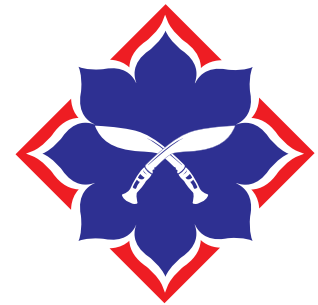


20th
Anniversary

खुसी बाँड्दै...

**ANNUAL
REPORT**
2019/20



Gurkhas Finance Ltd.
गोर्खाज फाइनान्स लि.

सञ्चालक समिति



यादव चन्द्र राई
अध्यक्ष



चोक बहादुर मगर
सञ्चालक



राज गोविन्द राजकर्णिकार
सञ्चालक



खड्ग बहादुर गुरुङ्ग
सञ्चालक



डेकिन्द्र कुमार राई
सञ्चालक

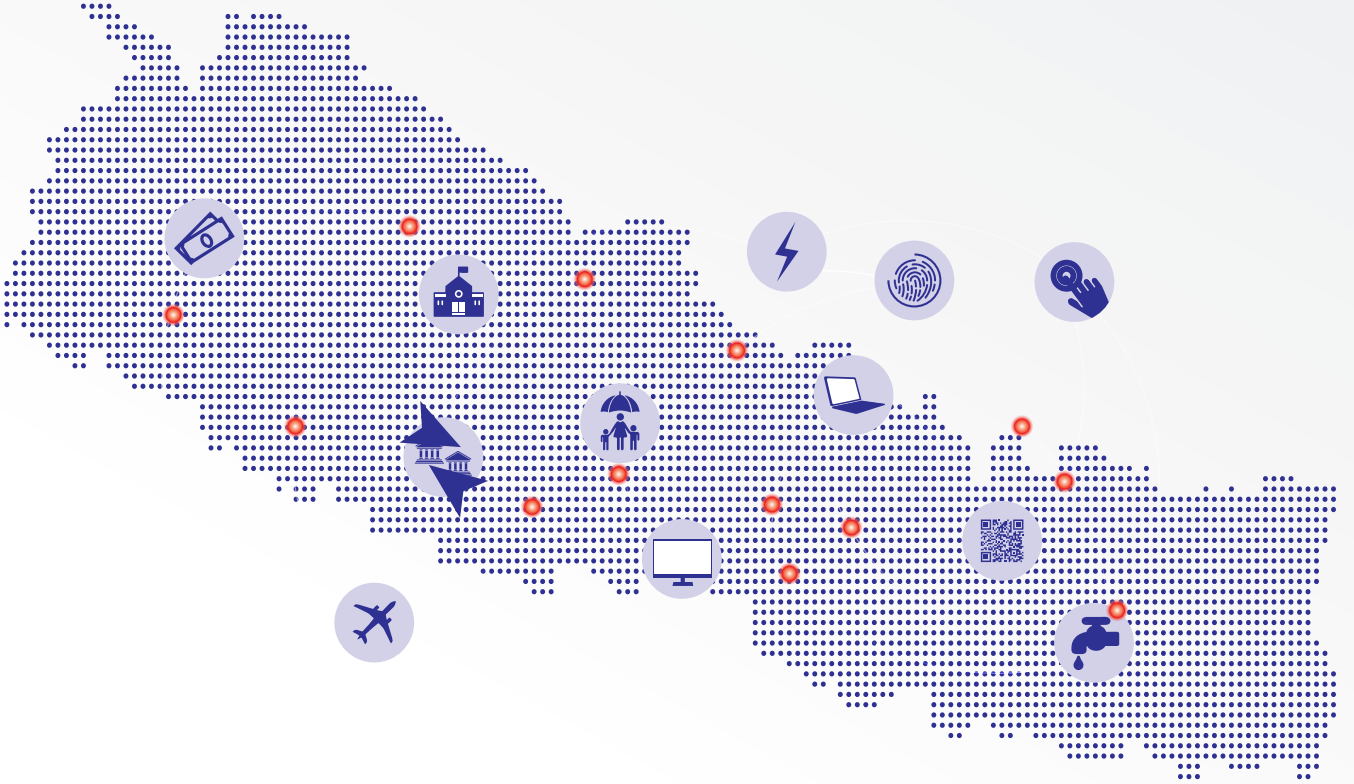


भुवन रेग्मी
सञ्चालक



प्रद्युम्न कुमार भट्टराई
सञ्चालक

गोर्खाज फाइनान्सको शाखा
जहिलेपनि
जहाँपनि



GURKHAS SMART
Mobile Banking

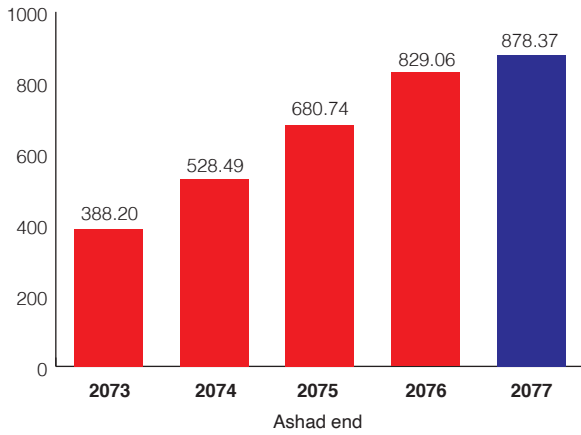
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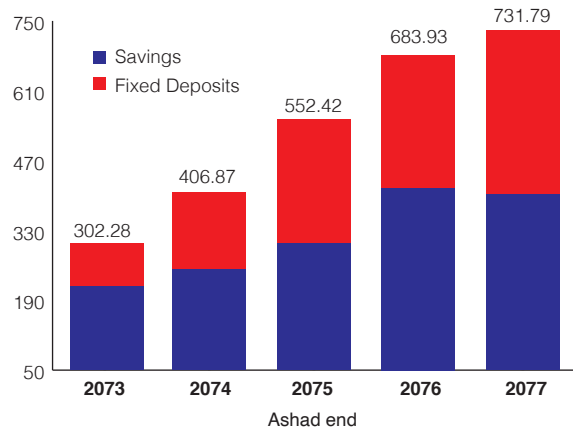
Financial highlights from last 5 years

1. Business

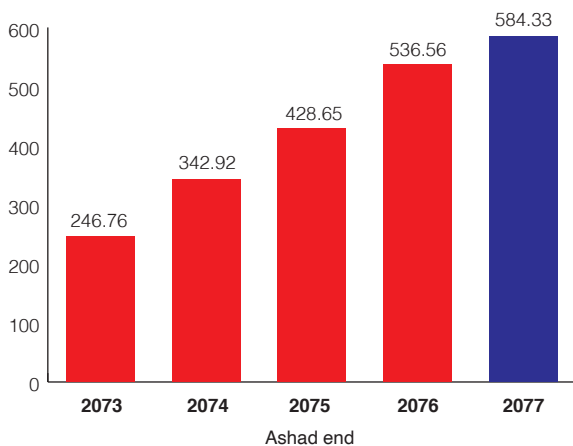
A. Total Assets (in Crore)



B. Total Deposits (in Crore)

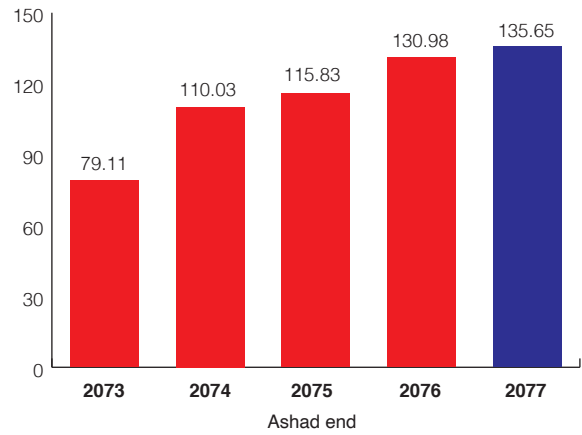


C. Total Loan and Advances (in Crore)

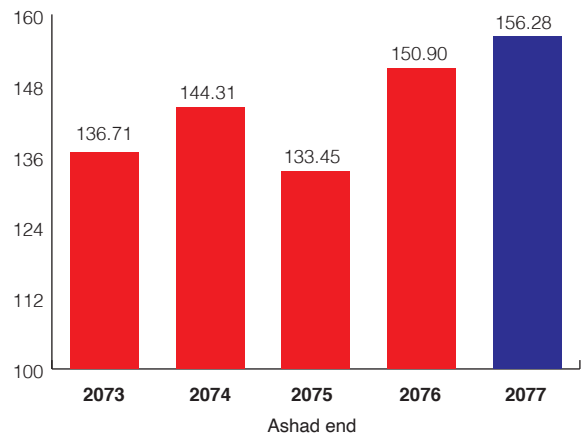


2. Capital

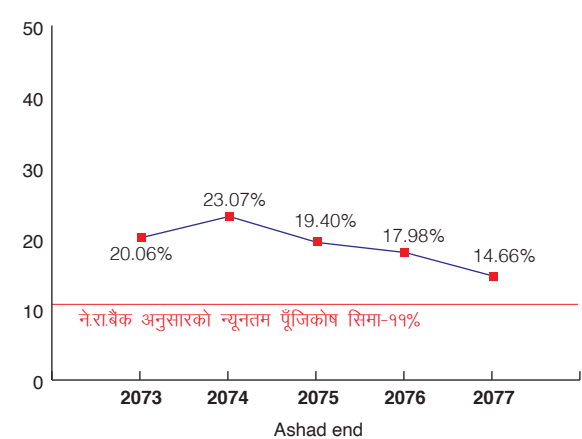
A. Total Share Capital and Reserves (in Crore)



B. Net Worth Per Share (NPR)



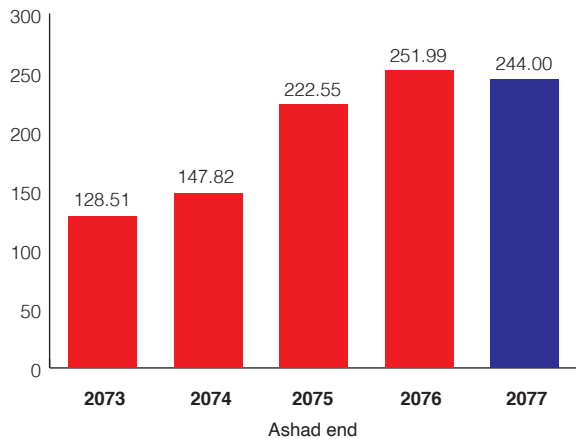
C. Capital Adequacy Ratio



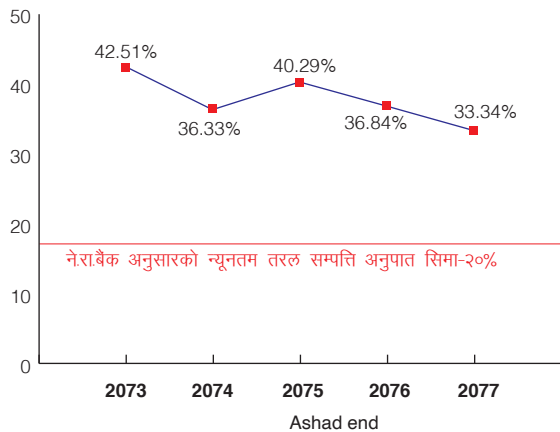
Financial highlights from last 5 years

3. Liquidity

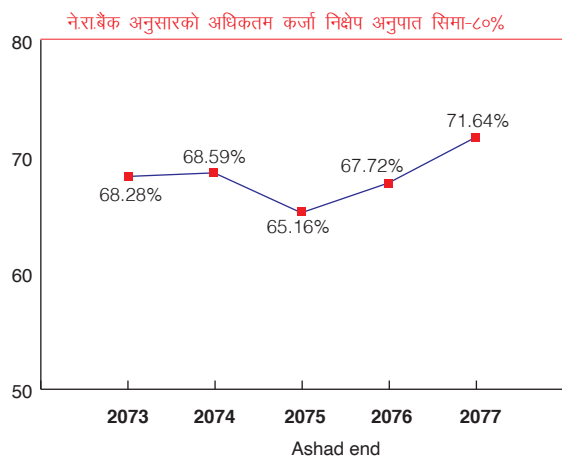
A. Total Liquid Assets (in Crore)



B. Liquidity Ratio

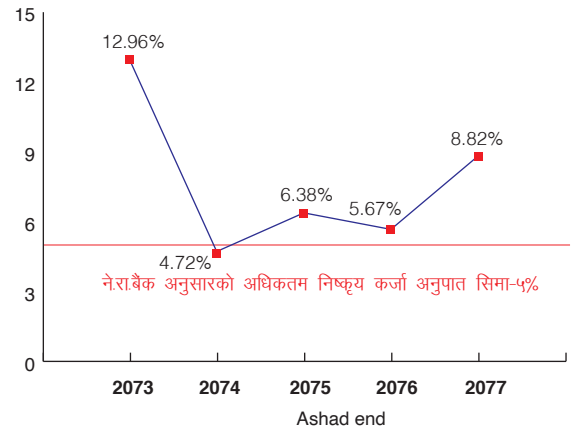


C. Credit Deposit Ratio



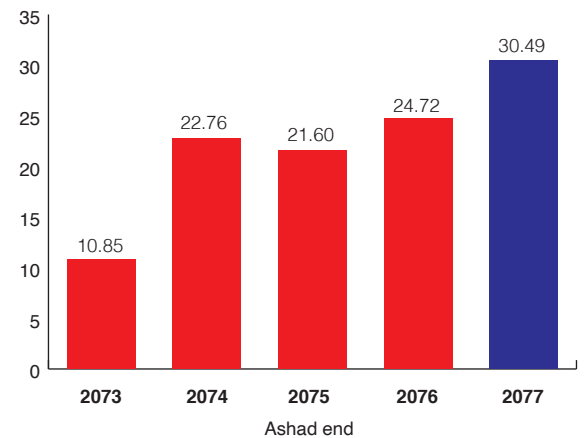
4. Assets Quality

A. Non Performing Assets

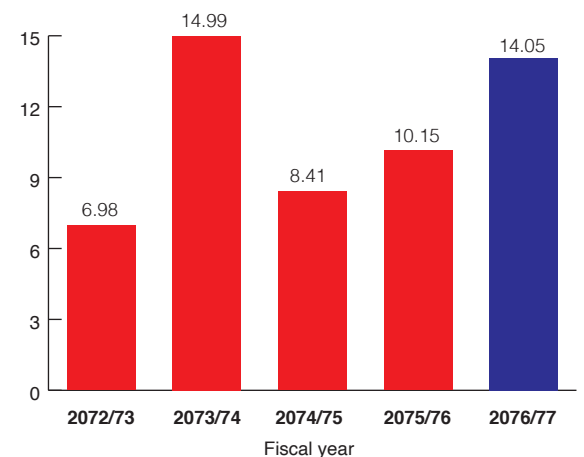


5. Financial Operating Efficiency

A. Net Interest Income (in Crore)

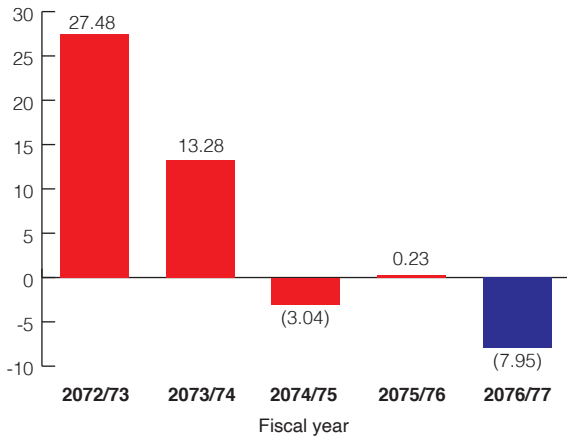


B. Operating Profit Before Provision (in Crore)

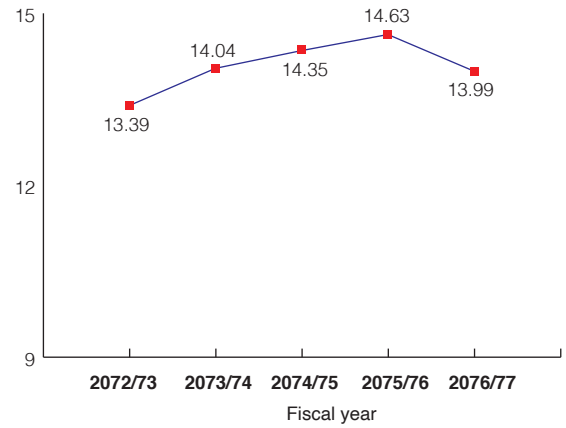


Financial highlights from last 5 years

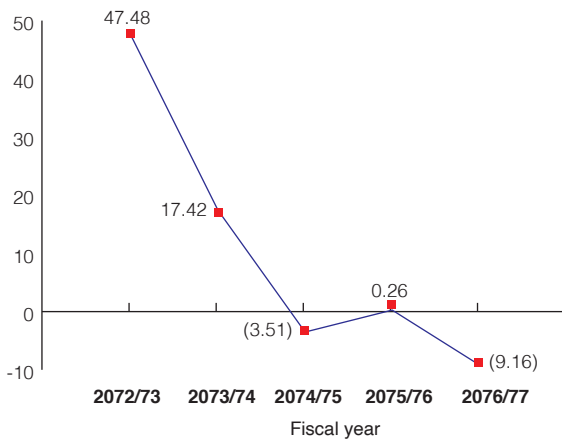
C. Net Profit (in Crore)



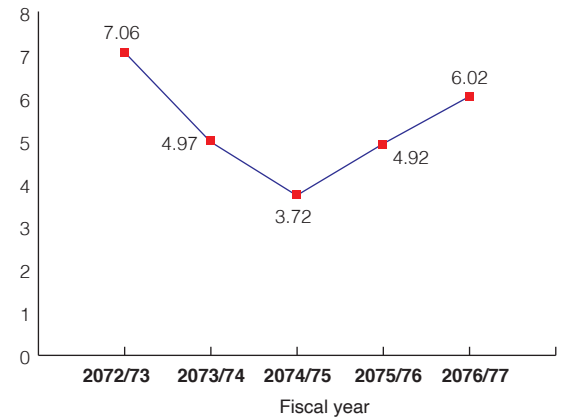
F. Rate of Return



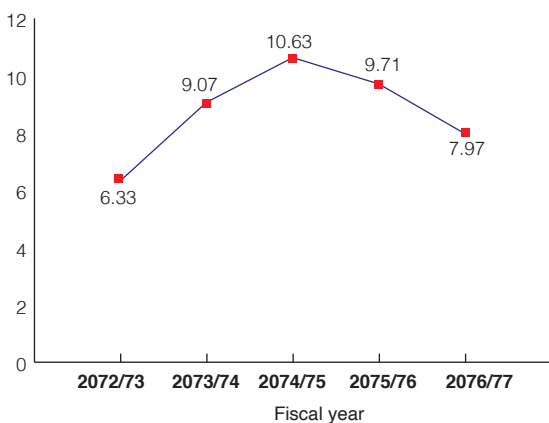
D. Net Profit per share (NPR)



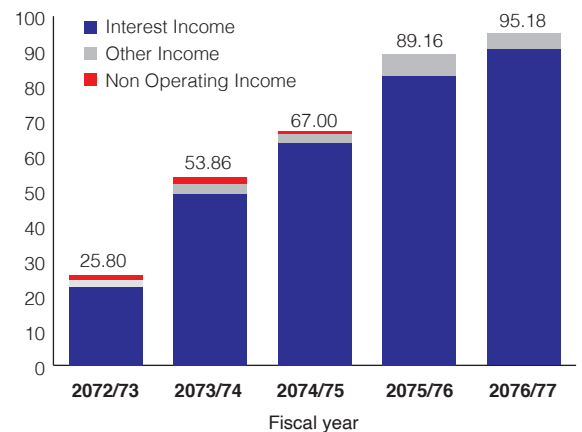
G. Spread Rate of Interest



E. Cost of Fund



H. Source of Income (in Crore)



विषय-सूची

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छब्बीसौं वार्षिक साधारण सभा सम्बन्धी सूचना

(प्रथम पटक प्रकाशित मिति २०७७ चैत २९)

यस संस्थाको मिति २०७७/१२/२६ गते बिहीबार बसेको सञ्चालक समितिको ४९६औं बैठकको निर्णय अनुसार कम्पनीको छब्बीसौं वार्षिक साधारणसभा देहायको मिति, समय र स्थानमा भर्चुअल (भिडियो कन्फरेन्स) माध्यमबाट निम्न लिखित विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्पूर्ण शेयरधनी महानुभावहरूको भर्चुअल माध्यमबाट उपस्थितिको लागि अनुरोध छ ।

सभा हुने मिति, समय र स्थान :

मिति: २०७८ साल वैशाख महिना २९ गते मंगलबार (तदनुसार मे ०४ तारिख, २०२९)

समय: विहान ११:०० बजे ।

स्थान: अन्नपाली ब्याङ्केट क्याटेरिङ्ग इभेन्ट, भाटभटेनी, काठमाडौं ।

छलफलका विषयहरू:

क) सामान्य प्रस्ताव

- १) आ.व. २०७६/७७ को सञ्चालक समितिको प्रतिवेदन उपर छलफल गरी पारित गर्ने ।
- २) लेखापरीक्षकको प्रतिवेदन सहित २०७७ आषाढ मसान्तको वासलात तथा २०७६ श्रावण १ देखि २०७७ आषाढ मसान्त सम्मको नाफा नोक्सान हिसाब र सोहि अवधिको नगद प्रवाह विवरण लगायत वित्तीय विवरणहरू उपर छलफल गरी पारित गर्ने ।
- ३) बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ६३ तथा कम्पनी ऐन, २०६३ को दफा १११ बमोजिम आर्थिक वर्ष २०७७/०७८ को लेखापरीक्षणको लागि लेखापरीक्षण समितिको सिफारिस बमोजिम लेखापरीक्षक नियुक्त गर्ने र निजको पारिश्रमिक निर्धारण गर्ने । (वर्तमान लेखापरीक्षक श्री नील सारु मगर, एनविएसएम एण्ड एशोसियेट्स, नारायणचौर, काठमाडौं पुनः नियुक्तीको लागि योग्य रहेको ।)
- ४) संस्थापक समूहबाट ३ (तीन) जना र सर्वसाधारण समूहबाट ३ (तीन) जना समेत गरी ६ (छ) जना सञ्चालकहरूको निर्वाचन गर्ने सम्बन्धमा ।

ख) विशेष प्रस्ताव

- १) संस्थाको प्रबन्धपत्र, नियमावली सम्बन्धमा नियमनकारी निकायबाट आवश्यक हेरफेर गर्न निर्देशन भएमा सोहि बमोजिम गर्न सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने सम्बन्धमा ।

ग) विविध ।

पूनश्च:

१. हाल कोभिड १९ महामारीको कारण नेपाल सरकारले जारी गरेको सुरक्षा मापदण्डको पूर्ण पालना गरी सभा सम्पन्न गर्नुपर्ने विशेष परिस्थितिले गर्दा शेयरधनी महानुभावहरूलाई भर्चुअल माध्यमबाट समेत सभामा उपस्थितिका लागि हार्दिक अनुरोध गरिएको छ ।
२. भर्चुअल माध्यमबाट उपस्थित भएका शेयरधनीहरूलाई सभा हलमा उपस्थित भए सरह मान्यता दिइने व्यहोरा समेत जानकारी गराइन्छ ।
३. मिटिङ्ग आईडि र पासवर्ड संस्थाका सूचना प्रविधी विभागका प्रमुख श्री सुजन ध्वज जोशी (sujan@gurkhasfinance.com) संग सम्पर्क गरी लिने व्यवस्था गरिएको जानकारी गराउँदछौं । साथै, भर्चुअल माध्यमबाट आफ्नो मन्तव्य राख्न चाहनु हुने शेयरधनीले कम्तीमा २ दिन अगावै कम्पनी सचिवलाई आफ्नो नाम र शेयरधनी नम्बर वा डिम्याट नम्बर दिन समेत अनुरोध छ ।

साधारण सभा सम्बन्धी थप जानकारीको लागि संस्थाको website:- www.gurkhasfinance.com.np मा हेर्न सकिने व्यहोरा जानकारी गराउँदछु ।



