



नेपाल फाईनान्स लिमिटेड Nepal Finance Limited

“नेपाल राष्ट्र बैंकबाट “ग” वर्गको इजाजतपत्रप्राप्त संस्था”

31
Annual Report

३१^{औं} वार्षिक प्रतिवेदन
आ.व. २०७९/०८०

BOARD OF DIRECTORS



Prof. Hirendra Man Pradhan
Chairman



Diprash Shakya
Director
(Promoter)



Rajan Prajapati
Director
(Promoter)



Bikesh Shakya
Director
(Promoter)



Laxmi Maharjan
Director
(Public)



Rojina Shrestha
Director
(Public)



Anand Krishna Tamrakar
Independent Director



Bishnu Prasad Gautam
Company Secretary

प्रतिनिधि (प्रोक्सी) फाराम

श्री संचालक समिति
नेपाल फाइनेन्स 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/हामीले त्यस वित्तीय संस्थाको शेयरवालाको हैसियतले मिति २०८०/०९/२० गतेका दिन
हुन गईरहेको ३१ 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

दस्तखतः

नामः

हितग्राहि खाता नं.:

निवेदकको

दस्तखतः

नाम :

ठेगाना :

शेयर धनी नं.:

हितग्राहि खाता नं.:

शेयर संख्या:

मिति :

नेपाल फाइनेन्स लिमिटेड

प्रवेश-पत्र

शेयरधनीको नाम :

शेयरधनी नं./हितग्राहि खाता नं.:

शेयर संख्या :

नेपाल फाइनेन्स लि.को मिति २०८०/०९/२० गतेका दिन हुने ३१ औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको
प्रवेश पत्र ।

शेयरधनीको हस्ताक्षर:

कम्पनी सचिव:

द्रष्टव्यः 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 फाइनेन्स लिमिटेड
(Nepal Finance Limited)
कमलादी, काठमाण्डौको
३१ औं वार्षिक साधारण सभा सम्बन्धी सूचना

आदरणीय श्री शेयरधनी महानुभावहरू

यस वित्तीय संस्थाको मिति २०८०/०८/२८ गते बसेको सञ्चालक समितिको ३७८ औं बैठकको निर्णयानुसार यस वित्तीय संस्थाको एकतिसौं वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा निम्न विषयहरूमा 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 स्थान, मिति र समय

सभा हुने मिति : २०८० साल पौष २० गते (तदनुसार ५ जनवरी २०२४) शुक्रबार।

स्थान : होटल एल्लो प्यागोडा, कान्तिपथ, काठमाण्डौ (माछापुच्छ्रे हल)।

सभा शुरु हुने समय : विहान ११:०० 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. २०७९/०८० को वासलात, २०७९/०४/०९ देखि २०८०/०३/३१ 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. २०८०/०८१ को लेखापरिक्षण गर्न लेखापरिक्षण समितिको सिफारिस अनुसार लेखापरिक्षकको नियुक्ति गर्ने तथा निजको पारिश्रमिक निर्धारण गर्ने। (वर्तमान लेखापरिक्षक एस.ए.आर. एसोसिएट्स, चार्टर्ड एकाउन्टेन्ट्स पुनः नियुक्त हुन योग्य हुनुहुन्छ।)

(ख) विशेष प्रस्ताव:

१. संस्थाले अन्य कुनै उपयुक्त बैंक तथा वित्तीय संस्था एक आपसमा गाभ्ने/गाभिने (Merger) तथा संस्थाले अन्य कुनै उपयुक्त संस्थालाई प्राप्त (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।



बार्षिक साधारण सभा सम्बन्धी अन्य जानकारी

- साधारण सभालाई ध्यानमा राखी मिति २०८०/०९/०६ गते १ दिन संस्थाको शेयरधनी दर्ता किताव बन्द रहने छ। नेपाल स्टक एक्सचेन्ज लिमिटेडमा २०८०/०९/०५ गतेसम्म कारोबार भई म्यादभित्र यस संस्थाको शेयर रजिष्ट्रार प्रभु क्यापिटल लिमिटेड, कमलादी, काठमाण्डौमा प्राप्त शेयर नामसारीको लिखतको आधारमा शेयरधनी दर्ता कितावमा कायम शेयरधनीहरूले सो सभामा भाग लिन पाउने छन्।
- 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।
- वार्षिक साधारण सभामा भौतिक रूपमा उपस्थित भई भाग लिन इच्छुक शेयरधनी महानुभावहरूको सुविधाको लागि हाजिरी पुस्तिका सभा स्थलमा सभा हुने दिन बिहान १०:०० बजेदेखि खुल्ला रहनेछ।
- सभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्तगर्न चाहने शेयरधनीहरूले प्रचलित कम्पनी कानूनले तोकेको ढाँचामा प्रतिनिधिपत्र (प्रोक्सी) फारम भरी सभा शुरु हुनुभन्दा कम्तीमा ४८ घण्टा अगाडि संस्थाको केन्द्रीय कार्यालय कमलादी, काठमाण्डौमा दर्ता गराई सक्नु पर्नेछ। संस्थाको शेयरधनी बाहेक अरुलाई प्रोक्सी दिन र एकभन्दा बढी व्यक्तिलाई आफ्नो शेयर विभाजन गरी तथा अन्य कुनै किसिमबाट छुट्याई प्रोक्सी दिन पाइने छैन, यसरी दिइएको प्रोक्सी बदर हुनेछ।
- प्रतिनिधि (प्रोक्सी) नियुक्तगरि सकेपछि सम्बन्धित शेयरधनीले प्रतिनिधि फेरबदल गर्न चाहेमा यस अधि दिइएको प्रतिनिधि (प्रोक्सी) बदर गरी यो प्रतिनिधि (प्रोक्सी) लाई मान्यता दिइयोस् भन्ने छुट्टै पत्र सहित प्रोक्सी फाराम संस्थाको केन्द्रीय कार्यालयमा सभा शुरु हुनु भन्दा कम्तीमा ४८ घण्टा अगावै दर्ता गराएको अवस्थामा अधिल्लो 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 दिइएको प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ।
- एकभन्दा बढी व्यक्तिहरूको संयुक्त नाममा शेयर दर्ता रहेको अवस्थामा सर्वसम्मत बाट प्रतिनिधि चयन गरिएको एकजनाले मात्र वा लगत कितावमा पहिलो नाम उल्लेख भएको व्यक्तिले सभामा भाग लिन सक्ने छन्।
- नाबालक वा मानसिक सन्तुलन ठीक नरहेको शेयरधनीहरूको तर्फबाट संस्थाको शेयर लगत दर्ता कितावमा संरक्षकको रूपमा नाम दर्ता भइरहेका महानुभावहरूले सभामा भाग लिन प्रतिनिधि तोक्न सक्नु हुनेछ।
- सभा सम्बन्धमा थप जानकारी आवश्यक परेमा कार्यालय समयभित्र संस्थाको केन्द्रीय कार्यालय कमलादी, काठमाण्डौमा सम्पर्क राख्न समेत अनुरोध गरिन्छ।
- छलफलको विषय अन्तर्गत विविध शिर्षकको सम्बन्धमा शेयरधनी महानुभावहरूले कुनै विषय उपर छलफल गर्न चाहनु भएमा सो विषय बारे सभा हुनुभन्दा ७ (सात) दिन अगावै कम्पनी सचिव मार्फत संचालक समितिका अध्यक्षलाई लिखित रूपमा जानकारी दिनु पर्नेछ।

पुनश्च: शेयरधनी महानुभावहरूले कम्पनीको केन्द्रीय कार्यालय कमलादी, काठमाण्डौमा 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 फाइनेन्स लिमिटेडको सञ्चालक समितिको तर्फबाट ३१ औं वार्षिक साधारण सभामा प्रस्तुत अध्यक्षज्यूको मन्तव्य

सम्पूर्ण उपस्थित आदरणीय शेयरधनी महानुभावहरु, प्रतिनिधि, तथा विभिन्न नियमनकारी निकायहरुबाट पाल्नुभएका अतिथी महानुभावहरु एवम् पत्रकार मित्रहरु,

यस संस्थाको ३१ औं वार्षिक साधारणसभामा म मेरो व्यक्तिगत एवम् यस संस्थाको सञ्चालक समितिको तर्फबाट सबैलाई 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 फाइनेन्स कम्पनीको रूपमा प्रस्तुत हुने लक्ष्यका साथ अग्रसर रहेको यहाँहरुले महशुस गर्नु भएकै होला भन्ने विश्वास लिएको छु । यस कार्यमा हामीलाई शेयरधनी महानुभावहरु साथै स्थानीय लब्ध प्रतिष्ठित व्यक्तित्वहरु, नियमनकारी निकायहरु नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, सिडियस एण्ड क्लियरिङ लि. लगाएत विभिन्न सहयोगी संस्थाहरु र सञ्चारजगतबाट प्राप्त सकारात्मक र उत्प्रेरणाजन्य सहयोग एवं सद्भावको प्रशंसा गर्दै आभार प्रकट गर्न चाहान्छु । संस्थालाई एक सुशासित, अत्याधुनिक प्रविधिमैत्री, प्रतिष्पर्धी, चुस्त, सबल र उत्कृष्ट संस्थाको रूपमा विकास गर्ने सञ्चालक समितिको लक्ष्यलाई कार्यान्वयन गर्न मद्दत गर्ने सम्पूर्ण कर्मचारीहरुलाई समेत धन्यवाद ज्ञापन गर्न चाहान्छु ।

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

हाल वित्तीय बजारमा देखापरेका विभिन्न खाले समस्याहरुको कारणले गर्दा संस्थाले उल्लेखनीय रूपमा व्यवसाय बृद्धि गर्न नसकिएता पनि संस्था संचालनमा आइपने अनेकन उतार चढावहरुलाई पार गर्दै आदरणीय शेयरधनी महानुभाव तथा सम्बद्ध निकायहरुबाट प्राप्त सुभाव एवं मार्गनिर्देशनलाई आत्मसाथ गर्दै अगाडी बढिरहेकोले यस वित्तीय संस्थाले उल्लेखनीय सफलता हासिल गर्दै गइरहेको छ साथै ग्राहकवर्ग तथा आम नागरिकहरुबाट प्राप्त सहयोग, सद्भाव तथा हामीप्रति देखाइएको विश्वासले हामीलाई अगाडी बढ्न थप प्रेरणा मिलेको छ ।

आदरणीय शेयरधनी महानुभावहरु,

यस ऐतिहासिक संस्थालाई पूर्णजिवन 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 रु ८० करोडको मापदण्ड पुरा गर्नको लागि गत आ. व. मा १०.७० को अनुपातमा हकप्रद शेयर जारी पश्चात् हाल संस्थाको चुक्ता पूँजी रु. ७२ करोड ९४ लाख ९६ हजार ७४६ रहेको र बिक्री हुन नसकेको बाँकी हकप्रद शेयर १०,९४,४७१.१८७ कित्ता लिलाम बिक्रीको माध्यमबाट विभिन्न मितिहरुमा सूचना प्रकाशित गरिएको भएतापनि हाल शेयर बजारमा देखिएको शिथिलताको कारणले उक्त शेयर बिक्री हुन नसकेको व्यहोरा यहाँहरुलाई जानकारी गराउन चाहान्छु । तथापी उल्लेखित शेयर बिक्री पश्चात् संस्थाको चुक्ता पूँजी ८३ करोड ८९ लाख ४३ हजार ८६५ पुग्ने व्यहोरा समेत यहाँहरु माझ जानकारी गराउन चाहान्छु ।

संस्था समस्याग्रस्त हुँदाको अवस्थाका कारण श्रृजित नोक्सानीलाई परिपूर्ति गरी नाफा दिलाई आदरणीय शेयरधनीहरुलाई उचित मुनाफा दिन प्रयासरत रहेको यस संस्थाले मुख्यतया दुईवटा रणनीतिहरु अगाडी सारेर कार्य गरिरहेको छ, जसमा असल कर्जाको विस्तार र तिब्ररूपमा खराब कर्जा असुली गर्ने रहेका छन् । जस अन्तर्गत कर्जा चुक्तागरी राफसाफ गर्न चाहने ऋणीहरुसंग 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 प्रकृतिलाई अधि बढाईएको छ । जसको प्रतिफल स्वरुप समग्र आर्थिक क्षेत्रमा देखापरेको प्रतिकुल अवस्थाको बावजुद पनि गत आ. व. मा रहेको खराब कर्जा रकम रु.१६ करोड ९२ लाख मध्ये हालसम्म आईपुग्दा रु. १५ करोड १६ लाखमा भर्ना संस्था सफल भएको छ । जसमध्ये करिब १२ करोड ४० लाख रकम सम्मानित सर्वोच्च अदालतमा मुद्दा विचाराधीन अवस्थामा रहेको छ भने बाँकी रहेको रकमलाई विभिन्न रणनीति अवलम्बन गर्दै क्रमशः असुली गर्दै आईरहेको समेत जानकारी गराउन चाहान्छु । आगामि दिनहरुमा बचत परिचालन, कर्जाको विस्तार, खराब कर्जाको असुली र मितव्ययी ढंगले संस्था सञ्चालन गरी संस्थाको मुनाफामा बृद्धि 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 कार्यविधीहरुको तर्जुमा गर्दै आएको छ । अर्थतन्त्रमा मेरुदण्डको रूपमा रहेका बैंक तथा वित्तीय संस्थाहरुको भूमिका आर्थिक विकासमा ठूलो रहने हुनाले आर्थिक क्षेत्रमा सुधार देखिनासाथ यस संस्थाले वित्तीय पहुँच नपुगेका क्षेत्रहरु जहाँ आर्थिक र वित्तीय क्षेत्रको प्रचुर संभावना रहेको हुन्छ, त्यस्ता क्षेत्रको पहिचान गरी आफ्नो शाखा सञ्जाल विस्तार गर्दै लैजाने समेत संस्थाको लक्ष्य रहेको छ ।



संस्थाको विगतदेखि गत वर्षसम्मको नाफा-नोक्सानको अवस्थालाई हेर्दा संस्था समस्याग्रस्त अवस्थाबाट मुक्त भई वित्तीय कारोबार शुरु गरेको दोश्रो वर्षदेखि नै संचालन मुनाफामा रहेको भएतापनि संस्थाको संचित घाटाको कारणले हालसम्म पनि नाफा वितरण गर्न नसकिएको व्यहोरा म यो सम्मानित सभामा जानकारी गराउन चाहन्छु। साथै संचित नोक्सानीको अवस्था खराब कर्जा नोक्सानी व्यवस्थाको कारणले हुन पुगेको र खराब कर्जामध्ये करिब १३ करोड बराबरको कर्जा सम्मानित सर्वोच्च अदालतमा मुद्धा विचाराधीन अवस्थामा रहिरहदा सो कर्जा असुल उपरको पक्रिया अगाडी बढाउन नसकिएको जानकारी गराउदै संस्थाको मुनाफा र संचित नोक्सानीको विवरण एवम् संचित नोक्सानी नरहेको अवस्थामा प्रदान गर्न सकिने वार्षिक मुनाफाको अवस्था देहाय अनुसार पेश गर्न चाहन्छु।

विवरण	आ. ब. २०७७/७८	आ. ब. २०७८/७९	आ. ब. २०७९/८०
शुरुको संचित आम्दानी	(३५,३४,७९,८९७.००)	(३२,७७,२३,८६९.००)	(२५,५९,९३,९३२.००)
संचित नोक्सानीमा कमी/(बढी)	२,५७,५६,०३६.००	७,२६,९०,७२९.००	४,२९,३३,२८६.००
यस वर्षसम्म संचित आम्दानी	(३२,७७,२३,८६९.००)	(२५,५९,९३,९३२.००)	(२९,२९,७९,८४६.००)
जम्मा चुक्ता पूजा	४९,३४,९६,४३८.००	७२,५४,७२,२४७.००	७२,७५,३२,२४७.००
यस वर्षको नाफा/(नोक्सान)	५,०७,६५,३०९.००	२,७३,२५,७३२.००	२,०९,३४,६७८.००
नाफा प्रतिशतमा	१०.२९	८.३३	६.७७

*नोट: उल्लेखित नाफा प्रतिशतमा शेयर प्रिमियम वापतको आम्दानी रकम समेत जोडिएको छ।

शेयर सदस्य महानुभावहरू,

संस्थाको २०८० असोज मसान्त सम्मको अपरिष्कृत वित्तीय विवरण अनुसारका केही वित्तीय परिसूचकहरू यहाँहरू समक्ष राख्न चाहन्छु :

निक्षेप :	२ अरब ०६ करोड ९३ लाख
कर्जा:	१ अरब ७९ करोड ०६ लाख
सरकारी ऋणपत्र तथा ट्रेजरीमा लगानी:	७५ करोड ७३ लाख
तरल सम्पत्ति:	१ अरब २८ करोड ७० लाख
पूँजिकोष अनुपात :	३७.९३ प्रतिशत

