

नाडेप लघुवित्त वित्तीय संस्था लि.

NADEP Laghubitta Bittiya Sanstha Ltd.

(नेपाल राष्ट्र बैंकबाट “घ” वर्गको इजाजतपत्र प्राप्त राष्ट्रियस्तरको वित्तीय संस्था)



नवौं वार्षिक प्रतिवेदन

आ.व. २०७९/८०



केन्द्रीय कार्यालय : गजुरी -९, धादिङ

फोन: ०१०-४०२१११, ४०२१२४

Email: info@nadeplaghubitta.com

Website: www.nadeplaghubitta.com

नाडेप लघुवित्त वित्तीय संस्था लि.

सञ्चालक समिति



श्री पिताम्बर प्रसाद आचार्य
अध्यक्ष
प्रतिनिधि, विकास आयोजना सेवा केन्द्र (डिप्रोक्स-नेपाल)



श्री वेद प्रसाद सिवाकोटी
सदस्य
संस्थापक शेयर धनी



श्री हरिकृष्ण सुवेदी
सदस्य
प्रतिनिधि, लुम्बिनी विकास बैंक लि.



श्री मनोज कुमार यादव
सदस्य
प्रतिनिधि, नविल बैंक लि.



श्री सोफिया आचार्य (रिमाल)
सदस्य
सर्वसाधारण शेयरधनी



श्री विवेक कँडेल
सदस्य
सर्वसाधारण शेयरधनी



श्री कृष्ण नकर्मि
सदस्य
स्वतन्त्र सञ्चालक



श्री उपेन्द्र बहादुर कार्की
प्रमुख कार्यकारी अधिकृत



श्री बाबुराम सुवेदी
कम्पनी सचिव



नाडेप लघुवित्त वित्तीय संस्था लि.

केन्द्रीय कार्यालय, गजुरी-१, धादिङ

फोन नं. ०१०-४०२१११, ४०२१२४ फ्याक्स: ०१०-४०२१११

नवौं वार्षिक साधारण सभा सम्बन्धी सूचना

आदरणीय शेयरधनी महानुभावहरू,

नाडेप लघुवित्त वित्तीय संस्था लिमिटेडको मिति २०८० पौष ०५ गते विहीवार दिउसो ३.०० बजे बसेको सञ्चालक समितिको १९३औं बैठकको निर्णय अनुसार यस वित्तीय संस्था लिमिटेडको नवौं वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा बस्ने भएकाले कम्पनी ऐन २०६३ को दफा ६७ अनुसार शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

मिति : वि.सं. २०८० पौष २७ गते, शुक्रबार (सन् १२ जनवरी २०२४)

समय : विहान १०.०० बजे देखि ।

स्थान : रानीवन पार्टी प्यालेस, नागार्जुन न.पा १ काठमाडौं ।

छलफलका विषयहरू :

क) साधारण प्रस्तावहरू :

- १) सञ्चालक समितिको तर्फबाट अध्यक्षज्यूले पेश गर्नु हुने आ.व.२०७९।८० को वार्षिक प्रतिवेदन उपर छलफल गरी प्रतिवेदन पारित गर्ने ।
- २) लेखापरीक्षकको वार्षिक प्रतिवेदन सहितका आ.व.२०७९।८० सम्मको वासलात तथा नाफा नोक्सान हिसाब, नगद प्रवाह विवरण सहित सम्बन्धित अनुसूचीहरू उपर छलफल गरी पारित गर्ने ।
- ३) वित्तीय संस्थाको लेखापरीक्षण समितिको सिफारिस बमोजिम आ.व २०८०।८१ को लागि लेखापरीक्षकको नियुक्ति गर्ने र निजको पारिश्रमिक निर्धारण गर्ने, (वर्तमान लेखापरीक्षक श्री विदुर एसोसिएट्स कम्पनी ऐन, २०६३ को दफा १११ बमोजिम पुनः नियुक्तिको लागि योग्य हुनुहुन्छ) ।
- ४) समुह “ख” अन्तर्गत सर्वसाधारण शेयरधनीहरूबाट प्रतिनिधित्व हुने दुई जना सञ्चालकको निर्वाचन गर्ने ।

ख) विशेष प्रस्तावहरू :

- १) यस वित्तीय संस्थामा गाभ्ने/गाभिने वा एक्विजिसन (प्राप्ति) Merger/Acquisition सम्बन्धी उपयुक्त प्रस्ताव सम्बन्धमा आवश्यक निर्णय गर्न, सो कार्यका लागि समझदारीपत्रमा हस्ताक्षर गर्न, सम्पत्ति दायित्व तथा कारोबारको मूल्याङ्कनकर्ता नियुक्त गर्न तथा निजको पारिश्रमिक निर्धारण गर्न लगायत अन्य सम्पूर्ण प्रक्रिया पुरा गर्न सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने ।

ग) विविध :

सञ्चालक समितिको आज्ञाले
कम्पनी सचिव

नाडेप लघुवित्त वित्तीय संस्था लि.

केन्द्रीय कार्यालय, गजुरी-१, धादिङ

नवौं वार्षिक साधारण सभा सम्बन्धी जानकारी

- १) यस संस्थाको नवौं वार्षिक साधारण सभा प्रयोजनको लागि मिति २०८०।०९।१९ गते एक दिन मात्र शेयर दाखिला खारेज बन्द (Book Close) रहनेछ । मिति २०८०।०९।१८ सम्ममा कायम रहेका शेयरधनीहरू मात्र सभामा भाग लिन सक्नुहुनेछ ।
- २) सभामा भाग लिन आउनु हुने शेयरधनी महानुभावहरूले अनिवार्य रूपमा शेयर अभौतिकीकरण गरेको विवरण (BOID Statement)/शेयर प्रमाणपत्र वा आफ्नो परिचय खुल्ने प्रमाणपत्र साथमा लिई आउनु हुन अनुरोध छ ।
- ३) नावालक तथा अशक्त शेयरधनी महानुभावहरूको तर्फबाट कम्पनीको शेयर लगत किताबमा संरक्षकको रूपमा नाम दर्ता रहेका व्यक्तिले मात्रै भाग लिन वा प्रतिनिधि तोक्न पाईनेछ ।
- ४) सभामा भाग लिनुहुने शेयरधनी महानुभावहरूको लागि हाजिर पुस्तिका सभा हुने स्थानमा सोही दिन बिहान १०:०० बजेबाट सभा सम्पन्न नभएसम्म खुला रहनेछ । शेयरधनी महानुभावहरूले सभा शुरू हुनुभन्दा पहिले नै सभामा उपस्थित भई हाजिर पुस्तिकामा दस्तखत गरिदिनुहुन अनुरोध गरिन्छ ।
- ५) सर्वसाधारण शेयरधनीका तर्फबाट प्रतिनिधित्व गर्नुहुने २ (दुई) जना सञ्चालकको निर्वाचन कार्य निर्वाचन अधिकृतले तोके बमोजिम हुनेछ । निर्वाचन सम्बन्धी अन्य जानकारी तथा कार्यक्रमको सूचना ७ दिन अगाडि वित्तीय संस्थाको केन्द्रीय कार्यालयको सूचनापाटीमा टाँस गरिनेछ ।
- ६) वार्षिक साधारण सभामा भाग लिनको लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले तोकिएको ढाँचामा वित्तीय संस्थाको शेयरधनीहरूलाई मात्र प्रतिनिधि -प्रोक्सी नियुक्त गर्न सक्नेछन । यसरी प्रतिनिधि प्रोक्सी नियुक्त गरिएको निवेदन सभा सुरु हुनु भन्दा ९६ घण्टा अगावै वित्तीय संस्थाको केन्द्रीय कार्यालय गजुरीमा दर्ता गराई सक्नुपर्नेछ ।
- ७) वार्षिक साधारण सभा हलको सुरक्षाको लागि प्रतिबन्धित सरसमान ल्याउन निषेध गरिएको छ ।
- ८) संस्थाको वार्षिक प्रतिवेदन शेयरधनी महानुभावहरूको लागि संस्थाको वेब साईट www.nadeplaghubitta.com मा राखिनेछ सोबाट विस्तृत विवरणहरू हेर्न सकिनेछ ।
- ९) अन्य जानकारीको लागि यस संस्थाको केन्द्रीय कार्यालय गजुरी, धादिङको फोन नं. ०१०-४०२१११, ४०२१२४ मा सम्पर्क गर्नुहुन अनुरोध छ ।



नाडेप लघुवित्त वित्तीय संस्था लि.

केन्द्रीय कार्यालय, गजुरी-१, धादिङ

फोन.नं. ०१०-४०२१११, ४०२१२४ फ्याक्स: ०१०-४०२१११

साधारण सभामा मतदान गर्न आ नो प्रतिनिधि नियुक्त गर्न निवेदनको ढाँचा (प्रोक्सी फारम)

कम्पनी ऐन, २०६३ को दफा ७१(३) बमोजिम

श्री सञ्चालक समिति

नाडेप लघुवित्त वित्तीय संस्था लिमिटेड

गजुरी-१, धादिङ ।

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

..... जिल्ला न.पा./गा.वि.स. वडा नं. बस्ने, म/हामी
..... ले त्यस वित्तीय संस्थाको शेयरधनीको हैसियतले सम्बत् २०.....
साल महिना गतेका दिन हुने साधारण सभा/विशेष साधारण सभामा म/हामी स्वयम् उपस्थित
भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिन तथा
मतदान गर्नको लागि जिल्ला न.पा./गा.वि.स. वडा नं. बस्ने
त्यस वित्तीय संस्थाको समूह को शेयरधनी श्री
शेयरधनी परिचय नं लाई मेरो/हाम्रो प्रतिनिधि (प्रोक्सी) नियुक्त गरी पठाएको छु/छौं ।

प्रोक्सी लिनेको हस्ताक्षर नमुना:

निवेदक

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प्रोक्सी दिनेको नाम :

शेयरधनी परिचय नं. :

ठेगाना :

शेयर समूह :

प्रोक्सी दिनेको सही :

शेयरधनी परिचय नं. :

शेयर संख्या :

मिति :

शेयर समूह :

(द्रष्टव्य: यो निवेदन साधारण सभा हुनुभन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालयमा पेश गरिसक्नु पर्नेछ।)

नाडेप लघुवित्त वित्तीय संस्था लिमिटेडको नवौं वार्षिक साधारण सभामा सञ्चालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

नाडेप लघुवित्त वित्तीय संस्था लि.को नवौं वार्षिक साधारण सभाको अवसरमा यहाँहरूलाई स्वागत गर्न पाउँदा खुसी अनुभव भइरहेको छ । म यहाँहरू सबैलाई सभामा मेरो व्यक्तिगत तथा सञ्चालक समितिको तर्फबाट हार्दिक स्वागत गर्दछु ।

२०३० को दशकबाट शुरू भएको ग्रामीण बैकिङ्ग प्रणालीको लघुवित्त कार्यक्रम नेपालमा पचासको दशकदेखि लोकप्रिय भएको हो । यसैलाई अनुसरण गरी नेपालको भौगोलिक विविधतालाई ध्यानमा राखी डिप्रोक्स नेपालले २०५२ सालबाट शुरू गरेको ग्रामीण पद्धतिबाट संचालित कार्यक्रम डिप्रोक्स लगायत नबिल बैंक, लुम्बिनी विकास बैंक र व्यक्तिगत संस्थापकहरूको पहलबाट यस लघुवित्त वित्तीय संस्थाको स्थापना भएको र मिति २०७२।०२।०१ मा डिप्रोक्स नेपालद्वारा सञ्चालित लघुवित्त कार्यक्रम यस नाडेप लघुवित्त वित्तीय संस्थालाई हस्तान्तरण गरे पश्चात यस वित्तीय संस्थाले प्रारम्भदेखि समाजमा रहेका विपन्न तथा गरिब वर्गको आर्थिक तथा सामाजिक जीवनस्तर माथि उठाउने उद्देश्य राखी नेपालमा लघुवित्त सेवा विस्तार गरी निरन्तर अगाडि बढिरहेको छ । कोभिड तथा आर्थिक मन्दीले गर्दा बैंक तथा वित्तीय संस्थामा निकै ठूलो असर रहेको छ । फलस्वरूप लघुवित्त क्षेत्र पनि नकारात्मक रूपमा प्रभावित भएको छ ।

सञ्चालक समितिको तर्फबाट यस वित्तीय संस्थाको नवौं वार्षिक प्रतिवेदन, आर्थिक वर्ष २०७९/८० को वित्तीय विवरणहरू, सञ्चालनको कार्यप्रगति, लेखापरीक्षकको प्रतिवेदन, वासलात, नाफा नोक्सान हिसाव तथा सो को बाँडफाँड सहितको यो प्रतिवेदन अध्यक्षको हैसियतले यहाँहरू समक्ष छलफल एवं अनुमोदनको लागि प्रस्तुत गरेको छु । यहाँहरूले गहन छलफल सहित पारित गर्नु हुनेछ भन्ने आशा लिएको छु ।

हालसम्मको प्रगतिको आधारमा भावी दिनहरूमा लिइने कार्यक्रम, योजना तथा रणनीतिको सम्बन्धमा समेत यहाँहरूलाई अद्यावधिक गराउने उद्देश्यले यो प्रतिवेदन तयार गरिएको छ। यस सभाले यी सम्पूर्ण विषयहरू माथि आवश्यक छलफल गरी भावी कार्यक्रम सञ्चालन गर्न हामीलाई मार्ग निर्देश गर्नेछ भन्ने मैले विश्वास लिएको छु ।

लघुवित्तको पृष्ठभूमि तथा वर्तमान अवस्था :

नेपालमा लघुवित्तलाई प्रवर्द्धन गर्ने प्रयास सन् १९७५ बाट भएको र यसलाई सरकारी तवरबाट आठौं पञ्चवर्षीय योजना मार्फत गरिबी निवारणको साधनको रूपमा पहिचान गरिएको पाईएतापनि यसले आठौं पञ्चवर्षीय योजना पश्चात् मात्र गति लिएको देखिन्छ ।

नेपाल राष्ट्र बैंकबाट प्रकाशित २०८० असोज मसान्तसम्म मुलुकमा “क” वर्गका २० वाणिज्य बैंकहरू, “ख” वर्गका १७ विकास बैंकहरू, “ग” वर्गका १७ फाइनेन्स कम्पनीहरू, “घ” वर्गका ५७ लघुवित्त वित्तीय संस्थाहरू र पूर्वधार विकास बैंक १ वटा गरी जम्मा ११२ वटा बैंक तथा वित्तीय संस्थाहरूले नेपाल राष्ट्र बैंकबाट स्वीकृति प्राप्त गरी लघुवित्त क्षेत्रमा प्रत्यक्ष वा अप्रत्यक्ष रूपमा कार्यरत रहेका छन् जसमध्ये लघुवित्त वित्तीय संस्थाहरूले ५९ लाख ९१ हजार घरपरिवारलाई लघुवित्त सेवा पुर्‍याई रहेकामा यस वित्तीय संस्थाले २०८० मंसिर मसान्तसम्ममा ७९ हजार ८५३ घर परिवारलाई सेवा पुर्‍याई रहेको छ ।

भावी दिनहरूमा यस वित्तीय संस्थाको विकासका लागि यहाँहरूको सुझाव र सहयोगको निरन्तर खाँचो देखिन्छ, जसले गर्दा प्रतिकूल परिस्थितिमा समेत योजनावद्ध कार्यक्रम र वातावरण अनुकूल रणनीति अवलम्बन गर्दै अपेक्षाकृत लक्ष्य हासिल गर्न वित्तीय संस्था सक्षम हुनेछ भन्ने मैले आशा लिएको छु ।

संस्थाको वार्षिक वित्तीय विवरणको अतिरिक्त कम्पनी ऐन, २०६३ को दफा १०९ को उपदफा (४) बमोजिमको प्रतिवेदन देहाय बमोजिम रहेको ब्यहोरा जानकारीको लागि अनुरोध गर्दछु ।

क) आ.व. २०७९/८० को सिंहावलोकन :

यस वित्तीय संस्थाले आ.व. २०७९/८० मा ५४ जिल्लामा ८८ शाखा कार्यालयहरू मार्फत ८०,६८८ परिवारलाई वित्तीय सेवा प्रदान गरेको जानकारी यस सभामा प्रस्तुत गर्दछु ।

ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थिति र कम्पनीको कारोबारमा परेको असर :

कोभिड तथा युक्रेन रूस बीचको युद्ध लगायतका घटनाले आर्थिक क्रियाकलापमा प्रत्यक्ष, अप्रत्यक्ष रूपमा असर पारी आर्थिक मन्दिलाई थप सहयोग पुगेको देखिन्छ । कोषको लागत तथा सञ्चालन खर्चमा वृद्धि, कमजोर भौतिक पूर्वाधार, नवीनतम प्रविधिको अभाव, प्रभावकारी कर्जा सूचना केन्द्रको कमी, बजारमा तरलताको अभाव, संख्यात्मक रूपमा लघुवित्त वित्तीय संस्थाहरूको संख्या तथा शाखाहरूको वृद्धि, र ग्राहकमा देखिएको दोहोरोपना आदिले ग्रामीण क्षेत्र उन्मुख सेवाहरूको विस्तार कठिन र चुनौतीपूर्ण बन्दै गएको छ । यस प्रकारको अष्ट्यारा परिस्थितिका बावजुद पनि बदलिंदो वातावरण अनुसार शाखा व्यवस्थापन, स्रोत परिचालन र जोखिम व्यवस्थापनमा लिएको उचित नीतिका कारण समीक्षा अवधिमा संस्थाको कारोबारमा तुलनात्मक रूपमा गुणस्तरीय प्रगतिका परिसूचकहरू हासिल गर्न सफल भएको र वित्तीय कारोबार सन्तोषप्रद ढंगले अघि बढेको जानकारी यस सभालाई गराउन पाउँदा मलाई खुसी लागेको छ ।

ग) आ.व. २०७९/८० को प्रतिवेदन र भविष्यमा गर्नु पर्ने योजनाहरू :

यो प्रतिवेदन तयार पार्दा सम्म वित्तीय संस्थाको कारोबारमा देहाय बमोजिम प्रगति भएको ब्यहोरा जानकारी गराउँदछु ।

क्र.सं.	विवरण	इकाई	२०८० आषाढ मसान्त (NFRS)	२०७९ आषाढ मसान्त (NFRS)	२०७८ आषाढ मसान्त
१	सदस्य	संख्या	८०,६८८	८३,१७७	७९,७२०
२	बचत	हजार	१,७९,१३,८१	१,७७,१३,१५	१,५४,४२,४८
३	लगानीमा रहेको कर्जा	हजार	५,१९,०७,२६	५,२४,५७,७९	४,६५,१८,४३
४	व्याज आम्दानी	हजार	७७,००,१८	७१,०४,२९	७४,४७,२७
५	अन्य आम्दानी	हजार	४,११,७०	३,६३,०८	७,००,१८
६	सञ्चालन खर्च	हजार	२९,५८,०३	३१,२१,८७	२६,८९,४६
७	सञ्चालन मुनाफा	हजार	८१,९९	८,७६,५५	२६,६९,१७

कार्यक्रममा दोहोरोपना निरुत्साहित गर्न तथा सेवा नपुगेका पहाडी तथा हिमाली दुर्गम क्षेत्रहरूमा कार्यक्रम विस्तारतर्फ प्राथमिकता दिइएको छ । स्रोत व्यवस्थापनमा स्थानीय स्रोत साधनलाई प्राथमिकता दिई काम गरिदै आएको छ ।

गत वर्ष लिईएका रणनीतिहरू मध्ये पूर्णरूपमा उपलब्धि हासिल हुन नसकेका क्षेत्रहरूलाई आगामी कार्यक्रममा समेत समावेश गरिएको ब्यहोरा यस सभा समक्ष अनुरोध गर्दछु ।

केन्द्रीय तथा क्षेत्रीय स्तरका लघुवित्त वित्तीय संस्थाहरूको दोहोरोपना नपर्ने गरी कार्यक्रम सञ्चालन गर्न दुर्गम क्षेत्रहरूमा जानुपर्ने अवस्था छ । न्यूनतम पूर्वाधार तयार नभएका क्षेत्रहरूमा शाखा स्थापना गर्न कठिन हुने र हालको विद्यमान ब्यवस्था बमोजिम कार्यक्षेत्र विस्तार गर्दा धेरै लघुवित्त संस्थाहरूको एकै कार्यक्षेत्र पर्न गई सदस्यहरूको दोहोरोपनाको कारण कर्जा जोखिममा पर्न जाने देखिएको छ ।

वित्तीय संस्थाको कार्यक्रम विस्तारसंगै नयाँ चुनौतीहरू समेत आउने हुँदा दिगो तथा स्तरीय सेवा प्रदान गर्न र वित्तीय संस्थाको कार्यक्षमता वृद्धि गर्न चालु आ.व. मा निम्नानुसार रणनीति लिईएको ब्यहोरा शेयरधनी महानुभावहरूलाई अवगत गराउन चाहन्छु । यसबाट कार्यक्रम विस्तारसंगै स्तरीय सेवा दिन वित्तीय संस्था सक्षम हुने अपेक्षा राखेको छु ।

- १) कार्यक्षेत्र विस्तार गर्दै ८८ शाखाहरू मार्फत ८४,७६० विपन्न परिवारलाई लघुवित्त सेवा प्रदान गर्ने,
- २) कर्मचारीहरूको दक्षता अभिवृद्धि तथा वृत्ति विकास गर्न आवश्यक तालिम, गोष्ठी, सेमिनार र अवलोकन भ्रमणहरूको आयोजना गरिने ।
- ३) कर्जाको गुणस्तर कायम राख्न कार्य योजना बनाई कार्यान्वयनमा निरन्तरता दिने,

- ४) स्थानीय मानव स्रोत तथा साधनलाई प्राथमिकता दिई समुदायसँग समन्वय र सहकार्य गरी कार्यक्रम सञ्चालन गर्ने,
- ५) कार्यक्रम तथा बजेटको लक्ष्य अनुसार प्रगतिको समीक्षा गर्न शाखा, ईलाका र केन्द्रीय स्तरमा आवधिक गोष्ठीहरूको आयोजना गर्ने,

घ) कम्पनीको व्यावसायिक सम्बन्ध:

यस वित्तीय संस्थाको नियमनकारी निकायहरू नेपाल राष्ट्र बैंक, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेञ्ज लिमिटेड, सिडिएस एण्ड क्लियरिङ लिमिटेड, कम्पनी रजिष्ट्रारको कार्यालय रहेका छन भने बैंक तथा वित्तीय संस्था तर्फ नबिल बैंक लि., एभरेष्ट बैंक लि., सिद्धार्थ बैंक लि., राष्ट्रिय वाणिज्य बैंक लि., माछापुच्छ्रे बैंक लि., प्राइम कर्मासयल बैंक लि., नेपाल इन्भेष्टमेन्ट मेगा बैंक लि., सिटीजन्स बैंक लि., कुमारी बैंक लि. आदिसँग सहकार्य गर्दै आएको व्यहोरा यस सभामा अनुरोध गर्दछु ।

