



जानकी राजनीति वार्षिक प्रतिवेदन

आ.व. २०७८/०८० र २०८०/०८१



₹ जानकी फाइनान्स कम्पनी लिमिटेड
Janaki Finance Company Limited

“सुलभ तथा सजिलो वित्तीय सेवा”

नेपाल राष्ट्र बैंकबाट “ग” वर्गको इजाजतपत्र प्राप्त संस्था, प्रदेश स्तरीय (मधेश प्रदेश)

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सञ्चालक समिति

श्री अमरनाथ गुप्ता
सञ्चालक



श्री सुन्दर राज दली
सञ्चालक



श्री बलराम प्रसाद गुप्ता
अध्यक्ष



श्रीमती ममता दली
सञ्चालक

श्री सरोज कुमार ठाकुर
सञ्चालक



श्री दिनेश कुमार ठार्मा

प्रमुख कार्यकारी अधिकृत



जानकी फाइनान्स कम्पनी लिमिटेडको २७ औं र २८ औं वार्षिक साधारण सभाको सूचना

मिति २०८२/०८/२५ गते बसेको सञ्चालक समितिको बैठक नं. ३७५ को निर्णयानुसार निम्न लिखित मिति, समय र स्थानमा निम्न विषयहरु उपर छलफल गर्नको लागि यस वित्तीय संस्थाको २७ औं र २८ औं वार्षिक साधारण सभा को बैठक हुने भएको हुँदा शेयरधनी महानुभावहरुको जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ :

१. सभा बस्ने मिति, समय र स्थान :

मिति : २०८२ साल पुस १९ गते (तदनुसार जनवरी ३, २०२६) शनिवार

समय : बिहान ८ बजे

स्थान : मसाला कटेज, तिरहुतिया गाउँ - ४, जनकपुरधाम

२. छलफलका विषयहरु :

(क) सामान्य प्रस्तावहरु :

- आर्थिक वर्ष २०७९/८० र २०८०/८१ को सञ्चालक समितिको तर्फबाट प्रस्तुत वार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने सम्बन्धमा ।
- संस्थाको आ.व. २०७९/८० र २०८०/८१ को अन्तिम लेखापरीक्षण प्रतिवेदन, वित्तीय अवस्थाको विवरण (वासलात), नाफा नोक्सान हिसाव, नगद प्रवाह विवरण, इकिवटीमा भएको परिवर्तनको विवरण लगायतका वित्तीय विवरणहरु छलफल गरी पारित गर्ने सम्बन्धमा ।
- कम्पनी ऐन, २०६३ को दफा ११३ अनुसार आ.व. २०८०/८१ को लागि लेखापरिक्षक नियुक्ति गर्ने कम्पनी रजिष्ट्रारको कार्यालयको स्वीकृति प्रदान गरे बमोजिम लेखापरीक्षक श्री देवकी विजय एण्ड कम्पनी, चार्टर्ड एकाउन्टेन्ट्सलाई र आ.व. २०८१/८२ को लागि लेखापरिक्षक नियुक्ति गर्ने कम्पनी रजिष्ट्रारको कार्यालयको स्वीकृति प्रदान गरे बमोजिम लेखापरीक्षक श्री बि.के. अग्रवाल एण्ड कम्पनी, चार्टर्ड एकाउन्टेन्ट्सलाई दिईएको नियुक्ति र पारिश्रमिकलाई अनुमोदन गर्ने सम्बन्धमा ।

(ख) विशेष प्रस्तावहरु :

- जानकी फाइनान्स कम्पनी लि. र अन्य उपयुक्त बैंक वा वित्तीय संस्थाहरु एक आपसमा गाभ्ने गाभिने (Merger) वा प्राप्ति (Acquisition) गर्न गराउन वा उपयुक्त देखिएको अवस्थामा वैदेशिक रणनीतिक साझेदारीमा जानको लागि चल अचल सम्पत्ति तथा दायित्व र कारोबारको मूल्यांकन गर्न तथा गाभ्ने वा गाभिने तथा प्राप्ति गर्ने सम्बन्धमा प्रारम्भिक तथा अन्तिम सम्भौता गर्न र सो प्रकृया पुरा गर्न आवश्यक पर्ने सम्पूर्ण कार्य गर्नका लागि सञ्चालक समितिलाई अखित्यारी प्रदान गर्ने ।

(ग) विविध ।

सञ्चालक समितिको आज्ञाले
कम्पनी सचिव

२७ औं र २८ औं वार्षिक साधारण सभा सम्बन्धी सामान्य जानकारी

- मिति २०८२ साल पुस ८ गते देखि २०८२ पुस १९ गते सम्म शेयर दाखिल खारेज दर्ता बन्द (Book Close) रहने छ । नेपाल स्टक एक्सचेन्ज लि. मा मिति २०८२०९/०१०७ गते सम्म कारोबार भई नियमानुसार शेयर नामसारी भई कायम रहेको शेयरधनीहरूले मात्र सो सभामा भाग लिन सक्नेछन् ।
- सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूलाई सभा हुने दिन शेयर प्रमाण पत्रमा उल्लेखित परिचयपत्र नं. /हितग्राही खाता खोलिएको प्रमाण सहित वित्तीय संस्थाद्वारा जारी गरिएको प्रवेश पत्र साथमा लिई आउन हुन अनुरोध छ । प्रवेश पत्र प्राप्त नगर्नु भएका शेयरधनीले आफ्नो कुनै एक सक्कल शेयर प्रमाणपत्र/हितग्राही खाता खोलिएको प्रमाणपत्र परिचय खुल्ने कुनै प्रमाण (जस्तै नागरिकता प्रमाणपत्र वा अन्य कुनै फोटो सहितको परिचयपत्र) साथमा लिई आउन हुन अनुरोध छ । सभामा भाग लिन प्रत्येक शेयरधनी महानुभावहरूले सभा हुने स्थानमा उपस्थित भई सभास्थलमा रहेको हाजिरी पुस्तिकामा दस्तखत गर्नुपर्नेछ । हाजिरी पुस्तिका विहान ७:०० देखि खुल्ला रहनेछ ।
- प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले सम्पूर्ण शेयरको प्रतिनिधिपत्र (प्रोक्सी फाराम) भरी वित्तीय संस्थाको सभा शुरू हुनु भन्दा कम्तीमा ४८ घण्टा अगाडि वित्तीय संस्थाको केन्द्रीय कार्यालय, स्टेशन रोड, जनकपुरधाममा दर्ता गरी सक्नु पर्नेछ । यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति वित्तीय संस्थाको सोही समुहको शेयरधनी हुनु अनिवार्य छ । प्रोक्सी फारम यस वित्तीय संस्थाको **Website** बाट **Download** गर्न सकिने छ ।
- सर्वसम्मतबाट प्रतिनिधि चयन गरिएको अवस्थामा बाहेक एक भन्दा बढी व्यक्तिहरूको संयुक्त नाममा (साभा गरी) शेयर लिएको रहेछ भने शेयरधनीको दर्ता किताबमा दर्ता क्रमानुसार पहिलो नाममा उल्लेख भएको व्यक्ति एक जनाले मात्र सभामा भाग लिन सक्नेछ ।
- नाबालक वा विक्षिप्त शेयरधनीको तर्फबाट वित्तीय संस्थाको शेयरधनी दर्ता किताबमा संरक्षकको रूपमा नाम दर्ता भईरहेको व्यक्तिले मात्र सभामा भाग लिन सक्नु हुनेछ । तर संरक्षक आफै शेयरधनी नभएमा संरक्षकको रूपमा नाम दर्ता भईरहेको व्यक्तिले मात्र सभामा भाग लिन सक्नु हुनेछ । तर संरक्षक आफै शेयरधनी नभएमा संरक्षकले अरु शेयरधनीको प्रतिनिधि (प्रोक्सी) भई सभामा भाग लिन सक्नु हुने छैन ।
- कुनै संगठित संस्था वा कम्पनीले शेयर खरिद गरेको हकमा त्यस्ता संगठित संस्था वा कम्पनीले मनोनित गरेको प्रतिनिधिले शेयरवालाको हैसियतले सभामा भाग लिन सक्नु हुनेछ ।
- प्रतिनिधि मुकरर गर्दा आफ्नो नाममा रहेको सम्पूर्ण शेयरको प्रतिनिधि एकै व्यक्तिलाई गर्नुपर्दछ । एक भन्दा बढी व्यक्तिलाई आधा-आधा वा अरु कुनै किसिमबाट छुट्टाएर दिएमा बदर हुनेछ ।
- छलफलका विषयसूची मध्ये विविध शीर्षक अन्तर्गत छलफल गर्न इच्छुक शेयरधनीले सभा हुनु भन्दा ७ (सात) दिन अगावै छलफलको विषय कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रूपमा जानकारी दिनु पर्नेछ । तर त्यस्ता विषयलाई छलफल र पारित हुने प्रस्तावको रूपमा समावेश गरिने छैन ।
- शेयरधनी महानुभावहरूको जानकारीको लागि वित्तीय संस्थाको संक्षिप्त आर्थिक विवरण वित्तीय संस्थाको वेबसाइट : www.jfcjanakpur.com.np मा प्रकाशित गरिएको छ । पूर्ण आर्थिक विवरण, नाफा नोक्सान हिसाब, नगद प्रवाह विवरण, सञ्चालक समितिको प्रतिवेदन, लेखापरीक्षकको प्रतिवेदन, वार्षिक साधारण सभामा प्रस्तुत छलफलका विषयहरू सहितको वार्षिक प्रतिवेदन वित्तीय संस्थाको वेबसाइटमा प्रकाशित गरिनेछ । अन्य विस्तृत जानकारीको लागि वित्तीय संस्थाको केन्द्रीय कार्यालयको फोन नं. ०१९७-५९०५८७ मा सम्पर्क राख्नु हुन वा वेबसाइट : www.jfcjanakpur.com.np मा हेर्नुहुन अनुरोध छ ।

प्रोक्सी फारम

श्री सञ्चालक समिति

जानकी फाइनान्स कम्पनी लिमिटेड

जनकपुरधाम-२

विषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

.....जिल्ला.....न.पा./गा.वि.स.वडा नं.....बस्ने म/हामी ले त्यस कम्पनीको शेयरवालाको हैसियतले मिति २०८२ साल पौष १९ गते शनिवारका दिन हुने २७ औं र २८ औं वार्षिक साधारण सभामा स्वयम् उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नको लागि तपशिलमा उल्लेखित व्यक्तिलाई मेरो/ हाम्रो प्रतिनिधि मनोनित गरी पठाएको छ/ छौं ।

प्रतिनिधि

दस्तखत :

नाम :

ठेगाना :

शेयर प्रमाण पत्र नं. :

हितग्राही खाता नं.

शेयर संख्या :

निवेदक

दस्तखत :-

नाम :-

ठेगाना :-

शेयरधनी प्रमाण पत्र नं.:

हितग्राही खाता न :-

शेयर संख्या :

मिति

द्रष्टव्य: यो निवेदन साधारण सभा हुनुभन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको प्रधान कार्यालयभित्र पेश गरिसक्नु पर्नेछ ।

जानकी फाइनान्स कम्पनी लिमिटेड

प्रवेश-पत्र

शेयरधनीको नाम :

शेयर प्रमाण पत्र नं. : शेयर सम्हूँ: शेयर कित्ता:

यस कम्पनीको २७ औं र २८ औं वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा हुने भएकाले उक्त सभामा उपस्थित हुन यो प्रवेश-पत्र जारी गरिएको छ ।

साधारण सभा हुने

मिति: २०८२ साल पुष १९ गते, शनिवार (तदनुसार जनवरी ३, २०२६)

समय: बिहान ८ बजे ।

स्थान: मसाला कटेज, तिरहुतिया गाउँ - ४, जनकपुरधाम

शेयरधनीको दस्तखत

कम्पनी सचिव

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२३.	२०८०/८१ एकीकृत इक्विटी भएको परिवर्तनको विवरण	९७-९८
२४.	२०८०/८१ बाड्न योग्य नाफा नोक्सानको विवरण	९९
२५.	२०८०/८१ एकीकृत नगद प्रवाह विवरण	१००
२६.	२०८०/८१ लेखा सम्बन्धी टिप्पणीहरु तथा प्रमुख लेखा नीतिहरु	१०१-११३
२७.	२०८०/८१ उद्घोषण तथा अतिरिक्त विवरणहरु	११४-१३९
२८.	२०८०/८१ लेखा परिक्षण गरिएको वित्तीय विवरणको तुल्नात्मक विवरण	१४०-१६४
२९.	२०८०/८१ नेपाल राष्ट्र बैंकको स्वीकृति	१६५
३०.	२०८०/८१ नेपाल राष्ट्र बैंकको निर्देशनहरुको कार्यान्वयन सम्बन्धमा	१६६

२७ औं र २८ औं वार्षिक साधारण सभामा सञ्चालक समितिका अध्यक्ष ज्यूको मन्तव्य आदरणीय शेयरधनी महानुभावहरु,

हाम्रो जानकी फाइनान्स कम्पनी लिमिटेडको २७ औं र २८ औं वार्षिक साधारण सभामा उपस्थित हुनु भएका आदरणीय शेयरधनी महानुभावहरु, विभिन्न निकायबाट पाल्नु भएका प्रतिनिधिहरु, लेखापरीक्षक तथा कर्मचारीहरु लगायत समस्त वित्तीय संस्था परिवारलाई सञ्चालक समिति तथा मेरो व्यक्तिगत तर्फबाट समेत जगत जननी जानकी माताको पवित्र नगरी जनकपुरधाममा हार्दिक स्वागत तथा अभिवादन गर्दछु । सञ्चालक समिति वित्तीय संस्थाका संस्थापक र सर्वसाधारण शेयरधनीहरुको प्रतिनिधित्व गर्दै वित्तीय संस्थाको सर्वोपरि हितमा कार्य गर्ने निकाय हो । सञ्चालक समिति यहाँहरुको आशा एंव विश्वासलाई मूर्तरूप दिन सदा कटिबद्ध रहेको र भविष्यमा पनि रहिरहने तथ्य यहाँहरु समक्ष राख्न चाहन्छु । हाम्रा अमूल्य ग्राहक, कर्मचारी तथा शुभेच्छुकहरुको साथै यहाँहरुको सहयोग र सुझाव अनुसार वित्तीय संस्थाले निरन्तर प्रगति गर्ने प्रयास गर्दै आएको तथ्य उल्लेख गर्ने पाउँदा खुशी लागेको छ ।

विगत केहि वर्ष देखि वित्तीय संस्थाले वित्तीय विवरणहरु नेपाल वित्तीय प्रतिवेदनमान (Nepalese Financial Reporting Standard-NFRS) अनुसार तयार गरिएको छ । यस अवसरमा आ.व. २०७९/८० र २०८०/८१ को वित्तीय अवस्थाको विवरण, नाफा-नोक्सान हिसाब, नाफा-नोक्सान बाँडफाँड हिसाब, नगद प्रवाह विवरण तथा अन्य सम्पूर्ण वित्तीय विवरणहरु सभाको स्वीकृतिका लागि प्रस्तुत गर्दछु । यस सम्मानित सभामा म सञ्चालक समितिको तर्फबाट वित्तीय संस्थाको गत आर्थिक वर्षको कार्यको समीक्षा तथा भावी कार्यक्रमहरु प्रस्तुत गर्दछु । आ.व. ०८०/८१ को अन्त्यमा वित्तीय संस्थाको कुल सम्पत्ति करिब रु ४ अर्ब २४ करोड ७९ लाखको छ । जस मध्ये कर्जा सापट तर्फ रु १ अर्ब ८४ करोड ६३ लाख छ र निक्षेप तर्फ २०८१ आषाढ मसान्त सम्ममा कुल निक्षेप रु ४ अर्ब ०९ करोड ७० लाख परिचालन गर्न सक्षम भएको छ ।

वित्तीय संस्थाको भावी कार्यक्रममा वित्तीय संस्थाको अवस्थामा सुधार, कारोबारको आधुनिकीकरण र वित्तीय संस्थाको स्तरोन्नतीको लक्ष्य राखेका छौं । कर्जा विविधिकरण समेत गरी कर्जामा निहित जोखिमहरुलाई न्यूनीकरण गर्ने अवधारणालाई निरन्तरता दिने, निक्षेपको लागत लगायत अन्य सञ्चालन लागत कम गरी मुनाफाको स्थितिलाई सुदृढ गर्नु नै प्रमुख कार्यक्रम रहेको छ । २०८१ आषाढ मसान्तमा वित्तीय संस्थाको पूँजीकोषको अनुपात -९.८८% रहेको, निष्कृय कर्जाको अनुपात ६१.६७% रहेको, तरलताको अनुपात ४७.०१% रहेको साथै आ.व. २०८०/८१ मा नेपालमा भएको आर्थिक मन्दीले गर्दा वित्तीय संस्थाको कारोबारहरुमा निहित जोखिमहरु बढेको र ती जोखिमहरुलाई न्यूनीकरण गर्ने प्रयास वित्तीय संस्थाको व्यवस्थापनले निरन्तर गर्दै आईरहेको छ । आगामी वर्षहरुमा यस वित्तीय संस्थालाई अभ बढी उत्कृष्ट र असल वित्त कम्पनीको रूपमा स्थापित गराई देशको आर्थिक विकाशमा महत्वपूर्ण योगदान दिने किसिमले आफ्नो वित्तीय सेवा प्रदान गर्न प्रतिबद्ध छौं ।

शेयरधनी लगायत सम्पूर्ण सरोकारवालाहरुको बृहत हितको लागि मर्जर/एक्विजिशनका लागि समेत वित्तीय संस्थाले आवश्यक कदम चालिरहेको छ ।

अन्त्यमा, यस वित्तीय संस्थाको उद्देश्य प्राप्तिका लागि सहयोग पुऱ्याउनु हुने समस्त शेयरधनी महानुभावहरु, ग्राहकवर्ग, नागरिक समाज, संचारजगत तथा नेपाल सरकारका सम्बद्ध निकायलगायत नेपाल राष्ट्र बैंक प्रति सञ्चालक समितिको तर्फबाट हार्दिक आभार प्रकट गर्दछु । वित्तीय संस्थाको उत्तरोत्तर प्रगतिका लागि योगदान पुऱ्याउनमा सहयोग गर्ने यस वित्तीय संस्थाका कार्यकारी प्रमुख लगायत वित्तीय संस्थाका सम्पूर्ण अधिकृत तथा कर्मचारीहरु र अन्य सहयोगीहरुलाई धन्यवाद दिन चाहन्छु । साथै, वित्तीय संस्थाका गतिविधिहरुलाई सकारात्मक रूपमा जनसमक्ष पुऱ्याइदिने संचार जगत र प्रत्यक्ष अप्रत्यक्ष रूपमा वित्तीय संस्थालाई सहयोग पुऱ्याउने सम्पूर्ण शुभेच्छुकहरुप्रति पनि म हार्दिक आभार व्यक्त गर्दै वित्तीय संस्थाको सञ्चालक समितिको वार्षिक प्रतिवेदन लगायत आ.व. २०७९/०८० र २०८०/८१ को वित्तीय विवरणहरु छलफल गरी पारित गरिदिनु हुन यो प्रस्ताव पेश गर्दछु ।

धन्यवाद ।

(बलराम प्रसाद गुप्ता)

अध्यक्ष

जानकी फाइनान्स कम्पनी लिमिटेडको २७ औं र २८ औं वार्षिक साधारण सभामा सञ्चालक समितिको तर्फबाट प्रस्तुत प्रतिवेदन

आदरनीय शेयरधनी महानुभावहरु,

यस वित्तीय संस्थाको २७ औं र २८ औं वार्षिक साधारण सभामा सञ्चालक समितिको तर्फबाट यहाँहरुलाई स्वागत गर्न पाउँदा मलाई खुशी लागेको छ । यस वर्ष हाम्रो वित्तीय संस्थाले सञ्चालनको २८ वर्ष सफलतासाथ पुरा गरी २९ औं वर्षमा प्रवेश गरेकोमा हामी सबैले गौरवान्वित महसुस गरेका छौं । सञ्चालक समितिको तर्फबाट म यहाँहरु समक्ष सञ्चालक समितिको वार्षिक प्रतिवेदनको साथै आर्थिक वर्ष २०८९/८० र २०८०/८१ को नाफा नोक्सान हिसाब, नगद प्रवाह विवरण तथा वित्तीय संस्थाको विभिन्न कृयाकलापहरु यस वार्षिक प्रतिवेदन सँगै अनुमोदनको लागि प्रस्तुत गरेको छु ।

नेपालमा आ.व. २०८२/८३ देखि नेपाल वित्तीय प्रतिवेदनमान (Nepalese Financial Reporting Standards-NFRS) लागु भई विगत केही वर्ष देखि वित्तीय विवरणहरु नेपाल वित्तीय प्रतिवेदनमान (Nepalese Financial Reporting Standards-NFRS) अनुसार तयार गरी प्रकाशित गरिएका छौं । नेपाल वित्तीय प्रतिवेदनमानले समावेश नगरेका क्षेत्रहरुमा अन्तर्राष्ट्रिय वित्तीय प्रतिवेदनमान (International Financial Reporting Standards-IFRS) लाई आधारको रूपमा लिईएको छ । यो वार्षिक प्रतिवेदन नेपाल राष्ट्र बैंकको निर्देशन २०८६, बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०८३ तथा कम्पनी ऐन, २०८३ का प्रावधान अनुरूप तयार गरी प्रस्तुत गरिएको छु ।

विगतमा हामीले धेरै कार्यहरु सम्पन्न गरेका छौं र भविष्यमा गर्नुपर्ने यस्ता कार्यहरु अभ धेरै छन् । अहिले पनि हाम्रो अगाडि धेरै चुनौती तथा अवसरहरु छन् । विगतका अनुभवहरु तथा उपलब्धीले नेपालको बैंकिङ उद्योगमा नवीनता प्रदान गर्ने क्रमलाई निरन्तरता दिन सकिन्छ भन्ने कुरामा हामी दृढ छौं । देशको वर्तमान अवस्थालाई विश्लेषण गर्दै वित्तीय संस्थाले आउँदो दिनको लागि रणनीतिक योजना बनाई अगाडि बढ्ने लक्ष्य लिएको छ । हामीलाई विश्वास छ, आउँदा दिनहरुमा हाम्रो वित्तीय संस्था कमशः विभिन्न वित्तीय सेवाहरु प्रदान गर्न सक्ने वित्तीय संस्थाको रूपमा विकसित हुनेछ ।

यस गरिमामय सभामा यस वित्तीय संस्थाको उत्थान र प्रगतिका लागि आदरणीय शेयरधनी महानुभावहरुले विगतमा व्यक्त गर्नु भएका अभिव्यक्ति तथा अमुल्य राय-सुभाव समेतलाई दृष्टिगत गरी गरिएको कार्यान्वयनको फलस्वरूप आर्थिक वर्ष २०८२/८३ मा यस वित्तीय संस्थाले प्रगतिका काम गर्ने प्रयास जारी राखेको हो । यस वित्तीय संस्थाको उपलब्धीहरु र भविष्यका योजनाहरुका बारेमा आफ्ना शेयरधनी महानुभावहरुलाई जानकारी गराउनु हामीले आफ्नो परम कर्तव्य ठानेका छौं । त्यसैले, यहाँहरुको प्रतिनिधित्व गर्ने हामी सञ्चालकहरुका तर्फबाट वित्तीय संस्थाको आ.व. २०८९/०८० र २०८०/८१ को विस्तृत प्रतिवेदन पेश गर्ने अनुमति चाहन्छौं ।

क. आ.व. २०८९/८० र २०८०/८१ को कारोबारको सिंहावलोकन

वित्तीय स्थिति

वित्तीय संस्थाको २०८९/८० र २०८०/८१ मसान्तको संक्षिप्त वित्तीय स्थिति देहाय बमोजिम रहेको छ ।

रु. हजारमा

विवरण	आ.व.		वृद्धि	
	२०८०/८१	२०८९/८०	रकम	प्रतिशत
चुक्ता पूँजी	६९०,४७२.८०	६९०,४७२.८०	०	०
जगेडा तथा कोष	६४७,२०९.८०	४३१,१८३.५९	२९६,०२६.२९	५०.९०

निक्षेप	४,०९७,०७६.१८	३,५८१,२९५.६९	५९५,७८०.५७	१४.४०
कुल कर्जा	१,८४६,३५९.८७	२,३४२,७५८.२०	-४९६,३९८.३३	-२१.१९
लगानी	३९,०६६.५०	३९,४९६.५०	-४३०.००	-१.०९

रु. हजारमा

शीर्षक/आ.व.	आ.व.		वृद्धि	
	२०८०/८१	२०७९/८०	रकम	प्रतिशत
खुद व्याज आमदानी	८,८१७.३७	५३,६३५.१६	(४४,८१७.७९)	-८३.५६
कमिशन तथा संचालन आमदानी	१०,३२३.३४	११,५५२.७९	(१,२२९.४५)	-१०.६४
कर्मचारी तथा संचालन खर्च	४४,२६८.४०	४०,१८३.६३	४,०८४.७७	१०.१७
संचालन मुनाफा	(५,८९,१८५.३९)	(३,३६,१७१.५३)	(२,५३,०१३.८६)	७५.२६
खुद मुनाफा	(४,९८,४६४.९०)	(२,३५,९४२.२२)	(१,८२,५२१.८८)	७७.३६

पूँजी कोषको पर्याप्तता :

आर्थिक वर्ष २०७९/०८० को अन्त्यमा पूँजीकोषको अनुपात ८.०६ प्रतिशत तथा २०८०/८१ को अन्त्यमा पूँजीकोषको अनुपात -९.८८ प्रतिशत कायम रहेको छ, जुन नेपाल राष्ट्र बैंकको निर्देशन बमोजिम कायम गर्नुपर्ने न्यूनतम १० प्रतिशत भन्दा कम रहेको छ।

संस्थागत सुशासन :

वित्तीय संस्थामा संस्थागत सुशासन (Corporate Governance) को स्तरलाई उच्चतम राख्ने विषयमा वित्तीय संस्थाले महत्व दिने नीति बनाएको र आगामी वर्षमा पनि अत्यन्त उच्च कायम राख्ने कुरामा हामी प्रतिबद्ध छौं। प्रभावकारी संस्थागत सुशासनको कार्यान्वयनलाई प्राथमिकतामा राखी वित्तीय संस्थाका उद्देश्य, मूल्य-मान्यता, आन्तरिक संरचना, व्यावहारिक सिद्धान्त र कर्मचारीका आचरण निर्धारण गरिएका छन्। सञ्चालक समितिका कामकारबाहीहरू तथा वित्तीय संस्थाका अन्य सबै क्रियाकलापहरूलाई पारदर्शी रूपमा सञ्चालन गरी संस्थागत सुशासनको विकाश गर्न वित्तीय संस्था सदा क्रियाशील रहेको छ। नेपाल राष्ट्र बैंक एवं अन्य सम्बद्ध निकायहरूबाट समय-समयमा जारी भएका नीति एवं निर्देशनलाई वित्तीय संस्थाले पूर्ण रूपमा लागु गर्दै आएको छ र आगामी दिनहरूमा पनि पूर्ण रूपमा लागु गरिनेछ। सञ्चालकहरूले पालना गर्नुपर्ने आचारसंहिता कार्यान्वयनमा ल्याई पालन गरिएको छ।

सूचना प्रविधि :

सूचना प्रविधिको विकाशका साथै ग्राहकवर्गको चाहनालाई परिपूर्ति गर्न सूचना प्रविधिको उल्लेखनीय भूमिकालाई ध्यानमा राखी वित्तीय संस्थाले ABBS, मोबाइल बैंकिङ, टेलिफोन तथा मोबाइलको बिल भुक्तानी, मोबाइल रिचार्ज, बिजुली बिलको भुक्तानी, प्लेनको टिकट खरिद, एक खाताबाट अर्को खातामा

IPS, डिजिटल माध्यमबाट रकमान्तर सुविधा जस्ता प्रविधिमूलक सेवाहरू प्रदान गर्दै आएको र आफ्नो सूचना प्रविधिमा समयानुकूल सुधार एवं विकाश गर्दै लाने लक्ष्य अनुरूप ईन्टरनेट बैंकिङ सुविधा र अन्य विभिन्न किसिमका विद्युतीय सेवा दिने योजना बनाएका छौं। साथै नेपाल राष्ट्र बैंकको निरीक्षण प्रतिवेदनबाट प्राप्त सुभावहरूको कार्यान्वयन गर्दै भविष्यमा समेत सूचना प्रविधिमा समयानुकूल सुधार एवं विकाश गर्दै लाने लक्ष्य लिइएको छ।

आन्तरिक नियन्त्रण प्रणाली :

बैंकिङ व्यवसायमा निहित कर्जा, बजार तथा सञ्चालन लगायतका जोखिमहरूलाई दृष्टिगत गरी वित्तीय संस्थाले आन्तरिक नियन्त्रण प्रणालीलाई दब्लो बनाउने नीति लिएको छ । यस सम्बन्धमा बैंकिङ कारोबारका सबै क्षेत्रमा आवश्यक नीति, नियमहरू बनाई कार्यान्वयनमा ल्याइएको छ । त्यसै गरी वित्तीय संस्थाका कामकारबाहीहरू प्रचलित कानुन बमोजिम भए गरेको छ/छैन त्यसको यकिन गर्ने उद्देश्यले वित्तीय संस्थामा एउटा स्वतन्त्र (Independent) आन्तरिक लेखापरीक्षण विभाग खडा गरी त्यस विभागको प्रमुखलाई गैह-कार्यकारी सञ्चालकको संयोजकत्वमा गठित लेखापरीक्षण समिति मातहत राखिएको छ ।

ख. राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थिति र यसका प्रभावहरू :

२०८२ असोजमा वार्षिक विन्दुगत आधारमा उपभोक्ता मुद्रास्फीति १.४७ प्रतिशत रहेको छ । अधिल्लो वर्षको सोही महिनामा यस्तो मुद्रास्फीति ४.८२ प्रतिशत रहेको थियो । त्यस्तै थोक मुद्रास्फीति १.३२ प्रतिशत रहेको छ । यस्तो मुद्रास्फीति अधिल्लो वर्षको सोही महिनामा ५.५१ प्रतिशत रहेको थियो । यस अवधिमा तलब तथा ज्याला सूचकाङ्क ४.४८ प्रतिशतले बढेको छ । अधिल्लो वर्षको सोही अवधिमा यस्तो सूचकाङ्क ३.३१ प्रतिशतले बढेको थियो । समीक्षा अवधिमा नेपाल सरकारको कुल राजस्व परिचालन (प्रदेश सरकार तथा स्थानीय सरकारमा बाँडफाँट हुने रकम समेत) रु.२४९ अर्ब ५ करोड रहेको छ । यस अवधिमा नेपाल सरकारले रु.९० अर्ब आन्तरिक ऋण र रु.१६ अर्ब ३३ करोड बाट्य क्रमसमेत गरी कुल रु.१०६ अर्ब ५५ करोड ऋण परिचालन गरेको छ । वार्षिक विन्दुगत आधारमा २०८२ असोज मसान्तमा विस्तृत मुद्राप्रदाय १२.२ प्रतिशतले वृद्धि भएको छ । अधिल्लो वर्षको सोही अवधिमा यस्तो मुद्राप्रदाय १३.३ प्रतिशतले वृद्धि भएको थियो । समीक्षा अवधिमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जा १.५ प्रतिशतले वृद्धि भई रु.५.५८० अर्ब ६४ करोड पुगेको छ । अधिल्लो वर्षको सोही अवधिमा यस्तो कर्जा प्रवाह २.५ प्रतिशतले बढेको थियो । समीक्षा अवधिमा बैंक तथा वित्तीय संस्थाहरूको निष्क्रिय कर्जा अनुपात २०८२ असोजमा ५.२६ प्रतिशत पुगेको छ । २०८१ असोजमा यस्तो अनुपात ४.४२ प्रतिशत रहेको थियो । २०८२ असोजमा वाणिज्य बैंकको ५.०३ प्रतिशत, विकास बैंकको ६.०३ प्रतिशत र वित्त कम्पनीको १२.५२ प्रतिशत निष्क्रिय कर्जा अनुपात रहेको छ ।

ग. प्रतिवेदन तयार भएको मिति सम्म चालु वर्षको उपलब्धी र भविष्यमा गर्नुपर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा :

चालु आर्थिक वर्ष २०८२/८३ को प्रथम त्रयमास सम्मको यस वित्तीय संस्थाको कारोबारको स्थिति निम्नानुसार रहेको छ ।

यस वित्तीय संस्थाको २०८२ आश्विन मसान्त सम्म कुल निष्क्रिय पु. २ अर्ब ७० करोड ९२ लाख र कुल कर्जा तथा सापट पु. २ अर्ब ५४ करोड ६८ लाख पुगेको छ ।

सेवा विस्तार :

यस वित्तीय संस्थाले आफ्नो पूँजीकोषलाई बढाउदै लगी वित्तीय क्षमता अभिवृद्धि गर्दै लैजाने नीति लिएको छ । चुक्ता पूँजी बढूदै जाँदा वित्तीय क्षमता पनि वृद्धि हुदै जाने भएकोले कारोबारको दायरालाई अझ बढी फराकिलो पार्न चुक्ता पूँजी बढाउने सोच रहेको छ । यसरी चुक्ता पूँजी वृद्धि गर्दै लगि वित्तीय संस्थाको सम्पूर्ण कारोबार र कार्यक्षेत्र बढाउदै लैजाने सोचाई रहेको छ ।

वित्तीय संस्थाले आ.व. २०८२/८३ मा उपलब्ध श्रोतहरुको प्रभावकारी परिचालन गरी वित्तीय क्षेत्रमा आफ्नो साख कायम राखेछ । यस क्रममा वित्तीय संस्थाले हालका सेवाहरूको गुणस्तरमा वृद्धिका अलावा नयाँ सेवाहरूको सुरुवात तथा नयाँ बजारहरूमा प्रवेश गर्ने तर्फ कार्य अगाडि बढाएको छ । लगानीका नयाँ क्षेत्रहरु पहिल्याउदै जाने योजना अनुसार वित्तीय संस्थाले समग्र कृषि क्षेत्रलाई प्राथमिकताको सूचीमा राखी कृषि क्षेत्र सँग सम्बन्धित उद्योगहरूमा लगानी थप विस्तार गर्ने जस अन्तर्गत कुखुरा पालन, मत्सयपालन, व्यवसायिक

कृषि खेती तथा कृषि उपजको प्रशोधन, जडीबुटी उत्पादन तथा प्रशोधन र साना एंव मझौला उद्योगहरुको विकाशमा विशेष जोड दिने लक्ष्य राखेको छ । हाम्रो वित्तीय संस्थाले कृषि क्षेत्र तथा साना तथा मझौला खालका कृषि तथा डेरी उद्योगहरुलाई लगानीमा प्रोत्साहन गर्ने उद्देश्य संस्थाले लिएको छ ।

वित्तीय संस्थाहरुमा विगत केही समय देखि तरलताको अवस्था स्थिर देखिएको छ भने अर्को तर्फ देशको ठूलो जनसंख्या वित्तीय सेवाबाट बच्चित पनि रहिरहेका छन् । तसर्थ, आम जनमानसमा उपयोगी हुने सेवाहरुको विकाश गर्ने तर्फ वित्तीय संस्थाको विशेष ध्यान रहने छ । विगतका वर्षहरु देखि वित्तीय संस्थाले साना निक्षेपका सेवाहरु लागु गर्नुको मुख्य उद्देश्य पनि यही नै रहेको छ । यस्ता निक्षेपहरु वित्तीय संस्थाको विभिन्न शाखाहरुबाट प्रभावकारी रूपमा परिचालन गर्न सकिन्छ भन्ने विश्वास लिईएको छ । सेवा वितरणका प्रणालीलाई सुहाउँदो निक्षेपका योजना नै भविष्यको सफलताको कारण हुनेछ भन्ने धारणा यस वित्तीय संस्थाले लिएको छ । साथै, यस्तो लक्ष्य प्राप्तिको निमित्त प्रविधिको पनि प्रयोग बढाईनेछ ।

वित्तीय संस्थाहरुको संख्यात्मक वृद्धिको अवस्थाबाट वित्तीय संस्थाको प्रतिस्पर्धी क्षमतालाई कायम राख्ने सम्बन्धमा थप आम्दानीका श्रोतहरु खोज्नुपर्ने रणनीति स्वभाविक देखिन्छ । साथै, नेपाल राष्ट्र बैंकबाट जारी सेवा तथा सेवा शुल्क सम्बन्धी मार्गदर्शनलाई समेत ध्यानमा राखि हालका सेवाहरुमा थप शुल्क लगाउनुको साटो नयाँ सेवाहरु प्रदान गरी वा कारोबारमा वृद्धि गरी यस्तो लक्ष्य हासिल गर्न उपयुक्त देखिन्छ । त्यस्तै, खर्च तर्फ आम्दानीलाई आधार मानि खर्च व्यवस्थापन गर्नुपर्नेमा जोड दिईनेछ । यस सम्बन्धमा शाखाको आम्दानी गर्न सक्ने क्षमता हेरी आकार निर्धारण गर्ने, तिनीहरुलाई चाँडो भन्दा चाँडो नाफा दिने शाखामा परिणत गर्ने, प्रविधिको सहायताले कारोबार खर्च घटाउने, खर्चको निरन्तर अनुगमन गर्ने आदि गतिविधिहरु प्रमुख रहेका छन् ।

वित्तीय साक्षरता :

विदेशी मुलुकबाट विप्रेषणको कारण आम समुदायको आम्दानीमा भईरहेको वृद्धि तथा भविष्यमा आर्थिक रूपमा सुरक्षित रहन बचत गर्ने बानीको विकाश गर्नुपर्ने खाँचोको सम्बन्धमा वित्तीय संस्थाले विभिन्न कार्यकमहरु गरेको छ । जस अन्तर्गत वित्तीय संस्थाका कर्मचारीहरु आफ्नो शाखा अन्तर्गत पर्ने न.पा./ गा.पा. हरुमा बैंकिङ बानी नभएका स्थानहरु चयन गरी समाजका व्यक्तिहरुलाई भेला गरी बचत गर्दाका फाईदा तथा बैंकिङ सम्बन्धी विभिन्न जानकारी तथा सूचनाहरु लिएर वित्तीय क्षेत्रमा जनसहभागिताको विकाश गर्न वित्तीय साक्षरता अभियानमा सूचनामुलक कार्यकमका साथ जुटेका छौं । यस कार्यकमलाई आउँदो दिनमा पनि निरन्तरता दिई जनसहभागिता बढाई वित्तीय साक्षरता बढाउने कार्य जारी राखिनेछ ।

प्रविधि विकाश :

संस्थाको सूचना प्रविधिलाई प्रभावकारी रूपमा अद्यावधिक गर्दै आधुनिक सेवा विस्तार गर्दा लाग्ने समय र खर्चलाई किफायती बनाउदै लैजाने प्रयास गरिएको छ । यस आर्थिक वर्षमा सोही अनुरूप वित्तीय संस्थाको मोबाइल बैंकिङ सेवा शुरु गरिएको जसको माध्यमबाट ग्राहकहरुले आफ्नो खातामा हुने कुनै पनि कारोबारको एस.एम.एस. मार्फत अर्लट जानकारी पाउने, मोबाइलको रिचार्ज, मोबाइल र टेलिफोनको बिल भुक्तानी, केबलको भुक्तानी, प्लेनको टिकट खरिद र अर्को बैंक तथा वित्तीय संस्थामा रकमान्तरको सुविधा र चेक बुक तथा स्टेटमेन्टको सुविधा उपलब्ध गराईएको र भविष्यमा सो सुविधाहरु अभ थप हुदै जाने छ । साथै सम्पत्ति शुद्धिकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी नेपाल राष्ट्र बैंकबाट जारी निर्देशन सम्बन्धी कार्यको व्यवस्थापनका लागि Go-AML Software खरिद गरिसकेको र सम्पत्ति शुद्धिकरण निवारण सम्बन्धी ऐन अन्तर्गत कार्य भईरहेको छ ।

घ. वित्तीय संस्थाको औद्योगिक र व्यवसायिक सम्बन्ध :

वित्तीय संस्था व्यवस्थापन वित्तीय क्षेत्रमा लामो अनुभव प्राप्त व्यक्तिहरुबाट संचालित छ । ग्राहकवर्गको आवश्यकतालाई केन्द्र बिन्दु मानेर संस्थाले गुणस्तरीय सेवा प्रदान गर्दै आइरहेको छ । जसले गर्दा ग्राहक र यस संस्थाको बीचमा सुमधुर सम्बन्ध कायम रहेको छ । कर्मचारीहरुलाई उच्च मनोबलका साथ काम गर्ने

वातावरणको सृजना गरिएको छ। संस्थाको कारोबारसँग सम्बन्ध राख्ने ग्राहकवर्ग, संगठित संघसंस्थाहरु, औद्योगिक तथा व्यवसायिक संघसंस्थाहरु र शेयरधनी महानुभावहरुसँग पारस्परिक लाभ तथा पारदर्शिताको आधारमा सम्बन्धलाई अभ बढाउदै लिएको छ।

ड. सञ्चालक समितिमा भएको हेरफेर र सोको कारण :

यस वित्तीय संस्थाको सञ्चालक समितिमा संस्थापक समुहबाट ३ जना, सर्वसाधारण शेयरधनीको समुहबाट २ जना र विशेषज्ञ संचालकको रूपमा १ जना गरि ६ जना संचालक रहने व्यवस्था रहेको छ। २५ औं वार्षिक साधारण सभाबाट सञ्चालक समितिमा ३ जना संस्थापक समुहबाट र २ जना सर्वसाधारण समुहबाट निर्वाचित हुनु भएको छ।

च. वित्तीय संस्थाको कारोबारलाई असर पार्ने मुख्य कुराहरु :

- (१) वित्तीय संस्थाबाट प्रदान गरिने दीर्घकालीन, मध्यकालीन लगानी र जमानत पत्र जारी गर्ने जस्ता गैर-कोषीय सेवाहरु उपलब्ध गराउदा हुन सक्ने सम्भावित जोखिमहरु।
- (२) नेपाल सरकार वा नेपाल राष्ट्र बैंकले बैंक तथा वित्तीय संस्था सम्बन्धी नीति-निर्देशनमा परिवर्तन गर्दा सृजना हुन सक्ने सम्भावित जोखिमहरु।
- (३) नेपाल राष्ट्र बैंकको निर्देशन अनुसार व्याजदरमा हुने परिवर्तन तथा थपघटले उत्पन्न हुन सक्ने सम्भावित जोखिमहरु।
- (४) राष्ट्रको आर्थिक, मौद्रिक तथा वित्तीय नीति परिवर्तनबाट सृजना हुन सक्ने सम्भावित जोखिमहरु।
- (५) यथा समयमा कर्जा असुली नभई उत्पन्न हुने आर्थिक जोखिमहरु।
- (६) कर्जा तथा लगानीको दायरा सांघरिएर उत्पन्न हुन सक्ने जोखिमहरु।
- (७) अन्तराष्ट्रिय बजारमा हुने मन्दीबाट नेपाली बजारमा पर्न सक्ने असरबाट हुन सक्ने आर्थिक जोखिमहरु।
- (८) देशको आर्थिक अवस्थामा आउने उतार-चढावबाट पर्न सक्ने जोखिमहरु।
- (९) पूँजी बजारको अवस्थामा आउने उतार-चढावबाट पर्न सक्ने जोखिमहरु।
- (१०) देशको राजनैतिक अस्थिरताले पर्न सक्ने असरहरु।
- (११) तिब्रतर बैंकिङ प्रतिस्पर्धाका कारण पर्न सक्ने असरहरु।
- (१२) प्रविधिमा हुने परिवर्तनका कारण पर्न सक्ने असरहरु।

वित्तीय संस्थाको कर्जा तथा सापट र लगानी खराब भई हुन सक्ने जोखिमहरुको लागि नेपाल राष्ट्र बैंकको निर्देशानुसार वित्तीय संस्थाले कर्जा नोक्सानी व्यवस्था र लगानीमा सम्भावित हानी- नोक्सानी वापतको व्यवस्था जस्ता कोषहरुको व्यवस्था गरेको छ। वित्तीय संस्थाले वित्त बजारमा हुने प्रतिस्पर्धाको लागि जनशक्ति विकाशमा आवश्यक ध्यान पुर्याएको छ। यस बाहेक व्यवसायिक जोखिमहरुबाट श्रृजना हुनसक्ने हानि-नोक्सानीको लागि व्यवस्थापन चनाखो भई सम्भावित हानी-नोक्सानी हुन नदिन वा कम गर्न सक्षम तथा प्रतिबद्ध छ।

छ. लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिकृया :

आर्थिक वर्ष २०७९/८० र २०८०/८१ को लेखापरीक्षण प्रतिवेदनमा प्रतिकुल कैफियत उल्लेख भएको छैन र प्रारम्भिक लेखापरीक्षण प्रतिवेदनमा उल्लेख भएका कैफियतहरुलाई लेखापरीक्षण समितिको सिफारिसमा सञ्चालक समितिको निर्णय तथा निर्देशानुसार सुधार गरिएको छ। लेखापरीक्षकले संस्थाको कारोबारबाट आफु सन्तुष्ट रहेको प्रतिवेदन दिनु भएको छ।

ज. लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम :

आर्थिक वर्ष २०७९/८० र २०८०/८१ कुनै पनि रकम लाभांशको रूपमा बाँडफाँड गरिएको छैन।

भ. शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयर जफत हुनु भन्दा अगावै सो वापत वित्तीय संस्थाले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो बिक्री गरी वित्तीय संस्थाले प्राप्त गरेको रकम तथा जफत भएको शेयर वापत रकम फिर्ता गरेको भए सोको विवरण :

यस अवधिमा वित्तीय संस्थाले कुनै पनि शेयर जफत गरेको छैन ।

ज. विगत आर्थिक वर्षमा वित्तीय संस्था र यसको सहायक कम्पनीको कारोबार प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन :

यस संस्थाको कुनै सहायक कम्पनी छैन । संस्थाको कारोबारको स्थिति र आर्थिक वर्षको अन्तमा रहेको स्थिति संलग्न वासलात, नाफा- नोक्सान हिसाब तथा नगद प्रवाह विवरणले स्पष्ट पार्दछ ।

ट. यस वित्तीय संस्था तथा यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरु र सो अवधिमा वित्तीय संस्थाको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन :

यस वित्तीय संस्थाको कुनै पनि सहायक कम्पनीहरु छैनन् । वित्तीय संस्थाले आर्थिक वर्ष २०७९/०८० र २०८०/८१ मा गरेको प्रमुख कारोबार र कारोबारमा आएको परिवर्तन संलग्न वासलात, नाफा- नोक्सान हिसाब, नगद प्रवाह विवरण र लेखा सम्बन्धी टिप्पणीहरुले स्पष्ट पार्दछ ।

ठ. विगत आर्थिक वर्षमा संस्थाको आधारभूत शेयरधनीहरुले संस्थालाई उपलब्ध गराएको जानकारी :