संस्थाले नेपाल राष्ट्र बैंक लगायत अन्य नियमनकारी निकायहरूले दिएका निर्देशनहरूको अनुपालना गरी शुन्य सहनशीलताको नीति अवलम्बन गरेको छ। संस्थाको व्यवसायिक क्षमता अभिवृद्धि गर्नको लागि थप आधुनिक प्रविधिहरूको अवलम्बन गरिने र कर्मचारीहरूलाई उचित रूपमा तालिम, गोष्ठिमा सहभागी गराउदै लगिने रणनीति 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 उच्चस्तरीय आधुनिक बैंकिंग सेवा प्रदान गर्न कटिबद्ध रहेको छ। सोही अनुरूप संस्थाले बैंकिङ क्षेत्रमा भित्रिएका Mobile 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 बैंकिंग औजारहरूको अधिकतम उपयोग गर्नेगरी कार्यसंचालन व्यवस्था मिलाइएको छ।

आगामि दिनहरूमा अझ गुणस्तरीय, अत्याधुनिक र वृहत सञ्जालद्वारा वित्तीय सेवा प्रदान गर्दै संस्थाको मुनाफामा वृद्धि गरी शेयरधनीहरूको मुल्य अभिवृद्धि गर्न अनवरत रूपमा प्रयत्नरत रहने प्रतिबद्धता व्यक्त गर्दछु। यसको अलावा 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 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

मिति: २०८०/०९/२०



३१ औं वार्षिक साधारणसभामा सञ्चालक समितिको तर्फबाट प्रस्तुत वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

नेपाल फाइनेन्स लिमिटेडको ३१ औं 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 २०८० आषाढ मसान्तसम्मको वासलात, आर्थिक वर्ष २०७९/०८० 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 फाइनेन्स लिमिटेडको वार्षिक प्रतिवेदन आ.व.२०७९/८० को रहेको छ। उक्त आर्थिक वर्षको लेखा परिक्षकमा श्री एस.ए.आर. एसोसिएट्स, चार्टर्ड एकाउन्टेन्ट्स (एफ सि ए श्री अमन उप्रेति) संस्थाको मिति २०७९ पौष ३० गते सम्पन्न ३० औं वार्षिक साधारण सभाबाट नियुक्त भएको र आ.व. २०७९/८० को लेखा परिक्षण प्रतिवेदन एनएफआरएस विधि बमोजिम तयार गरिएको छ।

विगत र यस अवधिको गतिविधिको समिक्षा:

(रकम रु. हजारमा)

विवरण	आ.व.०७९।८०	आ.व.०७८।७९
चुक्ता पूंजी	७२७,५३२।२५	७२५,४७२।२५
जगेडा तथा कोषहरू	४२७,१३१।००	४४२,१५३।८४
निक्षेप दायित्व तथा सापटी	१,९५१,४३४।४२	१,६१४,२६७।०९
कर्जा	१,५६३,८९७।७६	१,४१६,१५२।३६
जोखिम भारित सम्पती	२,००९,२०९।६७	१,८४५,५५५।६३
संचालन मुनाफा	२३,५२३।६२	२७,०२७।५२
मुनाफा	२०,१३४।६८	२७,३२५।७३
कर्जा नोक्सानी व्यवस्था	१८४,१७३।१८	२०९,२१२।३८
खराब कर्जा रकम	१५१,६४८।०१	१८८,५०७।८८

आर्थिक वर्ष २०७९/८० को कारोबारको सिंहावलोकन

(रकम रु. हजारमा)

विवरण	आषाढ मसान्त		(कमि)/बृद्धि	
	२०८०	२०७९	रकम	प्रतिशत
कुल सम्पत्ति	३,१५७,३९०।०७	२,७८५,०८४।९९	७२,३०५।०८	१३।३७%
कुल निक्षेप	१,९५१,४३४।४२	१,६१४,२६७।०९	३३७,१६७।३३	२०।८९%
कुल खुद कर्जा	१,५६३,८९७।७६	१,४१६,१५२।३६	१४७,७४५।४०	१०।४३%
कुल लगानी	७५०,८८२।४४	४४६,५५३।९८	३०४,३२८।४६	६८।१५%
ब्याज आमदानी	२६९,५१९।४९	१६५,११६।२०	१०४,४०३।२९	६३।२३%
ब्याज खर्च	१७७,११७।७२	९६,७०३।६०	८०,४१४।१२	८३।१६%
खुद ब्याज आमदानी	२,४०१।७७	६८,४१२।६०	२३,९८९।१७	३५।०७%
अन्य संचालन आमदानी (कमिशन तथा डिस्काउन्ट आमदानी समेत)	२१,१७५।८९	१९,३४०।८०	१८३।०९	९।४९%



कर्मचारी खर्च	५,२४६।९७	५१,६९४।७६	३,५५२।२०	६।८७%
अन्य संचालन खर्च	२९,३४५।९२	२८,५७९।७०	७६६।२१	२।६८%
संभावित नोक्सानी ब्यवस्था	१८४,१७३।९८	२०९,२१२।३८	(२५,०३९।२०)	(११।९७%)
नोक्सानी ब्यवस्था बाट फिर्ता	(२५,०३९।२०)	(४०,१४२।१९)	१५,१०२।९९	(३।७६२%)
गैरसंचालन आमदानी				
संचालन मुनाफा	२३,५२३।६२	२७,०२७।५२	(३,५०३।९०)	(१२।९६%)
कर	(३,३८८।९४)	(१३,२८१।०६)	९,८९२।१२	(७।४८%)
करपछिको खुद मुनाफा	२०,१३४।६८	२७,३२५।७३	(७,१९१।०५)	(२६।३२%)

सूचकाङ्कहरू	आषाढ मसान्त		(कमि)/वृद्धि
	२०८०	२०७९	
पूँजी पर्याप्तता (प्रतिशत)	४३।६५%	४४।६९%	(१।०४%)
निष्क्रिय कर्जा/कुल कर्जा (प्रतिशत)	१२।१६%	१४।०७%	(१।९१%)
कर्जानोक्सानी ब्यवस्था/निष्क्रिय कर्जा (प्रतिशत)	९।७९३%	१०।००%	(२।०७%)
प्रति शेयर आमदानी (रु.)	२।७७	५।३३	(२।५६)
खुद नाफा/कुल आमदानी प्रतिशत	६।३८%	१४।७९%	(८।४२%)
नेटवर्थ प्रति शेयर (रु.)	१३६।४५	१३२।८२	३।६४

क) आर्थिक वर्ष २०७९/८० को कारोबारको सिंहावलोकन

निक्षेप संकलन:

संस्थाको आ.व.२०७८/७९ मा कुल निक्षेप रु. १ अरब ६१ करोड ४२ लाख ६७ हजार रहेकोमा आ.व.२०७९/८० मा संस्थाको कुल निक्षेप रु. १ अरब ९५ करोड १४ लाख ३४ हजार रहेको छ। अर्थात् संस्थाको निक्षेप २०.८९ प्रतिशतले वृद्धि भएको छ।

कर्जा तथा सापट :

आ.व.२०७८/७९ मा संस्थाको कुल कर्जा तथा सापट रु. १ अरब ४१ करोड ६१ लाख ५२ हजार रहेको मा गत आ.व.२०७९/८० मा संस्थाको कुल कर्जा तथा सापट रु. १ अरब ५६ करोड ३८ लाख ९७ हजार रहेको छ। अर्थात् संस्थाको कर्जा तथा सापट १०.४३ प्रतिशतले वृद्धि भएको छ।

ब्याज आमदानी :

आ.व.२०७८/७९ मा संस्थाको १६ करोड ५१ लाख १६ हजार ब्याज आमदानी गरिएकोमा गत आ.व.२०७९/८० मा नियमित एवम् संस्थामा रहेको खराब कर्जा असुलीका लागि भएका प्रयासहरूबाट रु. २६ करोड ९५ लाख १९ हजार ब्याज आमदानी गरिएको छ। अर्थात् संस्थाको ब्याज आमदानी ६३.२६ प्रतिशतले वृद्धि भएको छ।

ब्याज खर्च :

आ.व.२०७८/७९ मा संस्थाले निक्षेप दायित्वका लागि रु.९ करोड ६७ लाख ०३ हजार मात्र ब्याज खर्च गरिएकोमा आ.व.२०७९/८० मा संस्थाले निक्षेप दायित्वका लागि रु.१७ करोड ७१ लाख १७ हजार मात्र ब्याज खर्च गरिएको छ। अर्थात् संस्थाको ब्याज खर्च ८३.१६ प्रतिशतले वृद्धि भएको छ।

खुद ब्याज आमदानी :

आ.व.२०७८/७९ मा संस्थाले कुल रु.६ करोड ८४ लाख १२ हजार खुद ब्याज आमदानी गरेको छ। आ.व.२०७९/८० मा संस्थाले कुल रु.९ करोड २४ लाख ०१ हजार खुद ब्याज आमदानी गरेको छ। अर्थात् संस्थाको खुद ब्याज आमदानी ३५.०७ प्रतिशतले वृद्धि भएको छ।



अन्य संचालन आम्दानी :

आ.व.२०७८/७९ मा संस्थाले कुल रू. १ करोड लाख ९३ हजार ४ अन्य संचालन आम्दानी गरेको आ.व.२०७९/८० मा संस्थाले कुल रू. २ करोड लाख ११ हजार ७५ अन्य संचालन आम्दानी गरेको छ। अर्थात् संस्थाको अन्य संचालन आम्दानी ९.४९ प्रतिशतले वृद्धि भएको छ।

संचालन खर्च:

आ.व.२०७८/७९ मा संस्थाको कुल संचालन खर्च रू.२ करोड ८५ लाख ७९ हजार भएकोमा आ.व.२०७९/८० मा संस्थाको कुल संचालन खर्च रू.२ करोड ९३ लाख ४५ हजार भएको छ। अर्थात् संस्थाको संचालन खर्च २.६८ प्रतिशतले वृद्धि भएको छ।

संचालन मुनाफा:

आ.व.२०७९/८० मा संचालन मुनाफा रू. २ करोड ३५ लाख ३६ हजार भएको छ।

सम्पूर्ण कारोबार पछिको खुद मुनाफा:

आ.व.२०७८/७९ मा संस्थाको सम्पूर्ण कारोबार पछिको खुद मुनाफा रू.२ करोड ७३ लाख रहेकोमा आ.व.२०७९/८० मा २६.३२ प्रतिशतले कमि भई रू.२ करोड ०१ लाख मात्र हुन गएको छ।

पूँजी कोषको पर्याप्तता :

आ.व.२०७९/८० को अन्त्यमा पूँजी कोषको अनुपात ४३.६५ प्रतिशत कायम रहेको छ जुन नेपाल राष्ट्र बैंकको निर्देशन बमोजिम कायम गर्नु पर्ने न्यूनतम ११ प्रतिशत भन्दा बढी रहेको छ।

सम्पत्तिको गुणस्तर :

संस्थामा रहेको जम्मा कर्जा लगानी मध्ये करिब १२.१६ प्रतिशत खराब कर्जा रहेको र उक्त खराब कर्जाहरूको असुलीका लागि प्रयास भइरहेको छ।

ख) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कम्पनीको बैकिङ्ग व्यवसाय कारोबारमा परेको असर

१. राष्ट्रिय परिस्थितिबाट कम्पनीको बैकिङ्ग व्यवसाय कारोबारमा परेको असर

आर्थिक तथा बैकिङ्ग क्षेत्रका परिसूचकहरू

अन्तर्राष्ट्रिय आर्थिक परिदृश्य :

रूस-युक्रेन युद्ध, पेट्रोलियम पदार्थको मूल्य वृद्धि र आपूर्ति व्यवधान लगायतका कारण मुद्रास्फीति उच्च रहन गएको पृष्ठभूमिमा हुन गएको व्याजदरको बढोत्तरीले विश्व अर्थतन्त्रको वृद्धिदर सुस्त भएको छ। अन्तर्राष्ट्रिय मुद्राकोषले विश्व अर्थतन्त्र र विकसित एवं उदयमान अर्थतन्त्रको वृद्धिदर सन् २०२३ मा न्यून रहने र सन् २०२४ मा सामान्य सुधार आउने प्रक्षेपण गरेको छ। छिमेकी मुलुकहरू भारत र चीनको अर्थतन्त्र सन् २०२२ मा क्रमशः ६.८ प्रतिशत र ३.० प्रतिशतले विस्तार भएकोमा सन् २०२३ मा क्रमशः ५.९ प्रतिशत र ५.२ प्रतिशतले विस्तार हुने प्रक्षेपण छ। सन् २०२४ मा भारतको अर्थतन्त्र ६.३ प्रतिशतले र चीनको अर्थतन्त्र ४.५ प्रतिशतले विस्तार हुने कोषको प्रक्षेपण रहेको छ। विश्व अर्थतन्त्रले भोग्नुपरेको उच्च मुद्रास्फीतिको स्थितिमा क्रमशः सुधार हुँदै गएको छ। यद्यपि, कर्जाको मूल्य अनिश्चितता, रूस-युक्रेनबीच जारी युद्ध र आर्थिक मन्दीको सामना गर्न अवलम्बन हुन सक्ने नीतिगत लचकताका कारण मुद्रास्फीति बढ्न सक्ने जोखिम कायमै रहेको छ। सन् २०२२ मा विश्व मुद्रास्फीति ८.७ प्रतिशत रहेकोमा सन् २०२३ मा ७.० प्रतिशत र सन् २०२४ मा ४.९ प्रतिशतमा झर्ने कोषले प्रक्षेपण गरेको छ। सन् २०२२ मा विकसित र विकासोन्मुख मुलुकहरूको मुद्रास्फीति क्रमशः ७.३ प्रतिशत र ९.८ प्रतिशत रहेकोमा सन् २०२३ मा क्रमशः ४.७ प्रतिशत र ८.६ प्रतिशत तथा सन् २०२४ मा क्रमशः २.६ प्रतिशत र ६.५ प्रतिशतमा झर्ने कोषको प्रक्षेपण छ। रूस-युक्रेन युद्धपछि बढेको पेट्रोलियम पदार्थ, खाद्यान्न र धातुजन्य वस्तुहरूको मूल्य हाल स्थिर रहेको वा घट्ने प्रवृत्तिमा रहेका छन्। फलस्वरूप, विश्वका अधिकांश मुलुकहरूमा मुद्रास्फीति घट्दै गएको छ। तथापि, मुद्रास्फीति अभै लक्ष्यभन्दा माथि रहेको र जारी भूराजनैतिक तनावका कारण इन्धनको मूल्यका साथै समग्र मूल्य स्थितिमा जोखिम कायमै रहेको हुँदा विश्वका धेरैजसो मुलुकहरूले अवलम्बन गर्दै आइरहेको कसिलो मौद्रिक नीतिको कार्यदिशालाई सन् २०२४ मा पनि निरन्तरता दिनसक्ने देखिन्छ।



मुलुकको समष्टिगत आर्थिक अवस्था :

राष्ट्रिय तथ्याङ्क कार्यालयले आर्थिक वर्ष २०७९/८० मा आर्थिक वृद्धि आधारभूत मूल्यमा २.९६ प्रतिशत र उत्पादकको मूल्यमा १.८६ प्रतिशत रहने अनुमान गरेको छ । अधिल्लो आर्थिक वर्ष उच्च शोधनान्तर घाटाले आन्तरिक तरलता प्रशोचन गरेको र पुँजीगत खर्च लक्ष्य अनुसार नभएका कारण समग्र आन्तरिक मागमा कमी आई निर्माण, खानी तथा उत्खनन, उत्पादनमूलक र थोक तथा खुद्रा व्यापार क्षेत्रहरू बढी प्रभावित भएकाले यी क्षेत्रहरूको वृद्धिदर ऋणात्मक रहने अनुमान रहेको छ । आर्थिक वर्ष २०८०/८१ को बजेटमा ६ प्रतिशतको आर्थिक वृद्धि हासिल गर्ने लक्ष्य राखिएको छ । सो लक्ष्य प्राप्तिका लागि संघीय सरकारबाट रु. ३०२ अर्ब ७ करोड पुँजीगत खर्च गर्ने गरी बजेट विनियोजन भएको छ भने बजेटमा आर्थिक सुधारका कार्ययोजनाहरू प्रस्ताव गरिएका छन् । त्यसैगरी, प्रदेश सरकारहरूबाट कुल रु. १५९ अर्ब ४९ करोड पुँजीगत खर्च विनियोजन भएको छ । बजेटमा उल्लेख भए बमोजिमको सुधारका कार्ययोजनाहरूको कार्यान्वयन र विनियोजन बमोजिमको पुँजीगत खर्च हुँदा निजी क्षेत्रबाट हुने लगानीमा समेत सकारात्मक प्रभाव पर्ने र यसबाट लक्षित आर्थिक वृद्धि हासिल हुन थप सहयोग पुग्ने देखिन्छ । कृषि तथा पशुपंक्षी मन्त्रालयका अनुसार २०८० आषाढ २९ गतेसम्म करिब ५३ प्रतिशत धान रोपाईँ सम्पन्न भएको छ । अधिल्लो वर्षको आषाढ २९ सम्म करिब ६५ प्रतिशत धान रोपाईँ सम्पन्न भएको थियो । गत आ.ब. मा लम्पी स्किन रोगका कारण ठूलो संख्यामा पशु चौपायामा क्षति पुगेको छ । तथापि, मनसुन सक्रिय रहेको, रासायनिक मल सहज रूपमा उपलब्ध भएको र सरकारले समयमा नै धानको न्यूनतम समर्थन मूल्य तोकी मूल्य अनिश्चितता हटाएकाले आर्थिक वर्ष २०८०/८१ मा कृषि क्षेत्रको वृद्धिदर सन्तोषजनक रहने अनुमान रहेको छ । आर्थिक वर्ष २०७९/८० को सुरूवातदेखि नै पर्यटक आवागमनमा सुधार भएको छ । कोभिडको असर कम भएसँगै अन्तराष्ट्रिय यात्रा मापदण्डहरू खुकुलो बनाइएको छ भने व्यावसायिक वातावरण सहज बन्दै गएको छ । नेपाल सरकारले सन् २०२३-२०३३ लाई नेपाल भ्रमण दशकको रूपमा मनाउने घोषणा गरेको र होटल, एयरपोर्ट लगायतका पर्यटनसँग सम्बन्धित पूर्वाधारहरूको विस्तार हुँदै गएकोले आगामी वर्षहरूमा विदेशी पर्यटकको आगमन संख्यामा निरन्तर बढोत्तरी हुने र पर्यटन क्षेत्र थप विस्तार हुने देखिएको छ । बाह्य क्षेत्रमा सुधार भई व्याजदर घट्दो क्रममा रहेकोले निजी क्षेत्रको कर्जा माग विस्तार हुने र यसबाट आर्थिक क्रियाकलाप चलायमान बनाउन सहयोग पुग्ने देखिन्छ । बाह्य रोजगारीमा जानेको संख्या बढेको हुनाले विप्रेषण आप्रवाह पनि सन्तोषप्रद रहने अनुमान छ । तर, उल्लेख्य संख्यामा युवाहरू वैदेशिक रोजगारी र अध्ययनको लागि विदेशिने क्रम बढेकोले आन्तरिक माग केही हदसम्म प्रभावित भएको छ ।

