19 (Employee Benefits).

Defined Benefit Plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity has been considered as defined benefit plans as per Nepal Accounting Standards – NAS 19 (Employee Benefits).

Gratuity
The Gratuity benefits for the permanent staffs are provided as per existing employees byelaws. The new Labor Act 2074 is applicable from Bhadra 19, 2074 which requires payment of minimum Gratuity of at least 8.33% of basic salary to all staff (equal to one-month basic salary per year). The Finance Company has decided for the revision of its Employees Byelaws as per New Labour Act in FY 2078-79.

An actuarial valuation is to be carried out every year to ascertain the full liability under gratuity.

Finance Company's obligation in respect of defined benefit obligation is calculated by estimating the amount of future benefit that employees have earned for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets to determine the net amount to be shown in the Statement of Financial Position. The value of a defined benefit asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reduction on the future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirement that apply to any plan in Finance Company. An economic benefit is available to Finance Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Finance Company determines the interest expense on the defined benefit liability by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the defined benefit liability at the beginning of the annual period. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of Finance Company's obligations.

The increase in gratuity liabilities attributable to the services provided by employees during the year (current service cost) has been recognized in the Statement of Profit or Loss under 'Personnel Expenses' together with the net interest expense. Finance Company recognizes the total actuarial gain and loss that arises in calculating Finance Company's obligation in respect of gratuity in other comprehensive income during the period in which it occurs.

The demographic assumptions underlying the valuation are retirement age (60 years), early withdrawal from service and retirement on medical grounds.

Unutilized Accumulated Leave
Finance Company's liability towards the accumulated leave which is expected to be utilized beyond one year from the end of the reporting period is treated as other long term employee benefits. Finance Company's net obligation towards unutilized accumulated leave is calculated by discounting the amount of future benefit that employees have earned in return for their service in the current and prior periods to determine the present value of such benefits. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating to the terms of Finance Company's obligation. The calculation is performed using the Projected Unit Credit method. Net change in liability for unutilized accumulated leave including any actuarial gain and loss are recognized in the Statement of Profit or Loss under 'Personnel Expenses' in the period in which they arise.

Disclosure of Actuarial Valuation for Leave:

Liability

S.N.	Particulars	Total Leave	Sick Leave	Home Leave
1	PV of Obligation at beginning of the year	3,676,499	1,359,376	2,317,123
2	Current Service Cost	5,616,338	2,076,626	3,539,711
3	Interest Cost	264,851	97,928	166,923
4	Benefits paid	(2,381,439)	(880,531)	(1,500,908)
5	Actuarial (gain)/Loss	-	-	-
6	**Liability at the end of the year**	**7,176,249**	**2,653,400**	**4,522,849**

3.20 Leases

NFRS 16 – Leases has introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Finance Company has applied NFRS 16 effective from FY 2078-79.

For any new contracts entered into, the Finance Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that convey the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Finance Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Finance Company;
- The Finance Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- •The Finance Company has the right to direct the use of the identified asset throughout the period of use. The Finance Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

3.20.1 Measurement and recognition of leases as Lessee

At lease commencement date, the Finance Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Finance Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Finance Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Finance Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Finance Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Finance Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed ayments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Finance Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Expenses recognized as per NFRS 16:

Particulars	Amount (NPR)
Interest Expenses	9,829,444
Depreciation	14,663,965

Assets/Liabilities recognized as per NFRS 16

Particulars	Amount (NPR)
Right of Use Assets (ROU)	**156,969,680**
Adjustment during the year	-
Gross Right of Use Assets (ROU)	**156,969,680**
Accumulated Depreciation – ROU	40,687,670
Net Right of Use Assets (ROU)	**116,282,010**
Lease Liability	**135,630,667**

As per NFRS 16 – Leases, if the lessee elects to apply this standard, the lessee shall recognize a lease liability at the date of initial application for leases previously classified as an operating lease applying NAS 17 and recognize a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying NAS 17. Accordingly, the Finance Company has measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

3.21 Foreign Currency Transactions, Translation and Balances

All foreign currency transactions are translated into the functional currency, which is Nepalese Rupees, using the exchange rates prevailing at the dates when the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Nepalese Rupees using the spot foreign exchange rate ruling at that date and all differences arising on non-trading activities are taken to 'Other Operating Income' in the Statement of Profit or Loss. The foreign currency gains or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the rates of exchange prevailing at the end of the reporting period.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss. However, foreign currency differences arising on available-for-sale equity instruments are recognized in other comprehensive income.

Forward exchange contracts are valued at the forward market rates ruling on the reporting date. Both unrealized losses and gains are reflected in the Statement of Profit or Loss.

However, no such contracts have been entered by the Finance Company.

3.22 Financial guarantee and loan commitment

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts may have various legal forms, such as a guarantee, some types of letter of credit, etc. Where the Finance Company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, over drafts etc. whether cancellable or not and the Finance Company had not made payments at the reporting date, those instruments are included in these financial statements as commitments.

3.23 Share capital and reserves

Share capital and reserves are different classes of equity claims. Equity claims are claims on the residual interest in the assets of the entity after deducting all its liabilities. Changes in equity during the reporting period comprise income and expenses recognized in the statement of financial performance; plus, contributions from holders of equity claims, minus distributions to holders of equity claims.

3.24 Earnings per share

Finance Company presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of Finance Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

Earnings per share is calculated and presented in the face of Statement of Profit and loss

3.25 Segment reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Not every part of an entity is necessarily an operating segment or part of an operating segment. For example, a corporate headquarters or some functional departments may not earn revenues or may earn revenues that are only incidental to the activities of the entity and would not be operating segments. For the purposes of this NFRS, an entity's post-employment benefit plans are not operating segments.

The Finance Company has identified eight segments based on the geographic locations of its offices in the country. Interest earnings and foreign exchange gains/losses generated while conducting businesses under different segments are reported under the respective segment. All transactions between the units are conducted on arm's length basis, with intra unit revenue and cost being nullified at the Finance Company level.

3.26 Impairment of Non-Financial Assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Finance Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or the fair value of the Cash Generating Units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

3.27 Dividend on Ordinary Shares

Dividend on ordinary shares is recognized as a liability and deducted from equity when they are approved by the Finance Company's shareholders. Interim Dividend is deducted from equity when they are declared and no longer at the discretion of the Finance Company. Dividend for the year that is approved after the reporting date is disclosed as an event after the reporting date.

3.28 Cash Flow Statement

The cash flow statement has been prepared using 'The Direct Method', whereby gross cash receipts and gross cash payments of operating activities, finance activities and investing activities have been recognized.

3.29 Comparative Figures

The comparative figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

3.30 Additional Disclosures

A. Staff Loans measured at fair value

Under previous NAS, staff loans were recorded at cost less repayments net of loan loss provision, if any. Under NFRS, the Finance Company has to measure the staff loans granted below the market interest rate at their fair value, calculate based on the market interest rate of similar products. The Staff loan as on Ashad end 2081 is NPR 19,097,847 as per amortization schedule based on NFNPR

B. Adjustment on loan impairment

As per carve out issued by Institute of Chartered Accountants of Nepal, the loan loss provision should be made at higher of:

a) Provision as required by NRB Directives or

b) Provision as required by Nepal Accounting standards (Para 63 of NAS-39).

Analyzing the same, since the provision as required by NRB Directive was higher, specific loan loss provision were made based on the arrears time period and General provision were made at a specified rate given by NRB time to time in compliance with the NRB Directives and subsequent amendment there to.

Particular	Outstanding Loan	Provision	Net
Good	1,807,864,710.22	21,694,376.52	1,786,170,333.70
Watchlist	219,971,024.50	10,998,551.23	208,972,473.28
Reschedule	4,461,066.71	557,633.34	3,903,433.37
Substandard	135,741,492.78	33,935,373.20	101,806,119.59
Doubtful	2,392,530.09	1,196,265.05	1,196,265.05
Bad	171,788,172.19	171,788,172.19	-
Total	**2,342,218,996.49**	**240,170,371.52**	**2,102,048,624.97**
Staff Loan	19,097,847		
Interest Receivable	23,024,476		
Total	**2,144,170,948**		

C) Financial Investments- Available for Sale

Under NFRS, the Finance Company has designated such investments as available-for-sale investments and measured at fair value. Such investments include equity investments, Mutual Funds.

As at Ashad 31 2081, the fair value of the investment was NPR 115.59 million and NAS carrying amount was NPR 63.42 million. The difference between the instruments fair value and NAS carrying amount was NPR 52.17 million has been recognized in the available-for-sale reserve and movement was charged to Other Comprehensive Income.

D) Deferred Taxation

As on 15th July 2024 Deferred Tax Assets of Rs 40.50 million was recognized in books of accounts.

E) Interest Income

Income amounting to NPR 310.41 million was recognized for financial year 2023/24. The accrual interest of Rs 23.02 Million has been recognized as on financial year end of 2023/24, the amount was not recognized as income in compliance with the Guidelines on Recognition of Interest income, 2019 issued by NRB on 2076/04/10.

F) Personnel Cost

1. Bonus to staffs – as per the labor act, 10% bonus hasn't been levied as there is operating loss for the year. Hence there is no bonus payable for the year.
2. Tax – tax has been computed on the basis of profit computed from NFNPR. The difference due to previous year has been booked in deferred tax.

Nepal Finance Ltd
Notes to Financial Statements
As on 31 Ashad 2081

Amount in NPR

Cash and Cash Equivalent **4.1**

Particulars	Current Year	Previous Year
Cash in Hand	32,186,119	33,189,642
Balances with BFIs	703,089,382	508,687,816
Money at Call and Short Notice	-	-
Other	-	-
Total	**735,275,501**	**541,877,458**

Due from Nepal Rastra Bank **4.2**

Particulars	Current Year	Previous Year
Statutory Balances with NRB	262,054,164	146,221,163
Securities purchased under Resale Agreement	-	-
Other Deposit and Receivable from NRB	-	-
Total	**262,054,164**	**146,221,163**

Placements with Banks and Financial Instutions **4.3**

Particulars	Current Year	Previous Year
Placement with Domestic BFIs	-	-
Placement with Foreign BFIs	-	-
Less: Allowances for Impairment	-	-
Total	**-**	**-**

Derivative Financial Instruments **4.4**

Particulars	Current Year	Previous Year
Held for Trading		
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts	-	-
Others	-	-
Held for Risk Management		
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts.	-	-
Others	-	-
Total	**-**	**-**

Other Trading Assets **4.5**

Particulars	Current Year	Previous Year
Treasury Bills	-	-
Government Bonds	-	-
NRB Bonds	-	-
Domestic Corporate Bonds	-	-
Equities	-	-
Other Trading Assets	-	-
Total	**-**	**-**

Loans and Advances to BFIs **4.6**

Particulars	Current Year	Previous Year
Loans to Micro-Finance Institutions	168,421,257	77,342,013
Other	-	-
Less: Allowances for Impairment	2,017,864	1,005,446
Total	**166,403,393**	**76,336,567**

4.6.1 Allowances for Impairment

Balance at Shrawan 01	**1,005,446**	**2,980,030**
Impairment Losss for the year:		
Charge for the year	1,012,418	(1,974,584)
Recoveries/Reversal		
Amount Written Off		
Balance at Ashad End	**2,017,864**	**1,005,446**