छैन ।

ड. विगत आर्थिक वर्षमा वित्तीय संस्थाका सञ्चालक तथा पदाधिकारीहरुले लिएको शेयरको स्वामित्वको विवरण र संस्थाको शेयर कारोबारमा निजहरु संलग्न रहेको भए सो सम्बन्धमा निजहरुबाट वित्तीय संस्थाले प्राप्त गरेको जानकारी :

आर्थिक वर्ष २०७९/०८० र २०८०/८१ मा वित्तीय संस्थाका सञ्चालकहरु तथा पदाधिकारीहरुले यस संस्थाको शेयर नेपाल राष्ट्र बैंकको निर्देशन तथा विद्यमान कानुनको प्रतिकूल हुने गरी स्वामित्वमा लिएको रेकर्डबाट देखिदैन र यस संस्थालाई यस बारेमा कहि कतैबाट जानकारी समेत प्राप्त भएको छैन ।

ढ. विगत आर्थिक वर्षमा संस्थासँग सम्झौताहरुमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा :

जानकारी उपलब्ध भएको छैन ।

ण. संस्थाले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण त्यस्तो शेयरको संख्या र अंकित मूल्य तथा त्यसरी खरिद गरे वापत संस्थाले भुक्तानी गरेको रकम :

संस्थाले आफ्नो शेयर आफै खरिद गरेको छैन ।

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

वित्तीय संस्थाको आफ्नो व्यवसाय विस्तार सँगै त्यसमा अन्तर्निहित जोखिमहरु न्यूनीकरण गर्नको लागि आन्तरिक नियन्त्रण प्रणालीको महत्वपूर्ण भुमिका रहेको हुन्छ । सोही अनुरुप बैकिङ व्यवसायमा निहित कर्जा, बजार तथा संचालन लगायतका जोखिमहरुलाई मध्यनजर गर्दै वित्तीय संस्थाले आन्तरिक नियन्त्रण प्रणालीलाई दहो बनाउने नीति लिएको छ । यसै गरी सञ्चालन प्रकृया तर्फ आर्थिक प्रशासन विनियमावली, कर्मचारी प्रशासन विनियमावली, कर्जा अपलेखन विनियमावली, कर्जा तथा लगानी नीति, कर्जा अनुगमन तथा असुली नीति, सम्पत्ति तथा दायित्व जोखिम व्यवस्थापन नीति, वित्तीय श्रोत संकलन सम्बन्धी नीति, वित्तीय संस्था जमानत निर्देशिका, सूचना प्रविधि नीति, सम्पत्ति शुद्धिकरण तथा आंतकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी नीति, धितो मूल्यांकन निर्देशिका, संस्थागत सामाजिक उत्तरदायित्व नीति, ग्राहक पहिचान कार्यविधि

तथा आवश्यक कार्य-निर्देशिकाहरु तयार गरी लागु गरिरहेको छ । यसको अलावा वित्तीय संस्थाले आवश्यकता अनुसार अन्य कार्यविधिहरु तैयार गरी सोही अनुरूप आफ्नो क्रियाकलापहरु संचालन गरेको छ ।

समितिहरु :

सञ्चालक समितिलाई नीति निर्देशन तथा वित्तीय संस्थाको कृयाकलापलाई नियन्त्रण र अनुगमन गर्न सहयोग पुर्याउन सञ्चालक स्तरमा लेखापरीक्षण समिति, जोखिम व्यवस्थापन समिति, कर्मचारी सेवा सुविधा समिति र सम्पत्ति शुद्धिकरण निवारण सम्बन्धी समितिहरु कार्यरत रही आएका छन् ।

लेखापरीक्षण समिति :

वित्तीय संस्थाको गैर-कार्यकारी सञ्चालकको संयोजकत्वमा ३ सदस्य रहेको लेखापरीक्षण समितिले वित्तीय संस्थाको वित्तीय स्थिति, आन्तरिक नियन्त्रण र जोखिम व्यवस्थापन व्यवस्था र लेखापरीक्षण कार्यक्रम आदि बारे नियमित समीक्षा गर्ने गर्दछ । यसले आन्तरिक तथा बाह्य लेखापरीक्षण प्रतिवेदन तथा नेपाल राष्ट्र बैंकबाट हुने सुपरिवेक्षण प्रतिवेदनमा उल्लेखित विषयहरु सुधारका लागि व्यवस्थापनलाई आवश्यक सुझाव दिनुका साथै सञ्चालक समितिलाई सोको जानकारी नियमित रूपमा दिने गरी आएको छ । समीक्षा अवधिमा लेखापरीक्षण समितिको बैठक ४ पटक बसेको थियो ।

जोखिम व्यवस्थापन समिति :

यस समितिको मुख्य उद्देश्य नेपाल राष्ट्र बैंकको एकीकृत निर्देशनले यस समितिलाई तोकेको काम, कर्तव्य र उत्तरदायित्व बहन गर्दै वित्तीय संस्थामा अन्तरनिहित तथा भविष्यमा आउन सक्ने विभिन्न जोखिमहरु (कर्जा, बजार, संचालन आदि) को पहिचान, अनुगमन तथा व्यवस्थापन गरी सञ्चालक समिति समक्ष प्रतिवेदन पेश गर्ने तथा सो सम्बन्धमा व्यवस्थापनलाई आवश्यक सुझाव दिनु हो । समीक्षा अवधिमा जोखिम व्यवस्थापन समितिको बैठक ४ पटक बसेको थियो ।

सम्पत्ति शुद्धिकरण निवारण सम्बन्धी समिति :

सम्पत्ति शुद्धिकरण निवारण सम्बन्धी समिति एक सञ्चालक स्तरको समिति हो, जसको मुख्य उद्देश्य सम्पत्ति शुद्धिकरण निवारण सम्बन्धमा वित्तीय संस्थाले तर्जुमा गरेको नीति/नियम/मार्गदर्शनहरुको पुनरावलोकन गर्नु, सम्पत्ति शुद्धिकरण, आतंकवादी कृयाकलापमा वित्तीय लगानी तथा भ्रष्टाचार सम्बन्धी जोखिम पहिचान तथा नियन्त्रण गर्न वित्तीय संस्थाले तयार गरेको संयन्त्रको आवधिक पुनरावलोकन गर्नु रहेको छ । यस समितिले सम्पत्ति शुद्धिकरण तथा आतंकवादी कृयाकलापमा वित्तीय लगानी तथा भ्रष्टाचार सम्बन्धी कानुन, नियमनकारी निकायले तोकेको मापदण्ड र वित्तीय संस्थाको नीतिहरु कार्यान्वयन सम्बन्धमा व्यवस्थापनलाई आवश्यक सुझाव दिन सक्ने छ, तथा आवधिक रूपमा यस समितिले गरेका निर्णयहरुको तथा निर्णय बमोजिम भएका कार्यहरुको जानकारी सञ्चालक समिति समक्ष प्रस्तुत गर्ने गर्दछ । समीक्षा अवधिमा यस समितिको बैठक ४ पटक बसेको थियो ।

कर्मचारी सेवा सुविधा समिति

यस समितिको मुख्य उद्देश्य कर्मचारीहरुको समय-समयमा पारिश्रमिक संरचानाको अध्ययन तथा विश्लेषन गर्ने जनशक्ति व्यवस्थापन सम्बन्धी कार्यहरु र संस्थाको कर्मचारीहरुले सम्पादन गन्तपर्ने कार्य विवरण सम्बन्धी जानकारी सञ्चालक समिति समक्ष प्रस्तुत गर्ने गर्दछ । समीक्षा अवधिमा कर्मचारी सेवा सुविधा समितिको बैठक ६ पटक बसेको थियो ।

त्यस्तै, व्यवस्थापकीय स्तरमा उच्च व्यवस्थापकहरु रहेको व्यवस्थापन समिति, जनशक्ति व्यवस्थापन समिति, खरिद समिति आदि रहेका छन् । यी समितिहरुबाट वित्तीय संस्थाको विविध कारोबार तथा गतिविधिहरु सम्बन्धमा नियमित काम कारबाही हुदै आएका छन् ।

थ. विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण :

आर्थिक वर्ष २०८०/८१ मा कुल व्यवस्थापन खर्च मध्ये कर्मचारी खर्चमा रु. २१,८०९,४५७.७० र अन्य सञ्चालन खर्च रु. २२,४५८,९४४.४० तथा आ.व. २०८१/०८० मा कुल व्यवस्थापन खर्च मध्ये कर्मचारी खर्चमा रु. १८,१५१,८३७.०४ र अन्य सञ्चालन खर्च रु. २२,०३९,७९४.३१ रहेको छ। जसको विस्तृत विवरण अनुसुची ४.३६ र ४.३७, ४.३८ मा उल्लेख भएको छ।

द. लेखापरीक्षण समितिका सदस्यहरुको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारबाहीको विवरण र सो समितिले कुनै सुभाव दिएको भए सोको विवरण :

यस संस्थाको सञ्चालक समितिले कम्पनी ऐन, बैंक तथा वित्तीय संस्था सम्बन्धी ऐन तथा नेपाल राष्ट्र बैंकको निर्देशनको अधिनमा रही गैर कार्यकारी सञ्चालकको संयोजकत्वमा ३ सदस्यीय लेखापरीक्षण समिति गठन गरिएको छ।

आ.व. २०८०/०८१	आ.व. २०८१/०८०		
श्री सरोज कुमार ठाकुर	संयोजक	बलराम प्रसाद गुप्ता	संयोजक
श्री राधे कुमार चौधरी	सदस्य	श्री राधे कुमार चौधरी	सदस्य
सुश्री मनिषा पजियार	सदस्य सचिव	श्री सुनिल साह	सदस्य सचिव

लेखापरीक्षण समितिका संयोजकलाई प्रति बैठक रु. ५,०००।०० प्रदान गर्ने गरिएको छ। समितिले आन्तरिक लेखापरीक्षण प्रतिवेदन, प्रारम्भिक लेखापरीक्षण प्रतिवेदन र नेपाल राष्ट्र बैंकबाट प्राप्त प्रतिवेदन उपर छलफल गरि व्यवस्थापनलाई आवश्यक निर्देशन दिने र सञ्चालक समितिमा सिफारिस गर्ने गरेको छ। साथै समय समयमा संस्थाको वित्तीय अवस्थाको बारेमा विस्तृत जानकारी लिई आवश्यक निर्देशन दिने गरेको छ।

ध. सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, वित्तीय संस्थाका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले वित्तीय संस्थालाई कुनै रकम बुझाउन बाँकी भए सो कुरा :

यस वित्तीय संस्थाको कुनै पनि पदाधिकारी, शेयरधनी वा निजको नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले यस वित्तीय संस्थालाई कुनै पनि रकम बुझाउन बाँकी रहेको छैन।

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

सञ्चालक समितिका पदाधिकारीलाई बैठक भत्ता तथा अन्य सुविधा वापत आ.व. २०८१/८० मा रु.८,०३,२०७/- उपलब्ध गराएको छ। त्यसैगरी आ.व. २०८०/८१ मा रु.७,१७,६६९.५३ उपलब्ध गराएको छ। साथै आ.व. २०८१/८० मा प्रमुख कार्यकारी अधिकृतलाई तलब र भत्ता वापत रु.१९,६५,०००/- तथा आ.व. २०८०/८१ मा रु.१९,८४,५००।०० भुक्तानी दिइएको छ। प्रमुख कार्यकारी अधिकृतलाई अन्य सुविधाको हकमा सम्झौतामा उल्लेख भएअनुसार उपलब्ध गरिइएको छ।

प. शेयरधनीहरुले बुझिलिन बाँकी रहेको लांभाश रकम :

शेयरधनीहरुले बुझिलिन बाँकी रहेको लांभाश रु. १,७९,१६१।१७ रहेको।

फ. कम्पनी ऐन २०८३ को दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण :

छैन।

ब. कम्पनी ऐन २०८३ को दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरण :

यस वित्तीय संस्थाको कुनै सम्बद्ध कम्पनी छैन।

भ. कम्पनी ऐन तथा प्रचलित कानून बमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनुपर्ने अन्य कुनै कुरा :

छैन।

म. अन्य आवश्यक कुराहरु :

शेयरधनी महानुभावहरुको लागि सूचना व्यवस्था: वित्तीय संस्थाले कारोबार सम्बन्धी सूचना आदान प्रदान गर्ने प्रकृयालाई उच्च प्राथमिकता दिएको छ। यस सन्दर्भमा वित्तीय संस्थाले वार्षिक प्रतिवेदन, त्रैमासिक प्रतिवेदन लगायत अन्य वित्तीय संस्थाको प्रगति विवरणहरु विभिन्न समाचार माध्यम एवं वित्तीय संस्थाको वेबसाइट www.jfcjanakpur.com.np मार्फत जानकारी गराउने गरेको छ। वित्तीय संस्थामा समय समयमा लगानीकर्ता तथा व्यक्तिगत रूपमा janakicompanyltd@gmail.com र अन्य माध्यमबाट आएका विभिन्न जिज्ञासाहरुको उचित निष्कर्ष निकाल्ने उपयुक्त र महत्वपूर्ण थलो वार्षिक साधारण सभा भएकोले सबै शेयरधनी महानुभावहरुलाई सभामा सहभागी भई वित्तीय संस्थाको प्रगतिमा छलफल गर्न प्रोत्साहित गरेका छौं।

अन्त्यमा,

सिंझो देशको आर्थिक अवस्था विविध कारणवश अस्थिर रहेको अवस्थामा पक्कै पनि बैंकिङ तथा वित्तीय क्षेत्रमा यसको नकारात्मक प्रभाव परेको तथ्य यहाँहरुलाई जानकारी नै छ। यस विषम परिस्थितिलाई मनन गरी बृहत रूपमा कर्जा लगानी गरी ठूलो जोखिम उठाउनुको सट्टा यस संस्थाले भएको सम्पत्ति र लगानीहरुलाई व्यवस्थित गर्ने, नयाँ प्रविधि र उत्पादनहरुको खोजी गर्ने, राष्ट्रिय तथा क्षेत्रीय बैंकिङ सम्बन्धहरु विस्तार गर्ने, ग्राहकको सेवा स्तरमा वृद्धि गर्ने लगायत आफुलाई आन्तरिक तथा बाह्य रूपमा सुदृढ राख्ने कार्यहरुमा लागिरहेकै कारण हाम्रो संस्था आफ्नो सम्पत्ति तथा पूँजीबाट उच्चतम प्रतिफल आर्जन गर्न सफल रहेको छ। आगामी दिनमा आर्थिक मन्दी कम हुने र आर्थिक सुधारको अपेक्षा गरिएको छ। देशमा रहेको आर्थिक मन्दी कम हुदै गएमा आ.व. २०८२/८३ को उपलब्धी दर उच्च रहने विश्वास दिलाउन चाहन्छु। साथै, म सञ्चालक समितिको तर्फबाट हाम्रा सबै शेयरधनी महानुभावहरु, ग्राहक वर्ग तथा शुभचिन्तकहरुलाई वहाँहरुको अटुट समर्थन तथा सहयोगका लागि हार्दिक कृतज्ञता व्यक्त गर्दछु। यो वित्तीय संस्था आज जुन उचाईमा पुगेको छ त्यसको श्रेय यहाँहरुको निरन्तर र अमुल्य समर्थनलाई जान्छ। नेपाल राष्ट्र बैंक तथा नेपाल सरकारको निरन्तर सहयोग र मार्ग निर्देशनको लागि म कृतज्ञता व्यक्त गर्न चाहन्छु। यसै अवसरमा वित्तीय संस्थाको सफलतामा महत्वपूर्ण भुमिका खेल्ने समस्त कर्मचारीहरुलाई पनि हार्दिक धन्यवाद दिन चाहन्छु।

द.....

बलराम प्रसाद गुप्ता

अध्यक्ष

द.....

अमरनाथ गुप्ता

सञ्चालक

द.....

सुन्दर राज दली

सञ्चालक

द.....

सरोज कुमार ठाकुर

सञ्चालक

द.....

श्रीमति ममता दली

सञ्चालक

मिती : २०८२/१०/१९

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

१. सञ्चालक समितिको प्रतिवेदन : वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
२. लेखापरीक्षकको प्रतिवेदन : वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
३. लेखापरीक्षण भएको वित्तीय विवरण : वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
४. कानूनी कारबाही सम्बन्धित विवरण :
 - क. त्रैमासिक अवधिमा वित्तीय संस्थाले वा वित्तीय संस्था विरुद्ध कुनै मुद्दा दायर भएको : यस त्रैमासिक अवधिमा वित्तीय संस्थाले वा वित्तीय संस्था विरुद्ध कुनै मुद्दा दायर भएको जानकारी नरहेको ।
 - ख. वित्तीय संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भए : त्यस किसिमको कुनै मुद्दा भएको जानकारीमा नआएको ।
 - ग. कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए : त्यस किसिमको कुनै मुद्दा भएको जानकारीमा नआएको ।
५. वित्तीय संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण :
 - क. धितोपत्र बजारमा भएको वित्तीय संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा : नेपाल स्टक एक्सचेन्ज लि. तथा धितोपत्र बोर्डको सुपरीवेक्षण व्यवस्थाको अधिनमा रही कारोबार रहेको ।
 - ख. गत वर्षको प्रत्येक त्रैमासिक अवधिमा वित्तीय संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संख्या र कारोबार दिन :

आ.व. २०७९/८०

	चौथो त्रयमास	तेस्रो त्रयमास	दोस्रो त्रयमास	प्रथम त्रयमास
अधिकतम मूल्य	: ४२९.८०	४५२.८०	४६०	५०७.९०
न्यूनतम मूल्य	: ३३६	३४८	३३८.१०४८३	
अन्तिम मूल्य	: ४०९	३७७	४२५.३०	३५५.८०
कारोबार भएको कुल दिन	: ६२	५६	५२	६५
कारोबार संख्या	: ६५५३८६	६५३४९०	८७६४६०	१०९७६५२

आ.व. २०८०/८१

	चौथो त्रयमास	तेस्रो त्रयमास	दोस्रो त्रयमास	प्रथम त्रयमास
अधिकतम मूल्य	: ८३१	४८३	३९९.८०	४४१
न्यूनतम मूल्य	: ४१८.२०	३५०	३१६.७० ३३६	
अन्तिम मूल्य	: ७४२.५०	४६२	३७५	३४६
कारोबार भएको कुल दिन	: ६१	५८	४९	६१
कारोबार संख्या	: ६७६२९०२	१०७८०७७	३५७५५१	४८९६०१

६. समस्या तथा चुनौती :

वित्तीय संस्थाले बहन गर्नुपरेको समस्या तथा चुनौती स्पष्ट रूपमा उल्लेख गर्नुपर्ने र उक्त समस्या तथा चुनौतीलाई वित्तीय संस्थाको आन्तरिक तथा बाह्य भनी वर्गीकरण गरी त्यसतो समस्या तथा चुनौती समाधान गर्न व्यवस्थापनले अवलम्बन गरेको रणनीति सम्बन्धी विवरण :

वित्तीय क्षेत्रमा भएको बढदो प्रतिस्पर्धा, तरलता व्यवस्थापन, लगानीयोग्य उत्पादनशील क्षेत्रको अभाव, दक्ष जनशक्तिको व्यवस्थापन, न्यून आर्थिक वृद्धिदर, घरजग्गाको कारोबारमा आएको मन्दी आदिबाट श्रृजना हुनसक्ने जोखिमलाई कम्पनीले समस्या तथा चुनौतीको रूपमा लिएको छ । काबु भन्दा बाहिरका परिस्थिति बाहेक उपरोक्त चुनौती तथा समस्या समाधान गर्न आन्तरिक नियन्त्रण प्रणालीलाई चुस्त दुरुस्त गरी ग्राहकसुखी सेवा प्रदान गर्ने तथा दक्ष जनशक्ति व्यवस्थापन गर्ने रणनीति कम्पनीले लिएको छ ।

७. संस्थागत सुशासन :

संस्थागत सुशासन अभिवृद्धिका लागि व्यवस्थापनद्वारा चालिएका कदम सम्बन्धी विवरण: यस वित्तीय संस्थाले संस्थागत सुशासन सम्बन्धी नेपाल राष्ट्र बैंक लगायत सम्बन्धित नियमनकारी निकायहरुबाट प्राप्त मार्ग निर्देशनहरु उच्च प्राथमिकताका साथ पालना गर्दै आएको छ । वित्तीय संस्थाको सुशासन अभिवृद्धि एंव वित्तीय संस्थाले गर्ने कार्यहरु पारदर्शी एंव नियम संगत गर्नका लागि सञ्चालक समिति, लेखापरीक्षण समिति, जोखिम व्यवस्थापन समिति, सम्पत्ति शुद्धीकरण निवारण सम्बन्धी समिति र कर्मचारी व्यवस्थापन तथा सेवा सुविधा समिति क्रियाशील रहेको छ । आन्तरिक नियन्त्रण प्रणालीलाई व्यवस्थित गर्न आन्तरिक लेखापरीक्षक नियुक्त गरिएको र आन्तरिक लेखापरीक्षण गरि लेखापरीक्षकले दिएको सुभाव तथा सल्लाहहरु व्यवस्थापन मार्फत कार्यान्वयन तथा समीक्षा गर्न लेखापरीक्षण समिति क्रियाशील रहेको छ । वित्तीय संस्थाको कारोबारलाई व्यवस्थित गर्न आन्तरिक नीति, नियम तथा निर्देशनहरु तर्जुमा गरि लागु गरिएको छ ।



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Independent Auditors' Report to the Members of Janaki Finance Company Limited

Opinion

We have audited the accompanying Financial Statements of M/s Janaki Finance Company Limited (hereinafter referred to as 'the Company') which comprise the Statement of Financial Position as at Ashad 31, 2080 (July 16, 2023), and the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statement read together with Notes forming part of the financial statement presents fairly, in all material respects, the Financial Position of the company as at Ashad 31, 2080 (July 16, 2023), and its Financial Performance, Changes in Equity, Cash Flow for the year then ended and a Summary of Significant Accounting Policies and Other Explanatory Information in accordance with Nepal Financial Reporting Standards (NFRS) and comply with Companies Act, 2063 and Bank and Financial Institutions Act, 2073.

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the Financial Statement, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidences 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 judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key Audit Matters	How the matters were addressed in our Audit
1.	<p>Impairment of Loans and Advances to Customers including recognition of Interest Income on Loan and Advances</p> <p>Allowances for impairment of loans and advances to customers have been made based on incurred loss model and Nepal Rastra Bank (NRB) Directives, as applicable. The Company is required to apply its judgement and estimation to determine allowances for impairment. In addition, assessment of allowances of impairment is important as carve out provides for higher of the incurred loss model or NRB's directive.</p>	<p>Our audit procedures on impairment of loans and advances including recognition of Interest Income included:</p> <ol style="list-style-type: none"> 1. We planned and tested the operating effectiveness of key controls established by the Company to identify loss events and for determining the extent of provision required against non-performing loans and advances to customers.



Deoki Bijay & Co.
Chartered Accountants

S.N.	Key Audit Matters	How the matters were addressed in our Audit
	<p>The carrying value of the loans and advances to the customers can be materially misstating if the Company's judgment and estimation are inappropriate.</p> <p>In addition to above, interest income on loans and advances to customers has been recognized on accrual basis calculated by the Core Banking System and in complying with the interest income recognition Guidelines 2019 issued by NRB. Recognition of interest income on non-performing loans and advances involves estimation and judgments on calculating net realizable value of loans and advances.</p> <p>Due to the significance of the above matter to the financial statements, we have considered this as a key audit matter for the current year audit.</p>	<p>2. The testing of controls include testing of controls over correct identification and classification of non-performing loans and advances of customers on time-based criteria; control over calculation of the incurred loss in accordance with incurred loss model; control over monitoring of loans and advances to customers with higher risk default; control over accurate computation and recording of provisions; and control over the governance and approval process related to provision including continuous reassessment by the Management.</p> <p>3. We have selected a sample of loans and advances of customers, checked instalments of repayments and tested classification of non-performing loans and advances of customers based on the number of days overdue; evaluated the assessment for classification of loans and advances to customers as performing and non-performing based on repayment pattern, documentation, inspection and through discussion with the Management; assessment of control over mortgage value of loans and advances to customers.</p> <p>Our Results: Based on the work carried out as said above, we considered the impairment charge on loans and advances and interest income recognition to be acceptable.</p>
2.	<p>Information Technology General Controls IT controls include recording of transactions, generating various reports in compliance with NRB guidelines and other compliances to regulations is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators.</p>	<p>Our Audit procedures on Information Technology General Controls included:</p> <ol style="list-style-type: none"> 1. Understanding the Core Banking Software and other allied systems used by the company for accounting and reporting purposes and control. 2. Understanding the process of feeding data in the system and conducting a walkthrough of the extraction of the financial information and statements from the IT systems existing in the company. 3. Walkthrough of access control of the users. 4. Reviewing the reports generated by the system on sample basis. <p>Our Results: Based on the work carried out as said above, we considered the controls in the Information technology to be acceptable.</p>

Information other than the Financial Statements and Auditor's Report Thereon

The company's management is responsible for the presentation of the other information. The other information comprises the information included in the company's Annual Report such as Report of Board of Directors/Chairman's Statement but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and accordingly, we do not express an audit opinion or, except as explicitly stated above, any form of assurance conclusion there on in view of non-receipt of such other information to be part of Annual Report. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on financial statements, other information therein is materially misstated or inconsistent with the financial statements.



Deoki Bijay & Co.
Chartered Accountants

Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- i. Identify and assess the risks of material misstatement of the Financial Statements whether due to fraud, 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 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 the internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- v. 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.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company 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.

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 the relevant ethical requirement 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.



Deoki Bijay & Co.
Chartered Accountants

Report on Other Legal and Regulatory Requirements

To the best of our knowledge and according to explanations given to us and from our examination of the books of accounts of company, necessary for the purposes of our audit to the extent for the scope of our audit:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- ii. In our opinion, the financial statements have been prepared in accordance with the provision of Companies Act, 2063 and confirm to the books of accounts of the Company.
- iii. The accounts and records of the Company have been maintained as required by law.
- iv. Financial statements are in agreement with the books of account maintained by the Company.
- v. The capital fund, risk bearing fund and the provision for possible impairment of assets of the Company are adequate as per the Directives issued by Nepal Rastra Bank.
- vi. The operations of the Company are within its jurisdiction.
- vii. The Company has not acted in a manner to jeopardize the interest and security of the depositors and investors.
- viii. The returns received from the branch offices of the Company, though the statements are independently not audited, were adequate for the purpose of the audit.
- ix. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of account.
- x. In our opinion and to the best of our information and according to the explanations given to us, the Board of Directors, the representative or any employee of the Company has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the Company deliberately or acted in a manner that would jeopardize the interest and security of the Company.

Kathmandu
Date: 2081.05.16

Om Narayan Mahato

CA. Om Narayan Mahato

Partner

For: Deoki Bijay & Co.

Chartered Accountants

UDIN: 240901CA01929pETW6



Janaki Finance Company Limited
Statement of Financial Position
As on Ashad 31, 2080

Particulars	Notes	Amount in NRs.	
		As on Ashad 31, 2080	As on Ashad 32, 2079
Assets:			
Cash and cash equivalent	4.1	1,379,292,400.95	1,183,093,587.96
Due from Nepal Rastra Bank	4.2	201,744,513.81	88,668,405.64
Placement with Bank and Financial Institutions	4.3	-	-
Derivative financial instruments	4.4	-	-
Other trading assets	4.5	-	-
Loan and Advances to B/FIs	4.6	43,000,621.62	16,518,899.09
Loans and advances to customers	4.7	2,299,757,575.76	2,708,113,224.48
Investment securities	4.8	39,496,500.00	44,031,500.00
Current Tax Assets	4.9	30,435,321.52	10,345,588.26
Investment in subsidiaries	4.10	-	-
Investment in Associates	4.11	-	-
Investment property	4.12	967,880.00	967,880.00
Property and equipment	4.13	26,124,075.49	26,108,696.75
Goodwill and Intangible assets	4.14	1,459,644.22	1,984,233.88
Deferred tax assets	4.15	194,269,483.47	83,021,861.85
Other assets	4.16	11,921,155.90	4,726,073.60
Total Assets		4,228,469,172.74	4,167,579,951.51
Liabilities & Equity:			
Liabilities:			
Due to Bank and Financial Institutions	4.17	92,039,581.51	54,061,369.93
Due to Nepal Rastra Bank	4.18	-	-
Derivative Financial instruments	4.19	-	-
Deposit from customers	4.20	3,489,256,027.99	3,279,971,988.48
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	-	-
Other liabilities	4.23	110,284,457.74	57,540,772.37
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total Liabilities		3,691,580,067.24	3,391,574,130.78
Equity:			
Share Capital	4.26	690,472,800.00	690,472,800.00
Share premium		-	-
Retained earning		-584,767,281.54	(213,569,497.69)
Reserves	4.27	431,183,587.04	299,102,518.42
Total equity attributable to equity holders		536,889,105.50	776,005,820.73
Non-controlling interests		-	-
Total equity		536,889,105.50	776,005,820.73
Total Liabilities and Equity		4,228,469,172.74	4,167,579,951.51
Contingent liabilities and commitment	4.28	161,392,682.26	282,826,302.61
Net assets value per share		77.76	112.39

The notes to the financial statements as set out in Notes 01 to 05 form an integral part of these financial statements.

For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma Chief Executive Officer	Balram Pd. Gupta Chairman	Amarnath Gupta Director	Saroj K. Thakur Director	CA. Om Narayan Mahato Partner Deoki Bijay & Co. Chartered Accountants
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Sunil Shah Accountant Janakpur Date: 2081.05.16	Sundar Raj Dali Director	Mrs. Mamta Dali Director
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Janaki Finance Company Limited
Statement of Profit or Loss
For the year ended Ashad 31, 2080

Particulars	Notes	FY 2079-80	Amount in NRs.
		FY 2079-80	FY 2078-79
Interest Income	4.29	430,538,470.35	442,511,476.33
Interest Expense	4.30	<u>376,903,307.93</u>	<u>275,113,733.99</u>
Net interest income		<u>53,635,162.42</u>	<u>167,397,742.34</u>
Fee and Commission Income	4.31	6,909,781.59	13,398,871.12
Fee and Commission Expense	4.32	<u>-</u>	<u>-</u>
Net fee and Commission income		<u>6,909,781.59</u>	<u>13,398,871.12</u>
Net interest fee and commission income		<u>60,544,944.01</u>	<u>180,796,613.46</u>
Net Trading Income	4.33	-	-
Other Operating Income	4.34	<u>4,643,007.23</u>	<u>12,873,376.37</u>
Total operating income		<u>65,187,951.24</u>	<u>193,669,989.83</u>
Impairment charge/(reversal) for loans and other losses	4.35	361,175,847.54	315,950,534.94
Net Operating income		<u>(295,987,896.30)</u>	<u>(122,280,545.11)</u>
Operating Expenses			
Personnel Expenses	4.36	18,151,837.04	18,333,626.45
Other Operating Expenses	4.37	<u>15,216,291.43</u>	<u>13,864,017.10</u>
Depreciation and Amortisation	4.38	<u>6,815,502.88</u>	<u>5,909,407.92</u>
		<u>40,183,631.35</u>	<u>38,107,051.47</u>
Operating Profit		<u>(336,171,527.65)</u>	<u>(160,387,596.58)</u>
Non operating income	4.39	-	160,000.00
Non operating expense	4.40	<u>-</u>	<u>-</u>
Profit before income tax		<u>(336,171,527.65)</u>	<u>(160,227,596.58)</u>
Income tax expense	4.41	<u>(100,229,312.42)</u>	<u>(47,407,417.96)</u>
Current tax		9,657,809.20	36,109,010.45
Deferred Tax		<u>(109,887,121.62)</u>	<u>(83,516,428.41)</u>
Profit for the year		<u>(235,942,215.23)</u>	<u>(112,820,178.62)</u>
Profit attributable to:			
Equity holders of the Bank		(235,942,215.23)	(112,820,178.62)
Non-controlling interests		<u>-</u>	<u>-</u>
Profit for the year		<u>(235,942,215.23)</u>	<u>(112,820,178.62)</u>
Earnings per share (NRs)			
Basic Earnings per share	4.42	(34.17)	(16.34)
Diluted Earnings per share	4.42	(34.17)	(16.34)

The notes to the financial statements as set out in Notes 01 to 05 form an integral part of these financial statements.

For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma Chief Executive Officer	Balram Pd. Gupta Chairman	Amarnath Gupta Director	Saroj K. Thakur Director	CA. Om Narayan Mahato <i>Partner</i> Deoki Bijay & Co. Chartered Accountants
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Sunil Shah Accountant Janakpur Date: 2081.05.16	Sundar Raj Dali Director	Mrs. Mamta Dali Director
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Janaki Finance Company Limited
Statement of Other Comprehensive Income
For the year ended Ashad 31, 2080

<u>Particulars</u>	<u>Amount in NRs.</u>	
	<u>FY 2079-80</u>	<u>FY 2078-79</u>
Profit for the year	(235,942,215.23)	(112,820,178.62)
Other comprehensive income, net of income tax:		
a. Items that will not be reclassified to profit or loss		
Gains/(losses) from investments in equity instruments measured at fair value	(4,535,000.00)	(11,565,000.00)
Gains/(losses) on revaluation		
Actuarial gains/(losses) on defined benefit plans		
Income tax relating to above items	1,360,500.00	3,469,500.00
Net other comprehensive income that will not be reclassified to profit or loss	(239,116,715.23)	(120,915,678.62)
b. Items that are or may be reclassified to profit or loss		
Gains/(losses) on cash flow hedge	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-
Income tax relating to above items	-	-
Reclassify to profit or loss	-	-
Net other comprehensive income that are or may be reclassified to profit or loss	-	-
c. Share of other comprehensive income of associate accounted as per equity method		
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income for the year	(239,116,715.23)	(120,915,678.62)
Total comprehensive income attributable to:		
Equity Shareholders	-	-
Non-controlling interest	-	-
Total comprehensive income for the period	(239,116,715.23)	(120,915,678.62)

The notes to the financial statements as set out in Notes 01 to 05 form
For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma Chief Executive Officer	Balram Pd. Gupta Chairman	Amarnath Gupta Director	Saroj K. Thakur Director	CA. Om Narayan Mahato Partner Deoki Bijay & Co. Chartered Accountants
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Sunil Shah
Accountant
Janakpur
Date: 2081.05.16

Sundar Raj Dali
Director

Mrs. Mamta Dali
Director



Janaki Finance Company Limited
Statement of Changes in Equity
For the year ended Ashad 31, 2080

Particulars	Share Capital	Share Premium	General Reserve	Exchange Fluctuation Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Investment Adjustment Reserve	Available for sale Reserve	Institution CSR Fund	Deferred Tax Reserve	Employee Capacity Enhancement Fund	Rent Equalization reserve	Other Reserve	Total	Non controlli ng interest	Total Equity
Balance as at Shrawan 2077	60,411,100.00		178,09,838.50		10,968,908.11	133,000.00	69,386,787.70		3,378,448.67		170,044.95	569,681.88	4,178,175.50	863,127,809.81		863,127,809.81	
Comprehensive income for the year																	
Profit for the year																	
Other comprehensive income, net of tax																	
Gains/(losses) from investments in equity instruments measured at fair value																	
Gains/(losses) on revaluation																	
Actuarial gains/(losses) on defined benefit plans																	
Gains/(losses) on cash flow hedge																	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)																	
Total comprehensive income for the year																	
Transfer to Reserve during the year																	
Transfer from reserve during the year																	
Transactions with owners, directly recognised in equity																	
Share Issued																	
Share Based payments																	
Dividend to equity holders																	
Bonus shares issued																	
Cash dividend paid																	
Others																	
Exchange Fluctuation Fund																	
Deferred Tax Reserve																	
Investment Adjustment Reserve																	
Employee Capacity Enhancement Fund																	
Utilization of Institution CSR Fund																	
Utilization of employee capacity enhancement Fund																	
Utilization of Institution CSR Fund																	
Institution CSR Fund																	
Total contributions by and distributions																	
Rent equalization reserve																	
Transfer to regulatory reserve																	
Balance as at Ashad end 2078	60,411,100.00		184,348,727.72		5,570,303.00	10,671,500.00	99,429,069.21		312,839.90		170,044.95	748,077.04	1,230,952.89	90,1661,588.82		90,1661,588.82	
<i>Amount in N.Rs.</i>																	
Janakpur	Sunil Shah	Accountant	Sundar Raj Dali	Mrs. Mamta Dali	Dinesh Kumar Sharma	Balram Pd. Gupta	Amar Nath Gupta	Saroj K. Thakur									
Date: 2081.05.16			Director	Director	Chief Executive Officer	Chairman	Director	Director									

As per our attached report
of even date
C.A. Om Narayan Mahato
Partner
Deoki Bijay & Co.
Chartered Accountants

Janaki Finance Company Limited
Statement of Changes in Equity
For the Year ended Ashad 31, 2080

Statement of Comprehensive Income for the Year Ended 31st December 2019											Amount in INR.								
Particulars	Share Capital	Share Premium	General Reserve	Exchange Fluctuation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Investment Adjustment Reserve	Available for sale reserve	Institution CSR Fund	Deferred Tax Reserve	Employee Capacity Enhancement Fund	Rent Equalization reserve	Other Reserve	Total Reserve	Total	Non-controlling interest	Total Equity
Balance as at 1 Shrawan 2018	600,411,100.00	-	184,348,727.72	-	5,570,303.00	10,671,500.00	-	99,429,005.21	-	312,830.90	-	170,044,95	748,077,04	1,230,552.89	901,661,588.82	-	901,661,588.82		
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(112,820,178.62)	-	(112,820,178.62)	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,095,500.00)	-	(8,095,500.00)	
Gains/(losses) from investments in instruments measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share Based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bonus shares issued	90,061,700.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(90,061,700.00)	-	(90,061,700.00)	
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,740,089.47)	-	(4,740,089.47)	
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Tax Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Employee Capability Enhancement Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilization of employee capacity enhancement Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilization of Institution CSR Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Institution CSR Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rent equalization reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(748,077.04)	-	(748,077.04)	
Balance as at Ashad end 2019	690,472,800.00	-	184,348,727.72	-	2,576,000.00	2,576,000.00	-	(213,662,497.69)	-	106,830.90	-	386,087.95	-	494,918.85	776,005,820.73	-	776,005,820.73		

As per our attached report
of even date
CA. Om Narayan Mahato
Partner
Deoki Bijay & Co.
Chartered Accountants



Janaki Finance Company Limited
Statement of Changes in Equity
For the year ended Ashad 31, 2080

Amount in NRs.

Particulars	Share Capital	Share Premium	General Reserve	Exchange Fluctuation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Investment Adjustment Reserve	Available for sale reserve	Institution CSR Fund	Deferred Tax Reserve	Employee Enhancement Fund	Rent Equalization reserve	Other Reserve	Total	Non controlli ng interest	Total Equity
Balance as at Shrawan 2079	690,472,800.00	-	184,348,727.72	-	111,682,871.85	2,576,000.00	-	(213,569,497.69)	-	106,30,90	-	388,087.95	-	494,918.85	776,005,826.73	-	776,005,820.73	
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(235,942,215.23)	-	(235,942,215.23)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	-	-	(3,174,500.00)	-	-	-	-	-	-	-	(3,174,500.00)	-	(3,174,500.00)
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Capability Enhancement Fund	-	-	-	-	-	-	-	-	-	-	-	(400,810.00)	-	-	-	-	-	-
Utilization of employee capacity enhancement Fund	-	-	-	-	-	-	-	-	-	-	-	313,550.00	-	(313,550.00)	-	-	-	-
Utilization of Institution CSR Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institution CSR Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent equalization reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Ashad end 2080	690,472,800.00	-	184,348,727.72	-	246,851,180.47	(598,500.00)	-	(135,168,308.62)	-	106,30,90	-	475,347.95	-	582,178.85	536,889,105.50	-	536,889,105.50	-

As per our attached report of even date

C.A. Om Narayan Mahato
Partner
Deoki Bijay & Co.
Chartered Accountants

Janaki Finance Company Limited
Statement of Distributable Profit or Loss
For the year ended Ashad 31, 2080

<u>Particulars</u>	<u>Amount in NRs.</u>	
	<u>FY 2079-80</u>	<u>FY 2078-79</u>
Net Profit/(Loss) as per Statement of Profit or Loss	(235,942,215.23)	(112,820,178.62)
Appropriations:		
a. General Reserve	-	-
b. Foreign Exchange Fluctuation Fund	-	-
c. Capital Redemption Reserve	-	-
d. Corporate Social Responsibility Fund	-	206,000.00
e. Employee Training Fund	(400,810.00)	(373,503.00)
f. Utilisatioin of Employee Training Fund	313,550.00	155,460.00
g. Others	-	748,077.04
Profit or (Loss) Before Regulatory Adjustment	(236,029,475.23)	(112,084,144.58)
Regulatory Adjustment:		
a. Interest receivables (-)/previous accrued interest received (+)	(135,168,308.62)	(106,112,568.85)
b. Short loan loss provision in accounts (-)/reversal (+)	(23,920,687.00)	(23,090,707.00)
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	-	-
e. Deferred tax assets recognized (-)/ reversal (+)	(111,247,621.62)	(83,021,861.85)
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	-	-
i. Other (+/-)	-	-
Net Profit or (Loss) for the year ended Ashad 2080 available for distribution	(371,197,783.85)	(218,196,713.43)
Opening Restated Retaining Earnings as on 1 Shrawan	(213,569,497.69)	99,429,005.21
Adjustment (+/-)		
Distribution:		
Bonus Share Issued	-	(90,061,700.00)
Cash Dividend Paid	-	(4,740,089.47)
Total Distributable Profit or (Loss) as on year end Ashad 2080	(584,767,281.54)	(213,569,497.69)
Annualised Distributable Profit/Loss per share	(84.69)	(30.93)
For & on behalf of the Board		As per our attached report of even date

Dinesh Kumar Sharma **Balram Pd. Gupta** **Amarnath Gupta** **Saroj K. Thakur** **CA. Om Narayan Mahato**
 Chief Executive Officer Chairman Director Director Partner
Deoki Bijay & Co.
 Chartered Accountants

Sunil Shah **Sundar Raj Dali** **Mrs. Mamta Dali**
 Accountant Director Director

Janakpur
 Date: 2081.05.16

Janaki Finance Company Limited
Statement of Cash Flows
For the year ended Ashad 31, 2080

Particulars	Amount in NRs.	
	FY 2079-80	FY 2078-79
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	392,569,125.21	405,859,560.28
Fees and other income received	6,909,781.59	13,398,871.12
Dividend received	-	-
Receipts from other operating activities	237,744.07	2,058,376.37
Interest paid	(309,631,670.99)	(311,860,263.98)
Commission and fees paid	-	-
Cash payment to employees	(18,151,837.04)	(23,496,607.20)
Other expense paid	(17,475,471.43)	(15,657,142.10)
Operating cash flows before changes in operating Assets and Liabilities	54,457,671.41	70,302,794.49
(Increase)/Decrease in operating assets	(61,603,766.68)	(640,584,247.84)
Due from Nepal Rastra Bank	(113,076,108.17)	1,503,061.24
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	58,667,423.79	(644,244,016.13)
Other assets	(7,195,082.30)	2,156,707.05
Increase/(Decrease) in operating liabilities	234,993,479.51	189,955,275.74
Due to bank and financial institutions	37,978,211.57	53,951,540.72
Due to Nepal Rastra Bank	-	-
Deposit from customers	209,284,039.51	138,772,684.28
Borrowings	-	-
Other Liabilities	(12,268,771.57)	(2,768,949.26)
Net cash flow from operating activities before tax paid	227,847,384.24	(380,326,177.61)
Income taxes paid	(29,747,542.46)	(18,976,416.45)
Net cash flow from operating activities	198,099,841.78	(399,302,594.06)
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	-	-
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(6,306,291.95)	(5,556,674.14)
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	-	(2,118,750.00)
Receipt from the sale of intangible assets	-	-
Purchase of investment properties (NBA Transfer)	-	-
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	4,405,263.16	10,975,000.00
Net cash used in investing activities	(1,901,028.79)	3,299,575.86
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	-	(4,740,089.47)
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	-	(4,740,089.47)
Net increase (decrease) in cash and cash equivalents	196,198,812.99	(400,743,107.67)
Cash and cash equivalents at 1st Shrawan	1,183,093,587.96	1,583,836,695.63
Effect of exchange rate fluctuations on cash and cash equivalents held		
Cash and cash equivalents at Ashad end	1,379,292,400.95	1,183,093,587.96

For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma
Chief Executive Officer

Balram Pd. Gupta
Chairman

Amarnath Gupta
Director

Saroj K. Thakur
Director

CA. Om Narayan Mahato
Partner

Janaki Finance Company Limited

Notes to the Financial Statements as on Ashad 31, 2080

1. About Janaki Finance Company Limited:

Janaki Finance Company Limited is one of the Financial Institution with limited liability, incorporated in Office of Company Registrar as on 2052/07/10 and obtained license from Nepal Rastra Bank as on 2053/11/21. It's registered (Central) office is situated at Janakpurdham-2, Dhanusha. The institution is operating with 4 branches. The Institution has obtained "Class C" license from Nepal Rastra Bank and carrying out financing activities. The institution's share has been listed in Nepal Stock Exchange Ltd.

2. Basis of Preparation:

2.1 Statement of Compliance:

NFRSs are based on International Financial Reporting Standards ('IFRSs'), as effective in the year 2013, comprising accounting standards issued or adopted by the International Accounting Standards Board ('IASB') and interpretations issued or adopted by the IFRS Interpretations Committee ('IFRIC').

The financial statements of Janaki Finance Company Limited (JFCL) have been prepared in accordance with NFRSs as issued by the Accounting Standard Board Nepal (ASBN) and as endorsed by the Institute of Chartered Accountants of Nepal and Nepal Rastra Bank together with carve-outs issued by ICAN and mandatory instructions/ guidance of NRB for recognition of unrealized interest during the year.

2.2 Reporting period:

The Financial Institution follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/Period
SFP* Date	31st Ashad 2080	16th July 2023
Current Reporting Period	1st Shrawan 2079 – 31st Ashad 2080	17th July 2022 – 16th July 2023
Comparative SFP* Date	32nd Ashad 2079	16th July 2022
Comparative reporting period	1st Shrawan 2078 – 32nd Ashad 2079	16th July 2021 – 16th July 2022

*Statement of Financial Position

2.3 Functional and presentation currency:

The reporting currency of the financial institution is Nepalese Rupees (NPR), which is also the functional currency of the financial institution.

2.4 Use of Estimates, assumptions and judgments:

The preparation of financial information requires the use of estimates and judgments about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items listed below, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based, resulting in materially different conclusions from those reached by management for the purposes of this financial statement.

