

Annual Report 2078-79



नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेड

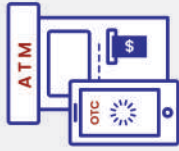
Leading Electronic Payment System in Nepal

NEPS
NEPAL ELECTRONIC PAYMENT SYSTEMS LTD.

NEPS

NEPAL ELECTRONIC PAYMENT SYSTEMS LTD.

Cardless Withdrawal



Green Pin



Contactless Card



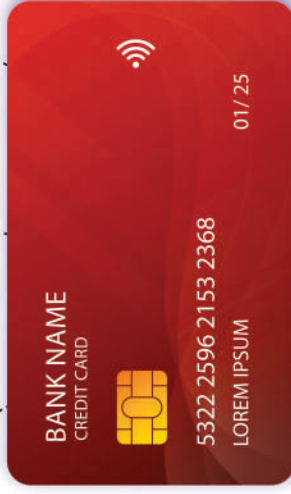
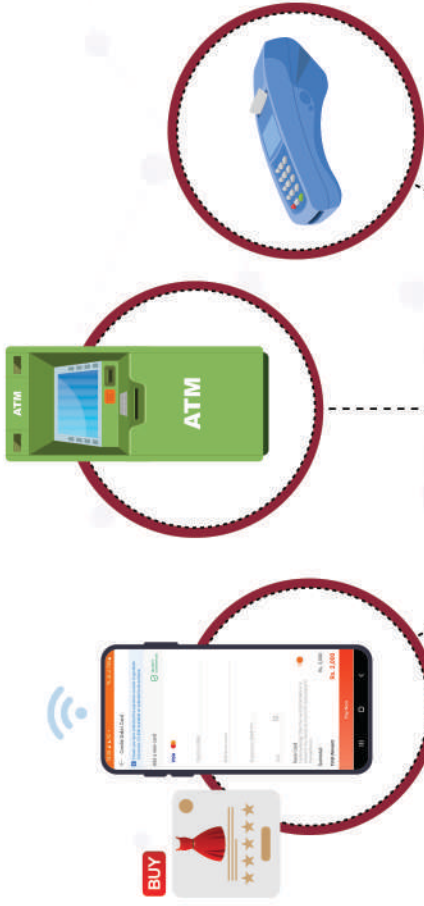
Cash Recycling Machine



Web Service



Secure E-Commerce Transactions



PCI-DSS
Certified
PSO

2000+
ATMs

12,000+
POS

366 Billion
Annual
Movement

3.5 Million
Customer
Base

47 Million+
Annual
Transactions



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01 OVERVIEW

| CORPORATE PROFILE |

Company Name

Nepal Electronic Payment Systems Limited

URL:

www.neps.com.np

Corporate Location:

Global Business Hub, 5th Floor

Naxal Kathmandu

Tel:+977-4511701, 4511703

Email: info@neps.com.np

Legal Registration:

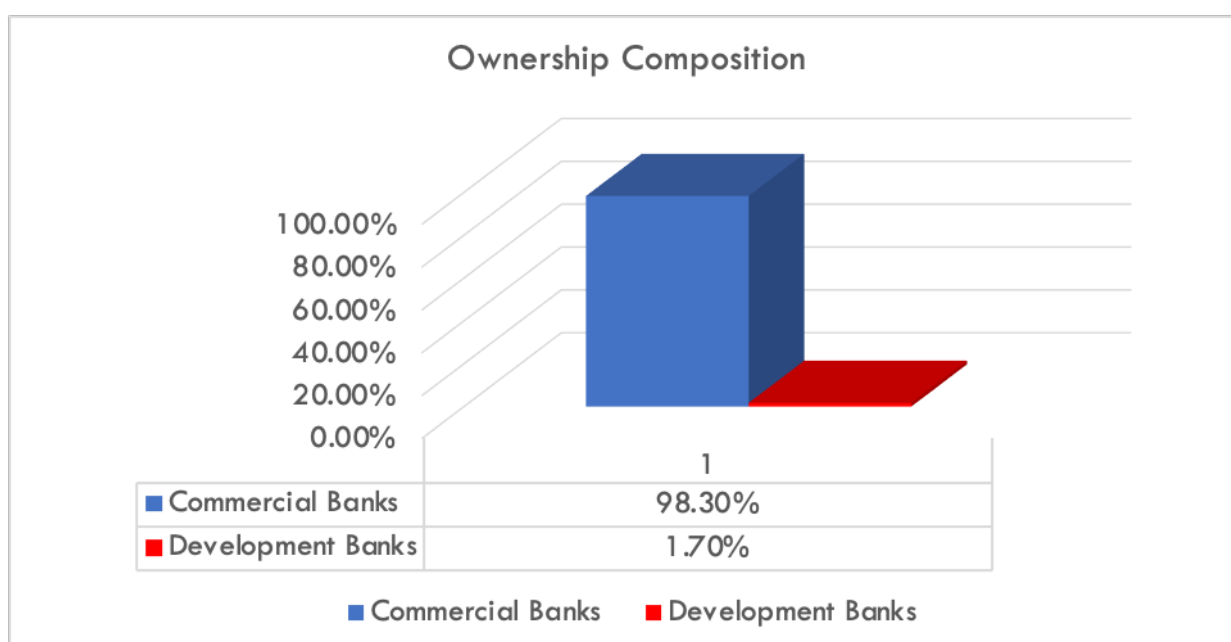
Nepal Electronic Payment Systems Limited has been Incorporated as Public Limited Company under the subsection (1) of Section (5) of Companies Act 2063 on 18th Falgun 2069 with Registration Number 110266/069/070.