Loans and Advances to Customers **4.7**

Particulars	Current Year	Previous Year
Loans and Advances measured at Amortized Cost	**2,215,920,063**	**1,486,555,746**
Less: Impairment Allowances		
Collective Impairment	(26,545,003)	(19,285,320)
Individual Impairment	(211,607,505)	(163,882,411)
Net Amount	1,977,767,555	1,303,388,015
Loans and Advances measured at FVTPL	**-**	**-**
Total	**1,977,767,555**	**1,303,388,015**

4.7.1: Analysis of Loans and Advances - By Product

Particulars	Current Year	Previous Year
Product		
Term Loans	458,552,626	923,027,984
Overdraft	121,702,783	99,367,914
Trust Receipt/Import Loans	-	-
Demand and other Working Capital Loans	189,096,789	-
Personal Residential Loans	258,562,378	92,827,447
Real Estate Loans	338,795,497	48,145,284
Margin Lending Loans	316,929,166	195,787,241
Hire Purchase Loans	103,848,166	49,239,170
Deprived Sector Loans	249,948	249,940
Bills Purchased	-	-
Staffs Loans	19,097,847	8,591,963
Other	386,326,280	60,721,458
Sub-Total	**2,193,161,480**	**1,477,958,401**
Interest Receivable	22,758,583	8,597,345
Grand Total	**2,215,920,063**	**1,486,555,746**

4.7.2: Analysis of Loans and Advances - By Currency

Particulars	Current Year	Previous Year
Nepalese Rupee	2,215,920,063	1,486,555,746
Indian Rupee	-	-
United States Dollar	-	-
Great Britain Pound	-	-
Euro	-	-
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Grand Total	**2,215,920,063**	**1,486,555,746**

4.7.3: Analysis of Loans and Advances - By Collateral

Particulars	Current Year	Previous Year
Secured		
Moveable/Immoveable Assets	2,125,954,928	1,407,693,087
Gold and Silver	-	-
Guarantee of Domestic BFIs	-	-
Government Guarantee	-	-

Guarantee of International Rated Bank	-	-
Collateral of Export Document	-	-
Collateral of Fixed Deposit Receipt	68,122,544	58,915,739
Collatereal of Government Securities	-	-
Counter Guarantee	-	-
Personal Guarantee	21,842,590	19,946,920
Other Collateral	-	-
Subtotal	**2,215,920,063**	**1,486,555,746**
Unsecured	-	-
Grand Total	**2,215,920,063**	**1,486,555,746**

4.7.4: Allowance for Impairment

Particulars	Current Year	Previous Year
Specific Allowance for Impairment		
Balance at Shrawan 01	183,167,731	206,232,349
Adjustment for Acquisition	-	-
Impairment Loss for the year	-	-
Charge for the year	-	-
Recoveries/Reversals during the year	47,725,094	(23,064,618)
Write-Offs	-	-
Exchange Rate Variance on Foreign Currency	-	-
Other Movement	-	-
Balance at Ashad End	-	-
Collective Allowances for Impairment	-	-
Balance at Sharawan 01	-	-
Impairment Loss for the year	-	-
Charge/(Reversal) for the year	7,259,683	-
Exchange Rate Variance on Foreign Currency	-	-
Other Movement	-	-
Balance at Ashad End	-	-
Total Allowances for Impairment	**238,152,508**	**183,167,731**

Investment Securities **4.8**

Particulars	Current Year	Previous Year
Investment Securities measured at Amortized Cost	366,348,773	678,125,307
Investment in Equity measured at FVTOCI	115,589,052	72,757,132
Total	**481,937,825**	**750,882,439**

4.8.1: Investment Securities measured at Amortized Cost

Particulars	Current Year	Previous Year
Debt Securities	-	-
Government Bonds	366,348,773	389,800,000
Government Treasury Bills	-	288,325,307
Nepal Rastra Bank Bonds	-	-
Nepal Rastra Bank Deposit Instruments	-	-
Other	-	-
Less: Specific Allowances for Impairment	-	-
Total	**366,348,773**	**678,125,307**

4.8.2: Investment in Equity measured at FVTOCI

Particulars	Current Year	Previous Year
Equity Instruments		
Quoted Equity Securities	102,462,552	63,970,532
Unquoted Equity Securities	13,126,500	8,786,600
Total	**115,589,052**	**72,757,132**

4.8.3: Information relating to Investment in Equities

Amount in NPR

Particulars	FY 2080-81		Particulars	FY 2079-80	
	Cost	Fair Value		Cost	Fair Value
Investment in Quoted Equity			Investment in Quoted Equity		
Api Power Company Ltd. (API)	412,107	392,123	API Power Limited	353,707	289,393
2053 Shares of Rs. 100 Each	-	-	1469 Shares of Rs. 100 Each		
Arun Valley Hydropower Development Co. Ltd. (AHPC)	69	178	Arun Valley Hydro power Company Limited	69	255
1 Shares of Rs. 100 Each	-	-	1 Shares of Rs. 100 Each		
Butwal Power Company Limited (BPCL)	3,667,745	2,395,680	Butawal Power Company Limited	3,667,745	2,554,104
7728 Shares of Rs. 100 Each	-	-	7728 Shares of Rs. 100 Each		
Chilime Hydropower Company Limited (CHCL)	847,877	683,550	Chilime Jalabhityut Co Ltd	847,877	703,077
1470 Shares of Rs. 100 Each	-	-	1198 Shares of Rs. 100 Each		
Chilime Hydropower Company Limited (CHCL)	2,576,201	2,325,000	Laxmi Laghubitta Bittiya Sanstha	-	-
5000 Shares of Rs. 100 Each	-	-	0 Shares of Rs. 0Each		
CEDB Hydropower Development Company Limited (CHDC)	9,976,767	11,590,000	Mirmire Microfinance Development Bank Ltd.	-	-
10000 Shares of Rs. 100 Each	-	-	0 Shares of Rs. 100 Each		
Himalayan Life Insurance Limited (HLI)	-	96,186	Nepal Insurance Co Ltd	293,655	410,000
246Shares of Rs. 100 Each	-	-	500 shares @ Rs. 100 each		
IME Life Insurance Company Limited (ILI)	842,065	679,500	Nepal Telecom Company Limited	2,221,553	3,348,275
1500 Shares of Rs. 100 Each	-	-	3692 Shares of Rs. 100 Each		
Nepal Doorsanchar Company Limited (NTC)	10,769,449	11,569,740	Nerude Laghubitta Bikash Bank Limited	-	-
13692 Shares of Rs. 100 Each	-	-	400 Shares of Rs. 100 Each		
Siddhartha Premier Insurance Limited Promoter Share (SPILPO)	2,446,024	2,727,603	Nirdhan Uthan Laghubitta Bikash Bank	-	-
3172 Shares of Rs. 100 Each	-	-	611 Shares of Rs. 100 Each		
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited (SKBBL)	-	2,561	Prabhu Insurance Company Limited	824,613	11,376,063
3 Shares of Rs. 100 Each	-	-	15229 Shares of Rs. 100 Each		
Sarbottam Cement Limited (SARBTM)	4,127,741	4,032,500	Siddhartha Premiere Insurance Ltd	-	133,902
5000Shares of Rs. 100 Each	-	-	172 Shares of Rs. 100 Each		
(SHL) Soaltee Hotel Limited	2,207,238	2,210,000	Rural Microfinance Limited	-	2,325
5000Shares of Rs. 100 Each	-	-	3 Shares of Rs. 100 Each		

Particulars	FY 2080-81		Particulars	FY 2079-80	
	Cost	Fair Value		Cost	Fair Value
Mahalaxmi Bikas Bank Ltd. (MLBL)	-	1,408	Swabalamban Laghubitta Bittiya Sanstha Limited	-	-
4 Shares of Rs. 100 Each	-	-	11 Shares of Rs. 100 Each		
NLG Insurance Company Ltd. (NLG)	-	77,105	Maha Laxmi Biskash Bank (MLBL)	-	1,302
97 Shares of Rs. 100 Each	-	-	6 Shares of Rs. 100 Each		
NLG Insurance Company Ltd. (NLG)	-	5,564	Global IME Laghubitta Bittiya Sanstha Ltd. (GILB)	-	-
7 Shares of Rs. 100 Each	-	-	115 Shares of Rs. 100 Each		
Ngadi Group Power Ltd. (NGPL)	3,107,763	3,410,000	NLG Insurance Company Ltd. (NLG)	-	83,160
10000 Shares of Rs. 100 Each	-	-	99 Shares of Rs. 100 Each		
Nepal Insurance Co. Ltd. (NICL)	2,891,668	3,124,000	Himalayan Life Insurance Limited	-	124,722
3550 Shares of Rs. 100 Each	-	-	246 Shares of Rs. 100 Each		
Prabhu Insurance Company Ltd. Promoter (PRINPO)	5,395,746	44,943,954	Vijaya Lagubitta VLBS	-	-
99654 Shares of Rs. 100 Each	-	-	22 Shares of Rs. 100 Each		
Laxmi Value Fund 2 (LVF2)	2,500,000	2,310,000	Prabhu Insurance Limited (Promoter)	5,395,746	44,943,954
250000 Shares of Rs. 10 Each	-	-	99654 Shares of Rs. 100 Each		
Radhi Bidyut Company Ltd (RADHI)	2,431,639	2,682,000			
10000 Shares of Rs. 100 Each	-	-			
Reliable Nepal Life Insurance Limited (RNLI)	2,376,724	2,656,400			
5800 Shares of Rs. 100 Each	-	-			
Himalayan 80-20 (H8020)	2,500,000	2,497,500			
250000 Shares of Rs. 10 Each	-	-			
NIC ASIA Growth Fund-2	2,500,000	2,050,000			
250000 Shares of Rs. 10 Each	-	-			
Investment in Unquoted Equity	-	-	Investment in Unquoted Equity		
Nepal Clearing House Limited	1,482,900	9,952,100	Nepal Clearing House Limited	1,482,900	5,612,200
99521 Shares of Rs. 100 Each	-	-	56122 Shares of Rs. 100 Each		
Nepal Stock Limited	5,000	143,200	Nepal Stock Limited	5,000	143,200
1432 Shares of Rs. 100 each	-	-	1432 Shares of Rs. 100 each		
Credit Information Beaurau	353,100	3,031,200	Credit Information Beaurau	353,100	3,031,200
30312 shares of Rs.100 each	-	-	30312 shares of Rs.100 each		
Total	63,417,823	115,589,052		15,445,965	72,757,132

Current Tax Assets **4.9**

Particulars	Current Year	Previous Year
Current Tax Assets		
Current year Income Tax Assets	27,444,744	25,770,215
Tax Assets of Prior Periods		
Current Tax Liabilities		
Current year Income Tax Liabilities	-	-
Tax Liabilities of Prior Periods	-	-
Total	**27,444,744**	**25,770,215**

Investment in Subsidiaries **4.10**

Particulars	Current Year	Previous Year
Investment in Quoted Subsidiaries	-	-
Investment in Unquoted Subsidiaries	-	-
Total Investment		
Less: Impairment Allowances	-	-
Net Carrying Amount	-	-

4.10.1: Investment in Quoted Subsidiaries

Particulars	Current Year	
	Cost	Fair Value
…….Ltd.	-	-
……Shares of Rs. ….. Each	-	-
…….Ltd.	-	-
……Shares of Rs. ….. Each	-	-
Total	**-**	**-**