Management's selection of the accounting policies, which contain critical estimates and judgments, are listed below; it reflects the materiality of the items to which the policies are applied, the high degree of judgment and estimation uncertainty involved:

- Impairment of loans and advances
- Valuation of financial instruments
- Provisions, commitments and contingencies
- Estimation of useful life of property, equipment and intangible assets.

2.5 Changes in Accounting Policies:

NFRS requires the institution to adopt accounting policies that are most appropriate to the institution's circumstances. In determining and applying accounting policies, management is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the institution's reported financial position, operating results or cash flows. These accounting policies are consistently applied by the institution.

Specific accounting policies have been included in the section 3 of the notes for each item of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes, if any, have been disclosed wherever applicable.

2.6 New Standard issued but not yet effective:

The standards and interpretation that are issued, but not yet effective, up to the date of issuance of the institution's financial statement are discussed below. The institution intends to adopt these standards, if applicable when they become effective.

- **NFRS 9 – Financial Instrument**

Classification and measurement: The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL'). In many instances, the classification and measurement outcomes will be similar to IAS 39, although differences will arise. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortized cost or fair value compared with IAS 39. The classification of financial liabilities is essentially unchanged. For certain liabilities measured at fair value, gains or losses relating to changes in the entity's own credit risk are to be included in other comprehensive income.

- **NFRS 15- Revenue from contracts with Customer**

NFRS 15- Revenue from contracts with Customer has been issued but will effective from 16th July 2021 onwards. This standard supersedes NAS 18 Revenue, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. For reporting purpose for FY 2077-78; NAS 18 has been applied.

2.7 New Standards and Interpretations not adopted

New standards on revenue recognition, financial instrument accounting, leasing have been issued by IASB which could represent significant changes to accounting requirements in the future.

- a. **NFRS 9 'Financial Instruments'**

In July 2014, the ASBN issued NFRS 9 'Financial Instruments', which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. (Effects and implications have been discussed above in 2.6). It has not been applied as it is yet to be adopted by ICAN.

Carves out issued by ICAN adopted in Financial Statement:

i. Carves out relating to Impairment related to NAS 39- Financial Instruments:

A. Impairment:

In para 58, an entity shall assess at the end of each reporting period whether there is any objective evidence that a Financial Asset or Group of Financial Assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply Paragraphs 63 to determine the amount of any impairment loss unless the entity is bank or financial institutions registered as per Bank and Financial Institutions Act, 2073. Such entities shall measure impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for Loan Loss provision and amount determined as per Paragraph 63, and shall apply paragraph 63 to measure the impairment loss on financial assets other than loans and advances. The entity shall disclose the impairment loss as per this carve-out and the amount

of impairment loss determined as per paragraph 63.

The carve-out is not optional and has been provided for the FY 2077-78.

Impracticability to determine transaction cost of all previous years which is part of effective cost rate

In para 9, The Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate shorter period to the net carrying amount of the Financial Asset or Financial Liability.

When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the Financial Instrument(for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received, unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate(see NAS 18 Revenue), transaction costs and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to examine reliably the cash flows or the expected life of financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

The carve-out is optional and has been pronounced for the FY 2078-79. Accordingly, the Company has opted the carve-out.

2.8 Discounting

When the realization of assets and settlement of obligation is after more than one year, the company considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of the financial institution. For financial instruments recognized at amortized costs that meet the 'SPPI' criteria, i.e. solely for the purpose of collecting principal and interest, the effective interest rate is considered to cover for the credit risk and time value of money, therefore further discounting is not made.

2.9 Going Concern:

The financial statements are prepared on a going concern basis, as the management of the institution is satisfied that the institution has the resources to continue in business for the foreseeable future. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.10 Materiality:

The Institution for the preparation of financial statements determines materiality based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.

2.11 Approval of Financial Statements:

The accompanied financial statements have been approved and authorized for issued by the Board of Directors in its meeting held on xx/xx/2024.

3 Significant Accounting Policies:

3.1 Basis of measurement:

The financial information has been prepared under the historical cost basis, except the following material items in the Statement of Financial Position:

- Financial assets at fair value through other comprehensive income are measured at fair value.

- Employee defined benefit obligations of Leave Encashment Eligibility are measured in accordance with provision contained in NAS 19 based on report of the Actuary.

3.2 Basis of consolidation:

The Institution does not have control over any entity requiring consolidation as per NFRS 10.

3.3 Cash and cash Equivalent:

Cash and cash equivalent include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' original maturities or less from the acquisition date that are subject to an insignificant risk of changes in their value and used by the institution in the management of short term commitment. Cash and cash equivalent are classified as financial assets and treated accordingly.

For the purposes of the cash flow statement, cash and cash equivalent comprise cash and non-mandatory balances with central banks and amounts due from banks with a maturity of less than three months.

3.4. Financial Instrument: Financial Assets and Financial Liabilities:

Financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - i) to receive cash or another financial asset from another entity; or
 - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial liability is any liability that is:

- (a) Contractual obligation:
 - i) to deliver cash or another financial asset to another entity; or
 - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

3.4.1. Recognition:

Institution recognizes financial assets or financial liabilities in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

3.4.2. Classification

Financial assets are classified under three categories, namely,

- Fair Value through Profit or Loss,

- Fair Value Through Other Comprehensive Income
- At Amortized Cost

Financial liabilities are classified under two categories, namely,

- Fair Value through Profit or Loss,
- Held at amortized cost

3.4.3. Measurement:

At initial recognition, the institution measures financial instruments (financial assets and liabilities) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement – financial assets

- Financial assets other than recognized at amortized cost are measured and reported at fair value.
- Assets classified as held at amortized costs are carried at amortized costs using effective interest rate. (Institution has availed carve-out exemption for computation of effective interest)

Subsequent measurement – financial liabilities

- Financial liabilities carried at fair value are measured and reported at fair value. Other financial liabilities are carried at amortized cost.

Gain or loss

Gain or losses arising from changes in the fair value of a financial asset or financial liability are recognized, as follows.

- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss shall be recognized in profit or loss.
- A gain or loss on a financial asset or financial liability classified as at fair value through OCI shall be recognized in other comprehensive income

3.4.4. De-recognition:

Institution derecognizes financial assets when and only when:

- the contractual rights to the cash flows from the financial asset expire; or
- It transfers the financial asset and the transfer qualifies for de-recognition.

Institution removes financial liabilities (or a part of financial liabilities) from its statement of financial position when, and only when, it is extinguished: i.e. when the obligation specified in the contract is discharged or cancelled or expires.

3.4.5. Determination of fair value:

Fair values of financial assets and liabilities are determined according to the following hierarchy:

- **Level 1** – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group can access at the measurement date.
- **Level 2** – valuation technique using observable inputs: financial instruments 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. For the listed securities where the company holds promoter shares which are priced and traded differently in the market than ordinary shares the Company has considered the valuation of similar promoters' shares traded in the market which approximates to 50% of the price that the ordinary shares are traded.
- **Level 3** – valuation technique with significant unobservable inputs: financial instruments valued

using valuation techniques where one or more significant inputs are unobservable. Where market prices are not available then the Company considers the carrying value and future cash flows from the financial instruments.

3.4.6. Impairment

Impairment of financial assets held at amortized costs

Impairment of financial assets is considered when the carrying values of the assets are more than the recoverable amount from the assets. Impairment is tested for all financial assets except those measured at fair value.

Impairment of loans and advances to customers and bank and financial institutions for impaired loans are recognized immediately when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment allowances that are calculated on individual loans or on groups of loans assessed collectively are recorded as charges to the profit or loss and are reduced against the carrying amount of impaired loans in the statement of financial position. Losses, which may arise from future events, are not recognized.

The process of impairment followed by the institution under NAS 39 is as under:

- Institution individually assesses for impairment of loans and advances for all loans that are overdue.
- When testing for impairment if there is no indication of impairments such loans and advances are considered for collective assessment. If there is an indication of impairment, then impairment is charged against loans and advances on individual basis.
- If the loans and advances are not overdue and do not indicate any trigger events that would require detailed impairment testing such loans and advances are categorized for collective assessment of impairment.
- When triggers are identified for individually significant loans and advances, they are tested for impairment.
- Impairment is specifically (individually) assessed and charged for overdue loans and advances.
- Collective assessment is based on the risk assessment, risk categories and risk classification of loan and advances.

Individually assessed loan and advances

The criteria used to make this assessment include:

- known cash flow difficulties experienced by the borrower;
- Contractual payments of either principal or interest being past due;
- The probability that the borrower will enter bankruptcy or other financial realization;
- A concession granted to the borrower for economic or legal reasons relating to the borrower's financial difficulty that results in forgiveness or postponement of principal, interest or fees, where the concession is not insignificant; and
- There has been deterioration in the financial condition or outlook of the borrower such that its ability to repay is considered doubtful. For loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:
 - the group's aggregate exposure to the customer;
 - the viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations;
 - the amount and timing of expected receipts and recoveries;
 - the likelihood of dividend available on liquidation or bankruptcy;
 - the extent of other creditors' commitments ranking ahead of, or pari passu with, the company and the likelihood of other credit or continuing to support the institution;
 - the complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;

- the realizable value of security (or other credit mitigating factor) and likelihood of successful repossession and encashment of collateral.
- the likely costs of obtaining and selling collateral as part of foreclosure;

Collectively assessed loans and advances

Impairment is assessed collectively to cover losses, which have been incurred but have not yet been identified on loans subject to individual assessment or for homogeneous groups of loans that are not considered individually significant. 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 that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behavior. In assessing collective impairment the institution uses historical trends of the incurred loss by analyzing data of last twelve quarters, the amount 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.. When information becomes available which identifies losses on individual loans within the group, those loans are removed from the group and assessed individually.

To estimate the required allowance, assumptions are made to define how inherent losses are modeled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the provision depends on the model assumptions and parameters used in determining the collective provision.

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognized in the profit and loss statement net of impairment during the period.

Write-off of loans and advances

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Carve out – Loans and Advances Impairment

The regulators have provided a mandatory carve-out for charging impairment of loans and advances. The carve-out indicates that the Company needs to assess its impairment of loans and advances under NFRS and calculate impairment under rule based impairment model of Directive 2 of Nepal Rastra Bank. Then higher impairment of the two methods needs to be recognized in the financial statements, with additional disclosure of the loans and advances had the other methods been applied for comparison purpose. The financial institution for the financial years 2020-21 and 2019-20 has assessed the impairment under NFRS impairment model and under NRB Directives. Since the impairments under NRB directives are higher than under NFRS, the financial institution has recognized impairment calculated under NRB directives.

Following table below depicts the calculation of impairment allowance as per NFRS and as per NRB Directives.

Particulars	2079-80		2078-79	
	As per NRB	As per NFRS	As per NRB	As per NFRS
Individual Impairment	35,728,889.80	6,728,782.21	375,026,821.55	12,021,973.92
Collective Impairment	758,081,399.89	174,811,042.84	54,934,347.38	44,210,105.17
Total	793,810,289.68	181,539,825.05	429,961,168.93	56,232,079.09

3.4.7. Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously ('the offset criteria').

3.5. Trading Assets:

Financial assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. They are recognized on trade date, when the group enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to the income statement. Subsequent changes in their fair values are recognized in the income statement in 'Net trading income'.

3.6. Derivative Assets and derivative liabilities:

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives are initially recognized, and are subsequently re-measured, at fair value. Fair values of derivatives are obtained either from quoted market prices or by using valuation techniques.

Embedded derivatives are bifurcated from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host non-derivative contract, their contractual terms would otherwise meet the definition of a stand-alone derivative and the combined contract is not held for trading or designated at fair value. The bifurcated embedded derivatives are measured at fair value with changes therein recognized in the income statement.

3.7. Property, Plant and Equipment:

3.7.1 Recognition of Property, Plant and Equipment:

Property and equipment, including owner-occupied property, is stated at cost. Cost include the purchase price other directly attributable cost of property and equipment, including import duty and non-refundable purchase taxes, after deducting trade discount and rebate. Replacement or major inspection costs are capitalized when incurred, if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Estimated rate of Depreciation:

Depreciation is provided on useful life basis over the estimated life of the following nature of assets:

Nature of Assets	Useful Life
Computer and Accessories	4 Years
Vehicle	5 - 10 Years
Furniture and Fixture	4 Years
Equipment and Others	4 years
Building (Right of Use)	Over the lease period
Leasehold Property	Over the lease period

Leasehold improvement is amortized on the basis of straight-line basis using the rate determined with reference to lease period.

Depreciation of these assets commences when the assets are available for use, which is generally on commissioning (available for use) and not when it is put to use. Items of Property, Plant and Equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives on a Straight-Line basis and recognized as an expense in the statement of profit or loss.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset)



is included in the statement of profit or loss in the year the asset is derecognized

A. Impairment of property, plant and equipment

The financial institution applies NAS 36 Impairment of Assets to determine whether its asset have impaired. For the purpose of determination of Impairment Loss, the institution treats each reportable segment as a separate Cash Generating Unit.

3.7.2 Intangible Assets:

Basis of recognition

Institution's intangible assets comprise of software which have been separately acquired and therefore measured on initial recognition at cost less any accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization for depreciation and accumulated impairment losses.

Subsequent expenditure on intangibles are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss when incurred.

Amortization of Intangible assets

Software (Intangible) has been classified as having definite useful life and is amortized over estimated useful life of concerned software. Estimation of the useful life is reviewed at each financial year end and changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates

Amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Estimated useful life of the software currently owned by the institution has been determined as follow:

Asset Class	Useful Life
Software	5 Years

De-recognition of Intangible assets

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the statement of profit or loss when the item is de-recognized.

Impairment of Intangible assets

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of profit or loss.

Assessment of impairment of intangible assets

The management has assessed potential impairment indicators of Intangible assets as at 31st Ashad 2080. Based on the assessment, no any impairment indicators were identified.

3.8. Investment property:

Land or a building or part of a building or both owned by the Company or held by the Company as the lessee under a finance lease to earn rent also for capital appreciation or both, rather than for:

- Use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business ‘
- Are classified as investment properties.

Investment properties are measured initially at its cost. Transaction costs are included in the initial

measurement. After initial recognition, the company chooses the cost model to measure its investment properties in accordance with NAS 40.

The Non-Banking Assets acquired by the institution is classified as assets held for sale and presented under investment properties.

Details of Investment Properties:

<u>Details</u>	<u>NBA recognized Date</u>	<u>Amount (Rs.)</u>
Md. Majibur Rahaman	21/07/2070	98,000.00
Sukhdev Das Tatma	20/08/2075	869,880.00
Total		967,880.00

3.9. Income Tax:

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in the same statement in which the related item appears.

3.9.1 Current Tax:

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the group intends to settle on a net basis and the legal right to offset exists.

3.9.2 Deferred Tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the group has a legal right to offset.

Deferred tax relating to actuarial gains and losses on post-employment benefits is recognized in other comprehensive income if gains/ losses are recognized in OCI. Deferred tax relating to fair value re-measurements of available- for-sale investments credited or charged directly to other comprehensive income and is subsequently recognized in the income statement when the deferred fair value gain or loss is recognized in the income statement.

3.10. Deposits, debt securities issued and subordinated liabilities:

Borrowings (which include deposits from banks, customer deposits, debt securities in issue and subordinated liabilities) are recognized initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently stated at amortized cost using the effective interest rate method. The Company does not have any debt securities issued and subordinated liabilities.

3.11. Provisions:

Provisions are recognized when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation, which has arisen as a result of past events, and for which an estimate can be made. Judgment is involved in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Professional expert advice is taken on the assessment of litigation, property (including onerous contracts) and similar obligations wherever necessary.

3.12. Revenue recognition:

Interest Income: Interest income are recognized under accrual basis in the profit or loss for all interest-bearing financial instruments meeting NRB directives for interest recognition in NFRS complied Financial Statement.

NFRS Requirement

NFRS requires interest income to be recognized using the effective interest method, except for those classified at fair value through profit or loss. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate is calculated on initial recognition of the financial asset or liability by estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts expected to be paid or received by the Company including expected early redemption fees and related penalties and premiums and discounts that are an integral part of the overall return. Direct incremental transaction costs related to the acquisition, issue or disposal of financial instruments is also taken into account in the calculation. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income on loan and advances is recognized on amortized principal which is nearer to effective interest method suggested by NFRSs. The adoption of effective interest method is not possible due to constraint of time, effort and cost in the short term compared to the benefits it provides. Interest of loan and advances which are significantly impaired are not recognized.

The Financial Institute has recognized Interest income under accrual basis in the profit or loss for all interest-bearing financial instruments meeting NRB directives for interest recognition in NFRS complied Financial Statement. Interest on loan has been recognized as income on accrual basis complying with the provision of "Guidelines on Recognition of Interest Income 2019" issued by NRB. The financial institution has implemented this guideline and recognized interest suspense and stopped interest accrual in qualifying accounts while determining the interest income for the current reporting period. Explanatory information on interest income is stated in Notes 4.29.

Interest income on government bond and bank balances are recognized on effective interest method.

Fees and Commission Income: Fees and commission, which are not an integral part of the effective interest rate are generally recognized when the service has been provided. Fee income is earned from a diverse range of services provided by the group to its customers. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan once drawn. Where it is unlikely that loan commitments will be drawn, loan commitment fees are recognized over the life of the facility. Loan syndication fees are recognized as revenue when the syndication has been completed and the Company retains no part of the loan package for itself or retains apart at the same effective interest rate for all interest-bearing financial instruments, including loans and advances, as for the other participants.

Company has not deferred the commitment fee/ service charges for the loan which has got tenure of more than a year.

Dividend Income: Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

Net Trading Income: comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with the related interest income, expense and dividends.

Net income from financial instruments designated at fair value includes all Gains and Losses arising from changes in the fair value of financial instruments designated at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income on financial instruments held at fair value through profit or loss is recognized within net interest income.

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



3.13. Interest expense:

Under NFRS Interest expense are recognized in the profit or loss for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the expected life of the financial instrument.

3.14. Employee benefits:

3.14.1 Current employee benefits costs:

Short-term employee benefits, such as salaries, paid absences, performance-based cash rewards, profit sharing bonus and social security costs such as PF are recognized over the period in which the employees provide the related services.

3.14.2 Post-employment benefits:

Defined contribution plan

Payments to defined contribution plans where the Company's obligations are equivalent to a contribution by employees to the defined contribution plan. These are charged as an expense as the employees render service. The Company doesn't operate provident fund scheme under Defined contribution plan. A percentage of basic pay is paid on monthly basis to the plan. The Company has no further obligation to pay after such contribution even if the plan assets may not be sufficient to pay out to the employees. The plan is managed by a separately registered retirement benefit plan managed by the Citizen Investment Trust. Any further income on such fund belongs to the employees. Therefore, actuarial valuation is not required for defined contribution plan.

Defined benefit plan

The defined benefit plan includes gratuity and accumulated leave compensation payment at the time of retirement. The present value of defined benefit obligations are calculated at the reporting date by the actuaries. The net charge to the profit and loss comprises the service costs and the net interest on the net defined benefit liability and is presented under employee cost.

The past service cost, which is charged immediately to the income statement, is the change in the present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or curtailment (a significant reduction by the entity in the number of employees covered by a plan). A settlement is a transaction that eliminates all further legal and constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions.

The defined benefit asset or liability represents the present value of defined benefit obligations.

Actuarial Valuation details and assumptions are in Note no.4.23 of Financial Statement.

3.14.3 Staff Bonus:

Provision for staff bonus has not been made due to net loss during the year.

3.15 Leases:

Lease is a contract in which one party provides an asset to the other party for some consideration usually a periodic payment. The Bank assesses whether a contract is or contains a lease, at inception of the contract. In accordance with NFRS-16 "Leases"; the Bank recognizes a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets as the Bank is lessee in all lease arrangements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be

readily determined, the Bank uses its incremental borrowing rate. Since the Bank apply NFRS-16; "Leases" to its leases in accordance with Para C5(b), retrospectively with the cumulative effect of initially applying the Standard recognized at the date of initial application, it uses incremental borrowing rate which is the cost of fund of the Bank.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented within other Liabilities in the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under NAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Bank depreciates Right-of-use assets from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The right-of-use assets are presented Within Property, plant and Equipment in the Statement of Financial Position.

The Bank applies NAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, NFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not any non-lease component associated with the lease.

NPR.

Particulars	Current Year	Previous Year
Cost		
As 1 Shrawan 2078	-	-
Additions	11,316,553.16	-
As on 32 Ashadh 2079	-	-
Additions/Adjustments	(76,870.06)	11,316,553.16
As on 31 Ashadh 2080	11,239,683.10	11,316,553.16
Accumulated depreciation		
As 1 Shrawan 2078	-	-
Charge for the year	1,255,028.34	-
As on 32 Ashadh 2079	-	-
Charge for the year	1,448,379.77	1,255,028.34
As on 31 Ashadh 2080	2,703,408.11	1,255,028.34
Carrying amount		
As on 32 Ashadh 2079	10,061,524.82	-
As on 31 Ashadh 2080	8,536,274.99	10,061,524.82

The Bank leases including buildings. The average lease term is 10 years.

NPR.

Particulars	Current Year	Previous Year
Amounts recognized in Statement of Profit or Loss		
Depreciation expense on right-of-use assets	1,448,379.77	1,255,028.34
Interest expense on lease liabilities	1,576,708.04	1,361,829.48
Expense relating to short-term leases	-	-
Expense relating to leases of low value assets	-	-
Expense relating to variable lease payments not included in the measurement of the lease liability	-	-
Income from sub-leasing right-of-use assets	-	-

The total cash outflow for leases amount to **NPR 2,259,180.**

Maturity Analysis of Lease:

NPR.

Particulars	Current Year	
	Lease Payment	Finance Expenses
Maturity analysis:		
Year 1	853,932.32	1,468,395.18
Year 2	885,409.19	1,314,179.87
Year 3	1,477,020.74	1,117,469.51

Year 4	1,897,119.71	866,901.44
Year 5	2,050,709.42	559,091.18
Onwards	2,663,691.80	734,750.50
Analyzed as:		
Non-current	9,271,983.30	4,592,392.50
Current	853,932.32	1,468,395.18
Total	10,125,915.62	6,060,787.68

Transition

From 1st Shrawan 2078, the Bank has effectively adopted NFRS 16- “Leases”, which requires any lease arrangement to be recognized in the Statement of Financial Position of the lessee as a ‘right-of-use’ asset with a corresponding lease liability. Accordingly, depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognized on lease liabilities under Interest Expenses. As permitted by the standard, the Bank has applied this standard w. e. f. 1st Shrawan 2078 and comparatives for the previous period/year have not been restated.

3.16 Foreign currency translation:

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the buying rate of exchange at the balance sheet date. Any resulting exchange differences are included in the profit or loss. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined.

3.17 Financial Guarantee and loan commitments:

Financial guarantees

They are the contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security as well as contingent liabilities related to legal proceeding or regulatory matters are possible obligations that arise from past events 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 group; or are present obligations that have arisen from past events but are not recognized because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed unless the probability of settlement is remote.

Loan Commitments

These include the amount of loans approved by the Financial Institution but are not yet disbursed/ utilized. These include for example overdraft / crash credit limits given to the customers in excess of already utilized balances where customers can draw down credit facilities, within the limit, without going through any further approval process of the Financial Institution.

3.18 Share Capital and Reserves:

3.18.1 Share Capital:

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

The issue expenses for the issue charged in the year of issue and though the impact from past of the institution's equity the amount has not been adjusted with the share capital and the institution considered the impact to be immaterial.

3.18.2 Reserves:

- **Share Premium:** Any premium collected on issue of shares to the public is credited to this reserve. This reserve is utilized only for issue of the bonus share capital.
- **Retained Earnings:** The accumulated profits which have not been distributed to shareholders and is free for distribution of dividend to the shareholders is presented under this heading.
- **Statutory General Reserve:** There is a regulatory requirement under Bank and Financial Institutions Act to set aside 20% of the net profit after tax every year as general reserve to build up the capital until the general reserve fund balance is twice the paid up share capital. This is the restricted reserve and cannot be freely used. The Financial Institution appropriates 20% of the regulatory net profit every year and transfers to the general reserve fund. Since, there is net loss during the year, the financial institution has not set aside any amount for the year.
- **Exchange Equalization Reserve:** Central Bank's regulatory directives require Financial Institution's to transfer 25% of the revaluation gain as at the year end to this reserve account. The financial institution does not deal with any other currency than Nepalese currency; hence this reserve creation is not applicable to the financial institution.
- **Fair Value Reserve:** Net change in fair value of equity instruments that are measured at fair value and the changes in fair value is presented under this reserve.
- **CSR Reserve:** Bank and Financial Institution has regulatory requirement to set aside 1% of the net profit of year after deduction of CSR expenses & bonus provision for corporate social responsibility activities.

During the year, CSR Fund of Rs. Nil has been appropriated due to book loss.

Movements of Corporate Social Responsibility Reserve (CSR) year-wise are as follows:

Particulars	F/Y 2079/80	F/Y 2078/79
Opening balances	1,06,830.90	312,830.90
Addition during the year	-	-
Total	1,06,830.90	3,12,830.90
Utilization*	-	2,06,000.00
Balance at the year end	1,06,830.90	1,06,830.90

- **Staff Training Fund:** Bank and Financial Institution has regulatory requirement to set aside the shortfall between amount spent for training and amount calculated at 3% of the previous year's total staff cost.

Movements of Staff Training Fund year-wise are as follows:

Particulars	F/Y 2079/80	F/Y 2078/79
Opening balances	388,087.95	170,044.95
Addition during the year	400,810.00	373,503.00
Total	543,547.95	543,547.95
Utilization	(313,550.00)	155,460.00
Balance at the year end	475,347.95	388,087.95

- **Regulatory Reserves:** The amount that is allocated from retained earnings of the Financial Institution as per the Directive of NRB for the purpose of implementation of NFRS is presented under this account head. The amount in this reserve is not free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve include 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 NFRS (in case lower impairment is recognized under NFRS), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRS, etc. Amount of **Rs.135,168,308.62** has been transferred to Regulatory reserve during the reporting period.

Accrued Interest receivable and Investment properties (Non-Banking Assets) booked as income has been transferred to Regulatory Reserve after deducting the impact of staff bonus and income tax as per circular issued by Nepal Rastra Bank vide circular no 6/076/77 dated 2076.07.26

The details of Regulatory Reserve are presented below:

Particulars	Amount
Accrued Interest Receivable Reserve*	51,971,933.00
Non-Banking Asset Reserve (Investment properties) *	609,764.00
Deferred Tax Assets	194,269,483.47
Total	246,851,180.47

* The impact of Bonus and Tax for Regulatory Reserve is as follows:

Particulars	Accrued Interest	Non-Banking Assets
Interest Income booked under NFRS	82,495,132.09	967,880.00
Impact of Staff Bonus	(8,249,513.21)	96,788.00
Balance after Staff Bonus	74,245,618.88	871,092.00
Impact of Income Tax (30%)	(22,273,685.66)	261,327.60
Closing Balance of Regulatory Reserve	51,971,933.00	609,764.00
Opening Balance of Regulatory Reserve	28,051,246.00	609,764.00
Net amount transferred to Regulatory Reserve	23,920,687.00	-

- **Other Reserve:** Any reserve created with specific or non-specific purpose(except stated above) are presented under this by disclosing accounting heads is stated in Notes 4.27.

3.19 Earnings Per Share including diluted:

Basic Earnings Per Share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year. For the calculation of diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares that arise in respect of convertible instruments, if any. Where the number of ordinary shares increases as a result of bonus issue, the calculation of basic and diluted earnings per share for all the periods presented has been adjusted retrospectively.

3.19.1 Segment reporting:

The Institution's segmental reporting is in accordance with NFRS 8- Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the institution's management, which is responsible for allocating resources and assessing performance of the operating segments. All the transaction between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

3.21 Interim Financial Reporting:

Interim reports corresponding to the financial statements had been reported in accordance with the regulatory reporting requirement. Those statements have been published quarterly in a national level newspaper.

Janaki Finance Company Limited
Notes to the Financial Statements as on Ashad 31, 2080

3.22 Additional Disclosures as per AGM-and-Dividend-distribution-Procedure-2077

Changes in Regulatory Reserve

FY	Interest Receivable	Short Loan Provision	Short Provision for possible loss on investment	Short Provision on NBA	Deferred Tax Assets	Good will	Gain on Bargain Purchase	Actuarial Loss Recognized	Fair Value loss recognized in OCI	Other	Total
FY 2077-78	9,450,145.00			609,764.00							¤
Addition/ (Deletion)	(4,489,606.00)	-	-	-	-	-	-	-	-	-	(5,398,605.11)
Closing	4,960,539.00			609,764.00							5,570,303.00
FY 2078-79											
Addition/ (Deletion)	23,090,707.00	-	-	83,021,861.85	-	-	-	-	-	-	106,112,568.85
Closing	28,051,246.00			609,764.00	81,972,760.03	-	-	-	-	-	111,682,871.85
FY 2079-80											
Addition/ (Deletion)	23,920,687.00	-	-	-	111,247,621.62	-	-	-	-	-	135,168,308.62
Closing	51,971,933.00			609,764.00	194,269,483.47	-	-	-	-	-	246,851,180.47

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

	<u>Amount in NRs.</u>	
	<u>FY 2079-80</u>	<u>FY 2078-79</u>
4.1 Cash and cash equivalent		
Cash in Hand	49,406,003.30	25,882,768.29
Balances with B/FIs	371,228,245.14	375,408,109.39
Money at call and short notice	958,658,152.51	781,802,710.28
Other	-	-
Total	1,379,292,400.95	1,183,093,587.96
4.2 Due from Nepal Rastra Bank		
Statutory balances with NRB	201,744,513.81	88,668,405.64
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	201,744,513.81	88,668,405.64
4.3 Placements with Bank and Financial Institutions		
Placement with domestic B/FIs	-	-
Placement with Foreign B/FIs	-	-
Less: Allowances for Impairment	-	-
Total	—	—
4.4 Derivative financial Instruments		
<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	-	-
Other	-	-
Total	—	—
4.5 Other Trading assets		
Treasury Bills	-	-
Government bond	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
Total	—	—
Pledged	-	-
Non- Pledged	-	-

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

4.6 Loans and advances to B/FIs

	FY 2079-80	FY 2078-79
Loan to Microfinance Institutions	43,566,992.52	16,736,473.24
Other	-	-
Less: Allowances for Impairment	566,370.90	217,574.15
Total	43,000,621.62	16,518,899.09

4.6.1 Allowances for impairment

	FY 2079-80	FY 2078-79
Balance at 1st Shrawan	217,574.15	887,684.47
Impairment loss for the year:		
Charge for the year	348,796.75	-
Recoveries/reversal	-	(670,110.32)
Amount written off	-	-
Balance at Ashad end	566,370.90	217,574.15

4.7 Loans and advances to customers

	FY 2079-80	FY 2078-79
Loans and advances measured at amortized cost	3,093,001,494.56	3,140,530,092.49
Less: Impairment allowances		
Collective impairment	35,162,518.90	54,878,072.97
Individual Impairment	758,081,399.90	377,538,795.04
Net Amount	2,299,757,575.76	2,708,113,224.48
Loan and advances measured at FVTPL	-	-
Total	2,299,757,575.76	2,708,113,224.48

4.7.1 Analysis of loan and advances - By product

Product	FY 2079-80	FY 2078-79
Term Loans	135,695,613.91	122,943,729.42
Overdraft	1,174,623,380.94	1,102,080,316.51
Trust Receipt/import loans	-	-
Demand and other working capital loans	-	-
Personal residential loans	11,368,145.65	34,529,124.20
Real estate loans	148,761,613.87	177,305,170.47
Margin lending loans	-	-
Hire Purchase loans	358,117.18	469,553.56
Deprived sector loans	622,481,493.96	615,890,652.82
Bills purchased	-	-
Staff loans	5,860,819.86	6,415,419.39
Other	911,357,177.10	1,036,370,339.17
Sub total	3,010,506,362.47	3,096,004,305.54
Interest Receivable	82,495,132.09	44,525,786.95
Grand Total	3,093,001,494.56	3,140,530,092.49

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

4.7.2 Analysis of loan and advances - By Currency

	FY 2079-80	FY 2078-79
Nepalese Rupee	3,093,001,494.56	3,140,530,092.49
Indian Rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	3,093,001,494.56	3,140,530,092.49

4.7.3 Analysis of loan and advances - By Collateral

	FY 2079-80	FY 2078-79
Secured		
Movable/immovable assets	3,071,526,628.80	3,046,533,302.99
Gold and silver	-	-
Guarantee of domestic B/FIs	-	-
Government guarantee	-	-
Guarantee of international rated bank	-	-
Collateral of export document	-	-
Collateral of fixed deposit receipt	21,474,865.76	93,996,789.50
Collateral of Government securities	-	-
Counter guarantee	-	-
Personal guarantee	-	-
Other collateral	-	-
Subtotal	3,093,001,494.56	3,140,530,092.49
 Unsecured	 -	 -
Grand total	3,093,001,494.56	3,140,530,092.49

4.7.4 Allowances for Impairment

	FY 2079-80	FY 2078-79
Specific allowances for impairment		
Balance at 1st Shravan	377,538,795.04	82,350,063.39
Impairment loss for the year:		
Charge for the year	380,542,604.86	295,188,731.65
Recoveries/reversal during the year	-	-
Write-offs	-	-
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
Balance at Ashad end	758,081,399.90	377,538,795.04
 Collective allowances for impairment		
Balance at 1st Shravan	54,878,072.97	33,446,159.36
Impairment loss for the year:		
Charge/(reversal) for the year	(19,715,554.07)	21,431,913.61
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
Balance at Ashad end	35,162,518.90	54,878,072.97
 Total allowances for impairment	793,243,918.80	432,416,868.01

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

4.7.5 Impairment loss on Loans and Advances to customers are measured as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loss provision and amount determined as per NAS 39 of Para 63. The details of loan loss provision as per Nepal Rastra Bank and impairment loss as per NAS 39 of Para 63 are as follows:

Particulars	Impairment Loss	
	FY 2079-80	FY 2078-79
Loan and Advance to BFIs	2,521,591.42	298,082.75
Loan and Advance to Customers	179,018,233.63	55,933,996.35
Total Impairment as per para 63 of NAS 39	181,539,825.05	56,232,079.09
Total Impairment as per NRB norms	793,810,289.70	432,634,442.14
Higher of Impairment as per para 63 of NAS or NRB Norms	793,810,289.70	432,634,442.14

4.8 Investment securities

	FY 2079-80	FY 2078-79
Investment securities measured at amortized cost	-	-
Investment in Security measured at FVTOCI	39,496,500.00	44,031,500.00
Total	39,496,500.00	44,031,500.00

4.8.1 Investment securities measured at amortized cost

	FY 2079-80	FY 2078-79
Debt Securities	-	-
Government Bond	-	-
Government treasury bills	-	-
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposit instruments	-	-
Other	-	-
Less: Specific allowances for impairment	-	-
Total	-	-

4.8.2 Investment in equity measured at fair value through Other comprehensive income

	FY 2079-80	FY 2078-79
Mutual Fund (Refer Note 4.8.3)	39,145,000.00	43,680,000.00
Unquoted equity securities (Refer Note 4.8.4)	351,500.00	351,500.00
Total	39,496,500.00	44,031,500.00



Janaki Finance Company Limited

Notes to the Financial Statements

Notes forming part of the Accounts as on Ashad 31, 2080

Amount in NRs.

4.8.3 Investment in Mutual Fund

	FY 2079-80		FY 2078-79		FY 2077-78	
	Cost Price	Fair Value	Cost Price	Fair Value	Cost Price	Fair Value
NIC Asia Balanced Fund (500000 units of Rs 10 each)	5,000,000.00	4,665,000.00	5,000,000.00	5,355,000.00	5,000,000.00	6,865,000.00
NMB 50 (1000000 units of Rs 10 each)	10,000,000.00	10,500,000.00	10,000,000.00	12,900,000.00	10,000,000.00	14,950,000.00
Sunrise First Mutual Fund (1000000 units of Rs 10 each)	10,000,000.00	11,080,000.00	10,000,000.00	11,500,000.00	10,000,000.00	16,000,000.00
Siddhartha Investment Growth Scheme 2 (500000 units of 10 each)	5,000,000.00	4,515,000.00	5,000,000.00	4,895,000.00	5,000,000.00	7,100,000.00
Sunrise Bluechip Fund (500000 units of Rs 10 each)	5,000,000.00	3,925,000.00	5,000,000.00	4,370,000.00	5,000,000.00	5,080,000.00
Sunrise Large Cap Fund (500000 units of Rs 10 each)	5,000,000.00	4,460,000.00	5,000,000.00	4,660,000.00	5,000,000.00	5,250,000.00
Total	40,000,000.00	39,145,000.00	40,000,000.00	43,680,000.00	40,000,000.00	55,245,000.00

4.8.4 Investment in Unquoted Equity Securities

	FY 2079-80		FY 2078-79		FY 2077-78	
	Cost Price	Fair Value	Cost Price	Fair Value	Cost Price	Fair Value
Nepal Clearing House (3515 shares of Rs 100 each)	351,500.00	351,500.00	351,500.00	351,500.00	351,500.00	351,500.00
Total	351,500.00	351,500.00	351,500.00	351,500.00	351,500.00	351,500.00
Total	40,351,500.00	39,496,500.00	40,351,500.00	44,031,500.00	40,351,500.00	55,596,500.00

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

	<u>Amount in NRs.</u>	
	<u>FY 2079-80</u>	<u>FY 2078-79</u>
4.9 Current Tax Assets/Current Tax Liabilities		
Current Tax Assets		
Current year income tax assets	40,093,130.72	46,454,598.71
Tax assets of prior periods	-	-
	<u>40,093,130.72</u>	<u>46,454,598.71</u>
Current Tax Liabilities		
Current year income tax liabilities	9,107,454.00	35,729,783.00
Tax liabilities of prior periods	550,355.20	379,227.45
	<u>9,657,809.20</u>	<u>36,109,010.45</u>
Total	<u>30,435,321.52</u>	<u>10,345,588.26</u>
4.10 Investment in Subsidiaries		
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
Total Investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-
4.10.1 Investment in quoted subsidiaries		
.....Ltd. shares of Rs.each	-	-
.....Ltd. shares of Rs.each	-	-
Total	<u>-</u>	<u>-</u>
4.10.2 Investment in unquoted subsidiaries		
.....Ltd. shares of Rs.each	-	-
.....Ltd. shares of Rs.each	-	-
Total	<u>-</u>	<u>-</u>
4.10.3 Information relating to subsidiaries of the Bank		
.....Ltd. shares of Rs.each	-	-
.....Ltd. shares of Rs.each	-	-
Total	<u>-</u>	<u>-</u>
Equity interest held by NCI (%)	-	-
Profit/(loss) allocated during the year	-	-
Accumulated balances of NCI as on Ashad end.....	-	-
Dividend paid to NCI	-	-
Total	<u>-</u>	<u>-</u>

4.11 Investment in associates

Investment in quoted associates
Investment in unquoted associates
Total investment
Less: Impairment allowances
Net carrying amount

	FY 2079-80	FY 2078-79
	-	-
	-	-
Total	-	-
	-	-
	-	-
Net carrying amount	-	-

4.11.1 Investment in quoted associates

.....Ltd.shares of Rs.each
.....Ltd.shares of Rs.each
Total

	FY 2079-80	FY 2078-79
	-	-
	-	-
Total	-	-

4.11.2 Investment in unquoted associates

.....Ltd.shares of Rs.each
.....Ltd.shares of Rs.each
Total

	FY 2079-80	FY 2078-79
	-	-
	-	-
Total	-	-

4.11.3 Information relating to associates of the Financial Institution

.....Ltd.shares of Rs.each
.....Ltd.shares of Rs.each
Total

	FY 2079-80	FY 2078-79
	-	-
	-	-
Total	-	-

4.11.4 Equity value of associates

.....Ltd.shares of Rs.each
.....Ltd.shares of Rs.each
Total

	FY 2079-80	FY 2078-79
	-	-
	-	-
Total	-	-

4.12 Investment Properties

	FY 2079-80	FY 2078-79
Investment properties measured at fair value		
Balance as on 1st Shrawan	-	-
Addition/disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment properties measured at cost (Non-Banking Assets)		
Balance as on 1st Shrawan	967,880.00	967,880.00
Addition/disposal during the year	-	-
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	967,880.00	967,880.00
Total	967,880.00	967,880.00

4.12.1 Details of Investment Properties

<u>Details</u>	NBA recognised Date	FY 2079-80	FY 2078-79
Dulari Devi Kevatin	7/21/2070	-	-
Dinesh Yadav	7/21/2070	-	-
Ram Bhagat Kapar Kevat	7/21/2070	-	-
Shyam Parajuli	7/21/2070	-	-
Padam Bahadur Ghising	7/21/2070	-	-
Bhairav Bahadur Lama	7/21/2070	-	-
Md. Majibur Rahaman	7/21/2070	98,000.00	98,000.00
Bisun Dev Yadav	7/21/2070	-	-
Shila Rijal	4/21/2072	-	-
Aash Narayan Chaudhari	7/21/2070	-	-
Ram Preet Koiri	8/20/2075	-	-
Sukhdev Das Tatma	8/20/2075	869,880.00	869,880.00
Total		967,880.00	967,880.00

Janaki Finance Company Limited
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Notes forming part of the Accounts as on Ashad

Janaki Finance Company Limited

Notes to the Financial Statements

Notes forming part of the Accounts as on Ashad 31, 2080

Amount in NRs.

4.14 Goodwill and Intangible Assets

Particulars	Goodwill	Software		Others	Total Ashad end 2080	Total Ashad end 2079
		Purchased	Developed			
Cost						
Balance as on 31 Ashad, 2078	-	935,452.00	-	-	935,452.00	935,452.00
Addition during the year	-	2,118,750.00	-	-	2,118,750.00	-
Acquisition	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-
Disposal during the Year	-	-	-	-	-	-
Adjustment /Revaluations	-	-	-	-	-	-
Balance as on 32 Ashad, 2079	-	3,054,202.00	-	-	3,054,202.00	935,452.00
Addition during the year	-	-	-	-	-	2,118,750.00
Acquisition	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-
Disposal during the Year	-	-	-	-	-	-
Adjustment /Revaluations	-	(197,804.65)	-	-	(197,804.65)	-
Balance as on 31 Ashad, 2080	-	2,856,397.35	-	-	2,856,397.35	3,054,202.00
Amortization and Impairment						
As on 31 Ashad, 2078	-	669,473.44	-	-	669,473.44	521,943.97
Amortization charge for the year	-	400,494.68	-	-	400,494.68	147,529.47
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
As on 32 Ashad, 2079	-	1,069,968.12	-	-	1,069,968.12	669,473.44
Amortization charge for the year	-	524,589.67	-	-	524,589.67	400,494.68
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	(197,804.66)	-	-	(197,804.66)	-
As on 31 Ashad, 2080	-	1,396,753.13	-	-	1,396,753.13	1,069,968.12
Capital Work in Progress						
Net Book Value						
As on Ashad End 2078	-	265,978.56	-	-	265,978.56	413,508.03
As on Ashad End 2079	-	1,984,233.88	-	-	1,984,233.88	265,978.56
As on Ashad End 2080	-	1,459,644.22	-	-	1,459,644.22	1,984,233.88

4.15 Deferred Tax

2079/80

Deferred tax on temporary differences on following items :

	Current Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets/ (Liabilities)
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	192,405,380.68	-	192,405,380.68
Investment properties	-	-	-
Investment securities	256,500.00	-	256,500.00
Property & equipment	198,137.20	-	198,137.20
Employees' defined benefit plan	932,573.40	-	932,573.40
Lease liabilities & Right to Use Assets (Net)	476,892.19	-	476,892.19
Provisions	-	-	-
Other temporary differences	-	-	-
Deferred tax on temporary differences	194,269,483.47	-	194,269,483.47
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 Ashad 2080	194,269,483.47	-	194,269,483.47
Deferred tax asset/(liabilities) as on Shrawan 1, 2079	84,125,861.85	1,104,000.00	83,021,861.85
Origination/(Reversal) during the year	110,143,621.62	1,104,000.00	111,247,621.62
Deferred tax expense/(income) recognized in profit or loss	(109,887,121.62)	-	(109,887,121.62)
Deferred tax expense/(income) recognized in other comprehensive income	-	(1,360,500.00)	(1,360,500.00)
Deferred tax expense/(income) recognized in directly in equity	-	-	-

2078/79

Deferred tax on temporary differences on following items :

	Previous Year		
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets/ (Liabilities)
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	83,180,934.06	-	83,180,934.06
Investment properties	-	-	-
Investment securities	-	1,104,000.00	(1,104,000.00)
Property & equipment	77,758.34	-	77,758.34
Employees' defined benefit plan	620,049.60	-	620,049.60
Lease liabilities & Right to Use Assets (Net)	247,119.85	-	247,119.85
Provisions	-	-	-
Other temporary differences	-	-	-
Deferred tax on temporary differences	84,125,861.85	1,104,000.00	83,021,861.85
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 Ashad 2079	84,125,861.85	1,104,000.00	83,021,861.85
Deferred tax asset/(liabilities) as on Shrawan 1, 2078	609,433.44	4,573,500.00	(3,964,066.56)
Origination/(Reversal) during the year	83,516,428.41	(3,469,500.00)	86,985,928.41
Deferred tax expense/(income) recognized in profit or loss	(83,516,428.41)	-	(83,516,428.41)
Deferred tax expense/(income) recognized in other comprehensive income	-	(3,469,500.00)	(3,469,500.00)
Deferred tax expense/(income) recognized in directly in equity	-	-	-

Janaki Finance Company Limited
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Amount in NRs.