ङ) सञ्चालक समितिमा भएको हेरफेर :

सञ्चालक समितिमा तपसिलमा उल्लिखित सञ्चालकहरूको हेरफेर भएको व्यहोरा यस सभा समक्ष जानकारी गराउँदछु ।

क्र.सं.	सञ्चालकको नाम	पद	प्रतिनिधित्व	परिवर्तन भएको मिति	कारण
१	श्री पिताम्बर प्रसाद आचार्य	अध्यक्ष	डिप्रोक्स नेपाल		
२	श्री बेद प्रसाद सिवाकोटी	सञ्चालक	अन्य संस्थापक शेयरधनी		
३	श्री हरिकृष्ण सुवेदी	सञ्चालक	लुम्बिनी विकास बैंक लि.		
४	श्री मनोज कुमार यादव	सञ्चालक	नबिल बैंक लि.	२०८०।०३।१७	संस्थागत निर्णय
५	श्री सोफिया आचार्य (रिमाल)	सञ्चालक	सर्वसाधारण शेयरधनी		
६	श्री विवेक कंडेल	सञ्चालक	सर्वसाधारण शेयरधनी		
७	श्री कृष्ण नकर्मि	सञ्चालक	स्वतन्त्र	२०८०।०५।१२	

यस वित्तीय संस्थाको समीक्षा अवधिमा नबिल बैंक लिमिटेडबाट प्रतिनिधित्व गर्नुहुने सञ्चालक श्री निरज कुमार बस्नेत डिनलको स्थानमा (संस्थागत परिवर्तन) मिति २०८०।०३।१७ गतेबाट सञ्चालक श्री मनोज कुमार यादव नियुक्त हुनुभएको एवं स्वतन्त्र सञ्चालक श्री माधव प्रधानले सञ्चालक पदबाट व्यक्तिगत कारणले राजिनामा दिनुभएकोले उहाँको स्थानमा मिति २०८०।०५।१२ गते स्वतन्त्र सञ्चालकमा श्री कृष्ण नकर्मि नियुक्त हुनुभएको व्यहोरा जानकारी गराउँदछु ।

च) कारोवारलाई असर गर्ने मुख्य कुराहरू:

लघुवित्तको कारोवार गर्ने यस वित्तीय संस्थालाई निम्न कुराहरूले असर पुऱ्याउँदछन्:

- १) लघुवित्तको कारोवार गर्ने बैंक, वित्तीय संस्था एकै स्थानमा स्थापना तथा विस्तारबाट सृजना हुने प्रतिस्पर्धा,
- २) वित्तीय संस्थाहरूबाट लिइएको कर्जा सापटको व्याजदर बृद्धि हुदै जाँदा कोषको लागत दर बढ्न गई मुनाफा रकममा ह्रास आउन सक्ने,
- ३) बढ्दो Employee Turn Over सँगै अनुभवी कर्मचारीहरूको अभाव,
- ४) आर्थिक मन्दीको प्रभाव,
- ५) विभिन्न समूहद्वारा बैंक तथा वित्तीयसंस्था विरुद्ध गरिने अनर्गल प्रचारप्रसार तथा आन्दोलनहरू,
- ६) अस्थिर नीति नियमहरू

उल्लेखित अवस्थामा वित्तीय संस्थालाई प्रभावकारी ढंगले सञ्चालन गर्न यहाँहरूबाट प्राप्त हुने अमूल्य सुझावको म हार्दिक स्वागत गर्दछु ।

छ) लेखापरीक्षण प्रतिवेदन उपर सञ्चालक समितिको प्रतिक्रिया:

यस प्रतिवेदन साथ संलग्न लेखापरीक्षण प्रतिवेदन र लेखा विवरणहरूले संस्थाको यथार्थ वित्तीय स्थितिको चित्रण गरेको छ । लेखापरीक्षण प्रतिवेदनमा कुनै नकारात्मक कुरा उल्लेख भएको छैन ।

ज) नाफा नोक्सान बाँडफाँड गर्न सिफारिस गरिएको रकम :

आर्थिक वर्ष २०७९/८० को कुल मुनाफा रु. ९४ लाख ०९ हजार ९५३ मध्ये नियमानुसार रु २ करोड ०४ लाख ६४ हजार १५० आयकरको लागि छुट्याइएको छ । सो पश्चात खुद नोक्सानी रु १ करोड १० लाख ५४ हजार १९७ र आ.व. २०७८/७९ सम्मको बाँकी संचितरु १२ करोड ४८ लाख ५१ हजार ५४२ गरी जम्मा रु ११ करोड ३७ लाख ९७ हजार ३४५ बाट कानूनी प्रावधान अनुसार रु २ करोड ४८ लाख ४५ हजार ९०७ नियमनकारी जगेडा कोष (Regulatory Reserve) मा राखिएको छ । संस्थागत सामाजिक उत्तरदायित्व कोषबाट फिर्ता रु ४ लाख २२ हजार ६१७ कर्मचारी दक्षता अभिवृद्धि कोष थप, १० लाख ६३ हजार ००५ र नेपाल राष्ट्र बैंकको परिपत्र ८/७९-८० २ (९) बमोजिम पुनर्तालिकिकरण तथा पुनर्संरचनाबाट फिर्ता कर्जा नोक्सानी व्यवस्थालाई अन्य जगेडा कोषमा थप रु २ करोड ४७ लाख ०३ हजार ३०५ छुट्याइएको छ । साथै उक्त परिपत्र बमोजिम यस आ.व.मा कर्मचारी बोनस व्यवस्था नगरिएको व्यहोरा जानकारी गर्दछु ।

उपरोक्त बाँडफाँड पश्चात रहन आएको रु ६ करोड ३६ लाख ०७ हजार ७४४ संचित नाफा नोक्सान रहेको व्यहोरा सहर्ष जानकारी गर्दछु ।

डिप्रोक्स लघुवित्त वित्तीय संस्थासंगको प्राप्ति सम्बन्धी सम्झौताको शर्त बमोजिम प्राप्ति कार्य सम्पन्न हुन नसकी सैद्धान्तिक सहमति वदर भई अर्को कुनै वित्तीय संस्थासंग गाभ्ने गाभिने वा प्राप्तिमा नगएसम्मका लागि शेयरहोल्डरहरूलाई दिने लाभांश वितरणमा नेपाल राष्ट्र बैंकबाट प्रतिवन्ध लगाएकोले आ.व. २०७९/८० मा लाभांश प्रस्ताव नगरिएको व्यहोरा जानकारी गर्दछु ।

झ) शेयर जफत :

आ.व. २०७९/८० मा वित्तीय संस्थाले कुनै किसिमको शेयर जफत नगरेको व्यहोरा यहाँहरू समक्ष राख्न चाहन्छु ।

ञ) आ.व. ०७९/८० मा कम्पनीको प्रगति कारोवार विवरण :

वित्तीय संस्थाले सञ्चालन गरेको कार्यक्रमको सारांश तुलनात्मक रूपमा निम्न बमोजिम भएको व्यहोरा शेयरधनी महानुभावहरूलाई अवगत गराउन चाहन्छु ।

क्र.सं.	विवरण	आ.व.०७९/८०	आ.व.०७८/७९	आ.व.०७७/७८
१	जम्मा कर्मचारी संख्या	२७९	२७६	२९२
२	सदस्य संख्या	८०,६८८	८३,१७७	७९,७२०
३	ग्राहक संख्या	४४,९२४	४८,४०३	४८,४५१
४	जोखिम कोषको रकम (रु.हजारमा)	३०,२१,९४	२३,७२,७१	२३,०२,८७

स्रोतको व्यवस्थापन :**पुँजी तर्फ :**

क्र.सं.	विवरण	इकाई	आ.व. ०७९/८० (NFRS)	आ.व.०७८/७९ (NFRS)	आ.व.०७७/७८
१	चुक्ता शेयर पुँजी	रु हजारमा	४८,५७,६०	४८,५७,६०	४,०४,८००
२	साधारण जगेडा कोष	रु हजारमा	७,७५,४८	७,७५,४८	७,०४,१६
३	प्रस्तावित बोनस शेयर	रु हजारमा			८,०९,६०
४	प्रस्तावित नगद लाभांश	रु हजारमा			४२,६१
५	संचित नाफा नोक्सान	रु हजारमा	६,३६,०८	१२,४८,५२	८,५६,३२
६	असल कर्जाको जोखिम कोष	रु हजारमा	८४,७०	१,६२,९३	१,८४,६२
७	स्थगन कर जगेडा कोष	रु हजारमा			४,४९,१४
८	ग्राहक संरक्षण कोष	रु हजारमा	५,७५,५४	६,२७,८२	७,५८,५४

क्र.सं.	विवरण	इकाई	आ.व. ०७९/८० (NFRS)	आ.व. ०७८/७९ (NFRS)	आ.व. ०७७/७८
९	संस्थागत सामाजिक उत्तरदायित्व कोष	रु हजारमा	१५,४०	१९,६२	१६,०६
१०	कर्मचारी दक्षता अभिवृद्धि कोष	रु हजारमा	१,१०,२४	९९,६१	८६,०९
११	नियमनकारी कोष	रु हजारमा	१२,६९,५६	१०,२१,१०	
१२	Actuary Reserve	रु हजारमा	(१,३१,७५)	(१,३९,८६)	
१३	Fair Value Reserve	रु हजारमा	(५,९०)		
१४	अन्य कोष	रु हजारमा	२,४७,०३		
१५	जम्मा पुँजी	रु हजारमा	८४,३३,९९	८३,२१,७७	७९,५५,१४
१६	शेयर	संख्या	४८,५७,६००	४८,५७,६००	४०,४८,०००
१७	प्रति शेयर नेटवर्थ		१७३।६२	१७८।५४	१९६।५२

वित्तीय संस्थाले स्वीकारेको निक्षेप तथा सापटी तर्फ :

जम्मा निक्षेप :	१,७९,१३,८२ हजार
विभिन्न बैंकहरूसँग लिएको कर्जा :	२,०१,८०,०४ हजार
जम्मा :	३,८०,९३,८६ हजार
निक्षेप र सापटीमा पुँजीको अनुपात :	४.५२ : १

यस वित्तीय संस्थाको आ.व. २०७९/८० मा कर अधिको मुनाफा रु ९४ लाख ०९ हजार ९५३ कायम भएकोमा कर पछि रु १ करोड १० लाख ५४ हजार १९७ खुद नोक्सानी भएको व्यहोरा जानकारी गराउँदछु ।

ट) वित्तीय संस्थाले आ.व. २०७९/८० मा सम्पन्न गरेको प्रमुख कारोवार तथा कारोवारमा आएको महत्वपूर्ण परिवर्तन :

समीक्षा आ.व.मा यस वित्तीय संस्थाले सम्पन्न गरेको तुलनात्मक कारोवारको सारांश निम्न बमोजिम रहेको व्यहोरा शेयरधनी महानुभावहरूलाई अवगत गराउन चाहन्छु ।

(रु हजारमा)

क्र.सं.	विवरण	आ.व. २०७९/८०	आ.व. २०७८/७९	फरक
१	शुरु कर्जा मौज्दात	५,२४,५७,७९	४,६५,१८,४३	५९,३९,३६
२	यस आ.व.मा भएको कुल ऋण लगानी	३,३६,०६,७९	४,४५,१६,६२	(१,०९,०९,८३)
३	यस आ.व.मा भएको कुल ऋण असूली	३,४१,५७,३२	४,२७,०६,७६	(८५,४९,४४)
४	कुल कर्जा अपलेखन	०	०	०
५	लगानीमा रहिरहेको बाँकी कुल ऋण	५,१९,०७,२६	५,२४,५७,७९	(५,५०,५३)
६	यस आ.व.को व्याज तथा अन्य आम्दानी	८१,११,८९	७४,६७,३७	६,४४,५२
७	कर्मचारी खर्च (उपदान र विदा कोष समेत)	२२,७४,३२	२३,५७,८२	(८३,५०)
८	कार्यालय सञ्चालन खर्च	६,८३,७१	७,६४,०५	(८०,३४)
९	यस आ.व.मा भएको व्याज खर्च	४३,५०,१७	३३,६२,२२	९,८७,९५
१०	यस आ.व.मा छुट्याइएको जोखिम व्यवस्था	६,४९,२३	६९,८४	५,७९,३९
११	बोनस तथा कर अधिको सञ्चालन मुनाफा	९४,०९	९,८४,९२	(८,९०,८३)

ठ) गत आ.व.मा आधारभुत शेयरधनीहरूले वित्तीय संस्थालाई उपलब्ध गराएको जानकारी :

यस बैंकको ५ प्रतिशत वा सो भन्दा बढी शेयर ग्रहण गर्ने आधारभुत शेयरधनीहरूबाट छुट्टै जानकारी उपलब्ध भएको छैन ।

ड) सञ्चालक तथा पदाधिकारीहरूले ग्रहण गरेको शेयर स्वामित्व र कारोवारमा संलग्नता :

यस बैंकका सञ्चालक तथा पदाधिकारीहरूले धारण गरेको साधारण शेयर देहाय बमोजिम रहेको छ ।

क्र.सं	सञ्चालक तथा पदाधिकारीको नाम	पद	ग्रहण गरेको कुल शेयर
१	श्री पिताम्बर प्रसाद आचार्य प्रतिनिधि, विकास आयोजना सेवा केन्द्र	अध्यक्ष	संस्थागत १२,१४,४०० कित्ता व्यक्तिगत २४,२८८ कित्ता
२	श्री वेद प्रसाद शिवाकोटी अन्य संस्थापक शेयरधनी	सञ्चालक	व्यक्तिगत २४,२८८ कित्ता
३	श्री हरिकृष्ण सुवेदी प्रतिनिधि, लुम्बिनी विकास बैंक लि.	सञ्चालक	संस्थागत ४,८५,७६० कित्ता
४	श्री मनोज कुमार यादव प्रतिनिधि, नविल बैंक लि.	सञ्चालक	संस्थागत १२,१४,४०० कित्ता
५	श्री सोफिया आचार्य रिमाल सर्वसाधारण शेयरधनी	सञ्चालक	२४८ कित्ता
६	श्री विवेक कँडेल सर्वसाधारण शेयरधनी	सञ्चालक	४५५ कित्ता
७	श्री कृष्ण नकर्मि स्वतन्त्र सञ्चालक	सञ्चालक	छैन ।
८	श्री उपेन्द्र बहादुर कार्की	प्रमुख कार्यकारी अधिकृत	व्यक्तिगत ३०,३६० कित्ता

वित्तीय संस्थाका सञ्चालक तथा पदाधिकारीहरू शेयर कारोवारमा संलग्न नरहेको ब्यहोरा यस सभालाई जानकारी गराउन चाहन्छु ।

ढ) गत आ.व.मा सञ्चालक तथा निजका नातेदारहरूको कम्पनीसंगको कारोवारमा संलग्नता :

समीक्षा वर्षमा यस वित्तीय संस्थसंग सम्बन्धित सम्भौताहरूमा यस कम्पनीका कुनै सञ्चालक तथा निजका नजिकका नातेदारहरूको कुनै संलग्नता नरहेको ब्यहोरा यहाँहरू समक्ष राख्न चाहन्छु ।

ण) कम्पनीले आफ्नो शेयर आफैँ खरिद गरे नगरेको :

हालसम्म यस बैंकले आफ्नो शेयर आफैँ खरिद नगरेको ब्यहोरा यस सभा समक्ष अनुरोध छ ।

त) आन्तरिक नियन्त्रण प्रणाली :

यस वित्तीय संस्थामा विभागीय जिम्मेवारी, प्रशासनिक नियन्त्रण, बजेटरी नियन्त्रण, नियमित स्थलगत र गैरस्थलगत अनुगमन, आन्तरिक लेखापरीक्षण नियमित गर्ने गरिएको छ। सो कार्यहरूको लागि लेखा परीक्षण समिति, कर्मचारी सेवा सुविधा समिति, जोखिम व्यवस्थापन समिति, सम्पत्ति शुद्धीकरण समिति कार्यरत छन् । वित्तीय संस्थाको सञ्चालनको लागि आवश्यक विनियमहरू समयानुकूल संशोधन तथा परिमार्जन गर्ने गरिएको र सोही बमोजिम नियमित कार्य भई रहेको ब्यहोरा अनुरोध गर्न चाहन्छु ।

थ) यस आ.व.को कुल व्यवस्थापन खर्च :

यस वित्तीय संस्थाको आ.व.२०७९।८० को व्यवस्थापन खर्च रु २९ करोड ५८ लाख ०३ हजार ६४९ भएको ब्यहोरा अनुरोध गर्दछु ।

द) लेखापरीक्षण समिति:

सञ्चालक श्री हरिकृष्ण सुवेदीको संयोजकत्वमा सञ्चालक श्री विवेक कँडेल र आन्तरिक लेखापरीक्षण विभागका प्रमुख श्री नारायण खड्का सदस्य सचिव रहनु भएको ३ सदस्यीय लेखापरीक्षण समिति कार्यरत रहेको छ । यस समितिले नियमनकारी निकायहरूको निर्देशन तथा प्रचलित कानूनी व्यवस्था बमोजिम सुधारात्मक कारवाहीको लागि व्यवस्थापन तथा सञ्चालक समितिमा सुझाव दिने गरेको ब्यहोरा अनुरोध गर्दछु ।

ध) मर्जर समिति:

नेपाल राष्ट्र बैंकबाट ईजाजतपत्र प्राप्त गरी वित्तीय कारोवार गर्दै आएका लघुवित्त वित्तीय संस्थाहरूलाई एक आपसमा गाभ्ने/गाभ्ने र प्राप्ति गर्ने नीतिलाई सहयोग पुर्याउने उद्देश्यले यस वित्तीय संस्थसंग अन्य उपयुक्त वित्तीय संस्थालाई मर्जर/प्राप्ति गर्ने उद्देश्यले सञ्चालक श्री मनोज कुमार यादवको संयोजकत्वमा

श्री हरिकृष्ण सुवेदी र श्री विवेक कंडेल सदस्य रहनु भएको ३ सदस्यीय मर्जर समिति रहेको ब्यहोरा यहाँहरू समक्ष जानकारी गराउँदछु ।

न) सञ्चालक, प्रमुख कार्यकारी अधिकृत, आधारभुत शेयरधनी तथा निजका नजिकका नातेदार संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले बुझाउन पर्ने कुनै रकम बुझाउन बाँकी रहे नरहेको :

संस्थागत आधारभुत शेयरधनीहरूसंगको संलग्न लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएको संस्थागत कर्जा सापट कारोवार बाहेक त्यस्तो कुनै कारोवार नरहेको तथा उल्लिखित पक्षहरूसंग संस्थाको लेना रकम बाँकी नभएको ब्यहोरा अनुरोध गर्दछु ।

प) सञ्चालक तथा कार्यकारी अधिकृत तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम :

यस बैंकका सञ्चालकहरूलाई आ.व. २०७९/८० मा सञ्चालन भएको समितिहरूको कुल बैठक भत्ता बापत प्रति बैठक प्रति ब्यक्ति रु ४,०००/- का दरले ४ लाख ७६ हजार प्रदान गरिएको छ साथै प्रमुख कार्यकारी अधिकृत श्री उपेन्द्र बहादुर कार्कीलाई समीक्षा बर्षमा तलब, भत्ता बिदा तथा बोनस, दशैं खर्च औषधी उपचार देहाय बमोजिम जम्मा रु ३४ लाख ७५ हजार ६४२ मात्र प्रदान गरिएको ब्यहोरा अनुरोध छ ।

फ) नेपाल राष्ट्र बैंकबाट जारी बैंक तथा वित्तीय संस्थाका प्रमुख कार्यकारीको तलब भत्ता तथा अन्य सुविधा सम्बन्धी मार्ग दर्शन बमोजिम वार्षिक प्रतिवेदनमा खुलाउनु पर्ने विवरण देहाय बमोजिम रहेको ब्यहोरा अनुरोध गर्दछु ।

(क) प्रमुख कार्यकारी अधिकृतको कुल वार्षिक तलब भत्ता रु २३,२०,०००/-

(ख) प्रमुख कार्यकारी अधिकृतलाई यस आ.व. मा प्रदान गरिएको कार्यसम्पादनमा आधारित पारिश्रमिक

क्र.सं	विवरण	रकम रु.
१	कुल वार्षिक भत्ता	२,८३,०००।००
२	सञ्चय कोष थप	२,३२,०००।००
३	दशैं खर्च	१,६०,०००।००
४	औषधी उपचार खर्च	१,६०,०००।००
५	बोनस (आ.व. ७८/०७९)	१,४२,९४२।००
६	बिदा बापतको रकम	१,७७,७००।००
जम्मा		११,५५,६४२।००

(ग) यस आ.व.को कुल कर्मचारी खर्च रु २२,७४,३२,९६४।००

ब) शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांश रकम :

यस वित्तीय संस्थाको शेयरधनीहरूलाई आ.व. २०७९/८० मा लाभांश वितरण नगरिएको ब्यहोरा जानकारीको लागि हार्दिक अनुरोध गर्दछु ।

भ) सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण :

वित्तीय संस्थाका शाखाहरूलाई साधन सम्पन्न गर्दै लैजाने क्रममा समीक्षा आ.व. को अर्वाध भित्र विभिन्न शाखाहरूबाट पटक पटक गरी फर्निचर, कम्प्युटर तथा सफ्टवेयर सहित जम्मा रु १५ लाख ८१ हजार ५१४ को सम्पत्तिहरू यस वित्तीय संस्थाको आर्थिक विनियमावलीको अधिनमा रही खरिद गरेको र रु २६ हजार ५२१ वरावरको पुरानो सम्पत्ति अपलेखन गरेको ब्यहोरा जानकारी गराउँदछु ।

म) सम्बद्ध कम्पनी बीचको कारोवार :

कम्पनी ऐन २०६३ को दफा १७५ को उपदफा (१) तथा (२) आकर्षित हुने यस वित्तीय संस्थाको मुख्य तथा सहायक कम्पनीहरू नरहेको ब्यहोरा सम्बन्धित पक्षहरू समक्ष राख्न चाहन्छु ।

य) प्रचलित कानून बमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुरा :

नभएको ।

र) अन्य आवश्यक कुराहरू:

नभएको ।

शेयरधनी महानुभावहरू,

अन्त्यमा, वित्तीय संस्थाको उन्नति र प्रगतिमा प्रत्यक्ष वा परोक्ष रूपमा सहयोग, सल्लाह र प्रोत्साहित गरी आ-आफ्नो क्षेत्रबाट पुर्‍याउनु भएको योगदानका लागि सम्पूर्ण शेयरधनी महानुभावहरू, ग्राहकहरू, नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सजेन्ज, लिमिटेड, सिडिएस एण्ड क्लियरिङ लिमिटेड, बैंक तथा वित्तीय संस्थाहरू, लेखापरीक्षक, दातृ निकायहरू र यस वित्तीय संस्थाका कर्मचारीहरूलाई सञ्चालक समितिको तर्फबाट हार्दिक धन्यवाद दिंदै आगामी दिनहरूमा समेत निरन्तर सहयोगको अपेक्षा गर्दछु ।

धन्यवाद ।

पिताम्बर प्रसाद आचार्य

अध्यक्ष



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NADEP LAGHUBITTA BITTIYA SANSTHA LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of *M/s NADEP Laghubitta Bittiya Sanstha Ltd* (hereinafter referred to as "the Company", "the Bank" or "the Microfinance), which comprise the Statement of Financial Position as at 31st Ashadh, 2080 (16th July, 2023) and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st Ashadh, 2080 (16th July 2023) and its financial performance, cash flows and changes in equity for the year then ended in accordance with applicable Nepal Financial Reporting Standards (NFRSs).