4.10.2: Investment in Unquoted Subsidiaries

Particulars	Current Year	
	Cost	Fair Value
…….Ltd.	-	-
……Shares of Rs. ….. Each	-	-
…….Ltd.	-	-
……Shares of Rs. ….. Each	-	-
Total	**-**	**-**

4.10.3: Information relating to Subsidiaries of the Company

Particulars	Percentage of Ownership held by Company	
	Current Year	Previous Year
…….Ltd.	-	-
…….Ltd.	-	-
…….Ltd.	-	-
…….Ltd.	-	-
Total	**-**	**-**

4.10.4: Non Controlling Interest of the Subsidiaries

Particulars	Percentage of Ownership held by Company	
	Current Year	Previous Year
Equity Interest held by NCI (%)		
Profit (Loss) allocated during the year		
Accumulated Balances of NCI as on Ashad End		
Dividend Paid to NCI		
Equity Interest held by NCI (%)		
Profit (Loss) allocated during the year		
Accumulated Balances of NCI as on Ashad End		
Dividend Paid to NCI		

Investment in Associates **4.11**

Particulars	Current Year	Previous Year
Investment in Quoted Associates	-	-
Investment in Unquoted Associates	-	-
Total Investment	-	-
Less: Impairment Allowances	-	-
Net Carrying Amount	-	-

4.11.1: Investment in Quoted Associates

Particulars	Current Year	
	Cost	Fair Value
…….Ltd.	-	-
……Shares of Rs. ….. Each	-	-
…….Ltd.	-	-
……Shares of Rs. ….. Each	-	-
Total	**-**	**-**

4.11.2: Investment in Unquoted Associates

Particulars	Current Year	
	Cost	Fair Value
…….Ltd.	-	-
……Shares of Rs. ….. Each	-	-
…….Ltd.	-	-
……Shares of Rs. ….. Each	-	-
Total	**-**	**-**

4.11.3: Information relating to Associates of the company

Particulars	Percentage of Ownership held by Finance Company	
	Current Year	Previous Year
……..Ltd.	-	-
……..Ltd.	-	-
……..Ltd.	-	-
……..Ltd.	-	-
……..Ltd.	-	-

4.11.4: Equity Value of Associates

Particulars	Current Year	Previous Year
……..Ltd.	-	-
……..Ltd.	-	-
……..Ltd.	-	-
……..Ltd.	-	-
……..Ltd.	-	-

Investment Properties **4.12**

Particulars	Current Year	Previous Year
Investment Properties measured at Fair Value	**-**	**-**
Opening Balance	-	-
Addition/(Disposal) during the year.	-	-
Net Changes in fair value during the year.	-	-
Adjustment/Transfer.	-	-
Net Amount	-	-
Investment Properties measured at Cost		
Opening Balance	64,280,536	100,606,567
Addition/(Disposal) during the year	(9,853,050)	(36,326,031)
Adjustment/Transfer	-	-
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Net Amount	54,427,486	64,280,536
Total	**54,427,486**	**64,280,536**

Property and Equipment **4.13**

Amount in NPR

Particulars	Land	ROU Assets	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & others	Total Ashar End 2081	Total Ashar End 2080	Total Ashar End 2079
Cost	-	-	-	-	-	-	-	-	-	-		
As on Shrawan 01 2079	-	139,342,534	-	14,951,611	5,820,817	18,893,060	8,059,367	7,711,611	21,476,234	-	-	216,255,234
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	5,055,517	330,000	220,000	2,556,220	-	3,168,429	-	11,330,166	-
Capitalization	-	-	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	17,627,146	-	-	-	-	-	-	-	-	17,627,146	-
Balance as on Ashad end 2080	**-**	**156,969,680**	**-**	**20,007,128**	**6,150,817**	**19,113,060**	**10,615,587**	**7,711,611**	**24,644,663**	**-**	**245,212,546**	**216,255,234**
As on Shrawan 01 2080	-	156,969,680	-	20,007,128	6,150,817	19,113,060	10,615,587	7,711,611	24,644,663	-	245,212,546	-
Addition during the year	-	-	-	-	-	-	-	-	-		-	-
Acquisition	-	-	-	561,885	425,300	-	297,959	-	1,277,432	2,562,577	-	-
Capitalization	-	-	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on Ashad end 2081	**-**	**156,969,680**	**-**	**20,569,013**	**6,576,117**	**19,113,060**	**10,913,546**	**7,711,611**	**25,922,095**	**247,775,123**	**245,212,546**	**216,255,234**
Depreciation and Impairment	**-**	**-**	**-**									
As on Shrawan 01 2079	-	10,424,966	-	2,418,308	1,441,249	9,288,282	2,153,896	5,614,094	7,011,226	-	-	38,352,021
Depreciation charge for the year	-	14,663,965	-	3,595,776	1,138,117	1,957,867	1,899,228	314,628	4,073,463	-	27,643,044	-
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-		-	-	-	-	-	-	-	-
Adjustments	-	934,775	-		-	-	-	-		-	934,774	-
Balance as on Ashad end 2080	**-**	**26,023,706**	**-**	**6,014,084**	**2,579,366**	**11,246,149**	**4,053,124**	**5,928,722**	**11,084,689**	**-**	**66,929,839**	**38,352,021**
As on Shrawan 01 2080	-	26,023,706	-	6,014,084	2,579,366	11,246,149	4,053,124	5,928,722	11,084,689	-	66,929,839	38,352,021
Depreciation charge for the year	-	14,663,964	-	2,830,834	946,305	1,573,382	1,651,781	734,339	3,048,386	25,448,992	-	-
Impairment for the year	-	-	-	-	-	-	-	-	-		-	-
Disposals	-	-	-		-	-	-	-	-		-	-
Adjustments	-	-	-		-	-	-	-		-	-	-
As on Ashad end 2081	**-**	**40,687,670**	**-**	**8,844,918**	**3,525,671**	**12,819,531**	**5,704,905**	**6,663,061**	**14,133,075**	**92,378,831**	**66,929,839**	**38,352,021**
Capital Work in Progress	**-**	**-**	**-**									
Net Book Value	**-**	**116,282,010**	**-**	**11,724,095**	**3,050,446**	**6,293,529**	**5,208,641**	**1,048,550**	**11,789,020**	**155,396,292**	**-**	**-**
As on Ashad end 2079	-	128,917,568	-	12,533,303	4,379,568	9,604,778	5,905,471	2,097,517	14,465,008	-	-	177,903,213
As on Ashad end 2080	-	130,945,974	-	13,993,044	3,571,451	7,866,911	6,562,463	1,782,889	13,559,974	-	178,282,707	-
As on Ashad end 2081	-	116,282,010	-	11,724,095	3,050,446	6,293,529	5,208,641	1,048,550	11,789,020	155,396,291	-	-

Goodwill and Intangible Assets **4.14**

Amount in NPR

Particulars	Goodwill	Software		Other	Total Ashad end 2081	Total Ashad end 2080
		Purchased	Developed			
Cost						
As on Shrawan 01. 2079	16,952,666	6,339,449	-	-	13,909,313	-
Addition during the Year	-		-	-	-	-
Acquisition	-	401,151	-	-	401,151	-
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation		-	-	-	-	-
Balance as on Ashad end 2080	16,952,666	6,740,600	-	-	14,310,464	-
As on Shrawan 01. 2080	16,952,666	6,740,600	-	-	13,909,313	-
Addition during the Year	-	-	-	-	-	-
Acquisition	-	830,348	-	-	830,348	-
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as on Ashad end 2081	**16,952,666**	**7,570,948**	**-**		**14,739,661**	
Amortisation and Impairment						
As on Shrawan 01 2079	-	1,132,209	-	-	1,132,209	-
Amortisation charge for the year	-	1,273,464	-	-	1,273,464	537,683
Impairment for the year	-		-	-	-	-
Disposals	-		-	-	-	-
Adjustment	-	-	-	-	-	-
As on Ashad end 2080	-	2,405,673	-	-	2,405,673	537,683
As on Shrawan 01 2080	-	2,405,673	-	-	2,405,673	-
Amortisation charge for the year	-	962,243	-	-	962,243	-
Impairment for the year	-		-	-	-	-
Disposals	-		-	-	-	-
Adjustment	-	-	-	-	-	-
As on Ashad end 2081		**3,367,916**			**3,367,916**	
Capital Work in Progress	**-**		**-**	**-**	**-**	**-**
Net Book Value	**-**	**-**	**-**	**-**	**-**	**-**
As on Ashad end 2079	16,952,666	5,207,240			22,159,906	-
As on Ashad end 2080	16,952,666	4,334,927	-	-	21,287,593	-
As on Ashad end 2081	16,952,666	4,203,032	-	-	21,155,698	-

Deferred Tax **4.15**

Amount in NPR

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	As at 15 July 2024 Net Deferred Tax Assets / (Liabilities)
Deferred tax on temporary differences on following items			
Loans and Advances to BFIs			-
Loans and Advances to Customers	35,469,580	-	35,469,580
Investment Properties	-	-	-
Investment Securities	-	15,651,369	(15,651,369)
Property and Equipment	-	1,499,661	(1,499,661)
Employees' Defined Benefit Plan	3,827,694	-	3,827,694
Lease Liabilities	5,804,597		5,804,597
Provisions	-	-	-
Other Temporary Differences	-	-	-
Deferred tax on temporary differences	45,101,871	17,151,030	27,950,841
Deferred tax on carry forward of unused tax losses	12,552,467	-	12,552,467
Deferred tax due to changes in tax rate	-	-	-
Net Deferred Tax Asset (Liabilities) as on year end of Ashad 2081			40,503,308
Deferred Tax Asset/ (Liabilities) as on Shrawan 01 2080			32,014,013
Origination/(Reversal) during the year			8,489,295
Deferred Tax (expense) income recognized in profit or loss			**10,360,133**
Deferred Tax (expense) income recognized in OCI			1,541,981
Deferred Tax (expense) income recognized directly in Equity			(3,412,819)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Previous Year Net Deferred Tax Assets / (Liabilities)
Deferred tax on temporary differences on following items			
Loans and Advances to BFIs			-
Loans and Advances to Customers	31,087,118	-	31,087,118
Investment Properties	-	-	-
Investment Securities	-	17,193,350	(17,193,350)
Property and Equipment	-	1,807,396	(1,807,396)
Employees' Defined Benefit Plan	3,249,693	-	3,249,693
Lease Liabilities	3,839,035		3,839,035
Provisions	-	-	-
Other Temporary Differences	-	-	-
Deferred tax on temporary differences	38,175,846	19,000,746	19,175,099
Deferred tax on carry forward of unused tax losses	12,838,913	-	12,838,913
Deferred tax due to changes in tax rate	-	-	-
Reversal of DTA of sold investment during the year			-
Deferred Tax Asset (Liabilities) from Acquistion			-
Deferred Tax Asset (Liabilities) as on year end of Ashad 2080			19,175,099
Net Deferred Tax Asset (Liabilities) as on Ashad end 2080	-	-	32,014,013
Deferred Tax (Asset)/ Liabilities as on Shrawan 01 2079	-	-	38,162,588
Origination/(Reversal) during the year	-	-	(6,148,575)
Deferred Tax expense (income) recognized in profit or loss	**-**	**-**	**(3,388,941)**
Deferred Tax expense (income) recognized in OCI	-	-	(2,989,617)
Deferred Tax expense (income) recognized directly in Equity	-	-	229,982