4.16 Other Assets

	FY 2079-80	FY 2078-79	FY 2077-78
Assets held for sale	-	-	-
Other non banking assets	-	-	-
Bills receivable	-	-	-
Accounts receivable	9,164,242.87	1,799,692.36	223,739.16
Accrued income	-	-	2,995,794.78
Prepayments and deposit	943,296.73	899,687.82	1,014,555.46
Income tax deposit	-	-	-
Deferred employee expenditure	1,649,756.95	1,889,060.94	2,551,620.26
Others	163,859.35	137,632.48	97,070.99
Total	11,921,155.90	4,726,073.60	6,882,780.65

4.17 Due to Bank and Financial Institutions

	FY 2079-80	FY 2078-79	FY 2077-78
Money market deposits	-	-	-
Interbank borrowing	-	-	-
Other deposits from BFIs	92,039,581.51	54,061,369.93	109,829.21
Settlement and clearing accounts	-	-	-
Other deposits from BFIs	-	-	-
Total	92,039,581.51	54,061,369.93	109,829.21

4.18 Due to Nepal Rastra Bank

	FY 2079-80	FY 2078-79	FY 2077-78
Refinance from NRB	-	-	-
Standing Liquidity Facility	-	-	-
Lender of last report facility from NRB	-	-	-
Securities sold under repurchase agreements	-	-	-
Other payable to NRB	-	-	-
Total	-	-	-

4.19 Derivative Financial instruments

	FY 2079-80	FY 2078-79	FY 2077-78
Held for trading			
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Held for risk management			
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
Total	-	-	-

4.20 Deposits from customers

	FY 2079-80	FY 2078-79	FY 2077-78
Institutions Customers:			
Term deposits	241,151,084.67	233,695,920.24	73,848,305.48
Call deposits	44,761,744.96	35,772,437.50	30,626,654.87
Current Deposit	14,272,044.32	15,363,816.14	3,355,586.37
Other	37,744.92	328,891.38	-
Individual Customers:			
Term deposits	2,376,286,941.56	2,160,782,786.29	1,925,984,552.03
Saving Deposits	806,504,126.14	822,874,255.19	1,086,708,391.60
Current Deposit	6,242,341.42	11,153,881.74	20,665,813.85
Other	-	-	10,000.00
Total	<u>3,489,256,027.99</u>	<u>3,279,971,988.48</u>	<u>3,141,199,304.20</u>

4.20.1 Currency wise analysis of deposit from customers

	FY 2079-80	FY 2078-79	FY 2077-78
Nepalese Rupee	3,489,256,027.99	3,279,971,988.48	3,141,199,304.20
Indian Rupee	-	-	-
United State dollar	-	-	-
Great Britain pound	-	-	-
Euro	-	-	-
Japanese Yen	-	-	-
Chinese Yuan	-	-	-
Others	-	-	-
Total	<u>3,489,256,027.99</u>	<u>3,279,971,988.48</u>	<u>3,141,199,304.20</u>

4.21 Borrowings

	FY 2079-80	FY 2078-79	FY 2077-78
Domestic Borrowing			
Nepal Government	-	-	-
Other Institutions	-	-	-
Other	-	-	-
Sub Total	-	-	-
Foreign Borrowing			
Foreign Bank and Financial Institutions	-	-	-
Multilateral Development Banks	-	-	-
Other institutions	-	-	-
Sub Total	-	-	-
Total	-	-	-

4.22 Provisions

	FY 2079-80	FY 2078-79	FY 2077-78
Provisions for redundancy	-	-	-
Provision for restructuring	-	-	-
Pending legal issues and tax litigation	-	-	-
Onerous contracts	-	-	-
Other	-	-	-
Total	-	-	-

4.22.1 Movement in provision

	FY 2079-80	FY 2078-79	FY 2077-78
Balance at Shrawan 1	-	-	-
Provisions made during the year	-	-	-
Provisions used during the year	-	-	-
Provisions reversed during the year	-	-	-
Unwind of discount	-	-	-
Balance at Ashad end	-	-	-

4.23 Other Liabilities

Other Financial Liabilities	FY 2079-80	FY 2078-79	FY 2077-78
Liability for employees defined benefit obligations	-	-	-
Liability for long-service leave	3,108,578.00	2,066,832.00	2,526,064.00
Short-term employee benefits	-	-	95,706.66
Bills payable	-	-	-
Creditors and accruals	10,987,844.23	21,759,199.11	22,628,665.80
Interest payable on Deposits	80,239,643.16	14,544,714.26	52,653,073.73
Interest payable on borrowing	-	-	-
Liabilities on deferred grant income	-	-	-
Unpaid Dividend	179,161.17	179,161.17	179,161.17
Liabilities under Finance Lease	10,125,915.62	10,885,257.64	-
Employee bonus payable	-	-	5,162,980.75
TDS Payable	5,643,315.56	8,105,608.19	9,450,152.10
Total	110,284,457.74	57,540,772.37	92,695,804.21

4.23.1 Defined Benefit Liabilities (Gratuity)

The amount recognized in the statement of financial position are as follows:

	FY 2079-80	FY 2078-79	FY 2077-78
Present value of unfunded obligations	-	-	-
Present value of funded obligations	-	-	-
Total present value of obligations	-	-	-
Fair value of plan assets	-	-	-
Present value of net obligations	-	-	-
Recognized liability for defined benefit obligations	-	-	-

4.23.2 Plan Assets

	FY 2079-80	FY 2078-79	FY 2077-78
Plan Assets comprise			
Equity securities	-	-	-
Government bonds	-	-	-
Bank deposit	-	-	-
Other	-	-	-
Total	-	-	-

4.23.3 Movement in present value of defined benefit Obligations

	FY 2079-80	FY 2078-79	FY 2077-78
Defined benefit obligations at the beginning of Shrawan	2,066,832.00	2,526,064.00	3,103,720.00
Actuarial losses	577,183.00	(393,388.00)	(1,795,033.00)
Benefit paid by the plan	(49,316.00)	(674,747.00)	-
Current Service cost & Interest	513,879.00	608,903.00	1,217,377.00
Defined benefit obligations at Ashad end	3,108,578.00	2,066,832.00	2,526,064.00

4.23.4 Movement in the fair value of Plan Assets

	FY 2079-80	FY 2078-79	FY 2077-78
Fair value of plan assets at the beginning of Shrawan	-	-	-
Contribution paid into the plan	-	-	-
Benefits paid during the year	-	-	-
Actuarial (losses) gains	-	-	-
Expected return on plan assets	-	-	-
Fair value of plan assets at Ashad end	-	-	-

4.23.5 Amount recognized in profit or loss

	FY 2079-80	FY 2078-79	FY 2077-78
Current Service Costs	289,240.00	411,921.00	938,042.00
Interest on obligation	224,639.00	196,982.00	279,335.00
Expected return on plan assets	-	-	-
Actuarial (gain)/loss	577,183.00	(393,388.00)	(1,795,033.00)
Total	1,091,062.00	215,515.00	(577,656.00)

4.23.6 Amount recognized in other comprehensive income

	FY 2079-80	FY 2078-79	FY 2077-78
Actuarial (gain)/loss	-	-	-
Total	-	-	-

4.23.7 Actuarial assumptions

	FY 2079-80	FY 2078-79	FY 2077-78
Discount rate	10.00%	11.00%	9.00%
Expected return on plan asset	0.00%	0.00%	0.00%
Future salary increase	10.00%	10.00%	10.00%
Withdrawal rate	1.50%	2.00%	2.00%
Retirement Age	60 Years	60 Years	60 Years

4.24 Debt securities issued

	FY 2079-80	FY 2078-79	FY 2077-78
Debt securities issued designated as at fair value through profit or loss	-	-	-
Debt securities issued at amortized cost	-	-	-
Total	-	-	-

4.25 Subordinated Liabilities

	FY 2079-80	FY 2078-79	FY 2077-78
Redeemable preference shares	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-
Other	-	-	-
Total	-	-	-

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<u>Amount in NRs.</u>			
4.26 Share Capital	FY 2079-80	No of share	Value per share
	FY 2079-80		Capital in Value
Ordinary shares		6,904,728	100.00
Convertible preference shares (equity component only)		-	-
Irredeemable preference shares (equity component only)		-	-
Perpetual debt (equity component only)		-	-
	FY 2078-79		Capital in Value
Ordinary shares		6,904,728	100.00
Convertible preference shares (equity component only)		-	-
Irredeemable preference shares (equity component only)		-	-
Perpetual debt (equity component only)		-	-
4.26.1 Ordinary shares			
		FY 2079-80	FY 2078-79
Authorized Capital			
(10,000,000 Ordinary Shares of Rs. 100 each)		1,000,000,000.00	1,000,000,000.00
Issued Capital			
(6,904,728 [PY 6,904,728] Ordinary Shares of Rs. 100 each)		690,472,800.00	690,472,800.00
Subscribed and paid up capital			
(6,904,728 [PY 6,904,728] Ordinary Shares of Rs. 100 each)		690,472,800.00	690,472,800.00
4.26.2 Ordinary share ownership			
		3/31/2080	32/03/2079
		% of holding	% of holding
Domestic Ownership		Amount	Amount
Nepal Government		-	-
"A" Class Licensed Institutions		-	-
Other Licensed Institutions		-	-
Other Institutions		-	-
Public	49%	338,030,000.00	49%
Other	51%	352,442,800.00	51%
Foreign Ownership		-	-
Total	100%	690,472,800.00	100%

Shareholders Holding 0.5% or more of the total share capital

Shareholder Category	3/31/2080		32/03/2079	
	No of Shares	% of holding	No of Shares	% of holding
Promoter				
1 Balram Prasad Gupta	410,832	5.95	410,832	5.95
2 Din Dayal Prasad Sah	338,183	4.90	338,183	4.90
3 Amarnath Gupta	322,798	4.68	322,798	4.68
4 Raghunath Prasad Sah	308,124	4.46	308,124	4.46
5 Shiv Shankar Sah	293,451	4.25	293,451	4.25
6 Ankit Prasad	293,450	4.25	293,450	4.25
7 Dinesh Prasad Sah	286,115	4.14	286,115	4.14
8 Sundar Raj Dali	249,434	3.61	249,434	3.61
9 Ashok Kumar Jalan	192,099	2.78	192,099	2.78
10 Bajranj Prasad Sah	176,071	2.55	176,071	2.55
11 Ramniritya Sharma	176,070	2.55	176,070	2.55
12 Yash Agrawal	115,000	1.67	115,000	1.67
13 Uma Tiwari	68,406	0.99	68,406	0.99
14 Binod Kumar Sah	58,691	0.85	58,691	0.85
15 Ashok Kumar Sah	58,690	0.85	58,690	0.85
16 Manoj Kumar Sah	58,690	0.85	58,690	0.85
17 Mrs. Renu Devi Agrawal	48,279	0.70	48,279	0.70
General Public				
18 Jay Manakamana Multi Purpose Co-operative	86,496	1.25	86,496	1.25
19 Ashok Kumar Uperti	63,700	0.92	66,821	0.97
20 Jay Prakash Agrawal	60,718	0.88	77,673	1.12
21 Din Dayal Prasad Sah	59,678	0.86	59,678	0.86
22 Amarnath Gupta	56,962	0.82	56,961	0.82
23 Keshari Chand Kuchereya	56,690	0.82	59,331	0.86
24 Raghunath Prasad Sah	54,374	0.79	54,373	0.79
25 Sundar Raj Dali	44,017	0.64	44,017	0.64
26 Balram Prasad Gupta	37,746	0.55	37,746	0.55
27 Ambi Ratna Shakya	36,762	0.53	-	-
		58.09		57.90

4.26.3 Equity Share Capital Movements

	FY 2079-80	FY 2078-79
Opening Share Capital	690,472,800.00	600,411,100.00
Share Issued	-	-
Bonus Share issued	-	90,061,700.00
Right Share issued	-	-
	690,472,800.00	690,472,800.00

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

Amount in NRs.

4.27 Reserves

	FY 2079-80	FY 2078-79
Statutory General Reserve	184,348,727.72	184,348,727.72
Exchange Fluctuation Reserve	-	-
Corporate Social Responsibility Reserve	106,830.90	106,830.90
Capital Redemption Reserve	-	-
Regulatory Reserve	246,851,180.47	111,682,871.85
Investment Adjustment Reserve	-	-
Capital Reserve	-	-
Asset Revaluation Reserve	-	-
Fair Value Reserve	(598,500.00)	2,576,000.00
Dividend Equalization Reserve	-	-
Actuarial Gain/(Loss)	-	-
Special Reserve	-	-
Other reserve	475,347.95	388,087.95
Deferred Tax Reserve	-	-
Employee Capability Enhancement Fund	475,347.95	388,087.95
Rent Equalization Reserve	-	-
Total	431,183,587.04	299,102,518.42

4.27.1 Statutory General Reserve:

The Financial Institution appropriates 20% of the regulatory net profit every year and transfers to the general reserve fund. Since, there is net loss during the year, the financial institution has not set aside any amount for the year.

	FY 2079-80	FY 2078-79
Opening	184,348,727.72	184,348,727.72
Addition for the Year	-	-
Utilisation during the Year	-	-
Closing as on reporting date	184,348,727.72	184,348,727.72

4.27.2 Corporate Social Responsibility Reserve:

Bank and Financial Institution has regulatory requirement to set aside 1% of the net profit of year after deduction of CSR expenses & bonus provision for corporate social responsibility activities. During the year, CSR Fund of Rs. Nil has been appropriated due to book loss.

	FY 2079-80	FY 2078-79
Opening	106,830.90	312,830.90
Addition for the Year	-	-
Utilisation during the Year	-	(206,000.00)
Closing as on reporting date	106,830.90	106,830.90

4.27.3 Regulatory Reserve:

The amount that is allocated from retained earnings of the Financial Institution as per the Directive of NRB for the purpose of implementation of NFRS is presented under this account head. The amount in this reserve is not free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve include 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 NFRS (in case lower impairment is recognized under NFRS), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRS, etc.

	FY 2079-80	FY 2078-79
Opening Reserve	111,682,871.85	5,570,303.00
Movement:		
Non-Banking Asset Reserve (Investment properties) *	-	-
Accrued Interest Receivable Reserve*	23,920,687.00	23,090,707.00
Deferred Tax Assets	<u>111,247,621.62</u>	<u>83,021,861.85</u>
Closing as on reporting date	<u>246,851,180.47</u>	<u>111,682,871.85</u>

4.27.4 Fair Value Reserve:

Net change in fair value of equity instruments that are measured at fair value and the changes in fair value is presented under this reserve.

	FY 2079-80	FY 2078-79
Opening Reserve	2,576,000.00	10,671,500.00
Movement:		
Gain/(Loss) on Equity Investment	(3,174,500.00)	(8,095,500.00)
Closing as on reporting date	<u>(598,500.00)</u>	<u>2,576,000.00</u>

4.27.5 Employee Capability Enhancement Fund:

Bank and Financial Institution has regulatory requirement to set aside the shortfall between amount spent for training and amount calculated at 3% of the previous year's total staff cost.

	FY 2079-80	FY 2078-79
Opening Reserve	388,087.95	170,044.95
Addition for the Year	400,810.00	373,503.00
Utilisation during the Year	(313,550.00)	(155,460.00)
Closing as on reporting date	<u>475,347.95</u>	<u>388,087.95</u>

4.28 Contingent Liabilities and Commitments

	FY 2079-80	FY 2078-79
Contingent Liabilities	-	-
Undrawn and undistributed facilities	161,392,682.26	282,826,302.61
Capital commitments	-	-
Lease Commitment	-	-
Litigation	-	-
Total	<u>161,392,682.26</u>	<u>282,826,302.61</u>

4.28.1 Contingent Liabilities

	FY 2079-80	FY 2078-79
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
Total	<u>-</u>	<u>-</u>

4.28.2 Undrawn and undisbursed facilities

	FY 2079-80	FY 2078-79
Undisbursed amount of loans	-	-
Undrawn limits of Overdrafts	159,992,682.26	281,426,302.61
Undrawn limits of credit cards	-	-
undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	1,400,000.00	1,400,000.00
Total	161,392,682.26	282,826,302.61

4.28.3 Capital commitments

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

	FY 2079-80	FY 2078-79
Capital commitment in relation to Property & Equipment	-	-
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub - Total	-	-
Capital commitments in relation to Intangible assets	-	-
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub - Total	-	-
Total	-	-

4.28.4 Lease Commitments

	FY 2079-80	FY 2078-79
Operating Lease commitments**	-	-
Future minimum lease payments under non-cancellable operating lease, where the bank is lessee	-	-
Not Later than 1 Year	-	-
Later than 1 Year but not later than 5 Year	-	-
Later than 5 Year	-	-
Sub total	-	-
Finance Lease Commitment	-	-
Future minimum lease payments under non-cancellable operating lease, where the bank is lessee	-	-
Not Later than 1 Year	-	-
Later than 1 Year but not later than 5 Year	-	-
Later than 5 Year	-	-
Sub total	-	-
Grand Total	-	-

* Lease Commitments are not disclosed as Lease Accounting as per NFRS-16 has been done.

** All Operating lease are cancellable on providing information in advance to lessor.

4.28.5 Income tax Litigations:

The provision of Income Tax for Current Year Rs.9107454 (Previous Year Rs.36109010.45) has been made as per Income Tax Act 2058 and its regulations under self-assessment basis of computing tax from taxable income.

Janaki Finance Company Limited
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Notes forming part of the Accounts as on Ashad 31, 2080

<u>Amount in NRs.</u>		
	FY 2079-80	FY 2078-79
4.29 Interest Income		
Cash and cash equivalent	39,050,225.45	24,664,057.24
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	259,365.07	1,694,264.38
Loans and advances to customers	390,036,477.79	414,451,709.30
Investment securities	-	-
Loan and advances to staff	1,192,402.04	1,701,445.41
Other	-	-
Total interest income	430,538,470.35	442,511,476.33
4.30 Interest Expense		
Due to bank and financial institutions	2,737,823.26	288,419.72
Due to Nepal Rastra Bank	-	-
Deposits from customers	372,588,776.63	273,463,484.79
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	1,576,708.04	1,361,829.48
Total interest expense	376,903,307.93	275,113,733.99
4.31 Fees and commission income		
Loan administration fees	-	-
Service fees	6,041,601.50	12,479,765.25
Consortium fees	-	-
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	-	-
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	659,849.03	628,173.67
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	208,331.06	290,932.20
Total fees and Commission Income	6,909,781.59	13,398,871.12
4.32 Fees and commission Expense		
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	-	-
Total fees and Commission Expense	-	-

4.33 Net Trading Income

	FY 2079-80	FY 2078-79
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 translation	-	-
Other	-	-
Total trading income	-	-

4.34 Other Operating Income

	FY 2079-80	FY 2078-79
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	-	-
Fair value gain/loss on investment properties	-	-
Dividend on Mutual Funds	4,405,263.16	10,975,000.00
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	-	-
Others	237,744.07	1,898,376.37
Total	4,643,007.23	12,873,376.37

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

	FY 2079-80	FY 2078-79
Impairment charge/(reversal) on loan and advances to B/FIs	348,796.75	(670,110.32)
Impairment charge/(reversal) on loan and advances to customer	360,827,050.79	316,620,645.26
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on investment property	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	361,175,847.54	315,950,534.94

4.36 Personnel Expenses

	FY 2079-80	FY 2078-79
Salary	11,072,394.07	11,138,030.92
Allowances	2,287,950.01	2,177,450.00
Gratuity expense	571,615.16	503,598.37
Provident fund	686,212.89	585,806.44
Uniform	-	-
Training & development expense	313,550.00	155,460.00
Leave encashment	1,091,061.54	1,143,082.29
Medical	698,804.86	941,736.21
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRSs	239,303.99	662,559.32
Other expenses related to staff	1,190,944.52	1,025,902.90
Subtotal	18,151,837.04	18,333,626.45
Employees bonus	-	-
Grand total	18,151,837.04	18,333,626.45

4.37 Other Operating Expense

	FY 2079-80	FY 2078-79
Directors fee	291,000.00	383,500.00
Directors' expense	306,207.00	198,555.00
Auditors' remuneration	468,950.00	339,000.00
Other audit related expense	347,900.14	439,117.24
Professional and legal expense	300,000.00	541,700.00
Office administration expense	13,502,234.29	11,756,144.86
Operating lease expense	-	-
Operating expense of investment properties	-	-
Corporate social responsibility	-	206,000.00
Onerous lease provisions	-	-
Other	-	-
Total	15,216,291.43	13,864,017.10

4.37.1 Office administration expense

	FY 2079-80	FY 2078-79
Repair and Maintenance		
Building	-	-
Vehicle	102,865.44	160,873.12
Computer and accessories	133,270.00	82,200.00
Office equipment and furniture	228,643.50	138,501.00
Others	-	-
Insurance	1,628,564.37	1,326,130.69
Postage, Telex, Telephone, Fax, Internet	1,107,296.00	802,626.50
Travelling Allowances and Expenses	376,769.00	384,280.63
Stationery and Printing	842,418.08	685,105.60
Periodicals and Books	17,125.00	17,100.00
Advertisement	411,325.23	582,215.35
Legal Expenses	287,899.96	142,263.64
Donations	-	-
Security Expense	2,050,391.54	1,335,023.66
Deposit and loan guarantee premium	-	-
General Meeting Expenses	24,408.00	541,336.00
Share Registration Expenses	-	-
Board Meeting Communication Allowance	96,000.00	72,000.00
Board Meeting Expenses	497,258.00	-
Other Committee Meeting Allowance	122,000.00	124,500.00
Other Committee Meeting Expenses	-	-
Actuarial Expenses	11,765.00	11,765.00
Entertainment	619,983.54	839,116.87
Others		
a. Transport	362,482.86	430,507.76
b. Customer & Public Relation Expenses	181,401.00	527,440.00
c. Banking and Corporate Expenses	52,799.94	63,149.75
d. Fees and Charges	1,435,955.09	1,680,251.16
e. Miscellaneous	143,361.57	354,297.00
f. Low value Assets	116,772.48	351,576.49
g. Others	2,651,478.69	1,103,884.64
Total	13,502,234.29	11,756,144.86

4.38 Depreciation and Amortisation

	FY 2079-80	FY 2078-79
Depreciation on property and equipment	6,290,913.21	5,508,913.24
Depreciation on investment property	-	-
Amortization of intangible assets	524,589.67	400,494.68
Total	6,815,502.88	5,909,407.92

4.39 Non-Operating Income

	FY 2079-80	FY 2078-79
Recovery of Loan written off	-	160,000.00
Other Income	-	-
Total	-	160,000.00

4.40 Non-Operating Expense

	FY 2079-80	FY 2078-79
Loan written off	-	-
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	-	-
Total	-	-

4.41 Income Tax Expenses

	FY 2079-80	FY 2078-79
Current tax expense	9,657,809.20	36,109,010.45
Current Year	9,107,454.00	35,729,783.00
Adjustment for Prior Years	550,355.20	379,227.45
Deferred tax Expense	(109,887,121.62)	(83,516,428.41)
Origination and Reversal of Temporary Differences	(109,887,121.62)	(83,516,428.41)
Change in tax rate	-	-
Recognition of Previously unrecognized Tax Losses	-	-
Total income tax expense	(100,229,312.42)	(47,407,417.96)

4.41.1 Reconciliation of Tax Expenses and Accounting Profit

	FY 2079-80	FY 2078-79
Profit Before Tax	(336,171,527.65)	(160,227,596.58)
Tax Amount at the Rate of 30%	(100,851,458.00)	(48,068,279.00)
Add: Tax Effect of the expenses that are not deductible for tax purpose	109,958,912.00	83,846,062.00
Less: Tax Effect on Exempt Income	-	(48,000.00)
Add/Less: Tax Effect on other Items	-	-
Total Current Income Tax Expenses	9,107,454.00	35,729,783.00
Effective Tax Rate	-2.71%	-22.30%

4.42 Earning per share

Particulars	FY 2079-80	FY 2078-79
Earning attributable to equity shareholders	(235,942,215.23)	(112,820,178.62)
Basic number of shares	6,904,728.00	6,904,728.00
Weighted average number of shares for the period (P.Y Restated)	6,904,728.00	6,904,728.00
Basic Earning per share (P.Y Restated)	(34.17)	(16.34)
Diluted Earning per share (P.Y Restated)	(34.17)	(16.34)



Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

5. Disclosure & Additional Information

5.1 Risk Management:

Introduction and Overview:

In Compliance with Nepal Rastra Bank Directive on 6 "Corporate Governance", the Board of financial institution of JFCL has established a Risk Management Committee with clear terms of reference. As at the date of this report, the Risk Management Committee comprised of following:

S.No.	Member of Risk Management Committee	Designation
1	Sundar Raj Dali	Director
2	Balram Prasad Gupta	Director
3	Ritesh Kumar Thakur	Member
4	Sunil Sah	Member Secretary

The Committee meets at least four times annually. The committee oversees and reviews the fundamental prudential risks.

Risk is inherent in the financial institution's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the financial institution's continuing profitability and each individual within the financial institution is accountable for the risk exposures relating to his or her responsibilities.

Governance Framework:

Risk Management Committee of the financial institution has formed to review the credit risk, Market risk, and liquidity risk of the institution. Apart from this institution has formed the Assets and Liability Management Committee to monitor liquidity risk as well as market risk, AML CFT committee in order to monitor the operational risk. The committee and subcommittee has effectively discharged their duties and responsibility.

The Financial Institution's risk management framework are established to identify and analyse the risks faced by the institution to set appropriate risk limits and controls and to monitor risks and adherence to limits. Through its, the Financial institution seeks to efficiently manage credit, market and liquidity risks which arise directly through the institution's commercial activities as well as operational, regulatory and reputational risks which arise as a normal consequence of any business undertaking. As part of this framework, the institution uses a set of principles that describes its risk management culture. The institution, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Major risk area and mitigation mechanism is as given below:

5.1.1 Credit Risk:

Credit risk is the potential for loss due to failure of counterparty to meet its obligation to pay the financial institution in accordance with agreed term.

Risk is an inherent feature of any business and it drives an entity towards income generation. Likewise, Risk management objective of the financial institution is to strike balance between risk and return, and ensure optimum Risk-adjusted return on capital. A reasonable level of return is essential for sustainability of the business. However, taking higher risk in search of higher earnings may have chances to result in failure of business. Thus effective risk management is a must for business success. Towards this end JFCL has implemented robust risk management architecture as well as policies and processes approved by the Board of Directors. These encompass independent identification, measurement and management of risks across various facets of financial institution's operation.

Board level risk management committee has been set up under NRB Directive for ensuring/reviewing financial institution's risk appetite are in line with the policies and CRO acts as member secretary. CRO closely monitors and report on credit related risks in ALCO & RMC meeting.

Janaki Finance Company Limited
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5.1 Risk Management (Contd....)

5.1.2 Market Risk:

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, commodity prices and equity prices. The institution classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

Market Risks are discussed at Asset Liability Committee (ALCO) of the institution and even discussed at respective division level on open position on daily basis. The limits for open position are controlled, level wise which ensures in-depth knowledge of the market and movement before taking decision (by choice). The monthly reports on such aspects are well discussed and dealt in ALCO. The committee ensures functioning of the jobs in line with the policies and procedures and suggests/recommends for necessary steps collectively to address the risk on interest rate movement, exchange rate movement and equity price changes. Most of the market operations (investments) are done from the Treasury Department which reports to the Chief Executive Officer and exposure accounting including booking of income/expense is done from Department which reports to the Chief Executive Officer. The institution assesses the open position on daily basis and calculates risk exposure for allocation of required capital in line with Basel provisions. Likely impact on earnings due to change in the market condition and change in the standing of the counterparty are well assessed periodically and necessary actions are taken as appropriate. TFO is equipped with advanced dealing platform for timely and effectively concluding the deals. Similarly the unit is equipped with modern and advanced information system on global news, market movements and any incidents so that institution can manage and maintain the position favorably.

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

The Risk subject to this requirement are:

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

b) Currency Risk

Foreign exchange risk is potential for the institution to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets liabilities and its reporting currency

c) Equity Price Risk

The risk of fluctuation in fair values or future cash flows of a financial instrument due to a change in market prices, other than those occurring due to interest rate risk or currency risk, is referred to as equity price risk. Accordingly, the equity price risk affects the Institution's investments in equity instruments.

5.1.3 Liquidity Risk:

Liquidity risk occurs when an institution cannot meet its short-term debt obligations. The investor or entity might be unable to convert an asset into cash without giving up capital and income due to a lack of buyers or an inefficient market. The institution has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required. The Liquidity Risk is managed by ALCO. The ALCO has developed the Unified Treasury circular for overall liquidity management of institution.



Janaki Finance Company Limited
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5.1.3.1 Classification of Financial Assets and Liability based on Maturity

<u>S.No.</u>	<u>Particulars</u>	<u>As on Ashad 2079</u>	<u>1-90 Days</u>	<u>91-180 Days</u>	<u>181 - 270 Days</u>	<u>271 - 365 Days</u>	<u>Over 1 Year</u>	<u>No Stated Maturity</u>	<u>Amount in NRs.</u>
Financial Assets									
1	Cash Balance	1,183,093,587.96	-	-	-	-	-	-	1,183,093,587.96
2	Balance with Banks & FIs	88,668,405.64	-	-	-	-	-	-	88,668,405.64
3	Investment in Foreign Banks	-	-	-	-	-	-	-	-
4	Call Money	-	-	-	-	-	-	-	-
5	Government Securities	-	-	-	-	-	-	-	-
6	Investment Others	-	-	-	-	-	-	-	44,031,500.00
7	Nepal Rastra Bank Bonds	-	-	-	-	-	-	-	-
8	Inter Bank & FI Lending	-	-	-	-	-	-	-	-
9	Loans & Advances	1,322,861,340.32	369,930,466.05	346,299,627.39	539,054,050.77	534,595,294.25	-	-	3,112,740,778.78
10	Interest Receivable	44,525,786.95	-	-	-	-	-	-	44,525,786.95
11	Accrued Interest	-	-	-	-	-	-	-	-
	Others	1,799,692.36	-	-	-	-	-	-	1,799,692.36
	Total Financial Assets (A)	2,640,948,813.23	369,930,466.05	346,299,627.39	539,054,050.77	534,595,294.25	44,031,500.00	4,474,859,751.69	
Financial Liabilities									
12	Current Deposits	26,527,697.88	-	-	-	-	-	-	26,527,697.88
13	Saving Deposits	913,026,954.00	-	-	-	-	-	-	913,026,954.00
14	Fixed Deposits	596,973,324.90	352,707,781.30	447,488,245.70	495,810,581.57	501,498,773.06	-	-	2,394,478,706.53
15	Debentures	-	-	-	-	-	-	-	-
16	Borrowings	-	-	-	-	-	-	-	-
17	Other Liabilities and Provisions	-	-	-	-	-	-	-	-
	(a) Sundry Creditors	21,759,199.11	-	-	-	-	-	-	21,759,199.11
	(b) Employees bonus Payable	-	-	-	-	-	-	-	-
	(c) Bills Payable	-	-	-	-	-	-	-	-
	(d) Provisions	-	-	-	-	-	-	-	-
	(e) Unpaid dividend	14,544,714.26	-	-	-	-	-	-	-
	(f) Interest payable on deposits	-	-	-	-	-	-	-	-
	(g) Leave Encashment	8,266,872.40	171,502.73	188,884.23	46,799.00	2,020,033.00	-	-	14,544,714.26
	Others	-	-	-	-	10,171,960.79	-	-	2,066,832.00
	Total Financial Liabilities (B)	8,091,098,762.55	352,879,284.03	447,677,129.93	496,049,026.26	513,690,766.85	179,161.17	18,990,865.84	
	Net Financial Assets (A-B)	1,059,850,050.68	17,051,182.02	(101,377,502.54)	43,005,024.51	20,904,527.40	43,852,338.83	1,083,285,620.90	



Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

5.1.3.2 Classification of Financial Assets and Liability based on Maturity

As on Ashad 2080		1-90 Days	91-180 Days	181 - 270 Days	271 - 365 Days	Over 1 Year	No Stated maturity	Amount in NRs.
S.No.	Particulars							Total Amount
Financial Assets								
1	Cash Balance	1,183,093,587.96	-	-	-	-	-	1,183,093,587.96
2	Balance with Banks & FIs	88,668,405.64	-	-	-	-	-	88,668,405.64
3	Investment in Foreign Banks	-	-	-	-	-	-	-
4	Call Money	-	-	-	-	-	-	-
5	Government Securities	-	-	-	-	-	-	-
6	Investment Others	-	-	-	-	-	-	-
7	Nepal Rastra Bank Bonds	-	-	-	-	-	-	-
8	Inter Bank & FI Lending	-	-	-	-	-	-	-
9	Loans & Advances	1,322,861,340.32	369,930,466.05	346,299,627.39	539,054,050.77	534,595,294.25	-	3,112,740,778.78
10	Interest Receivable	44,525,786.95	-	-	-	-	-	44,525,786.95
11	Accrued Interest	-	-	-	-	-	-	-
11	Others	1,799,692.36	-	-	-	-	-	1,799,692.36
	Total Financial Assets (A)	2,640,948,813.23	369,930,466.05	346,299,627.39	539,054,050.77	534,595,294.25	44,031,500.00	4,474,859,751.69
Financial Liabilities								
12	Current Deposits	26,527,697.88	-	-	-	-	-	26,527,697.88
13	Saving Deposits	913,026,954.00	-	-	-	-	-	913,026,954.00
14	Fixed Deposits	596,973,324.90	352,707,781.30	447,488,245.70	495,810,581.57	501,498,773.06	-	2,394,478,706.53
15	Debentures	-	-	-	-	-	-	-
16	Borrowings	-	-	-	-	-	-	-
17	Other Liabilities and Provisions	21,759,199.11	-	-	-	-	-	21,759,199.11
	(a) Sundry Creditors	-	-	-	-	-	-	-
	(b) Employees bonus Payable	-	-	-	-	-	-	-
	(c) Bills Payable	-	-	-	-	-	-	-
	(d) Provisions	-	-	-	-	-	-	-
	(e) Unpaid dividend	14,544,714.26	-	-	-	-	-	179,161.17
	(f) Interest payable on deposits	-	-	-	-	-	-	14,544,714.26
	(g) Leave Encashment	-	-	-	-	-	-	2,066,832.00
	Others	8,266,872.40	171,502.73	188,884.23	191,645.69	10,171,960.79	-	18,990,865.84
18	Total Financial Liabilities (B)	1,581,098,762.55	352,879,284.03	447,677,129.93	496,049,026.26	513,690,766.85	179,161.17	3,391,574,130.79
	Net Financial Assets (A-B)	1,059,850,050.68	17,051,182.02	(101,377,502.54)	43,005,024.51	20,904,527.40	43,852,338.83	1,083,285,620.90

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

5.2 Capital Management:

5.2.1 Qualitative Disclosures- The Company has formulated

The Financial Institution has formulated and implemented the "Internal Capital Adequacy Framework 2018" (ICAAP 2008) which has been approved by the Board of Directors. The ICAAP 2018 is a system of sound, effective, and complete strategies and processes that allows the FIs to assess and maintain, ongoing basis, the amounts, types and distribution of internal capital that the FIs considers adequate to cover the nature and level of risk to which the FIs is or might be exposed to.

Internal Capital Adequacy Assessment Process (ICAAP) shall also include requirement to have robust governance arrangements, efficient process of managing all material risks and an effective regime for assessing and maintaining adequate and economic capital at the FIs where economic capital (economically needed capital) refers to the amount of capital required for the FIs's business operations and for financing the associated risks.

ICAAP 2018 shall provide policy and procedural guidelines for the calculation of internal capital adequacy by prescribing appropriate methodologies, techniques and procedures to assess the capital adequacy requirements in relation to the FIs's risk profile and effectiveness of its risk management, control environment and strategic planning.

The Board shall be primarily responsible for ensuring the current and future capital needs of the FIs in relation to strategic objectives. The management shall review and understand the nature and level of various risks that the FIs is confronting in the course of different business activities and how this risk relates to capital levels and accordingly implement sound risk management framework specifying control measures to tackle each risk factor.

5.2.2 Quantitative disclosures

a. Capital Structure and Capital Adequacy

Financial Year 2079/80

(Amounts in NPR '000)

	Current Year	Previous Year
A) Core Capital	288,594.60	659,267.80
1) Paid up Capital (Ordinary Shares)	690,472.80	690,472.80
2) Proposed Bonus Shares	-	-
3) Share Premium	-	-
4) Irredeemable preference shares	-	-
5) General Reserve Fund	184,348.73	184,348.73
6) Accumulated profit/(loss)	(584,767.28)	(213,569.50)
7) Amount of profit and loss of the current Fiscal year as shown in the balance-sheet	-	-
8) Capital Redemption Reserve Fund	-	-
9) Capital Adjustment Fund	-	-
10) Debenture Redemption Reserve	-	-
11) Dividend Equalisation Reserve	-	-
12) Other free reserves	-	-
To be deducted	1,459.64	1,984.23
• Amount for goodwill	-	-
• Intangible Assets	1,459.64	1,984.23
• Amount invested in shares and security in excess of limits	-	-
• Amount invested in security of the company having financial interests	-	-
• Fictitious Asset	-	-
• Amount invested in purchase of land and houses for self use ignoring directives of this	-	-
• Amount invested in land development and housing construction in excess of limits	-	-
• The share underwriting could not be sold within the stipulated time	-	-
• The credit and other facilities made available to the persons and organizations banned by the prevailing laws	-	-
(B) Supplementary capital	35,728.89	55,095.65
1) Provisions of loan loss made for pass loan	35,728.89	55,095.65
2) Additional loan loss provision	-	-
3) Hybrid capital instruments	-	-
4) Unsecured subordinated term debt	-	-
5) Exchange Equalization Fund	-	-
6) Assets revaluation Fund	-	-
7) Investment adjustment Fund	-	-
(C) Total Capital Fund (A+B)	324,323.49	714,363.44

(D) Minimum capital Fund to be maintained based on risk weight assets

Capital Adequacy (10%)	8.06%	16.90%
Core Capital (6%)	7.18%	15.59%
Capital Fund (more/less) by %	-1.94%	6.90%
Core Capital (more/less) by %	1.18%	9.59%

i) Capital Adequacy Ratio

Capital Adequacy Ratio of the FIs as at 31st Ashad, 2080 stood at 8.06%.

ii) Summary of FIs's internal approach to assess the adequacy of capital to support current and future activities, if applicable

The BF/Is prepares a long term 5 year's Strategy Plan and to achieve the long term plans the FIs prepares annual Budgets/Operating/ Tactical plans as stipulated in the Budget Policy and strategy Document of the FIs. To ensure that the FIs capital adequacy commensurate to demand of the FIs's capital required by the business planning, the Management and the Board prudently and proactively engage on ongoing process of capital and risk assessment, stress testing and scenarios testing, monitoring and reporting as per the ICAAP 2018.

The FIs has also formulated and implemented "Stress Testing Guidelines 2015" in order to assess of the vulnerability of the FIs under various stress situations typically, application of "what if " scenarios, especially in the problematic identification of low frequency but high severity events and identifying expected and unexpected losses. It focuses on capturing the impact of large, but still plausible events and understanding the overall risk profile in a coherent and consistent framework, including impact analysis on earnings, solvency and liquidity.

A formal monitoring and reporting mechanism have been established to provide the senior management necessary.

information on the risk profile, trends, and the capital requirements as per ICAAP 2018 and Stress Testing Guidelines. Such reports are being prepared on a monthly and quarterly basis and circulated to relevant business units/departments, Integrated Risk Department (IRMD), and tabled in Assets Liability Committee (ALCO) meeting.

Further quarterly reports are presented to the Risk Management Committee and the Board for review and discussions.

Janaki Finance Company Limited

Notes to the Financial Statements

Notes forming part of the Accounts as on Ashad 31, 2080

5.2.2 Quantitative disclosures Contd...

b. Total Risk Weighted Exposure Calculation Table:

Financial Year 2079-80

(Amounts in NPR '000)

<u>Balance Sheet Exposures</u>	<u>Weight</u>	Current Year		Previous Year	
		<u>Amount</u>	<u>Risk Weight Assets</u>	<u>Amount</u>	<u>Risk Weight Assets</u>
(A) On balance-sheet Assets					
Cash Balance	0%	49,406.00	-	25,882.77	-
Balance with Nepal Rastra Bank	0%	201,744.51	-	88,668.41	-
Gold	0%	-	-	-	-
Investment in Nepalese Government Securities	0%	-	-	-	-
All Claims on Government of Nepal	0%	-	-	-	-
Investment in Nepal Rastra Bank securities	0%	-	-	-	-
All claims on Nepal Rastra Bank	0%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	0%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	20%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	50%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	100%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	150%	-	-	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	0%	-	-	-	-
Claims on Other Multilateral Development Banks	100%	-	-	-	-
Claims on Domestic Public Sector Entities	100%	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	20%	-	-	-	-
Claims on Public Sector Entity (ECA 2)	50%	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	100%	-	-	-	-
Claims on Public Sector Entity (ECA 7)	150%	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	20%	1,329,886.40	265,977.28	1,157,210.82	231,442.16
Claims on domestic banks that do not meet capital adequacy requirements	100%	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	20%	-	-	-	-
Claims on foreign bank (ECA Rating 2)	50%	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	100%	-	-	-	-
Claims on foreign bank (ECA Rating 7)	150%	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	20%	-	-	-	-
Claims on Domestic Corporates	100%	2,123,494.97	2,123,494.97	1,929,900.65	1,929,900.65
Claims on Foreign Corporates (ECA 0-1)	20%	-	-	-	-
Claims on Foreign Corporates (ECA 2)	50%	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	100%	-	-	-	-
Claims on Foreign Corporates (ECA 7)	150%	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	75%	764,587.81	573,440.86	870,593.62	652,945.22
Claims fulfilling all criterion of regularity retail except granularity	100%	-	-	-	-
Claims secured by residential properties	60%	11,368.15	6,820.89	34,529.12	20,717.47
Claims not fully secured by residential properties	150%	-	-	-	-
Claims secured by residential properties (Overdue)	100%	-	-	-	-
Claims secured by Commercial real estate	100%	148,761.61	148,761.61	177,305.17	177,305.17
Past due claims (except for claims secured by residential properties)	150%	-	-	-	-
High Risk claims	150%	-	-	93,996.79	140,995.19
Lending Against Securities (Bonds & Shares)	100%	-	-	-	-
Investments in equity and other capital instruments of institutions listed in stock exchange	100%	40,000.00	40,000.00	40,000.00	40,000.00
Investments in equity and other capital instruments of institutions not listed in the stock exchange	150%	351.50	527.25	351.50	527.25
Staff loan secured by residential property	50%	-	-	-	-
Interest Receivable/claim on government securities	0%	-	-	-	-
Cash in transit and other cash items in the process of collection	20%	-	-	-	-
Other Assets (as per attachment)	100%	128,828.71	128,828.71	84,728.09	84,728.09
Total		4,798,429.66	3,287,851.57	4,503,166.94	3,278,561.20

b. Total Risk Weighted Exposure Calculation Table contd...

(Amounts in NPR '000)

<u>Balance Sheet Exposures</u>	<u>Weight</u>	<u>Current Year</u>		<u>Previous Year</u>	
		<u>Amount</u>	<u>Risk Weight Assets</u>	<u>Amount</u>	<u>Risk Weight Assets</u>
(B) Off-balance-sheet Items					
Revocable Commitments	0%	-	-	-	-
Bills Under Collection	0%	-	-	-	-
Forward Exchange Contract Liabilities	10%	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	20%	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	20%	-	-	-	-
Foreign counterparty (ECA Rating 2)	50%	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	100%	-	-	-	-
Foreign counterparty (ECA Rating 7)	150%	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	50%	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	20%	-	-	-	-
Foreign counterparty (ECA Rating 2)	50%	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	100%	-	-	-	-
Foreign counterparty (ECA Rating 7)	150%	-	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	50%	1,400.00	700.00	1,400.00	700.00
Foreign counterparty (ECA Rating 0-1)	20%	-	-	-	-
Foreign counterparty (ECA Rating 2)	50%	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	100%	-	-	-	-
Foreign counterparty (ECA Rating 7)	150%	-	-	-	-
Underwriting commitments	50%	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	100%	-	-	-	-
Repurchase Agreements, Assets sale with recourse	100%	-	-	-	-
Advance Payment Guarantee	100%	-	-	-	-
Financial Guarantee	100%	-	-	-	-
Acceptances and Endorsements	100%	-	-	-	-
Unpaid portion of Partly paid shares and Securities	100%	-	-	-	-
Irrevocable Credit commitments (short term)	20%	159,992.68	31,998.54	281,426.30	56,285.26
Irrevocable Credit commitments (long term)	50%	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	20%	-	-	-	-
Other Contingent Liabilities	100%	-	-	-	-
Unpaid Guarantee Claims	200%	-	-	-	-
Total		161,392.68	32,698.54	282,826.30	56,985.26
Risk Weighted Exposure for Operational Risk	100%	433,313.08	433,313.08	616,228.98	616,228.98
Risk Weighted Exposure for Market Risk		-	-	-	-
Total Risk Weighted Exposures (Before adjustments of Pillar II)		5,393,135.42	3,753,863.18	5,402,222.22	3,951,775.44
Adjustments under Pillar II					
SRP 6.4a (7) Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	100%	80,598.16	80,598.16	117,762.51	117,762.51
SRP 6.4a (9) Overall risk management policies and procedures are not satisfactory. Add 4% of RWE	100%	150,154.53	150,154.53	118,553.26	118,553.26
SRP 6.4a (10) Desired level of disclosure requirement has not been achieved. Add 1% of RWE	100%	37,538.63	37,538.63	39,517.75	39,517.75
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		5,661,426.74	4,022,154.50	5,678,055.74	4,227,608.96

Janaki Finance Company Limited
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5.3 Classification of Financial Asset and Liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

In the principal market for the asset or liability

In the absence of the principal market, in the most advantageous market for the asset or liability.

Fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When available, the institution measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. For units in unit trusts, fair value is determined by reference to published bid-values. If a market for a financial instrument is not active, then the institution establishes fair value using a valuation technique.

Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the institution, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The institution calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the statement of profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable is not recognised in the statement of profit or loss immediately, but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable. Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the institution and the counter party where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the institution believes a third-party market participant would take them into account in pricing a transaction.

Financial assets and liabilities based on the accounting classification with their carrying values and fair values are tabulated below.

FY 2079-80		Notes	Asset at Fair Value		Asset at Amortized Cost		Total	Amount in NRs.
			Designated at FVTPL	Through OCI	Loan and Receivables	Held to Maturity		
Cash and Cash equivalent	4.1	-	-	-	1,379,292,400.95	-	-	1,379,292,400.95
Due from Nepal Rastra Bank	4.2	-	-	-	201,744,513.81	-	-	201,744,513.81
Placement with BFIs	4.3	-	-	-	-	-	-	-
Loan and Advances to institution	4.6 & 4.7	-	-	-	2,342,758,197.38	-	-	2,342,758,197.38
Investment in Securities	4.8	-	39,496,500.00	-	39,496,500.00	-	-	78,993,000.00
Other Financial Asset	4.16	-	-	-	9,164,242.87	-	-	9,164,242.87
Total		-	39,496,500.00	3,972,455,855.01		-	-	4,011,952,355.01

Financial Liabilities	Notes	Liabilities at Fair Value		Liabilities at Amortized Cost	Total
		Designated at FVTPL	Through OCI		
Due to Bank and Financial Institutions	4.17	-	-	92,039,581.51	92,039,581.51
Deposit from customer	4.20	-	-	3,489,256,027.99	3,489,256,027.99
Borrowing	4.21	-	-	-	-
Other Financial Liabilities	4.23	-	-	110,284,457.74	110,284,457.74
Total		-	-	3,691,580,067.24	3,691,580,067.24

5.3 Classification of Financial Asset and Liabilities (contd..)

Amount in NRs.