साधारण सभा सम्बन्धी सामान्य जानकारी

- संस्थाको छबीसौं वार्षिक साधारण सभा प्रयोजनको लागि यस वित्तीय संस्थाको शेयर नामसारी तथा दाखिला खारेज मिति २०७८/०९/०६ गते देखि २०७९/०९/२९ सम्म बन्द रहनेछ । नेपाल स्टक एक्सचेञ्ज लिमिटेडमा २०७८/०९/०५ गतेसम्म कारोबार भई सात कार्य दिन भित्र यस संस्थाको शेयर रजिष्ट्रार श्री एनआईबिएल एस क्यापिटल लिमिटेड, लाजिम्पाट, काठमाडौंमा नामसारीको लागि प्राप्त लिखतका आधारमा शेयरधनी दर्ता कितावमा कायम शेयरधनीहरूले मात्र सभामा भाग लिन, छलफल गर्न र मतदान गर्न सक्नेछन् ।
- साधारण सभामा भिडियो कन्फरेन्स मार्फत उपस्थित हुने शेयरधनीहरूले २४ घण्टा अगावै कम्पनीमा हितग्राही खाता खोलेको (DMAT) विवरण, शेयर प्रमाणपत्र वा आफ्नो परिचय खुल्ने प्रमाणपत्र सहित आफ्नो नाम टिपाइ आईडि कोड, र पासवर्ड लिनु पर्नेछ ।
- साधारण सभाको प्रयोजनका लागि साधारणसभा हुने दिन विहान १०:३० बजे देखि भिडियो कन्फरेन्स खुल्ला गरिनेछ ।
- साधारणसभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले प्रोक्सी फाराम साधारण सभा शुरू हुनु भन्दा ४८ घण्टा अगावै कम्पनीको शेयर रजिष्ट्रार श्री एनआईबिएल एस क्यापिटल लिमिटेड, लाजिम्पाटमा दर्ता गराइसक्नुपर्नेछ । प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति समेत यस संस्थाको शेयरधनी हुनु आवश्यक छ ।
- साधारणसभामा भाग लिन र मतदान गर्नका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गरी सकेपछि सम्बन्धित शेयरधनी आफै साधारणसभामा उपस्थित हुन वा प्रतिनिधि फेरबदल गर्न चाहेमा साधारणसभा शुरू हुनुभन्दा कम्तीमा २४ घण्टा अगाडि नै सो को सूचना संस्थाको शेयर रजिष्ट्रार श्री एनआईबिएल एसक्यापिटल लिमिटेड, लाजिम्पाटमा पठाउनु हुन अनुरोध छ । यस्तो जानकारी प्राप्त भएमा अधिल्लो प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ ।
- कुनै शेयरधनीले एक भन्दा बढी प्रतिनिधि (प्रोक्सी) मुकरर गरेकोमा कार्यालयमा पहिलो दर्ता भएको प्रतिनिधि (प्रोक्सी) लाई मान्यता दिइनेछ ।
- नाबालक वा विक्षिप्त शेयरधनीको हकमा संस्थाको शेयरधनी दर्ता पुस्तिकामा संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले मात्र साधारणसभामा भाग लिन वा प्रतिनिधि (प्रोक्सी) नियुक्ति गर्न सक्नेछ ।
- संयुक्त रूपमा साधारण शेयर लिने शेयरधनीहरूको हकमा त्यस्तो शेयरधनीहरू मध्येबाट सर्वसम्मत रूपमा मनोनित प्रतिनिधिले वा सो बमोजिम कुनै प्रतिनिधि नियुक्त नभएमा शेयरधनीहरूको दर्ता कितावमा पहिलो नाम उल्लेख भएको शेयरधनीले मात्र साधारण सभामा भाग लिन सक्नेछ ।
- कुनै शेयरधनीहरूलाई कम्पनीको सम्बन्धमा केही जिज्ञासा भए त्यस्तो बेहोरा लिखित रूपमा सभा शुरू हुनुभन्दा कम्तीमा सात दिनअघि कम्पनीको कार्यालयमा पठाउनुहुन अनुरोध गर्दछौं । तर यसलाई छलफल र पारित प्रस्तावको रूपमा पेश गरिने छैन ।
- अन्य थप जानकारीको लागि यस संस्थाको प्रधान कार्यालय डिल्लीबजार, काठमाडौं तथा शेयर रजिष्ट्रार श्री एनआईबिएल एस क्यापिटल लिमिटेड, लाजिम्पाट, काठमाडौंमा सम्पर्क राख्नुहुन अनुरोध छ ।

गोर्खाज फाइनेन्स लिमिटेड

चारखाल रोड, डिल्लीबजार, काठमाण्डौं

फोन: ४४३७४०९/४४३०५२७/४०९९५२५

फ्याक्स : ४४३७४०९

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प्रवेश पत्र

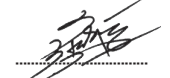
गोर्खाज फाइनेन्स लिमिटेडको मिति २०७८/०९/२९ गतेका दिन हुने २६ औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र ।

शेयरधनीको नाम :

शेयरधनी नं :

शेयर संख्या :

दस्तखत :



कम्पनी सचिव

(दफा ७१ को उपदफा (३) संग सम्बन्धित)

प्रोक्सी फारम

श्री सञ्चालक समिति

गोर्खाज फाइनेन्स लिमिटेड

चारखाल, काठमाडौं ।

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

.....जिल्ला.....न.पा/गा.वि.स वडा नं.....बस्ने म/हामी.....ले त्यस कम्पनीको शेयरधनीको हैसियतले मिति २०७८ साल महिना गतेका दिन हुने वार्षिक साधारण सभामा म/हामी स्वयं उपस्थित भई छलफलमा सहभागी हुन नसक्ने भएकोले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागिजिल्ला.....न.पा/गा.वि.स/वडा नं.....वस्ने श्री.....लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु/पठाएका छौं ।

प्रतिनिधि नियुक्त भएको व्यक्तिको

हस्ताक्षरको नमूना :

शेयरधनी परिचय नं. :

मिति :

निवेदकको

दस्तखत

नाम

ठेगाना

शेयरधनी नं

ग्रहण गरिएको शेयर संख्या

मिति

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छब्बीसौं वार्षिक साधारणसभा कार्यक्रममा अध्यक्षद्वारा प्रस्तुत संक्षिप्त मन्तव्य

आदरणीय शेयरधनी महानुभावहरू ! सञ्चालक तथा कर्मचारी मित्रहरू ! साथै पत्रकार साथीहरू ! सर्वप्रथम त हजुरहरू सबैलाई सप्रेम हार्दिक नमस्कार एवं न्यायो अभिवादन ।

स्मरण रहोस्, पृथ्वीनारायण शाहले आफ्नो वीर गोर्खाली सेनाको भरमा थुप्रै बाईसे चौबीसे राज्यहरूलाई एकीकरण गरी सन् १७६९ मा एक विशाल एवं आधुनिक नेपाल अधिराज्य घोषणा गरेका थिए। त्यसबेला नेपालको राष्ट्रिय सेनालाई गोर्खाली सेना भनिन्थ्यो। यही गोर्खाली सेनाले वीर बलभद्र कुँवरको नेतृत्वमा अंग्रेजहरूसँग सन् १८१४ देखि १८१६ सम्म देहरादुनको नालापानी किल्लाको रक्षार्थ बहादुरीतापूर्वक लडी दुश्मनलाई पराजित गरेपछि गोर्खाली सेनाको नाम सुवास बिश्वर फैंलिएको थियो। फलस्वरूप बेलायती शासकहरूले सन् १८१५-१८१६ मा सम्पन्न सुगौली सन्धि मार्फत नेपाली युवाहरूलाई भर्ती गरी छुट्टै गोर्खाली लडाकु दस्ता वा रेजिमेन्ट बनाई आफ्नो साम्राज्य बिस्तार गर्न भरपुर प्रयोग गरेका थिए। सन् १९४७ मा भारत बेलायती उपनिवेशबाट मुक्त भएपछि बेलायतले आधाजसो गोर्खाली सेनालाई भारतीय शासकको जिम्मा लगाई बाँकीलाई आफूसँगै लिएर गएका थिए भने भारतीयहरूले गोर्खाली सेनालाई अंग्रेजीमा Gorkhas भनेर लेख्न थाले भने बेलायतीहरूले The Gurkhas भनेर बिश्वभर एक खतरनाक एवं सुरबीर ब्यबसायिक सेनाको रूपमा चिनाउदै आफ्नो साम्राज्यवादी नीति पूरा गर्दै आएको सन्दर्भमा हाल संसभारिका मानवजातिले Gurkhas लाई केवल ईमानदारीता एवं बहादुरीताको प्रतिकको रूपमा चिन्ने गर्दछन्। यसर्थ हाम्रो संस्थाको नाम अस्को भन्दा अर्थपूर्ण, ऐतिहासिक र बिशेष छ भन्दा अत्युक्ति नहोला। यो नाम आफैमा एक अन्तर्राष्ट्रिय ब्रान्ड पनि हो। त्यसैले यसलाई बचाई राख्नु तपाईं हामी सबैको मुख्य कर्तव्य हुन आउँछ। किनभने यस संस्थामा आबद्ध सम्पूर्ण लगानीकर्ता, सञ्चालक, कर्मचारी तथा सेवाग्राहीहरू लगायत हामी सबै नेपालीहरू गोर्खाज वा गोर्खाजका सन्ततिहरू हौं भन्ने कुरामा कुनै शंका छैन। हाम्रो गौरवशाली वित्तिय संस्थाको यस ऐतिहासिक छब्बीसौं वार्षिक साधारणसभा कार्यक्रममा देश बिदेशबाट सहभागी हुनुभएका यहाँहरू सबैलाई हार्दिक सम्मान तथा स्वागत अर्पण गर्दछु।

आदरणीय शेयरधनी महानुभावहरू ! संस्थागत सुशासन तथा वित्तिय अनुशासन कायम गर्दै संस्थालाई हरेक दृष्टिकोणले सफल र अब्बल बनाउन हामी सञ्चालकहरूले कुनै कसर बाकी राखेका छैनौं। ईमानदारीता, पारदर्शिता, जवाफदेहिता र मितब्ययिता हाम्रो मुख्य बिशेषताहरू हुन्। जसको कारण साबिकको काठमाडौं फाईनान्स लिमिटेडलाई समस्याग्रस्त गोर्खा बिकास बैंक लिमिटेडसंग मर्ज गरेपछि देखिएका अनगिन्ती समस्याहरूलाई समाधान गरिसकिएको छ भने, अझै केही समस्याहरू बाकी रहेका छन्। यद्यपि त्यसलाई किनारा लगाउने सिलसिलामा हाम्रो समूह गम्भीरतापूर्वक लागि रहेको छ।

हाम्रो संस्थाले आधुनिक बैंकिङ सेवा (Modern Banking Service) प्रदान गरिरहेको छ। जस अन्तर्गत संस्थाले उच्चतम प्रबिधिको प्रयोग गर्दै हाल ATM, ABBS, Mobile Banking, Internet Banking, ASBA, C-ASBA, Connect IPS लगायत विविध सेवा तथा सुबिधाहरू उपलब्ध गराउँदै आएकोछ भने हालसालै मात्र DMAT खाता खोली शेयर सम्बन्धि सम्पूर्ण कारोबार गर्ने व्यवस्था गरिएको

छ। त्यसैगरी डिजिटल मार्केटिङको दुनियाँमा गोर्खाज फाइनान्स लिमिटेड अग्रपक्तिमा रहेको छ। जसले गर्दा फेसबुक, भाईबर, अनलाइन समाचार लगायतका सामाजिक सञ्जालहरू गोर्खाजमय भएका छन्।

यो मन्तव्य तयार पारी पारित गरिएको दिन अर्थात् मिति २०७८ साल बैशाख ९ गतेसम्म हाम्रो संस्थाको चैत्र मसान्त २०७७ सालको नेटवर्थ (Net Worth) प्रतिशेयर रु १९५.२७ छ भने EPS (Earning Per Share) रु ४२.०५ रहेको छ। त्यसैगरी जगेडाकोष (Reserve Fund) मा लगभग ८० करोड रूपैयाँ सुरक्षित रहेको छ भने हाम्रो संस्थाले लगभग ७ अर्ब ६३ करोड रूपैयाँ निक्षेप (Deposit) संकलन गरी लगभग ६ अर्ब २७ करोड ऋण प्रवाह गर्न सफल भएको छ। कोरोना महामारीको बाबजुत पनि कर्जा असुलीमा उल्लेख्य प्रगति भएको छ। जसको कारण उद्वन बाँकी ब्याज (Interest Suspense) घटेर लगभग २६ करोड रूपैयाँमा भरेको छ र निरन्तर घट्ने क्रम जारी छ । खुशीको कुरो, यस संस्थाले चालु आ.व. २०७७/०७८ को पहिलो, दोस्रो र तेस्रो क्वार्टरमा क्रमशः ७ करोड, १७ करोड र २८ करोड खुद आम्दानी गर्न सफल भएको छ। कृपया! अन्य तथ्यपरक जानकारीहरू सञ्चालक समितिको प्रतिबेदनमा समावेश गरिएको ब्यहोरा अनुरोध गर्दछु।

आदरणीय शेयरधनी महानुभावहरू ! संस्थाले लगानीकर्ताहरूलाई जे जस्तो कारणहरू (जसलाई मैले लगानीकर्ताहरूको भाईबर समूह तथा ब्यक्तिगत भेटघाटमा ईमानदारीपूर्वक राख्दै आएको छु) भएपनि लामो समय लामांश बितरण गर्न नसकेकोमा गम्भीर पीडा बोध गर्दै सञ्चालक समितिको तर्फबाट एकदमै गहिरो दुख ब्यक्त गर्दछु। यद्यपि हाम्रो संस्थाको शेयरको मूल्य बृद्धि हुँदा सर्वसाधारण शेयरधनी (Public Share Holder) हरूलाई निकै ठूलो राहत पुगेको छ भने संस्थापक शेयरधनी (Promoter Share Holder) को पनि अंकित मूल्य बृद्धिभई प्रतिशेयर रु १७६/- कायम भएको छ। उपरोक्त वित्तिय सूचाङ्क (Financial Indicator) हरूलाई आधार मान्ने हो भने हाम्रो संस्था अबको २-३ बर्षभित्र एक उत्कृष्ट वित्तिय संस्थाको रूपमा दर्ज हुने कुरामा कुनै सन्देह छैन। यसै सिलसिलामा हाम्रो आगामी सत्ताईसौं वार्षिक साधारणसभा कार्यक्रम हाम्रो निम्ति अत्यन्तै सुखद हुने कुरामा जडबिश्वास गर्नुका साथै आगामी साधारणसभा सकेसम्म चाडो सम्पन्न गर्ने प्रतिबद्धता जाहेर गर्दै म समस्त शेयरधनी महानुभावहरूस्रति अमूल्य साथ, सहयोग, सद्भाव, सुभाव र धैर्यताको निम्ति नतमस्तक भई हार्दिक कृतज्ञता प्रकट गर्दछु। त्यसैगरी हाम्रो गौरवशाली वित्तिय संस्था Gurkhas Finance Ltd को समग्र प्रगतिको निम्ति अहोरात्र खट्नु हुने सच्चा कर्मचारी मित्रहरू साथै प्रिय सहकर्मी सञ्चालक साथीहरूलाई हार्दिक धन्यवाद ज्ञापन गर्दछु। अन्तमा, हाम्रो संस्थालाई हदैसम्म विश्वास गरी वित्तिय कारोबार गर्नुहुने सम्पूर्ण ग्राहकबर्ग, संस्थाको भलो चाहाने ज्ञात अज्ञात शुभचिन्तकहरू तथा पत्रकार मित्रहरूलाई सिङ्गो संस्थाको तर्फबाट मुुरीमुुरी धन्यवाद अर्पण गर्दै यो छोटो मन्तव्यको बीट मार्ने अनुमति चाहन्छु। धन्यवाद। जय गोर्खाज।

यादव चन्द्र राई
अध्यक्ष



गोर्खाज फाइनेन्स लिमिटेडको
छब्बीसौं वार्षिक साधारण सभामा सञ्चालक समितिको तर्फबाट
प्रस्तुत वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

गोर्खाज फाइनेन्स लिमिटेडको छब्बीसौं वार्षिक साधारणसभामा भौतिक रूपमा तथा भिडियो कन्फरेन्सको माध्यमबाट उपस्थित सम्पूर्ण शेयरधनी महानुभावहरू, विभिन्न संघ संस्थाबाट पाल्नु भएका प्रतिनिधि, पर्यवेक्षक एवं अतिथिज्यूहरूलाई यस वित्तीय संस्थाको सञ्चालक समितिको तर्फबाट हार्दिक स्वागत अभिवादन गर्दछु ।

आजको साधारणसभामा यस वित्तीय संस्थाको सञ्चालक समितिको अध्यक्षको हैसियतले म आर्थिक वर्ष २०७६/२०७७ को वासलात, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण र तत् सम्बन्धी अनुसूचीहरूका साथै यस संस्थाले अवलम्बन गरेका र भविष्यमा अवलम्बन गरिने कार्ययोजना तथा नीतिहरू समेतको विवरण सञ्चालक समितिको तर्फबाट यहाँहरू समक्ष प्रस्तुत गर्न गई रहेको छु । यस आर्थिक वर्षको प्रतिवेदन तयार गर्दा गत वर्ष सम्पन्न पच्चीसौं वार्षिक साधारणसभामा यहाँहरूबाट व्यक्त सल्लाह तथा सुझावहरूलाई समेत यथा सम्भव समेटिएको व्यहोरा जानकारी गराउँदछु ।

(क) कारोबारको सिंहावलोकन:

समिक्षा अवधि आ.व. २०७६/७७ मा नेपाल लगायत विश्वमा महामारीको रूपमा फैलिएको कोभिड १९को कारणले गर्दा नेपाल सरकारले २०७७ चैत्र ११ देखि भण्डै चार महिना गरेको बन्दाबन्दीले देशको आर्थिक क्षेत्रमा संकट उत्पन्न भईसमस्त कलकारखाना, पर्यटन, उद्योग, व्यापार, व्यवसायमा समस्या उत्पन्न भएको यहाँहरू सबै जानकार रहनु भएको छ । यस अवधिमा भएको असहज व्यवसायिक वातावरण, बैंक वित्तीय संस्थाहरू विचमा अत्यधिक प्रतिस्पर्धा, वित्तीय क्षेत्रमा हुने नीतिगत कुराहरूको परिवर्तन तथा कर्जा तथा निक्षेप विच संन्तुलन कायम हुन नसकी वित्तीय क्षेत्रमा अधिक तरलताको समस्या उत्पन्न हुन गई व्याज आम्दानी घटेको कारणले व्याज आयमा असर पर्न गएको हो । यसका बावजुद पनि यस वित्तीय संस्थाले नेपाल सरकारले लागु गरेका विभिन्न निति नियमहरूको पालना गर्दै आफ्नो वित्तीय कारोबारहरू संचालन गरी आर्थिक वर्ष २०७५/७६ भन्दा राम्रो नतिजा ल्याउन सफल भएको कुरा यहाँहरू समक्ष प्रस्तुत गर्न पाउँदा हामीलाई गर्व महसुस भएको छ । आ.व.२०७६/७७ मा यस संस्थाको निक्षेपमा करिब ७.०० प्रतिशत र कर्जा लगानीमा ८.९० प्रतिशतको वृद्धि हासिल गर्न सफल रहेको छ । त्यस्तै, लगानी आर्थिक वर्ष २०७५/७६ भन्दा ११२.६९ प्रतिशतले वृद्धि भई ७३ करोड ६२ लाख ३७ हजार पुगेको छ ।

चालु आर्थिक वर्ष २०७७/७८ को चैत्र मसान्तसम्ममा संस्थाको संचालन मूनाफामा गत वर्ष भन्दा ३८.३७ प्रतिशतले वृद्धि भई १४ करोड ०४ लाख ६८ हजार पुगेको छ ।

संस्थाको कारोबारको वित्तीय भलक निम्न अनुसार रहेको छ ।
(रु. हजारमा)

विवरण	आर्थिक वर्ष		फरक	
	२०७५/०७६	२०७६/०७७	रकम	प्रतिशत
शेयर पूंजी	८६७,९९३	८६७,९९३		
नेट वर्थ	१,३०९,८३४	१,३५६,४५७	४६,६२३	३.५६
कुल सम्पति	८,२९०,५८१	८,७८३,७३९	४९३,१५८	५.९५
कुल निक्षेप	६,८३९,३०२	७,३१७,९७१	४७८,६६९	७.००

कुल कर्जा सापट	५,३६५,५८९	५,८४३,३३१	४७७,७४१	८.९०
कुल लगानी	३४६,१६१	७३६,२३७	३९०,०७६	११२.६९
सम्भावित नोक्सानी				
व्यवस्था अधिको	१०१,५१५	१४०,४६८	३८,९५२	३८.३७
सञ्चालन मुनाफा				
पूँजी पर्याप्तता अनुपात (प्रतिशत)	१७.९८	१४.६६	-३.३२	(१८.४६)
कर्जा निक्षेप अनुपात (प्रतिशत)	६७.७२	७१.६४	३.९२	५.७९

(ख) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट वित्तीय संस्थाको कारोबारलाई कुनै असर परेको भए सो कुरा:

यस आर्थिक वर्षमा विश्वव्यापी महामारीको रूपमा फैलिएको कोभिड १९ को कारण मानव जातिको स्वास्थ्यमा ठुलो असर परेको छ । विश्वले कल्पनानै नगरेको क्षति भोग्नु परेको छ । सरकारले यसको संक्रमणलाई न्यूनीकरण गर्न २०७६ चैत्र ११ देखि बन्दाबन्दी गरेको प्रतिकुल अवस्थामा पनि वित्तीय संस्थाले स्वास्थ्य सुरक्षाका उपायहरू अवलम्बन गरी वित्तीय सेवा प्रदान गरेको थियो । राष्ट्रिय तथा अन्तर्राष्ट्रिय आर्थिक स्थिति एवं विभिन्न समयमा भएको घटनाक्रमले आर्थिक वर्ष २०७६/७७ को अबधिमा देशको आर्थिक परिदृष्यमा मिश्रित असर परेको देखिएको छ । छिमेकी देश भारत तथा चीन विच बढेको दुरी र यी देशले अबलम्बन गरेका व्यापारिक रणनीतिले नेपाललाई सधै प्रत्यक्ष तथा अप्रत्यक्ष रूपमा असर पर्ने गरेको छ । देशको अधिकतम व्यापार भारत केन्द्रीत हुने र भारत सरकारबाट बारम्बार हुने नीतिगत परिवर्तनले मुलुकको भारतसंगको व्यापार व्यवसायमा समस्या आइरहने हुदा यसको सिधा असर प्रत्यक्ष रूपमा बैंक तथा वित्तीय क्षेत्रमा पर्ने गरेको छ ।

बैंक तथा वित्तीय संस्थाको निक्षेप संकलनमा विप्रेषणको महत्वपूर्ण भुमिका रहेको हुन्छ । विप्रेषण नेपालको विदेशी विनिमयको संचितिको प्रमुख आधार रहेकोछ । विप्रेषणमा संकुचन आउदा बैंक तथा वित्तीय संस्थाहरूको निक्षेपमा नकारात्मक असर पर्न जान्छ । विप्रेषण आप्रवाहमा भारतको योगदान प्रमुख रहेको छ भने समिक्षा वर्षमा भारतमा देखिएको कोभिड १९ को भयावह स्थितिले गर्दा आर्थिक वृद्धिदरमा हास आएको कारण भारतबाट आउने विप्रेषण आप्रवाह घट्न गएको छ । भारतमा रोजीरोटी र रोजगारको लागि गएका कामदार पनि कोभिड १९ का कारण फर्किएकोले आगामि आर्थिक वर्ष २०७७/७८ मा पनि भारतबाट भित्रिने विप्रेषण रकम घट्न सक्ने अनुमान गर्न सकिन्छ ।

आर्थिक वर्ष २०७५/७६ मा बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेप संकलन दर १८ प्रतिशतले बढेकोमा समीक्षा वर्ष २०७६/७७ मा उक्त दरमा सामान्य (०.१७ प्रतिशत) वृद्धि भई कुल निक्षेप संकलन दर १८.१७ प्रतिशत पुगेको छ । त्यस्तै गत आर्थिक वर्ष बैंक तथा वित्तीय संस्थाहरूको कुल कर्जाप्रवाह १९.४० प्रतिशतले बढेकोमा यस आर्थिक वर्षमा १२ प्रतिशतले मात्रबढेको पाईएको छ ।

२०७६ असारमा एकानब्बे दिने ट्रेजरी बिलको औषत भारत व्याजदर ४.९७ प्रतिशत रहेकोमा २०७७ असारमा १.२७ प्रतिशत रहेको छ भने अन्तर बैंक कारोबारको औषत भारत व्याजदर भने ०.३५ प्रतिशत रहेको छ । आर्थिक वर्ष २०७५/७६ मा वार्षिक औषत उपभोक्ता

मुद्रास्फुरति दर ४.६ प्रतिशत रहेकोमा चालु आर्थिक २०७६/७७ मा सो दर ६.०२ प्रतिशत रहेको छ ।

ट्रेजरी बिलको ब्याजदरमा आएको न्यूनता तथा वार्षिक औषत उपभोक्ता मुद्रास्फुरति दरमा भएको वृद्धिका बावजुद संस्थाले समिक्षा अवधिमा पूँजीको आधार, निक्षेप संकलन तथा कर्जा लगानीलाई अधिल्लो आर्थिक वर्षको तुलनामा वृद्धि गरी संचालन मूनाफामा वृद्धि हासिल गर्न सफल रहेको व्यहोरा यहाँहरूलाई अवगत गराउन चाहन्छु ।