Other Assets **4.16**

Particulars	Current Year	Previous Year
Assets held for Sale	-	-
Other Non-Banking Assets	-	-
Bills Receivable	-	-
Accounts Receivable	654,285	654,985
Accrued Income	-	3,712,231
Prepayments and Deposits	771,316	495,679
Income Tax Deposit	-	-
Deferred Employee Expenditure	358,641	428,438
Other Assets	10,155,782	11,758,029
Total	**11,940,024**	**17,049,362**

Due to Banks and Financial Institutions **4.17**

Particulars	Current Year	Previous Year
Money Market Deposits	-	-
Interbank Borrowing	-	-
Other Deposits from BFIs	232,430,158	145,326,782
Settlement and Clearing Accounts	-	-
Other Deposits from BFIs	-	-
Total	**232,430,158**	**145,326,782**

Due to Nepal Rastra Bank **4.18**

Particulars	Current Year	Previous Year
Refinance from NRB	-	-
Standing Liquidity Facility	-	-
Lender of Last Resort facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other Payable to NRB	-	-
Total	**-**	**-**

Derivative Financial Instruments **4.19**

Particulars	Current Year	Previous Year
Held for Trading		
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts	-	-
Others	-	-
Held for Risk Management		
Interest Rate Swap	-	-
Currency Swap	-	-
Forward Exchange Contracts.	-	-
Others	-	-
Total	**-**	**-**

Deposits from Customers **4.20**

Particulars	Current Year	Previous Year
Institutional Customers:		
Term Deposits.	372,190,130	100,974,000
Call Deposits	165,945,896	120,219,076
Current Deposits.	90,509,980	1,147,562
Others.	-	
Individual Customers:	-	
Term Deposits	1,363,250,563	1,066,955,056
Saving Deposits	540,707,887	392,780,223
Current Deposits	21,526,330	124,031,723
Others	375,000	-
Total	**2,554,505,786**	**1,806,107,640**

4.20.1: Currency wise analysis of deposit from customers

Particulars	Current Year	Previous Year
Nepalese Rupee	2,554,505,786	1,806,107,640
Indian Rupee	-	-
United States Dollar	-	-
Great Britain Pound	-	-
Euro	-	-
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	**2,554,505,786**	**1,806,107,640**

Borrowings **4.21**

Particulars	Current Year	Previous Year
Domestic Borrowings		
Nepal Government	-	-
Other Institutions.	-	-
Other	-	-
Sub Total	-	-
Foreign Borrowings		
Foreign Banks and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub Total	**-**	**-**
Total	**-**	**-**

Provisions **4.22**

Particulars	Current Year	Previous Year
Provisions for Redundancy	-	-
Provisions for Restructuring	-	-
Pending Legal Issues and Tax Litigation	-	-
Onerous Contracts	-	-
Other Provisions	-	-
Total	**-**	**-**

4.22.1: Movement in Provision

Particulars	Current Year	Previous Year
Balance at Shrawan 01	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	
Unwind of Discount	-	
Balance at Ashad end	-	-

Other Liabilities **4.23**

Particulars	Current Year	Previous Year
Liabilities for employees defined benefit obligations	5,582,731	8,230,885
Liabilities for long service leave	7,176,249	3,676,499
Short term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	22,598,075	48,561,169
Interest payable on deposits		
Interest payable on borrowing	-	-
Liabilities on defered grant income	-	-
Unpaid Dividend	-	-
Liabilities under Finance Lease	135,630,667	143,742,757
Employee bonus payable	-	2,613,736
Other Liabilities	5,594,629	6,393,104
Total	**176,582,351**	**213,218,150**

4.23.1: Defined Benefit Obligation

The amounts recognised in the statements of financials positions are as follows :

Particulars	Current Year	Previous Year
Present value of unfunded obligations	7,176,249	3,676,499
Present value of funded obligations	-	-
Total present value of obligations	**7,176,249**	**3,676,499**
Fair value of plan assets	-	-
Present value of net obligations	**7,176,249**	**3,676,499**
Recognised liability for defined benefit obligations	**7,176,249**	**3,676,499**

4.23.2: Plan Assets

Plan assets comprise

Particulars	Current Year	Previous Year
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
Other	-	-
Total	**-**	**-**
Actual return on plan assets		

4.23.3: Movement in the present value of defined benefit obligations

Particulars	Current Year	Previous Year
Opening Balance	3,676,499	-
Actuarial losses		-
Benefits paid by the plan	(2,381,439)	-
Current service costs and interest	5,881,189	3,676,499
Defined benefit obligations at Ashad end	**7,176,249**	**3,676,499**

4.23.4: Movement in the fair value of plan assets

Particulars	Current Year	Previous Year
Opening Balance	-	-
Contributions paid into the plan	-	-
Benefits paid during the year	-	-
Actuarial (losses) gains	-	-
Expected return on plan assets	-	-
Fair value of plan assets at Ashad end	-	-

4.23.5: Amount recognised in profit or loss

Particulars	Current Year	Previous Year
Current service costs	7,176,249	3,676,499
Interest on obligation	-	-
Expected return on plan assets	-	-
Total	**7,176,249**	**3,676,499**

4.23.6: Amount recognised in other comprehensive income

Particulars	Current Year	Previous Year
Acturial (gain)/loss	-	-
Total	**-**	**-**

4.23.7: Actuarial assumptions

Particulars	Current Year	Previous Year
Discount rate	8.00%	8.00%
Expected return on plan asset	0.00%	0.00%
Future salary increase	10.00%	10.00%
Withdrawal rate	15.00%	15.00%

Debt secutities issued **4.24**

Particulars	Current Year	Previous Year
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
Total	**-**	**-**

Subordinated Liabilities **4.25**

Particulars	Current Year	Previous Year
Redeemable preference shares	-	-
Irredemable cumulative preference shares (liabilities component)	-	-
Other	-	-
Total	**-**	**-**

Share capital **4.26**

Particulars	Current Year	Previous Year
Ordinary shares	729,906,747	725,472,247
Form right share issue		2,060,000
From Acquisition of Lalitpur Finance	-	-
Total	**729,906,747**	**727,532,247**

4.26.1: Ordinary Shares

Particulars	Current Year	Previous Year
Authorized Capital	1,000,000,000	1,000,000,000
10,000,000 Ordinary Shares of Rs. 100 each for Current year and 1,400,000 of Rs. 100 each for Previous Year and Restated Year	1,000,000,000	1,000,000,000
1,000,000 Non Redeemable Prefererence Share of Rs. 100 each		
Issued capital	840,265,584	840,265,584
8402655.841 Ordinary Shares of Rs. 100 each	840,265,584	840,265,584
Subscribed and paid up capital	729,906,747	727,532,247
7,275,322 Ordinary share of Rs. 100 each	727,532,247	725,472,247
Adition from acquisition	-	-
Additional from right issue	2,374,500	2,060,000
Total	**729,906,747**	**727,532,247**

4.26.2: Ordinary share ownership

Particulars	Current Year Percent	Previous Year Amount
Domestic ownership		
Nepal Government		
"A" class licensed institutions		
Other licensed intitutions		
Other Institutions	6.14%	2.50%
Public	93.86%	97.50%
Other		
Foreign ownership		
Total	**100.00%**	**100.00%**

Reserves **4.27**

Particulars	Current Year	Previous Year
Statutory general reserve	242,700,828	242,700,828
Exchange equilisation reserve		
Corporate social responsibility reserve	457,724	994,056
Capital redemption reserve		
Regulatory reserve	106,250,709	94,879,743
Investment adjustment reserve		
Capital reserve		
Assets revaluation reserve		
Fair value reserve	36,519,861	40,117,817
Dividend equalisation reserve		
Actuarial gain		
Other reserve	74,460	74,459
Other reserve-Capital Adjustment Fund	48,364,100	48,364,100
Total	**434,367,682**	**427,131,003**

Contingent liabilities and commitments **4.28**

Particulars	Current Year	Previous Year
Contingent liabilities	-	-
Undrawn and undisbursed facilities	27,145,428	11,790,726
Capital commitment	-	-
Lease Commitment	-	-
Litigation	-	-
Total	**27,145,428**	**11,790,726**

4.28.1: Contingent Liabilities

Particulars	Current Year	Previous Year
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
Total	**-**	**-**

4.28.2: Undrawn and undisbursed facilities

Particulars	Current Year	Previous Year
Undisbursed amount of loans	-	-
Undrawn limits of overdrafts	27,145,428	11,790,726
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	**27,145,428**	**11,790,726**

4.28.3: Capital commitments

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

Particulars	Current Year	Previous Year
Capital commitments in relation to Property and Equipment	-	-
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub total	-	-
Capital commitments in relation to Intangible assets	-	-
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub total	**-**	**-**
Total	**-**	**-**

4.28.4: Lease commitments

Particulars	Current Year	Previous Year
Operating lease commitments	-	-
Future minimum lease payments under non cancellable operating lease, where the Finance Company is lessee	-	-
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Grand total	**-**	**-**

4.28.5: Litigation

Explantory paragarphs are required for litigation contingent liablities as per their own case of each company

Interest Income **4.29**

Amount in NPR

Particulars	Current Year	Previous Year
Cash and cash equivalent	11,052,185	18,600,183
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	2,853,245	-
Loan and advances to bank and financial institutions	21,767,211	22,045,228
Loans and advances to customers	226,958,823	172,374,377
Investment securities	46,736,836	55,826,085
Loan and advances to staff	1,044,765	673,616
Other Interest Income	-	-
Total interest income	**310,413,065**	**269,519,489**

Interest Expenses **4.30**

Particulars	Current Year	Previous Year
Due to bank and financial institutions	-	4,706,472
Due to Nepal Rastra Bank	-	-
Deposits from customers	199,606,474	163,157,528
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other Charges	9,829,444	9,253,717
Total interest expense	**209,435,918**	**177,117,717**

Fees and Commission Income **4.31**

Particulars	Current Year	Previous Year
Loan administration fees	13,013,160	6,728,087
Service fees	-	470,300
Consortium fees	-	-
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	-	-
Prepayment and swap fees	106,250	364,460
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	162,078	179,752
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commision income	599,114	90,948
Total Fees and Commission Income	**13,880,602**	**7,833,547**

Fees and Commission Expense **4.32**

Particulars	Current Year	Previous Year
ATM management fees	230,169	323,818
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees.	-	-
Remittance fees and commission	-	-
Other fees and commission expense	376,802	325,262
Total Fees and Commission Expense	**606,971**	**649,080**

Net Trading income **4.33**

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

Other Operating Income **4.34**

Particulars	Current Year	Previous Year
Foreign exchange revauation gain	-	-
Gain/loss on sale of investment securities	1,013,011	89,565
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	727,547	289,941
Gain/loss on sale of property and equipment	-	-
Gain/loss on sale of investment property	13,300,000	10,743,069
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Other Operating Income	2,409,975	2,219,769
Total	**17,450,534**	**13,342,344**

Impairment charge/(reversal) for loan and other losses **4.35**

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to BFIs	1,012,418	(1,974,584)
Impairment charge/(reversal) on loan and advances to customers	54,984,777	(23,064,618)
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with BFIs	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	**55,997,195**	**(25,039,202)**

Personnel Expenses **4.36**

Particulars	Current Year	Previous Year
Salary	28,218,341	25,612,845
Allowances	17,122,075	13,884,127
Gratuity Expense	-	-
Provident Fund	-	-
Socila Security Fund	5,303,653	4,900,969
Uniform	-	-
Training & development expense	1,586,801	1,069,380
Leave encashment	5,235,751	1,401,145
Medical	2,399,967	1,948,353