FY 2078-79

Financial Assets	Notes	Asset at Fair Value		Asset at Amortized Cost		Total
		Designated at FVTPL	Through OCI	Loan and Receivables	Held to Maturity	
Cash and Cash equivalent	4.1	-	-	1,183,093,587.96	-	1,183,093,587.96
Due from Nepal Rastra Bank	4.2	-	-	88,668,405.64	-	88,668,405.64
Placement with BFIs	4.3	-	-	-	-	-
Loan and Advances to institution	4.6 & 4.7	-	-	2,724,632,123.57	-	2,724,632,123.57
Investment in Securities	4.8	-	44,031,500.00	-	-	44,031,500.00
Other Financial Asset	4.16	-	-	1,799,692.36	-	1,799,692.36
Total		-	44,031,500.00	3,998,193,809.53	-	4,042,225,309.53

Financial Liabilities	Notes	Liabilities at Fair Value		Liabilities at Amortized Cost	Total
		Designated at FVTPL	Through OCI		
Due to Bank and Financial Institutions	4.17	-	-	54,061,369.93	54,061,369.93
Deposit from customer	4.20	-	-	3,279,971,988.48	3,279,971,988.48
Borrowing	4.21	-	-	-	-
Other Financial Liabilities	4.23	-	-	57,540,772.37	57,540,772.37
Total		-	-	3,391,574,130.78	3,391,574,130.78

Janaki Finance Company Limited
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5.3 Classification of Financial Asset and Liabilities (Contd....)

5.3.1 Fair Value of Financial Instruments:

Financial instruments recorded at fair value

Financial investments – Available- For- Sale

Available - for - sale financial assets, primarily consist of quoted equities and Quoted Mutual Fund units ,are valued using the quoted market price in active markets as at the reporting date. For unquoted securities those are carried at cost.

Determination of fair value hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the financial institution uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values are

Level 1:

Quoted market price (unadjusted): financial instruments with quoted prices in active markets.

Level 2:

Valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

Level 3:

Valuation technique with significant unobservable inputs: financial instruments are valued using valuation techniques where one or more significant inputs are unobservable.

- Hierarchy of fair value measurement of financial assets at fair value

Amount in NRs.

FY 2079-80	Level 1	Level 2	Level 3
Assets			
Quoted Equities	-	-	-
Quoted Mutual Fund	39,145,000.00	-	
Unquoted Equities		-	351,500.00
	39,145,000.00	-	351,500.00

FY 2078-79	Level 1	Level 2	Level 3
Assets			
Quoted Equities	-	-	-
Quoted Mutual Fund	43,680,000.00	-	
Unquoted Equities	-	-	351,500.00
	43,680,000.00	-	351,500.00

The Investment made in the Nepal Clearing House are not actively traded in the market and are therefore not liquid . The institution has no intention to dispose these investment in foreseeable future. Those investment have been carried at cost as the level 3 Valuation

- Hierarchy of fair value measurement of financial assets at amortized cost

Amount in NRs.			
FY 2079-80	Level 1	Level 2	Level 3
Loan and Advances to Customer	-	-	2,342,758,197.38
Other Financial Assets	-	-	9,164,242.87
Government Development Bond	-	-	
	-	-	2,351,922,440.25

FY 2078-79	Level 1	Level 2	Level 3
Loan and Advances to Customer	-	-	2,724,632,123.57
Other Financial Assets	-	-	1,799,692.36
Government Development Bond	-	-	
	-	-	2,726,431,815.93

- Hierarchy of Financial Liabilities

Amount in NRs.			
FY 2079-80	Level 1	Level 2	Level 3
Due to Bank and Financial Institutions	-	-	1,984,233.88
Deposit from customer	-	-	4,167,579,951.51
Borrowing	-	-	-
Other Financial Liabilities	-	-	110,284,457.74
	-	-	4,279,848,643.13

FY 2078-79	Level 1	Level 2	Level 3
Due to Bank and Financial Institutions	-	-	54,061,369.93
Deposit from customer	-	-	3,279,971,988.48
Borrowing	-	-	-
Other Financial Liabilities	-	-	57,540,772.37
	-	-	3,391,574,130.78

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2080

5.4 Share Option and Share Based Payment:
 Not Applicable

5.5 Contingent Liabilities and Commitment:

Contingent Liabilities: Where the institution undertake to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrecoverable letters of credit as part of the institution's transaction institution's business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statement as contingent liabilities.

Other contingent liabilities primarily include irrecoverable letters of credit and bonds issued on behalf of customers to customs, for bids or offers.

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

5.6 Related Parties Disclosures:

5.6.1 Identification of Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

- a. A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control of the reporting entity
 - (ii) has significant influence over the reporting entity or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Company Identifies the following as the related parties under the requirement of NAS 24:

1) Directors

2079-80

Amar Nath Gupta
 Balram Pd. Gupta
 Sundar Raj Dali
 Saroj K. Thakur
 Mrs. Mamta Dali

2078-79

Amar Nath Gupta
 Balram Pd. Gupta
 Sundar Raj Dali
 Saroj K. Thakur
 Mrs. Mamta Dali

2) Key Management Personnel of the institution

2079-80

Dinesh Kumar Sharma
 Siyaram Yadav
 Sunil Shah
 Roshan Kapar
 Ritesh Kumar Thakur

2078-79

Dinesh Kumar Sharma
 Siyaram Yadav
 Sunil Shah
 Roshan Kapar
 Ritesh Kumar Thakur

5.6.2 Transaction during the year:

The institution has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the Nepal Accounting Standard - NAS 24 - 'Related Party Disclosures', except for the transactions that Key Management Personnel (KMPs) have availed under schemes uniformly applicable to all staff at concessionary rates. Those transactions include lending activities, acceptance of deposits, Off-Balance Sheet transactions and provision of other institution's and finance services.

Particulars	2079-80	2078-79
Directors:		
Director sitting Fees	291,000.00	383,500.00
Other Director allowance	306,207.00	198,555.00
Total	597,207.00	582,055.00
Key Management Personnel:		
Remuneration and Benefit Paid	4,913,573.60	4,913,573.60
Post Retirement Benefits	466,754.25	466,754.25
Other Long Term Benefits	-	-
Other transaction Benefits if any	-	-
Total	5,380,327.85	5,380,327.85

5.7 Merger and Acquisition

Not Applicable

5.8 Additional Disclosures of non consolidated

The institution does not have any subsidiary. Therefore consolidation is not applicable.

5.9 Events after Reporting Date

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements, other than disclosed in Note 5.9.1.

5.9.1 Declaration of Dividend and Bonus:

Provision for final dividend is recognized at the time the dividend is recommended and declared by the Board of Directors, and is approved by the shareholders. Interim dividend payable is recognised when the Board approves such dividend in accordance with the Companies Act.

The details of proposed dividend and bonus are given below:

Particulars	FY 2079-80	%	FY 2078-79	%
Cash Dividend Proposed	-	-	-	-
Proposed Bonus Shares	-	-	-	-
Total	-	-	-	-

Unpaid Dividend:

As at the reporting date, unpaid dividend over years amounts to as follows

Particulars	FY 2079-80	FY 2078-79
Dividend Payable	179,161.17	179,161.17
Total	179,161.17	179,161.17

Janaki Finance Company Limited
COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF 2079/80

NPR in '000

Particulars	As per unaudited Financial Statement	As per audited Financial Statement	Variance		Reasons for Variance
			In Amount	In %	
Statement of Financial Position:					
Assets					
Cash and cash equivalent	1,379,292.40	1,379,292.40	-	0.00%	
Due from Nepal Rastra Bank	201,744.51	201,744.51	-	0.00%	
Placement with Bank and Financial Institutions	-	-	-	-	
Derivative financial instruments	-	-	-	-	
Other trading assets	-	-	-	-	
Loan and Advances to B/FIs	43,566.99	43,000.62	(566.37)	-1.30%	Due to Impairment Provision
Loans and advances to customers	3,146,828.43	2,299,757.58	(847,070.85)	-26.92%	Due to staff loan & impairment.
Investment in securities	44,031.50	39,496.50	(4,535.00)	-10.30%	Due to investment loss as per fair valuation
Current Tax Assets	38,311.12	30,435.32	(7,875.80)	-20.56%	Due to tax calculation
Investment in subsidiaries	-	-	-	-	
Investment in Associates	-	-	-	-	
Investment property	967.88	967.88	-	0.00%	
Property and equipment	49,059.77	26,124.08	(22,935.69)	-46.75%	Due to net value and Lease ROU booked as per NFRS
Goodwill and Intangible Assets	2,856.40	1,459.64	(1,396.76)	-48.90%	Due to net value.
Deferred tax assets	83,021.86	194,269.48	111,247.62		Due to deferred tax assets booked
Other assets	316,514.64	11,921.16	(304,593.48)	-96.23%	Due to staff loan booked.
Total Assets	5,306,195.50	4,228,469.17	(1,077,726.33)		
Liabilities and Equity					
Liabilities:					
Due to Bank and Financial Institutions	92,039.58	92,039.58	-	0.00%	
Due to Nepal Rastra Bank	-	-	-	-	
Derivative Financial instruments	-	-	-	-	
Deposit from customers	3,489,171.03	3,489,256.02	84.99	0.00%	
Borrowings	-	-	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	-	-	-	-	
Deferred tax liabilities	-	-	-	-	
Other liabilities	945,144.57	110,284.46	(834,860.11)	-88.33%	Due to Liabilities under Lease as per NFRS and Deferred Employee Cost
Debt securities issued	-	-	-	-	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	4,526,355.18	3,691,580.06	(834,775.12)		
Equity:					
Share Capital	690,472.80	690,472.80	-	0.00%	
Share premium	-	-	-	-	
Retained earning	(209,421.44)	(584,767.28)	(375,345.84)	179.23%	Due to change in profit
Reserves	298,788.96	431,183.59	132,394.63	44.31%	Due to change in profit
Total equity attributable to equity holders	779,840.32	536,889.11	(242,951.21)		
Non-controlling interests	-	-	-	-	
Total equity	779,840.32	536,889.11	(242,951.21)		
Total Equity & Liabilities	5,306,195.50	4,228,469.17	(1,077,726.33)		
Statement of Profit or Loss:					
Interest Income	536,159.85	430,538.47	(105,621.38)	-19.70%	
Interest Expense	375,326.60	376,903.31	1,576.71	0.42%	Due to interest income recognition.
Net interest income	160,833.25	53,635.16	(107,198.09)		Lease Interest Calculation as per NFRS
Fees and Commission Income	5,091.81	6,909.78	1,817.97	35.70%	
Fees and Commission Expense	-	-	-	-	
Net fee and Commission income	5,091.81	6,909.78	1,817.97		
Net interest fee and commission income	165,925.06	60,544.94	(105,380.12)		
Net Trading Income	-	-	-	-	
Other Operating Income	6,249.93	4,643.01	(1,606.92)	-25.71%	Dividend Tax Income and Karja Kendra Income
Total operating income	172,174.99	65,187.95	(106,987.04)		Extra Provision booked as per audit adjustment
Impairment charge/(reversal) for loans and other losses	124,031.63	361,175.85	237,144.22	191.20%	
Net Operating income	48,143.36	(295,987.90)	(344,131.26)		Actuarial Valuation and Deferred Employee Cost
Personnel Expense	17,941.81	18,151.84	210.03	1.17%	
Other Operating Expenses	19,110.85	15,216.29	(3,894.56)	-20.38%	Lease working as per NFRS
Depreciation and Amortisation	5,371.67	6,815.50	1,443.83	26.88%	Lease ROU Depreciation
Operating expenses	42,424.33	40,183.63	(2,240.70)		
Net operating Profit	5,719.03	(336,171.52)	(341,890.55)		
Non operating income	206.77	-	(206.77)	-100.00%	
Non operating expense	-	-	-	-	
Profit before income tax	5,925.80	(336,171.52)	(342,097.32)		
Income tax expense	1,777.74	(100,229.31)	(102,007.05)	-5738.02%	
Current tax	1,777.74	9,657.81	7,880.07	443.26%	Due to net effect of above changes
Deferred tax	-	(109,887.12)	(109,887.12)		Deferred Tax Calculation
Profit for the year	4,148.06	(235,942.21)	(240,090.27)		
Other Comprehensive income	-	(3,174.50)	(3,174.50)		Change in Investment fair value
Total Comprehensive income	4,148.06	(239,116.71)	(243,264.77)		



Janaki Finance Company Limited
Principal Indicators
for Last 5 years

Ratio	Indicators	As per Previous GAAP					As per NFRS		
		FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/80
1. Net Profit/Gross Income	Percent	18.09	26.51	43.55	32.24	17.14	7.75	(14.37)	(29.37)
2. Earnings Per Share	NPR	14.12	27.65	20.52	19.41	13.27	5.2	-16.34	-34.17
3. Market Value Per Share	NPR	395.00	270.00	160.00	180.00	162	477	372	372
4. Price Earning Ratio	Ratio	27.98	9.76	7.80	9.27	12.21	91.73	(22.77)	(10.89)
5. Dividend (including bonus) on Share Capital	Percent	10.00	18.00	22.00	22.00	15.00	0.79		
6. Cash Dividend on Share Capital	Percent	0.53	0.95	1.16	1.16	1.16	16.24	18.38	
7. Interest Income/Loans and Advances	Percent	14.94	18.32	19.18	16.76	17.39	14.63		
8. Staff Expenses/Total Operating Expenses	Percent	63.08	69.08	78.57	71.72	65.34	53.57	48.11	45.17
9. Interest Expenses/Total Deposits and Borrowings	Percent	7.17	8.00	9.12	9.36	8.92	7.51	8.39	10.80
10. Exchange Gain/Total Income	Percent	-	-	-	-	-			
11. Staff Bonus/Total Staff Expenses	Percent	81.80	135.70	60.55	52.87	36.99	23.08	0.00	0.00
12. Net Profit/ Total Loan	Percent	3.37	6.44	7.81	5.46	3.46	1.32	-4.14	-10.07
13. Net Profit/ Total Assets	Ratio	0.02	0.05	0.05	0.04	0.02	0.01	-0.03	-0.06
14. Total Credit/Deposits	Percent	90.65	105.33	95.49	104.80	93.60	75.12	83.07	67.14
15. Total Operating Expenses/ Total Assets	Percent	0.62	0.77	1.48	1.67	1.52	1.01	0.91	0.95
16. Capital Adequacy (On Risk Weighted Assets)	Percent	29.46	32.72	37.26	33.51	29.36	28.28	15.59	7.18
a) Core Capital	Percent	0.75	0.99	1.29	1.11	0.95	1.10	1.30	0.89
b) Supplementary Capital	Percent	30.21	33.71	38.55	34.62	30.31	29.38	16.90	8.06
c) Total Capital Fund	Ratio	2.28	2.24	4.57	3.85	3.9	3.21	3.31	3.31
17. Liquidity (CRR)	Ratio	7.34	8.31	3.00	2.13	2.91	4.15	16.67	34.98
18. Non-Performing Loan/Total Loan	Ratio	9.29	11.62	13.57	12.38	11.23	9.61	12.07	13.48
19. Base Rate	Ratio	6.74	4.99	4.51	4.97	4.99	4.97	4.23	4.54
20. Weighted Average Interest Rate Spread	NPR	131.87	158.57	167.76	160.21	143.76	150.17	112.39	77.76
21. Book Net Worth	Number	3,418,591	3,418,591	4,033,937	4,921,403	6,004,111	6,004,111	6,904,728	6,904,728
22. Total Shares	Number	13	13	17	31	31	24	41	32
23. Total Staff									



नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग

पत्रसंख्या: वि.सं.सु.बि. / गैरस्थलगत/ जानकी/ ०८९/८२
च.नं.: ६६



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन नं.: ०१-४८९८८८८
Site: [www.nrb.org.np](http://nrb.org.np)
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पोस्ट चब्दनं: ७३

मिति: २०८९/०६/०७

श्री जानकी फाइनान्स कम्पनी लिमिटेड,
जनकपुरधाम, धनुषा

विषय: वार्षिक वित्तीय विवरण प्रकाशन गर्न सहमति प्रदान गरिएको सम्बन्धमा ।

महाशय,

न्यस संस्थाले यो गरेको आर्थिक वर्ष २०८९/८० को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रातिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेयरधनीहरूको जानकारीका लागि वार्षिक प्रातिवेदनको छहूँ पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०८९/८० को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण, नाफा वा तोक्सानको विवरण, विस्तृत आयको विवरण (Statement of Comprehensive Income), नगद प्रबाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण, सोसांग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछ ।

- (क) बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा १४ मा भएको व्यवस्था यमोजिम स्वतन्त्र सञ्चालक नियुक्त गरी सञ्चालक समितिलाई पूर्णता दिनु हुन ।
- (ख) यस बैंकले तोकेको न्यूनतम पूँजीकोष अनुपात सदैव कायम गर्नुहुन ।
- (ग) कर्जा प्रबाह पञ्चात् अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
- (घ) लामो समयदेखि विक्री नमएको गैर बैंकिङ सम्पत्तिहरू प्रार्थमिकताका साथ विक्री गरी संस्थाको वित्तीय अवस्था सुधार गर्नुहुन ।
- (ङ) निष्कृत कर्जा अनुपातलाई क्रमिक रूपमा घटाउने सम्बन्धमा समयबद्ध कार्ययोजना बनाई कार्य गर्नुहुन ।
- (च) कम्पनी ऐन, २०८३ को दफा १८ को उप-दफा (१) बमोजिम साधारण सभावाट स्वीकृत भई ६ वर्षसम्म पाँच दावी नपरेको भूत्तानी दिन बाकी लामांशलाई लगानीकर्तां संरक्षण कोषमा दाखिला गर्नुहुन ।
- (छ) यस बैंकबाट जारी एकाकृत निर्देशन नं १९/०८० बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकबाटी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।
- (ज) बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ५९ को उपदफा (२) मा बैंक वा वित्तीय संस्थाले प्रत्येक आर्थिक वर्ष समाप्त भएको तीन महिनाभित्र आफ्नो बासलात तथा नाफा-नोक्सान हिसाबको विवरण सर्वसाधारणको जानकारीको लागि सोही अवधिमित्र राष्ट्र बैंकले तोके अनुसार सावर्जनिक गर्नु पर्ने व्यवस्था रहेको, कम्पनी ऐन, २०८३ को दफा ७६ को उपदफा (१) मा प्रत्येक आर्थिक घर्ष पुरा भएको छ महिनाभित्र वार्षिक साधारणसभा गर्ने पर्ने व्यवस्था रहेको, साथै यस बैंकबाट इजाजतपत्र प्राप्त संस्थाहरूलाई जारी गरिएको एकाकृत निर्देशन नं ४/०८० को दिन नं १ को उपर्युक्त (भ) मा संस्थाले वार्षिक वित्तीय विवरण आर्थिक वर्ष समाप्त भएको ३ महिनाभित्र सम्बन्धित सुपरिवेक्षण विभागमा स्वीकृतिका लागि येश गर्नु पर्ने तथा उक्त विवरणका सम्बन्धमा



नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग

केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन नं: ०१-४४१२२०९

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पोस्ट बक्स: ७३

यस बैंकको गैर-स्थलगत सुपरिवेक्षणबाट कुनै संशोधन गर्नु पर्ने निर्देशन भएमा सो वर्मोजिम समायोजन गरी आर्थिक वर्ष समाप्त भएको ४ महिना भित्र (म्याद थप भएको अवस्थामा वर्दीमा थप दुई महिनाभित्र) लेखापरीक्षण कार्य सम्पन्न गर्नु पर्ने व्यवस्था रहेकोमा त्यस संस्थाले उल्लिखित व्यवस्थाहरूमा तोकिएको सामयावधि भन्दा छिला गरी आफ्नो वित्तीय विवरणको लेखापरीक्षण गराएको तथा आफ्नो वार्षिक साधारणसभा प्रयोजनको लाई वित्तीय विवरण प्रकाशन गर्ने सहमतिको लागि यस बैंकमा छिलो गरी पेश गरेको । उल्लिखित कारणहरूले त्यस संस्थाले सम्पन्न गर्नुपर्ने वार्षिक साधारणसभा समेत छिलो हुने भएकोले त्यस संस्थाद्वारा विद्यमान कानूनी तथा यस बैंकको नियामकीय व्यवस्थाहरू उल्लङ्घन गरेको देखिएको हुँदा तहाँ संस्थाको सञ्चालक सर्वोत्तम तथा प्रमुख कार्यकारी अधिकृतलाई नेपाल राष्ट्र बैंक ऐन, २०५८ को दफा १०० को उपदफा (२) खण्ड (क) वर्मोजिम संत्रेत गराइएको व्यहोरा अवगत गर्नु भई अब उपरान्त यस प्रकारको विलम्ब नगर्नु हुन ।

(भ) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, सूचना प्रार्थना, अनुसालना, सञ्चालन जोखिम लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट जौल्याएका अन्य कैफियतहरू पुनः नदोहोरिने व्यवस्था मिलाउनुहुन ।

भवदीय,

(विनय सिंग्देल)
उप-निर्देशक

बोधार्थ:

श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ३ ।

जानकी फाइनान्स कम्पनी लिमिटेड

Janaki Finance Company Ltd.

(नेपाल राष्ट्र बैंकबाट "ग" वर्गको इनाजतपत्रप्राप्त संस्था, प्रदेश स्तरीय (मध्येश प्रदेश)
"सुलभ तथा सजिलो वित्तीय सेवा" 417

पत्र संख्या २०८१०८२-११३क

मिति : २०८१०८१४



✓ श्री नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग
बालुवाटार, काठमाडौं।

विषय :- कैफियत सुधार सम्बन्धमा।

महोदय,

यस वित्तीय संस्थाको आ.व २०८१०८० को लेखापरिक्षण भएको वासलात, नाफा नोक्सान हिसाब, सो संग सम्बन्धित अनुसुचिहरू, लेखापरिक्षकको प्रतिवेदन, सो उपर व्यवस्थापनको प्रतिकृत्या र लङ्गफर्म अडिट रिपोर्ट को आधारमा त्यहाँबाट गैर स्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरुको सुधारको लागि दिइएका निर्देशनहरू बारे मिति २०८१०८११ गतेको सञ्चालक समितिको बैठकमा छलफल गरि दफावार रूपमा निम्नानुसार जानकारी गराएका छौं।

क. बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०८३ को दफा १४ मा भएको व्यवस्था बमोजिम को निर्देशन पूर्ण पालना गरिने व्यहोरा अनुरोध छ।

ख. निर्देशन बमोजिम नै न्यूनतम पूँजीकोष अनुपाता कायम गर्ने व्यहोरा अनुरोध छ।

ग. कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदृश्योगिताको सुनिश्चितता गर्ने गरेको व्यहोरा अनुरोध छ।

घ. लामो समयदेखि बिक्री नभएको थोरै रकमको गैर बैंक सम्पति यथासिध बिक्री गर्ने व्यहोरा अनुरोध छ। ड. निकिक्य कर्जा अनुपातलाई क्रिमिकरपूर्ण घटाउन समयबद्ध कार्ययोजना बनाई निकिक्य कर्जा कम गरै लैजाने व्यहोरा अनुरोध छ।

च. कर्मनीऐन, २०८३ को दफा १८२ (१) बमोजिम साधारणसभाबाट स्वीकृत भई ६ वर्षसम्म पनि दावी नपरेको भक्तानी दिन बैंककी लाभांशलाई लगानीकर्ता संरक्षण कोषमा दाखिला गरिने व्यहोरा अनुरोध छ।

छ. नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन नं. १९/०८० बमोजिम सम्पति शुद्धिकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाहरुको पूर्ण पालना गर्ने व्यवस्थापनलाई निर्देशन दिएको र यसमा भएको व्यवस्थाहरु पूर्ण पालना गर्न सञ्चालक समिति प्रतिवद्ध रहेको व्यहोरा अनुरोध छ।

ज. अवउपरान्त बैंक तथा वित्तीय संस्था सम्बन्धी ऐन बमोजिम तै संस्थाले आफ्नो वित्तीय विवरण समयमा नै पेश गर्ने व्यहोरा अनुरोध छ।

झ. तहाँबाट दिइएको निर्देशन र लेखापरिक्षण प्रतिवेदनमा ओल्याएका कैफियतहरू सुधार गर्न र त्यस्तो कैफियतहरू पुनः दोहरिन नदिने व्यवस्था भिलाउन व्यवस्थापनलाई निर्देशन दिने निर्णय सर्वसम्मतिबाट गरियो।

नेपाल राष्ट्र बैंकबाट समय समयमा यस प्रकारबाट सुपरिवेक्षण भई निर्देशन तथा मार्गदर्शन भइरहेकोमा हामीलाई दूलो हौसला र उत्साह प्राप्त भएको छ। नेपाल राष्ट्र बैंकको निर्देशन ऐन कानून र नियमावलीको पूर्ण पालना गर्ने हामी प्रतिबद्ध छौं।

विधार्य :
बैंक तथा वित्तीय संस्था नियमन विभाग
बालुवाटार, काठमाडौं, नेपाल

भवदीय
दिनेश कमार शर्मा
प्रमुख कार्यकारी अधिकृत

Deoki Bijay & Co.

Chartered Accountants

"Kalyan Shree Kunj"
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Independent Auditors' Report to the Members of Janaki Finance Company Limited

Opinion

We have audited the accompanying Financial Statements of M/s Janaki Finance Company Limited (hereinafter referred to as 'the Company') which comprise the Statement of Financial Position as at Ashad 31, 2081 (July 15, 2024), and the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statement read together with Notes forming part of the financial statement presents fairly, in all material respects, the Financial Position of the company as at Ashad 31, 2081 (July 15, 2024), and its Financial Performance, Changes in Equity, Cash Flow for the year then ended and a Summary of Significant Accounting Policies and Other Explanatory Information in accordance with Nepal Financial Reporting Standards (NFRS) and comply with Companies Act, 2063 and Bank and Financial Institutions Act, 2073.

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the Financial Statement, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 5.11 (Events after reporting date) to the financial statements, which describes that subsequent to the balance sheet date, the NRB vide its communication dated 2081/10/23, has placed the Company under the Prompt Corrective Action (PCA) framework on account of certain regulatory parameters relating to capital adequacy / asset quality / profitability.

This event occurred after the balance sheet date and has been appropriately disclosed by management as a non-adjusting subsequent event in the financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.





Deoki Bijay & Co.
Chartered Accountants

We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key Audit Matters	How the matters were addressed in our Audit
1.	<p>Impairment of Loans and Advances to Customers including recognition of Interest Income on Loan and Advances</p> <p>Allowances for impairment of loans and advances to customers have been made based on incurred loss model and Nepal Rastra Bank (NRB) Directives, as applicable. The Company is required to apply its judgement and estimation to determine allowances for impairment. In addition, assessment of allowances of impairment is important as it provides for higher of the incurred loss model or NRB's directive.</p> <p>The carrying value of the loans and advances to the customers can be materially misstating if the Company's judgment and estimation are inappropriate.</p> <p>In addition to above, interest income on loans and advances to customers has been recognized on accrual basis calculated by the Core Banking System and in complying with the interest income recognition Guidelines 2019 issued by NRB. Recognition of interest income on non-performing loans and advances involves estimation and judgments on calculating net realizable value of loans and advances.</p> <p>Due to the significance of the above matter to the financial statements, we have considered it as a key audit matter for the current year audit.</p>	<p>Our audit procedures on impairment of loans and advances including recognition of Interest Income included:</p> <ol style="list-style-type: none"> 1. We planned and tested the operating effectiveness of key controls established by the Company to identify loss events and for determining the extent of provision required against non-performing loans and advances to customers. 2. The testing of controls include testing of controls over correct identification and classification of non-performing loans and advances of customers on time-based criteria; control over calculation of the incurred loss in accordance with incurred loss model; control over monitoring of loans and advances to customers with higher risk default; control over accurate computation and recording of provisions; and control over the governance and approval process related to provision including continuous reassessment by the Management. 3. We have selected a sample of loans and advances of customers, checked instalments of repayments and tested classification of non-performing loans and advances of customers based on the number of days overdue; evaluated the assessment for classification of loans and advances to customers as performing and non-performing based on repayment pattern, documentation, inspection and through discussion with the Management; assessment of control over mortgage value of loans and advances to customers. <p>Our Results: Based on the work carried out as said above, we considered the impairment charge on loans and advances and interest income recognition to be acceptable.</p>
2.	<p>Information Technology General Controls</p> <p>IT controls include recording of transactions, generating various reports in compliance with NRB guidelines and other compliances to regulations is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators.</p>	<p>Our Audit procedures on Information Technology General Controls included:</p> <ol style="list-style-type: none"> 1. Understanding the Core Banking Software and other allied systems used by the company for accounting and reporting purposes and control. 2. Understanding the process of feeding data in the system and conducting a walkthrough of the extraction of the financial information and statements from the IT systems existing in the company. 3. Walkthrough of access control of the users. 4. Reviewing the reports generated by the system on sample basis. <p>Our Results: Based on the work carried out as said above, we considered the controls in the Information technology to be acceptable.</p>



Deoki Bijay & Co.
Chartered Accountants

Information other than the Financial Statements and Auditor's Report Thereon

The company's management is responsible for the presentation of the other information. The other information comprises the information included in the company's Annual Report such as Report of Board of Directors/Chairman's Statement but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and accordingly, we do not express an audit opinion or, except as explicitly stated above, any form of assurance conclusion there on in view of non-receipt of such other information to be part of Annual Report. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on financial statement, the other information therein is materially misstated or inconsistent with the financial statements

Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

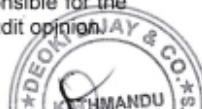
Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- i. Identify and assess the risks of material misstatement of the Financial Statements whether due to fraud, 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 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 the internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- v. 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.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company 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.



Deoki Bijay & Co.
Chartered Accountants

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 the relevant ethical requirement 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.

Report on Other Legal and Regulatory Requirements

To the best of our knowledge and according to explanations given to us and from our examination of the books of accounts of company, necessary for the purposes of our audit to the extent for the scope of our audit:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- ii. In our opinion, the financial statements have been prepared in accordance with the provision of Companies Act, 2063 and confirm to the books of accounts of the Company.
- iii. The accounts and records of the Company have been maintained as required by law.
- iv. Financial statements are in agreement with the books of account maintained by the Company.
- v. The company has not maintained adequate capital fund as required as per the Directives issued by Nepal Rastra Bank. Capital Adequacy Ratio (CAR) is short by 19.88%
- vi. The operations of the Company are within its jurisdiction.
- vii. The Company has not acted in a manner to jeopardize the interest and security of the depositors and investors.
- viii. The returns received from the branch offices of the Company, though the statements are independently not audited, were adequate for the purpose of the audit.
- ix. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of account.
- x. In our opinion and to the best of our information and according to the explanations given to us, the Board of Directors, the representative or any employee of the Company has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the Company deliberately or acted in a manner that would jeopardize the interest and security of the Company.

Kathmandu
Date: Ashwin 27, 2082


CA. Om Narayan Mahato
Partner
For: Deoki Bijay & Co.
Chartered Accountants
UDIN: 251016CA01929awFkh

Janaki Finance Company Limited
Statement of Financial Position
As on Ashad 31, 2081

Particulars	Notes	Amount in NRs.	
		As on Ashad 31, 2081	As on Ashad 31, 2080
Assets:			
Cash and cash equivalent	4.1	1,760,978,152.19	1,379,292,400.95
Due from Nepal Rastra Bank	4.2	165,186,547.29	201,744,513.81
Placement with Bank and Financial Institutions	4.3	-	-
Derivative financial instruments	4.4	-	-
Other trading assets	4.5	-	-
Loan and Advances to B/FIs	4.6	56,596,801.98	43,000,621.62
Loans and advances to customers	4.7	1,789,763,063.60	2,299,757,575.76
Investment securities	4.8	39,066,500.00	39,496,500.00
Current Tax Assets	4.9	37,624,251.11	30,435,321.52
Investment in subsidiaries	4.10	-	-
Investment in Associates	4.11	-	-
Investment property	4.12	967,880.00	967,880.00
Property and equipment	4.13	20,589,132.51	26,124,075.49
Goodwill and Intangible assets	4.14	1,058,159.86	1,459,644.22
Deferred tax assets	4.15	364,618,069.68	194,269,483.47
Other assets	4.16	11,485,855.73	11,921,155.90
Total Assets		4,247,934,413.95	4,228,469,172.74
Liabilities & Equity:			
Liabilities:			
Due to Bank and Financial Institutions	4.17	64,011,568.08	92,039,581.51
Due to Nepal Rastra Bank	4.18	-	-
Derivative Financial instruments	4.19	-	-
Deposit from customers	4.20	4,033,064,616.15	3,489,256,027.99
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	-	-
Other liabilities	4.23	32,734,224.03	110,284,457.74
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
Total Liabilities		4,129,810,408.26	3,691,580,067.24
Equity:			
Share Capital	4.26	690,472,800.00	690,472,800.00
Share premium		-	-
Retained earning		(1,219,558,591.18)	(584,767,281.54)
Reserves	4.27	647,209,796.87	431,183,587.04
Total equity attributable to equity holders		118,124,005.69	536,889,105.50
Non-controlling interests		-	-
Total equity		118,124,005.69	536,889,105.50
Total Liabilities and Equity		4,247,934,413.95	4,228,469,172.74
Contingent liabilities and commitment	4.28	528,845,250.93	161,392,682.26
Net assets value per share		17.11	77.76

The notes to the financial statements as set out in Notes 01 to 05 form an integral part of these financial statements.

For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma Chief Executive Officer	Balram Pd. Gupta Chairman	Amarnath Gupta Director	Saroj K. Thakur Director	CA. Om Narayan Mahato Partner
Sunil Shah Accountant Janakpur Date:	Sundar Raj Dali Director	Mrs. Mamta Dali Director		Deoki Bijay & Co. Chartered Accountants

Janaki Finance Company Limited
Statement of Profit or Loss
For the year ended Ashad 31, 2081

Particulars	Notes	FY 2080-81	Amount in NRs.
		FY 2080-81	FY 2079-80
Interest Income	4.29	384,676,187.50	430,538,470.35
Interest Expense	4.30	375,858,813.59	376,903,307.93
Net interest income		8,817,373.91	53,635,162.42
Fee and Commission Income	4.31	5,552,862.59	6,909,781.59
Fee and Commission Expense	4.32	-	-
Net fee and Commission income		5,552,862.59	6,909,781.59
Net interest fee and commission income		14,370,236.50	60,544,944.01
Net Trading Income	4.33	-	-
Other Operating Income	4.34	4,268,769.75	4,643,007.23
Total operating income		18,639,006.25	65,187,951.24
Impairment charge/(reversal) for loans and other losses	4.35	563,555,996.69	361,175,847.54
Net Operating income		(544,916,990.44)	(295,987,896.30)
Operating Expenses			
Personnel Expenses	4.36	21,809,457.70	18,151,837.04
Other Operating Expenses	4.37	15,843,357.09	15,216,291.43
Depreciation and Amortisation	4.38	6,615,587.32	6,815,502.88
		44,268,402.11	40,183,631.35
Operating Profit		(589,185,392.55)	(336,171,527.65)
Non operating income	4.39	501,706.53	-
Non operating expense	4.40	-	-
Profit before income tax		(588,683,686.02)	(336,171,527.65)
Income tax expense	4.41	(170,219,586.21)	(100,229,312.42)
Current tax		-	9,657,809.20
Deferred Tax		(170,219,586.21)	(109,887,121.62)
Profit for the year		(418,464,099.81)	(235,942,215.23)
Profit attributable to:			
Equity holders of the Bank		(418,464,099.81)	(235,942,215.23)
Non-controlling interests		-	-
Profit for the year		(418,464,099.81)	(235,942,215.23)
Earnings per share (NRs)			
Basic Earnings per share	4.42	(60.61)	(34.17)
Diluted Earnings per share	4.42	(60.61)	(34.17)

The notes to the financial statements as set out in Notes 01 to 05 form an integral part of these financial statements.

For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma
Chief Executive Officer

Balram Pd. Gupta
Chairman

Amarnath Gupta
Director

Saroj K. Thakur
Director

CA. Om Narayan Mahato
Partner

Deoki Bijay & Co.
Chartered Accountants

Sunil Shah
Accountant
Janakpur
Date:

Sundar Raj Dali
Director

Mrs. Mamta Dali
Director

Janaki Finance Company Limited
Statement of Other Comprehensive Income
For the year ended Ashad 31, 2081

Particulars	Amount in NRs.	
	FY 2080-81	FY 2079-80
Profit for the year	(418,464,099.81)	(235,942,215.23)
Other comprehensive income, net of income tax:		
a. Items that will not be reclassified to profit or loss		
Gains/(losses) from investments in equity instruments measured at fair value	(430,000.00)	(4,535,000.00)
Gains/(losses) on revaluation		
Actuarial gains/(losses) on defined benefit plans		
Income tax relating to above items	129,000.00	1,360,500.00
Net other comprehensive income that will not be reclassified to profit or loss	(418,765,099.81)	(239,116,715.23)
b. Items that are or may be reclassified to profit or loss		
Gains/(losses) on cash flow hedge	-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-
Income tax relating to above items	-	-
Reclassify to profit or loss		
Net other comprehensive income that are or may be reclassified to profit or loss	-	-
c. Share of other comprehensive income of associate accounted as per equity method		
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income for the year	(418,765,099.81)	(239,116,715.23)
Total comprehensive income attributable to:		
Equity Shareholders	-	-
Non-controlling interest	-	-
Total comprehensive income for the period	(418,765,099.81)	(239,116,715.23)

The notes to the financial statements as set out in Notes 01 to 05 form an integral part of these financial statements.

For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma Chief Executive Officer	Balram Pd. Gupta Chairman	Amarnath Gupta Director	Saroj K. Thakur Director	CA. Om Narayan Mahato <i>Partner</i> Deoki Bijay & Co. Chartered Accountants
Sunil Shah Accountant	Sundar Raj Dali Director	Mrs. Mamta Dali Director		

Janakpur
Date:



Janaki Finance Company Limited
Statement of Changes in Equity
For the year ended Ashad 31, 2081

Particulars	Share Capital	Share Premium	General Reserve	Exchange Fluctuation Reserve	Regulatory reserve	Retained Earnings	Revaluation Reserve	Investment Adjustment Reserve	Available for sale	Investment Reserve	Deferred Tax Reserve	Employee Capacity Enhancement Fund	Rent Equalization reserve	Other Reserve	Total	Non controlling interest	Equity
Balance as at 1 Shrawan 2079	690,472,800.00	184,348,727.72	-	111,682,871.85	2,576,000.00	-	(213,569,497.69)	-	106,830.30	-	388,087.95	-	494,918.5	776,005,820.73	-	776,005,820.73	
Comprehensive income for the year	-	-	-	-	-	-	(235,942,215.23)	-	-	-	-	-	-	(235,942,215.23)	-	(235,942,215.23)	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-	-	(3,174,500.00)	-	-	-	-	-	-	-	(3,174,500.00)	-	(3,174,500.00)	
Gains/(losses) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gains/(losses) on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange gains/(losses) (arising from translating financial assets or foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to Reserve during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer from Reserve during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share Based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rewritten shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Tax Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Employee Capacity Enhancement Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilization of employee capacity enhancement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utilization of Institution CSR Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Institution CSR Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total contributions by and distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rent equalization reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at Ashad end 2080	690,472,800.00	184,348,727.72	-	246,851,180.47	(598,500.00)	-	(135,168,630.62)	-	106,830.30	-	475,347.95	-	592,178.5	536,889,105.50	-	536,889,105.50	



Janaki Finance Company Limited
Statement of Changes in Equity
For the year ended Ashad 31, 2081

Particulars	Share Capital	Share Premium	General Reserve	Exchange Fluctuation Reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Investment Adjustment Reserve	Available for sale reserve	Institution CSR Fund	Deferred Tax Reserve	Employee Enhancement Fund	Rent: Equalization reserve	Other Reserve	Total	Non controlling interest	Total Equity
Balance as at 1 Shrawan 2080	690,472,800.00		184,348,727.72		246,851,180.47	(598,500.00)	(584,767,281.54)		106,830.40		473,347.95		582,178.85	536,889,105.50		536,889,105.50		
Comprehensive income for the year																		
Profit for the year																		
Other comprehensive income, net of tax																		
Gains/(losses) from investments in equity instruments measured at fair value																		
Gains/(losses) on revaluation																		
Actuarial gains/(losses) on defined benefit plans																		
Gains/(losses) on cash flow/hedge																		
Exchange gains/(losses) (arising from translating financial assets of foreign operation)																		
Total comprehensive income for the year																		
Transfer to Reserve during the year																		
Transfer from reserve during the year																		
Transactions with owners, directly recognised in equity																		
Shares issued																		
Share Based payments																		
Bonus shares issued/holders																		
Cash dividend paid																		
Others																		
Exchange Fluctuation Fund																		
Deferred Tax Reserve																		
Investment Adjustment Reserve																		
Employee Capability Enhancement Fund																		
Utilization of employee capacity enhancement Fund																		
Utilization of Institution CSR Fund																		
Total contributions by and distributions																		
Rent equalization reserve																		
Transfer to regulation reserve																		
Balance as at Ashad end 2081	690,472,800.00		184,348,727.72		465,381,431.17	(698,500.00)	(1,219,568,591.18)		36,530.40		342,607.08		379,137.98	118,124,005.69		118,124,005.69		

For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma
Chief Executive Officer

Janakpur
Date:

Balram P. Gupta
Chairman

Sunil Shah
Accountant

Amarnath Gupta
Director

Sundar Raj Dali
Director

Saroj K. Thakur
Director

CA. Om Narayan Mahato
Partner
Deoki Brij & Co.
Chartered Accountants

Janaki Finance Company Limited
Statement of Distributable Profit or Loss
For the year ended Ashad 31, 2081

<u>Particulars</u>	<u>Amount in NRs.</u>	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Net Profit/(Loss) as per Statement of Profit or Loss		(418,464,099.81)	(235,942,215.23)
Appropriations:			
a. General Reserve		-	-
b. Foreign Exchange Fluctuation Fund		-	-
c. Capital Redemption Reserve		-	-
d. Corporate Social Responsibility Fund		70,300.00	-
e. Employee Training Fund		132,740.87	(87,260.00)
f. Others		-	-
Profit or (Loss) Before Regulatory Adjustment		<u>(418,261,058.94)</u>	<u>(236,029,475.23)</u>
Regulatory Adjustment:			
a. Interest receivables (-)/previous accrued interest received (+)		(216,530,250.70)	(135,168,308.62)
b. Short loan loss provision in accounts (-)/reversal (+)		(46,567,164.49)	(23,920,687.00)
c. Short provision for possible losses on investment (-)/reversal (+)		-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)		-	-
e. Deferred tax assets recognized (-)/ reversal (+)		(169,963,086.21)	(111,247,621.62)
f. Goodwill recognized (-)/ impairment of Goodwill (+)		-	-
g. Bargain purchase gain recognized (-)/reversal (+)		-	-
h. Actuarial loss recognized (-)/reversal (+)		-	-
i. Other (+/-)		-	-
Net Profit or (Loss) for the year ended Ashad 2080 available for distribution		(634,791,309.64)	(371,197,783.85)
Opening Restated Retaining Earnings as on 1 Shrawan		(584,767,281.54)	(213,569,497.69)
Adjustment (+/-)			
Distribution:			
Bonus Share Issued		-	-
Cash Dividend Paid		-	-
Total Distributable Profit or (Loss) as on year end Ashad 2081		<u>(1,219,558,591.18)</u>	<u>(584,767,281.54)</u>
Annualised Distributable Profit/Loss per share		(176.63)	(84.69)
For & on behalf of the Board			As per our attached report of even date

Dinesh Kumar Sharma
Chief Executive Officer

Balram Pd. Gupta
Chairman

Amarnath Gupta
Director

Saroj K. Thakur
Director

CA. Om Narayan Mahato
Partner
Deoki Bijay & Co.
Chartered Accountants

Sunil Shah
Accountant

Sundar Raj Dali
Director

Mrs. Mamta Dali
Director

Janakpur
Date:

Janaki Finance Company Limited
Statement of Cash Flows
For the year ended Ashad 31, 2081

Particulars	<u>Amount in NRs.</u>	
	<u>FY 2080-81</u>	<u>FY 2079-80</u>
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	310,760,053.73	392,569,125.21
Fees and other income received	5,552,862.59	6,909,781.59
Dividend received	-	-
Receipts from other operating activities	845,476.28	237,744.07
Interest paid	(452,544,083.11)	(309,631,670.99)
Commission and fees paid	-	-
Cash payment to employees	(21,809,457.70)	(18,151,837.04)
Other expense paid	(18,214,987.14)	(17,475,471.43)
Operating cash flows before changes in operating Assets and Liabilities	<u>(175,410,135.35)</u>	<u>54,457,671.41</u>
(Increase)/Decrease in operating assets	43,751,735.57	(61,603,766.68)
Due from Nepal Rastra Bank	36,557,966.52	(113,076,108.17)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	-	-
Loans and advances to customers	6,758,468.88	58,667,423.79
Other assets	435,300.17	(7,195,082.30)
Increase/(Decrease) in operating liabilities	517,287,240.60	234,993,479.51
Due to bank and financial institutions	(28,028,013.43)	37,978,211.57
Due to Nepal Rastra Bank	-	-
Deposit from customers	543,808,588.16	209,284,039.51
Borrowings	-	-
Other Liabilities	1,506,665.87	(12,268,771.57)
Net cash flow from operating activities before tax paid	385,628,840.82	227,847,384.24
Income taxes paid	(7,188,929.59)	(29,747,542.46)
Net cash flow from operating activities	<u>378,439,911.23</u>	<u>198,099,841.78</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	-	-
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(633,959.99)	(6,306,291.95)
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	(45,200.00)	-
Receipt from the sale of intangible assets	-	-
Purchase of investment properties (NBA Transfer)	-	-
Receipt from the sale of investment properties	-	-
Interest received	-	-
Dividend received	3,925,000.00	4,405,263.16
Net cash used in investing activities	<u>3,245,840.01</u>	<u>(1,901,028.79)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities	-	-
Receipt from issue of shares	-	-
Dividends paid	-	-
Interest paid	-	-
Other receipt/payment	-	-
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	381,685,751.24	196,198,812.99
Cash and cash equivalents at 1st Shrawan	1,379,292,400.95	1,183,093,587.96
Effect of exchange rate fluctuations on cash and cash equivalents held		
Cash and cash equivalents at Ashad end	<u>1,760,978,152.19</u>	<u>1,379,292,400.95</u>

For & on behalf of the Board

As per our attached report
of even date

Dinesh Kumar Sharma
Chief Executive Officer

Balram Pd. Gupta
Chairman

Amarnath Gupta
Director

Saroj K. Thakur
Director

CA. Om Narayan Mahato
Partner

Sunil Shah
Accountant
Janakpur
Date:

Sundar Raj Dali
Director

Mrs. Mamta Dali
Director

Deoki Bijay & Co.
Chartered Accountants

Janaki Finance Company Limited
Notes to the Financial Statements as on Ashad 31, 2081

1 Reporting Entity:

Janaki Finance Company Limited is one of the Financial Institution with limited liability, incorporated in Office of Company Registrar as on 2052/07/10 and obtained license from Nepal Rastra Bank as on 2053/11/21. It's registered (Central) office is situated at Janakpurdham-2, Dhanusha. The institution is operating with 4 branches. The Institution has obtained "Class C" license from Nepal Rastra Bank and carrying out financing activities. The institution's share has been listed in Nepal Stock Exchange Ltd.