Basis for opinion

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

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

Key Audit Matters

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

S. N	Key Audit Matters	Auditor's Response
1.	Information Technology (IT) systems and controls over financial reporting The entire preparation of financial statements is highly dependent on CBS and other supporting software and hardware controls. Adequate and appropriate IT controls are required to ensure that IT application process data are as expected, appropriate user access and changes are made in an appropriate manner. Such controls ensure mitigating the expected risk of erroneous output data. Audit outcome is dependent on the extent IT	We have carried out our audit procedures with Nepal Standards on Auditing guidelines towards implementation of IT policies and procedures followed by the Bank in order to effectively monitor, control, and evaluate the IT applications and controls to ensure effective implementation of such policies and procedures. Also, our approach for Information Technology (IT) systems and controls over financial reporting was based on NRB Information Technology Guidelines 2012 and includes the following:

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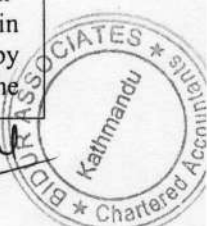
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S. N	Key Audit Matters	Auditor's Response
	controls and systems, and accordingly the above areas are determined to be as key audit matter	a. Reviewed report generated by CBS b. Verified a few loans and deposits interest calculations on test basis c. Verified the loan loss provision of loans and advances based on ageing dated 2023.07.16
2.	Impairment of loans and advances NRB directive 4 prescribe that the Banks shall measure impairment on Loan and advances at higher of following: - Provision amount derived as per norms prescribed by NRB - Impairment amount derived as per NAS 39 using Incurred Loss Model The process of estimating the provision for loans and advances associated with credit risk is significant and complex. The materiality of the reported amounts for the loans and advances (and impairment allowance thereof), is basically based on performance of the borrower which has been hit hard by anti-microfinance movement and slowdown in economic activity. Thus, considering the deteriorated repaying capacity, increasing risk of credit default due to several reasons stated above and involvement of complex calculations underpinned our basis for considering it as Key Audit Matter.	Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as under; a. Reviewing the overdue status of the loans and advances b. Evaluating the design of internal controls relating to implementation of circulars/directives issued by NRB and also internal policies and procedure of the Bank. c. Examining all the large and other advances on a sample basis including review of valuation reports of the independent valuers as provided by the Bank's management. d. Reviewing the files of borrowers containing credit appraisal and other substantiating documents selected on sample basis and assessing the assigned risk premium and appropriate action taken commensurate with the operation of such accounts. e. Performing relevant analytical procedures.
3.	Recognition of Interest Income on Loans and advances Following implementation of NFRS and NRB Interest Income Recognition Guidelines 2019, Banks are recognizing interest income on accrual basis. Though accrual basis of income recognition is prescribed in general, the guidelines require suspension of interest recognition on accrual basis for loans and advances with overdue of more than 12 months whereas for loans and advances with overdue of interest and installment between 3 to 12 months, interest recognition on accrual basis is limited on the basis of result of collateral testing is specified. Considering the lack of in-built system for automatically suspending the recognizing, lack of reviewing the fair value of collateral on regular basis may create improper application of NRB guidelines.	Our audit method for recognition of interest income on Loans and advances include the following: a. Reviewing the internal control process for accrued interest on loan and advances b. Obtaining the accrued interest from CBS and testing on sample basis by manual computations For fair value collateral mortgage as security, we considered the latest available valuation report provided by the independent valuers of the Microfinance.



S. N	Key Audit Matters	Auditor's Response
4.	<p>Additional loan loss provision for multiple banking loan</p> <p>As per Clause 3.2 of Unified Microfinance Directive No. 3/079, when providing micro-loans without collateral or under the security of collateral, only one micro-finance financial institution shall provide loans to one borrower in such a way as not to exceed the loan limit as per this provision. Borrowers who have taken loans from banks and financial institutions of categories 'A', 'B' and 'C' will not be eligible to take loans from microfinance financial institutions.</p> <p>In addition, in the case of providing loans exceeding such limit in the past, the last microfinance financial institution that provides loans will have to maintain a 100% provision as loan loss on the loan amount exceeding the limit.</p> <p>Microfinance institutions has extended loans to its members in contravention to the said provision. However, due to lack of systematic record control with Microfinance and non-availability of centralized records to monitor the stated compliance, and was based on management judgment and declaration/inquiry with borrowers thus classifying this matter as a Key Audit Matter.</p>	<p>We conducted the following procedures to verify whether institution members have obtained loans from other banks and financial institutions:</p> <ol style="list-style-type: none"> Reviewed the loan files of the borrowers including declaration obtained from the borrowers. Inquiry with the Microfinance regarding the existence of such scenario. On a sample basis performed on-site visits of the borrowers' locations to assess such scenario.
5.	<p>Identification and provisioning for Non-Performing Asset (NPA)</p> <p>The guidelines established by the Nepal Rastra Bank ("NRB") regarding the recognition of Interest Income and the Unified Directives outline prudential norms for Income Recognition, Identification and Classification of Non-Performing Advances, and Provisioning for Loans and Advances.</p> <p>In accordance with these directives, the Bank is obligated to exercise judgment in identifying and provisioning for Non-Performing Assets (NPAs), incorporating both quantitative and qualitative factors. The risk associated with NPA identification is influenced by factors such as stress and liquidity concerns in specific sectors.</p> <p>Provisions for identified NPAs are determined based on considerations like ageing and classification of NPAs, recovery estimates, the value of security,</p>	<p>Our key audit procedures encompassed a comprehensive examination, which, although not exhaustive, included the following focal points:</p> <p>A. Understanding Process and Controls:</p> <p>We gained insight into the overall process and controls, meticulously testing the design and operational effectiveness of pivotal controls, with a specific emphasis on IT-based controls. This encompassed:</p> <ol style="list-style-type: none"> The approval of new lending facilities aligned with the Bank's credit policies and the performance of annual loan assessments. Controls overseeing the monitoring of credit quality, involving aspects such as overdue reports, drawing power limits, and pending security creation. Identification and classification of Non-Performing Assets (NPAs) in accordance with the circular issued by the Nepal Rastra Bank (NRB), the

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S. N	Key Audit Matters	Auditor's Response
	<p>and other qualitative factors. These provisions are subject to the minimum norms specified by NRB and impairment of risk assets, following the carve-out provided by the Institute of Chartered Accountants of Nepal (ICAN).</p> <p>Given the substantial level of estimation involved in identifying NPAs and provisioning for advances, coupled with its pivotal role in the overall audit and the potential scrutiny by NRB leading to disclosure in the financial statements, it presents a significant audit challenge.</p> <p>Additionally, the risk of a shortfall in collateral, as mandated by NRB Directives 2 for credit facilities provided to various borrowers, poses a potential source of financial loss for the Bank.</p> <p>Considering the materiality of the aforementioned issues to the financial statements, the intensified regulatory scrutiny, and the substantial auditor attention required, we have classified this as a Key Audit Matter.</p>	<p>impairment requirement as per the carve-out on NFRS 9 provided by the Bank, and consideration of certain qualitative aspects.</p> <p>d. Assessment of the adequacy of NPA provisions, determined as the higher of NRB norms and carve-out on NFRS 9 provided by the Institute of Chartered Accountants of Nepal (ICAN).</p> <p>B. Testing Loan Identification: To verify the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed the necessity of classifying such loans as NPAs.</p> <p>C. Management Discussions: We engaged in specific discussions with the Bank's management regarding sectors perceived to carry credit risk and the measures implemented to mitigate risks within these identified sectors.</p> <p>D. Impairment Calculation Review: Our review of the impairment calculation revealed that impairment is determined based on the higher of the following prescribed methods:</p> <ol style="list-style-type: none"> NRB Regulation NFRS Pronouncement, with specific reference to the carve-out on NFRS-9 provided by ICAN.

Other Information

The Microfinance's Management is responsible for the preparation of the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available for our review after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, we will consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to request management and those charged with governance to correct the material misstatement.

If, based on the work we have performed, we conclude that there is a material misstatement therein of this other information; we are required to report the fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the 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 evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Microfinance to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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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, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the Microfinance, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with applicable Nepal Financial Reporting Standard (NFRS) with allowed carve-outs and comply with Companies Act 2063 and Bank and Financial Institution Act 2073, and they are in agreement with the books of accounts of the Microfinance; and the accounts and records of the Microfinance are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we were not observed that the loans has been written off; the business of the Microfinance was conducted satisfactorily, and the Microfinance's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the Board of Directors or any employee or any office bearer of the Microfinance has acted contrary to the provisions of law or caused loss or damage to the Microfinance or committed any misappropriation of the funds of the Microfinance.




CA. Bidur Luitel
 Bidur Associates
 Chartered Accountants
 UDIN: 231217CA00876WAM9m

Place: Kathmandu, Nepal
 Date: 30th Mangsir, 2080

NADEP Laghubitta Bittiya Sanstha Limited**Statement of Financial Position****As on 31st Ashadh 2080 (16 July 2023)***Figures in NPR*

Particulars	Note	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Assets				
Cash and Cash equivalents	4.1	8,58,23,191	5,99,01,444	18,88,68,642
Statutory Balances and Due from Nepal Rastra Bank	4.2	2,38,30,630	2,36,32,643	2,20,82,953
Placement with Bank & Financial Institutions	4.3	-	-	-
Derivative Financial Instruments	4.4	-	-	-
Other Trading Assets	4.5	-	-	-
Loans and Advance to MFIs & Cooperatives	4.6	-	-	-
Loans and Advances to Customers	4.7	5,00,17,90,081	5,11,07,72,450	4,55,72,96,219
Investment Securities	4.8	11,56,638	20,00,000	20,00,000
Current Tax Assets	4.9	1,94,39,099	-	-
Investment Property	4.10	-	-	-
Property and Equipment	4.11	2,66,41,198	1,81,47,546	1,00,70,031
Goodwill and Intangible assets	4.12	5,22,718	6,53,397	8,44,507
Deferred Tax Assets	4.13	6,53,36,288	5,10,68,516	3,15,54,257
Other Assets	4.14	1,43,65,276	1,18,90,871	1,25,46,585
Total Assets		5,23,89,05,119	5,27,80,66,867	4,82,52,63,194
Liabilities				
Due to Bank and Financial Institutions	4.15	-	-	-
Due to Nepal Rastra Bank	4.16	-	-	-
Derivative Financial Instrument	4.17	-	-	-
Deposits from Customers	4.18	1,79,13,81,874	1,77,13,14,986	1,54,42,47,636
Borrowing	4.19	2,01,80,04,292	2,06,69,63,283	1,97,27,06,877
Current Tax Liabilities	4.9	-	2,51,28,450	5,03,29,490
Provisions	4.20	-	-	-
Deferred Tax Liabilities	4.12	-	-	-
Other Liabilities	4.21	59,45,90,173	56,36,69,132	41,04,83,480
Debt Securities Issued	4.22	-	-	-
Subordinated Liabilities	4.23	-	-	-
Total Liabilities		4,40,39,76,338	4,42,70,75,851	3,97,77,67,483
Equity				
Share Capital	4.24	48,57,60,000	48,57,60,000	40,48,00,000
Share Premium		-	-	-

Particulars	Note	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Retained Earnings		6,36,07,744	12,48,51,542	19,16,10,185
Reserves	4.25	28,55,61,036	24,03,79,474	25,10,85,525
Total Equity		83,49,28,780	85,09,91,016	84,74,95,711
Total Liabilities and Equity		5,23,89,05,119	5,27,80,66,867	4,82,52,63,194
Contingent Liabilities and Commitment	4.26			
Net assets value per share		171.88	175.19	209.36

The accompanying notes are integral part of these financial statements.

Anish Paneru
Chief Finance Officer

Upendra Bahadur Karki
Chief Executive Officer

Krishna Nakarmi
Director

Bibek Kandel
Director

Sofiya Acharya (Rimal)
Director

Manoj Kumar Yadav
Director

Hari Krishna Subedi
Director

Bed Prasad Shiwakoti
Director

As per our report of even date

Pitambar Prasad Acharya
Chairman

C.A. Bidur Luitel
Bidur Associates
Chartered Accountants

Date: 2080.08.30

Place: Dhading, Gajuri

NADEP Laghubitta Bittiya Sanstha Limited**Statement of Profit or Loss****For the year ended 31st Ashadh 2080 (16 July 2023)***Figures in NPR*

Particulars	Note	Year ended 31st Ashadh 2080	Restated* Year ended 32nd Ashadh 2079
Interest Income	4.27	77,00,18,577	71,04,29,181
Interest Expense	4.28	(43,50,16,846)	(33,62,22,481)
Net Interest Income		33,50,01,731	37,42,06,700
Fee and Commission Income	4.29	3,99,59,744	3,57,74,933
Fee and Commission Expense	4.30	(60,35,711)	(31,54,398)
Net Fee and Commission Income		3,39,24,033	3,26,20,535
Net Interest, Fee and Commission Income		36,89,25,764	40,68,27,235
Net Trading Income	4.31	-	-
Other Operating Income	4.32	-	-
Total Operating Income		36,89,25,764	40,68,27,235
Impairment charge/(reversal) for loans and other losses	4.33	6,49,23,083	69,84,495
Net Operating Income		30,40,02,681	39,98,42,739
Operating Expense			
Personnel Expenses	4.34	(22,74,32,164)	(23,57,82,454)
Other Operating Expenses	4.35	(5,95,45,203)	(6,78,00,885)
Depreciation & Amortisation	4.36	(88,26,282)	(86,03,662)
Operating Profit		81,99,032	8,76,55,739
Non Operating Income	4.37	12,10,921	5,33,093
Non Operating Expense	4.38	-	(49,719)
Profit before Income Tax		94,09,953	8,81,39,113
Income Tax Expense	4.39	2,04,64,150	5,75,12,851
Current Tax		3,48,26,238	7,29,80,603
Deferred Tax		(1,43,62,088)	(1,54,67,752)
Profit for the period		(1,10,54,197)	3,06,26,262
Profit attributable to:			
Equity holders of the Financial Institution		(1,10,54,197)	3,06,26,262
Profit for the year		(1,10,54,197)	3,06,26,262
Earnings Per Share			
Basic earnings per share		(2.28)	6.30
Diluted earnings per share		(2.28)	6.30

*The accompanying notes are integral part of these financial statements.*Anish Paneru
Chief Finance OfficerUpendra Bahadur Karki
Chief Executive OfficerKrishna Nakarmi
DirectorBibek Kandel
DirectorSofiya Acharya (Rimal)
DirectorManoj Kumar Yadav
DirectorHari Krishna Subedi
DirectorBed Prasad Shiwakoti
Director

As per our report of even date

Pitambar Prasad Acharya
ChairmanC.A. Bidur Luitel
Bidur Associates
Chartered Accountants

Date: 2080.08.30

Place: Dhading, Gajuri

NADEP Laghubitta Bittiya Sanstha Limited**Statement of Cash Flows****For the year ended 31st Ashadh 2080 (16 July 2023)***Figures in NPR*

Particulars	Year ended 31st Ashadh 2080	Restated* Year ended 32nd Ashadh 2079
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	74,93,66,980	73,27,70,335
Fees and other income received	4,11,70,665	3,35,73,084
Dividend received		-
Receipts from other operating activities		-
Interest paid	(43,50,16,846)	(33,72,50,735)
Commission and fees paid	(60,35,711)	(31,54,398)
Cash payment to employees	(22,74,32,164)	(22,45,09,346)
Other expense paid	(5,95,45,203)	(6,14,30,381)
Operating cash flows before changes in operating assets and liabilities	6,25,07,721	13,99,98,557
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(1,97,987)	(15,49,690)
Placement with Bank and Financial Institutions		
Other trading assets		
Loans and advances to bank and financial institutions		
Loans and advances to customers	6,47,10,883	(58,28,01,881)
Other assets	(24,74,405)	(40,559)
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions		
Due to Nepal Rastra Bank	-	-
Deposit from customers	2,00,66,888	22,70,67,350
Borrowings	(4,89,58,991)	9,42,56,406
Other liabilities	1,64,44,526	12,64,63,437
Net cash flow from operating activities before tax paid	11,20,98,636	33,93,619
Income taxes paid	(7,93,93,788)	(9,81,81,643)
Net cash flow from operating activities	3,27,04,848	(9,47,88,024)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment securities		
Receipts from sale of investment securities	-	
Purchase of property and equipment	(15,81,514)	(1,62,07,567)
Receipt from the sale of property and equipment	26,521	
Purchase of intangible assets	-	(2,82,500)
Receipt from the sale of intangible assets		
Purchase of investment properties		
Receipt from the sale of investment properties		
Interest received		
Dividend received		
Others		
Net cash used in investing activities	(15,54,993)	(1,64,90,067)

Particulars	Year ended 31st Ashadh 2080	Restated* Year ended 32nd Ashadh 2079
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities		
Repayment of debt securities		
Reciepts from issue of subordinated liabilities		
Repayment of subordinated liability		
Receipts from issue of shares		-
Dividends paid		(42,61,053)
Interest paid		
Other receipt/payment	(52,28,108)	(1,34,28,055)
Net cash from financing activities	(52,28,108)	(1,76,89,108)
Net increase (decrease) in cash and cash equivalents	2,59,21,747	(12,89,67,199)
Cash and cash equivalents at Shrawan 01, 2079	5,99,01,444	18,88,68,642
Effect of exchange rate fluctuations on cash and cash equivalents held		
Cash and cash equivalents at the end of the period	8,58,23,191	5,99,01,444

The accompanying notes are integral part of these financial statements.

Anish Paneru
Chief Finance Officer

Upendra Bahadur Karki
Chief Executive Officer

Krishna Nakarmi
Director

Bibek Kandel
Director

Sofiya Acharya (Rimal)
Director

Manoj Kumar Yadav
Director

Hari Krishna Subedi
Director

Bed Prasad Shiwakoti
Director

As per our report of even date

Pitambar Prasad Acharya
Chairman

C.A. Bidur Luitel
Bidur Associates
Chartered Accountants

Date: 2080.08.30

Place: Dhading, Gajuri

NADEP Laghubitta Bittiya Sanstha Limited

Statement of Comprehensive Income

For the year ended 31st Ashadh 2080 (16 July 2023)

Figures in NPR

Particulars	Note	Year ended 31st Ashadh 2080	Restated* Year ended 32nd Ashadh 2079
Profit for the year		(1,10,54,197.11)	3,06,26,261.98
Other comprehensive income, net of income tax			
a) Items that will not be reclassified to profit or loss			
Gains / (Losses) from investment in equity instruments measured at fair value		(8,43,362.12)	
Gains / (Losses) on Revaluation			
Actuarial Gains / (Losses) on defined benefit plans		11,57,747.00	(1,34,88,356.00)
Income tax relating to above items		(94,315.46)	40,46,506.80
Net other Comprehensive Income that will not be reclassified to Profit or Loss		2,20,069.41	(94,41,849.20)
b) Items that are or may be reclassified to Profit or Loss			
Gains/ (Losses) on cash flow hedge		-	-
Exchange gains/ (Losses) (arising from translation of financial assets of foreign operation)		-	-
Income tax relating to above items			-
Reclassify to Profit or Loss		-	-
Net other Comprehensive Income that are or may be reclassified to Profit or Loss		-	-
Other Comprehensive income for the year, net of income tax		2,20,069.41	(94,41,849.20)
Total Comprehensive income for the year		(1,08,34,127.70)	2,11,84,412.78
Total Comprehensive income for the period		(1,08,34,127.70)	2,11,84,412.78

The accompanying notes are integral part of these financial statements.

Anish Paneru
Chief Finance OfficerUpendra Bahadur Karki
Chief Executive OfficerKrishna Nakarmi
DirectorBibek Kandel
DirectorSofiya Acharya (Rimal)
DirectorManoj Kumar Yadav
DirectorHari Krishna Subedi
DirectorBed Prasad Shiwakoti
Director

As per our report of even date

Pitambar Prasad Acharya
ChairmanC.A. Bidur Luitel
Bidur Associates
Chartered Accountants

Date: 2080.08.30

Place: Dhading, Gajuri

Particulars	Share Capital	Share pre-premium	General reserve	Exchange Equalisation Fund	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other Reserves	Capital Reserve Fund	Deferred tax reserve	Client Protection Fund	CSR Reserve	Actuary Reserve	Capital Adjustment/Equalization Fund	Investment Adjustment Reserve	Employee training fund	Other
Gains/(losses) from investment in equity instruments measured at fair value.						(5,90,353)			-									
Gains/(losses) on revaluation																		
Actuarial gains/(losses) on defined benefit plans									8,10,423					8,10,423				
Gains/(losses) on cash flow hedge									-									
Exchange gains/(losses) (arising from translating financial assets of foreign operation)									-									
Total Comprehensive Income for the year	-	-	-	-	-	(5,90,353)	-	(1,10,54,197)	8,10,423	-	-	-	-	8,10,423			-	-
Transfer to Reserves during the year					2,48,45,907			(5,06,12,218)	2,57,66,311				-				10,63,005	2,47,03,305
Transfer from reserve during the year								4,22,617	(56,50,725)			(52,28,108)	(4,22,617)					
Other Adjustments									-									
Transactions with owners, directly recognised in equity																		
Share Issued																		
Share Based Payments																		
Dividends to equity holders																		
Bonus shares issued																		
Cash dividend paid																		
Other (Share issue expenses)																		
Total contributions by and distributions	-	-	-	-	2,48,45,907	-	-	(5,01,89,601)	2,01,15,586	-	-	(52,28,108)	(4,22,617)	-	-	-	10,63,005	2,47,03,305
Balance at 31 Ashadh 2080	48,57,60,000	-	7,75,48,785	-	12,69,56,376	(5,90,353)	-	6,36,07,744	8,16,46,229	-	-	5,75,53,987.80	15,40,218	(1,31,75,466)	-	-	1,10,24,183	2,47,03,305

The accompanying notes are integral part of these financial statements.