Insurance	75,409	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	50,646	23,051
Other expenses related to staff	1,006,485	3,793,361
Subtotal	60,999,128	52,633,231
Employees Bonus	-	2,613,736
Grand total	**60,999,128**	**55,246,967**

Other Operating Expense **4.37**

Particulars	Current Year	Previous Year
Directors' fee	685,000	542,000
Directors' expense	231,645	67,690
Auditors' remuneration	610,200	825,000
Other audit related expense	596,413	437,391
Professional and legal expense	293,500	1,205,832
Office administration expense	23,272,313	22,732,358
Operating lease expense	-	-
Operating expense of investment properties	-	-
Corporate social responsibility expense	-	535,991
Onerous lease provisions	-	-
Other Expenses	1,146,350	2,999,655
Total	**26,835,421**	**29,345,917**

Office administration expense **4.37.1**

Particulars	Current Year	Previous Year
Light,Electricity & Water	2,085,426	2,112,557
Repair and maintenance	-	-
Repair & Maintenance-Building	8,152	-
Repair & Maintenance-Vechiles	263,092	212,476
Office Equipment, Furniture Repair	315,967	72,332
Repair & Maintenance-Others	245,716	181,077
Insurance.	741,024	277,547
Postage, Telex, Telephone & Fax	2,030,102	1,554,352
Printing & Stationery	680,861	977,829
Periodicals & Books	-	-
Advertisements	2,662,975	1,933,261
Donation	-	-
Security Expenses	5,382,048	8,229,147
Deposit/Credit Guarantee Premium	-	560,548
Travelling Allowances & Expenses	691,548	667,851
Entertainment	-	-
Annual General Meeting Expenses	662,405	661,882
Other	-	
Other-Office Expenses	7,502,997	5,291,499
Total	**23,272,313**	**22,732,358**

Depreciation and Amortisation **4.38**

Particulars	Current Year	Previous Year
Depreciation on property and equipment	10,785,029	13,913,853
Depreciation on investment property	-	-
Amortisation of intangible assets	962,243	1,273,464
Depreciation on Right of Use Assets	14,663,964	14,663,965
Total	**26,411,236**	**29,851,282**

Non Operating Income **4.39**

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

Non Operating Expenses **4.40**

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

Income Tax Expenses **4.41**

Particulars	Current Year	Previous Year
Current tax expense		
Current year	-	-
Adjustments for prior years	-	-
Deferred tax expense		
Origination and reversal of temporary differences	(10,360,133)	3,388,941
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total income tax expense	**(10,360,133)**	**3,388,941**

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Current Year	Previous Year
Profit before tax	(38,541,668)	23,523,619
Tax amount at tax rate of 30%	(11,562,500)	7,057,086
Add: Tax effect of expenses that are not deductible for tax purpose	11,562,500	
Less: Tax effect on exempt income		(7,057,086)
Add/less: Tax effect on other items	(10,360,133)	3,388,941
Total income tax expense	**(10,360,133)**	**3,388,941**
Effective tax rate	**26.88%**	**14.41%**

5. Disclosure & Additional Information **Note 5**

5.1 Risk Management

The robust risk management capabilities are imperative in order to achieve an effective risk management framework and contain the risks associated with the business, a fully functional Risk Management Committee is responsible for identifying reporting, controlling and managing credit risk, operational risk, market risk & liquidity risk. The Risk Management Committee oversees global, macro, micro and departmental level risk that arise out of daily business operation as well as on periodic basis and are put to the oversight of Senior Management, Risk Management Committee and the Board committee to discuss the reports thereon and issue instructions as appropriate.

Risk Management Committee:

The Risk Management Committee is an independent committee of the Board of Directors that has, as its sole and exclusive function, responsibility for the risk management policies of the company and oversight of implementation of risk management framework of the company. The committee assists the Board of Directors in fulfilling its oversight responsibilities with regard to risk appetite that the company is able and willing to assume in its exposures and business activities, risk management, compliance framework, and governance structure that supports it. It periodically reviews the risk management process to ensure its integrity, accuracy, and reasonableness. It also reviews whether the internal control and risk management system is adequate or not to ensure well-ordered and prudent conduct of business. The committee is to review the overall risk management structure and monitor the effectiveness of the risk management system.

Risk Governance

Finance Company implemented policies and procedures to mitigate the risk at enterprises level arising to the company and has trained risk culture among the employees by establishing ownership mentality, capacity building programs, well defined job responsibilities and inhabiting good ethical culture. The Risk Management Committee is responsible for the establishment of, and compliance with, policies relating to Operation risk & Credit risk.

The company’s risk governance structure is such that the responsibility for maintaining risk within the finance company's risk blanket is dropped down from the Board to the appropriate functional, client business, senior management and committees. The Board has set policies and procedures of risk identification, risk evaluation, risk mitigation, and control/ monitoring in line with NRB directives, and has effectively implemented the same at the company. The effectiveness of the company’s internal control system is reviewed regularly by the Board, its committees, senior management, and internal audit committee.

Credit Risk

Credit risk management strategies include effectively managing the risk of financial losses arising out of booking an exposure on counterparty and also ensuring independence of the credit risk function from the origination, trading and sales function. Credit risk is managed through a defined framework which sets out policies, procedures and standards covering the measurement and management of credit risk. Clear segregation of duties has been established between transaction originator in the business and the approvers in the risk function.

Credit Risk Mitigation (CRM)

The The Finance company follows the following well defined procedures to manage and mitigate the credit related risk at the various level:

The credit applications are initially reviewed at the branch by the branch manager where the branch assess the credit worthiness of the proposed borrower and the quality of the security offered.

As a second level of defense the central credit department has been set up which independently oversees whether the proceeding of the loan approval, creditworthiness and collateral offered complies with the company's and central bank's norms.

The credit proposal, if exceeds the prescribed threshold are then reviewed by the Risk Management Department which evaluates the underlying risk of the proposal and decides whether the proposal is within the risk appetite of the company. This department is independent of the business unit and reports directly to the Board level committee, Risk Management Committee.

After due review and identification of the underlying risk by the Risk Management Department, the proposal passed through different approving authorities depending upon the type of the proposal (Funded or Non-funded), level of underlying risk and amount of the proposal.

Once the proposal is approved by the prescribed approving authority, the security and post approval proceeding and initiated and completed at the branch level. The Credit Administration Department reviews the security documents and ensure compliance with the company's and Central Bank's norms before disbursement of the credit facilities.

As a measure to mitigate the risk after mitigation, the bank monitors, review on the quarterly to annual basis depending upon the type of the facilities. The level of risk and early warning signals (EWS) are identified on every review and necessary actions are taken if required.

The internal audit function of the company on the periodic basis independently observes the compliance and the status of the borrowers and recommends the management with the best practices that has to be adopted. The internal audit department directly reports the Audit Committee which is a board level committee.

On the portfolio level, the company's risk management strategies include diversifying the borrowing pool, risk based pricing, establishing the suitable exposure limits for borrowers and group of borrowers to ensure the risk taken is under the risk appetite by the Risk Management Policy of the company.

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Operational Risk

Operational risk can be caused by both internal and external sources, such as fraud, business interruptions, system failures, damage to physical infrastructure, failure in execution and service delivery, inherent risks in products. The risk can occur in any business function or the business supporting functions. The effect of failure in any of the resources can have concurrent impacts across the company. Effective operational risk management system aims to minimizing losses and customer dissatisfaction due to failure in process, focusing on flows in product and their design that can expose the company to losses due to fraud analyzing the impact continuity in the company's operations. The Finance company has introduced an "Operational Risk Monitoring and Reporting Framework" all branches covering all transaction on daily basis to minimize the operational risk. The Risk Management Department is assigned with the responsibility to undertake actions related to operational risk management of the company.

Market Risk

The Company recognizes market risk as the possibility for loss of earnings or economic value to the Company caused due to adverse changes in the market level of interest rates or prices of securities (equity), foreign exchange rates and volatilities of those prices. The company has an Asset Liability Management Committee (ALCO) which meets periodically to discuss product pricing for deposits and advances and maturity profiles of assets and liabilities, articulating interest rate, view of company, funding policy, transfer pricing policy and balance sheet management. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk), and market prices (price risk).

Liquidity Risk

Liquidity risk is the risk that a company may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due, as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for liquid asset positions is not available to the company on acceptable terms.

The Company works continuously towards risk diversification of its assets base so as to achieve better portfolio mix and to protect/enhance the overall risk on its loan book. The strategic focus of mapping business is gradually reducing high-risk assets and increasing low risk exposures.

5.2. CAPITAL MANAGEMENT

The Finance company's capital management policies and practices support its business strategy and ensure that it is adequately capitalised to withstand even in severe macroeconomic downturns.Nepal Finance Limited is a liscened institution which provides financial services therefore it must comply with capital requirement of central Finance company so called Nepal Rastra Finance company.

The Finance company's capital consists of Tier I capital and Tier II capital.

5.2.1. Qualitative disclosures

Nepal Rastra Bank has directed the Banks to develop own internal policy, procedures and structures to manage all material risk inherent in business for assessing capital adequacy in relation to the risk profiles as well as strategies for maintaining capital levels. This includes basic requirements of having good governance, efficient process of managing all material risks and an effective regime for assessing and maintaining adequate capital. The finance company has various BODs approved policies for proper governance. The finance company is in line with BASEL provisions.

5.2.2. Quantitative disclosures

Capital structure and capital adequacy

• Tier 1 Capital and a breakdown of its Components: *Amount in NPR*

1. 1 RISK WEIGHTED EXPOSURES		**Current Period**
a	Risk Weighted Exposure for Credit Risk	2,482,337,840
b	Risk Weighted Exposure for Operational Risk	272,488,456
c	Risk Weighted Exposure for Market Risk	-
Total Risk Weighted Exposures (Before adjustments of Pillar II)		**2,754,826,296**
Adjustments under Pillar II		**-**
SRP 6.4a (5)	ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	924,018
SRP 6.4a (6)	Add .....% of the total deposit due to insufficient Liquid Assets	-
SRP 6.4a (7)	Add RWE equvalent to reciprocal of capital charge of 3 % of gross income.	35,649,800
SRP 6.4a (9)	Overall risk management policies and precedures are not satisfactory. Add 3% of RWE	82,482,396
SRP 6.4a (10)	If desired level of disclosure requirement has not been achieved, Add .....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		**2,873,882,510**

1.2 CAPITAL		**Current Period**
(A) Core Capital (Tier 1)		**816,772,573**
a	Paid up Equity Share Capital	729,906,747
b	Irredeemable Non-cumulative preference shares	-
c	Share Premium	51,082,367
d	Proposed Bonus Equity Shares	-
e	Statutory General Reserves	242,700,828
f	Retained Earnings	(244,569,103)
g	Un-audited current year cumulative profit/(loss)	-
h	Capital Redemption Reserve	-
i	Capital Adjustment Reserve	48,364,100
j	Debenture Redemption Reserve	
k	Dividend Equalization Reserves	
l	Other Free Reserve	
n	Less: Goodwill	
o	Less: Fictitious Assets	
p	Less: Investment in equity in licensed Financial Institutions	
q	Less: Investment in equity of institutions with financial interests	
r	Less: Investment in equity of institutions in excess of limits	
s	Less: Investments arising out of underwriting commitments	
t	Less: Reciprocal crossholdings	
u	Less: Purchase of land & building in excess of limit and unutilized	
v	Less: Other Deductions	(10,712,366)

Adjustments under Pillar II		
SRP 6.4a(1)	Less: Shortfall in Provision	-
SRP 6.4a(2)	Less: Loans & Facilities extended to related parties and restricted lending	-

(B) Supplementary Capital (Tier 2)		**28,562,867**
a	Cumulative and/or Redeemable Preference Share	
b	Subordinated Term Debt	
c	Hybrid Capital Instruments	
d	General loan loss provision	28,562,867
e	Exchange Equalization Reserve	
f	Investment Adjustment Reserve	
g	Other Reserves	
Total Capital Fund (Tier I and Tier II)		845,335,440
1.3 CAPITAL ADEQUACY RATIOS		**Current Period**
Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		28.42%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)		29.41%

- **Capital Adequacy Ratio:**
  The capital adequacy ratio of the Finance company as on 15th July, 2024 is 29.41%

- **Summary of the Finance company's internal approach to assess the adequacy of its capital to support current and future activities, if applicable**:
  Nepal Finance Limited adopts healthy risk management framework. The Finance company follows Internal Capital Adequacy Assessment Process (ICAAP)and Risk Management Guideline while taking decision on any business. It has always taken note of ICAAP and has taken steps accordingly in ensuring soundness of capital position and sustainability of the business. The Finance company's policies and procedures are approved by the Board of Directors and these documents provide guidance on independent identification, measurement and management of risks across various businesses. Finance company's different committees like Audit Committee, Risk Management Committee review the business and risks periodically.