मुद्रास्फीति :

वार्षिक औसत उपभोक्ता मुद्रास्फीति लक्षित सीमाभन्दा केही माथि रहने देखिएको छ । आर्थिक वर्ष २०७८/७९ को एघार महिनासम्ममा औसत उपभोक्ता मुद्रास्फीति ६.१८ प्रतिशत रहेकोमा आर्थिक वर्ष २०७९/८० को सोही अवधिमा ७.७७ प्रतिशत कायम भएको छ । २०८० जेठ मासान्तमा भने वार्षिक बिन्दुगत मुद्रास्फीति लक्षित सीमाभन्दा केही कम ६.८३ प्रतिशत रहेको छ । खाद्यान्न, दुग्धपदार्थ, मसला, घरायसी उपभोग्य वस्तुहरू, आयातीत वस्तुहरू र इन्धनको मूल्य वृद्धिका साथै अमेरिकी डलरसँग नेपाली रुपैयाँ अवमूल्यन भएका कारण उपभोक्ता मूल्यमा चाप परेको छ । तर, आन्तरिक मागमा कमी आएको र भारतमा थोक मूल्य घट्ने प्रवृत्ति देखापरेकोले मूल्यमा परेको चाप कम हुँदै जाने देखिन्छ । अन्तराष्ट्रिय स्तरमा मूल्यमा परेको चाप कम हुँदै गेटापनि कच्चा तेलको मूल्यमा रहेको अनिश्चितता र जारी रूस-युक्रेन युद्धका कारण मूल्यमा उच्च जोखिमको स्थिति अभै विद्यमान छ । तथापि, अन्तराष्ट्रिय स्तरमा कायम रहेको नीतिगत कार्यदिशा, मुद्रास्फीतिको घट्दो क्रम, मुद्रास्फीति सम्बन्धी नागरिकको स्थिर अपेक्षा र मूल्यको आधार प्रभाव समेतलाई दृष्टिगत गर्दा आर्थिक वर्ष २०८०/८१ मा ६.५ प्रतिशतको सीमाभित्र मुद्रास्फीति रहने देखिन्छ । (स्रोत: नेपाल राष्ट्र बैंक)



ग) प्रतिवेदन तयार भएको मितिसम्म चालु वर्षको उपलब्धि र भविष्यमा गर्नुपर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा चालु आर्थिक वर्ष २०८०/०८१ को असोज मसान्तसम्मको यस वित्तीय संस्थाको कारोबारको स्थिति निम्नानुसार रहेको छ।

(रकम रू हजारमा)

विवरण	आ.ब. २०८०/८१ को असोज मसान्त	कैफियत
कुल निक्षेप दायित्व	२,०६५,०९२।००	
कुल कर्जा तथा सापटी	१,७१०,६७०।४७	
ब्याज आमदानी	६५,६९४।००	
अन्य संचालन आमदानी (कमिशन तथा डिस्काउन्ट आमदानी समेत)	२,५११।००	
ब्याज खर्च	५०,४०८।००	
अन्य खर्च	२८,१७५।००	
संचालन नाफा/(नोक्सान)	(२०,२४४।००)	

संस्थाले आफ्नो व्यवसाय विस्तार गर्ने रणनीति अनुरूप २०७७ साल माघदेखि शाखा विस्तार गर्दै आएको र साविक ललितपुर फाईनेन्सलाई प्राप्त गरी २०७८ आषाढ २७ गतेबाट एकिकृत कारोबार सम्पन्न गरेको यहाँहरूलाई अवगत नै छ। यसरी हाल संस्थाले विभिन्न स्थानमा रहेका १२ वटा शाखा र कालिमाटी स्थित १ वटा विस्तारित काउण्टर मार्फत आफ्नो व्यवसाय गर्दै आईरहेकोमा कोभिड १९ भाइरसको दोश्रो र तेश्रो लहर, रूस युक्रेन युद्धको असर आदिले विश्वव्यापी रूपमा देखापरेको आर्थिक गतिविधिको शिथिल अवस्थाले नेपालको बैंकिंग प्रणालीमा पनि असर गरेको र सो का कारणले यस संस्थाले पनि अपेक्षाकृत व्यवसाय गर्न नसकेको तथापी निक्षेप तथा कर्जा सापटीमा क्रमिक रूपमा वृद्धि भइरहेको छ।

घ) भविष्यमा गर्नुपर्ने कार्यको सम्बन्धमा सञ्चालक समितिको धारणा

सेवा बिस्तार

संस्थाले आफ्ना सेवाग्राहीको मागबमोजिम नयाँ तथा परिमार्जित समयसापेक्ष सेवाहरू सञ्चालनमा ल्याएको छ। ग्राहकको चाहनाअनुरूप ग्राहकवर्ग समक्ष नवीनतम, 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 नयाँ निक्षेप र कर्जा 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 वर्षहरूमा यस क्षेत्रमा अभू उच्च प्रथामिकता दिई लगानी योजनाहरू संचालन गरिनेछ।

प्रविधि विकास

यस संस्थाले सूचना प्रविधिमा आधारित सेवाहरूलाई समयानुकूल स्तरोन्नती गर्दै जानेछ। सूचना प्रविधिमा आधारित सेवाहरूलाई थप सुरक्षित र भरपर्दो बनाउन आवश्यक लगानीको व्यवस्था गरेको छ। वित्तीय बजारमा उपलब्ध नवीनतम 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 बैंकिङ क्षेत्रमा भित्रिएका Mobile Banking, SMS Banking, Chip Based ATM Card, Go-AML Software, Connect IPS, IPS, RTGS, Corporate Pay, Teller QR, HR Management System आदिको उपयोग गर्नुको साथै भई रहेका प्रविधिहरूको स्तरोन्नती गर्ने व्यवस्था मिलाएको छ। साथै संस्थामा भएका सम्पूर्ण बैंकिंग औजारहरूको अधिकतम उपयोग गर्नेगरी कार्यसंचालन व्यवस्था मिलाइएको छ।



शाखा विस्तार

संस्थाले कार्य क्षेत्र तथा सञ्जाल विस्तार तथा व्यवसाय वृद्धि गर्नको लागि संभाव्यताको अध्ययन गरी आवश्यकता अनुसार शाखा विस्तार गर्ने नीति अवलम्बन गरिने छ । यसरी विस्तारित शाखा सञ्जालले देशको सुगम क्षेत्रमा मात्र नभई दुर्गम क्षेत्रमा समेत बैकिङ्ग सुविधाको पहुँच पुग्ने गरी विस्तार गर्ने नीति अवलम्बन गरिनेछ । सोही अनुरूप आगामी वर्षहरूमा समेत व्यवसायलाई वृद्धि गर्नको लागि टेवा पुग्ने गरी 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 ।

संस्थागत सामाजिक उत्तरदायित्व

यस संस्थाले गत वर्षहरूदेखि आफ्नो खुद मुनाफाको १% रकम संस्थागत सामाजिक उत्तरदायित्व बहन गर्न खर्च गर्ने कोषमा जम्मा गर्दै आएको र हालसम्म उक्त कोषमा रु. १३ लाख २८ हजार ७ सय जम्मा भएको छ । संस्थागत सामाजिक उत्तरदायित्व बहनअर्न्तगत नेपाल राष्ट्र बैकबाट जारी भएको परिपत्र बमोजिम खर्च गर्ने सम्बन्धमा यस संस्थाले सामाजिक उत्तरदायित्व खर्च कार्यविधि संचालक समितिबाट पारित गरीसकेको र सोही कार्यविधि अनुसार विभिन्न किसिमका कार्यक्रमहरू सञ्चालन गरी संस्थागत सामाजिक उत्तरदायित्व बहन गर्दै आईरहेको छ ।

ड) औद्योगिक वा व्यवसायिक सम्बन्ध

यस वित्तीय संस्थाको औद्योगिक तथा व्यवसायिक प्रतिष्ठानहरू, बैंक तथा वित्तीय संस्थाहरू, नेपाल राष्ट्र बैंक, धितोपत्र बोर्ड, नेपाल धितोपत्र विनिमय बजार तथा कम्पनी रजिष्ट्रारको कार्यालय लगायत नेपाल सरकारका निकायहरूसँग सुमधुर 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 सुमधुर सम्बन्ध कायम रहेको तथा संस्थाको सेवाको गुणस्तर उच्च राख्न मानव संशाधन विकासमा यथेष्ट जोड दिइएको शेरधनी महानुभावहरूलाई अवगत गराउन चाहन्छौं ।

च) सञ्चालक समितिमा हेरफेर

समीक्षा अवधिमा संस्थाको संचालक समितिमा कुनै हेरफेर नरहेको र 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	सर्वसाधारणको तर्फबाट
६.	श्री रोजीना श्रेष्ठ	सञ्चालक	सर्वसाधारणको तर्फबाट
७.	श्री आनन्द कृष्ण ताम्राकार	सञ्चालक	स्वतन्त्र संचालक

ज) कारोबारलाई असर पार्ने मुख्य कुराहरू ।

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

१. नेपाल सरकार वा नेपाल राष्ट्र बैकले बैंक तथा वित्तीय संस्था सम्बन्धी नीतिमा परिवर्तन गर्दा श्रृजना हुन सक्ने संभावित जोखिमहरू ।
२. राष्ट्रको आर्थिक, मौद्रिक तथा वित्तीय नीति परिवर्तनबाट हुन सक्ने सम्भावित जोखिमहरू ।
३. तरलतामा हुने उतार चढावका कारणले निक्षेप तथा कर्जा लगानीको ब्याजदरमा हुने परिवर्तन तथा लगानी योग्य तरलताको अभावबाट व्यवसाय वृद्धिमा आउन सक्ने जोखिमहरू ।
४. निक्षेप संकलन, लगानी, तथा कर्जा सापटीको दायरा साँघुरिएर उत्पन्न हुन सक्ने जोखिमहरू ।
५. तोकिएको समयमा कर्जा असुली नभई उत्पन्न हुने जोखिमहरू ।
६. देशको आर्थिक अवस्थामा आउने परिवर्तनबाट पर्न सक्ने जोखिमहरू ।



७. अन्तर्राष्ट्रिय बजारमा हुने मन्दीबाट नेपाली बजारमा पर्नसक्ने असरबाट हुनसक्ने आर्थिक जोखिमहरू ।
८. पूँजीबजारमा आउन सक्ने उतारचढावबाट हुनसक्ने जोखिमहरू ।
९. सूचना प्रविधिको विकास सँगै जोडिएका सञ्चालन जोखिम सम्बन्धी चुनौतीहरू ।

यी चुनौती र अवसरहरूलाई ध्यानमा राख्दै संस्थाले आफ्नो सेवाको दायरा तथा गुणस्तर वृद्धि गर्दै लैजाने, थप सेवाहरू प्रदान गर्ने, संचालनमा रहेको योजनाहरूलाई समयसापेक्ष परिमार्जन गर्दै लैजाने तथा नयाँ बजारहरू र नयाँ क्षेत्रहरूमा आफ्नो सेवाहरू विस्तार गर्दै लैजाने रणनीति लिनेछ ।

भ) लेखापरीक्षकको नियुक्ति

संस्थाको आर्थिक वर्ष २०७९/०८० का हरहिसाबहरू लेखापरीक्षण गर्न ३० औं वार्षिक साधारण सभाबाट नियुक्ति गरिएका लेखापरीक्षक श्री एस.ए.आर. एसोसिएट्स, चार्टर्ड एकाउन्टेन्ट्सबाट लेखापरीक्षण सम्पन्न भयो । आर्थिक वर्ष २०८०/०८१ को हरहिसाबहरू लेखापरीक्षण गर्नका लागि लेखापरीक्षण समितिको सिफारिस अनुसार लेखापरीक्षकको नियुक्त गरिने छ ।

ज) भावी कार्यक्रम तथा योजनाहरू

यस संस्थाको भावी कार्यक्रम तथा योजनाहरू निम्नानुसार रहेका छन् :

१. निक्षेपको औसत ब्याजदरमा कमी ल्याउने किसिमले निक्षेपका नयाँ योजनाहरू तर्जुमा गरी कार्यान्वयन गर्ने र व्यक्तिगत निक्षेपकर्ताहरूको आधार वृद्धि गर्दै संस्थागत निक्षेपकर्ताको निर्भरता कम गर्दै लैजाने ।
२. कर्जाको गुणस्तर सुधार गर्ने र कर्जा विस्तार गर्दा कृषि, उर्जा, पर्यटन लगायत साना तथा घरेलु उद्योग एवम् उत्पादनमुलक क्षेत्रहरूमा लगानी वृद्धि गर्ने ।
३. संस्थाको आन्तरिक नियन्त्रण प्रणाली तथा सुशासनलाई अभि बढी सुदृढ गर्ने ।
४. संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत विभिन्न थप कार्यक्रमहरू सञ्चालन गर्ने र संस्थालाई समाजको जिम्मेवार संस्थाको रूपमा परिचित गराउँदै संस्थाको Brand लाई थप सबल बनाउने ।
५. कर्मचारीहरूको दक्षता अभिवृद्धिको लागि नियमित रूपमा तालिम दिई मानव संसाधनको विकास गर्ने ।
६. संस्थाले संस्थागत सुशासनलाई थप सबल बनाउँदै लाने ।
७. संस्थाको जोखिम व्यवस्थापनलाई थप सुदृढीकरण गर्दै लैजाने ।
८. आधुनिक प्रविधि तथा सफ्टवेयर प्रयोग गरी प्रत्यक्ष रूपमा ग्राहक संस्था समक्ष प्रस्तुत हुनु नपर्ने गरी बैकिङ सुविधा प्रदान गर्ने ।
९. डिजिटल बैकिङको क्षेत्रमा विकसित नविनतम प्रविधिलाई यस क्षेत्रमा बढ्दो जोखिमको पक्षलाई समेत विचार गरी आवश्यकता अनुसार लागू गर्ने र संस्थाको आन्तरिक नियन्त्रण प्रणाली लगायत सेवा सुविधालाई यथासम्भव डिजिटल माध्यममा परिणत गर्दै लैजाने ।

मिति: २०८०।०८।२८

अध्यक्ष
प्रा. हिरेन्द्रमान प्रधान



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 व्यावसायिक गतिविधिमा सुधार एवम् बृद्धि भइरहेको छ । तथापी कोभिड १९, रुस युक्रेन युद्धका कारणले विश्व अर्थतन्त्रमा परेको असर र तेलको मुल्यमा भएको उतारचढाव आदिका कारण व्यवसायमा प्रत्यक्ष 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 औद्योगिक वा व्यावसायिक सम्बन्ध :
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।
- (ङ) सञ्चालक समितिमा भएको हेरफेर र सोको कारण :
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको साथै संस्थाको २९ औं वार्षिक साधारण सभा पश्चात् सञ्चालक समितिमा कुनै हेरफेर नरहेको ।
- (च) कारोबारलाई असर पार्ने मुख्य कुराहरु :
सञ्चालक समितिको प्रतिवेदनमा उल्लेख भएका विषय र बुँदा नं. (ज) मा उल्लेख भए बमोजिम ।
- (छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया :
नियमित कारोबारमा देखिएका सामान्य कैफियतबाहेक प्रचलित कानून उल्लंघन हुने कुनै नकारात्मक कुराहरु लेखापरीक्षण प्रतिवेदनमा उल्लेख भएको छैन । प्राप्त प्रतिक्रिया र सुझावहरुमा सञ्चालक समितिको ध्यानाकर्षण भएको छ र सुधारका निमित्त 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 वापत 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 कारोबारहरु र सो अवधिमा कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन ।
यस वित्तीय संस्थाको कुनै सहायक कम्पनी रहेको छैन । वित्तीय संस्थाले यस आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबार हरुको विवरण यस प्रतिवेदनको बुँदा नं. (क) मा विगत वर्षको आर्थिक कारोबारको सिंहावलोकन अन्तर्गत समावेश गरिएको छ ।
- ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरुले कम्पनीलाई उपलब्ध गराएको जानकारी ।
गत वर्षमा कम्पनीका आधारभूत शेयरधनीहरुबाट कम्पनीलाई कुनै प्रकारको जानकारी गराईएको छैन ।
- ड) विगत आर्थिक वर्षमा बैकका सञ्चालक तथा पदाधिकारीहरुले लियको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरु संलग्न रहेको भए सो सम्बन्धमा निजहरुबाट कम्पनीले प्राप्त गरेको जानकारी ।