Anish Paneru
Chief Finance Officer

Upendra Bahadur Karki
Chief Executive Officer

Krishna Nakarmi
Director

Bibek Kandel
Director

Sofiya Acharya (Rimal)
Director

Manoj Kumar Yadav
Director

Hari Krishna Subedi
Director

Bed Prasad Shiwakoti
Director

As per our report of even date

Pitambar Prasad Acharya
Chairman

C.A. Bidur Luitel
Bidur Associates
Chartered Accountants

Date: 2080.08.30

Place: Dhading, Gajuri

NADEP Laghubitta Bittiya Sanstha Limited**Statement of Distributable profit or loss****For the year ended 31st Ashadh 2080****As per NRB Regulation**

Particulars	Current Year	Previous Year
Net Profit/(loss) as per Statement of Profit or Loss	(1,10,54,197)	3,06,26,262
Appropriation		
a. General Reserve	-	(71,32,946)
b. Foreign Exchange Fluctuation fund	-	
c. Capital redemption reserve	-	
d. Corporate social responsibility fund	-	(3,56,647)
e. Employees training fund	(10,63,005)	(13,51,860)
f. Customer Protection Fund	-	(3,56,647)
g. Other	4,22,617	
Profit/(loss) before regulatory adjustment	(1,16,94,585)	2,14,28,162
Regulatory Adjustments:		
a. Interest Receivable (-)/previous accrued interest received(+)	(1,07,98,204)	1,18,62,625
b. Short loan loss provision in accounts(-)/reversal(+)	-	
c. Short provision for possible losses on investment(-)/reversal(+)	(5,90,353)	
d. Short provision for possible losses on Non-Banking Assets (-)/reversal(+)	-	
e. Deferred Tax Assets recognized(-)/reversal(+)	(1,42,67,772)	(53,86,529)
f. Goodwill recognized (-)/Impairment of Goodwill(+)	-	-
g. Bargain purchase gain recognized (-)/reversal(+)	-	
h. Actuarial Loss recognized (-)/reversal(+)	8,10,423	(94,41,849)
i. Other (+/-)		
a) Write Back Short Provision (As per Circular No. 8 /79-80 (Point No.2(9))	(2,47,03,305)	
Net Profit for the year end 31st Ashadh 2080 available for distribution	(6,12,43,798)	1,84,62,409
Opening Retained Earning As on 1st Shrawan	12,48,51,542	19,16,10,185
Adjustments(+/-)		
Distribution:		
Bonus Share issued	-	(8,09,60,000)
Cash Dividend Paid	-	(42,61,053)
Total Distributable profit or (loss) as on year end	6,36,07,744	12,48,51,542
Annualized Distributable Profit/Loss Per Share	13.09	25.70

Anish Paneru
Chief Finance OfficerUpendra Bahadur Karki
Chief Executive OfficerKrishna Nakarmi
DirectorBibek Kandel
DirectorSofiya Acharya (Rimal)
DirectorManoj Kumar Yadav
DirectorHari Krishna Subedi
DirectorBed Prasad Shiwakoti
Director

As per our report of even date

Pitambar Prasad Acharya
ChairmanC.A. Bidur Luitel
Bidur Associates
Chartered Accountants

Date: 2080.08.30

Place: Dhading, Gajuri

NADEP Laghubitta Bittiya Sanstha Limited

Significant Accounting Policies and Notes to the Accounts

1 Reporting Entity

NADEP Laghubitta Bittiya Sanstha Limited ('D-class Microfinance Development Bank' or "the Company") is a public company incorporated under the Companies Act, 2063 and licensed by Nepal Rastra Bank to conduct banking transaction as a "D" Class Financial Institution under the Bank and Financial Institution Act, 2073. The Microfinance has its Corporate Office at Gajuri, Dhading. The Microfinance received the license to commence banking operations on 7th Baisakh, 2072 BS. The Microfinance's Equity Shares are listed in Nepal Stock Exchange. The objective of the Microfinance is to serve the poor backward communities of rural areas and to uplift the economic status of Nepal by investing in different economic sectors under economic liberalization policy, understanding diverse customer needs and providing broad mix of financial services to business and individuals.

The Authorized Capital of the company is NPR 640,000,000 and the Issued Capital is NPR 485,760,000, 70 percent of the Paid-Up Capital is held by the promoter and remaining percent is held by the general public. The shares of the Company are listed at Nepal Stock Exchange Limited (NEPSE). The shareholder composition of the Microfinance is as follows (as of 2080-03-31).

S.N	Ownership	Percent
1	"A" class licensed institution	25
2	Other licensed institutions	10
3	Other Institution and Private Sector	35
4	General Public	30
	Total	100

S. N	Ownership	Percent
1	Promoter Shares	70
2	Ordinary Shares	30
	Total	100

2 Basis of Preparation

The financial statements of the Microfinance have been prepared on accrual basis of accounting except the Cash flow information which is prepared, on a cash basis, using the indirect method. The interest income is recognized on effective interest rate method.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown in two separate statements, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts. The significant accounting policies applied in the preparation of financial statements are set out below in point number 3. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.1 Statement of compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standards Board (ASB) of Nepal, pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and as per the directives no. 4 of Unified Directives, 2079 issued by Nepal Rastra Bank (NRB).

The financial statements have been prepared on the going-concern basis.

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standards Board (ASB) of Nepal.

Up to the year ended 32nd Ashadh 2079, the Company prepared its financial statements in accordance with the requirements of previous GAAP, NRB Directive and Nepal Accounting Standard (NAS) issued by ASB of Nepal. This is the Company's first NFRS adopted financial statements. The date of transition to NFRS is 1st Shrawan 2078. Refer Note 5.11 for the details of significant first-time adoption exemptions availed by the Company and an explanation of how the transition from previous GAAP to NFRS has affected the Company's financial position, performance and cash flows. The financial statements have been prepared on the going-concern basis.

The Company has adopted all the NFRS and the adoption was carried out in accordance with NFRS 1, First Time Adoption of NFRS. Reconciliations and descriptions of the effect of the transition have been summarized in Notes that follows.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in the respective notes.

2.2 Reporting period and approval of financial statements

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

The current year period refers to 1st Shrawan 2079 to 31st Ashadh 2080 as per Nepalese Calendar corresponding to 17th July 2022 to 16th July 2023 as per English Calendar and corresponding previous year period is 1st Shrawan 2078 to 32nd Ashadh 2079 as per Nepalese Calendar corresponding to 16th July 2021 to 16th July 2022 as per English Calendar.

	Nepalese Calendar	English Calendar
Current Year	2079/80	2022/23
Previous Year	2078/79	2021/22
Current Year Period	1 st Shrawan 2079 to 31 st Ashadh 2080	17 th July 2022 to 16 th July 2023
Previous Year Period	1 st Shrawan 2078 to 32 nd Ashadh 2079	16 th July 2021 to 16 th July 2022

The Financial Statements were authorized for issue by the Board of Directors on 2080/08/30. The Company prepared its financial statements in accordance with the requirements of Nepal Financial Reporting Standards.

2.3 Functional and presentation currency

The financial statements are presented in Nepalese Currency (NPR) (rounded to the nearest Rupee unless otherwise stated), which is the company's functional currency. The Microfinance determines the functional currency and items included in the financial statements are measured using that functional currency.

2.4 Use of Estimates, assumptions and judgments

The preparation of the Microfinance's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Information about assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year are:

- Key assumptions used in discounted cash flow projections.
- Measurement of defined benefit obligations.
- Provisions, commitments and contingencies.
- Determination of net realizable value.
- Determination of useful life of the property, plants and equipment.

- Assessment of the Microfinance's ability to continue as going concern.
- Determination of fair value of financial instruments; and property and equipment.
- Impairment of financial and non-financial assets.
- Assessment of current as well as deferred tax.

2.5 Changes in Accounting Policies

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

2.6 New standards in issue but not yet effective

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS. The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Microfinance's financial statements are disclosed below. The Microfinance intends to adopt these standards, if applicable, when they become effective.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

2.7 New Standards and interpretation not adapted

All Nepal Accounting Standards and Nepal Financial Reporting Standards and other interpretation issued by ASB of Nepal have been adapted while preparing financial statements.

2.8 Discounting

Non- current assets and liabilities are discounted where discounting is material.

3 Significant Accounting Policies

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

3.1 Basis of Measurement

The financial statements are prepared on the historical-cost basis except for the following material items in the statement of financial position:

- Investment property is measured at fair value.
- Liabilities for cash-settled, share-based-payment arrangements are measured at fair value.
- Available for sale financial assets are measured at fair value.
- Investments held-for-trade is measured at fair value.
- Derivative financial instruments are measured at fair value.
- Defined benefit schemes, surpluses and deficits are measured at fair value.
- Impairment of asset is measured at fair value and related disposal cost.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company. Any revisions to accounting estimates are recognised prospectively in the period in which the estimates are revised and in the future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in notes that follow.

Distinction of Current and Non-Current

Assets

All the assets except the property, plant and equipment's and deferred tax assets are classified as current assets unless specific additional disclosure is made in the notes.

Liabilities

All the liabilities except the defined benefit plan obligations are classified as current liabilities unless specific additional disclosure is made in the notes.

Materiality and Aggregation

In compliance with NAS 1 - Presentation of Financial Statements, each material class of similar items is presented separately in the financial Statements. Items of dissimilar nature or functions are presented separately unless they are material.

3.2 Cash and cash equivalent

Cash and cash equivalents include cash at vault and agency bank account balances, unrestricted balances with NRB, highly liquid financial assets with original maturity of 3 months from the date of its acquisition and are readily convertible to cash, which are subject to an insignificant risk of changes in value. Cash and Cash equivalent are measured at amortized cost in the statement of financial position.

Statement of Cash Flows has been prepared by using the 'Direct Method' in accordance with NAS 07-Statement of Cash Flows.

3.3 Financial assets and financial liabilities

Recognition

The Microfinance initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Microfinance initially recognize loans and advances, deposits; and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Microfinance becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Microfinance commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date.

Classification

i. Financial Assets

The Microfinance classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Microfinance's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

1. *Financial assets measured at amortized cost*

The Microfinance classifies a financial asset measured at amortized cost if both of the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. *Financial asset measured at fair value*

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

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

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in profit or loss as

incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

b) Financial assets at fair value through other comprehensive income

Investment in an equity instrument that is not held for trading and at the initial recognition, the Microfinance makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

ii. Financial Liabilities

The Microfinance classifies the financial liabilities as follows:

a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value are recognized at profit or loss.

b) Financial liabilities measured at amortized cost

All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method.

Measurement

Financial assets at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in Statement of Profit and Loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in Statement of Profit and Loss are included in the 'Other income' line item.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and NFRS 9 permits the entire combined contract to be designated as at FVTPL in accordance with NFRS 9.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in Statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to Statement of Profit and Loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly

discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition

i. De-recognition of financial assets

The Microfinance derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Microfinance neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for de-recognition that is created or retained by the Microfinance is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset, and the sum of

- (i) The consideration received and
- (ii) Any cumulative gain or loss that had been recognized in other comprehensive income is recognized in Statement of Profit or Loss.

The Microfinance enters into transactions whereby it transfers assets recognized on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example repurchase transactions.

ii. De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

Determination of fair value

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Microfinance has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Microfinance measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Microfinance uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value measurement hierarchy is as follows:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

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

Impairment

At each reporting date, the Microfinance assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset 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(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Microfinance on terms that the Microfinance would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Microfinance, or economic conditions that correlate with defaults in the Microfinance. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

Impairment of financial assets measured at amortized cost

The Microfinance considers evidence of impairment for loans and advances and investment securities measured at amortized cost at both specific asset and collective level. The Microfinance first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

All individually significant loans and advances; and investment securities measured at amortized cost found not to be specifically impaired and those that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

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 held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behaviour. In assessing collective impairment, the Microfinance uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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

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

Impairment of investment in equity instrument classified as fair value through other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

3.4 Trading assets

Interest income on all trading assets is considered to be incidental to the microfinance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Interest expense on all trading liabilities is considered to be incidental to the microfinance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

3.5 Property and Equipment

a) Recognition and Measurement

Property and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Finance and the cost of the asset can be reliably measured. The cost includes expenditures that are directly attributable to the acquisition of the assets. Cost of self-constructed assets includes followings:

- Cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to the working condition for their intended use; and
- Capitalized borrowing cost

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss if any. Neither any class of the property and equipment are measured at revaluation model nor is their fair value measured at the reporting date.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the entity. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred.

Any gain or losses on de-recognition of an item of property and equipment is recognized in profit or loss.

b) Capital work in progress

Assets in the course of construction are capitalised in the assets under capital work in progress account (CWIP). At the point when an asset is capable of operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

c) Depreciation

Property and equipment's are depreciated based on the remaining useful life basis from the date of adoption of NFRS as determined by the Management. Depreciation is recognized in profit or loss. Land is not depreciated. Charging of depreciation is ceased from the earlier of the date from which the asset is classified as held for sale or is derecognized.

The estimated useful lives of significant items of property and equipment for current year and comparative periods are as follows:

Class of Assets	Useful Life	Rate of depreciation
Leasehold Assets	As Per rent agreement or 5 years whichever is lower	25%
Vehicles	5 years – 7 years	20%
Computers and Accessories	4 years – 5 years	25%
Furniture and Fixtures	4 years – 5 years	25%
Office Equipment	4 years – 5 years	25%
Plant & Machinery	6 years – 10 years	15%

- The capitalized value of Software Purchase and installation costs are amortized over a maximum 5 years' period or within the ownership period.
- Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. For assets purchased/sold during the year, depreciation is provided up to the date of use on pro-rata basis.

3.6 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The intangible asset with finite useful lives is amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Certain computer software costs are capitalized and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year.

The estimated useful lives of significant items of intangible assets for current year and comparative periods are as follows:

Class of Assets	Useful Life	Rate of depreciation
Computer Software	5 years	20%

3.7 Investment Property

Investment property is the land or building or both held either for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner-occupied property. The Microfinance holds investment property that has been acquired through the enforcement of security over the loan and advances.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Investment properties which are initially measured at cost are subsequently measured at cost less accumulated depreciation and impairment loss if any.

Fair values are evaluated annually by an accredited external, independent valuator.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

3.8 Income tax

The Company is subject to tax laws of Nepal. Income Taxes have been calculated as per the provisions of the Income Tax Act, 2058. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax law carry-forwards become deductible. The company considers the expected reversal of deferred tax liabilities and projected future taxable income making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

Current Tax

Current tax is the amount of tax payable based on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred Tax

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is determined using tax rates (and laws) enacted or substantively enacted at the reporting date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are reviewed at each reporting date and reversed if it is no longer probable that the related tax benefits will be realised. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.9 Deposits, debt securities issued and subordinated liabilities

Microfinance deposits consist of money placed into the Microfinance by its customers. These deposits are made to various saving deposit accounts. Details and further disclosures about deposits have been explained in Note that follows.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made where there is:

- 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 recognized 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.

A contingent asset is a possible asset 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.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

3.11 Revenue Recognition

Revenue comprises of interest income, fees and commission, foreign exchange income, cards income, disposal income etc. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Microfinance and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The bases of incomes recognition are as below:

Interest income

Interest income is recognized in profit or loss using effective interest method. Effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability to the carrying amount of the asset or liability. The calculation of effective interest rate includes all transactions cost and fee and points paid or received that are integral part of the effective interest. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of financial assets.

Interest income presented in statement of comprehensive income includes:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method. These financial assets include loans and advances including staff loans, investment in government securities, investment in corporate bonds, investment in NRB Bond and deposit instruments, reverse repos, inter banking lending etc.
- Interest on investment securities measured at fair value, calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.

Interest income on all trading assets is considered to be incidental to the Microfinance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

Fee and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in measurement of effective interest rate. Other fees and commission income including management fee, service charges, syndication fee, forex transaction commission, commission of issue of guarantee are recognized as the related services are performed.

Dividend income

Dividend on investment in resident company is recognized when the right to receive payment is established. Dividend income is presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity instruments.

Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded in hedging transactions.

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

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in Net gain or loss on financial assets and liabilities designated at fair value through profit or loss is recognised in statement of Profit or Loss. Interest earned or incurred is accrued in Interest income or Interest expense, respectively, using the effective interest rate (EIR), while dividend income is recorded in other operating income when the right to the payment has been established.

3.12 Interest expense

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Microfinance's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

3.13 Employees Benefits

a) Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the prevailing Bonus Act to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions;
- paid annual leave and paid sick leave;
- profit-sharing and bonuses; and
- non-monetary benefits

b) Post-Employment Benefit Plan

Post-employment benefit plan includes followings:

i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as personnel expense in profit or loss in the periods during which the related service are rendered by employees. Pre-paid contributions are recognized as an asset to the extent that cash refund or reduction in future payments is available. Contributions to a defined contribution plan being due for more than 12 months after the end of the period in which the employee render the service are discounted at their present value. The following are the defined contribution plan provided by the Microfinance to its employees:

a) Employees Provident Fund

In accordance with law, all employees of the Microfinance are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Microfinance contribute monthly at a pre-determined rate (currently, 10% of the basic salary plus grades). Microfinance does not assume any future liability for provident fund benefits other than its annual contribution.

ii. Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Microfinance's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Microfinance's obligation and that are denominated in the currency in which the benefits are expected to be paid. The calculation of obligation is performed annually by a qualified actuary using projected unit credit method.

The Microfinance recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefits plans in employee benefit are expensed in profit or loss.

The following are the defined benefit plans provided by the Microfinance to its employees:

a) Gratuity

Microfinance provides for gratuity on accrual basis covering eligible employees in terms of Employee Service Byelaws of the Microfinance. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed years of service.

b) Leave Salary

The employees of the Microfinance are entitled to carry forward a part of their unveiled/unutilized leave subject to a maximum limit. The employees can encash unveiled/ unutilized leave partially in terms of Employee Service Byelaws of the Microfinance. The Microfinance accounts for the liability for entire accumulated outstanding leave balance on accrual basis as per Employee Service Byelaws of the Microfinance.

c) Termination Benefits

Termination benefits are recognized as expense when the Microfinance is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to provide termination benefits to employees as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognized if the Microfinance has made an offer for voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be measured reliably. If the benefits are payable in more than 12 months after the reporting date, they are discounted to their present value.

3.14 Leases

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

For any new contracts entered into, The Microfinance considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that convey the right to use an asset (the

underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Microfinance assesses whether the contract meets three key evaluations which are whether:

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

The Microfinance as a Lessee:

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

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

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

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of-use asset is already reduced to zero.

The Microfinance has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables

In line with this requirement, previously recognized operating lease liability has been regrouped in to Lease liability and Right of Use Assets.

Company as a Lessors

Leases in which the Company does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.15 Share capital and reserves

The Microfinance classifies the capital instruments as equity instruments or financial liabilities in accordance with the substance with the contractual terms of the instruments. Equity is defined as residual interest in total assets of an entity after deducting all its liabilities. Common shares are classified as equity of the Microfinance and distributions thereon are presented in statement of changes in equity.

The Microfinance is required to maintain the capital adequacy ratio imposed by the regulator. The ratio is fixed at 8% for current year and the Microfinance has maintained the required ratio.

Incremental costs directly attributable to issue of an equity instruments are deducted from the initial measurement of the equity instruments.

3.16 Earnings per share including diluted

Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equities shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

3.17 Segment reporting

An operating segment is a component of the Microfinance that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the Microfinance's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance. Since the Chief Operating Decision Maker monitors the activities of the Microfinance as a whole, the Microfinance has classified a single operating segment.

4 Explanatory Notes

The explanatory notes and significant disclosure relating to the financial statements are as follows:

4.1 Cash and Cash Equivalents

Cash and Cash Equivalents consists of the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Microfinance in the management of its short-term commitments.

Cash and Cash equivalent

(Figures in NPR)

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Cash in hand	3,199,792	2,533,184	4,672,629
Balance with B/Fis*	23,643,004	16,848,012	29,443,327
Money at call and short notice	58,980,395	40,520,248	154,752,687
Other	-	-	-
Total	85,823,191	59,901,444	188,868,642

*Provision of NPR 2,54,667 has been created with respect to balance held in Problematic Bank.

4.2 Statutory Balance and Due from Nepal Rastra Bank

Statutory balances held with Nepal Rastra Bank for compulsory cash reserve, securities purchased from Nepal Rastra Bank under resale agreement and other deposits with and receivables from Nepal Rastra Bank has been presented under this account head.

Due from Nepal Rastra Bank**(Figures in NPR)**

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Statutory Balances with NRB	23,830,630	23,632,643	22,082,953
Statutory Balance with BFIs	-	-	-
Securities Purchased under re-sale agreement	-	-	-
Other deposit and receivable from NRB	-	-	-
Total	23,830,630	23,632,643	22,082,952.75

4.3 Placement with Bank and Financial Institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented under this account head.

Placement with Bank and Financial Institutions**(Figures in NPR)**

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Placements with domestic B/Fis			
Less: Allowances for Impairment			
Total	-	-	-

4.4 Derivative Financial Instruments

The derivative financial instruments held by the Microfinance during the year are as follows:

Derivative Financial Instruments**(Figures in NPR)**

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
<i>Held for trading</i>	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
<i>Held for risk management</i>	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Total	-	-	-

4.5 Other Trading Assets

The trading assets held by the Microfinance during the year are as follows:

Other Trading Assets**(Figures in NPR)**

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Treasury Bills			
Government Bonds			
NRB Bonds			
Domestic Corporate Bonds			
Equities			
Other			
Total	-	-	-
Pledged			
Non-pledged			

4.6 Loans and advances to MFIs and Cooperatives

The Loans and advance disbursed by the Microfinance to other Microfinance and Cooperatives are as follows:

Loans and advances to MFIs and Cooperatives

(Figures in NPR)

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Loans to microfinance institutions			
Loans to FIs			
Loans to Cooperatives			
Less: Allowance for impairment			
Other			
Less: Allowance for impairment			
Total	-	-	-

4.6.1. Allowance for impairment

(Figures in NPR)

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Balance for 1st Shrawan			
Impairment loss for the year			
Charge for the year			
Recoveries/reversal			
Amount written off			
Balance at Ashadh end			

4.7 Loans and advances to customers

Outstanding amount of all loans and advances extended to the customers other than BFIs as well as bills purchased and discounted less the amount of impairment allowances shall be presented. Loan to employees provided according to the Employees Bylaws of the Microfinance has also been presented under this head.