  The finance company also defines risk aspects, considering domestic economic scenario, and puts in place the system to minimize and remove such risk. The risk appetite and approach towards risk taking is well discussed in management level and board level. It is always aligned with the business, its return and capital. Basel disclosures have been complied with, addressing the risks and adopting measures to minimize their impact. Increasing complexities in risks, weakness of businesses and fast changing world with intense competition pose a threat to sustainability.

  Capital planning is an integral part of the Finance company's medium term strategic planning and annual budget formulation process. Total risk weighted exposures for the projected level of business operations is calculated, the required capital level is projected, and a plan is formulated to retain the required capital. The Finance company is well capitalized and able to maintain the required capital through internal generation, and equally through capital markets if needed.

Risk Weighted Exposure for Credit Risk
At the month end of Ashad, 2081

(Rs. in '000)

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	32,186,119	-	-	32,186,119	0%	-
Balance With Nepal Rastra Bank	262,054,164	-	-	262,054,164	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	359,800,000	-	-	359,800,000	0%	-
All Claims on Government of Nepal	-	-	-	-	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-
Claims on Domestic Public Sector Entities	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	870,276,695	-	-	870,276,695	20%	174,055,339.00
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	20%	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	80%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	85%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	90%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	-	-	-	-	100%	-
Claims on Domestic Corporates (Unrated)"	51,132,417	-	-	51,132,417	100%	51,132,417.38
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	209,758,696	-	68,122,544	141,636,152	75%	106,227,114.28
Claims fulfilling all criterion of regularity retail except granularity	517,877,313	-	-	517,877,313	100%	517,877,313.09
Claims secured by residential properties	202,453,049	-	-	202,453,049	60%	121,471,829.21
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	36,862,524	14,842,015	-	22,020,509	100%	22,020,508.86
Claims secured by Commercial real estate	222,265,597	-	-	222,265,597	100%	222,265,597.26

Past due claims (except for claims secured by residential properties)	189,602,202	147,413,822	-	42,188,379	150%	63,282,568.85
High Risk claims	418,669,934	-	-	418,669,934	150%	628,004,901.60
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(j)(1)(j))	-	-	-	-	125%	-
Lending against Shares(above Rs.5 Million)	175,760,821	-	-	175,760,821	125%	219,701,025.71
Lending Against Securities (Bonds)	-	-	-	-	100%	-
Lending Against Shares(upto Rs. 5 Million)	141,168,345	-	-	141,168,345	100%	141,168,345.17
Real Estate loans for land acquisition and development (For institutions/projects registred/licensed and approved by Government of Nepal for land acquisition and development purposes)	-	-	-	-	100%	-
Personal Hirepurchase/Personal Auto Loans	8,512,734	-	-	8,512,734	100%	8,512,734.06
Investments in equity and other capital instruments of institutions listed in stock exchange	61,577,000	-	-	61,577,000	100%	61,577,000.00
Investments in equity and other capital instruments of institutions not listed in the stock exchange	1,841,000	-	-	1,841,000	150%	2,761,500.00
Staff loan secured by residential property	-	-	-	-		-
Interest Receivable/claim on government securities	-	-	-	-	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-
Other Assets (as per attachment)	136,866,535	-	-	136,866,535	100%	136,866,535.06
TOTAL (A)	**3,898,665,146**	**162,255,838**	**68,122,544**	**3,668,286,764**		**2,476,924,729.53**

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
Revocable Commitments				-	0%	-
Bills Under Collection				-	0%	-
Forward Exchange Contract Liabilities			-	-	10%	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty			-	-	20%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty			-	-	50%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty			-	-	40%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Underwriting commitments			-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-
Repurchase Agreements, Assets sale with recourse			-	-	100%	-
Advance Payment Guarantee			-	-	100%	-
Financial Guarantee			-	-	100%	-
Acceptances and Endorsements			-	-	100%	-
Unpaid portion of Partly paid shares and Securities			-	-	100%	-
Irrevocable Credit commitments (short term)	27,065,552.26		-	27,065,552.26	20%	5,413,110.45
Irrevocable Credit commitments (long term)			-	-	50%	-

" Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement"				-	20%	-
Other Contingent Liabilities			-	-	100%	-
Unpaid Guarantee Claims			-	-	200%	-
TOTAL (B)	**27,065,552.26**	**-**	**-**	**27,065,552.26**		**5,413,110.45**
Total RWE for credit Risk Before Adjustment (A) +(B)	**3,925,730,697.87**	**162,255,837.95**	**68,122,543.98**	**3,695,352,315.94**	**-**	**2,482,337,839.99**
Adjustments under Pillar II						
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						-
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	**3,925,730,697.87**	**162,255,837.95**	**68,122,543.98**	**3,695,352,315.94**	**-**	**2,482,337,839.99**

B. Non Performing Assest (Gross & Net)

Particulars	Ashad F.Y 2080.81			Ashad F.Y 79-80		
	Gross	Impairment Allowance	Net	Gross	Impairment Allowance	Net
Restructure/ Rescheduled Loan	4,461,066.71	557,633.34	3,903,433.37	8,044,869.62	1,005,608.70	7,039,260.92
Sub - Standard Loan	61,837,036.85	15,459,259.21	46,377,777.64	11,817,580.61	2,954,395.16	8,863,185.45
Doubt ful Loan	2,392,530.09	1,196,265.05	1,196,265.05	16,548,792.40	8,274,396.20	8,274,396.20
Loan Loss	144,655,822.95	144,655,822.95	-	151,648,011.34	151,648,011.34	-
Total	**213,346,456.60**	**161,868,980.55**	**51,477,476.05**	**188,059,253.97**	**163,882,411**	**24,176,842.57**

5.2.3. Compliance with external requirement

The finance company has complied with externally imposed capital requirements to which it is subject and there are no such consequence
where the institution has not complied with those requirement.

5.3 Classification of financial assets and financial liabilities

The financial assets and liabilities are classified in Amortised Cost, fair value through profit and loss and fair value through other comprehensive income. The following table exhibit the the classification of financial assets and liabilities:

Financial Assets	As on 31st Ashar 2081			
	Amortised Cost	FVTPL	FVTOCI	Total
Cash and Cash Equivalents	735,275,501	-	-	735,275,501
Due from Nepal Rastra Bank	262,054,164	-	-	262,054,164
Placement with Bank and Financial Institutions	-	-	-	-
Derivative Financial Instruments	-	-	-	-
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	166,403,393	-	-	-
Loans and Advances to Customers	1,977,767,555	-	-	1,977,767,555
Investment Securities	366,348,773	-	115,589,052.00	481,937,825
Investment in Subsidiaries	-	-	-	-
Investment in Associates	-	-	-	-
Other Assets	11,940,025	-	-	11,940,025
Total Financial Assets	**3,519,789,411**	**-**	**115,589,052**	**3,468,975,070**

Financial Liabilities

Due to Bank and Financial Institutions	232,430,158	-	-	232,430,158
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	-	-	-	-
Deposits from Customers	2,554,505,786	-	-	2,554,505,786
Borrowings	-	-	-	-
Other Liabilities	176,582,353	-	-	176,582,353
Debt Securities Issued	-	-	-	-
Total Financial Liabilites	**2,963,518,297**	**-**	**-**	**2,963,518,297**

Financial Assets	**As on 31st Ashar 2080**			
	Amortised Cost	**FVTPL**	**FVTOCI**	**Total**
Cash and Cash Equivalents	541,877,458	-	-	541,877,458
Due from Nepal Rastra Bank	146,221,163	-	-	146,221,163
Placement with Bank and Financial Institutions	-	-	-	-
Derivative Financial Instruments	-	-	-	-
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	-	-	-	-
Loans and Advances to Customers	-	-	-	-
Investment Securities	678,125,307	-	72,757,132	750,882,439
Investment in Subsidiaries	-	-	-	-
Investment in Associates	-	-	-	-
Other Assets	17,049,362	-	-	17,049,362
Total Financial Assets	**1,383,273,290**	**-**	**72,757,132**	**1,456,030,422**

Financial Liabilities

Due to Bank and Financial Institutions	-	-	-	-
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	-	-	-	-
Deposits from Customers	1,806,107,640	-	-	1,806,107,640
Borrowings	-	-	-	-
Other Liabilities	213,218,150	-	-	213,218,150
Debt Securities Issued	-	-	-	-
Total Financial Liabilites	**2,019,325,790**	**-**	**-**	**2,019,325,790**

Note: Fair vaule of Quoted Investment Securities are determined at level one heirarchy while of Unquoted securities are vauled either at cost or other appropriate models as disclosed under corresponding section of notes to accounts

5.4 Operating Segment Information

1. General Information

Factors that management used to identify the entity's reportable segments

An operating segment is a component of the company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the company's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Based on the nature of the business, transactions, products and services, the management have identified four reporting segment for the purpose of financial reporting:

1 General Information

a The finance company has categorized its segment on the basis of presence in the geographical locations of the country

b Each segment provides commercial banking services such as corporate and retail lending, deprived sector lending, various deposit products and transaction banking services

2. Segment Reporting

A. Information about reportable segment

Amount in NPR

Particular	Bagamati Province	Lumbini Province	Gandaki Province	Madhesh Province	Total
(a) Revenue from External Customers	251,494,017	34,387,182	18,325,172	6,206,695	310,413,065
(b) Intersegment Revenues	-	-	-	-	-
(c) Net Revenue	-	-	-	-	-
(d) Interest revenue	251,494,017	34,387,182	18,325,172	6,206,695	310,413,065
(e) Interest expense	162,827,705	26,016,143	15,535,354	5,056,716	209,435,918
(f) Net Interest Revenue	88,666,312	8,371,039	2,789,817	1,149,979	100,977,147
(g) Depreciation and Amortiztion	23,281,152	1,040,112	1,481,529	608,444	26,411,236
(h) Segment Profit/(Loss)	15,022,986	3,102,145	(54,502)	498,088	18,568,716
(i) Entities interest in the profit or loss of associates accounted for using equity method	-	-	-	-	-
(j) Other material non cash items:	-	-	-	-	-
…….	-	-	-	-	-
…….	-	-	-	-	-
…….	-	-	-	-	-
(k) Impairment of Assets	50,362,174	4,228,783	1,362,791	43,447	55,997,195
(l) Segment Assets	3,265,301,652	348,977,336	250,724,701	69,302,300	3,934,305,990