२०७६ चैत्र मसान्त र २०७७ चैत्र मसान्तको तुलनात्मक वित्तीय विवरण निम्न अनुसार रहेको छ ।

विवरण	(रु. हजारमा)		फरक प्रतिशत
	२०७६ चैत्र मसान्त	२०७७ चैत्र मसान्त	
शेयर पूँजी	८६७,९९४	८६७,९९४	-
कुल सम्पत्ति	८,५८६,९५९	९,७४२,७६३	१३.४७
कुल निक्षेप	६,८२२,४४९	७,६३५,६०६	११.९२
कुल कर्जा सापट	५,६८९,००३	६,२९७,०९७	९.४४
कुल लगानी	३०८,५६२	९,९३०,८३०	२६६.४८
पूँजी पर्याप्तता अनुपात(प्रतिशत)	१६.९९	१५.९५	-५.६८
कर्जा निक्षेप अनुपात(प्रतिशत)	७४.३४	७३.९९	-१.६५
तरलता अनुपात(प्रतिशत)	२८.४४	३३.०४	१६.९७
शाखा संख्या	२३	२३	-
कर्मचारी संख्या	२०२	२९९	४.४६

(ग) प्रतिवेदन तयार भएको मिति सम्म चालू वर्षको उपलब्धी र भविष्यमा गर्नुपर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा:

कोभिड १९ को महामारी र यसबाट श्रृजित असमान्य परिस्थितिका कारण समिक्षा वर्षमा योजना गरे अनुरूप प्रगति हासिल गर्न नसकिएको हो । आ.व. २०७७/७८ को चैत्रमसान्तसम्मको संस्थाको वित्तीय स्थितिलाई विश्लेषण गर्दा आगामी आर्थिक वर्ष निश्चित रूपमा संस्थाले लगानीकर्ताहरूलाई प्रतिफल दिन सक्ने आधारहरू स्पष्ट देखिन थालेका छन् । साथै, आगामी दिनहरूमा वित्तीय संस्थाको मुनाफा वृद्धिगरी उच्च प्रतिफल प्राप्तीको लागि निक्षेप संकलन, कर्जा प्रवाह तथा लगानी व्यवस्थापनका सन्दर्भमा संस्थाको सम्पूर्ण संयन्त्र उच्चतम सक्रियताका साथ लागिरहेको छ । शाखा विस्तार, कर्मचारीको उच्चतम तथा उचित प्रयोग र व्यवस्थापन गरी अझ सक्रियतापूर्वक संस्थाको व्यवसाय बढाउन संस्था दृढ संकल्पित रहेको व्यहोरा समेत जानकारी गराउन चाहन्छु ।

(घ) संस्थागत सामाजिक उत्तरदायित्व:

यस वित्तीय संस्था पनि समाजको एउटा हिस्सा भएको हुँदा संस्थाले संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत यस आ.व.मा निम्न लिखित कार्यहरू गरेको व्यहोरा यहाँहरू समक्ष सहर्ष जानकारी गराउन चाहन्छु ।

अ) यस वर्ष पनि यस वित्तीय संस्थाको देशको सातवटै प्रदेशमा रहेका शाखा कार्यालयहरूबाट संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने सिलसिलामा स्थानिय स्तरबाट गरेको विभिन्न सामाजिक कार्यहरू, धार्मिक, सांस्कृतिक तथा कला संरक्षण सम्बन्धित कार्यहरू, रक्तदान, स्वास्थ्य, सरसफाई जस्ता कार्यहरूमा करिब रु. एक लाख तिस हजार बराबर रकम खर्च गरेको छ ।

आ) काठमाण्डौ, मातातिर्थ स्थित गरिब तथा निम्न वर्गका विधार्थी अध्ययन गर्ने श्री सेती देवी प्राथमिक विद्यालयलाई त्यहाँको जिर्ण भएको भवनका कोठाहरू मर्मत गर्नको लागि रु. पचास हजार प्रदान गरेको छ ।

इ) भोजपुर जिल्ला, टेम्केमैयुम गाउपालिका, वडा नं ४ स्थित गरिब तथा निम्न वर्गका विधार्थीहरू अध्ययन गर्ने महेन्द्र आधारभुत मा.वि तथा श्री सारदा प्रा.वि.लाई रु सतासी हजार बराबरको कम्प्युटर, प्रिन्टर खरिद गरी दिएको छ ।

ई) कोभिड १९ को संक्रमण फैलिन नदिन प्रदेश नं १ अन्तर्गतको स्थानीय सरकारलाई माक्स, सेनिटाइज,पन्जा, फेससिल्ड खरिद प्रयोजनको लागि रु.दुई लाख सहयोग गरेको छ ।

(ड) वित्तीय संस्थाको औद्योगिक वा व्यवसायिक सम्बन्ध:

समीक्षा अवधिमा विश्वभर अप्रत्याशित रूपमा आएको कोभिड १९ को महामारीले धेरै धनजनको क्षति गरी आर्थिक संकट निम्त्याएको छ। नेपालमा पनि यसको संक्रमण रोक्न सरकारले बन्दाबन्दी लागु गरेकोले सो अवधिभर प्राय देशका पर्यटन, साना तथा मझौला उद्योग, व्यापार, औद्योगिक व्यवसायमा प्रतिकुल असर परेको दिशको आर्थिक विकासका मेरूडण्डका रूपमा रहेका यस्ता उद्योग, कल कारखाना, व्यापार, व्यवसाय, प्रतिष्ठान माथि आइ परेको संकटमा यस वित्तीय संस्थाले नेपाल राष्ट्र बैंकको निर्देशन बमोजिम राहत साहुलियत तथा छुटको व्यवस्था गरेको छ । सो अवधिमा ऋणीहरूले भुक्तानी गर्नुपर्ने मासिक/त्रैमासिक किस्ता भुक्तानी अवधि तीन महिनाले बढाइएको, समयमा साँवा व्याजको किस्ता बुझाउनेलाई नेपाल राष्ट्र बैंकको निर्देशन बमोजिमको छुट दिई ऋणीहरूको पिडामा केही मात्र भए पनि सहयोग र साथ दिएको छ । यसको साथै ऋणीहरूलाई पूँजी तथा परामर्शदाताको रूपमा बैंक तथा वित्तीय संस्थाले सधै मध्यस्थकर्ता भुमिका निर्वाह गरिरहेको छ । हाम्रो यस संस्था नेपाल वित्तीय संस्था संघको एउटा क्रियासिल सदस्य भएको नाताले वित्तीय वातावरणमा सुधार गर्ने तथा एक आपसमा व्यवसायिक सम्बन्ध विस्तार तथा सुधार गर्नमा महत्वपूर्ण भुमिका खेलि आएकोछ । यस सम्बन्धमा यस वित्तीय संस्थसंग सम्बन्धित सम्पूर्ण पक्षहरूसंग सौहार्दपूर्ण सम्बन्ध रहिआएको र भविष्यमा पनि यो सौहार्दपूर्ण सम्बन्ध अझ दरिलो रहनेछ भन्ने कुरामा विश्वस्त छु ।

(च) संस्थागत सुशासन:

संस्थागत सुशासनलाई वित्तीय संस्थाको दीर्घकालीन सफलताको आधारको रूपमा लिएकाछौं । यस सम्बन्धमा प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट बैंक वित्तीय संस्थाहरूलाई जारी गरिएको एकिकृत निर्देशनमा संस्थागत सुशासन सम्बन्धी दिएका निर्देशनहरूको पूर्ण पालना गर्ने गरिएको छ । प्रचलित कानून तथा ने.रा.बैंकको उक्त निर्देशनले निर्देश गरे बमोजिम विभिन्न समिति तथा उपसमितिको गठन गरी उक्त समितिहरूमार्फत संस्थागत सुशासन पालना गर्ने गराउने गरीएको व्यहोरा जानकारी गराउन चाहन्छु ।

(छ) आन्तरीक नियन्त्रण प्रणाली:

प्रचलित कानून तथा नेपाल राष्ट्र बैंकले जारी गरेका निर्देशनहरूको पूर्ण पालना हुने गरी संस्थाको वित्तीय संरचना बनाइएकोछ । संस्थामा हाल सम्पत्ति शुद्धीकरण निवारण सम्बन्धी समिति, लेखापरीक्षण समिति तथा जोखिम व्यवस्थापन समितिले नियमित रूपमा आफ्नो कार्य गर्दै आएको छ । उक्त समितिहरूले समय समयमा बैठक बसि सोको प्रतिवेदन सञ्चालक समितिमा दिने गरेको र समितिबाट आवश्यक निर्देशनहरू व्यवस्थापनलाई दिने गरिएको छ । त्यसैगरी, आन्तरीक तथा वाह्य लेखापरीक्षकले दिएका प्रतिवेदनको समिक्षा गरी लेखापरीक्षण समितिले संस्थाको आन्तरीक नियन्त्रण प्रणालीलाई

प्रभावकारी बनाउन आवश्यक व्यवस्थापन गर्दै आएको छ । यस वाहेक व्यवस्थापन समिति, सम्पत्ति दायित्व व्यवस्थापन समिति, जोखिम व्यवस्थापन समिति तथा अनुपालना विभागले पनि आन्तरीक नियन्त्रण प्रणालीलाई चुस्त दुरुस्त बनाई राख्न महत्त्वपूर्ण भूमिका निर्वाह गरिरहेको छ ।

(ज) मानव पूँजी तथा विकास:

यस वित्तीय संस्थाले मानव संसाधनलाई संस्थाको महत्त्वपूर्ण पूँजीको रूपमा लिएको छ । समीक्षा वर्षमा संस्थामा कुल १९७ कर्मचारी कार्यरत रहेका छन् र संस्थाले कर्मचारीहरूको क्षमता अभिवृद्धीको लागि केन्द्रीय कार्यालय रहेको भवन तथा अन्य उपयुक्त स्थानमा आन्तरिक तथा बाह्य श्रोतबाट विशेषज्ञहरू बोलाई समय समयमा तालिम दिने व्यवस्था गरिएको छ । विभिन्न तालिम प्रदायक संस्था र नेपाल राष्ट्र बैंकबाट आयोजना भएका तालिम तथा सेमिनार, गोष्ठीहरूमा पनि संस्थाको तर्फबाट सम्बन्धित विभाग तथा शाखा कार्यालयका कर्मचारीहरूलाई निरन्तर रूपमा सक्रिय सहभागिता गराउंदै आईरहेको छ । कर्मचारीहरूको वृत्ति विकासलाई संस्थाले महत्त्वपूर्ण कार्यको रूपमा लिइ आएको छ । ने.रा.बैंकबाट इजाजतपत्रप्राप्त संस्थाहरूलाई जारी गरिएको एकीकृत निर्देशन २०७६ को इ.प्रा.निर्देशन नं. ६/०७६ को बुँदा नं. ६ मा व्यवस्था भए अनुसार संस्थाले यस वर्ष कर्मचारीहरूको दक्षता अभिवृद्धिका लागि तालिम तथा वृत्ति विकास मा रु. १३,१५,०६४/- खर्च गरेको छ ।

(झ) सञ्चालक समितिमा भएको हेरफेर र सोको कारण:

हाल यस गोर्खाज फाइनेन्स लि.मा हाल निम्नानुसारको सञ्चालक समिति रहेको छ ।

१. श्री यादव चन्द्र राई	अध्यक्ष	संस्थापक
२. श्री राज गोविन्द राजकर्णिकार	सदस्य	सर्वसाधारण
३. श्री चोक बहादुर मगर	सदस्य	संस्थापक
४. श्री खड्ग बहादुर गुरुङ्ग	सदस्य	सर्वसाधारण
५. श्री डेकिन्द्र कुमार राई	सदस्य	संस्थापक
६. श्रीमती भुवन रेग्मी	सदस्य	सर्वसाधारण
७. श्री प्रद्युम्न कुमार भट्टराई	सदस्य	स्वतन्त्र

सञ्चालक हेरफेर सम्बन्धी विवरण २५ औं वार्षिक साधारण सभाको प्रतिवेदनमा उल्लेख गरिसकेको छ ।

(ञ) लेखापरिक्षकको नियुक्तीको सिफारीस:

यस संस्थाको लेखापरिक्षण समितिले सिए श्री निल बहादुर सारु मगर, एनविएसएम एण्ड एशोसियट्सलाई आ.व. २०७७/७८ को हिसाब किताब लेखापरिक्षणको कार्य गर्न र लेखा परिक्षण गरे बापत रु.३,००,०००/- (अक्षरेपी तिन लाख मात्र) भ्याटबाहेक पारिश्रमिक

प्रदान गर्न सिफारिस गरी सञ्चालक समिति समक्ष पेश गरेकोले सोहि ब्यहोरा यस सभामा प्रस्तुत गरको छु ।

आदरणीय शेयरधनी महानुभावहरू,

यस वित्तीय संस्थालाई कामकारोबारको सिलसिलामा आवश्यक सहयोग गर्ने समस्त ग्राहकवर्ग, निक्षेपकर्ताहरू, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल राष्ट्र बैंक, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्स्चेञ्ज लिमिटेड, नेपाल विल्यरीङ्ग हाउस, शेयर रजिष्ट्रार एनआइबिएल एस क्यापिटल मार्केट्स लिमिटेड, अन्य बैंक तथा वित्तीय संस्थाहरू, पत्रकार, वित्त कम्पनी संघ, आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक चार्टर्ड एकाउन्टेन्ट सि.ए. श्री निल बहादुर सारु मगर ज्यू तथा एनविएसएम एण्ड एशोसियट्स परिवारलाई कृतज्ञता ज्ञापन गर्दै धन्यवाद दिन चाहन्छु । साथै, हालसम्म वित्तीय संस्थाका सम्पूर्ण शेयरधनी महानुभावहरूबाट पाएको विश्वास र सहयोगका लागि हार्दिक धन्यवाद ज्ञापन गर्दै भविष्यमा पनि यस्तै प्रकारको सद् भाव, विश्वास, सहयोग र सुभाव पाउने आशा राखेको छु ।

अन्त्यमा, सञ्चालक समितिका सञ्चालकज्यूहरूबाट यस वित्तीय संस्थाको प्रगतिको लागि अमूल्य योगदान दिनु भएकोमा हार्दिक धन्यवाद ज्ञापन गर्दछु । साथै, आफ्नो कर्तव्यपथमा रही इमान्दारी र लगनशीलतापूर्वक संस्थाको प्रगतिको निम्ति अहोरात्र खटी गोर्खाज फाइनेन्स लिमिटेडलाई आजको अवस्थामा ल्याईपुर्वाउनका लागि महत्त्वपूर्ण भूमिका निर्वाह गर्ने समस्त कर्मचारीवर्गलाई हार्दिक धन्यवाद दिन चाहन्छु ।

नयाँ वर्ष २०७८ मा विश्व व्यापी महामारीको रूपमा फैलिएको कोभिड १९बाट मुक्ती मिलोस र सम्पूर्ण नेपालीहरूको सुख समृद्धि होस् भनि मङ्गलमय शुभकामना व्यक्त गर्दछु ।

धन्यवाद ।

अध्यक्ष

गोर्खाज फाइनेन्स लि.

सञ्चालक समिति

मिति: २०७८/०१/२१

आर्थिक वर्ष २०७६/७७
कम्पनी ऐन, २०६३ को दफा १०९ अनुसार थप विवरण

- क. विगत वर्षको कारोबारको सिंहावलोकन,
सञ्चालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।
- ख. राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर,
देशको राजनैतिक, आर्थिक अवस्था र यस सम्बन्धमा सरकार तथा नियमक निकायहरूका निती, नियम तथा निर्देशनहरू त्यस्तै अन्तर्राष्ट्रिय दाता राष्ट्र तथा वित्तीय नियमक निकायहरूले जारी गरेको निती नियमहरूले पनि संस्थाको कारोबारलाई प्रत्यक्ष वा अप्रत्यक्ष रूपमा असर परेको हुन्छ । विश्वव्यापी महामारीको रूपमा फैलिएको कोभिड १९ को कारणले पनि कम्पनीको कारोबारलाई प्रत्यक्ष असर परेको छ ।
- ग. प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नुपर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा,
सञ्चालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।
- घ. कम्पनीको औद्योगिक वा व्यवसायिक सम्बन्ध,
सञ्चालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।
- ङ. सञ्चालक समितिमा भएको हेरफेर र सोको कारण,
सञ्चालक समितिमा भएको हेरफेरको बारेमा गत आर्थिक वर्षको प्रतिवेदनमा उल्लेख गरिसकेको छ ।
- च. कारोबारलाई असर पार्ने मुख्य कुराहरू,
संस्थाको कारोबारलाई विभिन्न बाह्य र आन्तरिक केही कुराहरूले असर पारेको हुन्छ ।
- छ. लेखा परीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया,
सञ्चालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।
- ज. लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम,
संस्थाले यस आर्थिक वर्ष २०७६/७७ मा कुनै लाभांश सिफारिस गरेको छैन ।
- झ. शेयर जफत भएको भए शेयर संख्या त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण,
संस्थाले यस आर्थिक वर्ष २०७६/७७ मा कुनै शेयर जफत गरेको छैन ।

- ञ. विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन,
संस्थाको कुनै पनि सहायक कम्पनी नभएकोले सो सम्बन्धी कारोबार नभएको ।
- ट. कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्ष २०७६/७७ मा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन,
संस्थाले आर्थिक वर्ष २०७६/७७ मा सम्पन्न गरेको प्रमुख कारोबार वार्षिक प्रतिवेदनमा उल्लेख गरिसकेको तथा यस वित्तीय संस्थाको कुनै पनि सहायक कम्पनी नभएको ।
- ठ. विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी,
विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उल्लेख्य कुनै जानकारी उपलब्ध गराएको छैन ।
- ड. विगत आर्थिक वर्षमा कम्पनीका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयर स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी,

क्र.सं.	सञ्चालक तथा पदाधिकारीहरूको नाम	समुह	पद	शेयर संख्या
१	यादव चन्द्र राई	संस्थापक	अध्यक्ष	७,०९८
२	राज गोविन्द राजकर्णिकार	सर्वसाधारण	सदस्य	१२,५६५
३	चोक बहादुर मगर	संस्थापक	सदस्य	१,८६४
४	खड्ग बहादुर गुरुङ्ग	सर्वसाधारण	सदस्य	२,२००
५	डेकिन्द्र कुमार राई	संस्थापक	सदस्य	१,५००
६	भुवन रेग्मी	सर्वसाधारण	सदस्य	११,७३२
७	प्रद्युम्न कुमार भट्टराई	स्वतन्त्र	सदस्य	०

- विगत आर्थिक वर्षमा यस संस्थाका सञ्चालक तथा पदाधिकारीहरू संस्थाको शेयर कारोबारमा संलग्नता नरहेको ।
- ढ. विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजको नजीकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा,
यस संस्थाले गरेको सम्झौताहरूमा कुनै पनि सञ्चालक तथा निजको नजिकका नातेदारहरूको व्यक्तिगत स्वार्थ भएको जानकारी संस्थालाई प्राप्त नभएको ।
- ण. कम्पनीले आफ्नो शेयर आफैँले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अंकित मूल्य तथा त्यसरी शेयर खरिद गरेबापत कम्पनीले भुक्तानी गरेको रकम,
संस्थाले हालसम्म आफ्नो शेयर आफैँले खरिद नगरेको ।



त. आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण ।

आन्तरिक नियन्त्रण प्रणाली भएको सो को विवरण सञ्चालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

थ. विगत आर्थिक वर्षको कूल व्यवस्थापन खर्चको विवरण, सञ्चालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

द. लेखापरीक्षण समितिको सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारबाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण,

संस्थाको लेखापरीक्षण समितिमा सञ्चालक श्री खड्ग बहादुर गुरुङ्गको संयोजकत्वमा सञ्चालक श्री प्रद्युम्न कुमार भट्टराई तथा आन्तरिक लेखापरीक्षण विभाग प्रमुख श्री विजय राई सहित तीन सदस्यीय एक लेखापरीक्षण समिति रहेको छ । लेखापरीक्षण समितिमा रहेका सञ्चालकहरूलाई प्रति बैठक भत्ता वापत रु.५,०००/ को दरले भत्ता दिने गरेको छ । सो समितिले लेखापरीक्षणको सिलसिलामा विभिन्न सुभावहरू समितिमा दिने गरेको छ ।

ध. सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठीत संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा,

संस्थाका सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठीत संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी नभएको ।

न. सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम,

सञ्चालक समिति बैठक भत्ता	३,९९,०००/-
प्रमुख कार्यकारी अधिकृतलाई प्रदान गरिएको तलब, भत्ता तथा अन्य सुविधा	४९,५०,०००/-
अन्य पदाधिकारीलाई प्रदान गरिएको तलब तथा भत्ता	४६,९८,००३/-

प. शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम,

शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम रु. ६,०६,९२२/-

फ. दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण,

यस आर्थिक वर्ष २०७६/७७ मा कम्पनी ऐन, २०६३ को दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री नभएको ।

ब. दफा १७५ बमोजिम सम्बद्ध कम्पनी बिच भएको कारोबारको विवरण,

यस आर्थिक वर्ष २०७६/७७ मा कम्पनी ऐन, २०६३ को दफा १७५ बमोजिम सम्बद्ध कम्पनी बिच कुनै कारोबार नभएको ।

भ. यस ऐन तथा प्रचलित कानूनब मोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा,

प्रचलित कानून बमोजिम खुलाउनु पर्ने कुरा सञ्चालक समितिको वार्षिक प्रतिवेदनको उपयुक्त ठाउमा खुलाइएको छ ।

म. अन्य आवश्यक कुराहरू ।

थप अन्य आवश्यक कुराहरू नभएको ।

**धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को नियम २६ को उप नियम २ संग
सम्बन्धित अनुसूचि १५ बमोजिम वार्षिक विवरण**

१. सञ्चालक समितिको प्रतिवेदन : वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

२. लेखापरीक्षकको प्रतिवेदन: वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

३. लेखापरीक्षण भएको वित्तीय विवरण: वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

४. कानुनी कारवाही सम्बन्धी विवरण:

क) समीक्षा अवधिमा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए:

यस संस्थाले प्रवाह गरेको कर्जासंग सम्बन्धित बाहेक अन्य मुद्दा दर्ता नभएको ।

ख) संस्थाका कुनै संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए :

संस्थालाई यस किसिमको कुनै जानकारी प्राप्त नभएको ।

ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए :

संस्थालाई यस किसिमको कुनै जानकारी प्राप्त नभएको ।

५. संगठित संस्थाको शेयर कारोबार तथा प्रगति विश्लेषण :

क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा:

नेपाल धितोपत्र बोर्डको रेखदेखमा धितोपत्र बजारमा खुल्ला प्रतिस्पर्धात्मक बजारले निर्धारण गरे बमोजिम धितोपत्र सम्बन्धी कारोबार हुने हुनाले व्यवस्थापनको सकारात्मक धारणा रहेको ।

ख) आ.व. २०७६/७७ मा संगठित संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार

शेयर संख्या र कारोबार दिन :

विवरण	पहिलो त्रैमास	दोश्रो त्रैमास	तेस्रो त्रैमास	चौथो त्रैमास
अधिकतम	रु. १२५	रु. १२२	रु. १४२	रु. १२२
न्यूनतम	रु. १०७	रु. १०५	रु. ११५	रु. १०५
अन्तिम	रु. १०९	रु. १२१	रु. ११५	रु. १२१
कारोबार दिन	५५	५५	४५	१४
कारोबार संख्या	३२०	२८६	११४०	९५
कारोबार शेयर किता	१४३११९	६७६८९	४९५९८६	१५३४९

६. समस्या तथा चुनौती :

क) आन्तरिक समस्या तथा चुनौती

– कम व्याजदर अन्तर

– आयको विविधिकरण कायम राख्ने

– कर्जामा व्याजदर घटाउन दवाब

– निक्षेप व्याजदर वृद्धिमा दवाब

– कोभिड १९ को असर

– पूजी बजारको उतारचढावबाट पर्न सक्ने चुनौती

ख) वाह्य समस्या तथा चुनौती

– लगानीको क्षेत्र वृद्धि हुन नसक्नु

– बैंक तथा वित्तीय संस्था आपसमा अस्वस्थ प्रतिस्पर्धा

– दक्ष तथा अनुभवी जनशक्तीको अभाव

– प्राकृतिक विपत्तीबाट आइपर्ने समस्या

७. संस्थागत सुशासन

संस्थाले बैंक तथा वित्तीय संस्था सम्बन्धि ऐन, २०७३, नेपाल राष्ट्र बैंकबाट जारी गरीएका संस्थागत सुशासन सम्बन्धि निर्देशन तथा परीपत्रहरूको पुर्ण पालना गर्ने गरिएको छ । संस्थागत सुशासनलाई संस्थाले सदैव उच्च प्राथमिकतामा राख्दै निरन्तर पालना गर्दै जाने कुरामा संस्था प्रतिवद्ध छ ।