Loans and advances to customers

(Figures in NPR)

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Loans and advances measured at amortised cost	5,303,984,457	5,348,043,744	4,787,583,017
Less: Impairment allowances	(302,194,376)	(237,271,293)	(230,286,798)
Collective Allowances	(9,682,963)	(35,003,525)	(71,502,246)
Individual Allowances	(292,511,414)	(202,267,768)	(158,784,552)
Net amount	5,001,790,081	5,110,772,450	4,557,296,219
Loans and advances measured at FVTPL			
Total	5,001,790,081	5,110,772,450	4,557,296,219

4.7.1 Analysis of Loans and Advances- By Product

Analysis of Loans and advances- By Product

(Figures in NPR)

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Product			
Term Loans			
Short term, term loan			
Long term, Term loan			
Hire purchase loan			

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Personal Residential Loans			
Staff loans	37,299,087	46,956,581	58,091,433
Others	5,190,726,215	5,245,779,604	4,651,842,871
Sub Total	5,228,025,301	5,292,736,185	4,709,934,304
Interest receivable	75,959,156	55,307,559	77,648,713
Grand Total	5,303,984,457	5,348,043,744	4,787,583,017

4.7.2 Analysis of Loans and advances- By Collateral

Analysis of Loans and advances- By Collateral

(Figures in NPR)

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Secured			
Immovable assets			
Government Guarantee			
Collateral of Government securities			
Collateral of fixed deposit receipt			
Group Guarantee	4,499,354,598	4,649,121,958	4,070,079,105
Personal Guarantee			
Other collateral	804,629,859	698,921,786	717,503,912
Subtotal	5,303,984,457	5,348,043,744	4,787,583,017
Unsecured			
Grand Total	5,303,984,457	5,348,043,744	4,787,583,017

4.7.3 Allowances for Impairment

(Figures in NPR)

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
<u>Specific allowance for impairment</u>			
Balance at Shrawan 1	202,267,768	158,784,552	152,535,431
Impairment loss for the year			
Charge for the year	90,243,646	43,483,216	6,249,121
Recoveries/reversal during the year			
Write-offs			
Exchange rate variance on foreign currency			
Other Movement			
Balance at Ashadh end	292,511,414	202,267,768	158,784,552
<u>Collective allowance for impairment</u>			
Balance at Shrawan 1	35,003,525	71,502,246	74,112,278
Impairment loss for the year			
Charge/(reversal) for the year	(25,320,563)	(36,498,720)	(2,610,032)
Other movement			
Balance at Ashadh end	9,682,963	35,003,525	71,502,246
Total Allowance for impairment	302,194,376	237,271,293	230,286,798

4.8 Investment securities

Investments made by the Microfinance in financial instruments has been presented under this account head in three categories i.e., investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value

through other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment shall be made by increasing the number of shares only without changing in the cost of investment.

Investment securities**(Figures in NPR)**

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Investment securities measured at Amortized cost			
Investment Securities measured at FVTOCI	1,156,638	2,000,000	2,000,000
Total	1,156,638	2,000,000	2,000,000

4.8.1 Investment securities measured at amortized cost

Detail of Investment Securities measured at amortized cost is as follows:

Investment securities measured at amortized cost**(Figures in NPR)**

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Debt securities			
Government bonds			
Government treasury bills			
Nepal Rastra Bank bonds			
Nepal Rastra Bank deposits instruments			
Other	-		
Less: specific allowances for impairment			
Total	-	-	

4.8.2 Investment in equity**Investment in equity measured at FVTOCI****(Figures in NPR)**

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Equity instrument			
Quoted equity instrument			
Unquoted equity instrument	1,156,638	2,000,000	2,000,000
Total	1,156,638	2,000,000	2,000,000

4.8.3. Information relating to investment in equities**Figures in NPR**

Particulars	As at 31st Ashadh 2080		Restated* As at 32nd Ashadh 2079		Restated* As at 1st Shrawan 2078	
	Cost	Fair value	Cost	Fair value	Cost	Fair value
<u>Investment in Quoted Equity</u>						
	-	-	-	-	-	-
<u>Investment in Unquoted Equity</u>						
Nepal Finsoft Co. Ltd (20,000 ordinary shares of Rs 100 each)	2,000,000	1,156,638	2,000,000	2,000,000	2,000,000	2,000,000
Total	2,000,000	1,156,638	2,000,000	2,000,000	2,000,000	2,000,000

4.9 Current Tax Assets and Liabilities

Particulars	Figures in NPR		
	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
<u>Current Tax Assets</u>			
Current year income tax assets	48,604,210	47,852,153	36,722,521
Tax assets of prior periods			
Total	48,604,210	47,852,153	36,722,521
<u>Current Tax Liabilities</u>			
Current year income tax liabilities	29,165,111	72,980,603	87,052,011
Tax Liabilities of prior periods			
Sub Total	29,165,111	72,980,603	87,052,011
Total	19,439,099	(25,128,450)	(50,329,490)

4.10 Investment Properties

Land or land and building other than those classified as property and equipment; and non-current assets held for sale under relevant accounting standard has been presented under this account head. This also includes land, land and building acquired as non-banking assets by the Microfinance but not sold. After Initial Recognition, the Microfinance chose either the fair value model to subsequently measure Investment Properties. No Investment properties are measured at cost. The detail of Investment properties measured at fair value is as follows:

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
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			
Addition/Disposal during the year			
Adjustment/Transfer			
Accumulated depreciation			
Accumulated impairment loss			
Net Amount			
Total			

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Right Of Use Assets	Total As at 31st Ashadh 2080	Total Restated* As at 32nd Ashadh 2079	Total Restated* As at 1st Shrawan 2078
Impairment for the year									-		
Depreciation charge for the Year			64,949	2,062,771	139,462	885,172	16,404	5,526,846	8,695,30		
Disposals									-		
Adjustment									-		
Balance as on 31st Ashadh 2080	-	-	541,451	25,987,706	4,877,843	9,215,154	390,546	10,478,772	51,491,472		
Capital Work in Progress											
Capital Work in Progress 2078.04.01											-
Capital Work in Progress 2079.03.32										-	
Capital Work in Progress 2080.03.31									-		
Net Book Value as on 1st Shrawan 2078	-	-	209,629	1,106,992	880,303	7,744,452	128,655	-			10,070,031
Net Book Value as on 32nd Ashadh 2079	-	-	210,386	2,745,360	697,313	7,912,008	109,357	6,473,122		18,147,546	
Net Book Value as on 31st Ashadh 2080	-	-	148,288	2,025,918	557,851	7,235,650	92,954	16,580,537	26,641,198		

4.12 Goodwill and Intangible Assets

Goodwill and intangible assets like computer software both purchased and internally generated, trade mark etc has been presented under this account head.

Particulars	Goodwill	Software		Other	Total As at 31st Ashadh 2080	Total Restated* As at 32nd Ashadh 2079	Total Restated* As at 1st Shrawan 2078
		Purchased	Developed				
Cost							
Balance as on 1st Shrawan 2078		3,206,900				3,206,900	3,206,900
Addition during the Year						-	
Acquisition						-	
Capitalization		282,500				282,500	
Disposal during the year						-	
Adjustment/Revaluation						-	
Balance as on 32nd Ashadh 2079		3,489,400				3,489,400	
Addition during the Year							
Acquisition					-		
Capitalization					-		
Disposal during the year					-		
Adjustment/Revaluation					-		
Balance as on 31st Ashadh 2080	-	3,489,400	-	-	3,489,400		
Amortization and Impairment							
Balance as on 1st Shrawan 2078		2,362,393					2,362,393
Amortization charge for the Year						-	
Impairment for the year		473,610				473,610	
Disposals						-	
Adjustment						-	
Balance as on 32nd Ashadh 2079		2,836,003				2,836,003	
Amortization charge for the Year							
Impairment for the year		130,680			130,680		
Disposals					-		
Adjustment					-		
Balance as on 31st Ashadh 2080	-	2,966,682	-	-	2,966,682		
Capital Work in Progress							
Net Book Value							
Net Book Value as on 31st Ashadh 2078	-	844,507	-	-			844,507
Net Book Value as on 32nd Ashadh 2079	-	653,397	-	-		653,397	
Net Book Value as on 31st Ashadh 2080	-	522,718	-	-	522,718		

4.13 Deferred Tax Assets

Deferred tax assets recognized as per NFRSs on temporary deductible differences, carry forward of unused tax losses, changes in tax rate etc. has been presented under this account head.

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/Liabilities
Deferred Tax on Temporary differences on following items			Current Year
Loans and Advances to B/Fis	12,797,420		12,797,420
Loans and Advances to customers			-
Investment Properties			-
Investment Securities			-
Property and equipment	425,188		425,188
Employees' defined benefit plan	46,115,486		46,115,486
Lease liabilities			-
Provisions			-
Other temporary differences	5,998,194		5,998,194
Deferred Tax on Temporary differences	65,336,288	-	65,336,288
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 2079-80			65,336,288
Recognized in profit or loss			
Recognized in other comprehensive income			
Recognized directly in equity			
Deferred tax asset/(liabilities) as on Shrawan 1, 2079			51,068,516
Origination/(Reversal) during the year			14,267,772
Deferred tax expense/(income) recognised in profit or loss			(14,362,088)
Deferred tax expense/(income) recognised in other comprehensive income			94,315
Deferred tax expense/(income) recognised directly in equity			-

Previous Year

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/Liabilities
Deferred Tax on Temporary differences on following items			
Loans and Advances to B/FIs			-
Loans and Advances to customers			-
Investment Properties			-
Investment Securities			-
Property and equipment	388,307		388,307
Employees' defined benefit plan	43,036,155		43,036,155
Lease liabilities			-
Provisions			-
Other temporary differences	7,644,054		7,644,054
Deferred Tax on Temporary differences	51,068,516	-	51,068,516
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 2078-79			51,068,516
Recognized in profit or loss			
Recognized in other comprehensive income			

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/Liabilities
Recognized directly in equity			
Deferred tax asset/(liabilities) as on Shrawan 1, 2078			31,554,257
Origination/(Reversal) during the year			19,514,259
Deferred tax expense/(income) recognised in profit or loss			(15,467,752)
Deferred tax expense/(income) recognised in other comprehensive income			(4,046,507)
Deferred tax expense/(income) recognised directly in equity			-

4.14 Other assets

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Assets held for sale			
Other Non-Banking Assets			
Bills Receivable			
Accounts receivable	330,367	250,402	1,167,192
Accrued income			
Prepayments and deposits	1,969,584	22,893	29,090
Income tax deposit	-		
Deferred Employee Expenditure	9,085,034	7,061,798	7,758,071
Other	2,980,291	4,555,778	3,592,233
<i>Stationery Stock</i>	-	852,456	
<i>Staff Advances</i>	2,940,616	3,679,722	
<i>Other</i>	39,675	23,600	
Total	14,365,276	11,890,871	12,546,585

4.15 Due to Bank and financial institution

The balances in accounts maintained with the institution by other local and foreign banks and financial institution has been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution has also been presented under this account head.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Borrowing from BFIs			
Settlement and clearing accounts			
Other			
Total	-	-	-

4.16 Due to Nepal Rastra Bank

This account head shall also contain the amount of payable to Nepal Rastra Bank. Amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Refinance from NRB		-	-
Standing liquidity facility			
Lender of last report facility from NRB			
Securities sold under repurchase agreement			
Other payable to NRB			
Total	-	-	-

4.17 Derivative financial instruments

The derivative financial instruments held by the Microfinance during the year are as follows:

Derivative financial instruments

(Figures in NPR)

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Held for trading			
Interest rate swap			
Currency swap			
Forward exchange contract			
Others			
<i>Held for risk management</i>			
<i>Interest rate swap</i>			
<i>Currency swap</i>			
<i>Forward exchange contract</i>			
<i>Others</i>			
Total	-	-	-

4.18 Deposits from Customers

All deposit accounts other than deposit from BFIs (local and foreign) and NRB has been presented under this account head.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Institutions Customers:			
Team deposits	-	-	-
Call Deposits	-	-	-
Other	-	-	-
Sub-total:	-	-	-
Individual Customers:			
Team deposits	-	-	-
Saving Deposits	-	-	-
Saving from members	1,791,381,874	1,771,314,986	1,544,247,636
Other	-	-	-
Sub-total:	1,791,381,874	1,771,314,986	1,544,247,636
Total	1,791,381,874	1,771,314,986	1,544,247,636

4.19 Borrowing

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Domestic Borrowing:			
Nepal Government			
Other licensed institution	2,018,004,292	2,066,963,283	1,972,706,877
Other			
Sub total	2,018,004,292	2,066,963,283	1,972,706,877
Foreign Borrowing:			
Foreign Bank and Financial Institutions			
Multilateral Development Bank			
Other institutions			
Sub total	-	-	-
Total	2,018,004,292	2,066,963,283	1,972,706,877

4.20 Provisions

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Provisions for redundancy			
Provision for restructuring			
Pending legal issues and tax litigation			
Onerous contract			
Other			
Total	-	-	

4.20.1. Movement in provision

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Balance at shrawan 1st			
Provisions made during the year			
Provisions used during the year			
Provisions reversed during the year			
Unwind of discount			
Balance at Ashadh End	-	-	

4.21 Other liabilities

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Liability for employees defined benefit obligations	153,718,287	143,453,850	111,129,680
Liability for long-service leave	28,340,992	24,891,967	18,987,379
Short-term employee benefits	1,838,558	10,521,382	2,382,558
Bills payable			
Creditors and Accruals	30,297,463	14,095,380	14,933,497
Interest payable on deposit	344,625,363	290,932,429	230,050,851
Interest payable on borrowing		-	-
Liabilities on deferred grant income			
Unpaid Dividend			
Unreconciled interbranch balance			
Liabilities under finance lease			
Employee bonus payable*	(152,709)	10,409,258	26,747,850
Accrued Expenses Payable			
Client Insurance Fee Payable	2,314,223	3,701,035	
DCGF Compensation Fund			
Lease Liability	7,390,164	7,061,334	
Others	26,217,831	58,602,498	6,251,666
i) Tax Liabilities (TDS)	2,594,749	1,365,295	
ii) Provision for Problematic Co-operative Societies	254,667	254,667	
iii) Staff Housing Fund	4,500,000	4,500,000	
iv) Office Advance			
v) Membership Fee Return	13,810,494	38,263,544.86	
vi) Employee Citizen Investment Trust	-		
vii) Employee Salary Payable	18,727	9,180,524	
viii) Provision for Doubtful debt			
ix) Other	5,039,194	5,038,467.02	
Total	594,590,173	563,669,132	410,483,480

*In FY 2078/79, the Company has booked Employee Bonus Provision as per NFRS based financial statement, though pursuant to NRB Notice dated 2079.12.27 Company has distributed employee bonus on NRB approved GAAP based financial statement.

4.21.1 Defined benefit obligation

The Microfinance provides Pension & Gratuity Plan, Retirement Plan and Leave Encashment Plan (in terms of Annual Leave and Sick Leave) as defined benefits to its employees. These benefits are post-employment benefit plans and are paid based on length of service. These benefit plans are funded whereas the Microfinance makes earmark investment of these funds. The gratuity plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed year of service.

The pension plan provides for lump sum payments to vested employees at retirement or equated payment till death of the employee (and half thereafter to the spouse of the employee). Further, employees of the Microfinance are entitled to avail Annual Leave and Sick Leave. The employees can carry forward the un-availed leave and are entitled to encash the cumulative leave at the time of the retirement. A qualified actuary calculates the obligation under these plans every year using projected unit credit method. The disclosure relating to defined benefit plans are as follows:

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Present value of unfunded obligations	158,403,116	145,089,107	123,381,389
Present value of funded obligations			
Total present value of obligations	158,403,116	145,089,107	123,381,389
Fair value of plan assets	4,684,829	1,635,257	12,251,709
Present value of net obligations			
Recognised liability for defined benefit obligation	153,718,287	143,453,850	111,129,680

4.21.2 Plan Assets

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Equity securities			
Government bonds			
Bank deposits			
Other	4,684,829	1,635,257	12,251,709
Total	4,684,829	1,635,257	12,251,709

4.21.3 Movement in the present value of defined benefit obligations

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Defined benefit obligation at Shrawan 1st	145,089,107.00	123,381,389.00	131,187,628.00
Actuarial (Gains) / losses	(1,255,862.00)	12,875,771.00	(22,328,518.00)
Benefit paid by the plan	(8,271,943.00)	(11,369,045.00)	(4,817,956.00)
Current service cost and interest	22,841,814.00	20,200,992.00	19,340,235.00
Defined benefit obligation at Ashadh end	158,403,116	145,089,107	123,381,389

4.21.4 Movement in the fair value of plan assets

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Fair value of plan assets at Shrawan 1st	1,635,257	12,251,709	11,558,216
Contributions paid into the plan	11,321,515	752,593	693,493
Benefit paid during the year	(8,271,943)	(11,369,045)	-
Actuarial (losses) gains	(98,115)	(612,585)	(520,120)
Expected return on plan assets	98,115	612,585	520,120
Fair value of plan assets at Ashadh end	4,684,829	1,635,257	12,251,709

4.21.5 Amount recognised in profit or loss

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Current service cost	13,894,533	13,787,193	13,228,377
Interest on obligation	8,947,281	6,413,799	6,111,858
Expected return on plan assets	(98,115)	(612,585)	(520,120)
Total	22,743,699	19,588,407	18,820,115

4.21.6 Amount recognised in other comprehensive income

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Actuarial (gains) / losses	(1,157,747)	13,488,356	(21,808,398)
Total	(1,157,747)	13,488,356	(21,808,398)

4.21.7 Actuarial assumptions

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Discount rate	6.00%	6.00%	5.00%
Expected return on plan assets	6.00%	6.00%	5.00%
Future salary increased	3.33%	3.33%	3.00%
Withdrawal rate	4.00%	4.00%	3.50%

4.22 Debt securities issued

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Debt securities issued designated at fair value through profit or loss			
Debt securities issued at amortised cost			
Total	-	-	-

4.23 Subordinated Liabilities

Subordinated Liabilities has been issued by the Microfinance are as follows:

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Redeemable preference shares			
Irredeemable cumulative preference shares			
Other			
Total	-	-	-

4.24 Share Capital

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Ordinary shares	485,760,000	485,760,000	404,800,000
Convertible preference share (Equity component)			
Irredeemable preference share (Equity component)			
Perpetual debt (Equity component only)			
Total	485,760,000	485,760,000	404,800,000

4.24.1 Ordinary Shares

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Authorized capital:			
Ordinary shares of Rs. 100 each	640,000,000	640,000,000	640,000,000
Issued capital:		-	-
Ordinary shares of Rs. 100 each	485,760,000	485,760,000	404,800,000
Subscribed and paid of capital		-	-
Ordinary shares of Rs. 100 each	485,760,000	485,760,000	404,800,000
Total	485,760,000	485,760,000	404,800,000

4.24.2 Ordinary share ownership

Particulars	As at 31st Ashadh 2080		Restated* As at 32nd Ashadh 2079		Restated* As at 1st Shrawan 2078	
	Percent	Amount	Percent	Amount	Percent	Amount
Domestic ownership(promoter)						
Nepal Government						
"A" class licensed institution	25.00%	121,440,000	25.00%	121,440,000	25.00%	101,200,000
Other licensed institutions	10.00%	48,576,000	10.00%	48,576,000	10.00%	40,480,000
Other institutions	26.25%	127,512,000	26.25%	127,512,000	26.25%	106,260,000
Other	8.75%	42,504,000	8.75%	42,504,000	8.75%	35,420,000
Domestic ownership(public)						
Nepal Government						
"A" class licensed institution						
Other licensed institutions						
Other institutions						
Other	30.00%	145,728,000	30.00%	145,728,000	30.00%	121,440,000
Foreign ownership Promoter						
Foreign ownership Public						
Total	100.00%	485,760,000	100.00%	485,760,000	100.00%	404,800,000

4.25 Reserves

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 1st Shrawan 2078
Statutory General Reserve	77,548,785	77,548,785	70,415,839
Capital Reserve	-	-	-
Exchange equalization reserve	-	-	-
Investment adjustment reserve	-	-	-
Corporate social responsibility reserve	1,540,218	1,962,835	1,606,188
Client protection Fund	57,553,988	62,782,096	75,853,503
Capital redemption reserve	-	-	-
Regulatory reserve	126,956,376	102,110,469	99,144,716
Assets revaluation reserve			
Fair value reserve	(590,353)		
Dividend equalization reserve			
Actuarial reserve	(13,175,466)	(13,985,889)	(4,544,040)
Special reserve			
Debenture redemption reserve			
Other reserve	35,727,489	9,961,178	8,609,318.15
Total	285,561,036	240,379,474	251,085,525

4.25.1 General Reserve

General Reserve is created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 20% of the net profit earned during the year until the reserve is twice the paid-up share capital of the Bank after which 10% of the net profit earned during the year shall be set aside as General Reserve.

Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank.

4.25.2 Exchange Equalization Reserve

Exchange Equalization Reserve is the reserve created as per Section 44 of the Banks and Financial Institutions Act 2073 equivalent to 25% of the foreign exchange gain realized on the translation of foreign currency to the reporting currency during the year other than Indian Rupees.

Such reserve could not be expensed or transferred to other heads without prior approval of Nepal Rastra Bank other than to set off revaluation loss incurred, if any during the year.

4.25.3 Investment Adjustment Reserve

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

4.25.4 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 has been presented under this account head.

4.25.5 Assets Revaluation Reserve

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) has been 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.

4.25.6 Regulatory Reserve

The amount that is allocated from profit or retained earnings of the Microfinance to this reserve as per the Directive of NRB for the purpose of implementation of NFRSs and which has not been regarded as free for distribution of dividend (cash as well as bonus shares) has been presented under this account head. The amount allocated to this reserve includes interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRSs (in case lower impairment is recognized under NFRSs), amount equals to deferred tax assets, actuarial loss recognized in other comprehensive income, amount of goodwill recognized under NFRSs etc.

4.25.7 Corporate Social Responsibility Fund

The fund created for the purpose of corporate social responsibility by allocating 1% of net profit after tax has been presented under this account head.

4.25.8 Client Protection Fund

The fund created for the purpose of members by allocating 1% of net profit after tax has been presented under this account head.