B. Reconcilation of reportable segment profit or loss

Particulars	Current Year
Total Profit before tax for reportable segment	18,568,716
Profit before tax for other segment	
Elimination of intersegment profit	
Elimination of discontinues operation	
Uncollected Amounts:	
-Other Corporate Expenses	(57,110,384)
Profit before tax	**(38,541,668)**

3 Measurement of operating segment profit or loss, assets and liabilities

The transaction between the branches are charged at transfer price decided by Management Committee of the finance company.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

4 Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

a. Revenue

Total revenues for reportable segment	310,413,065
Other revenues	-
Elimination of intersegment revenues	-
Entity's revenues	310,413,065

b. Profit or loss

Total profit or loss for reportable segments	18,568,716
Other profit or loss	
Elimination of intersegment profits	
Unallocated amounts:	
Other Corporate Expenses	(57,110,384)
……	
Profit before income tax	**(38,541,668)**

c. Assets

Total assets for reportable segments	3,934,305,990
Other assets	
Unallocated amounts	-
Entity's assets	**3,934,305,990**

d. Liabilities

Total liabilities for reportable segments	-
Other liabilities	
Unallocated liabilities	2,963,518,297
Entity's liabilities	2,963,518,297

5 Information about products and services

Revenue from each type of product and services described in point no. 1(b) above

a. Loans and advances

b. Fees and commission income

6 Information about geographical areas

Revenue from following geographical areas

Revenue from following geographical areas

(a)	**Domestic**	**310,413,065**
	All Other Segments	-
(b)	**Foreign**	**-**
	Total	**310,413,065**

7 Information about major customers

Total revenue from any single external customer does not amount to 10 percent or more of the company's revenue.

5.5 Share options and share based payment

A share-based payment is a transaction in which the Finance Company receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity. The Finance Company does not have any share option and share based payment.

5.6 Contingent liabilities and commitment

Contingent Liabilities:

Where the Finance Company undertakes to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrevocable letters of credit as part of the Finance Company's transaction banking business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statements as contingent liabilities.

Other contingent liabilities primarily include revocable letters of credit and bonds issued on behalf of customers to customs, and for bidding purpose.

Commitments:

Where the Finance Company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Finance Company has not made payments at the reporting date, those instruments are included in this financial statement as commitments.

Please refer Note No. 4.28.1 to 4.28.4 for the detail of contingent liabilities and commitments as at 15 July 2024.

Litigations:

Litigations are anticipated in the context of business operations due to the nature of the transactions involved. The Finance Company and the Group are involved in various such legal actions and the controls have been established to deal with such legal claims. There are pending litigations existing as at the end of the reporting period against the Finance Company, resulting through normal business operations.

Except in the course of regular transaction, such litigation case has not been reported yet.

5.7 Related party's disclosures

a) Transaction with related party

Other than the directors' meeting fees and related meeting expenses, no any other transactions are made with related party.

b) Key Managerial Personnel

Key Management Personnel KMP of the Finance Company include members of the Board, Chief Executive Officer and all top-level executives. Followings are a list of Board of Directors and CEO bearing office at 15 July 2024.

S.N.	Name of the Key Management Personnel	Post
1	Prof. Mr. Hirendra Man Pradhan	Board-Chairman
2	Mr. Diprash Shakya	Board-Member
3	Mr. Rajan Prajapati	Board-Member
4	Mr. Bikesh Shakya	Board-Member
5	Mrs. Laxmi Maharjan	Board-Member
6	Mr. Uddhab Raj Thapaliya	CEO
7	Mr. Bishnu Prasad Gautam	ACEO/Company Secretary

All members of the Board are non-executive directors and no executive compensation is paid to the directors. Specific non-executive allowances paid to directors are as under:

Board Meeting fees Rs. 6,85,000/-
Total **Rs. 6,85,000/-**

These allowances and benefits are approved by the Annual General Meeting of the Finance Company..

c) Compensation to Management Level Employees

Details of Key Management Personnel	Total Compensation (Rs.)
Uddhab Raj Thapaliya (CEO)	6,018,470
Bishnu Prasad Gautam (ACEO)	2,425,471

* Post-employment benefits include Gratuity. Provident Fund is deposited in an independent institution and Gratuity is provided for as per Employee Byelaws of the Finance Company.

** Other long term employment benefit includes Home Leave and Sick Leave encashment over and above the accumulation limit set as per Employee Byelaws of the Finance Company.

*** KMP also get vehicle facility, fuel, and mobile facilities as per agreement.

5.8 Merger and acquisition

The financial institution has not entered into any merger and acquisition during the fiscal year.

Lalitpur Finance Ltd. (A 'C' class national level finance company) was acquired during the year 2077-78. Nepal Rastra Bank via letter no. Merger/98/077/78 dated 2078/03/15 has provided approval to Nepal Finance for jointly carrying transaction in the name of Nepal Finance Ltd. The financial institutions started joint operation since 27 Ashad 2078 as a Nepal Finance Ltd. Goodwill resulting from the acquisition has been recognized retrospectively, detail of which has been presented in the relevant section of the notes.

5.9 Additional disclosures of non-consolidated entities

Not applicable.

5.10 Events after reporting period

There are no material events that have occurred subsequent to 15 July, 2024 till the signing of this financial statement on 17 December 2024.

5.11 Refinance & interest Subsidized Loan:

Bank has provided refinancing facilities as per Refinancing Procedure 2077 and other facilities as per NRB Directive 2. Details are as follows:

Particulars	During FY 2080/81	
	No. of Customers	Amount (NRs)
Refinance Loan	-	-
Business Continuity Loan	-	-

Bank has provided interest subsidy facilities as per Unified Procedures on Interest Subsidy to Subsidies Loans, 2078. Details are as follows:

Particulars	As on FY 2080/81	
	No. of Customers	Amount (NRs)
Subsidized Loan	56	84,025,960

Nepal Finance Ltd
Comparison Unaudited and Audited Financial Statements as of FY 2080/81

Amount in NPR

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
Assets			**In amount**	**In %**	
Cash and cash equivalent	735,275,501	735,275,501	-	0.00%	
Due from NRB	262,054,164	262,054,164	-	0.00%	
Placement with BFIs	-	-	-	0.00%	
Derivative Financial Instrucment	-	-	-	0.00%	
Other Trading Assets	-	-	-	0.00%	
Loans and Advances to BFIs	174,196,006	166,403,393	(7,792,613)	-4.68%	Adjustment of Impairment Charges
Loans and Advances to Customer	2,019,643,669	1,977,767,555	(41,876,114)	-2.12%	Adjustment of Impairment Charges
Investments Securities	471,049,152	481,937,825	10,888,673	2.26%	
Current Tax Assets	19,188,766	27,444,744	8,255,978	30.08%	
Investment in subsidiaris and associates	-	-	-	0.00%	
Investment in associates	-	-	-	0.00%	
Investment Property	54,427,486	54,427,486	-	0.00%	
Property And Equipment	169,098,011	155,396,291	(13,701,720)	-8.82%	Due to Reclassification & Recogniton of NFRS 16 Lease
Goodwill and intangible assets	22,117,941	21,155,698	(962,243)	-4.55%	Due to Reclassification
Deferred Tax Assets	32,014,013	40,503,308	8,489,295	20.96%	
Other assets	18,558,594	11,940,025	(6,618,569)	-55.43%	Due to Reclassification & Recogniton of Defered Tax assets
Total Assets	**3,977,623,303**	**3,934,305,990**	**(43,317,313)**		
Capital and Liabilities			**-**	**0.00%**	
Due to Bank and Financial Institutions	232,430,158	232,430,158	-	0.00%	
Due to Nepal Rastra Bank	-	-	-	0.00%	
Derivative Financial Instruments	-	-	-	0.00%	
Deposits from Customers	2,554,505,786	2,554,505,786	-	0.00%	
Borrowings	-	-	-	0.00%	
Current Tax Liabilities	-	-	-	0.00%	
Provisions	-	-	-	0.00%	
Deferred Tax Liabilities	-	-	-	0.00%	
Other Liabilities	186,908,677	176,582,353	(10,326,324)	-5.85%	Changes in Other Liablities

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
Debt Securities Issued	-	-	-	0.00%	
Subordinated Liabilities	-	-	-	0.00%	
Total Liabilities	**2,973,844,621**	**2,963,518,297**	**(10,326,324)**	**-0.35%**	
Equity			**-**	**0.00%**	
Share Capital	729,906,747	729,906,747	-	0.00%	
Share Premium	51,082,367	51,082,367	-	0.00%	
Retained Earnings	(208,229,089)	(244,569,103)	(36,340,014)	14.86%	Changes in Profit
Reserves	431,018,657	434,367,682	3,349,025	0.77%	Change in Profit and Reserve
Total Equity Attributable to Equity Holders	**1,003,778,682**	**970,787,693**	**(32,990,989)**		
Total Capital and Liabilities	**3,977,623,303**	**3,934,305,990**	**(43,317,313)**		
Statement of Profit or Loss					
Interest income	310,362,419	310,413,065	50,646	0.02%	Calculation of Deferred Employee Expenditure
Interest expense	199,606,474	209,435,918	9,829,444	4.69%	Interest Expenes of Lease Liablity
Net interest income	**110,755,945**	**100,977,147**	**(9,778,798)**	**-9.68%**	
Fee and commission income	13,389,588	13,880,602	491,014	3.54%	Due to impact of Accrual Income
Fee and commission expense	606,971	606,971	-	0.00%	
Net fee and commission income	**12,782,617**	**13,273,631**	**491,014**	**3.70%**	
Net Trading Income	-	-			
Other operating income	28,826,597	17,450,534	-11,376,063	-65.19%	Due to reclassification
Total operaing income	**152,365,159**	**131,701,312**	**(20,663,847)**	**-15.69%**	
Impairment charge/(reversal) for loans and other losses	6,258,671	55,997,195	49,738,524	88.82%	Change in Loan Loss Provision
Net operating income	**146,106,488**	**75,704,117**	**(70,402,371)**	**-93.00%**	
Personnel expenses	63,162,717	60,999,128	-2,163,589	-3.55%	Change in Bonus and Deferred Expenses
Other operating expenses	45,313,287	26,835,421	-18,477,866	-68.86%	Change in Lease Liablity and CSR Expenses
Depreciation & Amortisation	11,747,272	26,411,236	14,663,964	55.52%	Depreciation on ROU Assets
Operating profit	**25,883,212**	**(38,541,668)**	**(64,424,880)**	**167%**	
Non operating income/expense	-	-	-	-	
Profit before tax	25,883	(38,541,668)	(38,567,551)	100.07%	Due to other effects
Income tax	7,764,964	(10,360,133)	-18,125,097	174.95%	Change in income and effect of Deferred Tax
Profit /(loss) for the period	**(7,739,081)**	**(28,181,535)**	**(20,442,454)**	**72.54%**	

Nepal Finance Limited
Major Indicators
Major Financial Indicators of last 5 years