Licenses & Certifications:

- ❖ Licensed by Nepal Rastra Bank as Payment System Operator (PSO)
- ❖ ISO 27001:2013 Certification
- ❖ PCIDSS V 3.2.1 Certification
- ❖ PCIPIN Compliance

Ownership Structure:

Nepal Electronic Payment Systems Limited (NEPS) is a Public Limited Company established as a consortium of leading national commercial banks with the aim to establish centralized solutions for card issuance, issuing and acquiring transactions with connectivity to various national and international payment networks. The following is the ownership structure of Commercial and Development Banks as on Ashad End 2079.



Auditors Details:

External Auditor	Internal Auditor	Legal Auditor	ISO 27001:2013 Auditor
N.B.S.M. & Associates Chartered Accountants 6 th Floor, Block A (Four Square Complex), Naxal Kathmandu	P.J.P.N. & Company Chartered Accountants 2 nd Floor Shova Complex, Kamal Pokhari Kathmandu	Gandhi & Associates P. Ltd Sahayog Marga, Anamnagar Kathmandu	URS Nepal Pvt. Ltd Rani Marga, Lazimpat Kathmandu

About the Report:

This is Nepal Electronic Payment Systems Limited's Annual Report for the fiscal year ended on July 16, 2022. It has been prepared in accordance with the Nepal Financial Reporting Standards (NFRS). Through this report NEPS aims to provide its stakeholders a comprehensive review of its operations, performance and its financial resources and long-term strategies.

Mission:

To Provide reliable, robust and Secure Payment Services to Financial Institutions and Business Houses

Vision:

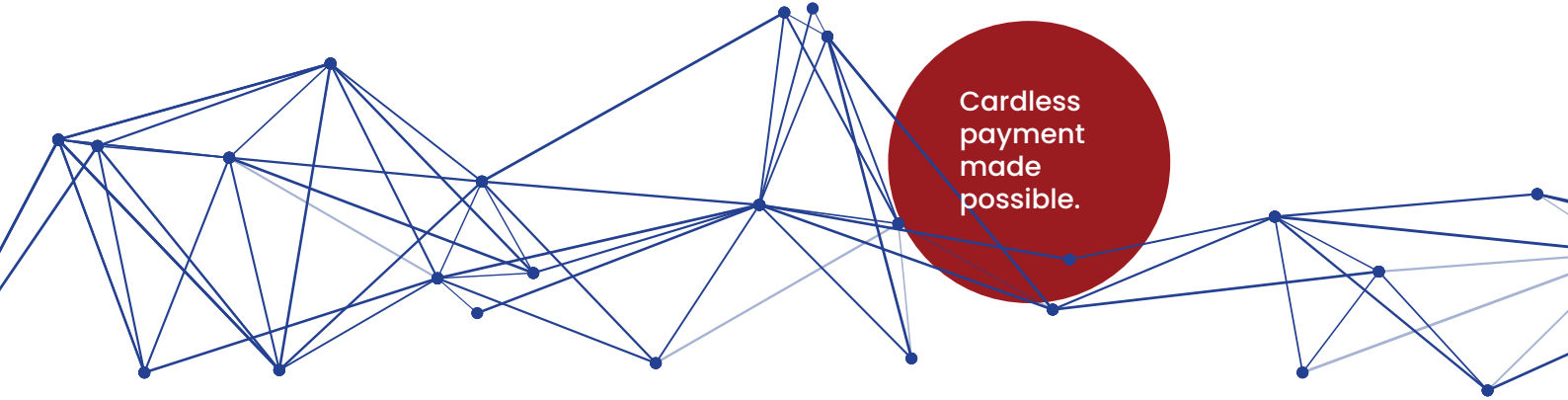
To be the leading Payment Service Provider in Nepal.

Our Commitment:

Nepal Electronic Payment Systems Limited gives highest value to security for adherence with Payment Card Industry Standards and continues to strive for operational excellence.