4.26 Contingent Liabilities and Commitment

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Contingent Liabilities			
Undrawn and undisbursed facilities			
Capital commitment			
Lease commitment			
Litigation			11,303,806
Others (Loan Commitment)	237,042,000		
Total	237,042,000	-	11,303,806

4.26.1 Capital commitments

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

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Approved and contracted for			
Approved but not contracted for			
Sub total	-	-	-
Approved and contracted for			
Approved but not contracted for			
Sub total	-	-	-
Total	-	-	-

4.26.2 Lease commitments

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	As at 1st Shrawan 2078
Operating lease commitments			
Future minimum lease payments under non-cancellable operating lease, where the institution is lessee			
Not later than 1 year			
Later than 1 year but not later than 5 years			
Later than 5 years			
Subtotal	-	-	-
Finance lease commitments			
Future minimum lease payments under non-cancellable operating lease, where the institution is lessee			
Not later than 1 year	5,310,707.06		
Later than 1 year but not later than 5 years	2,079,456.91		
Later than 5 years			
Sub total	7,390,163.97	-	-
Grand Total	7,390,163.97	-	-

4.26.3. Litigation

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

4.27 Interest Income

The interest income recognized as per NFRSs has been presented under this head. This includes interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from Nepal Rastra Bank, due from BFIs, loan and advances to staff etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Cash and cash equivalents	3,308,124	1,098,044
Due from Nepal Rastra Bank		-
Placement with Banks and Financial Institutions		-
Loans and Advances to Financial Institutions		-
Loans and advances to customers	760,450,498	703,358,785
Investment securities		-
Loans and advances to staff	6,259,956	5,972,352
Other		-
Total interest income	770,018,577	710,429,181

4.28 Interest Expenses

The interest expenses recognized as per NFRS have been presented under this head. The interest expenses include accrued on deposits collected, debt securities issued, borrowings obtained, subordinated liabilities, amount due to bank and financial institutions, due to NRB etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Due to Bank and Financial Institutions		-
Due to Nepal Rastra Bank		-
Deposits from customers	151,271,107	127,878,521
Borrowing	283,745,739	208,343,959
Debt securities issued		-
Subordinated liabilities		-
Other		
Total interest expense	435,016,846	336,222,481

4.29 Fees and Commission Income

Fee income is earned for diverse ranges of services provided by the Microfinance to its customers. Fee income arises on the execution of a significant act completed or from provision of services like service fees, Loan documentation fee, loan management fee, consortium fee, commitment fee, card issuance and renewal fees, prepayment and swap fee, remittance fee, investment banking fee, asset management fee, brokerage, commission on letter of credit, commission on guarantee, locker rental income, etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Loan Administration fees		-
Service fees	36,533,236	33,573,084
Commitment fees		-
Card Issuance fees		-
Prepayment and swap fees		-
Brokerage fees		-
Remittance fees		-
Other Fees and Commission Income	3,426,508	2,201,849
Total Fees and Commission Income	39,959,744	35,774,933

4.30 Fees and Commission Expense

Payment on account of fee and commission for services obtained by the Microfinance has been presented under this account head. This account head shall include card related fees, guarantee commission, brokerage expenses etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Brokerage		-
ATM management fees		-
VISA/Master card fees		-
Guarantee commission		-
Brokerage		-
DD/TT/Swift fees		-
Remittance fees and commission		-
Other Fees and Commission Expense	6,035,711	3,154,398
Total Fees and Commission Expense	6,035,711	3,154,398

4.31 Net trading income

Trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities has been presented under this account head.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
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		
Total Net trading income	-	-

4.32 Other operating income

Receipt of all other operating income not specifically, provided under the income heads above has been booked and presented under this head. This includes foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, operating lease income, gain/loss on sale of gold and silver, income of Finance lease etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Foreign Exchange Revaluation Gain		
Gain/loss on sale of investment Securities		
Fair value gain/loss on investment property		
Dividend on equity instruments		
Gain/loss on sale of property and equipment		-
Gain/loss on sale of investment property		
Operating lease income		
Gain/loss on sale of gold and silver		
Other		
Total other operating income	-	-

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

It includes impairment charge/reversal on loan and advances to customers, loan and advances to bank and financial institutions, investment securities, placement with bank and financial institutions, property and equipment, goodwill and intangible assets, investment properties etc

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Impairment charge/(reversal) on loan and advances to B/FIs		
Impairment charge/(reversal) on loan and advances to customer	64,923,083	6,984,495
Impairment charge/(reversal) on financial Investment		
Impairment charge/(reversal) on placement with bank and financial institutions		
Impairment charge/(reversal) on property and equipment		
Impairment charge/(reversal) on goodwill and intangible assets		
Impairment charge/(reversal) on investment property		
Total impairment charge/(reversal) for loan and other losses	64,923,083	6,984,495

4.34 Personnel Expense

All expenses related to employees of the Microfinance has been included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, Microfinance expense under NFRSs, cash-settled share-based payments etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Salary	97,800,763	99,375,133
Allowances	51,552,426	51,763,490
Gratuity expenses	22,743,699	19,588,407
Provident fund	9,551,668	9,890,813
Uniform	1,934,000	2,035,000
Training & Development Expense	3,471,153	2,876,295
Leave encashment	10,444,494	12,982,461
Medical	7,654,925	6,791,589
Insurance	1,817,512	1,915,071
Employees Incentive	18,323,493	
Cash-settled share-based payments		
Pension Expense		
Finance expenses under NFRS	2,023,236	920,043
Other Expenses Related to Staff	114,794	17,291,087
Subtotal	227,432,164	225,429,389
Employees Bonus*	-	10,353,064
Total personal expenses	227,432,164	235,782,454

*The company has not created employee bonus for current year citing the Clause 2 of NRB circular no. 8/ 2079/80 dated 2080.02.10 BS.

4.35 Other operating expense

All operating expense other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head includes office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non-audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non-financial assets, expense of corporate social responsibility, onerous lease provisions etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Directors' fee	476,000	920,000
Directors' expense	113,928	214,443
Auditors' remuneration	354,820	355,498
Other audit related expense	566,792	1,790,624
Professional and legal expense	125,400	315,269
Office administration expense	56,303,714	52,493,311
Operating lease expense	-	9,964,310
Operating expense of investment properties		-
Corporate Social Responsibility Expense	422,617	-
Client Protection expense		
Onerous lease provision		
Other		
Finance Cost on Amortization		
Other	1,181,932	1,747,430
Total other operating expense	59,545,203	67,800,885

4.35.1 Office Administration Expenses

Office Administration expenses is the expenses incurred in the operation of the organization specifically incurred by the office. It includes water and electricity, repair and maintenance, insurance, printing and stationery, newspaper, advertisement, donation, security, deposit and guarantee premium, travel allowance and expenses, entertainment, annual general/special general meeting expenses, internet expenses, etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Water and electricity	1,353,438	1,273,191
Repair and maintenance		
(a) Building		
(b) Vehicle	259,108	359,903
(c) Computer and accessories		
(d) Office equipment and furniture		
(e) Other	1,185,364	1,256,072
Insurance	10,398	30,895
Postage, telex, telephone, fax	1,916,575	2,075,914
Printing and stationery	3,834,405	2,939,890
Newspaper, books and journals	181,841	191,345
Advertisement	338,871	263,870
Donation	96,786	216,989
Security expense	568,538	1,104,507
Deposit and loan guarantee premium	20,337,518	20,186,460
Travel allowance and expense	3,147,932	2,630,629
Entertainment	2,437,442	2,185,207
Annual/special general meeting expense	293,575	188,804
Other	20,341,923	17,589,634
Office Expense	12,908,592	11,223,373.00
Kitchen Expense	1,577,067	1,504,515
Software Maint.	3,904,220	3,439,720
Local transportation	214,346	300,280
Technical fees	341,989	60,846
Renew, Registration & Additional Tax	335,276	
Fuel Expenses	439,873	
Other	620,560	1,060,900
Total	56,303,714	52,493,311

4.36 Depreciation & Amortisation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRSs on property and equipment, and investment properties, and amortization of intangible assets has been presented under this account head.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Depreciation on Property and Equipment	8,695,630	8,130,052
Depreciation on investment property		
Amortization of intangible assets	130,680	473,610
Total depreciation and amortization	8,826,282	8,603,662

4.37 Non-operating income

The income and expenses that have no direct relationship with the operation of transactions of the Microfinance has been presented under this head. The income/expense covered under this account head includes loan written off, recovery of loan, redundancy provision, expense of restructuring etc.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Recovery of loan written off	1,210,921	533,093
other income		
Bargain Purchased Gain		
Reversal of Lease Liabilities		
other income		-
Total non-operating income	1,210,921	533,093

4.38 Non-Operating Expenses

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Loan Written Off		
Redundancy provision		
Expenses of restructuring		
Other expense	-	49,719
Total non-operating Expenses	-	49,719

4.39 Income tax Expense

The amount of income tax on net taxable profit has been recognized and presented under this account head. This account head shall include current tax expense and deferred tax expense/deferred tax income.

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Current tax expense	34,826,238	72,980,603
Current year	19,761,818	72,980,603*
Adjustment for prior years	15,064,420	-
Deferred tax expense	(14,362,088)	(15,467,752)
Origination and reversal of temporary differences	(14,362,088)	(15,467,752)
Changes in tax rate		
Recognition of previously unrecognised tax losses		
Total income tax expense	20,464,150	57,512,851

*Tax has been paid as per NFRS profit for 2078/79.

Adjustment for prior years

Due to assessment

NPR 5,661,127.07

Tax provision on Issue of Bonus shares from Premium (Refer notes 5.10) NPR 9,403,293.22

Total Adjustment for prior years

NPR 15,064,420.29

4.39.1 Reconciliation of tax expense and accounting profit

Particulars	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079
Profit before tax	9,409,953	87,986,404
Tax amount at tax rate of 30%	2,822,986	26,395,921
Add: Tax effect of expenses that are not deductible for tax purpose	33,202,417	56,808,488
Less: Tax effect on exempt income		
Add/less: Tax effect on other items	(16,263,585)	(11,781,159)
Total income tax expense	19,761,818	71,423,250
Effective tax rate	210.01%	81.18%

Statement of Distributable Profit or loss
For the year ended 31st Ashadh 2080 (16 July 2023)
As per NRB regulation

Particulars	Current Year	Previous Year
Net Profit/(loss) as per Statement of Profit or Loss	(11,054,197)	30,626,262
Appropriation		
a. General Reserve	-	(7,132,946)
b. Foreign Exchange Fluctuation fund	-	
c. Capital redemption reserve	-	
d. Corporate social responsibility fund	-	(356,647)
e. Employees training fund	(1,063,005)	(1,351,860)
f. Customer Protection Fund	-	(356,647)
g. Other	422,617	
Profit/(loss) before regulatory adjustment	(11,694,585)	21,428,162
Regulatory Adjustments:		
a. Interest Receivable (-)/previous accrued interest received (+)	(10,798,204)	11,862,625
b. Short loan loss provision in accounts (-)/reversal (+)	-	
c. Short provision for possible losses on investment (-) /reversal (+)	(590,353)	
d. Short provision for possible losses on Non-Banking Assets (-) /reversal (+)	-	
e. Deferred Tax Assets recognized (-)/reversal (+)	(14,267,772)	(5,386,529)
f. Goodwill recognized (-)/Impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-) /reversal (+)	-	
h. Actuarial Loss recognized (-)/reversal (+)	810,423	(9,441,849)
i. Other (+/-)		
a) Write Back Short Provision (As per Circular No. 8 /79-80 (Point No.2(9))	(24,703,305)	
Net Profit for the year end 31st Ashadh 2080 available for distribution	(61,243,798)	18,462,409
Opening Retained Earning As on 1st Shrawan	124,851,542	191,610,185
Adjustments (+/-)		
Distribution:		
Bonus Share issued	-	(80,960,000)
Cash Dividend Paid	-	(4,261,053)
Total Distributable profit or (loss) as on year end	63,607,744	124,851,542
Annualized Distributable Profit/Loss Per Share	13.09	25.70

5 Disclosures & Additional Information

5.1 Risk Assessment and Management

Liquidity Risk

Liquidity risk is the risk that the Microfinance may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Factors of Liquidity Risk includes Deterioration in quality of credit portfolio Concentrations in either assets or liabilities, Rapid asset growth funded by highly volatile large deposits, A large size of off-balance sheet exposure.

The Microfinance has applied following mitigates for the management of Liquidity Risk:

- Appropriate composition of assets and liabilities
- Diversified and stable sources of funds
- Access to inter-bank market
- Contingency funding plan for crisis situations
- Regular stress testing
- Cushion of liquid assets held

- Consistent analysis using liquidity ratios
- Review of Deposit Mix Concentration.

Such mitigates are monitored by BOD, Finance and Credit Department, Internal Audit Department.

Credit Risk

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. Factors for the credit risk include Counterparty Risk, Concentration Risk and Securitization Risk.

The Microfinance has applied following mitigates for management of Credit Risk factors:

- Independent and ongoing credit quality review
- Limiting credit exposures
- Problem credit management system
- Diversification of risk asset portfolio among several sectors and sub sectors of the economy over a large number of customers
- Deposit of borrower in bank, cash margin and additional collateral at individual level
- Proper valuation, storage, maintenance and insurance of collaterals.

Such mitigates are monitored by Board of Directors, Risk Management Committee which is Board Level Committee, Credit Risk Management Department, NRB Inspection team and Internal Audit Department of the Microfinance

Fair value of Financial Assets and Liabilities

Fair Value of financial assets and liabilities risk management includes effective portfolio management by finance department which is monitored by BOD, and other high-level officials.

5.2 Capital Management

The capital management approach of the Microfinance is driven by its desire to maintain a strong capital base to support the development of its business and to meet the regulatory capital requirements at all times.

As Capital is the centrepiece of the Microfinance's performance matrix, a sound capital management forms the very core of the overall performance landscape to ensure that the Microfinance delivers on its objective of maximizing the shareholder's value. The senior management of the Microfinance is engaged and responsible for prudent capital management at all times. In compliance with the regulatory requirement of increasing the capital base as prescribed by the Central Bank, the Microfinance is comfortable in meeting the minimum capital requirements and is strongly positioned to meet the performance benchmarks.

1. Capital Structure and a Breakdown of its Components:

Tier 1 Capital and a breakdown of its components is as follows:

(Rs. In '000)

S.N.	Description	Period	
		Current	Previous
1	Paid up Capital (ordinary shares)	485,760.00	485,760.00
2	Proposed bonus share		
3	Share premium	-	-
4	Irredeemable preferential share		
5	General Reserve Fund	77,548.78	77,548.78
6	Accumulated profit/(loss)	63,607.74	124,851.54
7	Profit & loss a/c as per balance-sheet		
8	Capital Redemption Reserve Fund		
9	Capital Adjustment Fund		
10	Calls in advance		
11	Other Free Reserves	-	-

S.N.	Description	Period	
		Current	Previous
Deductions:			
a	Goodwill		
b	Deferred tax assets	65,336.29	51,068.52
b	Investment on shares and securities in excess of limits		
c	Investment to the company having financial interests		
d	Fictitious Asset	522.72	653.40
e	Investment on land and building for self-use not complying the Directives of NRB		
f	Investment on land development and housing construction in excess of limits		
g	Underwriting share not sold within the stipulated time		
h	Credit and other facilities banned by the prevailing laws		
Total Core Capital (A)		561,057.52	636,438.41

Tier 2 Capital and a breakdown of its components is as follows:

(Rs. In '000)

S.N.	Description	Period	
		Current	Previous
1	Provisions of loan loss made for pass loan	9,682.96	16,639.36
2	Additional loan loss provision	8,421.92	15,351.07
3	Hybrid capital instruments		
4	Unsecured Subordinated Term Debt		
5	Exchange Equalization Fund		
6	Assets revaluation Fund (max. 2% of Supplementary capital is added automatically)		
7	Investment adjustment Fund		
Total Supplementary Capital (B)		18,104.88	31,990.43

C.	Total Capital Fund (A+B)	579,162.40	668,428.85
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D.	Minimum capital Fund to be maintained based on Risk Weighted Assets:		
1	Minimum Capital Fund Required (8.0 % of RWA)	442,664.75	443,907.13
2	Minimum Core Capital Required (4.0 % of RWA)	221,332.37	221,953.56
3	Capital Fund maintained (in %)	10.47%	12.05%
4	Core Capital maintained (in %)	10.14%	11.47%

1. Statement of Risk Weighted Assets (RWA)

A. On Balance Sheet Items

(Rs. In '000)

S. N.	Description	Weight (%)	Current period		Previous period	
			Amount	RWA	Amount	RWA
1	Cash Balance	0	3,199.79	-	2,533.18	-
2	Gold (Tradable)	0		-		-
3	NRB Balance	0	23,830.63	-	23,632.64	-
4	Investment to Govt. Bond	0		-		-
5	Investment to NRB Bond	0		-		-
6	Loan against Own FD	0		-		-
7	Loan against Govt. Bond	0		-		-
8	Accrued interests on Govt. bond	0		-		-
9	Investment to Youth and Small Entrepreneurs Self-employment Fund	0		-		-
10	Balance on domestic banks and financial institutions	20	23,643.00	4,728.60	16,848.01	3,369.60

S. N.	Description	Weight (%)	Current period		Previous period	
			Amount	RWA	Amount	RWA
11	Loan against other banks' and financial institutions' FD	20		-		-
12	Foreign bank balance	20		-		-
13	Money at call	20	58,980.39	11,796.08	40,520.25	8,104.05
14	Loan against internationally rated bank guarantee	20		-		-
15	Investment to internationally rated Banks	20		-		-
16	Inter-bank lending	20		-		-
17	Investment on shares/debentures/bonds	100	1,156.64	1,156.64	2,000.00	2,000.00
18	Other investments	100		-		-
19	Loans & advances, bills purchase/discount	100	5,303,984.46	5,303,984.46	5,348,043.74	5,348,043.74
20	Fixed assets	100	27,163.92	27,163.92	18,800.94	18,800.94
21	Net interest receivables (Total IR - 8 - Interest suspense)	100		-		-
22	Net Non-Banking Asset	100		-		-
23	Other assets (Except advance tax payment)	100	79,701.56	79,701.56	62,959.39	62,959.39
24	Real estate/residential housing loans exceeding the limits	150		-		-
	Total On-Balance-sheet Items (A)		5,521,660.40	5,428,531.26	5,515,338.16	5,443,277.73

B. Off Balance Sheet Items

(Rs. In '000)

S.N.	Description	Weight (%)	Current period		Previous period	
			Amount	RWA	Amount	RWA
1	Bills collection	0		0.00		0.00
2	Forward foreign exchange contract	10		0.00		0.00
3	L/C with maturity less than six months (Outstanding value)	20		0.00		0.00
4	Guarantee against International rated bank's counter guarantee	20		0.00		0.00
5	L/C with maturity more than six months (Outstanding value)	50		0.00		0.00
6	Bid bond, performance bond and underwriting	50		0.00		0.00
7	Loan sale with repurchase agreement	50		0.00		0.00
8	Advance payment guarantee	100		0.00		0.00
9	Financial and other guarantee	100		0.00		0.00
10	Irrevocable loan commitment	100		0.00		0.00
11	Possible liabilities for income tax	100		0.00		0.00
12	All types of possible liabilities including acceptance	100		0.00		0.00
13	Rediscounted bills	100		0.00		0.00
14	Unpaid portion of partly paid share investment	100		0.00		0.00
15	Unpaid guarantee claims	200		0.00		0.00
16	Amount to be maintained for operational risk (2% of Total Assets)	100	104,778.10	104,778.10	105,561.34	105,561.34
	Total Off-Balance-sheet Items (B)		104,778.10	104,778.10	105,561.34	105,561.34
	Total Risk Weighted Assets (A) + (B)		5,626,438.50	5,533,309.36	5,620,899.50	5,548,839.06

• **Amount of NPAs (Both Gross and Net)**

S. No.	Particulars	Gross NPA (Rs.)	Loan-Loss Provision (Rs.)	Net NPA (Rs.)
a.	Substandard	120,984,813	7,602,549	113,382,264
b.	Doubtful	393,000,170	50,390,814	342,609,356
c.	Bad	393,195,861	204,541,435	188,654,426
	Total	907,180,844	262,534,798	644,646,046

• **NPA Ratios:**

- Gross NPA to Gross Advances : 17.48%
- Net NPA to Net Advances : 13.19%

• **Movement of Non-Performing Assets**

Particulars	Current Year	Previous Year	Changes %
Non-Performing Assets	907,180,844	361,717,777	151%
Non-Performing Assets (%)	17.48%	6.90%	153%

• **Write off of Loans and Interest Suspense**

During the FY 2022-23, loan has not been written off.

• **Movements in Loan Loss provision and Interest Suspense:**

Particulars	Loan Loss Provision	Interest Suspense
Opening balance	237,271,293	55,307,559
Write Back/off in the years		
Addition in the year	64,923,083	20,651,597
Balance as at 16^h July 2023	302,194,376	75,959,076

• **Details of Subordinated Term Debt:**

No Subordinated Term Debt has been issued.

• **Details of Additional Loan Loss Provision:**

Additional Loan Loss Provision of Rs. 64,923,083 has been made during the year 2022-23.

• **Segregation of Investment Portfolio**

S. No.	Investment Category	Amount Rs.
1.	Held for Trading	
2.	Held to Maturity	
3.	Available for Sale	

2. **Risk Management Function**

NADEP Laghubitta Bittiya Sanstha Limited is exposed to various types of risks including credit, market, liquidity, operational, legal, compliance and reputation risks. The objective of the risk management framework at the Microfinance is to ensure that various risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to. the Microfinance has set up a strong control and monitoring environment for comprehensive risk management at all levels of operation.

Measurement of Risks for Capital Adequacy Purpose:

Under Pillar 1 of the specific NRB guidelines, the Microfinance company currently follows Simplified Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Net Open Position approach for Market risk.

A. Credit Risk**Strategies and Process:**

All credit related aspects are governed by Operation Manual of NADEP. These documents outline the type of products that can be offered, customer categories, credit approval process and limits. These documents are approved by the Board of directors.

The Microfinance Company's main emphasis is on SME credit. Different limits of lending power have been assigned at branch level, department head level and the credit committee level. Every aspect relating to credit such as procedure, documentation etc. are clearly defined in the Operation Manual and the Credit Policy of the Microfinance.

Pre-Sanction:

The branch managers have the authority to approve the credit within their permissible limits after due scrutiny of background of the promoter, nature of business, turnover in the account, other financial indicators, income, collateral and security. Loans above the authority of branch are recommended to head office for further decision.

Credit Risk Assessment Process:

Risk Management Department carries out a comprehensive credit risk assessment process that encompasses analysis of relevant quantitative and qualitative information to ascertain credit rating of the borrower. The credit rating process involves assessment of risk emanating from various sources such as market risk, management risk, environmental risk, financial risk and security risk taking into consideration as much as 30 sub-parameters under each of these categories. Credit thresholds have been set for forwarding the credit files for risk rating before they are submitted for approval in the credit committee by the concerned credit units.

Post Sanction Monitoring/ Follow up:

Concerned branch are required to obtain regular information of the business. In case of revolving loans, the drawing power is checked commensurate with the existing level of stocks and working capital checked and verified at regular interval. The credit units at the Head Office are also required to prepare quarterly credit report to submit at higher level as a part of formal monitoring process.