क्र. सं.	पद	नाम	शेयर समूह	जम्मा कित्ता
१.	अध्यक्ष	प्रा.श्री हिरेन्द्रमान प्रधान	संस्थापक समुह	२४६,७००।००
२.	सञ्चालक	श्री दिप्रश शाक्य (प्रतिनिधि: सोपान इन्भेष्टमेन्ट प्रा .लि)	संस्थापक समुह	१९,१२५।००
३.	सञ्चालक	श्री राजन प्रजापती	संस्थापक समुह	१४३,२८९।००
४.	सञ्चालक	श्री विकेश शाक्य (प्रतिनिधि: छिमेकी इन्भेष्टमेन्ट प्रा .लि)	संस्थापक समुह	११,२५०।००
५.	सञ्चालक	श्री लक्ष्मी महर्जन	सर्वसाधारणका तर्फबाट	१,७६०।००
६.	सञ्चालक	श्री रोजीना श्रेष्ठ (प्रतिनिधि: पानस इन्भेष्टमेन्ट प्रा .लि)	सर्वसाधारणका तर्फबाट	३,८२५।००
७.	सञ्चालक	श्री आनन्द कृष्ण ताम्राकार	स्वतन्त्र संचालक	-

बैंकका सञ्चालक तथा पदाधिकारीहरु बैंकको शेयर कारोबारमा संलग्न भएको जानकारी प्राप्त भएको छैन ।

- ढ) विगत आर्थिक वर्षमा कम्पनीसाग सम्बन्धित सम्झौताहरुमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा ।
वित्तीय संस्थासंग सम्बन्धित सम्झौताहरुमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा जानकारी प्राप्त भएको छैन ।
- ण) कम्पनीले आफ्नो 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 आवश्यकता अनुरूपको आन्तरिक नियन्त्रण प्रणाली रहेको छ र यसलाई समयसापेक्ष रुपमा परिमार्जन गर्दै लगेको छ । विभिन्न तहमा सम्पन्न हुने काम-कारवाही एक तह माथिको कर्मचारीहरुबाट परीक्षण हुने व्यवस्था मिलाइएको छ । संस्थाका विभिन्न कर्मचारीहरु तथा पदाधिकारीहरुको अख्तियारी सीमा तोकिएको छ । विभिन्न कारोबारको प्रकृति अनुरूप पर्याप्त आन्तरिक नियन्त्रण प्रणाली व्यवस्था गरिएको छ । आन्तरिक नियन्त्रण प्रणालीलाई अभि प्रभावकारी बनाउन संस्थामा Compliance Department रहेको छ ।
आन्तरिक नियन्त्रण प्रणाली सहित अन्य कुराहरुको उच्चस्तरबाट रेखदेख गर्न गैरकार्यकारी सञ्चालकको संयोजकत्वमा जोखिम व्यवस्थापन समिति, लेखापरीक्षण समिति र एएमएल सिएफटि कमिटी समेत रहेको छ ।
संस्थाले आफना सबै तहका सबै शाखाका कर्मचारीहरुको क्षमता तथा ज्ञान वृद्धिका लागि सुचारु रुपले विभिन्न तालिम तथा सीप विकासका कार्यक्रमहरु संचालन गर्ने गरेको छ । उक्त कार्यबाट कर्मचारीहरुको क्षमता तथा ज्ञान वृद्धि गरी संचालनबाट हुने जोखिम न्यूनीकरण गर्ने गरिएको छ । संस्थाले आफ्नो ग्राहक पहिचान (Know your Customer) को मापदण्ड तथा सम्पत्ति शुद्धीकरण (Anti money laundering) सम्बन्धी नीति, विद्यमान औद्योगिक प्रचलन, प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी भएका निर्देशनका आधारमा तर्जुमा गरी लागू गरेको छ । साथै संस्थाका विद्यमान नीतिहरुलाई समय सापेक्ष रुपमा 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 २०७९/८० को व्यवस्थापन खर्चतर्फ कर्मचारी खर्च रु.५५,२४६,९६७/- र अन्य सञ्चालन खर्च रु.२९,३४५,९१७/-गरी जम्मा व्यवस्थापन तथा सञ्चालन खर्च रु.८४,५९२,८८४/- भएको छ ।
- द) लेखापरीक्षण समितिका सदस्यहरुको नामावली, निजहरुले 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 जना सञ्चालक सदस्य र आन्तरिक लेखापरीक्षण विभागका प्रमुख



सदस्य सचिव रहने गरी लेखापरीक्षण समिति गठन गरेको छ । यस समितिमा निम्न पदाधिकारीहरु रहेका छन् ।

श्री लक्ष्मी महर्जन	संयोजक
श्री राजन प्रजापती	सदस्य
श्री विशाल थापा मगर	सदस्य सचिव

लेखापरीक्षण समितिका सदस्यहरुले आ.व. २०७९/०८० मा लिएको कूल बैठक भत्ता रु.५०,०००/- 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. २०७९/०८० मा जम्मा ५ 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 बाँकी 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 निवर्तमान प्रमुख कार्यकारी अधिकृत श्री रविचन्द्रमान प्रधानलाई नेपाल राष्ट्र बैंकले निजबाट असुल गर्नका लागि भएको निर्देशन बमोजिमको रकम रु.४२,५४,०७०।९३ बुझाउन बाँकी रहेकोमा सो सम्बन्धमा सम्मानित अदालतमा मुद्धा विचाराधिन रहेको र निजबाट असुल गर्नपर्ने रकम संस्थसँग सुरक्षित रहेको छ ।

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

वित्तीय संस्थाका सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरुलाई आ.व.२०७९/८० 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)	५४२,०००/-	-	-
२.	तलव (रु)	-	३,०००,०००।००	१,२४०,०००।००
३.	भत्ता	-	६,१२,०००।००	३०३,६००।००
४.	विदा वापतको भुक्तानी	-	संस्थसँग भएको करार अनुरूप	कर्मचारी सेवा नियमावली अनुरूप
५.	दर्शभत्ता	-	३०१,०००।००	१०३,३३३।३३
६.	संचयकोष योगदान	-	६,००,०००।००	२४८,०००।००
७.	बोनस	-	२२९,५३३।००	१३५,८८१।००
८.	औषधी उपचार भत्ता	-	३०१,०००।००	१०३,३३३।३३
९.	टेलिफोन, मोबाइल र पत्रपत्रिका	छ	संस्थसँग भएको करार अनुरूप	कर्मचारी सेवा नियमावली अनुरूप
१०.	इन्धन	छैन	छ	छ
११.	गाडी सुविधा	छैन	छ	छ
१२.	आवास सुविधा	छैन	छैन	छैन
१३.	बीमा	छैन	छैन	छैन

प) शेयरधनीहरुले बुझिलिन बाकी रहेको लाभांशको रकम ।
नभएको ।



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- फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण ।
यस आ.ब मा कम्पनि ऐन २०६३ को दफा १४१ बमोजिम सम्पत्ति 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 महानुभावहरु, निरन्तर रुपमा ग्राहक सेवाप्रति समर्पित कर्मचारीहरु साथै, यस संस्थाको उत्तरोत्तर प्रगतिमा साथ दिने सबै निकायहरुलाई हार्दिक धन्यवाद दिदै यस नेपाल फाइनेन्स लिमिटेडलाई एक सफल तथा सुशासित वित्तीय संस्थाको रुपमा 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: नभएको ।
 - (क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाका विरुद्ध कुनै मुद्दा दायर भएको भए, यस संस्थाको कर्जासँग सम्बन्धित बाहेक अन्य मुद्दा दायर नभएको ।
 - (ख) संगठित संस्थाका संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमका अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए, यस संस्थाको जानकारीमा नरहेको ।
५. संगठित संस्थाको शेयर कारोबार तथा प्रगतिका विश्लेषण :
 - (क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा :
नेपाल स्टक एक्सचेन्ज तथा धितोपत्र बोर्डको सुपरिवेक्षण व्यवस्थाको अधिनमा रही कारोबार रहेको ।
 - (ख) आ.व. २०७९/८० मा संगठित संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संख्या र कारोबार दिन

त्रैमास	अधिकतम मूल्य रु.	न्यूनतम मूल्य रु.	अन्तिम मूल्य रु.	कुल कारोबार दिन	कुल कारोबार संख्या	कुल कारोबार शेयर संख्या
प्रथम त्रैमास	रु ३४३।७०	रु २३८।००	रु २४९।२०	५३।००	९,६८९।००	९,४८२,८८९।००
दोस्रो त्रैमास	रु३९८।०६०	रु २४०।४०	रु ३०७।००	५२।००	७,९९७।००	९,२९९,२०९।००
तेस्रो त्रैमास	रु ३३२।६०	रु २७९।००	रु ३०४।००	५६।००	९,३८०।००	९,५७५,९०८।००
चौथो त्रैमास	रु ३८०।००	रु२६३।००	रु ३५९।२०	६२।००	९३,३२९।००	२,२९०,८४६।००

(श्रोत : नेपाल स्टक एक्सचेन्ज)

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 प्रतिस्पर्धा ।
 - कर्जाको माग तथा निक्षेप वृद्धिमा सन्तुलन नहुनु ।
 - वित्तीय स्रोतको अभाव ।
 - विगतमा गुमेको शाख:मा वृद्धि
 - ग) रणनीति
 - निक्षेप तथा कर्जाको विविधिकरण ।
 - आय आर्जन गर्ने नयाँ क्षेत्रहरु विस्तार तथा निक्षेप परिचालनमा जोड ।
 - समय सापेक्ष प्रविधिमा आधारित नयाँ सेवाहरुको विकास ।



- पूजिँ तथा पूजिँ कोष वृद्धि ।
- अझ मजबुद प्रणाली तथा अनुपालना पद्धतीको विकास ।
- शाखा सञ्जालको विस्तार

७. संस्थागत सुशासन

बैंक तथा वित्तीय संस्था सम्बन्धि ऐन, २०७३, नेपाल राष्ट्र बैंकद्वारा जारी गरिएका निर्देशन तथा परिपत्रहरूको पूर्ण रुपमा 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 बाह्य 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 औल्याईएका 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 ।



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, 2080 (July 16, 2023), 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, 2080 (July 16, 2023), 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. 21/078) 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 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 212,979,846 as at Ashad 31, 2080 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.	<p>Interest Recognition</p> <p>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</p>	<p>Our audit approach regarding verification of process of interest recognition included:</p> <p>a. Obtaining clear understanding of the process of accrual of interest income on loans and advances in the Core Banking Software of the company.</p> <p>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</p>



	<p>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.</p>	<p>Recognition guidelines 2019. c. Test check of the interest income booking with manual computation.</p>
<p>2.</p>	<p>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.</p> <p>Given the varieties of treatments recommended 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.</p>	<p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <p>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.</p> <p>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.</p> <p>c. For the investment valuation that is done at amortized cost, we checked the EIR and amortization schedule on test basis.</p> <p>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 16.07.2023 and for the unquoted investment the fair value has been taken as the NPR 100.</p>
<p>3.</p>	<p>Impairment of Loans and Advances As per NRB Directive 4, company shall measure impairment loss on loans and advances at the higher of:</p> <ul style="list-style-type: none"> ▪ 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 <p>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.</p> <p>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.</p> <p>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.</p> <p>Given the fact that impairment of loans and advances under</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>



	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.	<p>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.</p> <p>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</p>	<p>Our audit approach regarding Information technology of the company is based upon the Information Technology Guidelines 2012 issued by NRB and it included:</p> <ol style="list-style-type: none"> Understanding the coding system adopted by the company for various categories of customers. 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 Checking of the user requirements for any changes in the regulations/ policy of the company Reviewed the reports generated by the system on sample basis. We verified the interest income and expense booking regarding loan and deposit on test basis with the CBS of the company. We relied on the IT' audit conducted by the company. We verified the provisioning of the loan and advances based on ageing on the test check basis as on 16.07 2023.
5.	<p>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.</p> <p>Thus, we have considered this as a key audit matter.</p>	<p>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:</p> <ol style="list-style-type: none"> 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. 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 policies 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's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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 public disclosure about the matter or when, 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 the 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 company.


Aman Uprety
Partner



Place: Kathmandu, Nepal
Date: November 09, 2023

UDIN No.: 231123CA00451L1KMT



Nepal Finance Ltd
Statement of Financial Position
As on 31 Ashad 2080

Particulars	Note	Current Year	Previous Year
Assets			
Cash and Cash Equivalents	4.1	541,877,458.00	630,692,578.00
Due from Nepal Rastra Bank	4.2	146,221,163.00	126,024,324.00
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	76,336,567.00	226,253,067.00
Loans and Advances to Customers	4.7	1,303,388,015.00	980,656,909.00
Investment Securities	4.8	750,882,439.00	441,991,352.00
Current Tax Assets	4.9	25,770,215.00	22,183,148.00
Investment in Subsidiaries	4.10	-	-
Investment in Associates	4.11	-	-
Investment Property	4.12	64,280,536.00	100,606,567.00
Property and Equipment	4.13	178,282,707.00	177,903,213.00
Goodwill and Intangible Assets	4.14	21,287,593.00	22,159,906.00
Deferred Tax Assets	4.15	32,014,013.00	38,162,589.00
Other Assets	4.16	17,049,362.00	18,451,340.00
Total Assets		3,157,390,068.00	2,785,084,993.00
Liabilities			
Due to Bank and Financial Institutions	4.17	145,326,782.00	140,065,530.00
Due to Nepal Rastra Bank	4.18	-	-
Derivative Financial Instruments	4.19	-	-
Deposits from Customers	4.20	1,806,107,640.00	1,474,201,560.00
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred Tax Liabilities	4.15	-	-
Other Liabilities	4.23	213,218,150.00	207,266,379.00
Debt Securities Issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total Liabilities		2,164,652,572.00	1,821,533,469.00
Equity			
Share Capital	4.26	727,532,247.00	725,472,247.00
Share Premium		51,054,092.00	51,038,571.00
Retained Earnings		(212,979,846.00)	(255,113,132.00)
Reserves	4.27	427,131,003.00	442,153,838.00
Total Equity Attributable to Equity Holders		992,737,496.00	963,551,524.00
Non Controlling Interest		-	-
Total Equity		992,737,496.00	963,551,524.00
Total Liabilities and Equity		3,157,390,068.00	2,785,084,993.00
Contingent Liabilities and Commitments	4.28	11,790,726	-
Net Assets Value per share		136.45	132.82

As per our attached report of even date

Bishal Thapa
Head-Accounts & Finance

Uddhab Raj Thapaliya
Chief Executive Officer

Prof. Hirendra Man Pradhan
Chairman

Diprash Shakya
Director

Rajan Prajapati
Director

Bikesh Shakya
Director

Laxmi Maharjan
Director

Rojina Shrestha
Director

Anand Krishna Tamrakar
Independent Director

Aman Uprety
Partner
for S.A.R. Associates
Chartered Accountants



Nepal Finance Ltd
Statement of Profit or Loss
For the year ended 31 Ashad 2080

Particulars	Note	Current Year	Previous Year
Interest Income	4.29	269,519,489.00	165,116,197.00
Interest Expense	4.30	177,117,717.00	96,703,597.00
Net Interest Income		92,401,772.00	68,412,600.00
Fee and Commission Income	4.31	7,833,547.00	8,932,430.00
Fee and Commission Expense	4.32	649,080.00	254,099.00
Net Fee and Commission Income		7,184,467.00	8,678,331.00
Net Interest, Fee and Commission Income		99,586,239.00	77,090,931.00
Net Trading Income	4.33	-	-
Other Operating Income	4.34	13,342,344.00	10,662,472.00
Total Operating Income		112,928,583.00	87,753,403.00
Impairment Charge/ (Reversal) for Loans and Other Losses	4.35	(25,039,202.00)	(40,142,188.00)
Net Operating Income		137,967,785.00	127,895,591.00
Operating Expense			
Personnel Expenses	4.36	55,246,967.00	51,694,764.00
Other Operating Expenses	4.37	29,345,917.00	28,579,703.00
Depreciation & Amortisation	4.38	29,851,282.00	20,593,601.00
Operating Profit		23,523,619.00	27,027,523.00
Non Operating Income	4.39	-	-
Non Operating Expense	4.40	-	-
Profit Before Income Tax		23,523,619.00	27,027,523.00
Income Tax Expense	4.41		
Current Tax		-	8,373,910.00
Deferred Tax		3,388,941.00	(8,672,118.68)
Profit for the Period		20,134,678.00	27,325,731.68
Profit Attributable to:			
Equity-holders of the Company		20,134,678.00	27,325,731.68
Non-Controlling Interest			
Profit for the Period		20,134,678.00	27,325,731.68
Earnings per Share			
Basic Earnings per Share		2.77	5.33
Diluted Earnings per Share		2.77	5.33