S. No.	Indicators	Unit	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80	FY 2080/81
1	Net Profit/Gross income	Percent	56.42%	56.21%	14.79%	6.93%	(21.40%)
2	Earnings per share	NPR	32.85	10.29	5.33	2.77	(3.86)
3	Market value per share	NPR	130.00	570.00	300.08	351.00	894.00
4	Price earning Ratio	Ratio	3.96	55.41	56.32	126.83	(200.00)
5	Dividend (including bonus) on Share Capital (%)	Percent	0.00%	0.00%	0.00%	0.00%	0.00%
6	Cash Dividend on Share Capital (%)	Percent	0.00%	0.00%	0.00%	0.00%	0.00%
7	Interest Income/ Loans and Advances (%)	Percent	82.62%	12.68%	16.84%	20.68%	14.48%
8	Staff Expenses/ Total Operating Expenses (%)	Percent	42.27%	30.27%	26.13%	18.91%	53.39%
9	Interest Expenses/ Total Deposits & Borrowings (%)	Percent	1.28%	2.53%	6.56%	9.81%	7.51%
10	Exchange Gain/ Total Income (%)	Percent	-	-	-	-	-
11	Staff Bonus/ Total Staff Expenses (%)	Percent	25.87%	12.52%	5.81%	4.73%	0.00%
12	Net Profit/Total Loans & Advances (%)	Percent	123.97%	16.03%	2.26%	1.46%	(1.31%)
13	Net Profit/ Total Assets (%)	Percent	9.43%	3.49%	0.98%	0.64%	(0.72%)
14	Total Loans & Advances/ Total Deposits (%)	Percent	17.19%	48.17%	81.87%	76.39%	76.94%
15	Total Operating Expenses/ Total Assets (%)	Percent	5.03%	3.40%	3.62%	3.62%	2.90%
16	Capital Adequacy (On Risk Weighted Assets)						
	a. Core Capital	Percent	35.62%	63.70%	43.71%	42.64%	28.42%
	b. Supplementary Capital	Percent	0.00%	0.65%	0.98%	1.01%	0.99%
	c. Total Capital Fund	Percent	35.74%	64.35%	44.69%	43.65%	29.41%
17	Liquidity (%)	Percent	126.89%	118.29%	70.42%	70.01%	48.93%
18	Non-Performing Loan/ Total Loans & Advances (%)	Percent	68.63%	46.35%	14.07%	12.16%	13.42%
19	Weighted Average Interest Rate Spread	Percent	7.64%	5.10%	4.88%	4.58%	4.58%
20	Book Net Worth (Per Share)	NPR	170.80	137.46	132.82	136.45	133.00
21	Number of Shares	No.	1,358,005.00	4,934,963.25	7,254,722.47	7,275,322.47	7,299,067.47
22	Number of Staff	No.	12	75	92	95	97

Nepal Finance Limited
List of Shareholder holding 0.5% Share and Above
As on 30th Mangsir 2081

S.No.	Name	Share Kitta	Percentage
1	PRAMILA SHAKYA	766360	10.50
2	BIJAY BAHADUR MANANDHAR	258728	3.54
3	HIRENDRA MAN PRADHAN	246700	3.38
4	SUMAN KEDIA	219900	3.01
5	RAJAN PRAJAPATI	143289	1.96
6	RAJENDRA SHAKYA	139647	1.91
7	MEERA AGRAWAL	137963	1.89
8	RABI CHANDRA MAN PRADHAN	135700	1.86
9	MOTI MAYA SHAKYA	109889	1.51
10	SUBINDRA SHRESTHA	83531	1.14
11	TRILOK NARSING SHAKYA	82000	1.12
12	ANITA GOYAL	67000	0.92
13	MAHEK GOYAL JAIN	60725	0.83
14	MOHIT AGRAWAL	51000	0.70
15	PRASANA RATNA BAJRACHARYA	49623	0.68
16	DILIP SHAKYA	49623	0.68
17	PANCHA RAJ SHAKYA	49623	0.68
18	SUNIL SHAKYA	49623	0.68
19	SHAILENDRA KUMAR MISHRA	44500	0.61
20	HEM RAJ UPADHYAYA	44500	0.61
21	NARENDRA MAN SHAKYA	44500	0.61

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

नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग

पत्रसंख्या: वि.सं.सु.वि./गैरस्थलगत/नेपाल/०८१/८२
च.नं.: ९८६

मिति : २०८१/०९/०७

श्री नेपाल फाइनान्स लिमिटेड,
कमलादी, काठमाण्डौं ।

विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

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

(क) यस बैंकबाट जारी एकीकृत निर्देशन नं. २१/०८० बमोजिम यथाशीघ्र चुक्ता पुँजी पुऱ्याउनु हुन ।

(ख) कर्जा प्रवाह पश्चात अनिवार्य रुपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।

(ग) यस बैंकबाट जारी एकीकृत निर्देशन नं १५/०८० बमोजिम ब्याजदर सम्बन्धी व्यवस्थाको पूर्णरुपमा पालना गर्नुहुन ।

(घ) निष्क्रिय कर्जालाई यथाशीघ्र न्यूनीकरण गर्न योजना बनाई पेश गर्नहुन ।

(ङ) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सञ्चालन जोखिमलगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औंल्याएका कैफियतहरु पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,

(अमृत बहादुर बुढाथोकी)
उप-निर्देशक

बोधार्थ:

१. श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई-४ ।

नेपाल फाईनान्स लिमिटेड
Nepal Finance Limited
"नेपाल राष्ट्र बैंकबाट "ग" वर्गको इजाजतपत्र प्राप्त संस्था"

Kamaladi, Kathmandu, Nepal
+977-01-4545885, 4545886
info@nepalfinance.com.np
www.nepalfinance.com.np

च. नं.....233....

मितिः २०८१/०९/०८

प.सं. २०८१/०८२

श्रीमान कार्यकारी निर्देशक ज्यू
नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग
बालुवाटार, काठमाण्डौ ।

बिषयः वित्तीय विवरण प्रकाशन स्वीकृतीका लागि दिईएको निर्देशनको प्रत्युत्तर सम्बन्धमा ।

महोदय,

तहाँको मिति २०८१/०९/०७ को वि.सं.सु.वि./गैरस्थलगत/नेपाल/०८१/८२ च. नं.१८७ को पत्र बमोजिम यस संस्थाको आ. ब. २०८०/०८१ को वित्तीय विवरण, सोसँग संलग्न अनुसूचीहरु, लेखापरिक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरु साधारणसभा प्रयोजनका लागि प्रकाशनको स्वीकृती प्राप्त भएकोमा उक्त पत्रको निर्देशनहरुको हालसम्म भए गरेका काम कारवाहीहरुमा देहाय बमोजिम सुधार र पालना गरिने ब्यहोरा तहाँको जानकारीका लागि अनुरोध छ ।

१. तहाँ बैंकबाट निर्देशन भए बमोजिम संस्थाको चुक्ता पुँजी पुर्‍याउनको लागि प्रक्रिया अगाडी बढाईरहेको र यथासिघ्र तोकिएको चुक्ता पुँजी पुर्‍याउनको लागि संस्था प्रतिबद्ध रहेको ब्यहोरा तहाँको जानकारीको लागि अनुरोध छ ।
२. निर्देशानुसार पूर्ण रुपमा पालना गरिने ब्यहोरा अनुरोध छ ।
३. तहाँ बैंकको निर्देशानुसार चालु आ. ब. को शुरुवातदेखि नै ब्याजदर सम्बन्धी व्यवस्थाको पालना गरिएको ब्यहोरा अनुरोध छ ।
४. निर्देशनानुसार निष्कृय कर्जालाई यथासिघ्र न्युनिकरण गर्नको लागि तयार पारिएको कार्य योजना यसैसाथ संलग्न गरि पेश गरिएको ब्यहोरा जानकारीका लागि अनुरोध छ ।
५. निर्देशानुसार पुनः नदोहोरिने गरी कार्यान्वयनमा ल्याईने ब्यहोरा अनुरोध छ ।

भवदीय,

Nepal Finance Limited NEFINSCO Corporate Office Kathamndu 2049

.....
उद्धवराज थपलिया
प्रमुख कार्यकारी अधिकृत

08/09/2081

नोट तथा टिपोट

Senior Management Team

Mr. Uddhab Raj Thapaliya
Chief Executive Officer (CEO)

Mr. Bishnu Prasad Gautam
Assistant Chief Executive Officer (ACEO)

Mr. Sagar Prajapati
Chief Risk, Compliance & AML/CFT Officer

Department Head

Mr. Chandra Shekhar Khadka
CRAD & Legal

Mr. Madhu Nepal
Finance & Operation

Mr. Basu Dev Kc
Information Technology

Mr. Sudeep Risal
Credit Administration

Mr. Harendra Bhattarai
Recovery

Mr. Pushpa Raj Bhandari
Internal Audit

Ms. Roshi Shrestha
Human Resource

Branch Manager/Incharge

Mr. Abiral Shrestha
Main Branch

Ms. Mandira Maharjan
Pulchowk Branch

Mr. Jenish Tamrakar
Banepa Branch

Mr. Yagya Mani Ghimire
Murgiya Branch

Mr. Rudra Lal Bhusal
Gaidakot Branch

Mr. Dharma Dutta Sharma
Machhapuchre Branch

Ms. Mina Dangol
Lagankhel Branch

Mr. Prajun Joshi
New Road Branch

Mr. Pankaj Kumar Thakur
Dhanushadham Branch

Mr. Vishal Lal Shrestha
Hetauda Branch

Mr. Arjun Gautam
Tilottama Branch

Mr. Umesh Regmi
Palungtar Branch

Mr. Tejraj Shrestha
Kalimati Extension Counter

Branch Network

MAIN BRANCH
Kamaladi-28, Kathmandu
Tel. No.: 01-4545885/86

PULCHOWK BRANCH
Pulchowk-16, Lalitpur
Tel. No.: 01-5268584/5268683

BANEPA BRANCH
Banepa-07, Kavre
Tel. No.: 011-665364/65

MURGIYA BRANCH
Sainamaina- 03, Rupandehi
Tel. No.: 071-440411/ 440414

GAINDAKOT BRANCH
Gaindakot-4, Nawalparasi East
Tel. No.: 078-501031/501041

MACHHAPUCHHRE BRANCH
Machhapuchhre-2, Kaski
Tel. No.: 061-422100, 422101

LAGANKHEL BRANCH
Lagankhel-5, Lalitpur
Tel. No.: 01-5523850/5525115

NEWROAD BRANCH
Newroad-22, Kathmandu
Tel. No.: 01-5315671/5315846

DHANUSHADHAM BRANCH
Dhanushadham-3, Dhanusha
Tel. No.: 011-414075/76

HETAUDA BRANCH
Hetauda - 4, Makwanpur
Tel. No.: 057-590884/85

TILOTTAMA BRANCH
Tilottama-3, Rupandehi
Tel. No.: 071-438277/071

PALUNGTAR BRANCH
Palungtar -5, Gorkha
Tel. No.:064-400011/14

KALIMATI EXTENSION COUNTER
Kalimati-13, Kathmandu
Tel. No.: 01-5315255

नेपाल फाईनान्स लिमिटेड
Nepal Finance Limited
"नेपाल राष्ट्र बैंकबाट "ग" वर्गको इजाजतपत्रप्राप्त संस्था"

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