Strategic Priority:

As its strategic priority, NEPS continues to take various initiatives to promote financial inclusion. NEPS embraces collaboration with bilateral and multilateral partners in an effort to contribute to the vision of "Digital Nepal".



Cardless
payment
made
possible.

| LIST OF SHAREHOLDERS |

नेपाल ईलेक्ट्रोनिक पेमेन्ट सिष्टम्स लिमिटेडको शेयरधनि तथा शेयर संख्या:

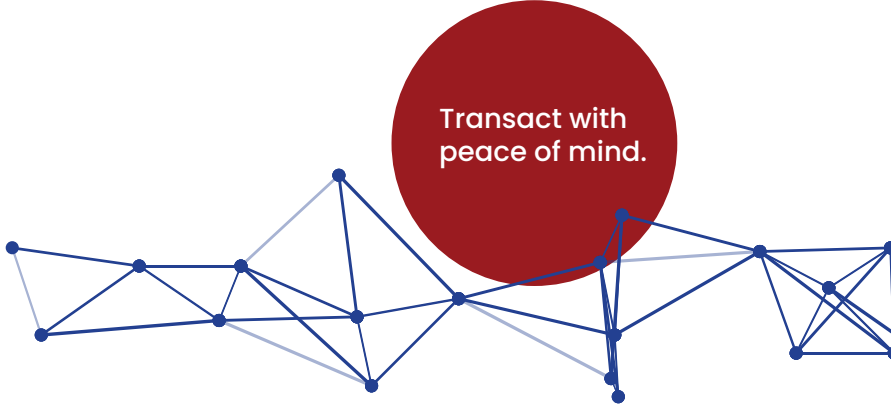
क्र.स.	शेयरधनिहरुको नाम	शेयर संख्या	शेयरबापत चुक्ता भएको रकम (रु)
१	सनराईज बैंक लिमिटेड	१५०,०००	१५०,००,०००
२	ग्लोबल आईएमई बैंक लिमिटेड	३,१०,०००	३,१०,००,०००
३	माछापुछ्रे बैंक लिमिटेड	१५०,०००	१५०,००,०००
४	सिद्धार्थ बैंक लिमिटेड	१५०,०००	१५०,००,०००
५	सिटिजन्स बैंक इन्टरनेसनल लिमिटेड	१६०,०००	१६०,००,०००
६	एन.आई.सि एशिया बैंक लिमिटेड	१५०,०००	१५०,००,०००
७	बैंक अफ काठमाडौं लिमिटेड	१६०,०००	१६०,००,०००
८	कुमारी बैंक लिमिटेड	२,००,०००	२,००,००,०००
९	प्राइम कमर्शियल बैंक लिमिटेड	१५०,०००	१५०,००,०००
१०	नेपाल बंगलादेश बैंक लिमिटेड**	१५०,०००	१५०,००,०००
११	लुम्बिनी विकास बैंक लिमिटेड	१०,०००	१०,००,०००
१२	सांग्रीला डेभलपमेन्ट बैंक लिमिटेड	१०,०००	१०,००,०००
१३	ज्योति विकास बैंक लिमिटेड	१०,०००	१०,००,०००
	जम्मा	१७,६०,०००	१७,६०,००,०००

**आर्थिक बर्ष २०७८.७९ मा नेपाल बंगलादेश बैंक लिमिटेडलाई नबिल बैंक लिमिटेडले प्राप्ति गरि शेयर नामसारीका लागि आग्रह भई आए बमोजिम उक्त कार्य आर्थिक बर्ष २०७९.८० मा सम्पन्न गरिनेछ ।