As per our attached report of even date

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Chartered Accountants



Nepal Finance Ltd
Statement of Other Comprehensive Income
For the year ended 31 Ashad 2080

Particulars	Current Year	Previous Year
Profit for the year	20,134,678.00	27,325,732.00
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	9,965,390.00	1,595,569.00
(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	(2,989,617.00)	(478,671.00)
Net other comprehensive income that will not be reclassified to profit or loss	6,975,773.00	1,116,898.00
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	6,975,773.00	1,116,898.00
Total Comprehensive Income for the Period	27,110,451.00	28,442,630.00
Total Comprehensive Income attributable to:		
Equity-Holders of the Company	27,110,451.00	28,442,630.00
Non-Controlling Interest	-	-
Total Comprehensive Income for the Period	27,110,451.00	28,442,630.00

As per our attached report of even date

Bishal Thapa
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Partner
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Chartered Accountants



Nepal Finance Ltd
Statement of Changes in Equity
For the year ended 31 Ashad 2080

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, 2078	493,496,438.00	21,957,195.00	229,815,076.00	-	156,511,785.00	44,481,872.00	-	(327,723,862.00)	76,780,078.00	695,318,582.00	-	695,318,582.00
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Provision for NBA net of defer tax	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	27,325,732.00	-	27,325,732.00	-	27,325,732.00
Other Comprehensive Income, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investment in equity instruments measured at fair value	-	-	-	-	-	1,116,899.00	-	-	-	1,116,899.00	-	1,116,899.00
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	-	-	-	-	-	-	-	27,325,732.00	-	27,325,732.00	-	27,325,732.00
Transfer to Reserves during the year	-	-	8,751,492.00	-	1,183,672.00	-	-	45,284,997.00	1,579,469.00	56,799,630.00	-	56,799,630.00
Transfer from Reserves during the year	-	-	-	-	(37,482,221.00)	11,920,102.00	-	-	273,257.00	(25,288,862.00)	-	(25,288,862.00)
Transactions with Owners, directly recognized in Equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	231,975,809.00	-	-	-	-	-	-	-	25,778,500.00	257,754,309.00	-	257,754,309.00
Share Based Payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	-	-	-	-	-	-	-
Other share premium	-	29,081,376.00	-	-	-	-	-	-	-	29,081,376.00	-	29,081,376.00
Total Contributions by and Distributions	231,975,809.00	29,081,376.00	-	-	-	-	-	-	-	261,057,185.00	-	261,057,185.00
Balance at Asar 32, 2079	725,472,247.00	51,038,571.00	238,566,567.00	-	120,213,236.00	33,678,669.00	-	(255,113,133.00)	49,695,366.00	963,551,523.00	-	963,551,523.00
Balance at Shrawan 01, 2079	725,472,247.00	51,038,571.00	238,566,567.00	-	120,213,236.00	33,678,669.00	-	(255,113,133.00)	49,695,366.00	963,551,523.00	-	963,551,523.00



Nepal Finance Ltd
Statement of Cash Flows
For the year ended 31 Ashad 2080

Particulars	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Received	269,519,489.00	165,116,197.00
Fee and Other Income Received	7,833,547.00	8,932,430.00
Dividend Received	289,941.00	495,247.00
Receipts from Other Operating Activities	13,052,403.00	10,167,225.00
Interest Paid	(177,117,717.00)	(96,703,597.00)
Commissions and Fees Paid	(649,080.00)	(254,099.00)
Cash Payment to Employees	(55,246,967.00)	(51,694,764.00)
Other Expenses Paid	(4,306,715.00)	11,562,485.00
Operating Cash Flows before Changes in Operating Assets and Liabilities	53,374,901.00	47,621,124.00
(Increase) Decrease in Operating Assets		
Due from Nepal Rastra Bank	(20,196,839.00)	(39,515,397.00)
Placement with Banks and Financial Institutions	-	-
Other Trading Assets	-	-
Loans and Advances to BFIs	149,916,500.00	(201,650,264.00)
Loans and Advances to Customers	(322,731,106.00)	(688,628,217.00)
Other Assets	3,963,487.00	(11,736,909.00)
Increase (Decrease) in Operating Liabilities		
Due to Banks and Financial Institutions	5,261,252.00	86,065,504.00
Due to Nepal Rastra Bank	-	-
Deposit from Customers	331,906,080.00	816,904,894.00
Borrowings	-	-
Other Liabilities	5,951,771.00	141,675,190.00
Net Cash Flow from Operating Activities before Tax Paid	207,446,046.00	150,735,925.00
Income Tax Paid	(3,388,941.00)	298,209.00
Net Cash Flow from Operating Activities	204,057,105.00	151,034,134.00
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment Securities	(308,891,087.00)	(328,003,459.00)
Receipts from Sale of Investment Securities	-	-
Purchase of Property and Equipment	(30,230,776.00)	(175,806,634.00)
Receipts from Sale of Property and Equipment	-	-
Purchase of Intangible Assets	-	-
Receipts from Sale of Intangible Assets	872,316.00	8,164,393.00
Purchase of Investment Properties	-	-
Receipts from Sale of Investment Properties	36,326,031.00	953,000.00
Interest Received	-	-
Dividend Received	-	-
Net Cash Used in Investing Activities	(301,923,516.00)	(486,115,700.00)
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	2,060,000.00	231,975,809.00
Dividends Paid	-	-
Interest Paid	-	-
Other Receipts/Payments	6,991,294.00	8,931,401.00
Net Cash from Financing Activities	9,051,294.00	240,907,210.00
Net Increase (Decrease) in Cash and Cash Equivalents	(88,815,117.00)	(94,174,356.00)
Opening Cash and Cash Equivalents	630,692,576.00	724,866,935.00
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	-	-
Closing Cash and Cash Equivalents	541,877,458.00	630,692,576.00

As per our attached report of even date

Bishal Thapa
Head-Accounts & Finance

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Independent Director

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Partner
for S.A.R. Associates
Chartered Accountants



Nepal Finance Ltd
Statement of Distributable Profit or Loss
For the year ended 31 Ashad 2080
(As per NRB Regulation)

Particulars	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss	20,134,678.00	27,325,732.00
Appropriations:		
a. General reserve	(4,134,261.00)	(8,751,491.00)
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	334,644.00	252,597.00
e. Employees' training fund	(71,893.00)	1,053,615.00
f. Other	-	-
Other(Fair Vaule Gain on sale of investment)	536,625.00	16,431,726.00
Provision for Leave encashment	-	-
Profit or (loss) before regulatory adjustment	16,799,793.00	36,312,179.00
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(3,700,483.00)	(1,183,671.00)
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 (+)	22,885,400.00	18,608,975.00
e. Deferred tax assets recognised (-)/ reversal (+)	6,148,576.00	5,804,391.00
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	-	13,068,855.00
Distributable profit or (loss)	42,133,286.00	72,610,729.00
Opening Retained Earining as on Shrawan 1....	(255,113,132.00)	(327,723,861.00)
Adjustment(+/_)	-	-
Ditribution	-	-
Bonus Share Issued	-	-
Cash Dividend Paid	-	-
Total Distributable profit or (loss) as on QTR end date	(212,979,846.00)	(255,113,132.00)

As per our attached report of even date

Bishal Thapa
Head-Accounts & Finance

Uddhab Raj Thapaliya
Chief Executive Officer

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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 “Ga” 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, 2079.

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 Ashadh (mid July) of the next year as per Nepali calendar.

	Nepali Calendar	English Calendar
Current Year	2079/80	2022/23
Previous Year	2078/79	2021/22
Current Year Period	Shrawan 01, 2079 to Ashadh 31, 2080	July 16, 2022 to July 16, 2023
Previous Year Period	Shrawan 01, 2078 to Ashadh 32, 2079	July 16, 2021 to July 16, 2022

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 4.1 to 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 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 01 valuation). 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 2079-80
Loan Loss Provision as per NRB Directives – alternative 1		184,173,177.00
Impairment Loss as per NFRS – alternative 2		
Individual Impairment	52,639,675.15	
Collective Impairment	121,576,479.13	174,216,154.28
Loss provision recognized in financial statements (higher of the two alternative)		184,173,177.00

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 contracts 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:

Asset Category	Rate of Depreciation per annum (%)
	For the year ended 16 July 2023
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 capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

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 16 July 2023	For the year ended 16 July 2022
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 2080 are as follows:

S.N.	Particular	Date of NBA Booked	Closing FY 2079-80	Closing FY 2078-79
1	Rabindra Dhakal	2057.11.05	-	163.29
2	Shib Shakti Khadya Store	2058.03.26	-	1,113.17
3	Badri Prasad Dhungana	2059.03.17	-	700.00
4	Grace Hospital	2069.03.31	-	7,473.75
5	Gokyo Copy Udhyog	2070.01.08	18,000.00	18,000.00
6	Snow Hatchary Udhyohg	2071.03.32	17,230.54	17,230.54
7	Sudhir Basnet	2071.03.32	6,600.00	12,001.14



8	B.B Trade Link	2071.05.04	2,950.00	10,074.68
9	K.C Trade Link	2071.06.29	-	10,850.00
10	Purnima Trade Link	2071.06.29	2,850.00	11,500.00
11	Kumari Trade Link	2077.06.30	8,600.00	11,500.00
15	Anuska International Concern Pvt Ltd	2079.07.30	8,000.00	-
	Total		64,230.54	100,606.57

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

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
Transfer during FY 2075-76	-	92,936,567.00	-	-	1,489,876.00	-	-	-	94,426,443.00
Balance as on Asadh end, 2076	-	92,936,567.00	-	-	1,489,876.00	-	-	-	94,426,443.00
Transfer during FY 2076-77	352,637.00	-	-	-	347,007.00	-	18,245,611.00	-	18,945,255.00
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	5,416,326.00	40,496,737.00	-	16,952,666.00	-	-	32,014,013.00	-	94,879,743.00

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	238,566,567.00
Addition during the year: (20% of the net profit)	4,134,261.00
Closing Reserve	242,700,828.00



3.14 Other Reserves

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

Particulars	Amount(Rs.)
Opening reserve	49,695,366.00
Changes during the year:	
Capital Adjustment Reserve*	0.000
Staff Skill Development Fund	71,893.00
Corporate social responsibility reserve	(328,309.00)
Closing Reserve*	49,438,950.00

* 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	1,328,700
Addition during the year	201,347
Expenses during the year	(535,991)
Closing Reserve	994,056

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 2079/80 on different Internal & External Trainings.

Staff Skill Development Fund

Particulars	Amount (Rs.)
Opening reserve (A)	2,566.00
Addition during the year (3%) of Total Personnel Expenses of Previous year	1,141,273.00
Employee training expenses during FY 2079-80	(1,069,380.00)
Short employee training expenses during FY 2079-80 (B)	71,893.00
Closing Reserve (A+B)	74,459.00

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	33,678,669.00
Changes during the year	6,439,148.00
Closing Reserve	40,117,817.00



3.16 Share Premium

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

Particulars	Amount(Rs.)
Opening Share Premium	51,038,571.00
Addition during the year due to Auction of Right Share	15,221.00
Closing Share Premium	51,054,092.00

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 2079-80
1.	Total AIR- Current Year	395,367,300.00
2.	Interest Recognition Suspended	385,922,982.00
3.	Accrued Income Recognized	9,444,318.00
4.	Interest Received till Shrawan 15	846,973.00
5.	Accrued Income Recognized for Preforming Loan	8,597,345.00

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 an 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 salary of each employee to the Employees’ Provident Fund. The above expenses are identified as contributions to ‘Defined Contribution Plans’ as defined in Nepal Accounting Standards – NAS 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	2,529,569	875,995	1,653,574.00
2	Current Service Cost	1,530,273	647,182	883,091.00
3	Interest Cost	185,135	64,115	121,020.00
4	Benefits paid	-	-	-
5	Actuarial (gain)/Loss	(568,478)	(227,916)	(340,562.00)
6	Liability at the end of the year	3,676,499	1,359,376	2,317,123

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 payments.

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	9,253,717.00
Depreciation	15,598,739.46

Assets/Liabilities recognized as per NFRS 16

Particulars	Amount (NPR)
Right of Use Assets (ROU)	139,342,534.05
Adjustment during the year	17,627,145.79
Gross Right of Use Assets (ROU)	156,969,679.79
Accumulated Depreciation – ROU	260,23,706
Net Right of Use Assets (ROU)	130,945,974.17
Lease Liability	143,742,756.99

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 Ashadh end 2080 is Rs. 8,591,962.53 as per amortization schedule based on NFRS.

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:

- Provision as required by NRB Directives or
- 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.

Category	Outstanding	Provision as on Ashadh end 2080
Good	287,613,353.74	16,738,973.56
Watch	71,035,843.72	3,551,792.20
Sub-standard	11,817,580.61	2,954,395.16
Re-Structure	8,044,869.62	1,005,608.70
Doubtful	16,548,792.40	8,274,396.20
Bad	151,648,011.34	151,648,011.34
Grand Total	1,546,708,451.43	184,173,177.17
Staff Loan	9,020,400.00	
Interest Receivable	9,444,318.00	
Total Loan	1,564,744,732.00	

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 2080, the fair value of the investment was Rs. 72.75 million and NAS carrying amount was Rs. 15.44 million. The difference between the instruments fair value and NAS carrying amount was Rs. 57.31 million has been recognized in the available-for-sale reserve and movement was charged to Other Comprehensive Income.

D) Deferred Taxation

As on 16th July 2023 Deferred Tax Assets of Rs 32.01 million was recognized in books of accounts.

E) Interest Income

Income amounting to Rs.269.51 million was recognized for financial year 2022/23. Though accrual interest of Rs. 8.5 million was existing as on financial year end of 2022/23, 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.

Income amounting to Rs. 315.70 million was recognized for financial year 2022/23.

F) Personnel Cost

- Bonus to staffs – as per the labor act, 10% bonus has been levied before bonus. Bonus payable includes the bonus from the profit of Nepal finance Ltd amounting Rs 2,613,736.00.
- Tax – tax has been computed on the basis of profit computed from NFRS. The difference due to previous year has been booked in deferred tax.



Nepal Finance Ltd
Notes to Financial Statements
As on 31 Ashad 2080

Cash and Cash Equivalent

4.1

Particulars	Current Year	Previous Year
Cash in Hand	33,189,642.00	26,281,655.00
Balances with BFIs	508,687,816.00	604,410,923.00
Money at Call and Short Notice	-	-
Other	-	-
Total	541,877,458.00	630,692,578.00

Due from Nepal Rastra Bank

4.2

Particulars	Current Year	Previous Year
Statutory Balances with NRB	146,221,163.00	126,024,324.00
Securities purchased under Resale Agreement	-	-
Other Deposit and Receivable from NRB	-	-
Total	146,221,163.00	126,024,324.00

Placements with Banks and Financial Institutions

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	77,342,013.00	229,233,097.00
Other	-	-
Less: Allowances for Impairment	1,005,446.00	2,980,030.00
Total	76,336,567.00	226,253,067.00



4.6.1 Allowances for Impairment

Balance at Shrawan 01	2,980,030.00	324,049.00
Impairment Loss for the year:		
Charge for the year	(1,974,584.00)	2,655,981.00
Recoveries/Reversal		
Amount Written Off		
Balance at Asar End	1,005,446.00	2,980,030.00

Loans and Advances to Customers

4.7

Particulars	Current Year	Previous Year
Loans and Advances measured at Amortized Cost	1,486,555,746.00	1,186,889,258.00
Less: Impairment Allowances	-	-
Collective Impairment	(19,285,320.00)	(15,429,560.00)
Individual Impairment	(163,882,411.00)	(190,802,789.00)
Net Amount	1,303,388,015.00	980,656,909.00
Loans and Advances measured at FVTPL	-	-
Total	1,303,388,015.00	980,656,909.00

4.7.1: Analysis of Loans and Advances - By Product

Particulars	Current Year	Previous Year
Product		
Term Loans	923,027,984.00	490,010,888.00
Overdraft	99,367,914.00	188,226,385.00
Trust Receipt/Import Loans	-	-
Demand and other Working Capital Loans	-	-
Personal Residential Loans	92,827,447.00	178,329,542.00
Real Estate Loans	48,145,284.00	9,161,928.00
Margin Lending Loans	195,787,241.00	185,197,803.00
Hire Purchase Loans	49,239,170.00	56,144,821.00
Deprived Sector Loans	249,940.00	588,564.00
Bills Purchased	-	-
Staffs Loans	8,591,963.00	3,001,456.00
Other	60,721,458.00	73,534,309.00
Sub-Total	1,477,958,401.00	1,184,195,696.00
Interest Receivable	8,597,345.00	2,693,562.00
Grand Total	1,486,555,746.00	1,186,889,258.00

4.7.2: Analysis of Loans and Advances - By Currency

Particulars	Current Year	Previous Year
Nepalese Rupee	1,486,555,746.00	1,186,889,258.00
Indian Rupee	-	-
United States Dollar	-	-
Great Britain Pound	-	-
Euro	-	-
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Grand Total	1,486,555,746.00	1,186,889,258.00