INDEPENDENT AUDITOR'S REPORT
The Shareholders of M/s Gurkhas Finance Limited.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of M/s Gurkhas Finance Limited, Kathmandu, Nepal (the "Finance Company") which comprises the Statement of Financial Position as at Ashad 31, 2077 [July 15, 2020] and the Statement of Profit or Loss and Statement of Other Comprehensive Income, Statement of Changes in Equity & Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Finance Company as at Ashad 31, 2077 (July 15, 2020) and its financial performance and its cash flows for the year then ended on that date in accordance with Nepal Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Finance company in accordance with the Institute of Chartered Accountant of Nepal's 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 those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

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 Bank and Financial institution has to be recognized on accrual basis following the Interest Income Recognition Guidelines 2019 issued by NRB. Though accrual basis of income recognition is prescribed in general, the guidelines requires 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 valuation of collateral on regular basis, manual intervention</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 Finance 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 Recognition guidelines 2019.</p>

	<p>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 effect on recognition of interest income of the bank and financial institution. Thus, we have considered it as key audit matter.</p>	<p>c. Test check of the interest income booking with manual computation.</p>
<p>2.</p>	<p>Investment Valuation, Identification, and Impairment</p> <p>Investment of the Finance company comprises of investment in government bonds, development bonds and investment in quoted and unquoted equity instruments. The valuation of the aforesaid securities has been done in compliance with NAS 39 read with NFRS 9 and NRB Directive no. 8. The investment in the government and NRB bonds 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 finance 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 evidences/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 are 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 15.07.2020 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</p> <p>As per NRB Directive 4, bank and financial institution 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 63 of NAS 39 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>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>As per NAS 39 read with NFRS 9, 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. 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 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.</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 group 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>
4.	<p>Information Technology General Controls</p> <p>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 Finance company is based upon the Information Technology Guidelines 2012 issued by NRB and it included:</p> <p>a. Understanding the coding system adopted by the Finance company for various categories of customers.</p> <p>b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the Finance company.</p> <p>c. Checking of the user requirements for any changes in the regulations/ policy of the Finance company.</p> <p>d. 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 or the Finance company.</p>



		<p>e. We relied on the IT audit conducted by the Finance Company.</p> <p>f. We verified the provisioning of the loan and advances based on ageing on the test check basis.</p>
5.	<p>Modified Audit Procedures carried out in light of COVID-19 outbreak:</p> <p>Due to COVID-19 pandemic, Nation-wide lockdown and travel restrictions imposed by Central / State Government / Local Authorities during the period of our audit and the NRB directions to Bank and financial institution to carrying out Banking operations with minimum staff engagement, audit could not be conducted by visiting the premises of certain Branches /Business. As we could not gather audit evidence in person/physically/ through discussions and personal interactions with the officials at the Branches, we have identified such modified audit procedures as a Key Audit Matter.</p> <p>Accordingly, our audit procedures were modified to carry out the audit remotely.</p>	<p>Wherever physical access was not possible, necessary records/reports/documents/certificates were made available to us by the Finance company through digital medium, emails and remote access to CBS and other relevant application software. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.</p> <p>Accordingly, we modified our audit procedures as follows:</p> <p>a. Conducted verification of necessary records/documents through CBS electronically through remote access/emails in respect of some of the Branches of the Finance Company wherever physical access was not possible.</p> <p>b. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails and remote access over secure network of the Finance company.</p> <p>c. Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels.</p> <p>d. Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.</p>
6.	<p>COVID-19 impact on the Finance company and NRB circular compliance thereon.</p> <p>On March 2020, the COVID-19 outbreak was declared a global pandemic and later the Government of Nepal has announced a strict nationwide lockdown which continued till July 2020. Due to restrictions and nationwide lockdowns, the revenue of the Finance company was impacted.</p>	<p>We have modified our audit procedures as follows regarding compliance of circulars issued by NRB till the date of our review.</p> <p>a. Making enquiries and gathering necessary details to verify the compliance made by Finance company in respect of discount on Interest paid till 12th April, 2020.</p>



<p>Further, NRB has issued various Circular to mitigate the risk posed by the pandemic. NRB has issued Circular directing the Banks to provide 10% discount on interest paid till 12th April 2020 and 2% rebate on applicable interest as at 12th April, 2020 for fourth Quarter e.tc. Since these matters affected profitability of the Bank, we have considered this as our Key Audit matter.</p>	<p>b. Verification and crosschecking of the rebate provide by Finance company to the customer in sample basis with analysis of details provided by the Credit Administration Department and rebate provided in Customer Statement.</p> <p>c. Verification on test basis the levy of penal charges to the customer in compliance to relaxation provide by the NRB.</p>
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Responsibilities 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the finance 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 finance company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the finance 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences 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 purpose of expressing an opinion on the effectiveness of the Finance company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Finance 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 evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Finance company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 comment.

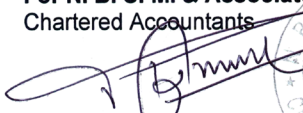
Report on Other Legal and Regulatory Requirements

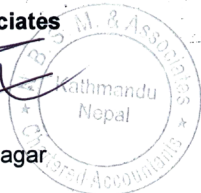
We have obtained information and explanations asked for, which, to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account as required by law have been kept by the organization in so far as it appears from our examination of those books of account of the Finance company. In our opinion the Statement of Financial Position, Statement of Profit or loss, Statement of Other Comprehensive income, Statement of Changes in Equity & Statement of Cash Flows for the period then ended and a summary of significant accounting policies and other explanatory notes have been prepared in accordance with the requirements of Companies Act, 2063 and are in agreement with the books of accounts maintained by the Finance company. In our opinion and to the best of information and according to the explanation given to us and from the examination of the books of accounts of the Finance company, we have not come across any case where the board of directors or any employee of the finance company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the Finance company.

In our opinion, so far as appeared from our examination of the books, the Finance company has maintained adequate capital funds and adequate provision for possible impairment of assets in accordance with the directives issued by Nepal Rastra Bank.

To the best of our knowledge and according to the explanation given to us and from the examination of the books of accounts of the Finance company, we have not come across any case where the board of directors or any employee of the Finance company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the Finance company or its property and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Finance company, its depositors and it's investors.

For N. B. S. M. & Associates
Chartered Accountants


CA. Nil Bahadur Saru Magar
Partner
Date: 2077.11.25



Place: Kathmandu, Nepal
UDIN:210309CA00432Ua2Vt



Statement of Financial Position

As at Asadh 31 2077 (July 15, 2020)

Particulars	Note	As on Asadh 31, 2077	As on Asadh 31, 2076
Assets			
Cash and cash equivalent	4.1	1,785,044,220	2,075,896,657
Due from Nepal Rastra Bank	4.2	234,139,193	293,135,948
Placement with Bank and Financial Institutions	4.3	-	-
Derivative financial instruments	4.4	-	-
Other trading assets	4.5	-	-
Loan and advances to B/FIs	4.6	364,312,119	216,057,482
Loans and advances to customers	4.7	5,210,288,551	4,959,912,797
Investment securities	4.8	736,237,986	346,161,468
Current tax assets	4.9	14,494,010	-
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	9,818,159	5,530,424
Investment property	4.12	124,031,649	89,417,419
Property and equipment	4.13	107,779,535	116,468,802
Goodwill and Intangible assets	4.14	1,940,421	1,876,654
Deferred tax assets	4.15	128,690,885	116,621,174
Other assets	4.16	66,963,031	69,502,488
Total Assets		8,783,739,760	8,290,581,313
Liabilities			
Due to Bank and Financial Institutions	4.17	347,838,924	233,342,832
Due to Nepal Rastra Bank	4.18	-	-
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	6,970,132,995	6,605,959,972
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	23,364,660
Provisions	4.22	-	-
Deferred tax liabilities	4.15	-	-
Other liabilities	4.23	109,309,930	118,079,248
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total liabilities		7,427,281,849	6,980,746,712
Equity			
Share capital	4.26	867,993,800	867,993,800
Share premium		22,399,272	22,399,272
Retained earnings		(297,137,148)	(202,256,262)
Reserves	4.27	763,201,987	621,697,790
Total equity attributable to equity holders		1,356,457,912	1,309,834,601
Non-controlling interest		-	-
Total equity		1,356,457,912	1,309,834,601
Total liabilities and equity		8,783,739,760	8,290,581,313
Contingent liabilities and commitment	4.28	121,581,473	21,267,308
Net assets value per share		156.21	150.75

Notes 1-5.11 form integral part of this financial statement

As per our attached report of even date

For and on Behalf of Board

For N. B. S. M. & Associates
Chartered Accountants

Yadav Chandra Rai
Chairman

Raj Govinda Rajkarnikar
Director

Chok Bahadur Magar
Director

Khadga Bahadur Gurung
Director

CA. Nil Bahadur Saru Magar, FCA
Partner
Date: 2077/11/25
Place: Kathmandu

Dekindra Kumar Rai
Director

Bhuwan Regmi
Director

Pradhuma Kumar Bhattarai
Director

Lal Bahadur Thing
Chief Executive Officer

Yan Singh Rai
Chief Finance Officer



Statement of Profit or Loss

For the year ended on Asadh 31 2077 (July 15, 2020)

Particulars	Note	FY. 2076-77	FY. 2075-76
Interest income	4.29	907,784,248	829,382,093
Interest expense	4.30	602,925,408	582,182,770
Net interest income		304,858,840	247,199,323
Fee and commission income	4.31	39,527,439	34,236,522
Fee and commission expense	4.32	860,053	988,148
Net fee and commission income		38,667,386	33,248,374
Net interest, fee and commission income		343,526,227	280,447,697
Net trading income	4.33	-	-
Other operating income	4.34	4,551,244	28,046,634
Total operating income		348,077,471	308,494,331
Impairment charge/(reversal) for loans and other losses	4.35	249,774,945	28,568,447
Net operating income		98,302,525	279,925,884
Operating expense			
Personnel expenses	4.36	114,321,378	111,228,213
Other operating expenses	4.37	70,241,384	70,598,336
Depreciation & Amortization	4.38	22,484,835	25,152,619
Operating Profit		(108,745,071)	72,946,716
Non operating income	4.39	-	-
Non operating expense	4.40	561,787	-
Profit before income tax		(109,306,859)	72,946,716
Income tax expense	4.41		
Current Tax		36,306,998	34,110,312
Deferred Tax		(66,119,948)	36,551,265
Profit for the period		(79,493,909)	2,285,139
Profit attributable to:			
Equity holders of the Bank		(79,493,909)	2,285,139
Non-controlling interest		-	-
Profit for the period		(79,493,909)	2,285,139
Earnings per share			
Basic earnings per share		(9.16)	0.26
Diluted earnings per share		(9.16)	0.26

Notes 1-5.11 form integral part of this financial statement

As per our attached report of even date

For and on Behalf of Board

For N. B. S. M. & Associates
Chartered Accountants

Yadav Chandra Rai
Chairman

Raj Govinda Rajkarnikar
Director

Chok Bahadur Magar
Director

Khadga Bahadur Gurung
Director

CA. Nil Bahadur Saru Magar,
FCA

Partner
Date: 2077/11/25
Place: Kathmandu

Dekindra Kumar Rai
Director

Bhuvan Regmi
Director

Pradhuma Kumar Bhattarai
Director

Lal Bahadur Thing
Chief Executive Officer

Yan Singh Rai
Chief Finance Officer

Statement of Other Comprehensive Income

For the year ended on Asadh 31 2077 (July 15, 2020)

Particulars	Note	FY. 2076-77	FY. 2075-76
Profit for the year		(79,493,909)	2,285,139
Other comprehensive income, net of income tax			
a) Items that will not be reclassified to profit or loss			
Gain/(loss) from investments in equity instruments measured at fair value		172,459,170	(74,494,660)
Gain/(loss) on revaluation		-	-
Actuarial gains/(losses) on defined benefit plans		7,708,287	(1,589,742)
Income tax relating to above items		(54,050,237)	22,825,321
Net other comprehensive income that will not be reclassified to profit or loss		126,117,220	(53,259,081)
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge			
Exchange gain/(losses) arising from translating financial assets of foreign operation			
Income tax relating to above items			
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 period, net of income tax		126,117,220	(53,259,081)
Total comprehensive income for the period		46,623,311	(50,973,943)
Total comprehensive income attributable to:			
Equity holders of the Bank		46,623,311	(50,973,943)
Non-controlling interest		-	-
Total comprehensive income for the period		46,623,311	(50,973,943)

Notes 1-5.11 form integral part of this financial statement

As per our attached report of even date

For and on Behalf of Board

For N. B. S. M. & Associates
Chartered Accountants

Yadav Chandra Rai
Chairman

Raj Govinda Rajkarnikar
Director

Chok Bahadur Magar
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Khadga Bahadur Gurung
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CA. Nil Bahadur Saru Magar,
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Partner
Date: 2077/11/25
Place: Kathmandu

Dekindra Kumar Rai
Director

Bhuvan Regmi
Director

Pradhumna Kumar Bhattarai
Director

Lal Bahadur Thing
Chief Executive Officer

Yan Singh Rai
Chief Finance Officer





Statement of Changes in Equity
For the year ended on Asadh 31 2077 (July 15, 2020)

Particulars	Attributable to Equity holders of the Bank							Non-Controlling Interest	Total Equity			
	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Fair Value Revaluation Reserve	Retained Earning			Other Reserve	Total	
Balance at Asadh end 2076	867,993,800	22,399,272	373,974,457	172,628	284,393,177	(35,227,339)	-	(202,256,262)	(1,615,133)	1,309,834,601	-	1,309,834,601
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	(79,493,909)	-	(79,493,909)	-	(79,493,909)
Other comprehensive income, net of tax Remeasurements of defined benefit liability (assets)	-	-	-	-	-	-	-	-	5,395,801	126,117,220	-	126,117,220
Fair value reserve (Investment in equity instrument):	-	-	-	-	-	-	-	-	5,395,801	5,395,801	-	5,395,801
Net change in fair value	-	-	-	-	-	-	-	-	-	120,721,419	-	120,721,419
Net amount transferred to profit or loss	-	-	-	-	-	-	-	-	-	120,721,419	-	120,721,419
Net gain (loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges:												
Effective portion of changes in fair value	-	-	-	-	-	-	-	-	-	-	-	-
Net Amount reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year												
Transfer to reserve during the year	-	-	-	-	-	-	-	(79,493,909)	5,395,801	46,623,311	-	46,623,311
Transfer from reserve during the year	-	-	-	-	16,108,693	-	-	2,224,206	1,502,490	19,835,390	-	19,835,390
Transactions with owners, directly recognised in equity												
Right share issued	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions												
Balance at Asadh end 2077	867,993,800	22,399,272	373,974,457	172,628	300,501,871	85,494,080	-	(297,137,148)	3,058,952	1,356,457,912	-	1,356,457,912

Notes 1-5.11 form integral part of this financial statement

As per our attached report of even date

For N. B. S. M. & Associates
Chartered Accountants

Yadav Chandra Rai
Chairman

CA. Nil Bahadur Saru Magar, FCA
Partner
Date: 2077/11/25
Place: Kathmandu

Raj Govinda Rajkarnikar
Director
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Chief Executive Officer

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Khadga Bahadur Gurung
Director

Dekindra Kumar Rai
Director

Bhuwan Regmi
Director

Pradhumma Kumar Bhattarai
Director

Yan Singh Rai
Chief Finance Officer

For and on Behalf of Board

Statement of Cash Flow

For the year ended on 31 Asadh 2077

Particulars	FY. 2076-77	FY. 2075-76
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	894,534,519	763,230,739
Fees and other income received	39,527,439	34,236,522
Dividend received	-	-
Receipts from other operating activities	5,803,103	1,700,115
Interest paid	(602,925,408)	(598,401,597)
Commission and fees paid	(860,053)	(988,148)
Cash payment to employees	(114,321,378)	(110,872,351)
Other expense paid	(70,803,172)	(70,598,336)
Operating cash flows before changes in operating assets and liabilities	150,955,051	18,306,946
<u>(Increase)/Decrease in operating assets</u>		
Due from Nepal Rastra Bank	58,996,755	(125,386,523)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	(149,748,596)	(52,798,634)
Loans and advances to customers	(498,656,740)	(959,248,208)
Other assets	(12,243,867)	(31,476,832)
<u>Increase/(Decrease) in operating liabilities</u>		
Due to bank and financial institutions	114,496,092	-
Due to Nepal Rastra Bank	-	-
Deposit from customers	364,173,023	1,315,064,688
Borrowings	-	-
Other liabilities	(24,425,691)	(4,921,732)
Net cash flow from operating activities before tax paid	3,546,025	159,539,705
Income taxes paid	(36,306,998)	(12,849,443)
NET CASH FLOW FROM OPERATING ACTIVITIES	(32,760,973)	146,690,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(272,990,888)	70,178
Receipts from sale of investment securities	48,627,447	1,684,698
Purchase of property and equipment	(12,886,176)	(9,199,030)
Receipt from the sale of property and equipment	300,000	2,946,101
Purchase of intangible assets	(697,775)	(1,898,965)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties	(48,655,618)	-
Receipt from the sale of investment properties	14,657,948	14,209,918
Interest received	9,324,533	9,300,000
Dividend received	4,229,066	4,715,779
NET CASH USED IN INVESTING ACTIVITIES	(258,091,464)	21,828,679
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
NET CASH FROM FINANCING ACTIVITIES	-	-

Net increase (decrease) in cash and cash equivalents	(290,852,437)	168,518,941
Cash and cash equivalents as at Shrawan 1	2,075,896,657	1,907,377,716
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalent as at Asadh end	1,785,044,220	2,075,896,657

Notes 1-5.11 form integral part of this financial statement
As per our attached report of even date

For N. B. S. M. & Associates
Chartered Accountants

Yadav Chandra Rai
Chairman

For and on Behalf of Board

Raj Govinda Rajkarnikar
Director

Chok Bahadur Magar
Director

Khadga Bahadur Gurung
Director

CA. Nil Bahadur Saru Magar,
FCA
Partner
Date: 2077/11/25
Place: Kathmandu

Dekindra Kumar Rai
Director

Bhuwan Regmi
Director

Pradhumna Kumar Bhattarai
Director

Lal Bahadur Thing
Chief Executive Officer

Yan Singh Rai
Chief Finance Officer

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

1. Reporting entity

Gurkhas Finance Limited (hereinafter referred to as "Finance Co.") is Class "C" licensed financial institution licensed by Nepal Rastra Bank. Finance is now operating with corporate office at Dillibazar, Kathmandu and 22 branches spread over the country.

Finance Co. was incorporated under Companies Act 2063 on as public limited company. Finance Co. is listed with Nepal Stock Exchange.

Finance Co. offers comprehensive banking services within the scope of provisions of Banking and Financial Institutions Act 2073.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements are prepared in line with Nepal Financial Reporting Standards (to the extent of carve out pronounced by ICAN, as stated in note 2.1.1) as issued by Accounting Standards Board Nepal and pronounced by the Institute of Chartered Accountants of Nepal (ICAN).

Nepal Rastra Bank issued circular for reporting format of financial institutions in line with NFRS on November 30, 2017 along with treatment of certain items in the specified reserves. The financial statements are prepared in line with the stated circular, accordingly, are in compliance with regulatory requirement of Nepal Rastra Bank. The financial statements also comply the requirements of Companies Act 2063 and policy, procedures and directives of Securities Board of Nepal.

2.1.1 Use of Carve-out

ICAN has provided carve out on specific areas for alternative treatment of the items of financial statements required as per NFRS. Based on such, Finance Co. has used following carve out for preparation and presentation of financial statements in line with NFRS.

a) Impairment Loss on Loan and Advances

As per para 63 of NAS 39 Financial Instruments: Recognition and Measurement, impairment loss is calculated on incurred loss model. The carve out has allowed to use higher amount of loss calculated as per para 63 or as per NRB Directives 2/076. Finance Co. has used this carve out and presented the impairment loss calculated as per NRB Directives and disclosed the amount of impairment loss as per NAS 39.

b) Effective Interest Rate

As per the definition of effective interest rate (EIR) as per para 9 of NAS 39, all the initial points paid or received is required to be considered for calculation of EIR and the same EIR is used to calculate interest on loans and advances. As per the carve out, if calculation of EIR is impracticable or immaterial, then such could be ignored. Finance Co. has used the carve out and has not considered initial points paid or received on loans to be part of EIR, rather such amount has been accounted as income on accrual basis.

c) Interest income on amortized loan after impairment recognition

As per para AG63 of NAS 39, Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The carve out provides that interest income can be calculated on gross carrying amount of loan. Finance Co. has used the stated carve out in preparing the financial statements.

2.2 Reporting Period and Approval of Financial Statements

2.2.1 Reporting Period

The reporting period for this financial statements is fiscal year 2076-77, starting from 1 Shrawan 2076 and ending on 31 Ashad 2077. Financial information of following period/dates are provided on the financial statements.

1. Comparative NFRS financial statements (financial statements as on and for the period ended on 31 Ashad 2076)

2. NFRS financial statements for current period (financial statements as on and for the period ended on 31 Ashad 2077)

2.2.2 Approval of Financial Statements

The financial statements are authorised for issue by the Board of Directors on 2077/11/25 meeting no. 413. The financial statements are presented for approval to the upcoming annual general meeting of shareholders.

2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupee, which is also the functional currency of Finance Co. Figures are rounded off to nearest Rupee, accordingly, minor rounding off error may exist.



2.4 Use of Estimates, Assumptions and Judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that might result in adjustment to the carrying amounts of assets and liabilities within the next financial year are on the following components:

1. Classification of financial assets

Classification of financial assets into Amortized cost or at fair value (either through profit or loss or through other comprehensive income) depends upon the intention of management whether to hold or trade the assets. At the reporting dates, the classifications are based on the intention of management on particular group of financial assets. The classification of financial assets may change based on the economic circumstances and intention of management.

2. Fair value of financial assets

Fair value of financial statements is determined on three levels on the basis of available market on reporting date and the measurement may change depending on available market circumstances.

The fair value of financial instruments that are traded in an active market is the closing price on the reporting dates. Whenever the instruments are not actively traded in active market, they are determined using other techniques considering the observable market inputs to the extent possible.

The Finance Co. measures fair values using the following fair value hierarchy as provided in NFRS 13.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Finance Co. can access at the measurement date.

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

Level 3 inputs are unobservable inputs for the asset or liability. Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

3. Impairment loss on financial assets

Impairment loss on financial assets is provided on the higher of loan loss provision as per NRB Directive 2076 and para 63 of NAS 39. On calculating loss as per para 63, estimates are made on amount of loans that are considered to require individual assessment, grouping of loans for collective assessment, parameters for assessing impairment, future cash flow estimates, historical data on similar types of loan or group of loans.

4. Useful life and salvage value of property and equipment

Management reconsiders the economic useful life and salvage value of property and equipment on each reporting dates based on the information available on such dates.

5. Impairment loss of non financial assets

Impairment loss is calculated if carrying amount exceeds the recoverable amount. For recoverable amount, value in use is estimated and an estimated discount rate is used to arrive the present value of value in use.

6. Current Tax and Deferred tax

Significant management judgment is required to arrive at the figure of current tax and deferred tax, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Finance Co. based its assumptions and estimates on parameters available when the financial statements were prepared.

7. Employee benefit obligations

Judgment is required to determine the estimated liability that shall arise on part of accumulated leave of staff which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the company.

2.5 New Standards in Issue but not Yet Effective

The financial statements are prepared in line with NFRS issued on 2013. NFRS has not been revised thereafter and accordingly, accounting standards issued by International Accounting Standard Boards and revision thereof have not been considered.

2.6 New Standards and Interpretation not Adopted

Finance has adopted all the applicable interpretation pronounced by ICAN.

2.7 Discounting

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

2.8 Going Concern

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

2.9 Standalone Financial Statements

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

3. Significant Accounting Policies

The significant accounting policies adopted by Finance Co. while preparing financial statements are as follows:

Note No.	Accounting Policy	Information Note No.
3.1	Basis of Measurement	
3.2	Basis of Consolidation	
3.3	Cash and Cash Equivalent	4.1
3.4	Financial Assets and Financial Liabilities	
3.5	Trading Assets	4.5
3.6	Derivative Assets and Liabilities	4.4
3.7	Property and Equipment	4.13
3.8	Goodwill Intangible assets	4.14
3.9	Investment Property	4.12
3.10	Income tax	4.9
3.11	Deposits, debt securities issued and subordinated liabilities	4.17, 4.20, 4.24, 4.25
3.12	Provisions	4.22
3.13	Revenue	4.29, 4.31, 4.33, 4.34, 4.39
3.14	Interest expense	4.30
3.15	Employees Benefits	4.23
3.16	Leases	
3.17	Foreign currency translation	
3.18	Financial guarantee and loan commitment	
3.19	Share capital and reserves	4.26, 4.27
3.20	Earning per share including diluted	
3.21	Segment reporting	5.4
3.22	Events after reporting date	

3.1 Basis of Measurement

Financial statements are prepared on historical cost convention except for the following material items:

Particulars	Measurement Basis
Investment in shares and mutual fund schemes	Fair value
Non-banking assets	Lower of Market Value or Outstanding Receivable at the date of booking NBA
Loans to employees	Amortized cost
Property and equipment, investment property and intangible assets	Deemed cost as fair value

3.2 Basis of consolidation

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

3.3 Cash and cash equivalent

Cash and cash equivalent comprises of cash, demand deposit and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In general, short term investments with original maturity of up to three months are considered as cash equivalent. Cash and cash equivalent are presented at amortized cost on the financial statements.