2 Basis of Preparation:

The Financial Statements of the Financial Institution have been prepared in accordance with the requirement of Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2080. The Financial Institution has opted for certain carve outs which are briefly described in Notes to Accounts. The Financial Statement comprise of:

- Statement of Financial Position (SOP) stating the financial position of the Bank as at the end of reporting period;
- Statement of Profit and Loss (SPL) and Statement of Other Comprehensive Income (SOI) stating the financial performance of the Financial Institution for the reported period ended.
- Statement of Cash Flow (SOCF) stating the ability of Financial Institution to generate Cash and Cash Equivalent.
- Statement of Changes in Equity (SOCE) stating all the changes in Equity of the Financial Institution during the reporting period.
- Notes to the Financial Statements comprising summary of Principal Accounting Policies and explanatory notes that are of significant importance to the users of Financial Statements.

2.1 Statement of Compliance:

NFRSs are based on International Financial Reporting Standards ('IFRSs'), as effective in the year 2013, comprising accounting standards issued or adopted by the International Accounting Standards Board ('IASB') and interpretations issued or adopted by the IFRS Interpretations Committee ('IFRIC').

The financial statements of Janaki Finance Company Limited (JFCL) have been prepared in accordance with NFRSs as issued by the Accounting Standard Board Nepal (ASBN) and as endorsed by the Institute of Chartered Accountants of Nepal and Nepal Rastra Bank together with carve-outs issued by ICAN and mandatory instructions/ guidance of NRB for recognition of unrealized interest during the year.

2.2 Reporting period and Approval of Financial Statements:

The Financial Institution follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/ Period
SFP* Date	31 st Ashad, 2081	15 th July, 2024
Current Reporting Period	1 st Shrawan, 2080 – 31 st Ashad, 2081	17 th July, 2023 – 15 th July, 2024
Comparative SFP* Date	31 nd Ashad, 2080	16 th July, 2023
Comparative reporting period	1 st Shrawan, 2079 – 31 nd Ashad, 2080	17 th July, 2022 – 16 th July, 2023

*Statement of Financial Position

The accompanied financial statements have been approved and authorized for issued by the Board of Directors in its meeting held on

2.3 Functional and presentation currency:

The reporting currency of the financial institution is Nepalese Rupees (NPR), which is also the functional currency of the financial institution.

2.4 Use of Estimates, assumptions and judgments:

The preparation of financial information requires the use of estimates and judgments about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items listed below, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based, resulting in materially different conclusions from those reached by management for the purposes of this financial statements.

Management's selection of the accounting policies, which contain critical estimates and judgments, are listed below; it reflects the materiality of the items to which the policies are applied, the high degree of judgment and estimation uncertainty involved:

- Impairment of loans and advances
- Valuation of financial instruments
- Provisions, commitments and contingencies
- Estimation of useful life of property, equipment and intangible assets.

Janaki Finance Company Limited
Notes to the Financial Statements as on Ashad 31, 2081

2.5 Changes in Accounting Policies:

NFRS requires the institution to adopt accounting policies that are most appropriate to the institution's circumstances. In determining and applying accounting policies, management is required to make judgements in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the institution's reported financial position, operating results or cash flows. These accounting policies are consistently applied by the institution.

Specific accounting policies have been included in the section 3 of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes, if any, have been disclosed wherever applicable.

2.6 New Standard issued but not yet effective:

The standards and interpretation that are issued, but not yet effective, upto the date of issuance of the institution's financial statement are discussed below. The institution intends to adopt these standards, if applicable when they become effective.

***NFRS 9 – Financial Instrument**

Classification and measurement: The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL'). In many instances, the classification and measurement outcomes will be similar to IAS 39, although differences will arise. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortized cost or fair value compared with IAS 39. The classification of financial liabilities is essentially unchanged. For certain liabilities measured at fair value, gains or losses relating to changes in the entity's own credit risk are to be included in other comprehensive income.

2.7 New Standards and Interpretations not adopted:

New standards on revenue recognition, financial instrument accounting, leasing have been issued by IASB which could represent significant changes to accounting requirements in the future.

a. NFRS 9 'Financial Instruments'

In July 2014, the ASBN issued NFRS 9 'Financial Instruments', which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. (Effects and implications have been discussed above in 2.6). It has not been applied as it is yet to be adopted by ICAN.

Carves out issued by ICAN adopted in Financial Statement:

i. Carves out relating to Impairment related to NAS 39- Financial Instruments:

A. Impairment:

In para 58, an entity shall assess at the end of each reporting period whether there is any objective evidence that a Financial Asset or Group of Financial Assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply Paragraphs 63 to determine the amount of any impairment loss unless the entity is bank or financial institutions registered as per Bank and Financial Institutions Act, 2073. Such entities shall measure impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for Loan Loss provision and amount determined as per Paragraph 63, and shall apply paragraph 63 to measure the impairment loss on financial assets other than loans and advances. The entity shall disclose the impairment loss as per this carve-out and the amount of impairment loss determined as per paragraph 63.

Impracticability to determine transaction cost of all previous years which is part of effective cost rate

In para 9, The Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate shorter period to the net carrying amount of the Financial Asset or Financial Liability.

When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the Financial Instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received, unless it is immaterial or impracticable to determine reliably, between parties to the contract that are an integral part of the effective interest rate (see NAS 18 Revenue), transaction costs and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to examine reliably the cash flows or the expected life of financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

2.8 Discounting:

When the realization of assets and settlement of obligation is after more than one year, the company considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of the financial institution. For financial instruments recognized at amortized costs that meet the 'SPPI' criteria, i.e. solely for the purpose of collecting principal and interest, the effective interest rate is considered to cover for the credit risk and time value of money, therefore further discounting is not made.

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2.9 Going Concern:

The financial statements are prepared on a going concern basis, as the management of the institution is satisfied that the institution has the resources to continue in business for the foreseeable future. In making this assessment, the Management have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.10 Materiality:

The Institution for the preparation of financial statements determines materiality based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.

3 Significant Accounting Policies:

3.1 Basis of measurement:

The financial information has been prepared under the historical cost basis, except the following material items in the Statement of Financial Position:

Ø Financial assets at fair value through other comprehensive income are measured at fair value.

Ø Employee defined benefit obligations of Leave Encashment Eligibility are measured in accordance with provision contained in NAS 19 based on report of the Actuary.

3.2 Basis of consolidation:

The Institution does not have control over any entity requiring consolidation as per NFRS 10.

3.3 Cash and cash Equivalent:

Cash and cash equivalent include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' original maturities or less from the acquisition date that are subject to an insignificant risk of changes in their value and used by the institution in the management of short term commitment. Cash and cash equivalent are classified as financial assets and treated accordingly.

For the purposes of the cash flow statement, cash and cash equivalent comprise cash and non-mandatory balances with central banks and amounts due from banks with a maturity of less than three months.

3.4 Financial Instrument: Financial Assets and Financial Liabilities:

Financial asset is any asset that is:

- (a) cash
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - i) to receive cash or another financial asset from another entity; or
 - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial liability is any liability that is:

- (a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

3.4.1 Recognition:

Institution recognizes financial assets or a financial liabilities in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

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3.4.2 Classification:

Financial assets are classified under three categories, namely,

- Fair Value through Profit or Loss,
- Fair Value Through Other Comprehensive Income
- At Amortized Cost

Financial liabilities are classified under two categories, namely,

- Fair Value through Profit or Loss,
- Held at amortized cost

3.4.3. Measurement:

At initial recognition, the institution measures financial instruments (financial assets and liabilities) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement – financial assets

- Financial assets other than recognized at amortized cost are measured and reported at fair value.
- Assets classified as held at amortized costs are carried at amortized costs using effective interest rate. (Institution has availed carve-out exemption for computation of effective interest).

Subsequent measurement – financial liabilities

- Financial liabilities carried at fair value are measured and reported at fair value. Other financial liabilities are carried at amortized cost.

Gain or loss

Gain or loss arising from changes in the fair value of a financial asset or financial liability are recognized, as follows.

- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss shall be recognized in profit or loss.
- A gain or loss on a financial asset or financial liability classified as at fair value through OCI shall be recognized in other comprehensive income

3.4.4 De-recognition:

Institution derecognizes financial assets when, and only when:

- the contractual rights to the cash flows from the financial asset expire; or
- It transfers the financial asset and the transfer qualifies for de-recognition.

Institution removes financial liabilities (or a part of a financial liabilities) from its statement of financial position when, and only when, it is extinguished: i.e. when the obligation specified in the contract is discharged or cancelled or expires.

3.4.5 Determination of fair value:

Fair values of financial assets and liabilities are determined according to the following hierarchy:

- **Level 1** – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group can access at the measurement date.
- **Level 2** – valuation technique using observable inputs: financial instruments 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. For the listed securities where the company holds promoter shares which are priced and traded differently in the market than ordinary shares the Company has considered the valuation of similar promoters' shares traded in the market which approximates to 50% of the price that the ordinary shares are traded.
- **Level 3** – valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Where market prices are not available then the Company considers the carrying value and future cash flows from the financial instruments.

3.4.6 Impairment:

Impairment of financial assets held at amortized costs:

Impairment of financial assets is considered when the carrying values of the assets are more than the recoverable amount from the assets. Impairment is tested for all financial assets except those measured at fair value.

Impairment of loans and advances to customers and bank and financial institutions for impaired loans are recognized immediately when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment allowances that are calculated on individual loans or on groups of loans assessed collectively are recorded as charges to the profit or loss and are reduced against the carrying amount of impaired loans in the statement of financial position. Losses, which may arise from future events are not recognized.

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The process of impairment followed by the institution under NAS 39 is as under:

- Institution individually assesses for impairment of loans and advances for all loans that are overdue.
- When testing for impairment if there is no indication of impairments such loans and advances are considered for collective assessment. If there is an indication of impairment, then impairment is charged against loans and advances on individual basis.
- If the loans and advances are not overdue and do not indicate any trigger events that would require detailed impairment testing such loans and advances are categorized for collective assessment of impairment.
- When triggers are identified for individually significant loans and advances, they are tested for impairment.
- Impairment is specifically (individually) assessed and charged for overdue loans and advances.
- Collective assessment is based on the risk assessment, risk categories and risk classification of loan and advances.

Individually assessed loan and advances

The criteria used to make this assessment include:

- known cash flow difficulties experienced by the borrower;
- Contractual payments of either principal or interest being past due;
- The probability that the borrower will enter bankruptcy or other financial realization;
- A concession granted to the borrower for economic or legal reasons relating to the borrower's financial difficulty that results in forgiveness or postponement of principal, interest or fees, where the concession is not insignificant; and
- There has been deterioration in the financial condition or outlook of the borrower such that its ability to repay is considered doubtful. For loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:
 - the group's aggregate exposure to the customer;
 - the viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations;
 - the amount and timing of expected receipts and recoveries;
 - the likelihood of dividend available on liquidation or bankruptcy;
 - the extent of other creditors' commitments ranking ahead of, or pari passu with, the company and the likelihood of other creditors continuing to support the institution;
 - the complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;
- the realizable value of security (or other credit mitigating factor) and likelihood of successful repossession and encashment of collateral.
- the likely costs of obtaining and selling collateral as part of foreclosure;

Collectively assessed loans and advances

Impairment is assessed collectively to cover losses, which have been incurred but have not yet been identified on loans subject to individual assessment or for homogeneous groups of loans that are not considered individually significant. 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 that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behavior. In assessing collective impairment the institution uses historical trends of the incurred loss by analyzing data of last twelve quarters, the amount 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.. When information becomes available which identifies losses on individual loans within the group, those loans are removed from the group and assessed individually.

To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the provision depends on the model assumptions and parameters used in determining the collective provision.

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognized in the profit and loss statement net of impairment during the period.

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Write-off of loans and advances

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Carve out – Loans and Advances Impairment

The regulators have provided a mandatory carve-out for charging impairment of loans and advances. The carve-out indicates that the Company needs to assess its impairment of loans and advances under NFRS and calculate impairment under rule based impairment model of Directive 2 of Nepal Rastra Bank. Then higher impairment of the two methods needs to be recognised in the financial statements, with additional disclosure of the loans and advances had the other methods been applied for comparison purpose. The financial institution for the financial years 2023-24 and 2022-23 has assessed the impairment under NFRS impairment model and under NRB Directives. Since the impairments under NRB directives are higher than under NFRS, the financial institution has recognized impairment calculated under NRB directives.

3.4.7 Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously ('the offset criteria').

3.5 Trading Assets:

Financial assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short- term profit-taking. They are recognized on trade date, when the group enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to the income statement. Subsequent changes in their fair values are recognized in the income statement in 'Net trading income'.

3.6 Derivative Assets and derivative liabilities:

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives are initially recognized, and are subsequently re-measured, at fair value. Fair values of derivatives are obtained either from quoted market prices or by using valuation techniques.

Embedded derivatives are bifurcated from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host non- derivative contract, their contractual terms would otherwise meet the definition of a stand-alone derivative and the combined contract is not held for trading or designated at fair value. The bifurcated embedded derivatives are measured at fair value with changes therein recognized in the income statement.

3.7 Property, Plant and Equipment:

Recognition of Property, Plant and Equipment:

Property and equipment, including owner-occupied property, is stated at cost. Cost include the purchase price other directly attributable cost of property and equipment, including import duty and non-refundable purchase taxes, after deducting trade discount and rebate. Replacement or major inspection costs are capitalized when incurred, if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Estimated rate of Depreciation:

Depreciation is provided on useful life basis over the estimated life of the following nature of assets:

Nature of Assets	Useful Life
Computer and Accessories	4 Years
Vehicle	5 - 10 Years
Furniture and Fixture	4 Years
Equipment and Others	4 years
Building (Right of Use)	Over the lease period
Leasehold Property	Over the lease period

Leasehold improvement is amortized on the basis of straight-line basis using the rate determined with reference to lease period.

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Depreciation of these assets commences when the assets are available for use, which is generally on commissioning (available for use) and not when it is put to use. Items of Property, Plant and Equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives on a Straight-Line basis and recognized as an expense in the statement of profit or loss.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

Impairment of property, plant and equipment

The financial institution applies NAS 36 Impairment of Assets to determine whether its asset have impaired. For the purpose of determination of Impairment Loss, the institution treats each reportable segment as a separate Cash Generating Unit.

3.8 Goodwill Intangible Assets:

Basis of recognition

Institution's intangible assets comprise of software which have been separately acquired and therefore measured on initial recognition at cost less any accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization for depreciation and accumulated impairment losses.

Subsequent expenditure on intangibles are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss when incurred.

Amortization of Intangible assets

Software (Intangible) has been classified as having definite useful life and is amortized over estimated useful life of concerned software. Estimation of the useful life is reviewed at each financial year end and changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Estimated useful life of the software currently owned by the institution has been determined as follow:

Asset Class	Useful Life
Software	5 Years

De-recognition of Intangible assets

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the statement of profit or loss when the item is de-recognized.

Impairment of Intangible assets

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of profit or loss.

Assessment of impairment of intangible assets

The management has assessed potential impairment indicators of Intangible assets as at 31st Ashad 2081. Based on the assessment, no any impairment indicators were identified.

3.9 Investment property:

Land or a building or part of a building or both owned by the Company or held by the Company as the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business
- are classified as investment properties.

Investment properties are measured initially at its cost. Transaction costs are included in the initial measurement. After initial recognition, the company chooses the cost model to measure its investment properties in accordance with NAS 40.

The Non-Banking Assets acquired by the institution is classified as assets held for sale and presented under investment properties.

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3.10 Income Tax:

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in the same statement in which the related item appears.

Current Tax:

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the group intends to settle on a net basis and the legal right to offset exists.

Deferred Tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the group has a legal right to offset.

Deferred tax relating to actuarial gains and losses on post-employment benefits is recognized in other comprehensive income if gains/ losses are recognized in OCI. Deferred tax relating to fair value re-measurements of available- for-sale investments credited or charged directly to other comprehensive income and is subsequently recognized in the income statement when the deferred fair value gain or loss is recognized in the income statement.

3.11 Deposits, debt securities issued and subordinated liabilities:

Borrowings (which include deposits from banks, customer deposits, debt securities in issue and subordinated liabilities) are recognized initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently stated at amortized cost using the effective interest rate method. The Company does not have any debt securities issued and subordinated liabilities.

3.12 Provisions:

Provisions are recognized when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation, which has arisen as a result of past events, and for which a reliable estimate can be made. Judgment is involved in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Professional expert advice is taken on the assessment of litigation, property (including onerous contracts) and similar obligations wherever necessary.

3.13 Revenue recognition:

Interest Income:

Interest income are recognized under accrual basis in the profit or loss for all interest-bearing financial instruments meeting NRB directives for interest recognition in NFRS complied Financial Statement.

NFRS Requirement

NFRS requires interest income to be recognized using the effective interest method, except for those classified at fair value through profit or loss. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate is calculated on initial recognition of the financial asset or liability by estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts expected to be paid or received by the Company including expected early redemption fees and related penalties and premiums and discounts that are an integral part of the overall return. Direct incremental transaction costs related to the acquisition, issue or disposal of financial instruments is also taken into account in the calculation. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income on loan and advances is recognized on amortized principal which is nearer to effective interest method suggested by NFRSs. The adoption of effective interest method is not possible due to constraint of time, effort and cost in the short term compared to the benefits it provides. Interest of loan and advances which are significantly impaired are not recognized.

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The Financial Institute has recognized Interest income under accrual basis in the profit or loss for all interest-bearing financial instruments meeting NRB directives for interest recognition in NFRS complied Financial Statement. Interest on loan has been recognized as income on accrual basis complying with the provision of "Guidelines on Recognition of Interest Income 2019" issued by NRB. The financial institution has implemented this guideline and recognized interest suspense and stopped interest accrual in qualifying accounts while determining the interest income for the current reporting period. Explanatory information on interest income is stated in Notes 4.29.

Interest income on government bond and bank balances are recognized on effective interest method.

Fees and Commission Income:

Fees and commission, which are not an integral part of the effective interest rate are generally recognized when the service has been provided. Fee income is earned from a diverse range of services provided by the group to its customers. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan once drawn. Where it is unlikely that loan commitments will be drawn, loan commitment fees are recognized over the life of the facility. Loan syndication fees are recognized as revenue when the syndication has been completed and the Company retains no part of the loan package for itself or retains a part at the same effective interest rate for all interest-bearing financial instruments, including loans and advances, as for the other participants. Company has not deferred the commitment fee/ service charges for the loan which has got tenure of more than a year.

Dividend Income:

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

Net Trading Income:

comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with the related interest income, expense and dividends.

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

Net income from financial instruments designated at fair value includes all Gains and Losses arising from changes in the fair value of financial instruments designated at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise. Contractual interest income on financial instruments held at fair value through profit or loss is recognized within net interest income.

3.14 Interest expense:

Under NFRS Interest expense are recognized in the profit or loss for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the expected life of the financial instrument.

3.15 Employee benefits:

Current employee benefits costs:

Short-term employee benefits, such as salaries, paid absences, performance-based cash rewards, profit sharing bonus and social security costs such as PF are recognized over the period in which the employees provide the related services.

Post-employment benefits:

Defined contribution plan

Payments to defined contribution plans where the Company's obligations are equivalent to a contribution by employees to the defined contribution plan. These are charged as an expense as the employees render service. The Company doesn't operates provident fund scheme under Defined contribution plan. A percentage of basic pay is paid on monthly basis to the plan. The Company has no further obligation to pay after such contribution even if the plan assets may not be sufficient to pay out to the employees. The plan is managed by a separately registered retirement benefit plan managed by the Citizen Investment Trust. Any further income on such fund belongs to the employees. Therefore, actuarial valuation is not required for defined contribution plan.

Defined benefit plan

The defined benefit plan includes gratuity and accumulated leave compensation payment at the time of retirement. The present value of defined benefit obligations are calculated at the reporting date by the actuaries. The net charge to the profit and loss comprises the service costs and the net interest on the net defined benefit liability and is presented under employee cost.

The past service cost, which is charged immediately to the income statement, is the change in the present value of the defined benefit obligation for employee service in prior periods resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or curtailment (a significant reduction by the entity in the number of employees covered by a plan). A settlement is a transaction that eliminates all further legal and constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

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Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions.

The defined benefit asset or liability represents the present value of defined benefit obligations.

Actuarial Valuation details and assumptions are in Note no.4.23.7 of Financial Statement.

Staff Bonus:

Provision for staff bonus has not been made due to net loss during the year.

3.16 Leases:

Lease is a contract in which one party provides an asset to the other party for some consideration usually a periodic payment. The Bank assesses whether a contract is or contains a lease, at inception of the contract. In accordance with NFRS-16 "Leases", the Bank recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets as the Bank is lessee in all lease arrangements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate. Since the Bank apply NFRS-16; "Leases" to its leases in accordance with Para C5(b), retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application, it uses incremental borrowing rate which is the cost of fund of the Bank.

Lease payments included in the measurement of the lease liability comprise:

- Ø Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Ø Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- Ø The amount expected to be payable by the lessee under residual value guarantees
- Ø The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Ø Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented within other Liabilities in the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

Ø The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

Ø The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)

Ø A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Bank depreciates Right-of-use assets from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The right-of-use assets are presented Within Property, plant and Equipment in the Statement of Financial Position.

The Bank applies NAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

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As a practical expedient, NFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank has not any non-lease component associated with the lease.

Transition:

From 1st Shrawan 2078, the Bank has effectively adopted NFRS 16- "Leases", which requires any lease arrangement to be recognised in the Statement of Financial Position of the lessee as a 'right-of-use' asset with a corresponding lease liability. Accordingly, depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognised on lease liabilities under Interest Expenses. As permitted by the standard, the Financial Institute has applied this standard w. e. f. 1st Shrawan 2078 and comparatives for the previous period/year have not been restated.

3.17 Foreign currency translation:

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the buying rate of exchange at the balance sheet date. Any resulting exchange differences are included in the profit or loss. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined.

3.18 Financial Guarantee and loan commitments:

Financial guarantees

They are the contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security as well as contingent liabilities related to legal proceedings or regulatory matters are possible obligations that arise from past events 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 group; or are present obligations that have arisen from past events but are not recognized because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed unless the probability of settlement is remote.

Loan Commitments

These include the amount of loans approved by the Financial Institution but are not yet disbursed/utilised. These include for example overdraft / crash credit limits given to the customers in excess of already utilised balances where customers can draw down credit facilities, within the limit, without going through any further approval process of the Financial Institution.

3.19 Share Capital and Reserves:

Share Capital:

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds. The issue expenses for the issue charged in the year of issue and though the impact from past of the institution's equity the amount has not been adjusted with the share capital and the institution considered the impact to be immaterial.

Reserves:

Share Premium:

Any premium collected on issue of shares to the public is credited to this reserve. This reserve is utilised only for issue of the bonus share capital.

Retained Earnings:

The accumulated profits which has not been distributed to shareholders and is free for distribution of dividend to the shareholders is presented under this heading.

Statutory General Reserve:

There is a regulatory requirement under Bank and Financial Institutions Act to set aside 20% of the net profit after tax every year as general reserve to build up the capital until the general reserve fund balance is twice the paid up share capital. This is the restricted reserve and cannot be freely used. The Financial Institution appropriates 20% of the regulatory net profit every year and transfers to the general reserve fund. Since, there is net loss during the year, the financial institution has not set aside any amount for the year.

Exchange Equalization Reserve:

Central Bank's regulatory directives require Financial Institution's to transfer 25% of the revaluation gain as at the year end to this reserve account. The financial institution does not deal with any other currency than Nepalese currency, hence this reserve creation is not applicable to the financial institution.

Fair Value Reserve:

The fair value reserve is created against the valuation of the investment of the bank as per the fair valuation of the investment made, quoted as available for sale investments.

Janaki Finance Company Limited
Notes to the Financial Statements as on Ashad 31, 2081

Investment Adjustment Reserve

Investment Adjustment Reserve is created as per the directive of NRB created against the quoted as well as unquoted investments.

CSR Reserve

Bank and Financial Institution has regulatory requirement to set aside 1% of the net profit of year after deduction of CSR expenses & bonus provision for corporate social responsibility activities.

During the year, CSR Fund of Rs. Nil has been appropriated due to book loss.

Staff Training Fund:

Bank and Financial Institution has regulatory requirement to set aside the shortfall between amount spent for training and amount calculated at 3% of the previous year's total staff cost.

Regulatory Reserves:

The amount that is allocated from retained earnings of the Financial Institution as per the Directive of NRB for the purpose of implementation of NFRS is presented under this account head. The amount in this reserve is not free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve include 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 NFRS (in case lower impairment is recognized under NFRS), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRS, etc.

Accrued Interest receivable and Investment properties (Non-Banking Assets) booked as income has been transferred to Regulatory Reserve after deducting the impact of staff bonus and income tax as per circular issued by Nepal Rastra Bank vide circular no 6/076/77 dated 2076.07.26

3.20 Earnings Per Share including diluted:

Basic Earnings Per Share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year. For the calculation of diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares that arise in respect of convertible instruments, if any. Where the number of ordinary shares increases as a result of bonus issue, the calculation of basic and diluted earnings per share for all the periods presented has been adjusted retrospectively.

3.21 Segment reporting:

The Institution's segmental reporting is in accordance with NFRS 8- Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the institution's management, which is responsible for allocating resources and assessing performance of the operating segments. All the transaction between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

3.22 Interim Financial Reporting:

Interim reports corresponding to the financial statements had been reported in accordance with the regulatory reporting requirement. Those statements have been published quarterly in a national level newspaper.

3.23 Cash Flow Statement

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

3.24 Comparative Figures

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



Janaki Finance Company Limited

Notes to the Financial Statements

Notes forming part of the Accounts as on Ashad 31, 2081

3.25 Additional Disclosures as per AGM and Dividend Distribution Procedure, 2077:

Changes in Regulatory Reserve

<u>Particulars</u>	<u>Interest Receivable</u>	<u>Short Loan Loss Provision</u>	<u>Short Provision for possible loss on investment</u>	<u>Provision on NBA</u>	<u>Deferred Tax Assets</u>	<u>Goodwill</u>	<u>Gain on Bargain Purchase</u>	<u>Actuarial Loss Recognised</u>	<u>Fair Value loss recognised in OCI</u>	<u>Other</u>	<u>Total</u>
FY 2077-78											10,059,909.00
Opening	9,450,145.00										(4,489,606.00)
Addition/(Deletion)	(4,489,606.00)										
Closing	4,960,539.00				609,764.00						5,570,303.00
FY 2078-79											
Addition/(Deletion)											
Closing	23,090,707.00				609,764.00		83,021,861.85				106,112,568.85
FY 2079-80											
Addition/(Deletion)											
Closing	28,051,246.00				609,764.00		83,021,861.85				111,682,871.85
FY 2080-81											
Addition/(Deletion)											
Closing	23,920,687.00						111,247,621.62				135,168,308.62
FY 2080-81											
Addition/(Deletion)											
Closing	51,971,933.00				609,764.00		194,269,483.47				246,851,180.47
FY 2080-81											
Addition/(Deletion)											
Closing	46,567,164.49						169,963,086.21				216,530,250.70
FY 2080-81											
Addition/(Deletion)											
Closing	98,539,097.49						609,764.00		364,232,569.68		463,381,431.17

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

Amount in NRs.

4.1 Cash and cash equivalent

	FY 2080-81	FY 2079-80
Cash in Hand	32,015,841.17	49,406,003.30
Balances with B/FIs	421,174,630.48	371,228,245.14
Money at call and short notice	1,307,787,680.54	958,658,152.51
Other	-	-
Total	1,760,978,152.19	1,379,292,400.95

The fair value of cash and cash equivalent is its carrying value. Cash at vault is adequately insured for physical and financial risks. Cash balance at vault is maintained on the basis of the availability and regular business requirements. Balance with B/FIs includes balance held at various local banks and financial institutions.

4.2 Due from Nepal Rastra Bank

	FY 2080-81	FY 2079-80
Statutory balances with NRB	165,186,547.29	201,744,513.81
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
Total	165,186,547.29	201,744,513.81

Statutory balance with NRB represents the balance maintained for regulatory cash reserve ratio required by the NRB.

4.3 Placements with Bank and Financial Institutions

	FY 2080-81	FY 2079-80
Placement with domestic B/FIs	-	-
Placement with Foreign B/FIs	-	-
Less: Allowances for Impairment	-	-
Total	—	—

Financial Institution does not have any Placement related to Domestic and Foreign bank and financial institutions.

4.4 Derivative financial Instruments

	FY 2080-81	FY 2079-80
Held for trading		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
Held for risk management		
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
Total	—	—

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

Amount in NRs.

4.5 Other Trading assets

	FY 2080-81	FY 2079-80
Treasury Bills	-	-
Government bond	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
Total	-	-
Pledged	-	-
Non- Pledged	-	-

Trading assets are those assets that the Financial Institution has acquired for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit are presented under this head.

4.6 Loans and advances to B/FIs

	FY 2080-81	FY 2079-80
Loan to Microfinance Institutions	57,284,212.53	43,566,992.52
Other	-	-
Less: Allowances for Impairment	687,410.55	566,370.90
Total	56,596,801.98	43,000,621.62

Loans and advances disbursed to banks and financial institutions are presented above. These assets are measured at amortized cost. All the loans to BFIs are classified in pass category. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

4.6.1 Allowances for impairment

	FY 2080-81	FY 2079-80
Balance at 1st Shrawan	566,370.90	217,574.15
Impairment loss for the year:		
Charge for the year	121,039.65	348,796.75
Recoveries/reversal	-	-
Amount written off	-	-
Balance at Ashad end	687,410.55	566,370.90

Impairment allowance on these loans and advances has been considered as per NRB directives. All the loans outstanding with BFIs have been classified in pass category. No individual loans to banks and micro finance has terms and conditions that significantly affect the amount, timing or certainty of consolidated cash flows of the Financial Institution.

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

4.7	Loans and advances to customers	<u>Amount in NRs.</u>	
		<u>FY 2080-81</u>	<u>FY 2079-80</u>
	Loans and advances measured at amortized cost	3,146,441,939.44	3,093,001,494.56
	Less: Impairment allowances		
	Collective impairment	27,299,344.49	35,162,518.90
	Individual Impairment	1,329,379,531.35	758,081,399.90
	Net Amount	1,789,763,063.60	2,299,757,575.76
	Loan and advances measured at FVTPL	-	-
	Total	1,789,763,063.60	2,299,757,575.76

Loans and advances disbursed to customers and employees other than banks and financial institutions are presented above. These assets are measured at amortized cost. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

Loans and advances are presented net of impairment allowances as per Directive No. 2 issued by Nepal Rastra Bank. Impairment as per NRB directives for each of the above periods is higher than the impairment as per para 5 of the Alternative treatment and its application guideline provided in the carve out for implementation of NFRS 9 by ICAN dated 2079.04.02. Hence, impairment allowance as per NRB Directives is considered in the Financial Statements. Impairment in loans and advances to BFIs and loans and advances to customer are as per NRB directive no.2 NPR 1,357,366,286.39/- which is higher than total impairment as per NFRS 9. As per NFRS 9 impairment are NPR 219,860,942.92/- for FY 2080/81.

4.7.1 Analysis of loan and advances - By product

Product	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Term Loans	188,755,362.31	135,695,613.91
Overdraft	1,237,071,533.73	1,174,623,380.94
Trust Receipt/import loans	-	-
Demand and other working capital loans	-	-
Personal residential loans	7,897,721.17	11,368,145.65
Real estate loans	115,987,575.29	148,761,613.87
Margin lending loans	-	-
Hire Purchase loans	-	358,117.18
Deprived sector loans	99,090,187.02	111,004,696.43
Bills purchased	-	-
Staff loans	7,679,700.52	5,860,819.86
Other	1,333,548,593.54	1,422,833,974.63
Sub total	2,990,030,673.58	3,010,506,362.47
Interest Receivable	156,411,265.86	82,495,132.09
Grand Total	3,146,441,939.44	3,093,001,494.56

4.7.2 Analysis of loan and advances - By Currency

	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Nepalese Rupee	3,146,441,939.44	3,093,001,494.56
Indian Rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese Yuan	-	-
Other	-	-
Total	3,146,441,939.44	3,093,001,494.56

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

Amount in NRs.

4.7.3 Analysis of loan and advances - By Collateral

	FY 2080-81	FY 2079-80
Secured		
Movable/immovable assets	3,111,946,169.78	3,071,526,628.80
Gold and silver	-	-
Guarantee of domestic B/FIs	-	-
Government guarantee	-	-
Guarantee of international rated bank	-	-
Collateral of export document	-	-
Collateral of fixed deposit receipt	34,495,769.66	21,474,865.76
Collateral of Government securities	-	-
Counter guarantee	-	-
Personal guarantee	-	-
Other collateral	-	-
Subtotal	3,146,441,939.44	3,093,001,494.56
 Unsecured		
Grand total	3,146,441,939.44	3,093,001,494.56

4.7.4 Allowances for Impairment

	FY 2080-81	FY 2079-80
Specific allowances for impairment		
Balance at 1st Shrawan	758,081,399.90	377,538,795.04
Impairment loss for the year:		
Charge for the year	571,298,131.45	380,542,604.86
Recoveries/reversal during the year	-	-
Write-offs	-	-
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
Balance at Ashad end	1,329,379,531.35	758,081,399.90
 Collective allowances for impairment		
Balance at 1st Shrawan	35,162,518.90	54,878,072.97
Impairment loss for the year:		
Charge/(reversal) for the year	(7,863,174.41)	(19,715,554.07)
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
Balance at Ashad end	27,299,344.49	35,162,518.90
 Total allowances for impairment	1,356,678,875.84	793,243,918.80

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

Amount in NRs.

4.7.5 Impairment loss on Loans and Advances to customers are measured as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loss provision and amount determined as per NAS 39 of Para 63. The details of loan loss provision as per Nepal Rastra Bank and impairment loss as per NAS 39 of Para 63 are as follows:

Particulars	Impairment Loss	
	FY 2080-81	FY 2079-80
Loan and Advance to BFIs	3,931,222.70	2,521,591.42
Loan and Advance to Customers	215,929,720.22	179,018,233.63
Total Impairment as per para 63 of NAS 39	219,860,942.92	181,539,825.05
Total Impairment as per NRB norms	1,357,366,286.39	793,810,289.70
Higher of Impairment as per para 63 of NAS or NRB Norms	1,357,366,286.39	793,810,289.70

4.8 Investment securities

	FY 2080-81	FY 2079-80
Investment securities measured at amortized cost	-	-
Investment in Security measured at FVTOCI	39,066,500.00	39,496,500.00
Total	39,066,500.00	39,496,500.00

Investment made by the Financial Institution in financial instruments has been presented under this account head in two categories i.e. investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Investment other than those measured at amortized cost is measured at fair value and changes in fair value has been recognized in other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment is made by increasing the number of shares without changing in the cost of investment.

4.8.1 Investment securities measured at amortized cost

	FY 2080-81	FY 2079-80
Debt Securities	-	-
Government Bond	-	-
Government treasury bills	-	-
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposit instruments	-	-
Other	-	-
Less: Specific allowances for impairment	-	-
Total	-	-

4.8.2 Investment in equity measured at fair value through Other comprehensive income

	FY 2080-81	FY 2079-80
Mutual Fund (Refer Note 4.8.3)	38,715,000.00	39,145,000.00
Unquoted equity securities (Refer Note 4.8.4)	351,500.00	351,500.00
Total	39,066,500.00	39,496,500.00



Janaki Finance Company Limited

Notes to the Financial Statements

Notes forming part of the Accounts as on Ashad 31, 2081

4.8.3 Investment in Mutual Fund

	FY 2080-81		FY 2079-80	
	Cost Price	Fair Value	Cost Price	Fair Value
NIIC Asia Balanced Fund (500000 units of Rs 10 each)	5,000,000.00	4,800,000.00	5,000,000.00	4,665,000.00
NMB 50 (1000000 units of Rs 10 each)	10,000,000.00	10,040,000.00	10,000,000.00	10,500,000.00
Sunrise First Mutual Fund (1000000 units of Rs 10 each)	10,000,000.00	10,350,000.00	10,000,000.00	11,080,000.00
Siddhartha Investment Growth Scheme 2 (500000 units of 10 each)	5,000,000.00	4,745,000.00	5,000,000.00	4,515,000.00
Sunrise Bluechip Fund (500000 units of Rs 10 each)	5,000,000.00	4,135,000.00	5,000,000.00	3,925,000.00
Sanima Large Cap Fund (500000 units of Rs 10 each)	5,000,000.00	4,645,000.00	5,000,000.00	4,460,000.00
	40,000,000.00	38,715,000.00	40,000,000.00	39,145,000.00

4.8.4 Investment in Unquoted Equity Securities

	FY 2080-81		FY 2079-80	
	Cost Price	Fair Value	Cost Price	Fair Value
Nepal Clearing House (23,594 shares of Rs 100 each)	351,500.00	351,500.00	351,500.00	351,500.00
Total	351,500.00	351,500.00	351,500.00	351,500.00
Total	40,351,500.00	39,066,500.00	40,351,500.00	39,496,500.00

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

	<u>Amount in NRs.</u>	
	<u>FY 2080-81</u>	<u>FY 2079-80</u>
4.9 Current Tax Assets/Current Tax Liabilities		
Current Tax Assets		
Current year income tax assets	37,624,251.11	40,093,130.72
Tax assets of prior periods	-	-
	37,624,251.11	40,093,130.72
Current Tax Liabilities		
Current year income tax liabilities	-	9,107,454.00
Tax liabilities of prior periods	-	550,355.20
	-	9,657,809.20
Total	37,624,251.11	30,435,321.52
Current Tax Assets includes advance income tax paid by the Bank under self assessment tax returns filed as per the Income Tax Act 2058 and tax deducted at source (TDS) by several parties on behalf of the Financial Institution. Similarly, current income tax liabilities includes the tax payable to the Government computed as per the provision of the Income Tax Act 2058		
4.10 Investment in Subsidiaries		
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
Total Investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-
4.10.1 Investment in quoted subsidiaries		
.....Ltd.shares of Rs.each	-	-
.....Ltd.shares of Rs.each	-	-
Total	-	-
4.10.2 Investment in unquoted subsidiaries		
.....Ltd.shares of Rs.each	-	-
.....Ltd.shares of Rs.each	-	-
Total	-	-
4.10.3 Information relating to subsidiaries of the Bank		
.....Ltd.shares of Rs.each	-	-
.....Ltd.shares of Rs.each	-	-
Total	-	-
Equity interest held by NCI (%)	-	-
Profit/(loss) allocated during the year	-	-
Accumulated balances of NCI as on Ashad end.....	-	-
Dividend paid to NCI	-	-
Total	-	-

Janaki Finance Company Limited
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Notes forming part of the Accounts as on Ashad 31, 2081

	<u>Amount in NRs.</u>	
	<u>FY 2080-81</u>	<u>FY 2079-80</u>
4.11 Investment in associates		
Investment in quoted associates	-	-
Investment in unquoted associates	-	-
Total investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-
4.11.1 Investment in quoted associates		
.....Ltd.shares of Rs.each	-	-
.....Ltd.shares of Rs.each	-	-
Total	-	-
4.11.2 Investment in unquoted associates		
.....Ltd.shares of Rs.each	-	-
.....Ltd.shares of Rs.each	-	-
Total	-	-
4.11.3 Information relating to associates of the Financial Institution		
.....Ltd.shares of Rs.each	-	-
.....Ltd.shares of Rs.each	-	-
Total	-	-
4.11.4 Equity value of associates		
.....Ltd.shares of Rs.each	-	-
.....Ltd.shares of Rs.each	-	-
Total	-	-

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

Amount in NRs.

4.12 Investment Properties

	FY 2080-81	FY 2079-80
Investment properties measured at fair value		
Balance as on 1st Shrawan	-	-
Addition/disposal during the year	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment properties measured at cost (Non-Banking Assets)		
Balance as on 1st Shrawan	967,880.00	967,880.00
Addition/disposal during the year	-	-
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	967,880.00	967,880.00
Total	967,880.00	967,880.00

4.12.1 Details of Investment Properties

Details	NBA recognised Date	FY 2080-81	FY 2079-80
Md. Majibur Rahaman	21/07/2070	98,000.00	98,000.00
Sukhdev Das Tatma	20/08/2075	869,880.00	869,880.00
Total		967,880.00	967,880.00



Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

4.13	Property and Equipment	Particulars	Land	Buildings-ROU	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixtures	Equipment and others	Amount in M.Rs.	
										Total Ashad End 2081	Total Ashad End 2080
	Cost			11,316,553.16	9,084,327.35	5,309,394.82	6,729,500.32	3,529,212.86	6,509,817.92	42,478,805.53	
	Balance as on 32 Ashad, 2079										
	Addition during the year										
	Acquisition				1,731,506.91	1,638,680.00			1,545,493.09	1,467,482.00	6,383,162.00
	Capitalization										
	Disposal during the Year										
	Adjustment /Revaluations										
	Impairment Reversal										
	Balance as on 31 Ashad, 2080										
				11,239,683.10	10,815,834.26	6,499,915.80	6,729,500.32	4,886,325.56	8,809,443.98	48,982,902.12	
	Addition during the year										
	Acquisition								219,220.00		383,100.00
	Capitalization										
	Disposal during the Year										
	Adjustment/Revaluations										
	Impairment Reversal										
	Balance as on 31 Ashad, 2081										
				12,55,028.34	2,919,267.81	3,736,608.28	2,447,153.57	2,181,017.20	3,831,033.59	16,370,108.79	
	Depreciation and Impairment										
	As on 32 Ashad, 2079										
	Depreciation charge for the year										
	Impairment for the year										
	Disposals										
	Adjustment										
	As on 31 Ashad, 2080										
	Depreciation charge for the year										
	Impairment for the year										
	Disposals										
	Adjustment										
	As on 31 Ashad, 2081										
				4,155,756.04	5,490,406.15	5,025,010.54	3,833,092.86	3,505,627.37	7,017,836.65	29,027,729.61	
	Net Book Value										
	As on Ashad End 2079			10,061,524.82	6,165,059.54	1,572,786.54	4,282,346.75	1,348,195.66	2,678,783.43	26,106,696.74	
	As on Ashad End 2080			8,536,214.99	6,666,737.57	2,315,642.89	3,543,011.38	2,100,615.95	2,961,791.70	26,124,075.48	
	As on Ashad End 2081			7,083,927.06	5,325,428.11	1,694,125.26	2,896,407.46	1,414,538.19	2,174,705.43	20,583,132.51	

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

Amount in NRs.