4.7.3: Analysis of Loans and Advances - By Collateral

Particulars	Current Year	Previous Year
Secured		
Moveable/Immoveable Assets	1,407,693,087.00	1,129,312,105.31
Gold and Silver	-	-
Guarantee of Domestic BFIs	-	-
Government Guarantee	-	-



Guarantee of International Rated Bank	-	-
Collateral of Export Document	-	-
Collateral of Fixed Deposit Receipt	58,915,739.00	38,475,900.01
Collateral of Government Securities	-	-
Counter Guarantee	-	-
Personal Guarantee	19,946,920.00	16,407,690.68
Other Collateral	-	-
Subtotal	1,486,555,746.00	1,184,195,696.00
Unsecured	-	-
Grand Total	1,486,555,746.00	1,184,195,696.00

4.7.4: Allowance for Impairment

Particulars	Current Year	Previous Year
Specific Allowance for Impairment		
Balance at Shrawan 01	206,232,349.00	247,925,916.00
Adjustment for Acquisition	-	-
Impairment Loss for the year	-	-
Charge for the year	-	1,428,651.00
Recoveries/Reversals during the year	(23,064,618.00)	(43,122,218.00)
Write-Offs	-	-
Exchange Rate Variance on Foreign Currency	-	-
Other Movement	-	-
Balance at Asar End	-	-
Collective Allowances for Impairment	-	-
Balance at Sharawan 01	-	-
Impairment Loss for the year	-	-
Charge/(Reversal) for the year	-	-
Exchange Rate Variance on Foreign Currency	-	-
Other Movement	-	-
Balance at Asar End	-	-
Total Allowances for Impairment	183,167,731.00	206,232,349.00

Investment Securities

Particulars	Current Year	Previous Year
Investment Securities measured at Amortized Cost	678,125,307.00	380,000,000.00
Investment in Equity measured at FVTOCI	72,757,132.00	61,991,352.00
Total	750,882,439.00	441,991,352.00

4.8.1: Investment Securities measured at Amortized Cost

Particulars	Current Year	Previous Year
Debt Securities	-	-
Government Bonds	389,800,000.00	380,000,000.00
Government Treasury Bills	288,325,307.00	-
Nepal Rastra Bank Bonds	-	-
Nepal Rastra Bank Deposit Instruments	-	-
Other	-	-
Less: Specific Allowances for Impairment	-	-
Total	678,125,307.00	380,000,000.00

4.8.2: Investment in Equity measured at FVTOCI

Particulars	Current Year	Previous Year
Equity Instruments		
Quoted Equity Securities	63,970,531.80	54,158,152.10
Unquoted Equity Securities	8,786,600.00	7,833,200.00
Total	72,757,131.80	61,991,352.10



4.8.3: Information relating to Investment in Equities

Particulars	FY 2079-80		Particulars	FY 2078-79	
	Cost	Fair Value		Cost	Fair Value
Investment in Quoted Equity			Investment in Quoted Equity		
API Power Limited	353,706.73	289,393.00	API Power Limited	353,706.73	334,476.00
1469 Shares of Rs. 100 Each			1368 Shares of Rs. 100 Each		
Arun Valley Hydro power Company Limited	69.27	255.00	Arun Valley Hydro power Company Limited	69.27	356.10
1 Shares of Rs. 100 Each			1 Shares of Rs. 100 Each		
Butawal Power Company Limited	3,667,745.27	2,554,104.00	Butawal Power Company Limited	3,667,745.27	2,369,920.00
7728 Shares of Rs. 100 Each			7360 Shares of Rs. 100 Each		
Chilime Jalabhityut Co Ltd	847,877.24	703,077.00	Chilime Jalabhityut Co Ltd	847,877.24	488,784.00
1198 Shares of Rs. 100 Each			1198 Shares of Rs. 100 Each		
Laxmi Laghubitta Bittiya Sanstha	-	-	Laxmi Laghubitta Bittiya Sanstha	1,470.47	42,075.00
0 Shares of Rs. 0Each			33 Shares of Rs. 100 Each		
Mirmire Microfinance Development Bank Ltd.	-	-	Mirmire Microfinance Development Bank Ltd.	-	-
0 Shares of Rs. 100 Each			0 Shares of Rs. 100 Each		
Nepal Insurance Co Ltd	293,655.34	410,000.00	Sarathi Nepal Laghubitta Bittiya Sanstha Limited	-	-
500 shares @ Rs. 100 each			0 Shares of Rs. 100 Each		
Nepal Telecom Company Limited	2,221,552.92	3,348,274.80	Nepal Telecom Company Limited	662,800.00	1,239,249.00
3692 Shares of Rs. 100 Each			1410 Shares of Rs. 100 Each		
Nerude Laghubitta Bikash Bank Limited	-	-	Nerude Laghubitta Bikash Bank Limited	20,997.26	352,000.00
400 Shares of Rs. 100 Each			400 Shares of Rs. 100 Each		
Nirdhan Uthan Laghubitta Bikash Bank	-	-	Nirdhan Uthan Laghubitta Bikash Bank	16,053.08	671,489.00
611 Shares of Rs. 100 Each			611 Shares of Rs. 100 Each		
Prabhu Insurance Company Limited	824,612.60	11,376,063.00	Prabhu Insurance Company Limited	824,612.60	6,108,844.00
15229 Shares of Rs. 100 Each			14273 Shares of Rs. 100 Each		
Siddhartha Premiere Insurance Ltd	-	133,902.00	Premiere Insurance Ltd	-	86,976.00
172 Shares of Rs. 100 Each			151 Shares of Rs. 100 Each		
Rural Microfinance Limited	-	2,325.00	Rural Microfinance Limited	-	2,514.00



Particulars	FY 2079-80		FY 2078-79	
	Cost	Fair Value	Cost	Fair Value
3 Shares of Rs. 100 Each				
Swabalamban Laghubitta Bittiya Sanstha Limited	-	-	-	-
11 Shares of Rs. 100 Each				
Maha Laxmi Biskash Bank (MLBL)	-	1,302.00	-	2,268.00
6 Shares of Rs. 100 Each				
Global IME Laghubitta Bittiya Sanstha Ltd. (GILB)	-	-	246,889.94	149,385.00
115 Shares of Rs. 100 Each				
NLG Insurance Company Ltd. (NLG)	-	83,160.00	-	43,498.00
99 Shares of Rs. 100 Each				
Himalayan Life Insurance Limited	-	124,722.00	-	124,042.00
246 Shares of Rs. 100 Each				
Vijaya Lagubitta VLBS	-	-	-	20,680.00
22 Shares of Rs. 100 Each				
Prabhu Insurance Limited (Promoter)	5,395,745.68	44,943,954.00	5,395,745.68	42,121,596.00
99654 Shares of Rs. 100 Each				
Investment in Unquoted Equity				
Nepal Clearing House Limited	1,482,900.00	5,612,200.00	1,482,900.00	5,522,200.00
56122 Shares of Rs. 100 Each				
Nepal Stock Limited	5,000.00	143,200.00	5,000.00	143,200.00
1432 Shares of Rs. 100 each				
Credit Information Beaurau	353,100.00	3,031,200.00	353,100.00	2,167,800.00
30312 shares of Rs.100 each				
Total	15,445,965.00	72,757,132.00	13,878,967.54	61,991,352.10



Current Tax Assets		4.9	
Particulars	Current Year	Previous Year	
Current Tax Assets			
Current year Income Tax Assets	25,770,215.00	22,183,148.00	
Tax Assets of Prior Periods			
Current Tax Liabilities			
Current year Income Tax Liabilities			
Tax Liabilities of Prior Periods	-	-	
Total	25,770,215.00	22,183,148.00	

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

	Previous Year	
	Cost	Fair Value
.....Ltd.		
.....Shares of Rs. Each		
.....Ltd.		
.....Shares of Rs. Each		
Total		

4.10.2: Investment in Unquoted Subsidiaries

	Previous 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 Asar End		
Dividend Paid to NCI		
Equity Interest held by NCI (%)		
Profit (Loss) allocated during the year		
Accumulated Balances of NCI as on Asar End		
Dividend Paid to NCI		

Investment in Associates

4.11

Particulars	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

Percentage of Ownership held by Finance Company

Particulars	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	100,606,567.00	110,136,567.00
Addition/(Disposal) during the year	(36,326,031.00)	(9,530,000.00)
Adjustment/Transfer	-	-
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Net Amount	64,280,536.00	100,606,567.00
Total	64,280,536.00	100,606,567.00



4.13

Property and Equipment

Particulars	Land	ROU Assets	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixtures	Machinery	Equipment & others	Total Ashar End 2080	Total Ashar End 2079	Total Ashar End 2078
Cost	-	-	-	-	-	-	-	-	-	-	-	-
As on Shrawan 01 2078	-	64,549,363	-	-	3,232,132.00	14,346,060	2,864,584	7,893,514	12,706,837	-	-	105,592,490
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition	-	74,793,171	-	7,589,588	2,698,993.00	4,547,900	4,390,426	-	7,615,494	-	101,635,572	-
Capitalization	-	-	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	7,362,023	(110,308.00)	(900)	804,357	(181,903)	1,153,903	-	9,027,172	-
Balance as on Asar end 2079	-	139,342,534.00	-	14,951,611.00	5,820,817.00	18,893,060.00	8,059,367.00	7,711,611.00	21,476,234.00	-	216,255,234.00	105,592,490.00
As on Shrawan 01 2079	-	139,342,534.00	-	14,951,611.00	5,820,817.00	18,893,060.00	8,059,367.00	7,711,611.00	21,476,234.00	-	216,255,234.00	-
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	5,055,517.00	330,000.00	220,000.00	2,556,220.00	-	3,168,429.00	11,330,166.00	-	-
Capitalization	-	-	-	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	17,627,146.00	-	-	-	-	-	-	-	17,627,146.00	-	-
Balance as on Asar end 2080	-	156,969,680.00	-	20,007,128.00	6,150,817.00	19,113,060.00	10,615,587.00	7,711,611.00	24,644,663.00	245,212,546.00	216,255,234.00	105,592,490.00
Depreciation and Impairment	-	-	-	-	-	-	-	-	-	-	-	-
As on Shrawan 01 2078	-	-	-	-	339,486.00	7,733,917.00	1,138,691.00	5,243,944.00	3,896,909.00	-	-	18,352,947.00
Depreciation charge for the year	-	-	-	2,011,365.00	1,101,763.00	1,554,365.00	884,465.00	370,150.00	3,114,317.00	-	9,036,425.00	-
Impairment for the year	-	10,424,966.00	-	-	-	-	-	-	-	-	10,424,966.00	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	406,943.00	-	-	130,740.00	-	-	-	537,683.00	-
Balance as on Asar end 2079	-	10,424,966.00	-	2,418,308.00	1,441,249.00	9,288,282.00	2,153,896.00	5,614,094.00	7,011,226.00	-	38,352,021.00	18,352,947.00
As on Shrawan 01 2079	-	10,424,966.00	-	2,418,308.00	1,441,249.00	9,288,282.00	2,153,896.00	5,614,094.00	7,011,226.00	-	38,352,021.00	18,352,947.00
Depreciation charge for the year	-	14,663,965.00	-	3,595,776.00	1,138,117.00	1,957,867.00	1,899,228.00	314,628.00	4,073,463.00	27,643,044.00	-	-
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	934,775.00	-	-	-	-	-	-	-	934,774.00	-	-
As on Asar end 2080	-	26,023,706.00	-	6,014,084.00	2,579,366.00	11,246,149.00	4,053,124.00	5,928,722.00	11,084,689.00	66,929,839.00	38,352,021.00	18,352,947.00
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-
Net Book Value	-	130,945,974.00	-	13,993,044.00	3,571,451.00	7,866,911.00	6,562,463.00	1,782,889.00	13,559,974.00	178,282,707.00	-	-
As on Asar end 2078	-	-	-	-	2,892,646.00	6,612,143.00	1,725,893.00	2,949,570.00	8,809,928.00	-	-	22,990,180.00
As on Asar end 2079	-	128,917,568.00	-	12,533,303.00	4,379,568.00	9,604,778.00	5,905,471.00	2,097,517.00	14,465,008.00	-	177,903,213.00	-
As on Asar end 2080	-	130,945,974.00	-	13,993,044.00	3,571,451.00	7,866,911.00	6,562,463.00	1,782,889.00	13,559,974.00	178,282,707.00	-	-



Goodwill and Intangible Assets

4.14

Particulars	Goodwill	Software		Other	Total Asar end 2080	Total Asar end 2079
		Purchased	Developed			
Cost						
As on Shrawan 01. 2078	16,952,666.00	13,909,313.00	-	-	13,909,313.00	30,143,246.00
Addition during the Year	-		-	-	-	
Acquisition	-	1,457,304.00	-	-	1,457,304.00	-
Capitalization	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation		(9,027,168.00)	-	-	-	718,733.00
Balance as on Asar end 2079	16,952,666	6,339,449	-	-	15,366,617	30,861,979
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 Asar end 2080	16,952,666	6,740,600	-	-	14,310,464	
Amortisation and Impairment						
As on Shrawan 01 2078	-	537,683	-	-	-	-
Amortisation charge for the year	-	1,132,209	-	-	-	537,683
Impairment for the year	-		-	-	-	-
Disposals	-		-	-	-	-
Adjustment	-	(537,683)	-	-	-	-
As on Asar end 2079	-	1,132,209	-	-	-	537,683
As on Shrawan 01 2079	-	1,132,209	-	-	1,132,209	-
Amortisation charge for the year	-	1,273,464	-	-	1,273,464	-
Impairment for the year	-		-	-	-	-
Disposals	-		-	-	-	-
Adjustment	-	-	-	-	-	-
As on Asar end 2080		2,405,673			2,405,673	
Capital Work in Progress	-		-	-	-	-
Net Book Value						
As on Asar end 2078	16,952,666	13,371,630	-	-	30,324,296	-
As on Asar end 2079	16,952,666	5,207,240			22,159,906	-
As on Asar end 2080	16,952,666	4,334,927	-	-	21,287,593	-



Deferred Tax

4.15

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	As at 16 July 2022 Net Deferred Tax Assets /(Liabilities)
Deferred tax on temporary differences on following items			
Loans and Advances to BFIs			-
Loans and Advances to Customers	31,087,118.34	-	31,087,118.00
Investment Properties	-	-	-
Investment Securities	-	17,193,350.00	(17,193,350.00)
Property and Equipment	-	1,807,396.00	(1,807,396.00)
Employees' Defined Benefit Plan	3,249,692.59	-	3,249,692.59
Lease Liabilities	3,839,034.71		3,839,034.71
Provisions	-	-	-
Other Temporary Differences	-	-	-
Deferred tax on temporary differences	38,175,845.65	19,000,746.00	19,175,099.31
Deferred tax on carry forward of unused tax losses	12,838,913.47	-	12,838,913.47
Deferred tax due to changes in tax rate	-	-	-
Net Deferred Tax Asset (Liabilities) as on year end of Ashad 2080			32,014,012.77
Deferred Tax Asset/ (Liabilities) as on Shrawan 01 2079			38,162,588.00
Origination/(Reversal) during the year			(6,148,575.23)
Deferred Tax (expense) income recognized in profit or loss			(3,388,940.57)
Deferred Tax (expense) income recognized in OCI			(2,989,617.00)
Deferred Tax (expense) income recognized directly in Equity			229,982.34

Particulars	Deferred Tax Assets		Previous Year
			Net Deferred Tax Assets /(Liabilities)
Loans and Advances to BFIs	-	-	-
Loans and Advances to Customers	41,562,035.52	-	41,562,035.52
Investment Properties	28,672,871.60	30,181,970.10	(1,509,098.50)
Investment Securities	-	14,433,715.37	(14,433,715.37)
Property and Equipment	-	2,233,196.67	(2,233,196.67)
Employees' Defined Benefit Plan	2,383,368.49	-	2,383,368.49
Lease Liabilities	-	-	-
Provisions	-	-	-
Other Temporary Differences	-	-	-
Deferred tax on temporary differences	72,618,275.61	46,848,882.14	25,769,393.47
Deferred tax on carry forward of unused tax losses	12,393,194.91	-	12,393,194.91
Deferred tax due to changes in tax rate	-	-	-
Reversal of DTA of sold investment during the year			-
Deferred Tax Asset (Liabilities) from Acquisition			-
Deferred Tax Asset (Liabilities) as on year end of Ashad 2079			25,769,393.47
Net Deferred Tax Asset (Liabilities) as on Ashad end 2079	-	-	38,162,588.38
Deferred Tax (Asset)/ Liabilities as on Shrawan 01 2078	-	-	24,840,422.89
Origination/(Reversal) during the year	-	-	13,322,165.49
Deferred Tax expense (income) recognized in profit or loss	-	-	8,672,118.68
Deferred Tax expense (income) recognized in OCI	-	-	(478,671.00)
Deferred Tax expense (income) recognized directly in Equity	-	-	5,128,717.81



Other Assets 4.16

Particulars	Current Year	Previous Year
Assets held for Sale	-	-
Other Non-Banking Assets	-	-
Bills Receivable	-	-
Accounts Receivable	654,985.00	14,187,350.00
Accrued Income	3,712,231.00	-
Prepayments and Deposits	495,679.00	1,295,743.00
Income Tax Deposit	-	-
Deferred Employee Expenditure	428,438.00	-
Other Assets	11,758,028.66	2,968,247.00
Total	17,049,361.66	18,451,340.00