3.4 Financial assets and financial liabilities

Financial assets are any assets that is cash, equity instrument of another entity or any contractual right to receive cash or financial assets of another entity.

Financial liability is any liability with contractual obligation to deliver cash or other financial assets to another entity.

3.4.1 Recognition

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

3.4.2 Classification and Measurement

Financial Assets: The classification and measurement of financial assets depend on how these are managed i.e. the Finance Co.'s business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

- i) At Amortized Cost
- ii) At Fair Value through Profit or Loss (FVPL)
- iii) At Fair Value through Other Comprehensive Income (FVOCI)

i) At amortized cost: Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Finance Co. has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

ii) At fair value through profit or loss: Financial assets are classified at fair value through profit or loss if the Finance Co. manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.

iii) At fair value through other comprehensive income: Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Finance Co. has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

Financial Liabilities: Finance Co. classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortised cost or fair value through profit or loss. Financial liability is measured initially at fair value, or an item not at fair value through profit or loss, at transactions costs that are directly attributable to its acquisition or issue.

3.4.3 De-recognition

Financial Assets

Financial assets are partially or fully de-recognized in any of the following condition:

- termination of contractual rights to cash flow
- upon transfer of contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Finance Co. neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognised) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

Financial Liabilities

Upon settlement or termination of any liability related to financial liability, financial liability is de-recognized. The difference between carrying amount and settlement amount is accounted through statement of profit or loss.

3.4.4 Determination of fair value

Fair is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is initially considered based on quoted rate where the assets or liabilities are principally transaction, in the absence of which the most advantageous market is the active market.

When available, the Finance Co. measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Finance Co. uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

Fair Value Hierarchy

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

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

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

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Finance Co. has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities for this level of valuation.

3.4.5 Impairment

At each reporting date, the Finance Co. assesses whether there is objective evidence that financial assets are impaired. The financial assets or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer
- default or delinquency by a borrower
- the restructuring of a loan or advance by the Finance Co. on terms that the Finance would not consider otherwise;
- indication that a borrower or issuer will enter bankruptcy
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its net worth below its book value is objective evidence of impairment.

The Finance Co. considers evidences of impairment for loans and advances and investment securities at both specific asset and at collective level. All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities with similar risk characteristics.

In assessing the collective impairment, the Finance Co. uses the statistical modelling of historic trends of the probability of default, the time of recoveries and the amount of loss incurred and makes an adjustment if the current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against the actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss (through OCI for such investments measured at fair value through OCI on which there exists fair value reserve).

The Finance Co. writes off a loan or an investment security, either partially or in full and any related allowance for impairment losses, when the Finance determines that there is no realistic prospect of recovery.

3.4.6 Amortized cost measurement

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

3.4.7 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

3.5 Trading assets

Trading assets are those assets that the Finance Co. acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

3.6 Derivatives assets and derivative liabilities

Derivative assets and liabilities are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The changes in value of instruments are accounted through profit or loss.

3.7 Property and Equipment

Non-financial tangible assets that are held for service providing to customers and for administrative use of the Finance Co. are classified as Property and Equipment.

Recognition

Property and Equipment are recognized in books whenever it is probable that future economic benefits associated with such assets will flow to the entity and the amount of assets can be reliably measured.

Measurement

At initial recognition, items of property and equipment are measured at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Finance Co. Ongoing repair and maintenance are expensed off as incurred.

Subsequent to the initial measurement, there is option to measure the assets either on cost or on revaluation. Finance has measured all items at cost on subsequent measurement. On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its property and equipment measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Assets not capitalized

Items of property and equipment with original cost up to Rs. 10,000 are directly accounted as expenses.

Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

Salvage Value

The Finance Co. has assessed the salvage value of all property, plant and equipment considering the expected realizable value on the end of life of such assets.

Depreciation

Depreciation is charged upon the assets is available for use and does not cease until the assets is disposed off, classified as held for sale or ceases to generate economic benefits.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write-off their carrying value over the expected useful economic lives.

Items of property and equipment are depreciated on Straight Line Method over their useful life.

Management of the Finance Co. has assessed useful life and salvage value of property and equipment, as follows:

Items	Estimated useful life (years)	Salvage Value
Building	50	5%
Leasehold Properties	Lease period	0%
Computer & Accessories	5	0%
Vehicle	10	5%
Furniture & Fixture	7	3%
Machinery	10	5%
Equipment & Others	3-5	0%

3.8 Goodwill and Intangible assets

Goodwill

Goodwill arises on the acquisition financial institutions when the aggregate of the fair value of the consideration transferred exceed the amount of the identifiable assets and liabilities acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognised immediately in the Statement of profit or loss.

Goodwill is allocated to cash generating units (CGU) at the lowest level at which goodwill is monitored for internal management process. Impairment testing is performed annually, and whenever there is an indication that CGU may be impaired. If the present value of expected cash inflows is less than carrying amount, impairment loss is recognized and accounted through Statement of Profit or Loss. Goodwill is stated at cost less accumulated impairment losses.

Acquired Intangible Assets

Intangible assets are recognized whenever the cost of assets can be reliably measured, by the past experience it is demonstrated Finance Co. has control over such assets for the specified period and it is probable that future economic benefits could be derived from such assets. Finance has followed NAS 38 for accounting of intangible assets.

In the financial statements, software are presented as intangible assets.

Computer Software

Computer software are capitalised on the basis of the purchase cost of software or license and costs incurred to bring it to use. Cost of internally developed software includes directly attributable costs.

Intangible assets are amortized over the period of its estimated use, or in case of licenses, over the period of contractual right of use. Whenever there is no specific life or license period, such software are amortized over the period of five years. At each reporting date, impairment test of intangible assets is done in order to oversee whether the carrying amount exceeds recoverable amount. Impairment loss is charged to Statement of Profit or Loss.

On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its intangible assets measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

3.9 Investment Property

Investment property is land and building held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

Useful life of building held as investment property is considered to be same as that of property and equipment (i.e. 50 years) with 5% salvage value.

3.10 Income tax

Income tax expenses include current tax, deferred tax and any adjustments recognised in the period for current tax of prior periods.

Current Tax

Current tax is the amount of income tax payable in respect of taxable profit. This is calculated as per the provisions of Income Tax Act with the effective tax rate for current period. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible. Income tax rate applicable for Finance Co. is 30% (previous year rate was 30%).

Deferred Tax

Deferred tax is calculated using balance sheet approach on temporary differences between tax base of assets and liabilities and carrying amount in the financial statements. Deferred tax is calculated using known future tax rate on each reporting date.

Deferred tax is recognized when it is probable that future taxable profit will be available to adjust the impact of temporary differences. Changes in deferred tax over period is recognized as deferred tax income/expenses in Statement of Profit or Loss.

In line with NRB Directives, deferred tax reserve is created to the amount equal to deferred tax assets and presented as part of regulatory reserve from current year.

Income tax on items of OCI

Income tax arising on the items of other comprehensive income is charged to statement of OCI itself.

3.11 Deposits, debt securities issued and subordinated liabilities

Deposit are financial liabilities and are generally repayable on demand except fixed period deposit accepted by Finance Co. from its customers.

The Finance Co. borrows money by issuing debt securities and subordinated debt. The borrowing is acknowledged or evidenced by issue of a negotiable instrument. The negotiable instrument can be certificate of deposit, commercial paper or debt note. Subordinated debt is issued to meet the capital requirements at Finance Co. level and to supply the capital to various operations. This debt generally consists of negotiable instruments and is usually listed on exchanges providing an active secondary market for the debt.

3.12 Provisions and Contingent Liabilities

Provision is a liability with uncertain timing and event. Provision is recognised if as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent Liabilities: Contingent liabilities are i) possible obligations arising from past events whose existence will be confirmed on happening or not happening or uncertain future events not wholly within the control of Finance Co., or ii) a present obligation arising from past events but are not recognized because outflow of resources to settle may not be required or such amount can not be reliably estimated.

Contingent liabilities are separately disclosed in financial statements.

3.13 Revenue Recognition

Revenue is recognized in line with NAS 18 Revenue when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

3.13.1 Interest income

Interest, in general, is recognized using effective interest rate on the particular assets. Finance Co. has opted to use the carve-out mentioned in Note 2.1.1 (c) and continued to use the actual interest rate to account for interest income. Interest income has been booked for all interest received during the year as well as on those loans fulfilling the criteria as set in line with circular issued by NRB. Accordingly, interest income recognition has been suspended and ceased to accrue in the following cases:

- a Loans where there is reasonable doubt about the ultimate collectibility of principal and loan.
- b Loans against which individual impairment as per NAS 39 or lifetime impairment as per NFRS 9 has been made.
- c Loans where contractual payments of principal and/or interest are more than 3 months in arrears and where the 'net realizable value' of security is insufficient to cover payment of principal and accrued interest;
- d Loans where contractual payments of principal and/or interest are more than 12 months in arrears irrespective of the net realizable value of collateral;
- e Overdrafts and other short term facilities which have not been settled after the expiry of the loan and even not renewed within 3 months of the expiry, and where the net realizable value of security is insufficient to cover payment of principal and accrued interest.
- f Overdrafts and other short term facilities which have not been settled after the expiry of the loan and even not renewed within 12 months of the expiry irrespective of the net realizable value of collateral.

Finance Co., in general, generates interest income from loan to customers, investment in debt securities and call deposits.

3.13.2 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided or significant act performed. The fees and commission income and expense that are integral to the effective interest rate on the financial assets and financial liability are included in the measurement of the effective interest rate. Finance Co. has opted to use carve-out as mentioned in Note 2.1.1 (c) on this matter and accounted all realized fee and commission income upfront.

Commission on guarantees issued that are for more than one year are immediately accounted as income. If the period of guarantee is more than one year, then proportionate amount of fee is accounted as income.

3.13.3 Dividend income

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

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

3.13.4 Net trading income

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

3.13.5 Other Operating Income

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

3.14 Interest expense

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

3.15 Employees Benefits

Employee expenses include the amount paid to employees of Finance Co. in respect of their service. Payment in respect of services are for the current service and long term benefits. Long term benefits are in the form of defined contribution plan and defined benefit plan. Expenses under defined contribution plan are accounted as they incur and on defined benefit plan as per the actuarial valuation.

Short term employee benefits include salary, allowance, encashment of unused leave, provident fund, annual bonus based on profit of the Finance Co., subsidized loans etc. These are provided as the services are rendered by the employees and measured on undiscounted amount of payment made.

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

3.16 Leases

A lease is classified at the inception date as a finance lease or an operating lease. The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Payment made under operating leases are recognised in profit or loss as per contractual rates with periodic adjustment on inflation. This method is more representative to the nature of expenses than the Straight line method.

3.17 Foreign Currency Transaction

Transaction in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year and the amortised cost in the foreign currency translated at the rate of exchange at the reporting date.

Non monetary assets and liabilities that measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions. The resulting exchange gain or loss differences are generally recognised in Profit or Loss.

3.18 Financial guarantee and loan commitment

Financial guarantees are contract that require the Fund to make specified payments to reimburse the holder for a loss that incurs because a specified debtors fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below -market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below market interest rate included within other liabilities.

3.19 Share Capital and Reserves

3.19.1 Share Capital

Equity share capital is financial instruments issued by the company only to the extent that they do not meet the definition of financial liabilities.

All the issued shares are paid up and are listed with Nepal Stock Exchange for the purpose of trading by shareholders. All shares have right to vote on the basis of no. of shares held. Finance Co. does not have shares of other kind other than ordinary shares.

3.19.2 Reserves

Finance Co. has created various types of reserves as part of regulatory requirement.

a) General Reserve

General reserve is the statutory reserve. In this reserve, the amount transformed from appropriation of net profit according to the Banks and Financial Institutions Act, 2073 shall be included. No type of dividend (cash or bonus share) shall be distributed from the amount in general/statutory reserve. Approval of NRB shall be required in order to use the amount in this reserve.

b) Exchange Equalization Reserve

Exchange equalization reserve is a statutory reserve. Earning from foreign exchange revaluation gain on foreign currency other than Indian currency has to allocate 25 percent of such revaluation gain to this reserve as per provision of the Bank and Financial Institution Act. Any amount allocated to exchange equalization reserve as per the provision of the Bank and Financial Institutions Act, shall be presented under this heading.

c) Corporate Social Responsibility (CSR) Reserve

In line with clause 16 of Directive 16/076, Finance Co. is required to allocate 1% of its net profit for the year for CSR and is required to create CSR Reserve. The amount appropriated to this reserve is expensed off as prescribed in the same Directive in the next fiscal year.

d) Regulatory Reserve

This is specific reserve created in line with NRB Directive 4. All the adjustments made in NFRS that are different from earlier NRB Directives are included in this fund. This fund is not available for distribution of dividend.

e) Capital Reserve

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. The amount from share forfeiture due to non-payment of remaining amount for the unpaid shares, capital grants received in cash or kind, capital reserve arising out of merger and acquisition etc. should be presented under this heading.

f) Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets shall be presented under this account head.

g) Actuarial Gain Reserve

This reserve is for presenting the OCI component of defined benefit obligations. This is not an actual reserve.

h) Special Reserve

In line with circular no. 12/072/073, the interest capitalised on loan that have been restructured or rescheduled because of the borrower facing difficulty resulting from earthquake in 2072 is kept in this reserve. The reserve is required to be maintained till the loan is settled.

i) Assets Revaluation Reserve

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) shall be presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

j) Capital Redemption Reserve

This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.

k) Dividend Equalization Reserve

For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making may be transferred shall be presented under this account head. Dividend may be distributed by debiting this account with the approval of the Board of Directors and endorsed by the General meeting.

l) Investment Adjustment Reserve

It is a regulatory reserve created as a cushion for adverse price movements in Finance Co.'s investments as directed by the Directives of Nepal Rastra Bank.

3.19.3 Share Premium

The amount of money collected on issue of shares in excess of its face value shall be presented under this heading. The outstanding amount in this account shall not be considered eligible for distribution of cash dividend.

3.19.4 Retained Earning

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institutions' operations and is free for distribution of dividend to the shareholders shall be presented under this heading.

3.20 Investment in Associate

Whenever Finance Co. holds shares in any entity and it is demonstrated that Finance Co. has significant influence in such company, then such investment is treated as investment in associate. Significant influence is demonstrated by either holding more than 20% shares of such company or in cases where holding is less than 20% but there exists certain situations like being shareholder with influential stake, board representation, technical dependence, etc.

Investment in associate is accounted using equity method whereby the initial investment is measured at cost. Subsequently, the share of Finance Co. in net worth is calculated to arrive at the carrying amount of investment. Share on profit and OCI of the associate is added to cost of associate and distributions by associates reduce the carrying amount of investment.

When the company ceases to be associate, the whole amount is derecognized from associate and included under investment securities at fair value through OCI. The carrying amount of associate on the date of derecognition is the cost of shares and the same is revalued at fair value on reporting date with resultant increase or decrease in value taken to fair value reserve through other comprehensive income.

3.21 Earning per share including diluted

The Finance Co. measures earning per share on the basis of the earning attributable to the equity shareholders for the Period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share. EPS for prior year have been restated because of issue of bonus share during the year as per NAS 33.

3.22 Segment reporting

Segment has been segregated based on the management function of Finance Co. and accordingly, the seven states of Nepal are considered as the segments. Income and expenses directly related to such segments are reported. Assets and liabilities specific to those are presented as segment assets and liabilities. Income tax is not segregated.

3.23 Events after Reporting Date

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

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

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Cash and cash equivalent

4.1

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Cash in hand	247,273,593	253,035,635
Balances with B/FIs	60,353,765	5,330,569
Money at call and short notice	1,477,416,862	1,817,530,453
Other	-	-
Total	1,785,044,220	2,075,896,657

Balances with bank include balance with problematic financial institution. Amount presented as balance with B/FIs is net of loss allowance on such balance.

	421,974	421,974
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Due from Nepal Rastra Bank

4.2

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Statutory balances with NRB	234,139,193	293,135,948
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	234,139,193	293,135,948

Placements with Bank and Financial Institutions

4.3

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
Total	-	-

Derivative financial instruments

4.4

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Held for trading	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
Total	-	-

Other trading assets

4.5

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
Total	-	-
Pledged	-	-
Non-pledged	-	-



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Loan and advances to B/FIs

4.6

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Loans to microfinance institutions	367,988,477	218,239,881
Other	-	-
Less: Allowances for impairment	(3,676,358)	(2,182,399)
Total	364,312,119	216,057,482
Interest Receivable on Microfinance Loan	352,685	-

Allowances for impairment

4.6.1

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Opening balance on Shrawan 1	2,182,399	1,654,412
Impairment loss for the year:		
Charge for the year	1,726,358	527,987
Recoveries/reversal	(232,399)	-
Amount written off	-	-
Balance at Asadh end	3,676,358	2,182,399

Loans and advances to customers

4.7

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Loan and advances measured at amortized cost	5,729,204,699	5,230,547,958
Less: Impairment allowances		
Collective impairment	(128,438,544)	(64,521,469)
Individual impairment	(390,477,604)	(206,113,693)
Net amount	5,210,288,551	4,959,912,797
Loan and advances measured at FVTPL	-	-
Total	5,210,288,551	4,959,912,797

Loan and advance is inclusive of staff loan and accrued interest on such loan net of interest suspense amount.

The above amount of impairment allowance is as per Directive issued by Nepal Rastra Bank.

We have selected top 20 borrowers as per Single obligor Limit Report for individual impairment test. The market value of collateral on valuation date was subjected to haircut to arrive at adjusted fair value of collateral on each reporting date and if the adjusted fair value is less than outstanding amount, individual impairment is considered along with other factors like repayment history of borrower, credit rating, additional information of customer regarding financial capability, restructuring/rescheduling of loan, etc. Collective assessment has been done using past default rate (probability of default) and a calculated percentage for non-recovery (loss given default) and the rates have been used to calculate impairment allowance as per NAS 39 using incurred loss model.

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Individual impairment	24,805,457	14,958,696
Collective impairment	29,095,854	2,844,536
Total	53,901,311	17,803,232

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

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Performing loan	4,960,037,821	4,843,279,808
Good	2,989,083,667	4,441,063,042
Watch list	1,970,954,153	402,216,766
Non-performing loan	515,657,740	304,069,945
Substandard	79,110,467	92,302,893
Doubtful	131,694,573	57,458,165
Loss	304,852,700	154,308,887
Total	5,475,695,561	5,147,349,753
Add: loan to employees and Net AIR	253,509,138	83,198,205
Total loan	5,729,204,699	5,230,547,958

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Impairment allowance		
Performing loan	128,438,544	64,521,469
Good	29,890,837	44,410,630
Watch list	98,547,708	20,110,838
Non-performing loan	390,477,604	206,113,693
Substandard	19,777,617	23,075,723
Doubtful	65,847,287	28,729,082
Loss	304,852,700	154,308,887
Additional	-	-
Total	518,916,148	270,635,161

Analysis of loan and advances - By Product

4.7.1

Product	As on Asadh 31, 2077	As on Asadh 31, 2076
Term loans	373,400,753	178,245,565
Overdraft	337,484,555	94,057,054
Trust receipt/Import loans	-	-
Demand and other working capital loans	940,749,858	910,470,553
Personal residential loans	569,466,678	620,912,320
Real estate loans	186,283,893	178,525,595
Margin lending loans	205,250,965	218,087,407
Hire purchase loans	271,253,669	329,765,355
Deprived sector loans	21,387,026	21,851,776
Bills purchased	-	-
Staff loans	36,155,540	4,873,667
Other	2,570,418,165	2,593,364,866
Sub total	5,511,851,101	5,150,154,159
Interest receivable	217,353,598	80,393,800
Grand total	5,729,204,699	5,230,547,958

Analysis of loan and advances - By Currency

4.7.2

Currency	As on Asadh 31, 2077	As on Asadh 31, 2076
Nepalese rupee	5,729,204,699	5,230,547,958
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	5,729,204,699	5,230,547,958

Analysis of loan and advances - By Collateral

4.7.3

Collateral	As on Asadh 31, 2077	Restated Asadh 31, 2076
Secured		
Movable/immovable assets	4,652,128,821	4,970,420,864
Gold and silver	667,481,171	-
Guarantee of domestic B/FIs	-	-
Government guarantee	-	-
Guarantee of international rated bank	-	-
Collateral of export document	-	-
Collateral of fixed deposit receipt	60,920,849	61,277,076
Collateral of Government securities	-	-
Counter guarantee	-	-
Personal guarantee	95,164,720	115,651,813
Other collateral	253,509,138	83,198,205
Subtotal	5,729,204,699	5,230,547,958
Unsecured	-	-
Grand Total	5,729,204,699	5,230,547,958



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Allowances for impairment

4.7.4

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Specific allowances for impairment		
Balance at Shrawan 1	206,113,693	183,670,156
Impairment loss for the year:		
Charge for the year	231,007,088	23,375,777
Recoveries/reversal during the year	(46,643,177)	(932,240)
Write-offs	-	-
Exchange rate variance on foreign currency	-	-
Other movement	-	-
Balance at Asadh end	390,477,604	206,113,693
Collective allowances for impairment		
Balance at Shrawan 1	64,521,469	58,924,545
Impairment loss for the year:		
Charge for the year	90,171,892	11,045,642
Recoveries/reversal during the year	(26,254,816)	(5,448,718)
Other movement	-	-
Balance at Asadh end	128,438,544	64,521,469
Total allowances for impairment	518,916,148	270,635,161

Investment securities

4.8

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Investment securities measured at amortized cost	426,134,236	152,209,041
Investment in equity measured at FVTOCI	310,103,749	193,952,427
Total	736,237,986	346,161,468

Investment securities measured at amortized cost

4.8.1

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Debt securities	-	-
Government bonds	426,134,236	152,209,041
Government treasury bills	-	-
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment	-	-
Total	426,134,236	152,209,041
Accrued interest included in government bonds	5,734,236	1,809,041

Investment in equity measured at fair value through other comprehensive income

4.8.2

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Equity instruments		
Quoted equity securities	276,678,349	160,527,027
Unquoted equity securities	33,425,400	33,425,400
Total	310,103,749	193,952,427

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Information relating to investment in equities

4.8.3

Particulars	As on Asadh 31, 2077		As on Asadh 31, 2076	
	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity	156,072,358	276,678,349	212,380,206	160,527,027
First Microfinance Laghu Bitta Bittiya Sanstha Limited	-	-	14,707,183	9,378,000
Global IME Sammunat Scheme -1	4,746,580	4,072,566	4,746,580	3,977,634
474,658 units of Rs. 10 each				
Laxmi Equity Fund - Mutual Fund	2,924,780	2,565,032	2,924,780	2,231,607
292,478 units of Rs. 10 each				
Lumbini General Insurance Company Limited	-	-	16,359	125,990
Life Insurance Corporation (Nepal) Limited	-	-	5,013,199	4,571,200
Nabil Equity Fund - Mutual Fund	2,252,990	2,102,040	2,252,990	2,102,040
225,299 units of Rs. 10 each				
NIBL Pragati Fund - Mutual Fund	3,424,800	2,791,212	3,424,800	2,548,051
342,480 units of Rs. 10 each				
NIBL Samridhhi Fund-1- Mutual Fund	-	-	3,955,640	3,662,923
National Hydropower Company Limited	4,748,849	1,745,820	4,748,849	2,108,160
32,940 shares of Rs. 144 each				
Nepal Life Insurance Company Limited	23,195,167	18,228,420	23,195,167	10,427,273
11,574 ordinary share of Rs. 2,004.08 each (2,893 Bonus Shares)				
National Life Insurance Company Limited	-	-	4,073,462	3,545,685
National Life Insurance Company Limited.	33,254,713	18,788,264	33,254,713	22,699,600
48,000 promoter share of Rs. 692.81 each (8,168 Bonus Shares)				
NMB Hybrid Fund L- 1 Mutual Fund	3,154,800	2,997,060	3,154,800	3,164,264
315,480 units of Rs. 10 each				
National Microfinance Bittiya Sanstha Limited	7,500,000	163,375,575	7,500,000	7,500,000
75,000 promoter share of Rs. 100 each (123,031 Bonus Shares)				
NLG Insurance Company Limited	29,893,368	15,534,108	29,893,368	18,157,698
23,574 ordinary share of Rs. 1268.07 each (70 Bonus Shares)				
NLG Insurance Company Limited.	-	52,889	-	61,341
(161 Bonus Share)				
Premier Insurance Company (Nepal) Limited	-	-	-	222,950
Primelife Insurance Company Limited	-	-	87,316	55,314
Siddhartha Equity Oriented Scheme- Mutual Fund	-	-	4,898,740	5,300,437



Swabalamban Laghubitta Bittiya Sanstha	-	-	12,322,228	8,712,375
Chilime Hydropower Company Limited	-	86,366	-	565,285
(217 Bonus Share)				
Soaltee Hotel Ltd.	1,690,165	1,029,952	1,690,165	1,631,872
6,080 ordinary share of Rs. 277.99 each (608 Bonus Share)				
Butwal Power Company Ltd.	-	49,901	246,386	568,510
(139 Bonus Share)				
Nirdhan Utthan Bank Ltd.	-	-	85,128	66,439
Oriental Hotel Ltd.	-	-	1,372,448	1,663,787
Citizens Mutual Fund	2,500,000	2,515,000	2,500,000	2,545,000
250,000 unit of Rs. 10 each				
NIC Asia Growth Scheme	-	-	5,000,000	5,140,000
Sanima Equity Fund	5,000,000	4,965,000	5,000,000	4,700,000
500,000 unit of Rs. 10 each				
Chhimek Bikas Bank Ltd.	-	-	528,231	475,000
Forward Community Microfinance Bittiya Sanstha Ltd.	5,615,995	4,637,100	7,552,545	5,179,200
2,320 ordinary share of Rs. 2,421 each (580 Bonus Share)				
PMS/NIBL Ace Capital Market Ltd.*	26,165,386	31,135,975	28,235,128	27,439,392
Neco Insurance Limited	4,765	6,070	-	-
10 ordinary share of Rs. 476.50 each				
Investment in unquoted equity	31,896,990	33,425,400	31,896,990	33,425,400
Karja Suchana Kendra	294,500	1,796,400	294,500	1,796,400
2,945 promoter share of Rs. 100 each (15,019 Bonus Share)				
Nepal Chalachitra Bikas Company	2,490	9,000	2,490	9,000
90 promoter share of Rs. 27.67 each				
Prabhu Capital Ltd.	1,500,000	1,500,000	1,500,000	1,500,000
15,000 promoter share of Rs. 100 each				
Nepal Clearing House Ltd.	100,000	120,000	100,000	120,000
1,000 promoter share of Rs. 100 each (200 Bonus Share)				
General Insurance Company Nepal Ltd.	30,000,000	30,000,000	30,000,000	30,000,000
300,000 promoter share of Rs. 100 each				
Total	187,969,348	310,103,749	244,277,196	193,952,427

* This is investment portfolio, hence there is no any specific shared held.