B. Operation Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk is inherent in the Microfinance's business activities.

The board level committee that undertakes supervision and review of operational risk aspects are the Risk Management Committee and Audit Committee. The board and the risk committee review the operational risk level and the material operational risk exposure. The Audit committee supervises audit and compliance related aspects. Internal Audit department on the other hand carries out audit according to the audit plan and reports findings to the audit committee.

Risk Arising from breakdown of Information and Operating System:

The Microfinance has implemented centralized software Empower Accounting Software and has improved in its MIS infrastructure in order to ensure the associated operational risks being brought down to an acceptably low level.

To safeguard the probable losses resulting from system failure or natural disaster, the Microfinance has taken following policies to minimize the risk:

- a. Back up – Daily back up of all balances are taken at the end of the day. the Microfinance is developing a system of auto back up in the near future.
- b. Disaster Recovery Site – the Microfinance has established disaster recovery site.
- c. Validation of Entry and Password control – There is a system of maker and checker for entry validation before posting. Access authority for data entry, update, modification and validation has been given on the basis of levels of staffs.
- d. Exception Reporting – The system creates exception report as and when required.

Risk Arising from Procedural Lapses and Internal control:

The company has defined every banking procedure in the Operation Manual related to banking transactions. Internal circulars are issued whenever required. Reporting by branches is regular.

Corporate Governance:

NRB Guidelines with respect to Corporate Governance are duly complied with.

C. Market Risk**a. Investments**

Currently NADEP has not made any investment for trading purpose. The investment in government securities have been made to hold till maturity. The investment in equity of listed institutions has been held as available for sale.

b. Foreign Exchange

The company's policy is to maintain the net open position of convertible foreign currency where exchange rate risk persists in matching position.

5.3 Classification of financial assets and financial liabilities

Particulars	Fair Value through PL	Amortized Cost	Fair Value through OCI	Total
Financial Assets:				
Cash and cash equivalents		85,823,191		85,823,191
Due from Nepal Rastra Bank		23,830,630		23,830,630
Loans and advances to B/FIs				-
Loans and advances to customers		5,057,761,476		5,057,761,476
Investment securities (Govt. & Development Bonds)		-		-
Investment securities (Equity)			1,156,638	1,156,638
Other Financial assets		2,721,125		2,721,125
Total financial Assets	-	5,170,136,422	1,156,638	5,171,293,060
Financial Liabilities:				
Due to Bank and Financial Institutions				-
Due to Nepal Rastra Bank				-
Deposits from customers		1,791,381,874		1,791,381,874
Other Financial Liabilities		2,048,301,755		2,048,301,755
Debt securities issued				-
Total financial Liabilities	-	3,839,683,629	-	3,839,683,629

5.4 Operating segment Information**1. General Information**

- The Microfinance's operation is managed centrally through Head Office. All strategic, financial and operational policies and operations are controlled and directed from the head office. The microfinance operates in 88 branches though has a single jurisdiction.
- The Microfinance has identified following segments as reportable:
 - Banking Segment involves functions like collecting deposits and lending activities among other similar activities.
 - Treasury Segment involves short term and long-term investment activities like investing in T-Bills, Bonds, Shares of companies etc.
 - Remittance Segment involves activities of transferring / receiving funds locally and/or globally.

There is no inter-unit cost transfer mechanism within the microfinance.

2. Information about profit or loss, assets and liabilities are presented below:

(Figures in NPR)

	Particulars	Birtamode Area	Itahari Area	Hetauda Area	Satungal Area	Butwal Area	Kohalpur Area	Attariya Area	Pokhara Area	HO	Total
a	Revenues from external customers	-	-	-	-	-	-	-	-	-	-
b	Intersegment revenues	-	-	-	-	-	-	-	-	-	-
c	Net Revenue	-	-	-	-	-	-	-	-	-	-
d	Interest revenue	107,866,723	153,636,998	144,426,178	120,586,530	59,869,429	58,434,911	66,630,143	29,301,477	2,354,635	743,107,024
e	Interest expense	80,802,791	121,368,237	118,284,818	80,613,548	45,759,904	44,485,012	53,101,751	22,474,401	699,391,625	1,266,282,085
f	Net interest revenue	27,063,933	32,268,762	26,141,361	39,972,983	14,109,525	13,949,899	13,528,392	6,827,076	(697,036,990)	(523,175,061)
g	Depreciation and amortization	159,426	338,877	641,258	304,818	301,802	277,053	214,558	261,695	799,948	3,299,437
h	Segment profit/(loss)	(29,578,459)	(47,639,436)	(29,284,080)	(12,050,033)	(21,936,910)	(20,177,647)	(30,213,685)	(12,113,103)	243,875,086	40,881,732
i	Entity's interest in the profit or loss of associates accounted for using equity method										
j	Other material non-cash items:										
	Provision for loan loss	44,998,448	61,584,453	33,028,987	30,427,934	16,547,971	15,562,404	27,422,021	3,816,072	15,351,067	248,739,358
k	Impairment of assets										
l	Segment assets	792,416,981	1,191,573,236	1,100,448,361	868,099,151	412,872,983	404,700,321	495,177,511	197,837,309	278,214,122	5,741,339,975
m	Segment liabilities	821,995,440	1,239,212,672	1,129,732,441	880,149,184	434,809,893	424,877,968	525,391,196	209,950,413	34,339,036	5,700,458,243

An entity shall disclose the following about each reportable segment if the specified amounts are included in the measure of segment assets reviewed by the chief operating decision maker or are otherwise regularly provided to the chief operating decision maker

a) Amounts of additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

3. Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

(Figures in NPR)

a) Revenue

Total revenue of reportable segments	526,516,430
Other revenue	243,502,147
Elimination of intersegment revenue	-
Entity's revenues	770,018,577

b) Profit or Loss

Total profit or loss for reportable segments	(118,552,009)
Other profit or loss	127,961,962
Elimination of intersegment profits	-
Unallocated amounts:	
Profit before income tax	9,409,953

c) Assets

Total assets for reportable segments	3,952,537,729
Other assets	14,365,276
Unallocated amounts	1,272,002,114
Entity's assets	5,238,905,119

d) Liabilities

Total liabilities for reportable segments	4,071,089,738
Other liabilities	594,590,173
Unallocated liabilities	573,225,208
Entity's liabilities	5,238,905,119

5. Information about product and service

Revenue from each type of product and services is.

Banking	743,107,024
Treasury	
Remittance	

6. Information about geographical area

Revenue from following geographical areas

a)	Domestic	Revenue (Rs.)
	Koshi Pradesh	255,824,543
	Madhesh Pradesh	118,583,292
	Bagmati Pradesh	161,513,435
	Gandaki Pradesh	22,251,272
	Lumbini Pradesh	95,906,292
	Karnali Pradesh	22,398,048
	Sudurpaschim Pradesh	66,630,143
b)	Foreign	-
	Total	743,107,024

5.5 Share options and share based payment

There is no share-based payment made by the Microfinance.

5.6 Contingent Liabilities and Commitments

Litigation is a common occurrence in the banking industry due to the nature of business undertaken. The Microfinance company has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the microfinance makes adjustment to account for adverse effect which the claims may have on its financial standing. Contingent liabilities on other matters have already been disclosed in notes 4.28.

5.7 Related party disclosures

The related parties of the Microfinance which meets the definition of related parties as defined in “NAS 24 Related Parties Disclosure” are as follows:

i. Key Management Personnel (KMP)

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the Microfinance includes members of its Board of Directors, Chief Executive Officer, and others higher-level employee of the Microfinance. The name of the key management personnel who were holding various positions in the office during the year were as follows:

S.N.	Name of Key Management Personnel	Designation
1.	Pitambar Prasad Acharya	BOD Chairman
2.	Bed Prasad Shiwakoti	Director
3.	Hari Krishna Subedhi	Director
4.	Manoj Kumar Yadav	Director
5.	Sophiya Acharya (Rimal)	Director
6.	Bibek Kandel	Director
7.	Madhav Pradhan	Director
8.	Upendra Bahadur Karki	Chief Executive Officer
9.	Shiva Prasad Acharya	Sr. Deputy Chief Executive Officer
10.	Anish Paneru	Chief Manager, Finance
11.	Baburam Subedi	Chief Manager, HR & General Administration
12.	Rajan Kumar Shrestha	Manager, Risk & Recovery Management

ii. Related Companies

S.N.	Particulars	Relationship	% Share Holding
1	Nabil Investment Banking Limited	Associates	25 %
2	Development Project Service Centre (DEPROSC - Nepal)	Associates	25 %
3	Lumbini Bikas Bank Limited	Significant influence	10 %

5.7.1 Compensation to Key Management Personnel

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid to the Chief Executive Officer is based on the contract entered by the Microfinance with him whereas compensation paid to other member of KMP are governed by Employees Byelaws and decisions made by management time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, subsidized rate employees' loan, termination benefits are also provided to KMP.

The details relating to compensation paid to key management personnel (directors only) were as follows:

S.No.	Particulars	No of Meetings	Meeting Fees
1	Board Meeting	14	4000 per meeting
2	Audit Committee Meeting	7	4000 per meeting
3	Risk Management Committee	4	4000 per meeting
4	Assets Money Laundering Prevention Committee Meeting	4	4000 per meeting

S.No.	Particulars	Amount
1	Director's Allowance	476,000
2	Directors' expense	113,928

The details relating to compensation paid to key management personnel other than directors were as follows:

Particulars	Amount
Short term employee benefits (including Bonus and Paid Leave)	8,706,834.14
Vehicle Facility	58,000
*Other Benefits	723,570
Other long-term benefits	
**Post-Employment	

* Other benefits and payments include Finance cost calculated towards subsidized Loans and advances provided to staffs.

** Post employment benefit includes Provident fund, Gratuity and Leave provision created, the bifurcation of which is not quantifiable separately to KMPs. The provision is made on lump sum as per the Actuarial Valuation.

5.7.2 Transaction with Related Companies

Transactions with Related Companies

S. No.	Particulars	Relationship
1	Nabil Investment Banking Limited	Associates
2	Development Project Service Centre (DEPROSC - Nepal)	Associates
3	Lumbini Bikas Bank Limited	Significant influence

Particulars	2079.04.01	Movement During the year	2080.03.31
	Opening Balance		Closing Balance
Nabil Investment Banking Limited (Borrowings)	93,250,000	(27,930,091)	56,250,000
Lumbini Bikas Bank Limited (Borrowings)	99157678.1	14430349.27	99157678.1

5.8 Merger and acquisition

During the year there is no merger and acquisition.

5.9 Additional Disclosure of Non-consolidated entities

Since, the Microfinance company does not have any subsidiaries, there are no such non-consolidated entities.

5.10 Events after reporting date.

The bank has made a provision of Rs. 9,403,293.22 against distribution of Bonus shares from Premium collected on issues of shares in FY 2075/75 pursuant to the section 56(3) and Section 26 of Finance Act 2080 and following judgement made by honourable supreme court of Nepal dated 28th Mangsir 2080.

Bonus shares issued in FY 2075/75	:	Rs. 36,800,000.00
Bonus shares issued out of Premium collected	:	Rs. 31,344,310.72
Bonus shares issued out of Retained Earnings	:	Rs. 5,455,689.28

5.11 Disclosure effect of transition from previous GAAP to NFRSs

1. Reconciliation of Equity

Particulars	Explanatory note	As at 01.04.2078 (Date of Transition)	End of last period presented under previous GAAP
Total equity under Previous GAAP		777,052,481	815,984,618
Adjustments under NFRSs:			
Impairment on loan and advances		-	
Fair value & employees benefit accounting of staff loan		-	
Lease accounting		-	
Measurement of investment securities measured at fair value		-	
Measurement of investment securities measured at fair value in associates		-	
Dividend Income from Associates			
Revaluation of property & equipment		-	
Recognition of investment property		-	
Amortisation of debt securities issued			
Deferred tax	1	(13,360,054)	(7,676,249)
Defined benefit obligation of employees	2	(16,223,885)	14,068,488
Goodwill/Bargain purchase gain			
Interest income	3	77,648,713	55,307,559
Other		-	(5,038,467)
Staff Leave Liabilities	4	22,378,456	(588,212)
Employee Bonus			152,709
Current Tax Liabilities			(21,219,430)
Total Adjustment to equity		70,443,230	35,006,397
Total Equity under NFRSs		847,495,711	850,991,016

Explanatory Notes:

1. Deferred tax

Deferred tax is revised due to adjustments made in NFRS financials and deferred tax income/expenses is revised. Deferred tax on Fair Value of Investment and Actuarial Gain/(loss) on remeasurement of DBO is adjusted through equity.

2. Defined benefit obligation of employees

The amount adjusted above is for loss/(gain) on remeasurement of Defined benefit Obligation (Gratuity) as per actuarial valuation which has been adjusted through OCI to equity.

3. Interest Income

The accrued interest receivable on end of reporting period except for bad loan has been booked on accrual basis in the retained earnings through the interest income.

4. Liability for long service leave

The amount adjusted above is for remeasurement of long service leave as per actuarial valuation.

2. Reconciliation of profit or loss

Particulars	Explanatory note	End of last period presented under previous GAAP
Previous GAAP		56,621,245
Adjustments under NFRSs:		
Interest income	1	(22,341,154)
Impairment of loan and advances		-
Employees benefit amortisation under staff loan		-
Defined benefit obligation of employee	2	21,402,273
Operating lease expense	3	(588,212)
Provision for Investment		-
Amortisation expense of debt securities		-
Other operating income		-
Interest expense		-
Depreciation & Amortisation		-
Others		-
Deferred Tax		1,637,298
Current Tax		-
Other operating income		(5,038,467)
Employee Bonus Booked As per NFRS		152,709
Current Tax Liabilities		(21,219,430)
Other		-
Total Adjustment to profit or loss		(25,994,983)
Profit or loss under NFRSs		30,626,262
Other Comprehensive Income		(9,441,849)
Total Comprehensive income under NFRSs		21,184,413

Explanatory Notes:

1. Interest Income

The accrued interest receivable on end of reporting period except for bad loan has been booked on accrual basis in the retained earnings through the interest income.

2. Defined benefit obligation of employees

The amount adjusted above is remeasurement of Defined benefit Obligation (Gratuity) as per actuarial valuation.

3. Leave Provision

The amount adjusted above is remeasurement of Leave provision as per actuarial valuation.

3. Effect of NFRSs Adoption for the statement of financial position.

ASSETS	Explanatory Notes	As at 01.04.2078 (Date of Transition)			As at 31.03.2079 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRS	Opening NFRS SFP	Previous GAAP	Effect of Transition to NFRS	Amount as per NFRS
Cash and Cash Equivalents		188,868,642	-	188,868,642	59,901,444	-	59,901,444
Due from Nepal Rastra Bank		22,082,953	-	22,082,953	23,632,643	-	23,632,643
Placement with Bank and Financial Institutions		-	-	-	-	-	-
Derivative Financial Instruments		-	-	-	-	-	-
Other Trading Assets		-	-	-	-	-	-
Loans and Advances to BFIs		-	-	-	-	-	-
Loans and Advances to Customers	1	4,421,556,073	135,740,146	4,557,296,219	5,008,508,311	102,264,140	5,110,772,450
Investment Securities	2	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Current Tax Assets	3	-	-	-	-	-	-
Investment in Subsidiaries		-	-	-	-	-	-
Investment in Associates		-	-	-	-	-	-
Investment Property		-	-	-	-	-	-
Property and Equipment	4	10,070,031	-	10,070,031	11,674,424	6,473,121	18,147,546
Goodwill and Intangible Assets	5	844,507	-	844,507	653,397	-	653,397
Deferred Tax Assets	6	44,914,311	(13,360,054)	31,554,257	58,744,765	(7,676,249)	51,068,516
Other Assets	7	95,141,437	(82,594,852)	12,546,585	67,048,753	(55,157,882)	11,890,871
Total Assets		4,785,477,954	39,785,240	4,825,263,194	5,232,163,737	45,903,129	5,278,066,867

Liabilities	Explanatory Notes	As at 01.04.2078 (Date of Transition)			As at 31.03.2079 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRS	Opening NFRS SFP	Previous GAAP	Effect of Transition to NFRS	Amount as per NFRS
Due to Bank and Financial Institutions		-	-	-	-	-	-
Due to Nepal Rastra Bank		-	-	-	-	-	-
Derivative Financial Instrument		-	-	-	-	-	-
Deposits from customers		1,544,247,636	-	1,544,247,636	1,771,314,986	-	1,771,314,986
Borrowings		1,972,706,877	-	1,972,706,877	2,066,963,283	-	2,066,963,283
Current Tax Liabilities		50,329,490	-	50,329,490	-	25,128,450	25,128,450
Provisions		-	-	-	-	-	-
Deferred Tax Liabilities		-	-	-	-	-	-
Other liabilities	8	441,141,470	(30,657,990)	410,483,480	577,900,851	(14,231,718)	563,669,132

Liabilities	Explanatory Notes	As at 01.04.2078 (Date of Transition)			As at 31.03.2079 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRS	Opening NFRS SFP	Previous GAAP	Effect of Transition to NFRS	Amount as per NFRS
Debt securities issued		-	-	-	-	-	-
Subordinated Liabilities		-	-	-	-	-	-
Total Liabilities		4,008,425,473	(30,657,990)	3,977,767,483	4,416,179,119	10,896,732	4,427,075,851
Equity							
Share Capital	9	485,760,000	(80,960,000)	404,800,000	485,760,000	-	485,760,000
Share Premium		-	-	-	-	-	-
Retained Earnings	10	89,893,321	101,716,864	191,610,185	112,837,255	13,122,750	125,960,005
Reserves	11	201,399,160	49,686,366	251,085,525	217,387,364	21,883,648	239,271,011
Total Equity Attributable to Equity Holders		777,052,481	70,443,230	847,495,711	815,984,618	35,006,397	850,991,016
Non-Controlling Interest							
Total Equity		777,052,481	70,443,230	847,495,711	815,984,618	35,006,397	850,991,016
Total Liabilities and Equity		4,785,477,954	39,785,240	4,825,263,194	5,232,163,737	45,903,129	5,278,066,867

Explanatory Notes:

1. Adjustments made to loans and advances to customers is for interest income recognised in accrual basis and amortisation of staff loan and also due to reclassification
2. Adjustments made to investment securities is for market value adjustment and reversal of previously recognised provision for investment.
3. Current tax is recognized net of current tax liabilities as per NFRS. Therefore, the difference can be observed in above statement.
4. Adjustments made to Property and Equipment is for segregation of intangible assets which was previously included in property and equipment.
5. Intangible assets were presented under the heading of Property Plant and Equipment and now has been reclassified to Intangible Assets as per NFRS.
6. Deferred tax asset is revised as per NFRS and adjusted as per NFRS calculation.
7. Adjustment in other assets is for deferred employee expenditure as per staff loan amortisation and reclassification adjustment.
8. Adjustments made to other liability includes actuarial liability adjustments as per actuarial valuation of defined benefit obligation.
9. Adjustment made for Equity Share Capital is for proposed Bonus Shares
10. Retained earnings adjustments can be verified through note 5.11.1.
11. Adjustments for reserve can be verified through note no. 5.11.2.

4. Effect of NFRSs adoption for statement of profit or loss and other comprehensive income

Particulars	Explanatory Notes	As at 31.03.2079 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRS	Amount as per NFRS
Interest income	1	726,797,983	(16,368,803)	710,429,181
Interest expense		(336,222,481)	-	(336,222,481)
Net interest income		390,575,503	(16,368,803)	374,206,700
Fees and commission income		45,865,709	(10,090,776)	35,774,933
Fees and commission expense			(3,154,398)	(3,154,398)
Net fee and commission income		45,865,709		32,620,535
Net interest and commission income		436,441,212		406,827,235
Net trading income		-	-	-
Other operating income		39,677,256	(39,677,256)	-
Total operating income		476,118,467		406,827,235
Impairment charge/(reversal) for loans and other losses	2	46,661,751	(39,677,256)	6,984,495
Net operating income		429,456,716		399,842,739
Operating expense			-	
Personnel expenses	3	(256,352,114)	20,569,661	(235,782,454)
Other Operating expenses		(75,384,276)	7,583,391	(67,800,885)
Depreciation and Amortization		(3,651,736)	(4,951,926)	(8,603,662)
Operating Profit		94,068,590		87,655,739
Non-operating Income		533,093	-	533,093
Non-operating expense		(49,719)	-	(49,719)
Profit before income tax		94,551,964		88,139,113
Income tax expense			-	
Current Year Income Tax		51,761,173	21,219,430	72,980,603
Deferred Tax income	4	(13,830,454)	(1,637,298)	(15,467,752)
Profit for the period		56,621,245	(25,994,983)	30,626,262
Other Comprehensive Income for the Period, Net of Income Tax	5	-	(9,441,849)	(9,441,849)
Total Comprehensive Income for the Period		56,621,245	(35,436,832)	21,184,413

Explanatory Notes:

- Interest income has been booked on accrual basis.
- Provision booked for investment has been reversed from the impairment charge.
- Remeasurement of gratuity and leave expenses has been made by actuarial valuation.
- Deferred tax calculation has been made as per NFRS.
- Adjustment for investment remeasurement and Actuarial valuation has been made through OCI.

5. Effect of NFRS adoption for statement of cash flows

Particulars	For the Year ended 31.03.2080			
	Explanatory Notes	Previous GAAP	Effect of transition to NFRS	Amount as per NFRS
Net cash flows from operating activities	1	479,174,452.71	(573,962,476)	(94,788,024)
Net cash flows from investing activities		(772,713.89)	(15,717,353)	(16,490,067)
Net cash flows from financing activities	2	(543,356,179.60)	525,667,072	(17,689,108)
Net increase/(decrease) in cash and cash equivalent		(64,954,441)	(64,012,758)	(128,967,199)
Effect of exchange rate fluctuations on cash and cash equivalents held		-	-	-
Cash and cash equivalent at the beginning of the period	3	121,153,349	67,715,293	188,868,642
Cash and cash equivalent at the end of the period		56,198,908	3,702,535	59,901,444

Explanatory Notes

1. Under NFRS, the net cash flows from operating activities includes the movement of Dues to/from Nepal Rastra Bank, placements with BFI's and money at call and short notice. Dues from Nepal Rastra Bank were previously included in cash and cash equivalents whereas money at call and short notice is included in cash and cash equivalent as of now. The movement of short-term investment shown under previous GAAP includes that of T-Bills and Bonds. Now the same has been included in investment activities except that having maturity period 3 months or less which is included in cash and cash equivalent.
2. Under NFRS, the financing activities include expenses incurred for Client Protection fund and CSR expenses too.
3. NAS 7 defines cash equivalents as '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'. Under NFRS Inter-bank lending, Treasury bills and short-term government bonds with a maturity date of three months or less is shown as cash and cash equivalents. Under previous GAAP, the cash and cash equivalent included Balance at Nepal Rastra Bank however the same has been shown under dues from Nepal Rastra Bank under NFRS.