Due to Banks and Financial Institutions 4.17

Particulars	Current Year	Previous Year
Money Market Deposits	-	-
Interbank Borrowing	-	-
Other Deposits from BFIs	145,326,782.00	140,065,530.00
Settlement and Clearing Accounts	-	-
Other Deposits from BFIs	-	-
Total	145,326,782.00	140,065,530.00

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.	100,974,000.00	26,000,000.00
Call Deposits	120,219,076.00	236,339,104.00
Current Deposits.	1,147,562.00	1,935,496.00
Others.		
Individual Customers:		
Term Deposits	1,066,955,056.00	858,457,094.00
Saving Deposits	392,780,223.00	343,787,094.00
Current Deposits	124,031,723.00	7,682,772.00
Others	-	-
Total	1,806,107,640.00	1,474,201,560.00

4.20.1: Currency wise analysis of deposit from customers

Particulars	Current Year	Previous Year
Nepalese Rupee	1,806,107,640.00	1,474,201,560.00
Indian Rupee	-	-
United States Dollar	-	-
Great Britain Pound	-	-
Euro	-	-
Japanese Yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	1,806,107,640.00	1,474,201,560.00

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	-	653,960.00
Total	-	653,960.00



4.22.1: Movement in Provision

Particulars	Current Year	Previous Year
Balance at Shrawan 01	-	653,960.00
Provisions made during the year	-	-
Provisions used during the year	-	(653,960.00)
Provisions reversed during the year		
Unwind of Discount		
Balance at Asar end	-	-

Other Liabilities

4.23

Particulars	Current Year	Previous Year
Liabilities for employees defined benefit obligations	8,230,885.00	7,302,662.00
Liabilities for long service leave	3,676,499.00	2,529,569.00
Short term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	48,561,169.00	50,322,499.00
Interest payable on deposits		
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	-	-
Liabilities under Finance Lease	143,742,757.00	134,560,308.00
Employee bonus payable	2,613,736.00	3,003,058.00
Other Liabilities	6,393,104.00	9,548,283.00
Total	213,218,150.00	207,266,379.00

4.23.1: Defined Benefit Obligation

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

Particulars	Current Year	Previous Year
Present value of unfunded obligations	3,676,499.00	2,529,569.00
Present value of funded obligations	-	-
Total present value of obligations	3,676,499.00	2,529,569.00
Fair value of plan assets	-	-
Present value of net obligations	3,676,499.00	2,529,569.00
Recognised liability for defined benefit obligations	3,676,499.00	2,529,569.00

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
Defined benefit obligations at Sawan 1	-	-
Actuarial losses	-	-
Benefits paid by the plan	-	-
Current service costs and interest	3,676,499.00	2,529,569.00
Defined benefit obligations at Asar end	3,676,499.00	2,529,569.00



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 Asar end	-	-

4.23.5: Amount recognised in profit or loss

Particulars	Current Year	Previous Year
Current service costs	3,676,499.00	2,529,569.00
Interest on obligation	-	-
Expected return on plan assets	-	-
Total	3,676,499.00	2,529,569.00

4.23.6: Amount recognised in other comprehensive income

Particulars	Current Year	Previous Year
Actuarial (gain)/loss	-	-
Total	-	-

4.23.7: Actuarial assumptions

Particulars	Current Year	Previous Year
Discount rate	8%	8%
Expected return on plan asset	-	-
Future salary increase	10%	10%
Withdrawal rate	15.00%	17.64%

Debt securities 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	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-
Other	-	-
Total	-	-

Share capital

4.26

Particulars	Current Year	Previous Year
Ordinary shares	725,472,247.00	725,472,247.00
Form right share issue	2,060,000.00	-
From Acquisition of Lalitpur Finance	-	-
Total	727,532,247.00	725,472,247.00



4.26.1: Ordinary Shares

Particulars	Current Year	Previous Year
Authorized Capital	1,000,000,000.00	1,000,000,000.00
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	1,000,000,000.00	1,000,000,000.00
1,000,000 Non Redeemable Preference Share of Rs. 100 each		
Issued capital	840,265,584.00	840,265,584.00
8402655.841 Ordinary Shares of Rs. 100 each	840,265,584.00	840,265,584.00
Subscribed and paid up capital	727,532,247.00	725,472,247.00
Previous 493, 496 Ordinary share of Rs. 100 each	725,472,247.00	493,496,438.00
Addition from acquisition (1879453.13 at Rs . 100 each)	-	-
Additional from right issue(231,975 at Rs. 100 each)	2,060,000.00	231,975,809.00
Total	727,532,247.00	725,472,247.00

4.26.2: Ordinary share ownership

Particulars	Current Year	
	Percent	Amount
Domestic ownership		
Nepal Government		
"A" class licensed institutions		
Other licensed intitutions		
Other Institutions	2.50%	3.00%
Public	97.50%	97.00%
Other		
Foreign ownership		
Total	100.00%	100.00%

Reserves

4.27

Particulars	Current Year	Previous Year
Statutory general reserve	242,700,828.00	238,566,567.00
Exchange equilisation reserve		
Corporate social responsibility reserve	994,056.00	1,328,700.00
Capital redemption reserve		
Regulatory reserve	94,879,743.00	120,213,236.00
Investment adjustment reserve		
Capital reserve		
Assets revaluation reserve		
Fair value reserve	40,117,817.00	33,678,669.00
Dividend equalisation reserve		
Actuarial gain		
Other reserve	74,459.00	2,566.00
Other reserve-Capital Adjustment Fund	48,364,100.00	48,364,100.00
Total	427,131,003.00	442,153,838.00

Contingent liabilities and commitments

4.28

Particulars	Current Year	Previous Year
Contingent liabilities	-	-
Undrawn and undisbursed facilities	11,790,726.00	-
Capital commitment	-	-
Lease Commitment	-	-
Litigation	-	-
Total	11,790,726.00	-



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	11,790,726.00	-
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	11,790,726.00	-

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

Explanatory paragraphs are required for litigation contingent liabilities as per their own case of each company



Interest Income

4.29

Particulars	Current Year	Previous Year
Cash and cash equivalent	18,600,183.00	6,456,792.00
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	22,045,228.00	6,456,792.00
Loans and advances to customers	172,374,377.00	133,812,121.00
Investment securities	55,826,085.00	18,390,492.00
Loan and advances to staff	673,616.000	-
Other Interest Income	-	-
Total interest income	269,519,489.00	165,116,197.00

Interest Expenses

4.30

Particulars	Current Year	Previous Year
Due to bank and financial institutions	4,706,472.00	3,009,817.00
Due to Nepal Rastra Bank	-	-
Deposits from customers	163,157,528.00	85,442,212.00
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other Charges	9,253,717.00	8,251,568.000
Total interest expense	177,117,717.00	96,703,597.00

Fees and Commission Income

4.31

Particulars	Current Year	Previous Year
Loan administration fees	6,728,087.00	8,394,817.00
Service fees	470,300.00	-
Consortium fees	-	-
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	-	-
Prepayment and swap fees	364,460.00	412,186.00
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	179,752.00	101,479.00
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	90,948.00	23,948.00
Total Fees and Commission Income	7,833,547.00	8,932,430.00



Fees and Commission Expense

4.32

Particulars	Current Year	Previous Year
ATM management fees	323,818.00	86,015.000
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees.	-	-
Remittance fees and commission	-	-
Other fees and commission expense	325,262.00	168,084.000
Total Fees and Commission Expense	649,080.00	254,099.000

Net Trading income

4.33

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

Other Operating Income

4.34

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	89,565.00	4,481,523.00
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	289,941.00	495,247.00
Gain/loss on sale of property and equipment	-	-
Gain/loss on sale of investment property	10,743,069.21	5,531,284.00
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Other Operating Income	2,219,769.00	154,418.00
Total	13,342,344.21	10,662,472.00



Impairment charge/(reversal) for loan and other losses

4.35

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to BFIs	(1,974,584.00)	2,980,030.00
Impairment charge/(reversal) on loan and advances to customers	(23,064,618.00)	(43,122,218.00)
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	(25,039,202.00)	(40,142,188.00)

Personnel Expenses

4.36

Particulars	Current Year	Previous Year
Salary	25,612,845.00	22,730,882.00
Allowances	13,884,127.00	15,311,565.00
Gratuity Expense	-	-
Provident Fund	-	-
Socila Security Fund	4,900,969.000	4,206,146.00
Uniform	-	-
Training & development expense	1,069,380.00	1,377,365.00
Leave encashment	1,401,145.00	2,694,735.00
Medical	1,948,353.00	1,798,070.00
Insurance	-	-
Employees incentive	-	155,440.000
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	23,051.000	-
Other expenses related to staff	3,793,361.00	417,503.00
Subtotal	52,633,231.00	48,691,706.00
Employees Bonus	2,613,736.00	3,003,058.00
Grand total	55,246,967.00	51,694,764.00

Other Operating Expense

4.37

Particulars	Current Year	Previous Year
Directors' fee	542,000.00	705,000.00
Directors' expense	67,690.00	56,616.00
Auditors' remuneration	825,000.00	542,500.00
Other audit related expense	437,391.00	234,200.00
Professional and legal expense	1,205,832.00	1,202,923.00
Office administration expense	22,732,358.00	21,527,551.00
Operating lease expense	-	-
Operating expense of investment properties	-	-
Corporate social responsibility expense	535,991.00	525,854.00
Onerous lease provisions	-	-
Other Expenses	2,999,655.00	3,785,059.00
Total	29,345,917.00	28,579,703.00



Office administration expense

4.37.1

Particulars	Current Year	Previous Year
Light,Electricity & Water	2,112,557.00	1,410,146.00
Repair and maintenance	-	-
Repair & Maintenance-Building	-	-
Repair & Maintenance-Vehicles	212,476.00	418,059.00
Office Equipment, Furniture Repair	72,332.00	112,316.00
Repair & Maintenance-Others	181,077.00	183,228.00
Insurance.	277,547.00	363,303.00
Postage, Telex, Telephone & Fax	1,554,352.00	1,279,081.00
Printing & Stationery	977,829.00	1,408,958.00
Periodicals & Books	-	-
Advertisements	1,933,261.00	3,615,239.00
Donation	-	-
Security Expenses	8,229,147.00	7,162,087.00
Deposit/Credit Guarantee Premium	560,548.00	278,162.00
Travelling Allowances & Expenses	667,851.00	807,136.00
Entertainment	-	229,361.00
Annual General Meeting Expenses	661,882.00	976,961.00
Other		
Other-Office Expenses	5,291,499.00	3,275,431.00
Total	22,732,358.00	21,519,468.00

Depreciation and Amortisation

4.38

Particulars	Current Year	Previous Year
Depreciation on property and equipment	13,913,853.00	9,036,426.00
Depreciation on investment property	-	-
Amortisation of intangible assets	1,273,464.00	1,132,209.000
Depreciation on Right of Use Assets	14,663,965.00	10,424,966.000
Total	29,851,282.00	20,593,601.00

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	-	8,373,910.000
Deferred tax expense		
Origination and reversal of temporary differences	3,388,941.00	(8,672,119.00)
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total income tax expense	3,388,941.00	(298,209.00)

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Current Year	Previous Year
Profit before tax	23,523,619.00	27,027,523.00
Tax amount at tax rate of 30%	7,057,086.00	8,108,257.00
Add: Tax effect of expenses that are not deductible for tax purpose		
Less: Tax effect on exempt income	(7,057,086.00)	(8,108,257.00)
Add/less: Tax effect on other items	3,388,941.00	(298,209.00)
Total income tax expense	3,388,941.00	(298,209.00)
Effective tax rate	14.41%	-1.10%



5. Disclosure & Additional Information

Note 5

5.1 Risk Management

The robust risk management capabilities is 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 reviews 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 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 defence the central credit department has been set up which independently oversee 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 unfunded), 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 includes 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.

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 licensed 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:

In '000

Particulars	Amount (Rs.)
Paid up Equity Share Capital	727,532,247.00
Irredeemable Non-cumulative preference shares	-
Share Premium	51,054,092.00
Proposed Bonus Equity Shares	-
Statutory General Reserves	242,700,828.00
Retained Earnings	(212,979,846.00)
Un-audited current year cumulative profit	
Special Reserve Fund	-
Capital Adjustment Reserves	48,364,100.00
Dividend Equalization Reserves	-
Capital Redemption Reserves Fund	-
Deferred Tax Reserve	-
Other Free Reserves	
Less: Goodwill	-
Less: Intangible Assets	-
Less: Fictitious Assets	-
Less: Deferred Tax Assets	-
Less: Investment in equity of licensed Financial Institutions	-
Less: Investment in equity of institutions with financial interests	-
Less: Investment in equity of institutions in excess of limits	-
Less: Investments arising out of underwriting commitments	-
Less: Purchase of Land & Building in excess of limit & utilized	-
Less: Reciprocal crossholdings	-
Less: Other Deductions	-
Total Tier 1 Capital	856,671,421.00

- Tier 2 Capital and Breakdown of its Components:

Particulars	Amount (Rs.)
Cumulative and/or Redeemable Preference Share	-
Subordinated Term Debt	-
Hybrid Capital Instruments	-
General loan loss provision	20,290,765.77
Exchange Equalization Reserves	
Investments Adjustment Reserves	
Assets Revaluation Reserves	-
Special Reserve Fund	-
Total Tier 2 Capital	20,290,765.77



• **Total Qualifying Capital:**

Particulars	Amount (Rs.)
Core Capital (Tier 1)	856,671,421.00
Supplementary Capital (Tier 2)	20,290,765.77
Total Capital Fund	876,962,186.77

• **Capital Adequacy Ratio:**

The capital adequacy ratio of the Finance company as on 16th July, 2023 is 43.65%

• **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 Ashadh, 2080**

(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	33,189,640.00			33,189,640.00	0%	-
Balance With Nepal Rastra Bank	146,221,163.00			146,221,163.00	0%	-
Gold				-	0%	-
Investment in Nepalese Government Securities	678,125,307.00			678,125,307.00	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	401,803,624.14		38,475,900.00	363,327,724.14	20%	72,665,545.00
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)	194,433,300.85		-	194,433,300.85	100%	194,433,300.85
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)	224,737,430.95			224,737,430.95	75%	168,553,073.00
Claims fulfilling all criterion of regularity retail except granularity	262,703,085.65		-	262,703,085.65	100%	262,703,085.65
Claims secured by residential properties	183,900,932.56		-	183,900,932.56	60%	110,340,560.00
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)	14,020,000.00	14,020,000.00	-	-	100%	-
Claims secured by Commercial real estate	28,540,019.38		-	28,540,019.38	100%	28,540,019.38
Past due claims (except for claims secured by residential properties)	134,796,852.84	134,796,852.84	-	-	150%	-
High Risk claims	322,672,963.22		-	322,672,963.22	150%	484,009,445.00
Lending Against Securities (Bonds & Shares)	44,646,114.03		-	44,646,114.03	100%	44,646,114.03
Investments in equity and other capital instruments of institutions listed in stock exchange	37,643,155.60		-	37,643,155.60	100%	37,643,155.60
Investments in equity and other capital instruments of institutions not listed in the stock exchange	7,833,000.00		-	7,833,000.00	150%	11,749,500.00
Staff loan secured by residential property	9,020,400.80			9,020,400.80	50%	4,510,200.40



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)	286,636,039.62	-	-	286,636,039.62	100%	286,636,039.62
TOTAL (A)	3,010,923,029.64	148,816,852.84	38,475,900.00	2,823,630,276.80		1,706,430,038.53

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			-	-	50%	-
Foreign counterparty (ECA Rating 0-1)			-	-	20%	-
Foreign counterparty (ECA Rating 2)			-	-	50%	-
Foreign counterparty (ECA Rating 3-6)			-	-	100%	-
Foreign counterparty (ECA Rating 7)			-	-	150%	-
Underwriting commitments			-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral			-	-	100%	-
Repurchase Agreements, Assets sale with recourse			-	-	100%	-
Advance Payment Guarantee			-	-	100%	-
Financial Guarantee			-	-	100%	-
Acceptances and Endorsements			-	-	100%	-
Unpaid portion of Partly paid shares and Securities			-	-	100%	-
Irrevocable Credit commitments (short term)	11,790,726.00		-	-	20%	2,358,145.20
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)	-	-	-	-		2,358,145.20
Total RWE for credit Risk Before Adjustment (A) +(B)	3,010,923,029.64	148,816,852.84	38,475,900.00	2,823,630,276.80		1,708,788,183.73
Risk Weighted Exposure for Credit Risk						1,705,526,039.57
Risk Weighted Exposure for Operational Risk						222,202,743.14



Risk Weighted Exposure for Market Risk						-
Total Risk Weighted Exposures (Before adjustments of Pillar II)						1,927,728,782.71
Adjustments under Pillar II						
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE						684,126.00
Add% of the total deposit due to insufficient Liquid Assets						-
Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.						22,964,900.00
Overall risk management policies and precedures are not satisfactory. Add 3% of RWE						57,831,863.48
If desired level of disclosure requirement has not been achieved, Add% of RWE						
Total RWE for Credit Risk after Bank's adjustments under Pillar II	3,010,923,029.64	148,816,852.84	38,475,900.00	2,823,630,276.80		2,009,209,672.20