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Current tax assets

4.9

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Current tax assets	50,649,601	10,745,652
Current year income tax assets	50,649,601	10,745,652
Tax assets of prior periods	-	-
Current tax liabilities	36,155,591	34,110,312
Current year income tax liabilities	36,155,591	34,110,312
Tax liabilities of prior periods	-	-
Total	14,494,010	(23,364,660)

Investment in subsidiaries

4.10

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Investment in quoted subsidiaries		
Investment in unquoted subsidiaries		
Total investment	-	-
Less: Impairment allowances		
Net carrying amount	-	-

Investment in quoted subsidiaries

4.10.1

Particulars	As on Asadh 31, 2077		As on Asadh 31, 2076	
	Cost	Fair Value	Cost	Fair Value
Total	-	-	-	-

Investment in unquoted subsidiaries

4.10.2

Particulars	As on Asadh 31, 2077		As on Asadh 31, 2076	
	Cost	Fair Value	Cost	Fair Value
Total	-	-	-	-

Information relating to subsidiaries of the Bank

4.10.3

Particulars	Percentage of ownership held by the Bank	
	As on Asadh 31, 2077	As on Asadh 31, 2076
	Total	-

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Non controlling interest of the subsidiaries

4.10.4

Particulars	As on Asadh 31, 2077	
	... Ltd.	... Ltd.
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asadh end		
Dividend paid to NCI		

Particulars	As on Asadh 31, 2076	
	... Ltd.	... Ltd.
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asadh end		
Dividend paid to NCI		

Investment in associates

4.11

Particulars	As on Asadh 31, 2077		As on Asadh 31, 2076	
	Cost	Fair Value	Cost	Fair Value
Investment in quoted associates	9,818,159		5,530,424	
Investment in unquoted associates	-		-	
Total investment	9,818,159		5,530,424	
Less: Impairment allowances	-		-	
Net carrying amount	9,818,159		5,530,424	

Investment in quoted associates

4.11.1

Please refer Note 3.20 for accounting policy of investment in associate.

	As on Asadh 31, 2077		As on Asadh 31, 2076	
	Cost	Fair Value	Cost	Fair Value
Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	4,000,000	16,720,000	4,000,000	9,702,000
First Microfinance Development Bank Ltd.*	14,707,183	16,238,745	-	-
Total	18,707,183	32,958,745	4,000,000	9,702,000

Investment in Mahila Sahayatra Microfinance Bittiya Sanstha Limited is on promoter share whose quoted price was not available on reporting dates, accordingly, 50% of the price of ordinary shares have been considered to arrive at fair value.

Investment in unquoted associates

4.11.2

	As on Asadh 31, 2077		As on Asadh 31, 2076	
	Cost	Fair Value	Cost	Fair Value
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

Information relating to associates of the Bank

4.11.3

	Percentage of ownership held by the Bank	
	As on Asadh 31, 2077	As on Asadh 31, 2076
	Cost	Fair Value
Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	3.64%	3.64%
First Microfinance Development Bank Ltd.	0.37%	-
Total	4.00%	3.64%

Equity value of associates

4.11.4

	As on Asadh 31, 2077		As on Asadh 31, 2076	
	Cost	Fair Value	Cost	Fair Value
Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	6,009,666		5530,424	
First Microfinance Development Bank Ltd.	3,808,493		-	
Total	9,818,159		5,530,424	

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Investment properties

4.12

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Investment properties measured at fair value		
Balance as on Shrawan 1	-	-
Addition/disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment properties measured at cost		
Balance as on Shrawan 1	89,417,419	157,067,120
Addition during the year	48,655,618	18,273,743
Disposal during the year	(14,041,388)	(85,923,444)
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	124,031,649	89,417,419
Total	124,031,649	89,417,419

Investment property presented above comprise the following assets

4.12.1

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Own land and building	838,400	838,400
Assets booked as non-banking assets in line with NRB Directives	123,193,249	88,579,019
Total	124,031,649	89,417,419

Investment property comprise the following assets accounted as non-banking assets (NBA) as per NRB Directives.

4.12.2

Name of Party	NBA Date	As on Asadh 31, 2077	As on Asadh 31, 2076
Ramchandra Basnet	1/3/08	190,000	190,000
Gyan Devi Shakya	2/16/14	4,825,000	4,825,000
Lumbini Carpet Limited	9/1/14	6,406,170	6,406,170
Sachin Kumar Sunuwar	10/16/16	375,000	375,000
Chandra Bahadur Regmi	1/10/17	196,000	196,000
Sadananda Mishra	4/13/17	1,202,500	1,202,500
A and D Company Pvt. Ltd.	1/14/18	44,961,670	44,961,670
Shree Siddakali Jewellers	1/14/18	3,720,244	3,720,244
Aaita Raj Limbu	4/26/18	4,376,845	4,376,845
Ramesh Khaling	4/22/18	1,926,104	1,926,104
Padam Bahadur Gurung	4/24/18	2,125,742	2,125,742
Sanjiv Rai	4/13/19	3,382,520	3,382,520
Prem Kumar Limbu	7/16/19	4,196,962	4,196,962
Prem Kumar Limbu	7/16/19	3,910,401	3,910,401
Dawa Lama Tamang	7/16/19	-	1,179,495
Hotel Maharaja	7/16/19	5,604,365	5,604,365
Alex Subba Limbu	10/15/19	4,463,315	-
Ganesh Ghale Gurung	10/14/19	3,041,944	-
Suman Pudashaini	8/9/19	185,000	-
Safal Kirana Pasal	12/9/19	4,115,556	-
Khandbari Rudraksha Bhandar	1/27/20	10,394,775	-
Rewati Raman Dulal	1/26/20	2,866,629	-
Bikash Chapagain	2/28/20	4,894,821	-
Budhiraj Gurung	3/23/20	4,894,821	-
Unisha Poultry Firm	3/16/20	936,865	-
Total		123,193,249	88,579,019





Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Property and Equipment	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Equipment & Others	Total
Cost								4.13
As on Shrawan 01, 2075	33,274,250	13,997,488	39,961,841	23,208,601	23,668,247	28,379,180	59,923,695	222,413,302
Addition during the Year	-	-	-	1,085,340	4,308,267	1,039,276	2,766,147	9,199,030
Acquisition	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	(5,163,000)	-	-	(5,163,000)
Disposal during the year	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-
As on Asadh 31, 2076	33,274,250	13,997,488	39,961,841	24,293,941	22,813,513	29,418,456	62,689,842	226,449,332
Addition during the Year								
Acquisition	-	-	6,128,343	1,066,920	1,090,670	1,747,302	2,852,942	12,886,176
Capitalization	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	(2,690,000)	-	-	(2,690,000)
Adjustment/Revaluation	-	-	-	-	-	-	-	-
As on Asadh 31, 2077	33,274,250	13,997,488	46,090,184	25,360,861	21,214,183	31,165,758	65,542,784	236,645,508
Depreciation and Impairment								
As on Shrawan 01, 2075	-	3,101,447	6,835,534	17,482,658	14,251,471	15,960,848	30,964,966	88,596,924
Impairment for the year								
Depreciation charge for the Year	-	221,858	8,014,795	2,619,196	2,041,887	2,667,616	9,135,014	24,700,367
Disposals	-	-	-	-	(3,316,762)	-	-	(3,316,762)
Adjustment	-	-	-	-	-	-	-	-
As on Asadh 31, 2076	-	3,323,305	14,850,330	20,101,855	12,976,596	18,628,465	40,099,980	109,980,530
Impairment for the year								
Depreciation charge for the Year	-	221,858	9,208,363	1,395,978	1,222,021	2,117,795	7,684,810	21,850,826
Disposals	-	-	-	-	(2,676,068)	-	-	(2,676,068)
Adjustment	-	-	-	-	(289,314)	-	-	(289,314)
As on Asadh 31, 2077	-	3,545,163	24,058,693	21,497,833	11,233,235	20,746,260	47,784,790	128,865,974
Capital Work in Progress	-	-	-	-	-	-	-	-
Net Book Value								
As on Asadh 31, 2076	33,274,250	10,674,183	25,111,511	4,192,087	9,836,917	10,789,992	22,589,862	116,468,802
As on Asadh 31, 2077	33,274,250	10,452,325	22,031,491	3,863,029	9,980,948	10,419,499	17,757,994	107,779,535
Remaining value (residual value) of fully depreciated assets as at Asadh 31, 2077						27,173	16,399	43,572

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Goodwill and Intangible Assets

4.14

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
As on Shrawan 01, 2075	-	1,112,607	-	-	1,112,607
Addition during the Year					
Acquisition	-	1,898,965	-	-	1,898,965
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
As on Asadh 31, 2076	-	3,011,572	-	-	3,011,572
Addition during the Year					
Acquisition	-	697,775	-	-	697,775
Capitalization	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
As on Asadh 31, 2077	-	3,709,347	-	-	3,709,347
Amortization and Impairment					
As on Shrawan 01, 2075	-	682,666	-	-	682,666
Amortization charge for the Year	-	452,252	-	-	452,252
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on Asadh 31, 2076	-	1,134,918	-	-	1,134,918
Amortization charge for the Year	-	634,008	-	-	634,008
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on Asadh 31, 2077	-	1,768,926	-	-	1,768,926
Capital Work in Progress					
Net Book Value					
As on Asadh 31, 2076	-	1,876,654	-	-	1,876,654
As on Asadh 31, 2077	-	1,940,421	-	-	1,940,421



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Deferred Tax

4.15

Particulars	As on Asadh 31, 2077		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	155,724,046	-	155,724,046
Investment properties	-	1,860,475	(1,860,475)
Investment securities	-	36,640,320	(36,640,320)
Property & equipment	2,234,961	-	2,234,961
Cash and Cash Equivalent	126,592	-	126,592
Investment in Associate	2,666,707	-	2,666,707
Provisions	6,439,374	-	6,439,374
Other temporary differences	-	-	-
Deferred tax on temporary differences	167,191,680	38,500,795	128,690,885
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
Net Deferred tax asset/(liabilities) as on year end of Asadh 2076	167,191,680	38,500,795	128,690,885
Deferred tax (asset)/liabilities as on Shrawan 1, 2076			(116,621,174)
Origination/(Reversal) during the year			12,069,711
Deferred tax (expense)/income recognised in profit or loss			66,119,948
Deferred tax (expense)/income recognised in other comprehensive income			(54,050,237)

Particulars	As on Asadh 31, 2076		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	101,832,798	-	101,832,798
Investment properties	-	1,328,685	(1,328,685)
Investment securities	15,097,431	-	15,097,431
Property & equipment	-	8,959,395	(8,959,395)
Employees' defined benefit plan	8,177,951	-	8,177,951
Lease liabilities	-	-	-
Provisions	-	-	-
Other temporary differences	1,801,075	-	1,801,075
Deferred tax on temporary differences	126,909,254	10,288,080	116,621,174
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
Net Deferred tax asset/(liabilities) as on year end of Asadh 2076	126,909,254	10,288,080	116,621,174
Deferred tax (asset)/liabilities as on Shrawan 1, 2075			(130,347,118)
Origination/(Reversal) during the year			(13,725,944)
Deferred tax (expense)/income recognised in profit or loss			(36,551,265)
Deferred tax (expense)/income recognised in other comprehensive income			22,825,321

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Other Assets		4.16	
Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076	
Assets held for sale	-	-	
Other non banking assets	-	-	
Bills receivable	-	-	
Accounts receivable	7,558,333	7,950,078	
Accrued income	13,548,449	19,018,215	
Prepayments and deposit	3,663,124	4,312,628	
Income tax deposit*	30,066,500	30,066,500	
Deferred employee expenditure	1,541,867	2,311,394	
Other			
Stationery stock	1,827,947	1,701,886	
Shares related balances	1,418,800	112,750	
Work advance	691,102	678,078	
Charges recoverable from borrowers	6,646,910	3,350,960	
Total	66,963,031	69,502,488	

* Please refer Note 4.28.5 for additional information.

Due to Bank and Financial Institutions		4.17	
Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076	
Money market deposits	-	-	
Interbank borrowing	-	-	
Other deposits from BFIs	347,838,924	233,342,832	
Settlement and clearing accounts	-	-	
Other deposits from BFIs	-	-	
Total	347,838,924	233,342,832	

Due to Nepal Rastra Bank		4.18	
Particulars	As on Asadh 31, 2076	As on Asadh 31, 2076	
Refinance from NRB	-	-	
Standing Liquidity Facility	-	-	
Lender of last report facility from NRB	-	-	
Securities sold under repurchase agreements	-	-	
Other payable to NRB	-	-	
Total	-	-	

Derivative financial instruments		4.19	
Particulars	As on Asadh 31, 2076	As on Asadh 31, 2076	
Held for trading			
Interest rate swap	-	-	
Currency swap	-	-	
Forward exchange contract	-	-	
Others	-	-	
Held for risk management			
Interest rate swap	-	-	
Currency swap	-	-	
Forward exchange contract	-	-	
Others	-	-	
Total	-	-	

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Deposits from customers

4.20

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Institutions customers:		
Term deposits	1,047,958,398	679,361,177
Call deposits	803,386,689	-
Current deposits	768,523,352	-
Other	-	2,338,204,382
Individual customers:		
Term deposits	2,490,622,381	1,984,697,971
Saving deposits	1,821,172,859	1,603,696,442
Current deposits	38,469,315	-
Other	-	-
Total	6,970,132,995	6,605,959,972

Currency wise analysis of deposit from customers

4.20.1

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Nepalese rupee	6,970,132,995	6,605,959,972
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
Total	6,970,132,995	6,605,959,972

Borrowing

4.21

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Domestic Borrowing		
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub total	-	-
Foreign Borrowing		
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
Sub total	-	-
Total	-	-

Provisions

4.22

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
Total	-	-

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Movement in provision

4.22.1

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Balance at Shrawan 1	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
Balance at Asadh end	-	-

Other liabilities

4.23

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Liability for employees defined benefit obligation	9,660,798	16,368,716
Liability for long-service leave	11,803,783	10,891,121
Short-term employee benefits	188,000	-
Bills payable	-	-
Creditors and accruals	4,857,585	4,439,026
Interest payable on deposit	13,396,304	22,130,715
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	606,922	606,922
Liabilities under Finance Lease	-	-
Employee bonus payable	8,105,191	8,105,191
Other		
TDS payable	11,636,335	14,162,819
Bid money	28,470,348	22,349,636
ATM/POS payable	419,131	319,912
Retention	2,361,073	2,361,073
Share related	523,648	550,278
Commission	1,547,266	1,112,263
Good for payment	-	2,200,000
Payable towards government social security allowance	12,695,600	8,131,200
Amount refundable to depositors	2,083,600	3,621,793
Other miscellaneous payable	954,347	728,583
Total	109,309,930	118,079,248

Defined benefit obligations

4.23.1

The amounts recognised in the statement of financial position are as follows:

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Present value of unfunded obligations	-	-
Present value of funded obligations	31,021,221	32,787,320
Total present value of obligations	31,021,221	32,787,320
Fair value of plan assets	21,360,423	16,418,604
Present value of net obligations	9,660,798	16,368,716
Recognised liability for defined benefit obligations	9,660,798	16,368,716

Plan assets

4.23.2

Plan assets comprise:

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
Other (with approved retirement fund)	21,360,423	16,418,604
Total	21,360,423	16,418,604
Actual return on plan assets	-	-



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Movement in the present value of defined benefit obligations

4.23.3

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Defined benefit obligations at Shrawan 1	32,787,320	25,633,661
Actuarial losses	(8,936,105)	547,523
Benefits paid by the plan	(176,826)	(530,712)
Current service costs and interest	7,346,832	7,136,848
Defined benefit obligations at Asadh end	31,021,221	32,787,320

Movement in the fair value of plan assets

4.23.4

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Fair value of plan assets at Shrawan 1	16,418,604	9,636,869
Contributions paid into the plan	5,118,645	7,312,447
Benefits paid during the year	(176,826)	(530,712)
Actuarial (losses) gains	(1,227,818)	(1,042,219)
Expected return on plan assets	1,227,818	1,042,219
Fair value of plan assets at Asadh end	21,360,423	16,418,604

Amount recognised in profit or loss

4.23.5

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Current service costs	7,777,004	6,627,095
Interest on obligation	2,823,434	2,633,143
Expected return on plan assets	(1,227,818)	(1,042,219)
Total	9,372,620	8,218,019

Amount recognised in other comprehensive income

4.23.6

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Actuarial (gain)/loss	(7,708,287)	1,589,742
Total	(7,708,287)	1,589,742

Actuarial assumptions

4.23.7

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Discount rate	9%	6.5%
Expected return on plan asset	6.5%	8%
Future salary increase	10%	10%
Withdrawal rate	10%	10%

Debt securities issued

4.24

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
Total	-	-

Subordinated Liabilities

4.25

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Redeemable preference shares	-	-
Irredeemable cumulative preference shares	-	-
Other	-	-
Total	-	-

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Share capital 4.26

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Ordinary shares	867,993,800	867,993,800
Convertible preference shares (equity component)	-	-
Irredeemable preference shares (equity component)	-	-
Perpetual debt (equity component only)	-	-
Total	867,993,800	867,993,800

Ordinary shares 4.26.1

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Authorized Capital		
10,000,000 ordinary share of Rs. 100 each	1,000,000,000	1,000,000,000
Issued capital		
8,679,938 Ordinary share of Rs. 100 each	867,993,800	867,993,800
Subscribed and paid up capital		
8,679,938 Ordinary share of Rs. 100 each	867,993,800	867,993,800
Total	867,993,800	867,993,800
Reconciliation of no. of ordinary shares		
Opening	8,679,938	8,679,938
Issue during the year (right)	-	-
Closing	8,679,938	8,679,938

Ordinary share ownership 4.26.2

Particulars	As on Asadh 31, 2077		As on Asadh 31, 2076	
	Percent	Amount	Percent	Amount
Domestic ownership				
Nepal Government				
"A" class licensed institutions				
Other licensed institutions				
Other Institutions				
Public	49	425,316,962	49	425,316,962
Promoter	51	442,676,838	51	442,676,838
Other				
Foreign ownership				
Total	100.00	867,993,800	100.00	867,993,800

Shareholders holding more than 0.5% shares are as follows:

Name	Share Type	No. of Shares	Percentage
Dambar Bahadur Tamang (Bomjan)	Promoter	283,263.00	3.26%
Keshari Chand Kucheriya	Promoter/Public	212,848.93	2.45%
Puranjan Rai	Promoter/Public	169,795.43	1.96%
Tej Bahadur Tamang	Promoter	140,263.00	1.62%
Nirmal Gurung	Promoter	123,966.00	1.43%
Rajesh Bantawa Rai	Promoter/Public	71,175.00	0.82%
Mahendra Lal Rai	Promoter	68,450.15	0.79%
Nirmal Pradhan	Public	67,251.00	0.77%
Yadap Rai	Public	66,924.00	0.77%
Rajendra Kumar Rai	Public	61,179.28	0.70%
Bhawani Prasad Rai	Promoter/Public	60,166.88	0.69%
Siri Prasad Rai	Promoter/Public	52,976.00	0.61%
Binod Kumar Rai	Promoter/Public	48,434.00	0.56%
Narendra Kumar Agrawal	Public	47,787.00	0.55%
Jaya Manakamana Multiple Co-operative Society Ltd.	Public	44,121.00	0.51%
Mahendra Kumar Goyal	Public	43,617.00	0.50%



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Reserves 4.27

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Statutory general reserve	373,974,457	373,974,457
Exchange equalisation reserve	172,628	172,628
Corporate social responsibility reserve	442,039	1,351,181
Capital redemption reserve	-	-
Regulatory reserve	300,501,871	284,393,177
Investment adjustment reserve	1,502,490	-
Capital reserve	-	-
Assets revaluation reserve	-	-
Fair value reserve	85,494,080	(35,227,339)
Dividend equalisation reserve	-	-
Actuarial gain/(loss) reserve	1,019,454	(4,376,347)
Special reserve	-	-
Other reserve - Training Fund	94,969	1,410,032
Total	763,201,987	621,697,790

Movement of corporate social responsibility reserve, fair value reserve, employee training fund and actuarial reserve for 2076-77: 4.27.1

Particulars	Investment Adjustment Reserve	Employee Training Fund	Corporate social responsibility reserve	Actuarial Gain/(Loss) reserve	Fair Value Reserve
Opening Balance	-	1,410,032	1,351,181	(4,376,347)	(35,227,339)
Addition for the year	1,502,490	-	-	5,395,801	120,721,419
Utilization during the year	-	(1,315,064)	(909,142)	-	-
Closing Balance	1,502,490	94,969	442,039	1,019,454	85,494,080

1. Investment adjustment reserve: As per the NRB Directive no. 8/076, investment adjustment reserve is to be created for investment which has not been listed in stock exchange within 3 years from the date of investment. Accordingly, investment adjustment reserve is created for investment in ordinary share of Nepal Chalchitra Bikas Company and Prabhu Capital amounting Rs. 2,490 and Rs. 1,500,000 respectively.

2. Employee training fund: As per NRB Directive No. 6(6) the finance company is required to incur expenses at least 3% of its preceding year's total staff expenses towards employee training and development. Any shortfall in meeting this mandatory expense in the FY 2076-77, will have to be apportioned for FY 2076/77 via point no 4 of NRB circular no 14/076/77. Hence, additional Employee Training and Development Fund has not been created during the Fiscal year. The employee training and development expenses incurred during the FY 2076-77 amounts to Rs. 1,315,064.

3. Corporate Social Responsibility: As per NRB Directive No. 6 (16), 1% of Net Profit of the year is required to be created as Corporate Social Responsibility (CSR) Fund. The bank has utilized Rs. 909,142 for CSR activities during the FY 2076-77.

4. Actuarial Gain/Loss Reserve: The reserve is created against the actuarial valuation of gratuity benefit to the employee of the finance company.

5. Fair Value Reserve: The fair value reserve is created against the valuation of the investment of the finance company as per the fair valuation of the investment classified as available for sale through OCI.

The composition and movement of regulatory reserve is as follows: 4.27.2

Particulars	Interest Income	Loss on NBA	Deferred Tax Assets	Actuarial Loss	Loss on Investment
Opening Balance	37,096,565	88,579,019	100,319,236	4,376,347	54,022,010
Transferred from Retained Earning	57,102,673	-	-	-	-
Transferred to Retained Earning	-	(10,967,272)	28,371,649	(4,376,347)	(54,022,010)
Closing Balance	94,199,239	77,611,747	128,690,885	-	-

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

1. Interest income represents the amount not received in cash for the stated period that has been accounted as interest income in NFRS. Reconciliation of interest income included as part of regulatory reserve is as follows:

Particulars	Amount
Accrued Interest Receivable as at Asadh 31, 2077	217,706,283
Less: Interest Collected till Ashoj End 2077	68,183,682
	149,522,601
Less: Impact of Staff Bonus	14,952,260
Less: Impact of Income tax	40,371,102
Interest Income included in Regulatory Reserve	94,199,239

2. Loss on NBA represents the amount of Non Banking Assets net of Staff bonus and Income tax. Reconciliation of loss on NBA included as part of regulatory reserve is as follows:

Particulars	Amount
Non Banking Assets as at Asadh 31, 2077	123,193,249
Less: Impact of Staff Bonus	12,319,325
Less: Impact of Income tax	33,262,177
Non Banking Assets included in Regulatory Reserve	77,611,747

3. Amount equal to deferred tax assets has been transferred from retained earning to regulatory reserve.
 4. Actuarial loss on liability of defined benefit obligation recognized as per actuarial valuation has been included as part of regulatory reserve. For the FY 2076-77 actuarial loss included in regulatory reserve has been transferred to retained earning fully due to actuarial gain on liability of deferred benefit obligation.
 5. Loss on investment in shares on mark to market basis was to be included as part of regulatory reserve as per NRB Directive 2076. However, The directive has been revised which now requires fair value gain (unrealized gain) on investment accounted as fair value through profit or loss as per NFRS only to be included as part of regulatory reserve. Accordingly, loss on investment included as part of regulatory reserve has been transferred to retained earning for FY 2076-77.