4.14 Goodwill and Intangible Assets

<u>Particulars</u>	<u>Goodwill</u>	<u>Software</u>		<u>Others</u>	<u>Total Ashad end 2081</u>
		<u>Purchased</u>	<u>Developed</u>		
Balance as on 32 Ashad, 2079	-	<u>3,054,202.00</u>	-	-	<u>3,054,202.00</u>
Addition during the year	-	-	-	-	-
Acquisition	-	-	-	-	-
Capitalization	-	-	-	-	-
Disposal during the Year	-	-	-	-	-
Adjustment /Revaluations	-	<u>(197,804.65)</u>	-	-	<u>(197,804.65)</u>
Balance as on 31 Ashad, 2080	-	<u>2,856,397.35</u>	-	-	<u>2,856,397.35</u>
Addition during the year	-	45,200.00	-	-	45,200.00
Acquisition	-	-	-	-	-
Capitalization	-	-	-	-	-
Disposal during the Year	-	-	-	-	-
Adjustment /Revaluations	-	-	-	-	-
Balance as on 31 Ashad, 2081	-	<u>2,901,597.35</u>	-	-	<u>2,901,597.35</u>
Amortization and Impairment					
As on 32 Ashad, 2079	-	<u>1,069,968.12</u>	-	-	<u>1,069,968.12</u>
Amortization charge for the year	-	524,589.67	-	-	524,589.67
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	<u>(197,804.66)</u>	-	-	<u>(197,804.66)</u>
As on 31 Ashad, 2080	-	<u>1,396,753.13</u>	-	-	<u>1,396,753.13</u>
Amortization charge for the year	-	446,684.36	-	-	446,684.36
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	-	-	-	-
As on 31 Ashad, 2081	-	<u>1,843,437.49</u>	-	-	<u>1,843,437.49</u>
Capital Work in Progress	-	-	-	-	-
Net Book Value					
As on Ashad End 2079	-	<u>1,984,233.88</u>	-	-	<u>1,984,233.88</u>
As on Ashad End 2080	-	<u>1,459,644.22</u>	-	-	<u>1,459,644.22</u>
As on Ashad End 2081	-	<u>1,058,159.86</u>	-	-	<u>1,058,159.86</u>

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

<u>Amount in NRs.</u>		
4.15 Deferred Tax	Current Year	
	Deferred Tax Assets	Deferred Tax Liabilities
2080/81		
Deferred tax on temporary differences on following items :		
Loan and Advance to B/FIs	-	-
Loans and advances to customers	361,615,358.13	-
Investment properties	-	-
Investment securities	385,500.00	-
Property & equipment	387,035.93	-
Employees' defined benefit plan	1,565,488.50	-
Lease liabilities & Right to Use Assets (Net)	664,687.12	-
Provisions	-	-
Other temporary differences	-	-
Deferred tax on temporary differences	364,618,069.68	364,618,069.68
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 Ashad 2081	364,618,069.68	364,618,069.68
Deferred tax expense/(income) recognized in profit or loss	364,232,569.68	364,232,569.68
Deferred tax expense/(income) recognized in other comprehensive income	385,500.00	385,500.00
Deferred tax expense/(income) recognized in directly in equity	-	-
Deferred tax asset/(liabilities) as on Shrawan 1, 2080	194,269,483.47	194,269,483.47
Origination/(Reversal) during the year	170,348,586.21	170,348,586.21
Deferred tax expense/(income) recognized in profit or loss	(170,219,586.21)	(170,219,586.21)
Deferred tax expense/(income) recognized in other comprehensive income	(129,000.00)	(129,000.00)
Deferred tax expense/(income) recognized in directly in equity	-	-
2079/80		
Deferred tax on temporary differences on following items :		
Loan and Advance to B/FIs	-	-
Loans and advances to customers	192,405,380.68	192,405,380.68
Investment properties	-	-
Investment securities	256,500.00	256,500.00
Property & equipment	198,137.20	198,137.20
Employees' defined benefit plan	932,573.40	932,573.40
Lease liabilities & Right to Use Assets (Net)	476,892.19	476,892.19
Provisions	-	-
Other temporary differences	-	-
Deferred tax on temporary differences	194,269,483.47	194,269,483.47
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 Ashad 2080	194,269,483.47	194,269,483.47
Deferred tax expense/(income) recognized in profit or loss	194,012,983.47	194,012,983.47
Deferred tax expense/(income) recognized in other comprehensive income	256,500.00	256,500.00
Deferred tax expense/(income) recognized in directly in equity	-	-
Deferred tax asset/(liabilities) as on Shrawan 1, 2079	84,125,861.85	1,104,000.00
Origination/(Reversal) during the year	110,143,621.62	1,104,000.00
Deferred tax expense/(income) recognized in profit or loss	(109,887,121.62)	(109,887,121.62)
Deferred tax expense/(income) recognized in other comprehensive income	256,500.00	(1,360,500.00)
Deferred tax expense/(income) recognized in directly in equity	-	-

Janaki Finance Company Limited
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Notes forming part of the Accounts as on Ashad 31, 2081

	<u>Amount in NRs.</u>	
	<u>FY 2080-81</u>	<u>FY 2079-80</u>
4.16 Other Assets		
Assets held for sale	-	-
Other non banking assets	-	-
Bills receivable	-	-
Accounts receivable	8,294,569.87	9,164,242.87
Accrued income	-	-
Prepayments and deposit	1,132,256.22	943,296.73
Income tax deposit	-	-
Deferred employee expenditure	1,846,463.48	1,649,756.95
Others	212,566.16	163,859.35
Total	11,485,855.73	11,921,155.90
4.17 Due to Bank and Financial Institutions		
Money market deposits	-	-
Interbank borrowing	-	-
Other deposits from BFIs	64,011,568.08	92,039,581.51
Settlement and clearing accounts	-	-
Other deposits from BFIs	-	-
Total	64,011,568.08	92,039,581.51
4.18 Due to Nepal Rastra Bank		
Refinance from NRB	-	-
Standing Liquidity Facility	-	-
Lender of last report facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	-	-
Total	-	-
4.19 Derivative Financial instruments		
<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	-	-
Other	-	-
Total	-	-

Janaki Finance Company Limited
Notes to the Financial Statements
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4.20 Deposits from customers

	FY 2080-81	FY 2079-80
Institutions Customers:		
Term deposits	103,616,623.70	241,151,084.67
Call deposits	36,724,197.37	44,761,744.96
Current Deposit	12,559,484.45	14,272,044.32
Other	768,975.11	37,744.92
Individual Customers:		
Term deposits	2,665,213,219.07	2,376,286,941.56
Saving Deposits	1,194,802,892.06	806,504,126.14
Current Deposit	5,998,496.73	6,242,341.42
Other	13,380,727.66	-
Total	4,033,064,616.15	3,489,256,027.99

4.20.1 Currency wise analysis of deposit from customers

	FY 2080-81	FY 2079-80
Nepalese Rupee	4,033,064,616.15	3,489,256,027.99
Indian Rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese Yen	-	-
Chinese Yuan	-	-
Others	-	-
Total	4,033,064,616.15	3,489,256,027.99

4.21 Borrowings

	FY 2080-81	FY 2079-80
Domestic Borrowing		
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
Sub Total	-	-
Foreign Borrowing		
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other institutions	-	-
Sub Total	-	-
Total	-	-

4.22 Provisions

	FY 2080-81	FY 2079-80
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-
Total	-	-

Janaki Finance Company Limited
Notes to the Financial Statements
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4.22.1 Movement in provision

	FY 2080-81	FY 2079-80
Balance at Shravan 1	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
Balance at Ashad end	-	-

4.23 Other Liabilities

	FY 2080-81	FY 2079-80
Other Financial Liabilities		
Liability for employees defined benefit obligations	-	-
Liability for long-service leave	5,218,295.00	3,108,578.00
Short-term employee benefits	-	-
Creditors and accruals	6,990,018.13	10,987,844.23
Interest payable on Deposits	2,085,978.46	80,239,643.16
Unpaid Dividend	179,161.17	179,161.17
Employee bonus payable	-	-
Other		
Interest payable on borrowing	-	-
Liabilities on deferred grant income	-	-
Liabilities under Finance Lease	9,299,550.80	10,125,915.62
TDS Payable	8,961,220.47	5,643,315.56
Total	32,734,224.03	110,284,457.74

4.23.1 Defined Benefit Liabilities (Gratuity)

The amount recognized in the statement of financial position are as follows:

	FY 2080-81	FY 2079-80
Present value of unfunded obligations	-	-
Present value of funded obligations	-	-
Total present value of obligations	-	-
Fair value of plan assets	-	-
Present value of net obligations	-	-
Recognized liability for defined benefit obligations	-	-

4.23.2 Plan Assets

	FY 2080-81	FY 2079-80
Plan Assets comprise		
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
Other	-	-
Total	-	-

4.23.3 Movement in present value of defined benefit Obligations

	FY 2080-81	FY 2079-80
Defined benefit obligations at the beginning of Shravan	3,108,578.00	2,066,832.00
Actuarial losses	1,360,165.00	577,183.00
Benefit paid by the plan	-	(49,316.00)
Current Service cost & Interest	749,552.39	513,879.00
Defined benefit obligations at Ashad end	5,218,295.39	3,108,578.00

Janaki Finance Company Limited
Notes to the Financial Statements
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4.23.4 Movement in the fair value of Plan Assets

Fair value of plan assets at the beginning of Shrawan
Contribution paid into the plan
Benefits paid during the year
Actuarial (losses) gains
Expected return on plan assets
Fair value of plan assets at Ashad end

	FY 2080-81	FY 2079-80
	-	-
	-	-
	-	-
	-	-
	-	-

4.23.5 Amount recognized in profit or loss

Current Service Costs
Interest on obligation
Expected return on plan assets
Actuarial (gain)/loss
Total

	FY 2080-81	FY 2079-80
	438,694.20	289,240.00
	310,858.19	224,639.00
	-	-
	1,360,165.00	577,183.00
Total	2,109,717.39	1,091,062.00

4.23.6 Amount recognized in other comprehensive income

Actuarial (gain)/loss
Total

	FY 2080-81	FY 2079-80
	-	-
	-	-

4.23.7 Actuarial assumptions

Discount rate
Expected return on plan asset
Future salary increase
Withdrawal rate
Retirement Age

	FY 2080-81	FY 2079-80
Discount rate	8.00%	10.00%
Expected return on plan asset	0.00%	0.00%
Future salary increase	10.00%	10.00%
Withdrawal rate	1.50%	1.50%
Retirement Age	60 Years	60 Years

4.24 Debt securities issued

Debt securities issued designated as at fair value
through profit or loss
Debt securities issued at amortized cost
Total

	FY 2080-81	FY 2079-80
	-	-
	-	-
	-	-

4.25 Subordinated Liabilities

Redeemable preference shares
Irredeemable cumulative preference shares
(liabilities component)
Other
Total

	FY 2080-81	FY 2079-80
	-	-
	-	-
	-	-
	-	-

Janaki Finance Company Limited
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<u>Amount in NRs.</u>					
4.26	Share Capital				
	FY 2080-81	No of share	Value per share	Capital in Value	
	Ordinary shares	6,904,728	100.00	690,472,800.00	
	Convertible preference shares (equity component only)	-	-	-	
	Irredeemable preference shares (equity component only)	-	-	-	
	Perpetual debt (equity component only)	-	-	-	
	FY 2079-80	No of share	Value per share	Capital in Value	
	Ordinary shares	6,904,728	100.00	690,472,800.00	
	Convertible preference shares (equity component only)	-	-	-	
	Irredeemable preference shares (equity component only)	-	-	-	
	Perpetual debt (equity component only)	-	-	-	
4.26.1	Ordinary shares				
		FY 2080-81		FY 2079-80	
	Authorized Capital				
	(10,00,00,000 Ordinary Shares of Rs. 100 each)	1,000,00,00,000.00		1,000,00,00,000.00	
	Issued Capital				
	(6,904,728 [PY 6,904,728] Ordinary Shares of Rs. 100 each)	690,472,800.00		690,472,800.00	
	Subscribed and paid up capital				
	(6,904,728 [PY 6,904,728] Ordinary Shares of Rs. 100 each)	690,472,800.00		690,472,800.00	
4.26.2	Ordinary share ownership				
		31/03/2081		31/03/2080	
		% of holding	Amount	% of holding	
		Amount		Amount	
	Domestic Ownership				
	Nepal Government	-	-	-	
	"A" Class Licensed Institutions	-	-	-	
	Other Licensed Institutions	-	-	-	
	Other Institutions	-	-	-	
	Public	49%	338,030,000.00	49%	338,030,000.00
	Other	51%	352,442,800.00	51%	352,442,800.00
	Foreign Ownership				
	Total	100%	690,472,800.00	100%	690,472,800.00

Janaki Finance Company Limited
Notes to the Financial Statements
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Amount in NRs.

Shareholders Holding 0.5% or more of the total share capital

<u>Shareholder Category</u>	31/03/2081		31/03/2080	
	<u>No of Shares</u>	<u>% of holding</u>	<u>No of Shares</u>	<u>% of holding</u>
Promoter				
1 Balram Prasad Gupta	410,832	5.95	410,832	5.95
2 Din Dayal Prasad Sah	338,183	4.90	338,183	4.90
3 Amarnath Gupta	322,798	4.68	322,798	4.68
4 Raghunath Prasad Sah	308,124	4.46	308,124	4.46
5 Shiv Shankar Sah	293,451	4.25	293,451	4.25
6 Ankit Prasad	293,450	4.25	293,450	4.25
7 Dinesh Prasad Sah	286,115	4.14	286,115	4.14
8 Sundar Raj Dali	249,434	3.61	249,434	3.61
9 Ram Nritya Sharma	234,070	3.39	176,070	2.55
10 Ashok Kumar Jalan	192,099	2.78	192,099	2.78
11 Bajranj Prasad Sah	176,071	2.55	176,071	2.55
12 Yash Agrawal	115,000	1.67	115,000	1.67
13 Uma Tiwari	68,406	0.99	68,406	0.99
14 Binod Kumar Sah	-	0.00	58,691	0.85
15 Ashok Kumar Sah	-	0.00	58,690	0.85
16 Manoj Kumar Sah	58,690	0.85	58,690	0.85
17 Mrs. Renu Devi Agrawal	48,279	0.70	48,279	0.70
General Public				
18 Linch Stock Market Ltd.	181,475	2.63	-	-
19 Mahesh Lal Batas	120,055	1.74	-	-
20 Jyoti Agrawal	111,751	1.62	-	-
21 Jay Manakamana Multi Purpose Co-operative	86,496	1.25	86,496	1.25
22 Ashok Kumar Upreti	-	0.00	63,700	0.92
23 Jay Prakash Agrawal	60,718	0.88	60,718	0.88
24 Din Dayal Prasad Sah	-	0.00	59,678	0.86
25 Amarnath Gupta	56,962	0.82	56,962	0.82
26 Keshari Chand Kuchereya	-	0.00	56,690	0.82
27 Raghunath Prasad Sah	43,374	0.63	54,374	0.79
28 Sundar Raj Dali	44,017	0.64	44,017	0.64
29 Balram Prasad Gupta	-	0.00	37,746	0.55
30 Ambi Ratna Shakya	36,762	0.53	36,762	0.53
	59.91		58.09	

4.26.3 Equity Share Capital Movements

	FY 2080-81	FY 2079-80
Opening Share Capital	690,472,800.00	690,472,800.00
Share Issued	-	-
Bonus Share issued	-	-
Right Share issued	-	-
	690,472,800.00	690,472,800.00

Janaki Finance Company Limited
Notes to the Financial Statements
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Amount in NRs.

4.27 Reserves

	FY 2080-81	FY 2079-80
Statutory General Reserve	184,348,727.72	184,348,727.72
Exchange Fluctuation Reserve	-	-
Corporate Social Responsibility Reserve	36,530.90	106,830.90
Capital Redemption Reserve	-	-
Regulatory Reserve	463,381,431.17	246,851,180.47
Investment Adjustment Reserve	-	-
Capital Reserve	-	-
Asset Revaluation Reserve	-	-
Fair Value Reserve	(899,500.00)	(598,500.00)
Dividend Equalization Reserve	-	-
Actuarial Gain/(Loss)	-	-
Special Reserve	-	-
Other reserve	342,607.08	475,347.95
Deferred Tax Reserve	-	-
Employee Capability Enhancement Fund	342,607.08	475,347.95
Rent Equalization Reserve	-	-
Total	647,209,796.87	431,183,587.04

4.27.1 Statutory General Reserve:

The Financial Institution appropriates 20% of the regulatory net profit every year and transfers to the general reserve fund. Since, there is net loss during the year, the financial institution has not set aside any amount for the year.

	FY 2080-81	FY 2079-80
Opening	184,348,727.72	184,348,727.72
Addition for the Year	-	-
Utilisation during the Year	-	-
Closing as on reporting date	184,348,727.72	184,348,727.72

4.27.2 Corporate Social Responsibility Reserve:

Bank and Financial Institution has regulatory requirement to set aside 1% of the net profit of year after deduction of CSR expenses & bonus provision for corporate social responsibility activities. During the year, CSR Fund of Rs. Nil has been appropriated due to book loss.

	FY 2080-81	FY 2079-80
Opening	106,830.90	106,830.90
Addition for the Year	-	-
Utilisation during the Year	(70,300.00)	-
Closing as on reporting date	36,530.90	106,830.90

Janaki Finance Company Limited
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	<u>Amount in NRs.</u>	
	<u>FY 2080-81</u>	<u>FY 2079-80</u>
4.27.3 Regulatory Reserve:		
The amount that is allocated from retained earnings of the Financial Institution as per the Directive of NRB for the purpose of implementation of NFRS is presented under this account head. The amount in this reserve is not free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve include 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 NFRS (in case lower impairment is recognized under NFRS), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRS, etc.		
Opening Reserve	246,851,180.47	111,682,871.85
Movement:		
Non-Banking Asset Reserve (Investment properties) *	-	-
Accrued Interest Receivable Reserve*	46,567,164.49	23,920,687.00
Deferred Tax Assets	169,963,086.21	111,247,621.62
Closing as on reporting date	463,381,431.17	246,851,180.47
4.27.4 Fair Value Reserve:		
Net change in fair value of equity instruments that are measured at fair value and the changes in fair value is presented under this reserve.		
Opening Reserve	(598,500.00)	2,576,000.00
Movement:		
Gain/(Loss) on Equity Investment	(301,000.00)	(3,174,500.00)
Closing as on reporting date	(899,500.00)	(598,500.00)
4.27.5 Employee Capability Enhancement Fund:		
Bank and Financial Institution has regulatory requirement to set aside the shortfall between amount spent for training and amount calculated at 3% of the previous year's total staff cost.		
Opening Reserve	475,347.95	388,087.95
Addition for the Year	400,810.32	400,810.00
Utilisation during the Year	(533,551.19)	(313,550.00)
Closing as on reporting date	342,607.08	475,347.95
4.28 Contingent Liabilities and Commitments		
Contingent Liabilities	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Undrawn and undistributed facilities	528,845,250.93	161,392,682.26
Capital commitments	-	-
Lease Commitment	-	-
Litigation	-	-
Total	528,845,250.93	161,392,682.26
4.28.1 Contingent Liabilities		
Acceptance and documentary credit	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	-	-
Underwriting commitment	-	-
Other commitments	-	-
Total	-	-

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

	<u>Amount in NRs.</u>	
	<u>FY 2080-81</u>	<u>FY 2079-80</u>
4.28.2 Undrawn and undisbursed facilities		
Undisbursed amount of loans	-	-
Undrawn limits of Overdrafts	527,545,250.93	159,992,682.26
Undrawn limits of credit cards	-	-
undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	1,300,000.00	1,400,000.00
Total	528,845,250.93	161,392,682.26
4.28.3 Capital commitments		
Capital expenditure approved by relevant authority of the company but provision has not been made in financial statements		
Capital commitment in relation to Property & Equipment	-	-
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub - Total	-	-
Capital commitments in relation to Intangible assets	-	-
Approved and contracted for	-	-
Approved but not contracted for	-	-
Sub - Total	-	-
Total	-	-
4.28.4 Lease Commitments		
Operating Lease commitments**	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Future minimum lease payments under non-cancellable operating lease, where the bank is lessee	-	-
Not Later than 1 Year	-	-
Later than 1 Year but not later than 5 Year	-	-
Later than 5 Year	-	-
Sub total	-	-
Finance Lease Commitment		
Future minimum lease payments under non-cancellable operating lease, where the bank is lessee	-	-
Not Later than 1 Year	-	-
Later than 1 Year but not later than 5 Year	-	-
Later than 5 Year	-	-
Sub total	-	-
Grand Total	-	-

* Lease Commitments are not disclosed as Lease Accounting as per NFRS-16 has been done.

** All Operating lease are cancellable on providing information in advance to lessor.

4.28.5 Income tax Litigations:	
There is no pending litigation of income tax during the year.	

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

	<u>Amount in NRs.</u>	
	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Cash and cash equivalent	31,655,967.85	39,050,225.45
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	-	-
Loan and advances to bank and financial institutions	655,630.01	259,365.07
Loans and advances to customers	351,473,934.41	390,036,477.79
Investment securities	-	-
Loan and advances to staff	890,655.23	1,192,402.04
Other	-	-
Total interest income	384,676,187.50	430,538,470.35

Interest income is recognized for all items on accrual basis as per the fair presentation framework of NFRS. Interest accrual on default party is not recognized as per the guidelines issued by Nepal Rastra Bank. Hence considering the materiality of the transaction cost with respect to the tenure of the loan interest rate charged to customer is considered as effective interest rate to calculate the interest on loans and advances.

	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Due to bank and financial institutions	1,377,156.57	2,737,823.26
Due to Nepal Rastra Bank	-	-
Deposits from customers	373,013,261.84	372,588,776.63
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	1,468,395.18	1,576,708.04
Total interest expense	375,858,813.59	376,903,307.93

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Finance cost as per NFRS-16 (Leases) has been disclosed under "Other" heading of Interest expense.

	<u>FY 2080-81</u>	<u>FY 2079-80</u>
Loan administration fees	-	-
Service fees	4,564,664.25	6,041,601.50
Consortium fees	-	-
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	-	-
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	693,496.00	659,849.03
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	-	-
Other fees and commission income	294,702.34	208,331.06
Total fees and Commission Income	5,552,862.59	6,909,781.59

Fees and commissions are generally recognized on an accrual basis when the service has been provided or significant act is performed. Service processing fees on loan is recognized as fees and commission income by the bank and the same is recognized by the bank upfront and is not deferred with the tenure of loan

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

	<u>Amount in NRs.</u>	
	<u>FY 2080-81</u>	<u>FY 2079-80</u>
4.32 Fees and commission Expense		
ATM management fees	-	-
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	-	-
Total fees and Commission Expense	<u><u>-</u></u>	<u><u>-</u></u>
4.33 Net Trading Income		
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 translation	-	-
Other	-	-
Total trading income	<u><u>-</u></u>	<u><u>-</u></u>
Net trading income includes all gains and (losses) from changes in fair value, related capital gains/ losses, foreign exchange trading gains/ (losses), interest income from trading assets and dividend from financial assets measured at fair value through profit or loss. Dividend income from assets is recognized when the bank's right to receive the payment is established.		
4.34 Other Operating Income		
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	-	-
Fair value gain/loss on investment properties	-	-
Dividend on Mutual Funds	3,925,000.00	4,405,263.16
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	-	-
Others	343,769.75	237,744.07
Total	<u><u>4,268,769.75</u></u>	<u><u>4,643,007.23</u></u>

All other operating income not specifically provided under the income heads above is booked and presented under this head. This include 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, finance income of finance lease etc.

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

Amount in NRs.

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

	FY 2080-81	FY 2079-80
Impairment charge/(reversal) on loan and advances to B/FIs	121,039.65	348,796.75
Impairment charge/(reversal) on loan and advances to customer	563,434,957.04	360,827,050.79
Impairment charge/(reversal) on financial Investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on investment property	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
Total	563,555,996.69	361,175,847.54

Loans and advances are assessed individually and collectively as per incurred loss model which is compared with the loss provision prescribed by NRB directive no. 2. Higher of the loss as per incurred loss model and NRB directive is considered for impairment. Accrued Interest Receivable on loans have been considered under Loans and Advances measured at Amortized Cost. Loan to employees provided according to the Employee Bylaws of the Financial Institution is presented under this head, which is also measured at amortized cost.

4.36 Personnel Expenses

	FY 2080-81	FY 2079-80
Salary	11,612,307.30	11,072,394.07
Allowances	3,095,750.00	2,287,950.01
Dashain Allowance	791,857.83	816,591.17
Gratuity expense	729,785.40	571,615.16
Provident fund	876,092.81	686,212.89
Uniform	476,500.00	-
Training & development expense	533,551.19	313,550.00
Leave encashment Expenses	2,132,817.00	1,091,061.54
Medical Allowance	766,607.83	698,804.86
Overtime Allowance	142,931.81	71,603.35
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRSs	196,706.53	239,303.99
Other expenses related to staff	454,550.00	302,750.00
Subtotal	21,809,457.70	18,151,837.04
Employees bonus	-	-
Grand total	21,809,457.70	18,151,837.04

Provision for staff bonus is a mandatory requirement under the requirement of the Bonus Act, 2074. All expenses related to employees of a bank 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, finance expense under NFRS, etc. Staff Loans are fair valued using the market rates

Janaki Finance Company Limited
Notes to the Financial Statements
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4.37 Other Operating Expense

Amount in NRs.

	FY 2080-81	FY 2079-80
Directors fee	265,500.00	291,000.00
Directors' expense	246,169.53	306,207.00
Auditors' remuneration	515,845.00	468,950.00
Other audit related expense	429,802.28	347,900.14
Professional and legal expense	353,000.00	300,000.00
Office administration expense	13,962,740.28	13,502,234.29
Operating lease expense	-	-
Operating expense of investment properties	-	-
Corporate social responsibility	70,300.00	-
Onerous lease provisions	-	-
Other	-	-
Total	15,843,357.09	15,216,291.43

4.37.1 Office administration expense

FY 2080-81

FY 2079-80

Repair and Maintenance		
Building		
Vehicle	161,912.03	102,865.44
Computer and accessories	65,800.00	133,270.00
Office equipment and furniture	144,487.00	228,643.50
Others	-	-
Insurance	1,899,192.72	1,628,564.37
Postage, Telex, Telephone, Fax, Internet	1,034,730.00	1,107,296.00
Travelling Allowances and Expenses	297,772.06	376,769.00
Stationery and Printing	730,654.69	842,418.08
Periodicals and Books	18,000.00	17,125.00
Advertisement	416,612.27	411,325.23
Legal Expenses	195,416.70	287,899.96
Donations	-	-
Security Expense	3,145,128.98	2,050,391.54
Deposit and loan guarantee premium	-	-
Expenses Relating to Board of Directors	-	-
Meeting Allowance	-	-
Others Expenses	-	-
General Meeting Expenses	219,968.00	24,408.00
Share Registration Expenses	-	-
Board Meeting Communication Allowance	96,000.00	96,000.00
Board Meeting Expenses	169,875.00	497,258.00
Other Committee Meeting Allowance	146,000.00	122,000.00
Other Committee Meeting Expenses	-	-
Actuarial Expenses	11,765.00	11,765.00
Entertainment	369,526.66	619,983.54
Others		
a. Transport	361,057.07	362,482.86
b. Customer & Public Relation Expenses	642,642.50	181,401.00
c. Banking and Corporate Expenses	82,252.53	52,799.94
d. Fees and Charges	1,699,862.29	1,435,955.09
e. Miscellaneous	362,094.04	143,361.57
f. Low value Assets	85,900.00	116,772.48
g. Others	1,606,090.74	2,651,478.69
Total	13,962,740.28	13,502,234.29

All operating expenses 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 audit fee paid to auditors, professional and legal expense, expense of restructuring, onerous lease provisions etc.

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

		<u>Amount in NRs.</u>	
		FY 2080-81	FY 2079-80
4.38	Depreciation and Amortisation		
	Depreciation on property and equipment	6,168,902.97	6,290,913.21
	Depreciation on investment property	-	-
	Amortization of intangible assets	446,684.36	524,589.67
	Total	6,615,587.32	6,815,502.88
	Depreciation is calculated by using the Straight-Line basis over their useful life of Assets. Intangible asset contains software which has been amortized over 5 years.		
4.39	Non-Operating Income		
	Recovery of Loan written off	305,000.00	-
	Other Income	196,706.53	-
	Total	501,706.53	-
4.40	Non-Operating Expense		
	Loan written off	-	-
	Redundancy provision	-	-
	Expense of restructuring	-	-
	Other expense	-	-
	Total	-	-
4.41	Income Tax Expenses		
	Current tax expense		
	Current Year	-	9,657,809.20
	Adjustment for Prior Years	-	9,107,454.00
			550,355.20
	Deferred tax Expense	364,232,569.68	194,012,983.47
	Origination and Reversal of Temporary Differences	364,232,569.68	194,012,983.47
	Change in tax rate	-	-
	Recognition of Previously unrecognized Tax Losses	-	-
	Total income tax expense	364,232,569.68	203,670,792.67
	Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. Income tax and deferred tax have been recognized as per regulatory profit.		
4.41.1	Reconciliation of Tax Expenses and Accounting Profit		
	Profit Before Tax	FY 2080-81	FY 2079-80
	Profit Before Tax	(588,683,686.02)	(336,171,527.65)
	Tax Amount at the Rate of 30%	-	(100,851,458.00)
	Add: Tax Effect of the expenses that are not deductible for tax purpose	-	109,958,912.00
	Less: Tax Effect on Exempt Income	-	-
	Add/Less: Tax Effect on other Items	-	-
	Total Current Income Tax Expenses	-	9,107,454.00
	Effective Tax Rate	0.00%	-2.71%

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

5. Additional Disclosures

5.1 Financial Risk Management:

Introduction and Overview:

Risk is inherent in the financial institution's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the financial institution's continuing profitability and each individual within the financial institution is accountable for the risk exposures relating to his or her responsibilities.

In Compliance with Nepal Rastra Bank Directive on 6 "Corporate Governance", the Board of financial institution of JFCL has established a Risk Management Committee with clear terms of reference. As at the date of this report, the Risk Management Committee compromised of following:

S.No.	Member of Risk Management Committee	Designation
1	Sundar Raj Dali	Director
2	Saroj Kumar Thakur	Director
3	Ritesh Kumar Thakur	Member
4	Siyaram Yadav	Member Secretary

The Committees meets at least four times annually. The committee oversees and reviews the fundamental prudential risks.

Governance Framework:

Risk Management Committee of the financial institution has formed to review the credit risk, Market risk, and liquidity risk of the institution. Apart from this institution has formed the Assets and Liability Management Committee to monitor liquidity risk as well as market risk, AML CFT committee in order to monitor the operational risk. The committee and subcommittee has effectively discharged their duties and responsibility.

The Financial Institution's risk management framework are established to identify and analyse the risks faced by the institution to set appropriate risk limits and controls and to monitor risks and adherence to limits. Through its, the Financial institution seeks to efficiently manage credit, market and liquidity risks which arise directly through the institution's commercial activities as well as operational, regulatory and reputational risks which arise as a normal consequences of any business undertaking. As part of this framework, the institution uses a set of principles that describes its risk management culture. The institution, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Major risk area and mitigation mechanism is as given below:

5.1.1 Credit Risk:

Credit risk is the potential for loss due to failure of counterparty to meet its obligation to pay the financial institution in accordance with agreed term.

Risk is an inherent feature of any business and it drives an entity towards income generation. Likewise, Risk management objective of the financial institution is to strike balance between risk and return, and ensure optimum Risk-adjusted return on capital. A reasonable level of return is essential for sustainability of the business. However, taking higher risk in search of higher earnings may have chances to result in failure of business. Thus effective risk management is a must for business success. Towards this end JFCL has implemented robust risk management architecture as well as policies and processes approved by the Board of Directors. These encompass independent identification, measurement and management of risks across various facets of financial institution's operation.

Board level risk management committee has been set up under NRB Directive for ensuring/reviewing financial institution's risk appetite are in line with the policies and CRO acts as member secretary. CRO closely monitors and report on credit related risks in ALCO & RMC meeting.

Janaki Finance Company Limited
Notes to the Financial Statements
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5.1 Risk Management (Contd....)

5.1.2 Market Risk:

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, commodity prices and equity prices. The institution classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

Market Risks are discussed at Asset Liability Committee (ALCO) of the institution and even discussed at respective division level on open position on daily basis. The limits for open position are controlled, level wise which ensures in-depth knowledge of the market and movement before taking decision (by choice). The monthly reports on such aspects are well discussed and dealt in ALCO. The committee ensures functioning of the jobs in line with the policies and procedures and suggests/recommends for necessary steps collectively to address the risk on interest rate movement, exchange rate movement and equity price changes. Most of the market operations (investments) are done from the Treasury Department which reports to the Chief Executive Officer and exposure accounting including booking of income/expense is done from Department which reports to the Chief Executive Officer. The institution assesses the open position on daily basis and calculates risk exposure for allocation of required capital in line with Basel provisions. Likely impact on earnings due to change in the market condition and change in the standing of the counterparty are well assessed periodically and necessary actions are taken as appropriate. TFO is equipped with advanced dealing platform for timely and effectively concluding the deals. Similarly the unit is equipped with modern and advanced information system on global news, market movements and any incidents so that institution can manage and maintain the position favorably.

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

The Risk subject to this requirement are:

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

b) Currency Risk

Foreign exchange risk is potential for the institution to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets liabilities and its reporting currency

c) Equity Price Risk

The risk of fluctuation in fair values or future cash flows of a financial instrument due to a change in market prices, other than those occurring due to interest rate risk or currency risk, is referred to as equity price risk. Accordingly, the equity price risk affects the Institution's investments in equity instruments.

5.1.3 Liquidity Risk:

Liquidity risk occurs when an institution cannot meet its short-term debt obligations. The investor or entity might be unable to convert an asset into cash without giving up capital and income due to a lack of buyers or an inefficient market. The institution has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required. The Liquidity Risk is managed by ALCO. The ALCO has developed the Unified Treasury circular for overall liquidity management of institution.



Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

5.1.3.2 Classification of Financial Assets and Liability based on Maturity

As on Ashad 2080		Amount in NRs.						
S.No.	Particulars	1-90 Days	91-180 Days	181 - 270 Days	271 - 365 Days	Over 1 Year	No Stated maturity	Total Amount
Financial Assets								
1	Cash Balance	1,379,292,400.95	-	-	-	-	-	1,379,292,400.95
2	Balance with Banks & FIs	201,744,513.81	-	-	-	-	-	201,744,513.81
3	Investment in Foreign Banks	-	-	-	-	-	-	-
4	Call Money	-	-	-	-	-	-	-
5	Government Securities	-	-	-	-	-	-	-
6	Investment Others	-	-	-	-	-	-	-
7	Nepal Rastra Bank Bonds	-	-	-	-	-	-	-
8	Inter Bank & FI Lending	-	-	-	-	-	-	-
9	Loans & Advances	1,644,949,511.76	354,605,198.66	205,796,276.35	362,465,274.59	486,257,093.63	-	3,054,073,354.99
10	Interest Receivable	82,495,132.09	-	-	-	-	-	82,495,132.09
11	Accrued Interest	-	-	-	-	-	-	-
	Others	9,164,242.87	-	-	-	-	-	9,164,242.87
	Total Financial Assets (A)	3,317,645,801.48	354,605,198.66	205,796,276.35	362,465,274.59	486,257,093.63	39,496,500.00	4,766,266,144.71
Financial Liabilities								
12	Current Deposits	157,353,457.13	-	-	-	-	-	157,353,457.13
13	Saving Deposits	806,504,126.14	-	-	-	-	-	806,504,126.14
14	Fixed Deposits	968,021,882.36	433,924,685.33	396,979,128.95	371,683,530.48	446,828,799.11	-	2,617,438,026.23
15	Debentures	-	-	-	-	-	-	-
16	Borrowings	-	-	-	-	-	-	-
17	Other Liabilities and Provisions	-	-	-	-	-	-	-
	(a) Sundry Creditors	10,987,844.23	-	-	-	-	-	10,987,844.23
	(b) Employees bonus Payable	-	-	-	-	-	-	-
	(c) Bills Payable	-	-	-	-	-	-	-
	(d) Provisions	-	-	-	-	-	-	-
	(e) Unpaid dividend	80,239,643.16	-	-	-	-	-	80,239,643.16
	(f) Interest payable on deposits	-	-	-	-	-	-	-
	(g) Leave Encashment	8,292,772.37	202,003.63	213,785.83	250,978.69	3,108,578.00	-	3,108,578.00
18	Others	8,031,399,725.39	434,126,688.96	397,192,914.78	371,934,509.17	9,271,983.30	-	18,231,523.81
	Total Financial Liabilities (B)	2,086,246,076.09	(79,521,490.30)	(191,396,638.43)	(9,469,234.58)	27,047,733.22	39,317,338.83	1,072,223,784.84
	Net Financial Assets (A-B)							



Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

5.1.3.2 Classification of Financial Assets and Liability based on Maturity

As on Ashad 2081

S.No.	Particulars	1-90 Days	91-180 Days	181 - 270 Days	271 - 365 Days	Over 1 Year	No Stated maturity	Total Amount	Amount in NRs.
Financial Assets									
1	Cash Balance	1,760,978,152.19	-	-	-	-	-	-	1,760,978,152.19
2	Balance with Banks & FIs	165,186,547.29	-	-	-	-	-	-	165,186,547.29
3	Investment in Foreign Banks	-	-	-	-	-	-	-	-
4	Call Money	-	-	-	-	-	-	-	-
5	Government Securities	-	-	-	-	-	-	-	-
6	Investment Others	-	-	-	-	-	-	-	-
7	Nepal Rastra Bank Bonds	-	-	-	-	-	-	-	-
8	Inter Bank & FI Lending	-	-	-	-	-	-	-	-
9	Loans & Advances	2,208,360,948.60	179,483,381.00	194,410,947.00	133,935,193.00	332,970,880.00	-	-	3,049,161,349.60
10	Interest Receivable	156,411,265.86	-	-	-	-	-	-	156,411,265.86
11	Accrued Interest	-	-	-	-	-	-	-	-
	Others	8,294,569.87	-	-	-	-	-	-	8,294,569.87
	Total Financial Assets (A)	4,299,231,483.81	179,483,381.00	194,410,947.00	133,935,193.00	332,970,880.00	39,066,500.00	5,179,098,384.81	
Financial Liabilities									
12	Current Deposits	132,674,474.29	-	-	-	-	-	-	132,674,474.29
13	Saving Deposits	1,195,571,867.17	-	-	-	-	-	-	1,195,571,867.17
14	Fixed Deposits	856,028,242.69	529,697,951.85	289,074,140.16	304,081,222.87	789,948,285.20	-	-	2,768,829,842.77
15	Debentures	-	-	-	-	-	-	-	-
16	Borrowings	-	-	-	-	-	-	-	-
17	Other Liabilities and Provisions	-	-	-	-	-	-	-	-
	(a) Sundry Creditors	6,990,018.13	-	-	-	-	-	-	6,990,018.13
	(b) Employees bonus Payable	-	-	-	-	-	-	-	-
	(c) Bills Payable	-	-	-	-	-	-	-	-
	(d) Provisions	-	-	-	-	-	-	-	-
	(e) Unpaid dividend	-	-	-	-	-	-	-	-
	(f) Interest payable on deposits	2,085,978.46	-	-	-	-	-	-	-
	(g) Leave Encashment	-	-	-	-	-	-	-	-
18	Others	8,394,718.65	282,377.29	315,590.45	323,930.93	5,218,295.00	-	-	179,161.17
	Total Financial Liabilities (B)	2,201,745,299.39	529,980,329.14	289,389,730.61	304,405,153.80	803,255,121.87	179,161.17	4,128,954,795.98	
	Net Financial Assets (A-B)	2,097,486,184.42	(350,496,948.14)	(94,978,783.61)	(170,469,960.80)	(470,284,241.87)	38,887,338.83	1,050,143,588.84	

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081
5.2 Capital Management:
5.2.1 Qualitative Disclosures- The Company has formulated

The Financial Institution has formulated and implemented the "Internal Capital Adequacy Framework 2018" (ICAAP 2008) which has been approved by the Board of Directors. The ICAAP 2018 is a system of sound, effective, and complete strategies and processes that allows the FIs to assess and maintain, ongoing basis, the amounts, types and distribution of internal capital that the FIs considers adequate to cover the nature and level of risk to which the FIs is or might be exposed to.

Internal Capital Adequacy Assessment Process (ICAAP) shall also include requirement to have robust governance arrangements, efficient process of managing all material risks and an effective regime for assessing and maintaining adequate and economic capital at the FIs where economic capital (economically needed capital) refers to the amount of capital required for the FIs's business operations and for financing the associated risks.

ICAAP 2018 shall provide policy and procedural guidelines for the calculation of internal capital adequacy by prescribing appropriate methodologies, techniques and procedures to assess the capital adequacy requirements in relation to the FIs's risk profile and effectiveness of its risk management, control environment and strategic planning.

The Board shall be primarily responsible for ensuring the current and future capital needs of the FIs in relation to strategic objectives. The management shall review and understand the nature and level of various risks that the FIs is confronting in the course of different business activities and how this risk relates to capital levels and accordingly implement sound risk management framework specifying control measures to tackle each risk factor.

5.2.2 Quantitative disclosures
a. Capital Structure and Capital Adequacy
Financial Year 2080/81

	(Amounts in NPR '000)	
	Current Year	Previous Year
A) Core Capital	(346,694.72)	288,594.60
1) Paid up Capital (Ordinary Shares)	690,472.80	690,472.80
2) Proposed Bonus Shares	-	-
3) Share Premium	-	-
4) Irredeemable preference shares	-	-
5) General Reserve Fund	184,348.73	184,348.73
6) Accumulated profit/(loss)	(1,219,558.59)	(584,767.28)
7) Amount of profit and loss of the current Fiscal year as shown in the balance-sheet	-	-
8) Capital Redemption Reserve Fund	-	-
9) Capital Adjustment Fund	-	-
10) Debenture Redemption Reserve	-	-
11) Dividend Equalisation Reserve	-	-
12) Other free reserves	-	-
To be deducted	1,957.66	1,459.64
• Amount for goodwill	-	-
• Intangible Assets	1,058.16	1,459.64
• Amount invested in shares and security in excess of limits	-	-
• Amount invested in security of the company having financial interests	-	-
• Fictitious Asset	-	-
• Amount invested in purchase of land and houses for self use ignoring directives of this FIs	-	-
• Amount invested in land development and housing construction in excess of limits	-	-
• The share underwriting could not be sold within the stipulated time	-	-
• The credit and other facilities made available to the persons and organizations banned by the prevailing laws	-	-
• Negative Balance of Reserve Accounts	899.50	-
(B) Supplementary capital	-	35,728.89
1) Provisions of loan loss made for pass loan	-	35,728.89
2) Additional loan loss provision	-	-
3) Hybrid capital instruments	-	-
4) Unsecured subordinated term debt	-	-
5) Exchange Equalization Fund	-	-
6) Assets revaluation Fund	-	-
7) Investment adjustment Fund	-	-
(C) Total Capital Fund (A+B)	(346,694.72)	324,323.49

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

(D) Minimum capital Fund to be maintained based on risk weight assets

Capital Adequacy (10%)	-9.88%	8.06%
Core Capital (6%)	-9.88%	7.18%
Capital Fund (more/less) by %	-19.88%	-1.94%
Core Capital (more/less) by %	-15.88%	1.18%

i) Capital Adequacy Ratio

Capital Adequacy Ratio of the FIs as at 31st Ashad, 2080 stood at 8.06%.

Capital Adequacy Ratio of the FIs as at 31st Ashad, 2081 stood at -9.88%.

ii) Summary of FIs's internal approach to assess the adequacy of capital to support current and future activities, if applicable

The BF/Is prepares a long term 5 year's Strategy Plan and to achieve the long term plans the FIs prepares annual Budgets/Operating/Tactical plans as stipulated in the Budget Policy and strategy Document of the FIs. To ensure that the FIs capital adequacy commensurate to demand of the FIs's capital required by the business planning, the Management and the Board prudently and proactively engage on ongoing process of capital and risk assessment, stress testing and scenarios testing, monitoring and reporting as per the ICAAP 2018.

The FIs has also formulated and implemented "Stress Testing Guidelines 2015" in order to assess of the vulnerability of the FIs under various stress situations typically, application of "what if " scenarios, especially in the problematic identification of low frequency but high severity events and identifying expected and unexpected losses. It focuses on capturing the impact of large, but still plausible events and understanding the overall risk profile in a coherent and consistent framework, including impact analysis on earnings, solvency and liquidity.

A formal monitoring and reporting mechanism have been established to provide the senior management necessary information on the risk profile, trends, and the capital requirements as per ICAAP 2018 and Stress Testing Guidelines. Such reports are being prepared on a monthly and quarterly basis and circulated to relevant business units/departments, Integrated Risk Department (IRMD), and tabled in Assets Liability Committee (ALCO) meeting. Further quarterly reports are presented to the Risk Management Committee and the Board for review and discussions.

Janaki Finance Company Limited
Notes to the Financial Statements
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5.2.2 Quantitative disclosures Contd...

b. Total Risk Weighted Exposure Calculation Table:

Financial Year 2080-81

(Amounts in NPR '000)

<u>Balance Sheet Exposures</u>	<u>Weight</u>	Current Year		Previous Year	
		Amount	Risk Weight Assets	Amount	Risk Weight Assets
(A) On balance-sheet Assets					
Cash Balance	0%	32,015.84	-	49,406.00	-
Balance with Nepal Rastra Bank	0%	165,186.55	-	201,744.51	-
Gold	0%	-	-	-	-
Investment in Nepalese Government Securities	0%	-	-	-	-
All Claims on Government of Nepal	0%	-	-	-	-
Investment in Nepal Rastra Bank securities	0%	-	-	-	-
All claims on Nepal Rastra Bank	0%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	0%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	20%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	50%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	100%	-	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	150%	-	-	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	0%	-	-	-	-
Claims on Other Multilateral Development Banks	100%	-	-	-	-
Claims on Domestic Public Sector Entities	100%	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	20%	-	-	-	-
Claims on Public Sector Entity (ECA 2)	50%	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	100%	-	-	-	-
Claims on Public Sector Entity (ECA 7)	150%	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	20%	1,728,962.31	345,792.46	1,329,886.40	265,977.28
Claims on domestic banks that do not meet capital adequacy requirements	100%	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	20%	-	-	-	-
Claims on foreign bank (ECA Rating 2)	50%	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	100%	-	-	-	-
Claims on foreign bank (ECA Rating 7)	150%	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	20%	-	-	-	-
Claims on Domestic Corporate (Credit rating Score equivalent to AAA)	80%	-	-	-	-
Claims on Domestic Corporate(Credit rating Score equivalent to AA+ to AA-)	85%	-	-	-	-
Claims on Domestic Corporate(Credit rating Score equivalent to A+ to A-)	90%	-	-	-	-
Claims on Domestic Corporate(Credit rating Score equivalent to BBB+ & below)	100%	-	-	-	-
Claims on Domestic Corporates (Unrated)	100%	158,169.16	158,169.16	2,123,494.97	2,123,494.97
Claims on Foreign Corporates (ECA 0-1)	20%	-	-	-	-
Claims on Foreign Corporates (ECA 2)	50%	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	100%	-	-	-	-
Claims on Foreign Corporates (ECA 7)	150%	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	75%	373,314.36	279,985.77	764,587.81	573,440.86
Claims fulfilling all criterion of regularity retail except granularity	100%	286,616.59	286,616.59	-	-
Claims secured by residential properties	60%	2,614.23	1,568.54	11,368.15	6,820.89
Claims not fully secured by residential properties	150%	-	-	-	-
Claims secured by residential properties (Overdue)	100%	971.38	971.38	-	-
Claims secured by Commercial real estate	100%	12,524.11	12,524.11	148,761.61	148,761.61
Past due claims (except for claims secured by residential properties)	150%	533,402.33	800,103.50	-	-
High Risk claims	150%	389,746.13	584,619.20	-	-
Real Estate loans for land acquisition and development (Other than mentioned in Capital Adequacy framework 2007-point 3.3(i)(1)(i))	125%	-	-	-	-
Lending Against Securities (Bonds)	100%	-	-	-	-
Lending Against Shares	100%	-	-	-	-
Real Estate loans for land acquisition and development (For institutions/projects registered/licensed and approved by Government of Nepal for land acquisition and development purposes)	100%	-	-	-	-
Personal Hirepurchase/Personal Auto Loans	100%	-	-	-	-
Investments in equity and other capital instruments of institutions listed in stock exchange	100%	38,715.00	38,715.00	40,000.00	40,000.00
Investments in equity and other capital instruments of institutions not listed in the stock exchange	150%	351.50	527.25	351.50	527.25
Staff loan secured by residential property	50%	9,526.16	4,763.08	-	-
Interest Receivable/claim on government securities	0%	-	-	-	-
Cash in transit and other cash items in the process of collection	20%	-	-	-	-
Other Assets (as per attachment)	100%	228,136.55	228,136.55	128,828.71	128,828.71
Total		3,960,252.22	2,742,492.60	4,798,429.66	3,287,851.57

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

b. Total Risk Weighted Exposure Calculation Table contd...

Balance Sheet Exposures	Weight	Current Year		Current Year	
		Amount	Risk Weight Assets	Amount	Risk Weight Assets
(B) Off-balance-sheet Items					
Revocable Commitments	0%	-	-	-	-
Bills Under Collection	0%	-	-	-	-
Forward Exchange Contract Liabilities	10%	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	20%	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	20%	-	-	-	-
Foreign counterparty (ECA Rating 2)	50%	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	100%	-	-	-	-
Foreign counterparty (ECA Rating 7)	150%	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	50%	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	20%	-	-	-	-
Foreign counterparty (ECA Rating 2)	50%	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	100%	-	-	-	-
Foreign counterparty (ECA Rating 7)	150%	-	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	50%	1,300.00	650.00	1,400.00	700.00
Foreign counterparty (ECA Rating 0-1)	20%	-	-	-	-
Foreign counterparty (ECA Rating 2)	50%	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	100%	-	-	-	-
Foreign counterparty (ECA Rating 7)	150%	-	-	-	-
Underwriting commitments	50%	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	100%	-	-	-	-
Repurchase Agreements, Assets sale with recourse	100%	-	-	-	-
Advance Payment Guarantee	100%	-	-	-	-
Financial Guarantee	100%	-	-	-	-
Acceptances and Endorsements	100%	-	-	-	-
Unpaid portion of Partly paid shares and Securities	100%	-	-	-	-
Irrevocable Credit commitments (short term)	20%	527,545.25	105,509.05	159,992.68	31,998.54
Irrevocable Credit commitments (long term)	50%	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	20%	-	-	-	-
Other Contingent Liabilities	100%	-	-	-	-
Unpaid Guarantee Claims	200%	-	-	-	-
Total		528,845.25	106,159.05	161,392.68	32,698.54
Risk Weighted Exposure for Operational Risk	100%	369,276.84	369,276.84	433,313.08	433,313.08
Risk Weighted Exposure for Market Risk		-	-	-	-
Total Risk Weighted Exposures (Before adjustments of Pillar II)		4,858,374.31	3,217,928.49	5,393,135.42	3,753,863.18
Adjustments under Pillar II					
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE	10%	350,590.04	35,059.00	-	-
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE	1%	-	-	-	-
SRP 6.4a (7) Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	100%	95,818.45	95,818.45	80,598.16	80,598.16
SRP 6.4a (9) Overall risk management policies and procedures are not satisfactory. Add 4% of RWE	100%	128,717.14	128,717.14	150,154.53	150,154.53
SRP 6.4a (10) Desired level of disclosure requirement has not been achieved. Add 1% of RWE	100%	32,179.28	32,179.28	37,538.63	37,538.63
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)		5,465,679.22	3,509,702.36	5,661,426.74	4,022,154.50

Janaki Finance Company Limited
Notes to the Financial Statements
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5.3 Classification of Financial Asset and Liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

In the principal market for the asset or liability

In the absence of the principal market, in the most advantageous market for the asset or liability.

Fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When available, the institution measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. For units in unit trusts, fair value is determined by reference to published bid-values. If a market for a financial instrument is not active, then the institution establishes fair value using a valuation technique.

Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the institution, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The institution calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the statement of profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable is not recognised in the statement of profit or loss immediately, but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable. Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the institution and the counter party where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the institution believes a third-party market participant would take them into account in pricing a transaction.

Financial assets and liabilities based on the accounting classification with their carrying values and fair values are tabulated below.

FY 2080-81		Notes	Asset at Fair Value		Asset at Amortized Cost		Total	<u>Amount in NRs.</u>
			Designated	Through OCI	Loan and	Held to Maturity		1,760,978,152.19
Cash and Cash equivalent	4.1	-	-	-	1,760,978,152.19	-	-	1,760,978,152.19
Due from Nepal Rastra Bank	4.2	-	-	-	165,186,547.29	-	-	165,186,547.29
Placement with BFI	4.3	-	-	-	-	-	-	-
Loan and Advances to institution	4.6 & 4.7	-	-	-	1,846,359,865.58	-	-	1,846,359,865.58
Investment in Securities	4.8	-	39,066,500.00	-	-	-	-	39,066,500.00
Other Financial Asset	4.16	-	-	-	8,294,569.87	-	-	8,294,569.87
Total		-	39,066,500.00		3,780,819,134.93		-	3,819,885,634.93

Financial Liabilities	Notes	Liabilities at Fair Value		Liabilities at Amortized Cost	Total
		Designated	Through		
Due to Bank and Financial Institutions	4.17	-	-	64,011,568.08	64,011,568.08
Deposit from customer	4.20	-	-	4,033,064,616.15	4,033,064,616.15
Borrowing	4.21	-	-	-	-
Other Financial Liabilities	4.23	-	-	32,734,224.03	32,734,224.03
Total		-	-	4,129,810,408.26	4,129,810,408.26

Janaki Finance Company Limited
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Notes forming part of the Accounts as on Ashad 31, 2081

5.3 Classification of Financial Asset and Liabilities (contd..)

Amount in NRs.

FY 2079-80

Financial Assets	Notes	Asset at Fair Value		Asset at Amortized Cost		Total
		Designated at FVTPL	Through OCI	Loan and Receivables	Held to Maturity	
Cash and Cash equivalent	4.1	-	-	1,379,292,400.95	-	1,379,292,400.95
Due from Nepal Rastra Bank	4.2	-	-	201,744,513.81	-	201,744,513.81
Placement with BFIs	4.3	-	-	-	-	-
Loan and Advances to institution	4.6 & 4.7	-	-	2,342,758,197.38	-	2,342,758,197.38
Investment in Securities	4.8	-	39,496,500.00	39,496,500.00	-	78,993,000.00
Other Financial Asset	4.16	-	-	9,164,242.87	-	9,164,242.87
Total		-	39,496,500.00	3,972,455,855.01	-	4,011,952,355.01

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Janaki Finance Company Limited
Notes to the Financial Statements
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5.3 Classification of Financial Asset and Liabilities (Contd....)

5.3.1 Fair Value of Financial Instruments:

Financial instruments recorded at fair value

Financial investments – Available- For- Sale

Available - for - sale financial assets, primarily consist of quoted equities and Quoted Mutual Fund units ,are valued using the quoted market price in active markets as at the reporting date. For unquoted securities those are carried at cost.

Determination of fair value hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the financial institution uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values are determined according to the following hierarchy:

Level 1:

Quoted market price (unadjusted): financial instruments with quoted prices in active markets.

Level 2:

Valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

Level 3:

Valuation technique with significant unobservable inputs: financial instruments are valued using valuation techniques where one or more significant

- Hierarchy of fair value measurement of financial assets at fair value

Amount in NRs.

FY 2080-81	Level 1	Level 2	Level 3
Assets			
Quoted Equities	-	-	-
Quoted Mutual Fund	38,715,000.00	-	
Unquoted Equities		-	351,500.00
	38,715,000.00		351,500.00

FY 2079-80	Level 1	Level 2	Level 3
Assets			
Quoted Equities	-	-	-
Quoted Mutual Fund	39,145,000.00	-	
Unquoted Equities		-	351,500.00
	39,145,000.00		351,500.00

FY 2078-79	Level 1	Level 2	Level 3
Assets			
Quoted Equities	-	-	-
Quoted Mutual Fund	43,680,000.00	-	
Unquoted Equities	-	-	351,500.00
	43,680,000.00		351,500.00

The Investment made in the Nepal Clearing House are not actively traded in the market and are therefore not liquid . The institution has no intention to dispose these investment in foreseeable future. Those investment have been carried at cost as the level 3 Valuation

Janaki Finance Company Limited
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5.3 Classification of Financial Asset and Liabilities (Contd....)

- Hierarchy of fair value measurement of financial assets at amortized cost

<i>Amount in NRs.</i>			
FY 2080-81	Level 1	Level 2	Level 3
Loan and Advances to Customer	-	-	1,846,359,865.58
Other Financial Assets	-	-	8,294,569.87
Government Development Bond	-	-	-
	-	-	1,854,654,435.45

FY 2079-80	Level 1	Level 2	Level 3
Loan and Advances to Customer	-	-	2,342,758,197.38
Other Financial Assets	-	-	9,164,242.87
Government Development Bond	-	-	-
	-	-	2,351,922,440.25

FY 2078-79	Level 1	Level 2	Level 3
Loan and Advances to Customer	-	-	2,724,632,123.57
Other Financial Assets	-	-	1,799,692.36
Government Development Bond	-	-	-
	-	-	2,726,431,815.93

- Hierarchy of Financial Liabilities

<i>Amount in NRs.</i>			
FY 2080-81	Level 1	Level 2	Level 3
Due to Bank and Financial Institutions	-	-	64,011,568.08
Deposit from customer	-	-	4,033,064,616.15
Borrowing	-	-	-
Other Financial Liabilities	-	-	32,734,224.03
	-	-	4,129,810,408.26

FY 2079-80	Level 1	Level 2	Level 3
Due to Bank and Financial Institutions	-	-	92,039,581.51
Deposit from customer	-	-	3,489,256,027.99
Borrowing	-	-	-
Other Financial Liabilities	-	-	110,284,457.74
	-	-	3,691,580,067.24

FY 2078-79	Level 1	Level 2	Level 3
Due to Bank and Financial Institutions	-	-	54,061,369.93
Deposit from customer	-	-	3,279,971,988.48
Borrowing	-	-	-
Other Financial Liabilities	-	-	57,540,772.37
	-	-	3,391,574,130.78

Janaki Finance Company Limited
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Notes forming part of the Accounts as on Ashad 31, 2081

5.4 Share Option and Share Based Payment:

Share options is a contract that gives the holder the right, but not the obligation, to subscribe the Financial Institution's shares at a fixed or determinable price for a specified period. A share-based payment is a transaction in which the Financial Institution receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity.

The Financial Institution has not entered into any share option or share based payment contract during the period.

5.5 Contingent Liabilities and Commitment:

Contingent liabilities: Where the institution undertake to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrecoverable letters of credit as part of the institution's transaction institution's business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statement as contingent liabilities.

Other contingent liabilities primarily include irrecoverable letters of credit and bonds issued on behalf of customers to customs, for bids or offers.

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

Legal case : Against Auction

In cases where borrowers initiate legal action against the auction process conducted by the finance company Such actions typically arise after the issuance of auction notices. When a finance company is unable to complete the auction process or recover the loan amount due to borrower-initiated legal action, it is crucial to handle the situation with diligence and adherence to legal protocols. Borrowers may challenge the auction process or repayment terms, citing procedural lapses, asset valuation disputes, or regulatory non-compliance. In such scenarios, the finance company must immediately suspend further steps in the auction process and pause recovery actions to avoid any legal repercussions. The matter should be reviewed internally to ensure all actions taken thus far comply with applicable laws and regulations, including proper issuance of notices, adherence to timelines, and accurate valuation of the pledged asset. It is essential to cooperate with the legal process and present a strong defense supported by evidence while exploring alternative resolutions, such as restructuring the loan or negotiating a settlement, if feasible. The Legal, Compliance, and Recovery teams must work in coordination to address the legal challenge, ensuring transparency and minimizing potential financial or reputational risks to the company. All actions and decisions should be documented thoroughly for future reference. However there is no any determinable amount of Contingent liability calculated.

5.6 Related Parties Disclosures:

5.6.1 Identification of Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

- a. A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control of the reporting entity
 - (ii) has significant influence over the reporting entity or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Janaki Finance Company Limited

Notes to the Financial Statements

Notes forming part of the Accounts as on Ashad 31, 2081

The Company Identifies the following as the related parties under the requirement of NAS 24:

1) Directors

2080-81	2079-80
Balram Pd. Gupta	Balram Pd. Gupta
Amar Nath Gupta	Amar Nath Gupta
Sundar Raj Dali	Sundar Raj Dali
Saroj K. Thakur	Saroj K. Thakur
Mrs. Mamta Dali	Mrs. Mamta Dali

2) Key Management Personnel of the institution

2080-81	2079-80
Dinesh Kumar Sharma	Dinesh Kumar Sharma
Siyaram Yadav	Siyaram Yadav
Sunil Shah	Sunil Shah
Roshan Kapar	Roshan Kapar
Ritesh Kumar Thakur	Ritesh Kumar Thakur
Radhe Kumar Chaudhary	-

5.6.2 Transaction during the year:

The institution has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the Nepal Accounting Standard - NAS 24 - 'Related Party Disclosures', except for the transactions that Key Management Personnel (KMPs) have availed under schemes uniformly applicable to all staff at concessionary rates. Those transactions include lending activities, acceptance of deposits, Off-Balance Sheet transactions and provision of other institution's and finance services.

Transaction with Board of Directors

Particulars	2080-81	2079-80
Directors:		
Director sitting Fees	265,500.00	291,000.00
Other Director allowance	246,169.53	306,207.00
Total	511,669.53	597,207.00

Key Management Personnel:

Remuneration and Benefit Paid	5,651,276.97	4,913,573.60
Post Retirement Benefits	-	466,754.25
Other Long Term Benefits	-	-
Other transaction Benefits if any	-	-
Total	5,651,276.97	5,380,327.85

5.7 Merger and Acquisition

Not Applicable

5.8 Additional Disclosures of non consolidated

The institution does not have any subsidiary. Therefore consolidation is not applicable.

5.9 Declaration of Dividend and Bonus:

Provision for final dividend is recognized at the time the dividend is recommended and declared by the Board of Directors, and is approved by the shareholders. Interim dividend payable is recognised when the Board approves such dividend in accordance with the Companies Act. However no dividend has been declared and approved by shareholder.

The details of proposed dividend and bonus are given below:

Particulars	FY 2080-81	%	FY 2079-80	%
Cash Dividend Proposed	-	-	-	-
Proposed Bonus Shares	-	-	-	-
Total	-	-	-	-

Unpaid Dividend:

As at the reporting date, unpaid dividend (2070-71) years amounts to as follows

Particulars	FY 2080-81	FY 2079-80
Dividend Payable	179,161.17	179,161.17
Total	179,161.17	179,161.17

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

5.10 Additional disclosures

a) Reserve

i. General Reserve

Section 44 of Bank and Financial Institutions Act 2073 requires the Financial Institution to allocate at least 20% of the net profits of every year to General Reserve until it is twice the paid-up capital. The Financial Institution has not appropriated to General Reserve in the current year due to loss incurred.

Amount in Rs.		
Particulars	Current Year	Previous Year
Opening General Reserve	184,348,727.72	184,348,727.72
20% of Profit to be transferred	-	-
Closing General Reserve	184,348,727.72	184,348,727.72

ii. Exchange Equalization Reserve

Section 45 Bank and Financial Institutions Act 2073 requires, 25% of revaluation gain from foreign currency exchange rate differences to be transferred to Exchange Equalization Reserve and revaluation loss is charged to profit and loss account. 25% of Revaluation profit of foreign currency accounts during the current period no amount been transferred to exchange fluctuation fund maintained by the Financial Institution.

Amount in Rs.		
Particulars	Current Year	Previous Year
Opening Exchange Equalization Reserve	-	-
25% of Revaluation gain	-	-
Closing Exchange Equalization Reserve	-	-

iii. Fair Value Reserve

The net change in fair value of financial assets that are measured at fair value and change in fair value is recognized in other comprehensive income until assets are derecognized. The amount transferred to this reserve during the year is:

Amount in Rs.		
Particulars	Current Year	Previous Year
Opening Fair Value Reserve	(598,500.00)	2,576,000.00
Transfer/ Adjustment in Reserve	(301,000.00)	(3,174,500.00)
Closing Fair Value Reserve	(899,500.00)	(598,500.00)

iv. Assets Revaluation Reserve

Assets are recognized under cost model and they are presented under historical cost. So, no assets have been revalued as on balance sheet date.

v. Regulatory Reserve

The amount to this reserve has been allocated from profit/ retained earnings as per the Directive of NRB for the purpose of implementation of NFRSs and is not regarded as free for distribution of dividend. Details are as presented under:

The details of Regulatory Reserve are presented below:

Amount in Rs.		
Particulars	Current Year	Previous Year
Opening Balance of Regulatory reserve	246,851,180.47	111,682,871.85
Addition		
Interest receivable on Loans and advances	46,567,164.49	23,920,687.00
Deferred Tax Assets	169,963,086.21	111,247,621.62
Non-Banking Assets	-	-
Change in fair value of equity instrument		
Actuarial Gain/Loss	-	-
Closing Balance of Regulatory Reserve	463,381,431.17	246,851,180.47

* The impact of Bonus and Tax for Regulatory Reserve is as follows:

Particulars	Current Year		Amount in Rs.	
	Accrued Interest	Non-Banking Assets	Accrued Interest	Non-Banking Assets
Interest Income booked under NFRS	156,411,265.86	967,880.00	82,495,132.09	967,880.00
Impact of Staff Bonus	(15,641,126.59)	(96,788.00)	(8,249,513.21)	(96,788.00)
Balance after Staff Bonus	140,770,139.28	871,092.00	74,245,618.88	871,092.00
Impact of Income Tax (30%)	(42,231,041.78)	(261,327.60)	(22,273,685.66)	(261,327.60)
Closing Balance of Regulatory Reserve	98,539,097.49	609,764.40	51,971,933.22	609,764.40
Opening Balance of Regulatory Reserve	51,971,933.00	609,764.00	28,051,246.00	609,764.00
Net amount transferred to Regulatory Reserve	46,567,164.49		23,920,687.00	

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

vi. Investment Adjustment Reserve (IAR)

The Financial Institution has maintained adequate reserve in compliance with NRB Directives 08/2080 for unlisted investments according to which 100% reserve to be created for investments not being listed. There is no investment reserve during the year.

vii. Corporate Social Responsibility Reserve

Clause 16 of the NRB Directive No. 06/80 requires the Bank & Financial institution to allocate 1% of its net profit to the corporate social responsibility fund and spent the same for the social causes. During the year, CSR Fund of Rs. Nil has been appropriated due to book loss. The details of the movement of the Corporate Social Responsibility Fund is presented below:

Particulars	Amount in Rs.	
	Current Year	Previous Year
Opening CSR Reserve	106,830.90	106,830.90
Add: Amount allocated to CSR reserve	-	-
Less: Expenses incurred from CSR Fund	(70,300.00)	-
Closing CSR Reserve	36,530.90	106,830.90

viii. Staff Skill Development Fund

The Bank and Financial Institution are required to allocate and spent at least 3% of the previous year salary and allowances for the staff skill development as per Directive 6 of the Nepal Rastra Bank Directives. In case the allocated amount isn't spent, the same has to be carried forward to the next financial year in a Staff Skill Development Fund. In line of this requirement, the movement on the Skill Development Fund is as follows:

Movement of Staff Training Fund year-wise are as follows:

Particulars	Current Year	Previous Year
Opening balances	475,347.95	388,087.95
Addition during the year	400,810.32	400,810.00
Total	876,158.27	788,897.95
Utilization	533,551.19	313,550.00
Balance at the year end	342,607.08	475,347.95

ix. Debenture Redemption Reserve

There is no Debenture redemption reserve during the year.

b) Investment Securities:

Investment Securities have been valued under fair value or amortized cost as allowed under NFRS 9. Closing Market Price of Securities has been used as the Fair value of the Asset/ Securities for investment securities valued at Fair Value through Other Comprehensive Income. Different Fair Value Hierarchy has been considered (Level 1, Level 2 and Level 3) depending upon the availability of information and regarding the valuation of other investments through amortized cost, EIR rate has been used for booking the amortized cost of investment and interest income accordingly.

c) Loans & Advances to B/FIs and customers:

Loans & Advances to B/FIs and Customers have been valued under amortized cost as allowed under NFRS 9. Separate Effective Interest Rate (EIR) has not been computed since all the relevant transactions costs for computing EIR are ignored due to impracticability to determine the relevant costs as allowed by Carve Out issued by ICAN. The details of loans and advances are as follows:

Particulars	Amount in Rs.	
	Amount	
1. Performing Loans and advances	1,168,795,607.55	
Pass	798,396,030.16	
Watchlist	370,399,577.39	
2 Non-Performing Loan and Advances	1,880,365,742.04	
Restructured / Rescheduled		
Sub-standard	379,693,949.67	
Doubtful	532,431,496.91	
Loss	968,240,295.46	
3 Total Loan and Advances (1+2)	3,049,161,349.59	

* |

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

As per para 63 of NAS 39, an entity shall assess at the end of each reporting period if there is any objective evidence that financial asset or group of financial assets measured at amortized cost is impaired. Financial institution has applied Para 63 and has computed impairment loss. However, as per the Carve-out issued by ICAN as a mandatory treatment of impairment loss for the transition period for banks and financial institution, impairment loss to be measured at higher of amount derived as per norms prescribed by NRB for loan loss provision and as per para 63. Details of such impairment is as mentioned below:

Particulars	Amount in Rs.		
	This Year	Previous Year	P/L Impact
Loan Loss as per NRB	1,357,366,286.39	793,810,289.68	563,555,996.71
Pass	9,466,776.17	22,532,608.99	(13,065,832.82)
Watchlist	18,519,978.87	13,196,280.81	5,323,698.07
Sub-standard	94,923,487.42	48,584,414.50	46,339,072.92
Doubtful	266,215,748.46	147,174,660.76	119,041,087.70
Bad	968,240,295.47	562,322,324.63	405,917,970.84
Impairment as per NFRS	219,860,942.92	181,539,825.05	
Individual Impairment	88,660,960.44	6728782.21	81,932,178.23
Collective Impairment	131,199,982.48	174811042.8	(43,611,060.36)
Impairment to be considered as Alternative Treatment by ICAN (Higher of above two)	1,357,366,286.39	793,810,289.68	563,555,996.71

Provision as per NRB contains provision required as NRB directive as well as those prescribed by NRB supervision audit. Higher of impairment as per para 63 of NAS 39 and as per the provision norms prescribed by NRB for loans and advances has been considered in preparing financial statements.

Particulars	2080-81		2079-80	
	Loans and Advances	Loan Loss Provision	Loans and Advances	Loan Loss Provision
Pass	798,396,030.16	9,466,776.17	1,733,277,614.95	22,532,608.99
Watchlist	370,399,577.39	18,519,978.87	263,925,616.11	13,196,280.81
Sub-standard	379,693,949.67	94,923,487.42	194,337,657.98	48,584,414.50
Doubtful	532,431,496.91	266,215,748.46	294,349,321.52	147,174,660.76
Bad	968,240,295.46	968,240,295.47	562,322,324.63	562,322,324.63
Total	3,049,161,349.59	1,357,366,286.39	3,048,212,535.19	793,810,289.68

Non-performing assets

The Financial institution's non-performing assets ratio stood at 61.67% as at balance sheet date. The total non-performing assets is as below:

Particulars	Amount in Rs.		
	This Year	Previous Year	Change
		Amount	%
1. Performing Loans and advances			
Pass	798,396,030.16	1,733,277,614.95	(934,881,584.79)
Watchlist	370,399,577.39	263,925,616.11	106,473,961.28
2 Non-Performing Loan and Advances			
Restructured / Rescheduled	-	-	-
Sub-standard	379,693,949.67	194,337,657.98	185,356,291.69
Doubtful	532,431,496.91	294,349,321.52	238,082,175.39
Loss	968,240,295.46	562,322,324.63	405,917,970.83
Gross Loans & Advances	3,049,161,349.59	3,048,212,535.19	948,814.40
			0.03%

The Company has made provision for possible loan losses as per the directives of Nepal Rastra Bank (NRB). During the inspection conducted by NRB, additional loan loss provision was prescribed in excess of the provision originally calculated and submitted by the Company. Accordingly, the provision for loan losses has been increased by Rs.189,560,043.88 as per NRB's instructions, and the financial statements have duly incorporated the additional provision requirement.

d) Segmental reporting

An operating segment is a component that engages in business activities from which it earns revenue and incurs expense,

e) Staff Bonus

Provision for staff bonus has not been made due to net loss during the year.

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

f) Interim Financial Statements:

Interim Financial Statements are prepared and published on quarterly basis in accordance with NRB Directives in compliance

g) Gratuity and Accumulated Leave Provision:

Gratuity

The Financial Institution contributes 8.33% of the basic salary of each employee on a monthly basis, and the amount is deposited into the respective employee's Provident Fund account.

Leave

The Financial Institution has recognized an additional provision of NPR 2,109,717.39/- for accumulated leave liability in the current year. Being non-funded arrangement, total amount is booked as liability for financial institution. Moreover, leave encashment paid in excess of accumulated leave exceeding 150 days each of in case of home leave and charged in profit and loss account and sick accumulated till time of termination or retirement of employee.

Particulars	Amount in Rs.	
	Current Year	Previous Year
Defined Benefit Obligations (DBO)	5,218,295.39	3,108,578.00
Fair Value of Planned Assets	-	-
Net Liability	5,218,295.39	3,108,578.00

h) Operating Lease

As per NFRS 16, Lease expense shall be recognized at the commencement date, a lessee shall recognize a right-of-use asset and a lease liability. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications to reflect revised in-substance fixed lease payments;

Details of Leasehold assets are as follows

Particulars	Current Year (NPR)	Previous Year (NPR)
Cost		
As 1 Shrawan 2078	-	-
Additions	11,316,553.16	11,316,553.16
As on 32 Ashad 2079	11,316,553.16	11,316,553.16
Additions/Adjustments	-76,870.06	-76,870.06
As on 31 Ashad 2080	11,239,683.10	11,239,683.10
Additions/Adjustments	-	-
As on 31 Ashad 2081	11,239,683.10	11,239,683.10
Accumulated depreciation		
As 1 Shrawan 2078	-	-
Charge for the year	1,255,028.34	1,255,028.34
As on 32 Ashad 2079	1,255,028.34	1,255,028.34
Charge for the year	1,448,379.77	1,448,379.77
As on 31 Ashad 2080	2,703,408.11	2,703,408.11
Charge for the year	1,452,347.93	-
As on 31 Ashad 2081	4,155,756.04	-
Carrying amount		
As on 32 Ashad 2079	10,061,524.82	10,061,524.82
As on 31 Ashad 2080	8,536,274.99	8,536,274.99
As on 31 Ashad 2081	7,083,927.06	-

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

The FIs leases including buildings. The average lease term is 10 years.

Particulars	Current Year (NPR)	Previous Year (NPR)	Amount in Rs.
Amounts recognized in Statement of Profit or Loss			
Depreciation expense on right-of-use assets	1,452,347.93	1,448,379.77	
Interest expense on lease liabilities	1,468,395.18	1,576,708.04	
Expense relating to short-term leases	-	-	
Expense relating to leases of low value assets	-	-	
Expense relating to variable lease payments not included in the	-	-	
Income from sub-leasing right-of-use assets	-	-	

The total cash outflow for leases amount to **NPR 2,294,760.00**.

Particulars	Current Year		Previous Year		Amount in Rs.
	Lease Payment	Finance Expenses	Lease Payment	Finance Expenses	
Maturity analysis:					
Year 1	1,211,009.13	1,314,179.87	853,932.32	1,468,395.18	
Year 2	1,477,020.74	1,117,469.51	1,183,441.63	1,314,179.87	
Year 3	1,897,119.71	866,901.44	1,477,020.74	1,117,469.51	
Year 4	2,050,709.42	559,091.18	1,897,119.71	866,901.44	
Year 5	835,087.38	328,872.12	2,050,709.42	559,091.18	
Onwards	1,828,604.42	405,878.38	2,663,691.80	734,750.50	
Analyzed as:					
Non-current	8,088,541.67	3,278,212.63	9,271,983.30	4,592,392.50	
Current	1,211,009.13	1,314,179.87	853,932.32	1,468,395.18	
Total	9,299,550.80	4,592,392.50	10,125,915.62	6,060,787.68	

i) Deferred Tax Asset/Liability:

Tax effect of all the NFRS adjustment are created and reflected under deferred tax income or expenses. All the adjustments relating to current year are taxed in current period and all the prior year NFRS adjustments have been deferred.

2080/81

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets/ (Liabilities)	Amount in Rs.
Deferred tax on temporary differences on following items :				
Loan and Advance to B/FIs	-	-	-	
Loans and advances to customers	361,615,358.13	-	361,615,358.13	
Investment properties	-	-	-	
Investment securities	385,500.00	-	385,500.00	
Property & equipment	387,035.93	-	387,035.93	
Employees' defined benefit plan	1,565,488.50	-	1,565,488.50	
Lease liabilities & Right to Use Assets (Net)	664,687.12	-	664,687.12	
Provisions	-	-	-	
Other temporary differences	-	-	-	
Deferred tax on temporary differences	364,618,069.68	-	364,618,069.68	
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 Ashad 2081	364,618,069.68	-	364,618,069.68	
Deferred tax asset/(liabilities) as on Shrawan 1, 2080	194,269,483.47	-	192,405,380.68	
Origination/(Reversal) during the year	170,348,586.21	-	172,212,689.00	
Deferred tax expense/(income) recognized in profit or loss	(170,219,586.21)	-	(170,219,586.21)	
Deferred tax expense/(income) recognized in other comprehensive income	(129,000.00)		(129,000.00)	
Deferred tax expense/(income) recognized in directly in equity	-	-	-	

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

j) Staff Loans measured at fair value

Under previous NAS, staff loans were recorded at cost less repayments net of loan loss provision, if any. Under NFRS, the Financial institution has to measure the staff loans granted below the market interest rate at their fair value, calculate based on the market interest rate of similar products.

The fair value of such loans as at Ashad 31 2081 was NPR 76.79 lakhs. The difference between the fair value and NAS carrying amount was NPR 18.46 Lakhs. has been netted off against staff loans & recognized as deferred employee expenditure.

k) Weighted Average Interest Rate Spread

The weighted average interest rate spread between Loan and Investment and Deposit Liabilities are shown as below

Particulars	Annual Average %
Average Interest Rate of Loan and Investment	13.60%
Average Interest Rate of Deposit and Borrowing	9.01%
Average Interest Rate Spread	4.59%

l) Loans and Advances extended to Promoters

The Financial institution has not extended any loans to promoters during the year

m) Non-Banking Assets

Non-Banking Assets are the assets obtained as security for loans & advances and subsequently taken over by the Financial institution in the course of loan recovery. Such assets are booked at fair market value or total amount due from the borrower, whichever is lower. The following are the list of properties assumed by the Financial institution as Non-Banking asset during the course of debt recovery.

Particulars	Amount in Rs.	
	Current Year	Previous Year
Opening Balance	967,880.00	967,880.00
Addition during the year	-	-
Disposal during the year	-	-
Closing Balance	967,880.00	967,880.00

List of Non-Banking Assets

Name of Borrower	Year of Assuming Non Banking Assets	FY 2080-81	FY 2079-80
Md. Majibur Rahaman	21/07/2070	98,000.00	98,000.00
Sukhdev Das Tatma	20/08/2075	869,880.00	869,880.00
Total		967,880.00	967,880.00

n) Earnings per Share

Earnings per Share is calculated using the earnings attributable to equity shareholders for the period divided by the number of weighted average number of shares as required under NAS 33 Earnings per share.

Earning per share	Amount in Rs.	
	Current Year	Previous Year
Earning attributable to equity shareholders	(418,464,099.81)	(235,942,215.23)
Basic number of shares	6,904,728.00	6,904,728.00
Weighted average number of shares for the period	6,904,728.00	6,904,728.00
Basic Earning per share	(60.61)	(34.17)
Diluted Earning per share	(60.61)	(34.17)

As there are no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented.

o) Loan write off

During the fiscal year loan and Advance had not been written off:

Janaki Finance Company Limited
Notes to the Financial Statements
Notes forming part of the Accounts as on Ashad 31, 2081

p) Subsidized Loan

During the fiscal year the Financial institution has provided subsidized loan to 101 customers as below

Particulars	No. of customers	Amount (Rs.)
Subsidized OD Loan	77	380,234,774.79
Subsidized Loan	24	104,461,144.29
Total	101	484,695,919.08

5.11 Events after reporting date

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue.

Appropriate adjustments in the financial statements and disclosures in notes to accounts have been made for all material and significant events that have occurred between the balance sheet date and date when the financial statements have been authorized for issue.

Where necessary all material events after reporting date have been considered and appropriate adjustments or disclosures have been made in the Financial Statements as per NAS 10. There are no material events that have occurred subsequent to 15 July 2024 till the signing of this financial statement.

Subsequent to the reporting date, Nepal Rastra Bank (NRB) has placed the Company under the Prompt Corrective Action (PCA) framework, requiring immediate corrective measures to improve its regulatory compliance and financial health. Since the directive relates to events occurring after the reporting period and does not provide evidence of conditions existing as of the reporting date, no adjustments have been made in the financial statements. This matter has been disclosed to draw attention to its potential impact.

Janaki finance Limited

Notes forming part of the financial statements (Continued...)

Risk Weighted Exposure for Operational Risk As on Ashad 31, 2081 (July 15, 2024)

(Rs. in '000)

S.N.	Particulars	Fiscal Year		
		2077/078	2078/79	2079/80
1	Net Interest Income	109,135.86	167,397.74	53,635.16
2	Commission and Discount Income	15,559.58	13,398.87	6,909.78
3	Other Operating Income	2,773.16	12,873.38	4,643.01
4	Exchange Fluctuation Income		-	-
5	Addition/Deduction in Interest Suspense during the period	23,029.71	74,990.55	254,206.88
6	Gross income (a)	150,498.31	268,660.54	319,394.83
7	Alfa (b)	15%	15%	15%
8	Fixed Percentage of Gross Income [c=(a*b)]	22,574.75	40,299.08	47,909.22
9	Capital Requirement for operational risk (d) (average of c)			36,927.68
10	Risk Weight (reciprocal of capital requirement of 10%) in times e			10.00
11	Equivalent Risk Weighted Exposure [f=(d*x)]			369,276.84

Janaki finance Limited
Notes forming part of the financial statements
Net Liquid Assets to Total Deposit ratio
As on Ashad 31, 2081 (July 15, 2024)

Particulars		(Rs. in '000)
A	Total Deposit & Borrowing	4,097,076.18
1.	Total Deposits	4,097,076.18
2.	Total Borrowings	-
B	Liquid Assets	1,761,329.65
1.	Cash	32,015.84
2.	Bank Balance	421,174.63
3.	Money at call and short notice	1,307,787.68
4.	Investments in government securities	351.50
5.	Placements upto 90 days	-
C	Borrowings payable upto 90 days	-
D	Net Liquid Assets (B-C)	1,761,329.65
E	Net Liquid Assets to Total deposit (D/A1)	42.99%
F	Shortfall in Ratio	No Shortfall
G	Percentage of deposit to be added to RWE	-
H	Amount to be added to risk weighted exposures	-

Janaki Finance Company Limited
COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENTS AS OF 2080/81

Particulars	As per unaudited Financial Statement	As per audited Financial Statement	Variance		Reasons for Variance
			In Amount	In %	
Statement of Financial Position:					
Assets					
Cash and cash equivalent	1,760,978.15	1,760,978.15	-	0.00%	
Due from Nepal Rastra Bank	165,186.55	165,186.55	-	0.00%	
Placement with Bank and Financial Institutions	-	-	-	-	
Derivative financial instruments	-	-	-	-	
Other trading assets	-	-	-	-	
Loan and Advances to B/FIs	57,284.21	56,596.80	(687.41)	-1.20%	Due to Impairment Provision
Loans and advances to customers	3,153,784.70	1,789,763.06	(1,364,021.64)	-43.25%	Due to staff loan amortised & changes in impairment of loan and advances.
Investment in securities	39,496.50	39,066.50	(430.00)	-1.09%	Due to investment loss as per fair valuation
Current Tax Assets	37,458.58	37,624.25	165.67	0.44%	Due to changes in advance tax/TDS
Investment in subsidiaries	-	-	-	-	
Investment in Associates	-	-	-	-	
Investment property	967.88	967.88	-	0.00%	
Property and equipment	49,616.86	20,589.13	(29,027.73)	-58.50%	Due to net value and Lease ROU booked as per NFRS
Goodwill and Intangible Assets	2,901.60	1,058.16	(1,843.44)	-63.53%	Due to net value.
Deferred tax assets	194,269.48	364,618.07	170,348.59	87.69%	Due to changes in computation of deferred tax on loan and advance, FA, Actuarial Valuation etc.
Other assets	614,247.96	11,485.86	(602,762.10)	-98.13%	Due to reclassification of assets
Total Assets	6,076,192.47	4,247,934.41	(1,828,258.06)		
Liabilities and Equity:					
Liabilities:					
Due to Bank and Financial Institutions	64,011.57	64,011.57	-	0.00%	
Due to Nepal Rastra Bank	-	-	-	-	
Derivative Financial instruments	-	-	-	-	
Deposit from customers	4,033,064.61	4,033,064.61	-	0.00%	
Borrowings	-	-	-	-	
Current Tax Liabilities	-	-	-	-	
Provisions	-	-	-	-	
Deferred tax liabilities	-	-	-	-	
Other liabilities	1,579,627.91	32,734.22	(1,546,893.69)	-97.93%	Due to Liabilities under Lease as per NFRS and Deferred Employee Cost
Debt securities issued	-	-	-	-	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	5,676,704.09	4,129,810.40	(1,546,893.69)		
Equity:					
Share Capital	690,472.80	690,472.80	-	0.00%	
Share premium	-	-	-	-	
Retained earning	(721,895.86)	(1,219,558.59)	(497,662.73)	68.94%	Due to change in loss as per audit findings
Reserves	430,911.43	647,209.80	216,298.37	50.20%	Due to change in loss as per audit findings
Total equity attributable to equity holders	399,488.37	118,124.01	(281,364.36)		
Non-controlling interests	-	-	-	-	
Total equity	399,488.37	118,124.01	(281,364.36)		
Total Equity & Liabilities	6,076,192.46	4,247,934.41	(1,828,258.05)		
Statement of Profit or Loss:					
Interest Income	487,489.37	384,676.19	(102,813.19)	-21.09%	Due to interest income de recognition as per audit adjustment
Interest Expense	374,390.42	375,858.81	1,468.39	0.39%	Lease Interest Calculation as per NFRS-16
Net interest income	113,098.96	8,817.38	(104,281.58)		
Fees and Commission Income	5,534.82	5,552.86	18.05	0.33%	
Fees and Commission Expense	-	-	-	-	
Net fee and Commission income	5,534.82	5,552.86	18.05		
Net interest fee and commission income	118,633.77	14,370.24	(104,263.53)		
Net Trading Income	-	-	-	-	
Other Operating Income	4,573.77	4,268.77	(305.00)	-6.67%	Dividend Tax Income and Karja Kendra Income
Total operating income	123,207.54	18,639.01	(104,568.53)		
Impairment charge/(reversal) for loans and other losses	211,802.67	563,556.00	351,753.33	166.08%	Additional Provision booked as per audit adjustment
Net Operating income	(88,595.13)	(544,916.99)	(456,321.86)		
Personnel Expense	20,041.25	21,809.46	1,768.21	8.82%	Actuarial Valuation and Deferred Employee Cost
Other Operating Expenses	23,363.41	15,843.36	(7,520.05)	-32.19%	Lease working as per NFRS-16
Depreciation and Amortisation	5,163.24	6,615.59	1,452.35	28.13%	Lease ROU Depreciation
Operating expenses	48,567.90	44,268.41	(4,299.49)		
Net operating Profit	(137,163.03)	(589,185.39)	(452,022.37)		
Non operating income	-	501.71	501.71	-	
Non operating expense	-	-	-	-	
Profit before income tax	(137,163.03)	(588,683.68)	(451,520.66)		
Income tax expense	-	(170,219.59)	(170,219.59)	-	
Current tax	-	-	-	-	
Deferred tax	-	(170,219.59)	(170,219.59)	-	Impact of Deferred Tax Calculation
Profit for the year	(137,163.03)	(418,464.10)	(281,301.07)		
Other Comprehensive income	-	(301.00)	(301.00)	-	Change in Investment fair value
Total Comprehensive income	(137,163.03)	(418,765.10)	(281,602.07)		

Janaki Finance Company Limited
Principal Indicators
for Last 5 years

Ratio	Indicators	As per NFRS				
		FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80	FY 2080/81
1. Net Profit/Gross Income	Percent	17.14	7.75	(14.37)	(29.37)	(43.66)
2. Earnings Per Share	NPR	13.27	5.2	(16.34)	(34.17)	(60.61)
3. Market Value Per Share	NPR	162	477	372	409	743
4. Price Earning Ratio	Ratio	12.21	91.73	(22.77)	(11.97)	(12.25)
5. Dividend (including bonus) on Share Capital	Percent	-	15.00	-	-	-
6. Cash Dividend on Share Capital	Percent	-	0.79	-	-	-
7. Interest Income/Loans and Advances	Percent	17.39	14.63	16.24	18.38	20.83
8. Staff Expenses/Total Operating Expenses	Percent	65.34	53.57	48.11	45.17	49.27
9. Interest Expenses/Total Deposits and Borrowings	Percent	8.92	7.51	8.39	10.80	9.32
10. Exchange Gain/Total Income	Percent	-	-	-	-	-
11. Staff Bonus/Total Staff Expenses	Percent	36.99	23.08	-	-	-
12. Net Profit/ Total Loan	Percent	3.46	1.32	(4.14)	(10.07)	(22.66)
13. Net Profit/ Total Assets	Ratio	0.02	0.01	(0.03)	(0.06)	(0.10)
14. Total Credit/Deposits	Percent	93.60	75.12	83.07	67.14	45.78
15. Total Operating Expenses/ Total Assets	Percent	1.52	1.01	0.91	0.95	1.04
16. Capital Adequacy (On Risk Weighted Assets)						
a) Core Capital	Percent	29.36	28.28	15.59	7.18	(9.88)
b) Supplementary Capital	Percent	0.95	1.10	1.30	0.88	-0.00
c) Total Capital Fund	Percent	30.31	29.38	16.90	8.06	(9.88)
17. Liquidity (CRR)	Percent	3.90%	3.21%	2.66%	5.63%	4.03%
18. Non-Performing Loan/Total Loan	Ratio	2.91	4.15	16.67	34.98	61.67
19. Base Rate	Ratio	11.23	9.61	12.07	13.48	10.99
20. Weighted Average Interest Rate Spread		4.99	4.97	4.23	4.54	4.59
21. Book Net Worth	NPR	143.76	150.17	112.39	77.76	17.11
22. Total Shares	Number	6,004,111	6,004,111	6,904,728	6,904,728	6,904,728
23. Total Staff	Number	31	24	41	32	40



नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग

पत्रसंख्या: वि.सं.सु.वि. / गैरस्थलगत / ज्ञानकी / ०८२ / द३

केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन: ०१-५५९६४९
Email: nrbfisd@nrb.org.np
Web: www.nrb.org.np
पोस्ट बबस नं. ७३

च.नं. : ८५

मिति: २०८२/०८/१६

श्री ज्ञानकी फाइनान्स लिमिटेड,
जनकपुरधाम, धनुषा ।

विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०८०/८१ को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेयरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुटै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०८०/८१ को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण, नाफा वा नोक्सानको विवरण, विस्तृत आयको विवरण (Statement of Comprehensive Income), नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण, सोसांग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछ ।

- १) संस्थाको Fair Value Reserve रु. ८,९९,५००- ले क्राणात्मक रहेको हुदा यस बैंकबाट जारी एकीकृत निर्देशन, २०८१ इ.प्रा निर्देशन नं. ४ को बुंदा नं. ४ मा रहेको नियमनकारी समायोजन कोष सम्बन्धी व्यवस्था बमोजिम सो रकम नियमनकारी समायोजन कोष (Regulatory Reserve) मा जम्मा गर्नुहुन ।
- २) बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा १४ मा भएको व्यवस्था बमोजिम कमितमा एक जना स्वतन्त्र सञ्चालक नियुक्त गरी सञ्चालक समितिलाई पूर्णता दिनु हुन ।
- ३) कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
- ४) निष्कृत कर्जा अनुपातलाई कमिकरूपमा घटाउने सम्बन्धमा समयबद्ध कार्ययोजना बनाई कार्य गर्नुहुन ।
- ५) आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,

(अमृत बहादुर बुढाथोकी)
उप-निर्देशक

बोधार्थ:

श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।

श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाइ-५ ।

श्री IBS (Individual Bank Supervisor) Officer



जानकी फाइनान्स कम्पनी लिमिटेड Janaki Finance Company Ltd.

(नेपाल राष्ट्र बैंकबाट "ग" लाईनको इजराइलपत्रप्राप्त संस्था, प्रदेश स्तरीय (मध्येश प्रदेश)
"सुलभ तथा सजिलो वित्तीय सेवा")

११२०

पत्र संख्या २०८०८०८०३-१२१



मिति : २०८०८०८०४-१२१

श्री नेपाल राष्ट्र बैंक
वित्तीय संस्था सुपरिवेक्षण विभाग
बालुवाटार, काठमाडौं।

विषय :- कैफियत सुधार सम्बन्धमा।

महोदय,

तहाँबाट यस संस्थालाई आर्थिक वर्ष २०८०/८१ को वार्षिक वित्तीय विवरण प्रकाशन गर्ने सहमति सम्बन्धमा मिति २०८०/८०८०३-१६ को प.स.वि.स.सु.वि./ैरस्थलगत/जानकी/०८०८०३ को पत्रानुसार सहमति प्रदान गरिएको व्यहोरा अवगत भयो। संचालक समितिको मिति २०८०८०८०३-१९, गतेको ३७४ औं बैठक बाट उल्लेखित कैफियतहरु तथा निर्देशनहरु पालना गर्न संस्था सदैव प्रतिबद्ध रहेको समेत जानकारी गराउँदछौं।

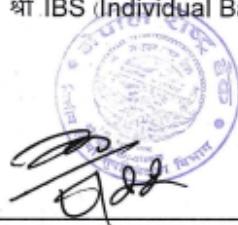
निर्देशन तथा कैफियतहरुका सम्बन्धमा प्रत्युत्तर :

१. निर्देशन बमोजिम नियमनकारी समायोजन कोषमा जम्मा गरिने व्यहोरा अनुरोध छ।
२. बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा १४ मा भएको व्यवस्था बमोजिमको निर्देशन पूर्ण पालना गरिने व्यहोरा अनुरोध छ।
३. संस्थाले कर्जा प्रवाह पश्चात कर्जा सदुपयोगिता सुनिश्चितता गर्ने व्यहोरा अनुरोध छ।
४. निष्कृय कर्जा अनुपात क्रमिक रूपमा घटाउने सम्बन्धमा समयबद्ध कार्ययोजना बनाई कार्य गर्ने व्यहोरा अनुरोध गर्दछौं।
५. आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा तहाँबाट औल्याएका कैफियतहरु पुनः दोहोरिन नदिने प्रतिवद्धता व्यक्त गर्दछौं।

प्रबन्धी
दिनेश कमार शर्मा
प्रमुख कार्यकारी अधिकृत

बोधार्थ :

१. नेपाल राष्ट्र बैंक
बैंक तथा वित्तीय संस्था नियमन विभाग
२. वित्तीय संस्था सुपरिवेक्षण विभाग
३. कार्यान्वयन इकाई - ५
४. श्री IBS (Individual Bank Supervisor) Officer



MANAGEMENT TEAM



Dinesh Kumar Sharma
CEO



Siyaram Yadav
Head - Credit



Sunil Shah
Head - CFO / HR



Roshan Kapar
Head - Risk / Company Secretary



Shambhu Pd. Sah
Head - Recovery



Ritesh Kumar Thakur
Head - Operation



Radhe Kumar Chaudhary
Head - IT

BRANCH MANAGERS



Sangita Kumari
Bhramarpura
Mahottari



Chandan Kr. Sah
GolBazar
Siraha



Chandan Kumar Jha
Matihani
Mahottari



Hari Shankar Sah
Sabaila
Dhanusha

JANAKI FINANCE SERVICES



Powered By: **mBank**

JANAKI FINANCE mBank

मोबाइल बैंकिङ्ग
सुविधाहरू:

- युटिलिटी पेकेन्ट र रिचार्ज गर्न सकिने
- आफ्नो खाताको रकम, स्टेटमेन्ट,
- लोन जानकारी हेन्च सकिने
- टिकेटिंग र बूकिंग गर्न सकिने
- फिंगर टच लग इन र पेसेन्ट
- इन्सुरेन्सको भुक्तानी गर्न सकिने
- खानेपानीको बिल तिर्न सकिने
- बिजुलीको महसुल तिर्न सकिने
- अन्य धेरै सुविधाहरू छन्



जानकी फाइनान्स कम्पनी लिमिटेड

Janaki Finance Company Limited

“सुलभ तथा सजिलो वित्तीय सेवा”

नेपाल राष्ट्र बैंकबाट “ग” वर्गको इजाजतपत्र प्राप्त संस्था, प्रदेश स्तरीय (मध्येश प्रदेश)

जनकपुरधाम-२, धनुषा,
फो नं. (०४१) ५४०५८६, ५४०५८७, ५४०५८८

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Website: jfcjanakpur.com.np