B. Non Performing Assesst (Gross & Net)

Particulars	Ashad 79-80			Ashad 78-79		
	Gross	Impairment Allowance	Net	Gross	Impairment Allowance	Net
Restructure/ Rescheduled Loan	8,044,869.62	1,005,608.70	7,039,260.92	-	-	-
Sub - Standard Loan	11,817,580.61	2,954,395.16	8,863,185.45	2,949,000.00	737,250.00	2,211,750.00
Doubt ful Loan	16,548,792.40	8,274,396.20	8,274,396.20	6,967,520.00	3,483,760.00	3,483,760.00
Loan Loss	151,648,011.34	151,648,011.34	-	188,507,881.00	188,507,881.00	-
Total	188,059,253.97	163,882,411.40	24,176,842.57	198,424,401.00	192,728,891.00	5,695,510.00

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 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	-	72,757,132.00	750,882,439
Investment in Subsidiaries	-	-	-	-
Investment in Associates	-	-	-	-
Investment Property	64,280,536	-	-	64,280,536
Other Assets	17,049,362	-	-	17,049,362
Total Financial Assets	1,447,553,826	-	72,757,132.00	1,520,310,958



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 Liabilities	2,019,325,790	-	-	2,019,325,790

Financial Assets	As on 31st Ashar 2078			
	Amortised Cost	FVTPL	FVTOCI	Total
Cash and Cash Equivalents	630,692,578	-	-	630,692,578
Due from Nepal Rastra Bank	126,024,324	-	-	126,024,324
Placement with Bank and Financial Institutions	-	-	-	-
Derivative Financial Instruments	-	-	-	-
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	-	-	-	-
Loans and Advances to Customers	-	-	-	-
Investment Securities	380,000,000	-	61,991,352	441,991,352
Investment in Subsidiaries	-	-	-	-
Investment in Associates	-	-	-	-
Investment Property	100,606,567	-	-	100,606,567
Other Assets	18,451,340	-	-	18,451,340
Total Financial Assets	1,255,774,809	-	61,991,352	1,317,766,161

Financial Liabilities

Due to Bank and Financial Institutions	-	-	-	-
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	-	-	-	-
Deposits from Customers	140,065,530	-	-	140,065,530
Borrowings	-	-	-	-
Other Liabilities	1,474,201,560	-	-	1,474,201,560
Debt Securities Issued	-	-	-	-
Total Financial Liabilities	1,614,267,090	-	-	1,614,267,090

Note: Fair value of Quoted Investment Securities are determined at level one hierarchy while of Unquoted securities are valued 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

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



Particular	Bagamati Province	Lumbini Province	Gandaki Province	Madhesh Province	Total
(a) Revenue from External Customers	222,789,052.00	26,850,326.00	15,571,112.00	5,313,269.00	270,523,759.00
(b) Intersegment Revenues	-	-	-	-	-
(c) Net Revenue	-	-	-	-	-
(d) Interest revenue	222,789,052.00	26,850,326.00	15,571,112.00	5,313,269.00	270,523,759.00
(e) Interest expense	144,202,929.96	15,896,042.90	13,233,156.41	3,785,587.73	177,117,717.00
(f) Net Interest Revenue	78,586,122.04	10,954,283.10	2,337,955.59	1,527,681.27	93,406,042.00
(g) Depreciation and Amortization	25,923,232.00	1,250,677.00	1,959,736.00	714,873.00	29,848,518.00
(h) Segment Profit/(Loss)	42,450,196.00	(5,989,286.00)	(8,915,019.00)	(2,124,510.00)	25,421,381.00
(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	(30,935,774.00)	3,085,690.00	2,261,088.00	549,794.00	(25,039,202.00)
(l) Segment Assets	2,733,639,361.00	212,771,797.00	165,687,303.00	46,025,554.00	3,158,124,015.00

B. Reconciliation of reportable segment profit or loss

Particulars	Current Year
Total Profit before tax for reportable segment	25,421,381.00
Profit before tax for other segment	
Elimination of intersegment profit	
Elimination of discontinued operation	
Uncollected Amounts:	
-Other Corporate Expenses	(1,897,762.00)
Profit before tax	23,523,619.00

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	270,523,759.00
Other revenues	-
Elimination of intersegment revenues	-
Entity's revenues	269,519,489.00

b. Profit or loss

Total profit or loss for reportable segments	25,421,381.00
Other profit or loss	
Elimination of intersegment profits	
Unallocated amounts:	
Other Corporate Expenses	(1,897,762.00)
.....	
Profit before income tax	23,523,619.00



c. Assets	
Total assets for reportable segments	3,158,124,015.00
Other assets	
Unallocated amounts	(733,947.00)
Entity's assets	3,157,390,068.00
d. Liabilities	
Total liabilities for reportable segments	-
Other liabilities	
Unallocated liabilities	2,164,652,572.00
Entity's liabilities	2,164,652,572.00

5 Information about products and services

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

- Loans and advances
- Fees and commission income

6 Information about geographical areas

Revenue from following geographical areas

(a) Domestic	270,523,759.00
All Other Segments	-
(b) Foreign	-
Total	270,523,759.00

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, for bids or offers.

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 16 July 2023.

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.

The details of litigations are presented in 4.28.5.

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 16 July 2023.

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	Mrs. Rojina Shrestha	Board-Member
7	Mr. Ananda Krishna Tamrakar	Board-Member (Independent)
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. 542,000.00
Total	Rs. 542,000.00

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.)	Remarks
Uddhab Raj Thapaliya (CEO)	5,058,533.00	
Bishnu Prasad Gautam (ACEO)	2,193,648.00	

* 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 Asar 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 16 July, 2023 till the signing of this financial statement on



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 2079/80	
	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	During FY 2079/80	
	No. of Customers	Amount (NRs)
Subsidized Loan	69	2,359,573.12



Nepal Finance Ltd.
Comparison Unaudited and Audited Financial Statements as of FY 2079/80

Rs. in '000'

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Assets					
Cash and cash equivalent	541,877	541,877	0	0.00%	
Due from NRB and placements with BFIs	146,221	146,221	(4)	0.00%	
Loan and advances	1,371,474	1,379,725	8,251	0.60%	
Investments Securities	749,929	750,882	953	0.13%	
Investment in subsidiaries and associates	-	-	-	0.00%	
Investment Property	64,281	64,281	-	0.00%	
Property And Equipment	160,890	178,283	17,393	9.76%	Due to Reclassification & Recognition of NFRS 16 Lease
Goodwill and intangible assets	21,927	21,288	(639)	-3.00%	Due to Reclassification
Other assets	24,975	74,834	49,859	66.63%	Due to Reclassification & Recognition of Deferred Tax assets
Total Assets	3,081,578	3,157,390	75,813	2.40%	
Capital and Liabilities					
Paid up Capital	727,548	727,532	(16)	0.00%	
Reserves and surplus	428,773	265,205	(163,568)	-61.68%	Due to other effects
Deposits	1,951,352	1,951,434	82.00	0.00%	
Borrowings	-	-	-	0.00%	
Bond and Debenture	-	-	-	0.00%	
Other liabilities and provisions	193,144	213,218	18,074	8.48%	
Total Capital and Liabilities	3,302,817	3,157,390	(145,427)	-4.61%	
Statement of Profit or Loss					
Interest income	269,519	269,519	-172	-0.06%	
Interest expense	178,237	177,118	-1,119	-0.63%	
Net interest income	91,454	92,402	948	1.03%	
Fee and commission income	7,834.00	7,834	0	-0.01%	
Fee and commission expense	646.00	649.00	3.00	0.00%	
Net fee and commission income	7,188	7,185	(3)	-0.05%	
Other operating income	14,109	13,342	-767	-5.75%	Due to reclassification
Total operating income	112,751	112,929	178	0.16%	
Impairment charge/(reversal) for loans and other losses	-25,039	-25,039	0	0.00%	
Net operating income	137,790	137,968	178	0.13%	
Personnel expenses	54,288	55,247	959	1.74%	
Other operating expenses	29,153	29,346	193	0.66%	
Depreciation & Amortisation	28,927	29,851	924	3.10%	Due to ROU Assets
Operating profit	25,422	23,524	(1,898)	-8%	
Non operating income/expense	0	-	0	0	
Profit before tax	25,422	23,524	(1,898)	-8.07%	Due to other effects
Income tax	-259	3,389	3,648	107.64%	Change in income and effect of Deferred Tax
Profit/(loss) for the period	25,681	20,135	(5,546)	-27.55%	
Other comprehensive income	5,772	6,976	1,204	17.26%	Due to effects of above changes
Total comprehensive income	31,453	27,111	(4,342)	-16.02%	
Distributable Profit	(297,170)	42,133	339,303	805.31%	
Net profit/(loss) as per profit or loss	25,681	20,135	(5,546)	-27.55%	
Add/Less: Regulatory adjustment as per NRB Directive	-	(25,333)	(25,333)	100.00%	
Free profit/(loss) after regulatory adjustments	25,681	45,468	19,787	43.52%	



NRB Directive Annex 43.1

Major Indicators

Major Financial Indicators of last 5 years

S. No.	Indicators	FY 2075/76	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80
1	Net Profit/Gross income	32.72%	56.42%	56.21%	14.79%	6.93%
2	Earnings per share	6.13	32.85	10.29	5.33	2.77
3	Market value per share	124.00	130.00	570.00	300.08	351.00
4	Price earning Ratio	20.23	3.96	55.41	56.32	126.83
5	Dividend (including bonus) on Share Capital (%)	0.00%	0.00%	0.00%	0.00%	0.00%
6	Cash Dividend on Share Capital (%)	0.00%	0.00%	0.00%	0.00%	0.00%
7	Interest Income/ Loans and Advances (%)	0.00%	82.62%	12.68%	16.84%	20.68%
8	Staff Expenses/ Total Operating Expenses (%)	49.52%	42.27%	30.27%	26.13%	18.91%
9	Interest Expenses/ Total Deposits & Borrowings (%)	6.22%	1.28%	2.53%	6.56%	9.81%
10	Exchange Gain/ Total Income (%)	-	-	-	-	-
11	Staff Bonus/ Total Staff Expenses (%)	53.63%	25.87%	12.52%	5.81%	4.73%
12	Net Profit/Total Loans & Advances (%)	0.00%	123.97%	16.03%	2.26%	1.46%
13	Net Profit/ Total Assets (%)	3.00%	9.43%	3.49%	0.98%	0.64%
14	Total Loans & Advances/ Total Deposits (%)	0.00%	17.19%	48.17%	81.87%	76.39%
15	Total Operating Expenses/ Total Assets (%)	6.81%	5.03%	3.40%	3.62%	3.62%
16	Capital Adequacy (On Risk Weighted Assets)					
	a. Core Capital	111.00%	35.62%	63.70%	43.71%	42.64%
	b. Supplementary Capital	0.00%	0.00%	0.65%	0.98%	1.01%
	c. Total Capital Fund	111.00%	35.74%	64.35%	44.69%	43.65%
17	Liquidity (%)	275.42%	126.89%	118.29%	70.42%	70.01%
18	Non-Performing Loan/ Total Loans & Advances (%)	100.00%	68.63%	46.35%	14.07%	12.16%
19	Weighted Average Interest Rate Spread	4.83%	7.64%	5.10%	4.88%	4.58%
20	Book Net Worth (Per Share)	146.29	170.80	137.46	132.82	136.45
21	Number of Shares	1,358,005.00	1,358,005.00	4,934,963.25	7,254,722.47	7,275,322.47
22	Number of Staff	13	12	75	92	95

Note: The figure of Loans and Advances has been taken net of impairment.



Nepal Finance Limited
List of the more than .50% Shareholder
FY 2079-80

Name	No of Share	Perctange	Amount (Rs)
Pramila Shakya	766,360.00	10.53%	76,636,000.00
Bijay Bahadur Manandhar	258,728.00	3.56%	25,872,800.00
Hirendra Man Pradhan	246,700.00	3.39%	24,670,000.00
Suman Kedia	219,900.00	3.02%	21,990,000.00
Rajan Prajapati	143,289.00	1.97%	14,328,900.00
Niraj Shrestha	140,963.00	1.94%	14,096,300.00
Rajendra Shakya	139,647.00	1.92%	13,964,700.00
Rabi Chandra Man Pradhan	135,700.00	1.87%	13,570,000.00
Moti Maya Shakya	109,889.00	1.51%	10,988,900.00
Mita Murarka Agrawal	106,427.00	1.46%	10,642,700.00
Subindra Shrestha	83,531.00	1.15%	8,353,100.00
Trilok Narsing Shakya	82,000.00	1.13%	8,200,000.00
Anita Goyal	67,000.00	0.92%	6,700,000.00
Mahek Goyal Jain	60,725.00	0.83%	6,072,500.00
Mohit Agrawal	51,000.00	0.70%	5,100,000.00
Prasana Ratna Bajracharya	49,623.00	0.68%	4,962,300.00
Dilip Shakya	49,623.00	0.68%	4,962,300.00
Pancha Raj Shakya	49,623.00	0.68%	4,962,300.00
Sunil Shakya	49,623.00	0.68%	4,962,300.00
Lagan Sadabarta Nizi Guthi	47,818.00	0.66%	4,781,800.00
Shailendra Kumar Mishra	44,500.00	0.61%	4,450,000.00
Hem Raj Upadhyaya	44,500.00	0.61%	4,450,000.00
Narendra Man Shakya	44,500.00	0.61%	4,450,000.00
Rajesh Lal Shrestha	37,283.00	0.51%	3,728,300.00
Total			302,895,200.00



दिनांक :- १६/१०/२०२१

००८०-०८-२०

नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग

केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन नं : ०१-४४१२३०७
Site: www.nrb.org.np
Email: nrbfsd@nrb.org.np
पोस्ट बक्स: ३३

पत्रसंख्या: वि.सं.सु.वि. गैरस्थलगत/नेपाल/०८०/८१
च.नं.: ८०

मिति : २०८० ०८ २०



श्री नेपाल फाइनेन्स लिमिटेड,
कमलादी, काठमाण्डौं ।

विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेयरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण, नाफा वा नोक्सानको विवरण, विस्तृत आयको विवरण (Statement of Comprehensive Income), नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण, सोसंग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

१. यस बैंकबाट जारी एकीकृत निर्देशन नं. २१/०८० बमोजिम यथाशीघ्र चुक्ता पुंजी पुऱ्याउनु हुन ।
२. कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
३. यस बैंकबाट जारी एकीकृत निर्देशन नं १५/०८० बमोजिम व्याजदर सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।
४. निष्क्रिय कर्जालाई यथाशीघ्र न्यूनीकरण गर्न योजना बनाई पेश गर्नहुन ।
५. कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सञ्चालन जोखिम लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय
(३५१/३११)

(रञ्जना शर्मा)
उप-निर्देशक

बोधार्थ:

- श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ।
श्री IBS (Individual Bank Supervisor) Officer



नेपाल फाइनान्स लिमिटेड Nepal Finance Limited

"नेपाल राष्ट्र बैकबाट "ग" वर्गको इजाजतपत्र प्राप्त संस्था"

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च. नं. ३६१/२०८०/८१

मिति: २०८०/०८/२९

प.सं. २०८०/०८१

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

बिषय: वित्तीय विवरण प्रकाशन स्वीकृतीका लागि दिईएको निर्देशनको प्रत्युत्तर सम्बन्धमा ।

महोदय,

तहाँको मिति २०८०/०८/२० को वि.सं.सु.वि./गैरस्थलगत/नेपाल/०८०/८१ च. नं. ८० को पत्र बमोजिम यस संस्थाको आ. ब. २०७९/०८० को वित्तीय विवरण, सोसँग संलग्न अनुसूचीहरू, लेखापरिक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनका लागि प्रकाशनको स्वीकृती प्राप्त भएकोमा उक्त पत्रको निर्देशनहरूको हालसम्म भए गरेका काम कारवाहीहरूमा देहाय बमोजिम सुधार र पालना गरिने ब्यहोरा तहाँको जानकारीका लागि अनुरोध छ ।

१. तहाँ बैकबाट 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 बैकको निर्देशानुसार ब्याजदर अन्तर कायम गरिएको र भविष्यमा पनि निर्देशानुसार कायम गरिने ब्यहोरा अनुरोध छ ।
४. निर्देशानुसार निष्कृत्य 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,

उध्दबराज थपलिया
प्रमुख कार्यकारी अधिकृत



Senior Management Team



Mr. Uddhab Raj Thapaliya
Chief Executive Officer (CEO)



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



Mr. Sagar Prajapati
Chief Operating Officer/Chief Risk Officer

Department Head



Mr. Chandra Shekhar Khadka
Legal and Recovery



Mr. Madhu Nepal
Treasury



Mr. Basu Dev Kc
Information Technology



Mr. Sudeep Risal
Credit Administration



Mr. Bishal Thapa
Account & Finance



Ms. Roshi Shrestha
Human Resource

Branch Manager/Incharge



Mr. Madhu Nepal
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



Mr. Harendra Bhattarai
Lagankhel Branch



Mr. Jabin Ranjit
New Road Branch



Mr. Pankaj Kumar Thakur
Dhanushadham Branch



Mr. Abiral Shrestha
Hetauda Branch



Mr. Jhabindra Pantha
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 फाइनेन्स लिमिटेड
Nepal Finance Limited

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