Contingent liabilities and commitments

4.28

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Contingent liabilities	-	-
Undrawn and undisbursed facilities	31,382,057	21,267,308
Capital commitment	-	-
Lease Commitment	-	-
Litigation	90,199,415	-
Total	121,581,473	21,267,308

Contingent liabilities

4.28.1

There are no such liabilities.

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
Total	-	-

Undrawn and undisbursed facilities

4.28.2

There are no such amount to be disclosed.

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Undisbursed amount of loans	-	-
Undrawn limits of overdrafts	31,382,057	21,267,308
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
Total	31,382,057	21,267,308

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Capital commitments

4.28.3

There is no such amount to be disclosed.

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
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	-	-

Lease commitments

4.28.4

Finance Co. does not have non-cancellable lease or the lease with minimum non-cancellable period, hence the disclosure on lease commitment is not required.

Particulars	As on Asadh 31, 2077	As on Asadh 31, 2076
Operating lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year		
Later than 1 year but not later than 5 years		
Later than 5 years		
Sub total	-	-
Finance lease commitments		
Future minimum lease payments under non cancellable operating lease, where the bank is lessee		
Not later than 1 year		
Later than 1 year but not later than 5 years		
Later than 5 years		
Sub total	-	-
Grand total	-	-

Litigation

4.28.5

Income Tax

Finance Co. received tax assessment notice for fiscal year 2071-72 on which tax office had refused for set off of carry forward loss of Rs. 14.48 crores due to which the tax office demanded additional tax of Rs. 9.01 crore. Company has filed for administrative review against refusal of carry forward loss on 2076.03.16. Decision from IRD in this matter has not been obtained till the date of approval of financial statements.

Other Cases

There is one case for and against Finance Co. in supreme court. The total amount involved on legal cases of loans is Rs. 3,30,000. As on date, Finance Co. does not expect additional liability to be created.

Interest income

4.29

Particulars	FY. 2076-77	FY. 2075-76
Cash and cash equivalent	76,788,495	99,078,453
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	46,859,370	20,742,320
Loans and advances to customers*	770,424,375	699,938,852
Investment securities	13,249,729	9,300,000
Loan and advances to staff	462,279	322,468
Other	-	-
Total interest income	907,784,248	829,382,093

*Interest income amounting Rs. 173,003,601.34 was recognized for Financial Year 2076-77 for accrual of interest on loans as per Interest Recognition guideline issued by Nepal Rastra Bank.

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Interest expense			4.30
Particulars	FY. 2076-77	FY. 2075-76	
Due to bank and financial institutions	6,277,605	6,085,890	
Due to Nepal Rastra Bank	-	-	
Deposits from customers	596,647,803	576,096,880	
Borrowing	-	-	
Debt securities issued	-	-	
Subordinated liabilities	-	-	
Other	-	-	
Total interest expense	602,925,408	582,182,770	

Fees and Commission Income			4.31
Particulars	FY. 2076-77	FY. 2075-76	
Loan administration fees	8,040,733	1,354,325	
Service fees	26,415,947	28,995,317	
Consortium fees	-	-	
Commitment fees	-	-	
DD/TT/Swift fees	-	-	
Credit card/ATM issuance and renewal fees	744,238	441,433	
Prepayment and swap fees	846,471	890,241	
Investment banking fees	-	-	
Asset management fees	-	-	
Brokerage fees	-	-	
Remittance fees	1,391,724	1,824,293	
Commission on letter of credit	-	-	
Commission on guarantee contracts issued	-	-	
Commission on share underwriting/issue	-	-	
Locker rental	79,250	10,000	
Other fees and commission income			
Commission Income	15,823	211,000	
Mobile banking and internet banking related charges	1,373,918	482,601	
Customer service related	619,336	27,313	
Total Fees and Commission Income	39,527,439	34,236,522	

Fees and Commission Expense			4.32
Particulars	FY. 2076-77	FY. 2075-76	
ATM management fees	860,053	988,148	
VISA/Master card fees	-	-	
Guarantee commission	-	-	
Brokerage	-	-	
DD/TT/Swift fees	-	-	
Remittance fees and commission	-	-	
Other fees and commission expense	-	-	
Total Fees and Commission Expense	860,053	988,148	

Net trading income			4.33
Particulars	FY. 2076-77	FY. 2075-76	
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	-	-	

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Other operating income 4.34

Particulars	FY. 2076-77	FY. 2075-76
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	4,035,896	1,684,698
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	3,907,166	4,715,779
Gain/loss on sale of property and equipment	286,068	1,099,863
Gain/loss on sale of investment property	616,560	14,209,918
Operating lease income	281,000	766,100
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other		
Gain / (Loss) on Equity method accounting of associate	(10,097,547)	1,196,452
Creditors written back	-	3,439,809
Penalty charge	43,582	274,862
ASBA charge	242,660	185,550
Others	5,235,861	473,603
Total	4,551,244	28,046,634

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

Particulars	FY. 2076-77	FY. 2075-76
Impairment charge/(reversal) on loan and advances to B/FIs	1,493,959	527,987
Impairment charge/(reversal) on loan and advances to customer	248,280,987	28,040,461
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	249,774,945	28,568,447

Personnel Expense 4.36

Particulars	FY. 2076-77	FY. 2075-76
Salary	48,962,052	43,626,065
Allowances	36,377,922	34,631,346
Gratuity expense	8,141,842	6,272,658
Provident fund	4,005,745	3,160,110
Uniform	2,184,107	-
Training & development expense	1,315,064	857,143
Leave encashment	6,936,110	8,443,697
Medical	5,030,409	4,986,897
Insurance	-	-
Employees incentive	20,000	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	462,279	243,416
Other expenses related to staff		
Commission on gold loan	885,848	901,690
Subtotal	114,321,378	103,123,022
Employees bonus	-	8,105,191
Grand total	114,321,378	111,228,213

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Other operating expense		4.37
Particulars	FY. 2076-77	FY. 2075-76
Directors' fee	311,000	626,000
Directors' expense	229,113	362,329
Auditors' remuneration		
External Audit	339,000	339,000
Internal Audit	-	-
Other audit related expense	417,826	242,873
Professional and legal expense	415,800	120,050
Office administration expense*	46,007,732	47,673,020
Operating lease expense	21,611,772	21,235,064
Operating expense of investment properties	-	-
Corporate social responsibility expense	909,142	-
Onerous lease provisions	-	-
Other	-	-
Total	70,241,384	70,598,336

*Office Administration Expenses include the following:

Particulars	FY. 2076-77	FY. 2075-76
Electricity and water expenses	4,105,941	4,649,071
Repair and maintenance expenses		
Building	-	10,500
Vehicles	442,171	311,409
Office equipment and Computer	486,178	337,517
Others	707,153	794,027
Insurance expenses	5,903,255	4,898,949
Postage, telex, telephone and fax expenses	3,943,466	4,077,638
Traveling expenses	1,647,086	2,819,936
Printing & stationery expenses	2,329,210	3,796,276
Books & periodicals expenses	127,648	152,468
Advertisement expenses	2,107,493	2,133,125
Donation expenses	11,500	179,400
AGM expenses	-	924,409
Fund transfer expenses	15,552	16,225
Refreshment expenses	774,754	858,495
Security expenses	13,086,982	9,768,378
Membership & renewal expenses	1,475,012	2,483,037
Fuel expenses	1,146,701	1,053,556
Software expenses	2,146,145	577,764
Marketing expenses	1,917,952	675,271
Cleaning expenses	107,448	366,537
Miscellaneous expenses		
Office expenses	2,840,352	6,207,730
Festival and book closing expenses	267,129	244,142
ECC charges	345,058	337,140
Others	73,545	20
Total	46,007,732	47,673,020

Depreciation & Amortization		4.38
Particulars	FY. 2076-77	FY. 2075-76
Depreciation on property and equipment	21,850,826	24,700,367
Depreciation on investment property	-	-
Amortization of intangible assets	634,008	452,252
Total	22,484,835	25,152,619



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Non operating income 4.39

Particulars	FY. 2076-77	FY. 2075-76
Recovery of loan written off	-	-
Other income	-	-
Total	-	-

Non operating expense 4.40

Particulars	FY. 2076-77	FY. 2075-76
Loan written off	73,461	-
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	488,326	-
Total	561,787	-

Income tax expense 4.41

Particulars	FY. 2076-77	FY. 2075-76
Current tax expense	36,306,998	34,110,312
Current year	36,155,591	34,110,312
Adjustments for prior years	151,407	-
Deferred tax expense	(66,119,948)	36,551,265
Origination and reversal of temporary differences	(66,119,948)	36,551,265
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total income tax expense	(29,812,950)	70,661,577

Reconciliation of tax expense and accounting profit 4.41.1

Particular	FY. 2076-77	FY. 2075-76
Profit before tax	(109,306,859)	72,946,716
Tax amount at tax rate of 30%	(32,792,058)	21,884,015
Add: Tax effect of expenses that are not deductible for tax purpose	89,474,376	53,820
Less: Tax effect on exempt income	(21,269,111)	(2,103,628)
Add/less: Tax effect on other items	742,383	14,276,106
Total income tax expense	36,155,591	34,110,312
Effective tax rate (%)	-33	46.76

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Statement of Distributable Profit or Loss

4.42

Particulars	FY. 2076-77	FY. 2075-76
Opening retained earning as at Shrawan 1	(202,256,262)	71,647,127
Net profit or (loss) as per statement of profit or loss	(79,493,909)	2,285,139
Appropriations:		
a. General reserve	-	(457,028)
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	-	(22,851)
e. Employees' training fund	-	(1,410,033)
f. Investment adjustment reserve	(1,502,490)	-
g. Other	2,224,206	10,094,562
Profit or (loss) before regulatory adjustment	(281,028,454)	82,136,916
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(57,102,673)	(37,096,565)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	54,022,010	(54,022,010)
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	10,967,272	(88,579,019)
e. Deferred tax assets recognised (-)/ reversal (+)	(28,371,649)	(100,319,236)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	4,376,347	(4,376,347)
i. Other (+/-)	-	-
Distributable profit or (loss)	(297,137,148)	(202,256,262)



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

5. Disclosure and Additional Information

5.1 Risk Management

The Finance Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity risk, operational risk and credit risk, which may adversely impact the fair value of its financial instruments and in overall, impact the financial performance and position of Finance Co. The Finance Co.'s Board and senior management have overall responsibility for the establishment and oversight of the Finance's risk management. The Finance Co.'s risk management policies are established to identify and analyze the risks faced by the Finance Co., to set appropriate risk limits (tolerance limit) and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit Risk

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

Credit policy, product papers are the primary documented matters that are directly linked to credit risk management. The policies and procedures to be followed are in documented form defining roles and responsibilities of the personnel involved that provides a degree to autonomy on the evaluation and analysis of individual borrower. Credit Administration Department as well as senior management function to supervise risk on overall level.

Each prospective borrower is thoroughly analyzed on his/her past, current status and future endeavours in order to ensure that borrower has capacity of repayment, before a credit is approved. Sufficient adequate collateral is obtained for all approved credit. Depending on the risk assigned to borrower, subsequent monitoring is being done. For similar group of borrowers, credit portfolio is prepared based on sector of loan.

The tools being used by Finance Co. to assess overall credit risk is the ratio of non-performing loan to total loan on each loan sector.

b) Market Risk

Market risk is the risk of happening of potential loss on assets of the Finance Co. due to market factors. Market factors mainly comprise of interest rate, foreign exchange and collateral price. This risk is not entirely manageable as it encompasses factors that are not wholly within the control of Finance Co. and arises on transaction with customers. In general, management of this type of risk is by diversification.

Finance Co. has the objective of effective risk management by way of risk identification, measurement, monitoring, management and analysis.

Interest Rate Risk: Interest rate risk is the risk of increased volatility due to changes in interest rate. Our nation has seen frequent and high changes in interest rate on deposit in the recent year with interest rate skyrocketing on few months time. Managing this risk is itself a huge challenge because fund diversion from one Finance to another Finance is of high probability. Finance Co. has been focusing on raising fixed term deposits with fixed interest rate in order to lock the available liquidity/deposit for specified period.

Foreign Exchange Risk: Foreign exchange risk is the risk of changes in exchange rates of convertible foreign currencies. This risk mainly arises from changes in exchange rate of US Dollars. Finance Co. does not have transaction in foreign currency.

Equity Price Risk: Finance Co. has secured its loan by way of obtaining lien over the collateral of borrower. The value of loan disbursed is directly pledged with the value of collateral. Decrease in price of collateral may result in cases of non-recovery of the due amount if borrower defaults in making payment. Collateral value may decline due to environmental factors, government decision, etc. Finance Co. properly analyzes the collateral before considering it as security and conducts independent valuation of collateral. Revaluation is done on periodic basis based on the developments after previous valuation and necessary mitigate measures are taken if the value is found to have been declined.

c) Liquidity Risk

Liquidity risk is the risk that either Finance Co. does not have financial resource to meet its obligations when due or could access to those resources at excessively high cost. Liquidity risk is managed by complying with the directives and circulars issued by regulatory authority on time to time basis. CRR and SLR are maintained as per regulatory requirement and periodic status of liquidity profile are prepared to analyze liquidity status. Assets Liability Management Committee is formed at Finance Co. to monitor the liquidity profile. Cash, highly liquid securities and investments form an integral part of managing liquidity risk.

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

d) Operational Risk

Operational risk is potential for loss resulting from inadequate or failed internal processes, people and systems or external events. Standard operating procedures are prepared and implemented in order to define the process, people and system involved in each operational matters with existence of four eyes on each transaction (maker and checker function). Finance Co. carries out internal audit from independent professionals on periodic basis in order to review the effectiveness of control system that has been designed to mitigate the operational risk which is monitored by the Audit Committee.

e) Information Technology Risk

Information technology risk refers to the risk arising from use of information technology. It includes hardware and software failure, human error on using IT, spam, virus, malicious attacks and also includes natural disaster. IT is integral part of operation of Finance Co. and Finance Co. has to rely heavily on IT. Finance Co. has in-house IT department for daily monitoring, evaluation of IT related issues. Finance Co.'s IT risk management comprises of investing in resources for identification, detection, recovery, respond and protection of IT assets.

f) Other Risk

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

5.2 Fair Value of Financial Assets and Liabilities and their Classification

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

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

As at Asadh 31, 2077

Particulars	Classification	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalent				1,785,044,220
Due from Nepal Rastra Bank	AC			234,139,193
Loans and advances to customers	AC			5,210,288,551
Investment securities				
Quoted shares	FVOCI	276,678,349		
Unquoted shares	FVOCI			33,425,400
Other Investment	AC			420,400,000
Total Financial Assets	AC	276,678,349	-	7,683,297,365
Financial Liabilities				
Due to Nepal Rastra Bank	AC			-
Due to Bank and Financial Institutions	AC			233,342,832
Deposits from customers	AC			6,970,132,995
Other Liabilities	AC			109,309,930
Total Financial Liabilities		-	-	7,312,785,757

As at Asadh 31, 2076

Particulars	Classification	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalent	AC			2,075,896,657
Due from Nepal Rastra Bank	AC			293,135,948
Loans and advances to customers	AC			4,959,912,797
Investment securities				
Quoted shares	FVOCI	160,527,027		
Unquoted shares	FVOCI			33,425,400
Other Investment	AC			150,400,000
Total Financial Assets		160,527,027	-	7,512,770,803

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

Financial Liabilities			
Due to Nepal Rastra Bank	AC		-
Due to Bank and Financial Institutions	AC		-
Deposits from customers	AC	6,605,959,972	
Other Liabilities	AC	118,079,248	
Total Financial Liabilities		-	- 6,724,039,220

Note: AC = Amortized Cost, FVOCI = Fair Value Through OCI

5.3 Capital Management

5.3.1 Principle and Objective

The principle of capital management of the Finance Co. is to maintain strong capital base, meet the regulatory requirements and ensure reasonable return on capital to its shareholders. The Finance Co., through its senior management level manages the capital to meet regulatory requirement at all times and the Board ensures that such management of capital has been carried out by the management. Finance Co. has issued ordinary equity shares and the paid up capital meets the requirement of NRB. Periodic review of core capital and capital fund is also being done to ensure the capital base remains strong. Capital Adequacy Framework (CAF) 2007 (Updated 2008) is a benchmark of managing capital base of the Finance Co.

Finance Co. has not issued preference capital or any other form of hybrid instruments that may be converted into capital.

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

5.3.2 Capital Structure and Capital Adequacy

Capital Fund of Finance Co. as per CAF 2007 is as follows (amount in '000):

Particulars	As at Asadh 31, 2077	As at Asadh 31, 2076
1.1 Risk Weighted Exposure (RWE)		
RWE for Credit Risk	5,774,365,221	5,340,253,480
RWE for Operational Risk	434,411,335	290,426,870
RWE for Market Risk	-	-
Total RWE before adjustment under Pillar II	6,208,776,556	5,630,680,350
Adjustments under Pillar II		
Total RWE		
1.2 Capital		
A. Core Capital (Tier I)	838,539,496	945,490,093
Paid up Equity Share Capital	867,993,800	867,993,800
Irredeemable Non-cumulative preference shares	-	-
Share Premium	22,399,272	22,399,272
Proposed Bonus Equity Shares	-	-
Statutory General Reserves	373,974,457	373,974,457
Retained Earnings	(297,137,148)	(202,256,262)
Un-audited current year cumulative profit/(loss)	-	-
Capital Redemption Reserve	-	-
Capital Adjustment Reserve	-	-
Dividend Equalization Reserves	-	-
Other Free Reserve	-	-
Less: Goodwill	-	-
Less: Deferred Tax Assets	(128,690,885)	(116,621,174)
Less: Fictitious Assets	-	-
Less: Investment in equity in 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: Reciprocal crossholdings	-	-
Less: Purchase of land & building in excess of limit and unutilized	-	-
Less: Other Deductions	-	-
Adjustments under Pillar II		
B. Supplementary Capital (Tier II)	73,854,683	66,876,495
Cumulative and/or Redeemable Preference Share	-	-
Subordinated Term Debt	-	-
Hybrid Capital Instruments	-	-
General Loan Loss Provision	72,179,565	66,703,868
Exchange Equalization Reserve	172,628	172,628
Investment Adjustment Reserve	1,502,490	-
Assets Revaluation Reserve	-	-
Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	912,394,179	1,012,366,589
1.3 Capital Adequacy Ratio		
Tier I Capital to Total RWE	13.51%	16.79%
Total Capital Fund to Total RWE	14.70%	17.98%



Claims on domestic banks that meet capital adequacy requirements	1,537,770,627	-	-	1,537,770,627	20%	307,554,125	1,822,861,022	-	1,822,861,022	364,572,204
Claims on domestic banks that do not meet capital adequacy requirements	421,974	421,974	-	-	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	1,164,606,053	73,768,046	-	1,090,838,007	100%	1,090,838,007	826,200,488	17,479,312	808,721,176	808,721,176
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)	-	-	-	-	75%	-	-	-	-	-
Claims fulfilling all criterion of regulatory retail except granularity	3,622,559,045	330,093,967	728,402,021	2,564,063,057	100%	2,564,063,057	3,699,065,716	134,746,239	782,686,757	2,781,632,721
Claims secured by residential properties	-	-	-	-	60%	-	-	-	-	-
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-	-	-
Claims secured by residential properties (Overdue)	569,466,678	20,471,959	-	548,994,718	100%	548,994,718	620,912,320	10,020,057	610,892,263	610,892,263
Claims secured by Commercial real estate	-	-	-	-	100%	-	-	-	-	-
Past due claims (except for claims secured by residential properties)	-	-	-	-	150%	-	-	-	-	-
High Risk claims	281,448,613	76,406,755	-	205,041,858	150%	307,562,787	302,609,315	78,276,848	224,332,467	336,498,701
Lending Against Securities (Bonds & Shares)	205,250,965	21,851,779	-	183,399,186	100%	183,399,186	-	-	-	-





Investments in equity and other capital instruments of institutions listed in stock exchange	286,496,509	1,502,490	-	284,994,019	100%	284,994,019	166,057,451	55,524,500	-	110,532,951	110,532,951
Investments in equity and other capital instruments of institutions not listed in the stock exchange	33,425,400	-	-	33,425,400	150%	50,138,100	33,425,400	-	-	33,425,400	50,138,100
Staff loan secured by residential property	-	-	-	-	50%	-	-	-	-	-	-
Interest Receivable/claim on government securities	5,734,236	-	-	5,734,236	0%	-	-	-	-	-	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-	-	-	-
Other Assets (as per attachment)	554,576,459	124,031,649	-	430,544,809	100%	430,544,809	277,265,364	-	-	277,265,364	277,265,364
TOTAL (A)	9,163,569,345	648,548,619	728,402,021	7,786,618,705		5,768,088,809	8,446,777,700	296,046,955	782,686,757	7,368,043,989	5,340,253,480
B. Off Balance Sheet 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%	-	-	-	-	-	-

Eligible Credit Risk Mitigants

Credit exposures	Deposits with Bank	Deposits with other banks/FI	Gold	Govt.& NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Balance Sheet Exposures	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	-	-	667,481,171	-	-	-	-	-	-	728,402,021
Claims fulfilling all criterion of regularity retail except granularity	60,920,849	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims not fully secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-
Past due claims (except for claims secured by residential properties)	-	-	-	-	-	-	-	-	-	-
High Risk claims	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions listed in stock exchange	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets (as per attachment)	-	-	-	-	-	-	-	-	-	-
Total	60,920,849	-	667,481,171	-	-	-	-	-	-	728,402,021



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

b) Operational Risk

Particulars	Amount in Rs.		
	Fiscal Year		
	2073-74	2074-75	2075-76
Net Interest Income	490,507,200	209,559,030	247,199,323
Commission and Discount Income	381,880	27,872,180	2,035,293
Other Operating Income	30,126,630	6,586,560	32,201,229
Exchange Fluctuation Income	-	-	-
Addition/Deduction in Interest Suspense during the period	(216,465,020)	9,689,054	29,129,310
Gross income (a)	304,550,690	253,706,824	310,565,155
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	45,682,604	38,056,024	46,584,773
Capital Requirement for operational risk [d=average of c]			43,441,133
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			434,411,335
Pillar II Adjustments			
If Gross Income for the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
Risk Weight (reciprocal of capital requirement of 10%) in times			10
Equivalent Risk Weight Exposure (g)			-
Equivalent Risk Weight Exposure [h=f+g]			434,411,335

c) Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NRs.)	Relevant Open Position of Previous Year
INR	-	-	-	-
USD	-	-	-	-
GBP	-	-	-	-
EUR	-	-	-	-
THB	-	-	-	-
CHF	-	-	-	-
(a) Total Open Position				-
(b) Fixed Percentage				5%
(c) Capital Charge for Market Risk (a×b)				-
(d) Risk Weight (reciprocal of capital requirement of 10%) in times				10
(e) Equivalent Risk Weight Exposure (c×d)				-

d) Non Performing Assets (Gross and Net)

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled			
Sub-Standard	79,110,467	19,777,617	59,332,850
Doubtful	131,694,573	65,847,287	65,847,287
Bad	304,852,700	304,852,700	-
Total	515,657,740	390,477,604	125,180,137

5.3.4 Compliance with Capital Requirement

Inline with NRB Directive 1/076, the following is the status of compliance with capital requirements at Ashad end 2077.

Particulars	Requirement	Position
Tier I Capital to RWE	6.0%	13.51%
Tier I and Tier II Capital to RWE	10.0%	14.70%

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

5.4 Operating Segment Information

5.4.1 General Information

Finance Co.'s management has identified its operating segments based on the management of its branches and offices. In line with this, 7 different segments are identified based on 7 Provinces of Nepal on geographical separation basis. The operation, risk, transactions, etc. are more inclined on similar manner on a particular state. All the related income and expenses of such segments are presented in the segment information. Equity, staff bonus, NFRS adjustments and income tax are not segregated and are included in central account. Intra-segment transactions are eliminated. Finance has only presence in Bagmati Province, hence all income, expenses, assets and liabilities have been allocated in this segment and there does not exist unallocated portion.