5.12 Valuation Hierarchy

Following tables demonstrates the valuation hierarchy of Bank's Assets and Liabilities. This fair value may differ from the actual amount that may be received or paid on settlement, realization or maturity of those Financial Assets and Liabilities.

Fair Value of Financial Assets and Liabilities Measured at Fair Value

The fair value measurement hierarchy is as follows:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

Fair Value Disclosure	Level 1		Level 2		Level 3	
Particulars	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Unquoted Equity Shares	-	-	20,000	1,156,638	-	-
Unquoted equity						

5.13 Loan Loss Provision as per NRB Directives No. 2

Category	Loan Amount	Provision Amount
Good	2,570,578,375	8,470,366
Watchlist	88,805,833	1,212,596
Rescheduled	1,624,161,163	21,554,697
Substandard	120,984,813	7,602,549
Doubtful	393,000,170	50,390,814
Bad	393,195,861	204,541,435
Total	5,190,726,215	293,772,458
Additional	-	8,421,918
Total Provision		302,194,376

5.14 Disclosure of Shareholders holding more than 0.5% of total Shareholding

Details of Shareholders holding 0.5% or more shares

Name of Shareholder	No. of Share	Holding %	Amount
NABIL Bank Limited	1,214,400	25.00%	121,440,000
Bikash Aayojana Sewa Kendra (Diprox Nepal)	1,214,400	25.00%	121,440,000
Lumbini Bikash Bank Limited	485,760	10.00%	48,576,000
Batawaran Tatha Krishi Anusandhan Kendra	60,720	1.25%	6,072,000
Jamuna Krishna Tamrakar	30,360	0.63%	3,036,000
Upendra Bahadur Karki	30,360	0.63%	3,036,000
Debendra Pratap Shah	30,360	0.63%	3,036,000
Pitambar Prasad Acharya	24,288	0.50%	2,428,800
Bed Prasad Siwakoti	24,288	0.50%	2,428,800
Total	3,114,936	64.13%	311,493,600

5.15 Additional Disclosure for Accrued Interest Receivable (AIR)

Statement showing AIR Adjustment

2079.80	Amount (Rs.)
AIR closing as on 2080/03/31	75,959,156
Less: AIR of loan and advance overdue for more than 12 months	
AIR to be booked till date	75,959,156
AIR already booked till 2079/03/32	55,307,558
Interest income to be Booked	20,651,597
2078.79	
AIR closing as on 2079/03/32	55,307,558
Less: AIR of loan and advance overdue for more than 12 months	
AIR to be booked till date	55,307,558
AIR already booked till 2078/04/01	77,648,713
Interest income to be reversed for the period	(22,341,154)
2078.04.01	
AIR closing as on 2078/04/01	77,648,713
Less: AIR of loan and advance overdue for more than 12 months	
AIR to be booked till date	77,648,713

5.16 Additional Disclosure for Movement in Client Protection Fund and CSR Fund

Particulars	Client Protection Fund	CSR Reserve
Balance as on 2079.04.01	62,782,096	1,962,835
During the year allocation of Reserve	-	-
Income earned during the year	163,786	-
Expenses made during the year	5,391,894	422,217
Balance as on 2080.03.31	57,553,988	1,550,218

5.17 Additional Disclosure

5.17.1 Regulatory Reserve

Regulatory Reserve is composed of AIR income included in Interest Income as per Accrual Basis of Accounting, Losses on remeasurement of Actuarial Liabilities, and deferred tax assets. Allocation to Regulatory Reserve is made out of retained earnings. Compositions of Regulatory Reserve are as follows:

Particulars	Creation Due to				Total
	Interest Receivable	Deferred Tax Assets	Fair Value Reserve	Actuarial Reserve	
Balance at 1st Sharwan 2075	-	-	-	-	-
Adjustment	5,049,207	27,744,144		23,339,704	56,133,055
Transfer to RR during the Period	24,890,224	5,094,710		(1,374,720)	28,610,213
Transfer From RR to RE					
Balance at Asar 31st Ashadh 2076	29,939,431	32,838,854		21,964,984	84,743,268
Transfer to RR during the Period	81,159,276	2,617,884		(2,155,066)	81,622,094
Transfer From RR to RE					
Balance at Asar 31st Ashadh 2077	111,098,707	35,456,738		19,809,918	166,365,363
Transfer to RR during the Period	(62,180,018)	10,225,250		(15,265,879)	(67,220,646)
Transfer From RR to RE					
Balance at Asar 31st Ashadh 2078	48,918,689	45,681,988	-	4,544,040	99,144,716
Transfer to RR during the Period	(11,862,625)	5,386,529		9,441,849	2,965,753
Transfer From RR to RE				-	-
Balance at Asar 32nd Ashadh 2079	37,056,064	51,068,516	-	13,985,889	102,110,469
Transfer to RR during the Period	10,798,204	14,373,699	590,353	(810,423)	24,951,834
Transfer From RR to RE	-				-
Balance at Asar 31st Ashadh 2080	47,854,268	65,442,215	590,353	13,175,466	127,062,303

5.17.2 Proposed Distributions (Dividends and Bonus Shares)

Board of director has decided not to declared the dividend of 2079/80.

5.18 Principal Indicators of Last 5 Years

S.N	Particulars	Indicator	As per Previous GAAP		As per NFRS		
			FY 2075-76	FY 2076-77	FY 2077-78	FY 2078-79	FY 2079-80
1	Net Profit / Total Income	%	4.07%	0.26%	8.47%	4.79%	-1.36%
2	Earnings Per Share						
	Basic Earnings Per Share	Rs.	6.01	0.38	15.01	7.34	(2.28)
	Diluted Earnings Per Share	Rs.	6.01	0.38	15.01	7.34	(2.28)
3	Market Price Per Share	Rs.	412.00	686.00			608.00
4	Price / Earning Ratio	Times	68.55	1,798.61	-	-	(267.18)
5	Dividend on Bonus Share	Rs.	10.00%	10.00%	20.00%	0.00%	0.00%
6	Cash Dividend	Rs.	0.53%	0.53%	1.05%	0.00%	0.00%
7	Interest Income / Loans and Advances	%	17.39%	15.51%	14.21%	13.90%	15.39%
8	Employee Expenses / Total Operating Expenses	%	74.98%	74.71%	76.05%	75.53%	76.89%
9	Employee Expenses / Total deposit and borrowing	%	5.06%	4.66%	6.15%	6.14%	5.97%
10	Exchange Income / Total Income	%	-	-	-	-	-
11	Staff Bonus / Total Employee Expenses	%	2.09%	0.48%	12.34%	4.39%	0.00%
12	Net Profit / Loans and Advances	%	0.61%	0.04%	1.33%	0.60%	-0.22%
13	Net Profit / Total Assets	%	0.56%	0.04%	1.26%	0.58%	-0.21%
14	Total Loans and Advances / Total Deposit	%	172.06%	302.98%	295.11%	288.53%	279.21%
15	Total Operating Expenses / Total Assets	%	5.33%	4.99%	5.90%	5.91%	5.65%
16	Capital Adequacy Ratio						
	a) Core Capital	%	11.53%	10.52%	12.74%	11.48%	10.14%
	b) Supplementary Capital	%	0.93%	0.93%	1.43%	0.58%	0.33%
	c) Total Capital Fund	%	12.46%	12.46%	14.17%	12.06%	10.47%
17	Cash Reserve ratio (CRR)	%	0.61%	0.79%	0.63%	0.62%	0.60%
18	NPAs / Total Loans and Advances	%	4.36%	4.78%	3.51%	6.90%	17.48%
19	Base Rate	%	N/A	N/A	N/A	18.31%	19.55%
20	Weighted Average Interest rate Spread	%	5.51%	4.73%	7.45%	5.91%	3.84%
21	Book Net Worth Per Share	Rs.	153.33	153.33	209.36	176.22	171.88
22	Total Shares	Number	4,048,000	4,857,600	4,048,000	4,857,600	4,857,600
23	Total Employee	Number	335	335	292	276	286

5.18 Comparison of Unaudited and Audited Financial Statement

Statement of Financial Position	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			Amount	%	
Statement of Financial Position					
Cash and Cash Equivalent	108,113,804	85,823,191	(22,290,614)	-20.62%	Reclassification of assets
Due from Nepal Rastra Bank	-	23,830,630	23,830,630	0.00%	
Placement with Bank and Financial Institutions		-	-	0.00%	
Derivative Financial Instruments		-	-		
Other Trading Assets		-	-	0.00%	
Loans and Advances to MFIs and Cooperatives		-	-	0.00%	
Loans and Advances to Customers	5,077,545,990	5,001,790,081	(75,755,909)	-1.49%	Due to reclassification of staff loan and AIR of Loan Balances
Investment Securities	2,000,000	1,156,638	(843,362)	-42.17%	Impairment Charge
Current Tax Assets		19,439,099	19,439,099	0.00%	Due to set off with Current Liabilities
Investment Property		-	-	0.00%	
Property and Equipment	14,035,266	26,641,198	12,605,932	89.82%	Due to Additional Depreciation
Goodwill and Intangible Assets	522,718	522,718	-	0.00%	Reclassification of property and equipments
Deferred Tax Assets	51,068,516	65,336,288	14,267,772.46	27.94%	Due to reclassification from Other Assets
Other Assets	218,205,476	14,365,276	(203,840,199)	-93.42%	Due to reclassification
Total Assets	5,471,491,769	5,238,905,119	(232,586,650)	-4.25%	Consequential effect of above items.
Liabilities					
Due to Bank and Financial Institutions		-	-	0.00%	
Due to Nepal Rastra Bank		-	-	0.00%	
Derivative Financials Instrument		-	-	0.00%	
Deposits from Customers	1,791,381,874	1,791,381,874	-	0.00%	
Borrowings	2,018,004,292	2,018,004,292	-	0.00%	
Current Tax Liabilities	7,055,611.93	-	(7,055,612)	-100.00%	Due to set off with Current Assets
Provisions		-	-	0.00%	
Deferred Tax Liabilities		-	-	0.00%	
Other Liabilities	788,208,140	594,590,173	(193,617,967)	-24.56%	Due to reclassification of liability
Debt Securities Issued		-	-	0.00%	
Subordinated Liabilities		-	-	0.00%	
Total Liabilities	4,604,649,917	4,403,976,338	(200,673,579)	-4.36%	Consequential effect of above items.
Equity					
Share Capital	485,760,000	485,760,000	-	0.00%	
Share Premium		-	-	0.00%	
Retained Earnings	68,275,373	63,607,744	(4,667,629)	-6.84%	Due to reclassification from Reserve & Surplus
Reserves	312,806,479	285,561,036	(27,245,443)	-8.71%	Due to reclassification to Retained earning
Total Equity Attributable to Equity Shareholders	866,841,852	834,928,780	(31,913,072)	-3.68%	
Non Controlling Interest					
Total Equity	866,841,852	834,928,780	(31,913,072)	-3.68%	
Total Equity and Liabilities	5,471,491,769	5,238,905,119	(232,586,651)	-4.25%	Consequential effect of above items.
Interest Income	728,584,340	770,018,577	41,434,237	5.69%	AIR considered as Income
Interest Expenses	(435,011,901)	(435,016,846)	(4,945)	0.00%	Inclusion of lease interest expense

Statement of Financial Position	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			Amount	%	
Net Interest Income	293,572,439	335,001,731	41,429,292	14.11%	
Fee and Commission Income	54,595,721	39,959,744	(14,635,977)	-26.81%	Including Commission incomes previously classified under other Operating Income
Fee and Commission Expenses	(6,039,357)	(6,035,711)	3,646	-0.06%	Reclassification of other operating expenses
Net Fee and Commission Income	48,556,364	33,924,033	(14,632,331)	-30.13%	-
Net Interest, Fee and Commission Income	342,128,803	368,925,764	26,796,961	7.83%	-
Net Trading Income		-	-	0.00%	-
Other Operating Income		-	-	0.00%	Few Commission incomes previously classified under Other Operating Income
Total Operating Income	342,128,803	368,925,764	26,796,961	7.83%	-
Impairment Charge/(reversal) for loans and other losses	8,575,087	64,923,083	56,347,996	657.11%	Recalculation of impairment charges
Net Operating Income	333,553,716	304,002,681	(29,551,035)	-8.86%	-
Operating Expenses		-			
Personnel Expenses	(227,917,659)	(227,432,164)	485,495	-0.21%	Revised calculation of Interest on staff loan
Other Operating Expenses	(81,595,234)	(59,545,203)	22,050,031	-27.02%	Depreciation included within other operating expense.
Depreciation & Amortization	(3,299,437)	(8,826,282)	(5,526,846)	167.51%	Depreciation included within other operating expense.
Operating Profit	20,741,386	8,199,032	(12,542,354)	-60.47%	-
Non Operating Income	2,777,320	1,210,921	(1,566,399)	-56.40%	Due to reclassification of other operating income
Non Operating Expenses		-	-	0.00%	Reclassification of other operating expenses
Profit before Income Tax	23,518,706	9,409,953	(14,108,753)	-59.99%	-
Income Tax Expenses	7,055,612	20,464,150	13,408,539	190.04%	-
Current Tax	7,055,612	34,826,238	27,770,626	393.60%	Due to change in profit
Deferred Tax		(14,362,088)	(14,362,088)	0.00%	Deferred tax calculation not made.
Profit for the Period	16,463,095	(11,054,197)	(27,517,292)	-167.15%	Consequential effect of above items.
Profit/(Loss) for the period	16,463,095	(11,054,197)	27,517,292	167.15%	-
Other Comprehensive Income	-	220,069	(220,069)	0.00%	NFRS Adjustment and Change in Actuary Valuation
Total Comprehensive Income	16,463,095	(10,834,128)	27,297,222	165.81%	Consequential effect of above items.



नेपाल राष्ट्र बैंक लघुवित्त संस्था सुपरिवेक्षण विभाग



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन नं.: ४४१२८२३
फ्याक्स नं.: ४४१२२२४
Web site: www.nrb.org.np
Email: nrbmfpsd@nrb.org.np
पोष्ट बक्स नं.: ७३

मिति: २०८०/०९/०४

पत्र संख्या: ल.वि.सं.सु.वि./गैरस्थलगत/नाडेप/८०/८१/२१५

श्री नाडेप लघुवित्त वित्तीय संस्था लिमिटेड,
गजुरी-१, धादिङ्ग ।

विषय : आर्थिक वर्ष २०७९/८० को वार्षिक वित्तीय विवरणहरू प्रकाशन गर्ने सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वासलात, नाफा नोक्सान हिसाब, सोसँग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रारम्भिक तथा अन्तिम लेखापरीक्षण प्रतिवेदन र सो उपर व्यवस्थापनको प्रतिक्रिया, लङ्गफर्म अडिट रिपोर्ट लगायतका वित्तीय विवरणहरूको आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा प्रचलित आयकर ऐन/नियमावली तथा अन्य प्रचलित कानुनी व्यवस्था समेतको पालना गर्ने गरी देहाय बमोजिमका निर्देशनहरू शेरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित तथा कार्यान्वयन गर्ने तथा वार्षिक साधारण सभा प्रयोजनको लागि आर्थिक वर्ष २०७९/८० को वित्तीय विवरण प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

- (क) यस बैंकबाट इजाजतपत्रप्राप्त "घ" वर्गका लघुवित्त वित्तीय संस्थाहरूलाई जारी गरिएको एकीकृत निर्देशन, २०७९ को निर्देशन नं. ३/०७९ को बुँदा नं. २(ग) मा समूहमा आवद्ध भएको सदस्यलाई एकै अवधिमा समूह कर्जा वा धितो कर्जामध्ये कुनै एक कर्जा मात्र प्रवाह गर्न सकिनेछ भन्ने व्यवस्थाको पूर्ण पालना गर्नुहुन ।
- (ख) नेपाल राष्ट्र बैंकबाट इजाजतपत्रप्राप्त "घ" वर्गको वित्तीय संस्थाहरूलाई जारी भएको एकीकृत निर्देशन २०७९ को निर्देशन नं. ६/०७९ को बुँदा नं. ६(४) बमोजिमको जोखिम व्यवस्थापन समितिलाई निष्क्रिय कर्जा घटाउने तर्फ थप सक्रिय र प्रभावकारी बनाउनु हुन । साथै, संस्थामा निष्क्रिय कर्जा अनुपात १७.४८ प्रतिशत रहेको सन्दर्भमा निष्क्रिय कर्जा व्यवस्थापन गर्न आवश्यक योजना पेश गर्नु हुन ।
- (ग) यस बैंकबाट इजाजतपत्रप्राप्त "घ" वर्गको वित्तीय संस्थाहरूलाई जारी भएको एकीकृत निर्देशन, २०७९ को निर्देशन नं. १९/०७९ को बुँदा नं. २ (ख) मा भएको व्यवस्था बमोजिम मात्र सेवा शुल्क लिने गर्नुहुन ।
- (घ) यस बैंकबाट इजाजतपत्रप्राप्त "घ" वर्गका लघुवित्त वित्तीय संस्थाहरूलाई जारी गरिएको एकीकृत निर्देशन २०७९ को निर्देशन नं. ६/०७९ को बुँदा नं. ५ मा "संस्थाले आफ्ना कर्मचारीहरूको दक्षता अभिवृद्धिका लागि प्रत्येक वर्ष गत आर्थिक वर्षको कर्मचारीको कुल तलब भत्ता खर्चको न्यूनतम ३ प्रतिशत रकम तालिम तथा वृत्ति विकासमा खर्च गर्नु पर्नेछ" भन्ने व्यवस्थाको पूर्ण रूपमा पालना गर्नुहुन ।
- (ङ) नेपाल राष्ट्र बैंकबाट इजाजतपत्रप्राप्त "घ" वर्गका लघुवित्त वित्तीय संस्थाहरूलाई जारी गरिएको एकीकृत निर्देशन, २०७९ को निर्देशन नं. १०/०७९ को बुँदा नं. ६ बमोजिम इजाजतपत्रप्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पुँजीको बढीमा २५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरूमा चुक्ता पुँजीको १० प्रतिशत मात्र संस्थापक शेयरमा लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयरधारण गर्ने संस्थापक शेयरधनी रहे/नरहेको एकीन गरी सो सीमाभन्दा बढी भएमा उपरोक्त सीमाभित्र ल्याउनु हुन ।
- (च) संस्थाको आन्तरिक र बाह्य लेखापरीक्षक तथा यस बैंकको स्थलगत निरीक्षण र गैर-स्थलगत सुपरिवेक्षण प्रतिवेदनले औल्याएका कैफियतहरू नदोहोरिने गरी सुधार गर्नुहुन ।

भवदीय,

(विष्णु-प्रसाद फुयल)

उप-निर्देशक

बोधार्थ :

१. श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
२. कार्यान्वयन फाँट, लघुवित्त संस्था सुपरिवेक्षण विभाग ।

नाडेप लघुवित्त वित्तीय संस्था लि.

गजुरी, धादिङ

आ.व २०७९।८० को वित्तीय विवरण प्रकाशन सम्बन्धमा नेपाल राष्ट्र बैंकले उल्लेख गरेका कैफियत उपर संचालक समितिको प्रतिउत्तर सम्बन्धमा

नेपाल राष्ट्र बैंकले यस वित्तीय संस्थाको आ.व. २०७९/८० को वार्षिक वित्तीय विवरण प्रकाशित गर्न स्वीकृति प्रदान गर्दा मिति २०८०।०९।०४ पत्र संख्या ल.वि.स.सु.वि/गैर स्थलगत/नाडेप ८०/८१/२१५ को पत्रमार्फत दिइएका निर्देशनहरू र सो को प्रतिउत्तर साधारणसभा प्रयोजनको लागि देहाय बमोजिम प्रकाशित गर्ने निर्णय गरियो ।

निर्देशन (क) प्रतिउत्तर : निर्देशन बमोजिम कर्जा प्रवाहको व्यवस्था मिलाईने छ ।

निर्देशन (ख) प्रतिउत्तर : निर्देशन बमोजिम जोखिम व्यवस्थापन समितिलाई थप सक्रिय बनाई संस्थाको निस्कृत कर्जा व्यवस्थापन गर्न कार्ययोजना बनाई कार्यान्वयन गरिने व्यहोरा अनुरोध छ ।

निर्देशन (ग) प्रतिउत्तर : त्यस बैंकबाट इजाजतपत्र प्राप्त “घ” वर्गका लघुवित्त वित्तीय संस्थाहरूलाई जारी गरिएको एकीकृत निर्देशन २०७९ को निर्देशन नं. १९/०७८ को उपबुँदा नं.२ मा व्यवस्था भए बमोजिम मात्र सेवा शुल्क लिने व्यवस्था मिलाई सकिएको व्यहोरा अनुरोध छ ।

निर्देशन (घ) प्रतिउत्तर: निर्देशन बमोजिम कार्यान्वयन हुनेगरी व्यवस्था मिलाईएको व्यहोरा अनुरोध छ।

निर्देशन (ङ) प्रतिउत्तर: उपरोक्त सम्बन्धमा निर्देशन अनुसार उल्लेखित सीमामा नै रहेको व्यहोरा अनुरोध छ।

निर्देशन (च) प्रतिउत्तर : संस्थाको आन्तरिक र बाह्य लेखापरीक्षक तथा त्यस बैंकको स्थलगत निरीक्षण र गैर-स्थलगत सुपरिवेक्षण प्रतिवेदनले औल्याएका कैफियतहरूको कार्यान्वयन गराउन व्यवस्थापनलाई निर्देशन दिईसकेको व्यहोरा अनुरोध छ ।

नाडेप लघुवित्त वित्तीय संस्था लि.

केन्द्रीय कार्यालय उच्च व्यवस्थापन समूह



श्री उपेन्द्र बहादुर कार्की
प्रमुख कार्यकारी अधिकृत



श्री शिव प्रसाद आचार्य
वरिष्ठ नायव प्रमुख कार्यकारी अधिकृत



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प्रमुख
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प्रशासन विभाग



राजन कुमार श्रेष्ठ
प्रमुख
कार्यान्वयन विभाग



रमेश मैनाली
प्रमुख
योजना विभाग



नारायण खड्का
प्रमुख
आन्तरिक लेखापरीक्षण विभाग



नाडेप लघुवित्त वित्तीय संस्था लि. को आठौँ वार्षिक साधारण सभा



नाडेप लघुवित्त वित्तीय संस्था लि.

NADEP Laghubitta Bittiya Sanstha Ltd.

केन्द्रीय कार्यालय : गजुरी -९, धादिङ्ग

फोन: ०१०-४०२१११, ४०२१२४

Email: info@nadeplaghubitta.com

Website: www.nadeplaghubitta.com