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

- i) Customer banking: Revenue generated by way of providing financing services is categorized under this sector. This includes loans and deposit, service charges related to loans and deposit and related charges and income.
- ii) Treasury: Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this product.
- iii) Others: Other revenue are included in this product and includes operational interest on staff loans, locker services, remittance commission and other incidental incomes.

5.4.2 Segment result and segment position for the year ended on Asadh 31, 2077

Particulars	Province 1	Province 2	Bagmati	Gandaki	Lumbini	Karnali	Far West	Total
Revenue from external customers	182,262,927	63,058,077	551,544,824	8,717,330	90,864,252	16,268,318	20,279,874	932,995,602
Intersegment revenues	(32,287,462)	(27,376,080)	85,516,441	6,028,225	(25,250,222)	(1,422,713)	(5,208,189)	-
Net revenue	149,975,465	35,681,996	637,061,265	14,745,555	65,614,030	14,845,605	15,071,685	932,995,602
Interest income	191,303,794	60,369,968	525,619,693	8,474,098	87,716,902	15,427,818	18,871,974	907,784,248
Interest expenses	72,722,990	6,766,119	473,465,389	14,159,432	19,264,717	4,767,947	11,778,813	602,925,408
Net interest revenue	118,580,803	53,603,849	52,154,304	(5,685,334)	68,452,185	10,659,871	7,093,161	304,858,840
Depreciation and amortization	4,385,209	2,238,016	10,463,233	832,593	3,080,076	548,242	937,465	22,484,835
Segment profit/(loss)	(33,657,421)	(16,161,630)	(8,117,925)	(6,363,033)	(10,980,147)	(1,487,671)	(2,726,082)	(79,493,909)
Entity's interest in the profit or loss of associate accounted for using equity method			(10,097,547)					(10,097,547)

Other material non-cash items:

Loans	1,069,630,829	408,854,168	3,268,714,702	43,000,492	541,310,177	142,497,938	100,592,364	5,574,600,670
Deposit	1,057,456,719	98,238,158	5,557,325,571	156,994,929	234,384,365	160,886,240	52,685,936	7,317,971,919
Impairment of Assets	166,472,913	14,386,932	301,075,592	1,182,230	33,223,335	3,894,287	2,357,217	522,592,506
Segment Assets	1,597,805,637	446,247,146	5,719,108,233	96,150,559	630,742,807	111,831,216	181,854,164	8,783,739,760
Segment Liabilities	1,587,620,860	455,850,106	4,376,535,785	111,077,337	581,464,564	117,489,232	197,243,965	7,427,281,849



Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

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

i) Basis of accounting for any transactions between reportable segments:

All revenue generated including intra-segment revenue and expenses incurred in particular segment are presented under segment revenue and expenses. Intra-segment revenue/cost is netted off at Head Office.

ii) Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's profit or loss before income tax

There does not exist such difference.

iii) Nature of any differences between the measurements of the reportable segment's assets and the entity's assets.

There does not exist such difference.

iv) Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any,

Previously, segment reporting was not done. In current scenario, segment reporting based on geographical segment is presented.

v) Nature and effect of any asymmetrical allocations to reportable segments

There is no such allocation.

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

a) Revenue

Total revenue for reportable segments	932,995,602
Other revenue	-
Elimination of intersegment revenues	-
Entity's revenue	932,995,602

b) Profit or loss

Total profit or loss for reportable segments	(79,493,909)
Other profit or loss	
Elimination of intersegment profit	
Unallocated amounts:	
Staff bonus	
Income tax	(29,812,950)
NFRS adjustments	
Profit before income tax	(109,306,859)

c) Assets

Total assets for reportable segments	8,783,739,760
Other assets	-
Unallocated assets	-
Entity's assets	8,783,739,760

d) Liabilities

Total liabilities for reportable segments	7,427,281,849
Other liabilities	
Unallocated liabilities	
Entity's liabilities	7,427,281,849

5.4.5 Information about product and services

Particulars	Amount
Customer banking	855,340,211
Treasury	97,981,285
Others	3,116,880

5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

Domestic:	932,995,602
Province 1	182,262,927
Province 2	63,058,077
Bagmati	551,544,824
Gandaki	8,717,330
Lumbini	90,864,252
Karnali	16,268,318
Far West	20,279,874
Foreign:	-
Total	932,995,602

5.4.7 Information about major customers

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

5.5 Share options and share based payment

Not applicable

5.6 Contingent liabilities and capital commitment

Contingent liabilities are:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or
- present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Capital commitment are projected capital expenditure a company commits to spend on long-term assets over a period of time.

Quantitative information on contingent liabilities and capital commitments are presented in Note 4.28.

5.7 Related parties disclosure

Related parties of the Bank include key management personnel of the Bank.

5.7.1 Key management personnel

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

a) Board of Directors

Board of Directors of the Bank comprise the following:

Name	Position
Yadav Chandra Rai	Chairperson
Raj Govinda Rajkarnikar	Director
Chok Bahadur Magar	Director
Khadga Bahadur Gurung	Director
Dekindra Kumar Rai	Director
Bhuvan Regmi	Director
Pradhumna Kumar Bhattarai	Director

Mr. Mukunda Shrestha serves as the secretary of Board.

Allowance and facilities provided to board members

Chairperson of the Board is provided Rs. 6,000 and other board members are provided Rs. 5,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during the year to board members was Rs. 311,000.

All board members are provided Rs. 1,000 per month in order to cover expenses related to newspaper and telephone expenses.

For official travel, members of board are provided travel and daily allowance as per the rules of Bank.

Apart from the stated allowance and facilities, other allowance and facilities are not provided to board members.

There has not been any commercial transaction of the Bank with its board members.

b) Chief Executive Officer

Mr. Lal Bahadur Thing serves as Chief Executive Officer of the Bank. He is provided salary and allowance and benefits as per contract entered on his appointment. Annual salary and allowances provided during the year amounts to Rs. 5,150,000 (previous year Rs. 5,107,534). Vehicle is provided for official purpose only during office hours. Bank has not entered into any commercial transaction with its CEO.

5.8 Merger and acquisition

During the current fiscal year, there has not been any merger or acquisition.

5.9 Compliance with Directives/Circulars related to COVID-19

"Due to the corona virus outbreak and lockdown situation subsequent to spread of the virus, borrowers have faced/are facing financial hardship that has aggravated their financial situation and their ability to suffice their loan commitments is under immense stress. Finance has duly complied with the directives, circulars and notices related to COVID's impact mitigating measures issued by Nepal Rastra Bank time to time.

NRB on 16th Baisakh 2077 had issued notice in relation to relief for COVID which stipulates relief rebate of 2% to almost all the credit customers on the interest rate as on Chaitra 2076 to be effective for last quarter of the FY 2076/77. In the same line finance had provided relief to the customers as per the regulatory direction. The bank has complied with all the circulars and Directives issued by Nepal Rastra Bank in order to minimize various effects resulted due to COVID-19."

5.10 Details of Loan write off

Name	Loan Product	Account No.	Write off Date	Type of Security	Amount
Pramod Kumar Nepal	Hire Purchase	00103000009243000002	4/22/76	Vehicle	60,538.59
Suman Pudasaini	Hire Purchase	01003000061754000002	4/24/76	Vehicle	12,922.90
Total					73,461.49

5.11 Events after the reporting period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the end of reporting period (adjusting events after the reporting period); and

(b) Those that is indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Non-adjusting Event-Disclosure

There are no material Non-adjusting events that have occurred subsequent to 15th July, 2020 till the signing of this financial statement.

Adjusting Event

There are no material adjusting events that have occurred subsequent to 15th July, 2020 till the signing of this financial statement.

Proposed dividend

The Board of Directors of the Bank have not proposed any dividend for the year.

Notes to Financial Statements

For the year ended on Asadh 31 2077 (July 15, 2020)

5.11 Major Financial Indicators of Last Five Years

S.N.	Particulars	Indicator	2076-77	2075-76	2074-75	2073-74	2072-73
1	Net profit/total income	%	(8.35)	0.26	(0.16)	24.66	106.49
2	Earning per share						
	Basic earning per share	Rs.	(9.16)	0.26	(0.12)	17.42	47.48
	Diluted earning per share	Rs.	(9.16)	0.26	(0.12)	17.42	47.48
3	Market price per share	Rs.	121	121	106	181	-
4	Price/earning ratio	Times	(13.21)	459.61	(864.88)	10.39	-
5	Dividend or bonus per share	Rs.	-	-	-	-	-
6	Cash dividend	Rs.	-	-	-	-	-
7	Interest income/loan and advances	%	13.99	16.11	15.28	14.35	11.74
8	Employee expenses/total operating expenses	%	55.22	53.74	47.06	40.98	43.95
9	Employee expenses/total deposit and borrowing	%	1.64	1.68	1.37	1.09	0.85
10	Exchange income/total income	%	-	-	-	-	-
11	Staff bonus/total employee expenses	%	-	7.86	-	41.36	52.46
12	Net profit/loans and advances	%	(1.36)	0.04	(0.03)	3.87	11.14
13	Net profit/total assets	%	(0.91)	0.03	(0.01)	2.51	7.08
14	Total loans and advances/total deposit	%	79.98	75.26	74.60	84.28	81.63
15	Total operating expenses/total assets	%	2.36	2.50	2.30	12.94	6.00
16	Capital adequacy ratio						
	a) Core Capital	%	13.51	16.79	23.88	20.93	18.00
	b) Supplementary Capital	%	1.19	1.19	1.50	2.14	2.06
	c) Total Capital Fund	%	14.70	17.98	25.38	23.07	20.07
17	Liquidity Ratio	%	35.00	36.84	40.29	36.33	42.51
18	NPAs/total loan and advances	%	8.82	5.91	6.63	4.72	12.96
19	Base rate	%	10.69	12.85	14.65	12.80	8.99
20	Weighted average interest rate spread	%	6.02	4.92	3.72	4.97	7.06
21	Book net worth	Rs.	1,356,457,912	1,309,834,601	1,350,713,982	1,275,928,561	791,110,478
22	Total shares	No.	8,679,938	8,679,938	8,679,938	7,624,749	5,786,625
23	Total employees	No.	197	197	185	125	88
24	Others:						
	Per employee business (Rs. In lakh)	%	277.95	261.18	222.76	264.58	280.41
	Employee expenses/total income	%	12.01	12.47	11.40	8.24	9.98



Comparison Audited and Unaudited Financial Statements
Fiscal Year: 2076-77

Amount in Rs.

Statement of Financial Position	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Assets					
Cash and cash equivalent	1,798,386,143	1,785,044,220	13,341,923	0.74	Accrued Interest Receivable on Banks and Financial Institutions reclassified to Other assets.
Due from NRB and placements with BFIs	234,139,193	234,139,193	-	-	
Loan and advances	5,709,248,300	5,574,600,670	134,647,630	2.36	Adjustment of staff loan amortization and additional loan loss provision
Investments Securities	751,203,762	736,237,986	14,965,776	1.99	Fair Valuation of Investment Securities and adjustment of associate
Investment in subsidiaris and associates	5,530,424	9,818,159	(4,287,735)	(77.53)	Final valuation of associates and recognition of FMDBL as associate.
Investment property	124,031,649	124,031,649	-	-	
Property and equipment	107,779,532	107,779,535	(2)	(0.00)	Rounding difference of depreciation and ammortization
Goodwill and intangible assets	1,940,421	1,940,421	-	-	
Other assets	169,267,729	210,147,926	(40,880,197)	(24.15)	Deferred Tax adjustments, Income tax adjustments, deferred employee benefit adjustments and regrouping of accounts.
Total Assets	8,901,527,155	8,783,739,760	117,787,395	1.32	
Capital and Liabilities					
Paid up Capital	867,993,800	867,993,800	-	-	
Reserves and surplus	585,030,329	488,464,112	96,566,217	16.51	Net impact on reserves due to finalization of financials.
Deposits	7,317,971,919	7,317,971,919	-	-	
Borrowings	-	-	-	-	
Bond and Debenture	-	-	-	-	
Other liabilities and provisions	130,531,107	109,309,930	21,221,178	16.26	Finalization of figures including actuarial valuation of gratuity and leave
Total Capital and Liabilities	8,901,527,155	8,783,739,760	117,787,395	1.32	
Statement of Profit or Loss					
Interest income	931,079,101	907,784,248	23,294,853	2.50	Staff Loan interest and adjustment of interest income from Investments and impact on interest recognition due to reclassification of loans
Interest expense	602,923,121	602,925,408	(2,286)	(0.00)	Finalization of interest expense of banks and financial institutions
Net interest income	328,155,980	304,858,840	23,297,139	7.10	
Fee and commission income	39,054,550	39,527,439	(472,890)	(1.21)	Regrouping on finalization
Fee and commission expense	-	860,053	(860,053)	-	Regroup from other operating expenses
Net fee and commission income	39,054,550	38,667,386	387,163	0.99	
Other operating income	18,209,663	4,551,244	13,658,419	75.01	Finalized equity method accounting and regroup from fee and commission income
Total operaing income	385,420,192	348,077,471	37,342,722	9.69	
Impairment charge/(reversal) for loans and other losses	136,466,148	249,774,945	(113,308,798)	(83.03)	Additional loan loss provision on finalization of financials
Net operating income	248,954,045	98,302,525	150,651,520	60.51	
Personnel expenses	117,079,614	114,321,378	2,758,236	2.36	Actuarial valuation.
Other operating expenses	93,731,039	92,726,219	1,004,821	1.07	Regrouping and final booking of expense
Operating profit	38,143,392	(108,745,071)	146,888,463	385.10	
Non operating income/expense	1,759,824	561,787	1,198,037	68.08	Audit adjustment for loan write off
Profit before tax	36,383,568	(109,306,859)	145,690,426	400.43	
Income tax	11,066,477	(29,812,950)	40,879,428	369.40	Final calculation of income tax and deferred tax
Profit /(loss) for the period	25,317,090	(79,493,909)	104,810,999	413.99	
Other comprehensive income	117,872,438	126,117,220	(8,244,782)	(6.99)	Final calculation of fair value of shares and actuarial adjustment of gratuity
Total comprehensive income	143,189,528	46,623,311	96,566,216	67.44	
Distributable Profit					
Net profit/(loss) as per profit or loss	25,317,090	(79,493,909)	104,810,999	413.99	Due to increase in LLP exp, staff exp. and income tax
Transfer to reserves	(6,879,702)	721,716	(7,601,418)	110.49	Due to decrease in net profit and final calculation of associates investment
Add/Less: Regulatory adjustment as per NRB Directive	(43,639,153)	(16,108,693)	(27,530,460)	63.09	Only current year movement was shown in unaudited version and cumulative transfer presented in audited financials
Free profit/(loss) after regulatory adjustments	(25,201,766)	(94,880,886)	69,679,120	(276.49)	



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन नं.: ४४१४९९६
फ्याक्स नं.: ४४१५१५८
E-mail: fsidreportsfc@nrb.org.np
Web site: www.nrb.org.np
पोष्ट बक्स नं.: ७३

नेपाल राष्ट्र बैंक

वित्त कम्पनी सुपरिवेक्षण विभाग

पत्रसंख्या:- वि.कं.सु.वि./अफसाइट/एजिएम/१६/२०७७/७८ / १३९

मिति २०७७/१२/१८

गोर्खाज फाइनेन्स लिमिटेड
डिल्लीबजार, काठमाडौं ।

विषय: वित्तीय विवरण प्रकाशन सम्बन्धमा ।

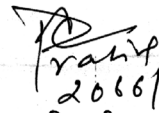
महाशय,

तहाँबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा अन्य प्रचलित कानुनी व्यवस्थाको पालना गर्ने गरी आ.व.२०७६/७७ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गरी सार्वजनिक गर्न देहायको निर्देशन सहित सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

१. यस बैंकले दिएका निर्देशन पालना गर्न तथा लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था गर्नुहुन ।
२. नियमित रुपमा System Audit गर्ने व्यवस्था मिलाउनु हुन ।
३. सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४(दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरुको पूर्ण पालना गर्न संचालक समिति र प्रमुख कार्यकारी अधिकृतको ध्यानाकर्षण गराइन्छ ।
४. कम्पनी ऐन, २०६३ को दफा १८२(९) बमोजिम साधारणसभाबाट स्वीकृत भई ५ वर्षसम्म पनि दावी नपरेको भुक्तानी दिन बाँकी लाभांशलाई लगानीकर्ता संरक्षण कोषमा दाखिला गर्नुहुन ।

उपर्युक्त निर्देशनलाई त्यस संस्थाको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन अनुरोध गर्दछु ।

भवदीय,


2066/12/18

(प्रतिभा अधिकारी)

उप निर्देशक

बोधार्थ :

१. नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. वित्त कम्पनी सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, गोर्खाज फाइनेन्स लिमिटेड ।



नेपाल राष्ट्र बैंकको निर्देशन उपर सञ्चालक समितिको प्रतिउत्तर :

१. यस फाइनेन्सलाई नेपाल राष्ट्र बैंकबाट प्राप्त निर्देशनहरूको पूर्ण पालना गरिरहेको व्यहोरा अवगत गराउन चाहन्छौं । साथै, सो सम्बन्धमा आगामी दिनमा प्राप्त हुने थप निर्देशनहरूको समेत पूर्ण पालना गरिने व्यहोरा अनुरोध गर्दै लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू उपर यस फाइनेन्सको व्यवस्थापनबाट सुधार गरिरहेको र आगामी दिनहरूमा त्यस्ता कैफियतहरू नदोहोरिने गरी कार्य व्यवस्था मिलाउन व्यवस्थापनलाई निर्देशन दिइएको व्यहोरा अनुरोध छ ।
२. नेपाल राष्ट्र बैंकबाट जारी निर्देशन बमोजिम System Audit को कार्य आ.व. ०७७/०७८ मा सम्पन्न गरिएको व्यहोरा अनुरोध गर्दछौं । साथै, आगामी दिनमा नियमित रूपमा System Audit को कार्य गर्दै जाने व्यहोरा अनुरोध छ ।
३. सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४ (दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरूको पूर्ण पालना भइरहेको र यस सम्बन्धमा फाइनेन्सले Go-AML सफ्टवेयर जडान गरी निर्देशन बमोजिमका रिपोर्टहरू नियमित रूपमा पठाइरहेको व्यहोरा जानकारीको लागि अनुरोध छ ।
४. कम्पनी ऐन, २०६३ को दफा १८२(९) बमोजिम साधारणसभाबाट स्वीकृत भई ५ वर्षसम्म पनि दाबी नपरेको भुक्तानी दिन बाँकी लाभांशलाई कम्पनी रजिष्ट्रारको कार्यालय, लगानीकर्ता संरक्षण कोषको खाता सिभिल बैंक लि., कमलादी शाखामा दाखिला गरी सकेको व्यहोरा अनुरोध छ ।





व्यवस्थापन समूह

लाल बहादुर थिङ्ग
प्रमुख कार्यकारी अधिकृत

सन्तोष कुमार घिमिरे
नायब महाप्रबन्धक

मुकुन्द श्रेष्ठ
सहायक महाप्रबन्धक
कम्पनी सचिव

ज्ञानेन्द्र इबाहाड
बरिष्ठ प्रबन्धक

विभागिय प्रमुख

सुजन जोशी
सुचना प्रविधि

यान सिं राई
लेखा तथा वित्त

शम्भु राई
प्रशासन तथा मानव संशाधन

भरत थापा क्षेत्री
कर्जा अनुगमन तथा असुली

निलम राई
कर्जा जोखिम व्यवस्थापन

समिप घिमिरे
कानून

बिजय राई
आन्तरिक लेखा परीक्षण
अनुपालना/ र यत्न शल सिस्फटि

सुनिता राई
व्यापार व्यवस्थापन तथा
प्रवर्धन

दिनेश तामाङ
कर्जा प्रशासन

सुनिता मालाकार
ट्रेजरी

शाखा प्रमुख

प्रदेश नं. १

१. दमक : रजिन राई
२. धरान : जीवन कुमार राई
३. ईटहरी : लिला राज तुम्बापो
४. विर्तामोड : रोहिता ईडनाम
५. रवि, पाँचथर : प्रशन्न सुब्बा पोम्तु
६. भेडेटार : सुमन सुब्बा
७. भोजपुर : सलिना राई

प्रदेश नं. २

१. छप्राडी, सिरहा : आशाराम शाह
२. विरगंज, पर्सा : मो. सबिर अन्सारि

बागमती प्रदेश

१. डिल्लीबजार : प्रबिन अधिकारी
२. बौद्ध : शान्ति तामाङ
३. न्युरोड : सुशिल कोईराला
४. सातदोबाटो : ललिता पुन
५. नारायणगढ : धिरज कुमार गुरुङ
६. सूर्यविनायक : शोभा बज्राचार्य
७. बनेपा : प्रमिला चौलागाई
८. गोंगबु : विश्वास खड्का

गण्डकी प्रदेश

१. पोखरा : सुजता मानन्धर

प्रदेश नं. ५

१. बिजौरी, दाङ : राम बहादुर रावल
२. लखनचोक, रुपन्देही : प्रकाश भट्टराई
३. नेपालगंज, बाँके : गिरिधर शाहि

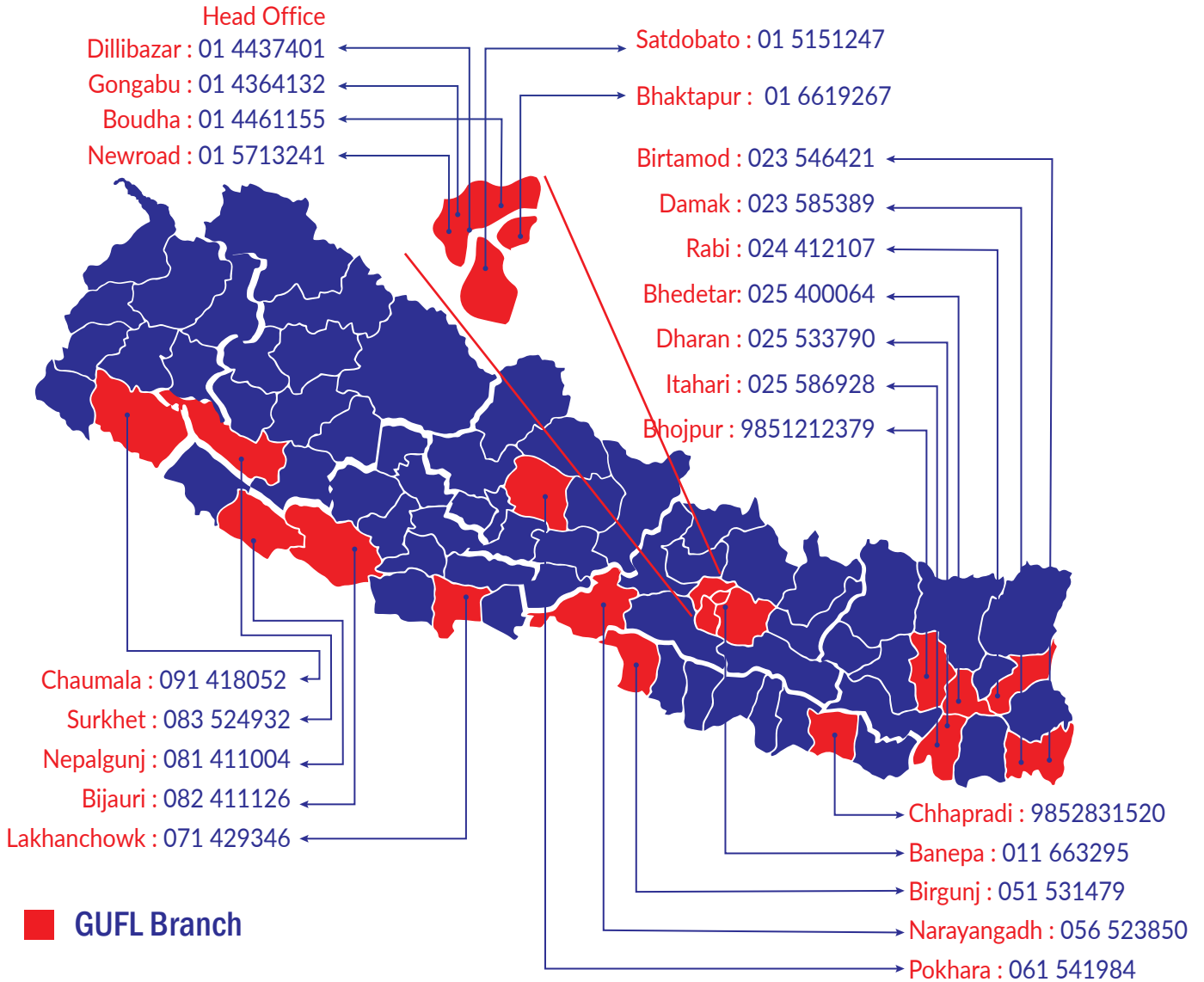
कर्णाली प्रदेश

१. सुर्खेत : तप बहादुर खड्का

सुदुर पश्चिम प्रदेश

१. चौमाला, कैलाली : शान्ति सिंह

Branch Network



Gurkhas Finance Ltd.
गोर्खाज फाइनान्स लि.

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



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