| MEMBER BANK LIST |

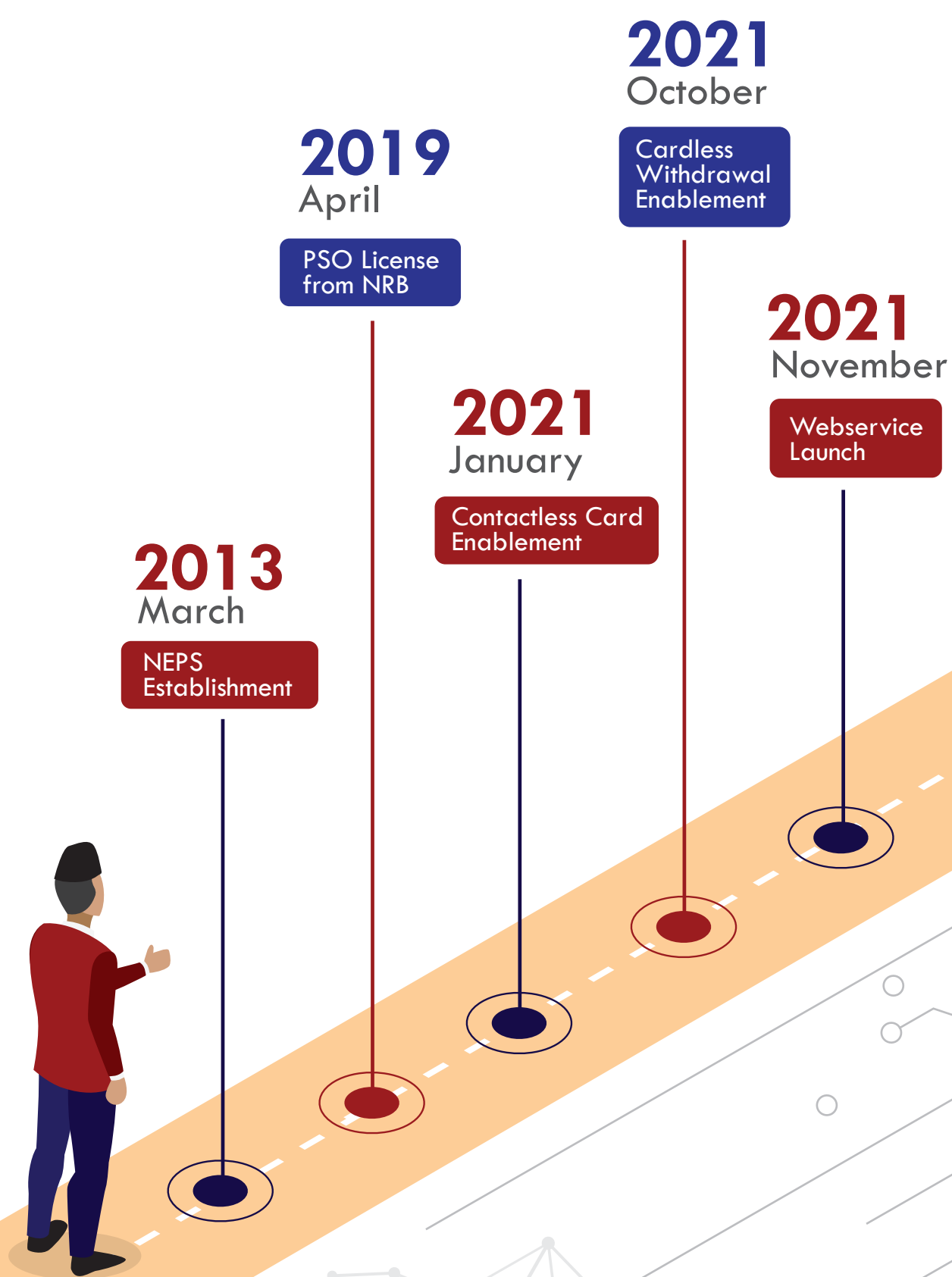
क्र.स.	सदस्य बैंकहरुको नाम	आ. ब.२०७६.७७	आ. ब.२०७७.७८	आ. ब.२०७८.७९
१	सनराईज बैंक लिमिटेड	√	√	√
२	ग्लोबल आईएमई बैंक लिमिटेड	√	√	√
३	माछापुछ्रे बैंक लिमिटेड	√	√	√
४	सिद्धार्थ बैंक लिमिटेड	√	√	√
५	सिटिजन्स बैंक इन्टरनेसनल लिमिटेड	√	√	√
६	एन.आई.सि एशिया बैंक लिमिटेड	√	√	√
७	बैंक अफ काठमाडौं लिमिटेड	√	√	√
८	कुमारी बैंक लिमिटेड	√	√	√
९	प्राइम कमर्शियल बैंक लिमिटेड	√	√	√
१०	नबिल बैंक लिमिटेड**	√	√	√
११	प्रभु बैंक लिमिटेड	√	√	√
१२	लुम्बिनी विकास बैंक लिमिटेड	√	√	√
१३	सांग्रीला डेभलपमेन्ट बैंक लिमिटेड	√	√	√
१४	ज्योति विकास बैंक लिमिटेड	√	√	√
१५	एक्सेल डेभलपमेन्ट बैंक लिमिटेड	√	√	√

** Former Nepal Bangladesh Bank Limited



Transact with
peace of mind.

| MAJOR MILESTONES |



2022

June

MOCO
Wallet
Integration



2022

July

ISO
27001:2013
Certification

2022

Sept

Excellence in
Payment
Processing
Award-Visa



| MESSAGE FROM CHAIRMAN |



नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेड (नेप्स) को नवौं बार्षिक साधारण सभामा संचालक समितिको तर्फबाट अध्यक्षज्यूद्वारा पेश गरिएको संक्षिप्त मन्तव्य

रवि कुमार नेपाल

अध्यक्ष, संचालक समिति

आदरणीय शेयरधनि महानुभावहरु,

यस नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेडको नवौं बार्षिक साधारण सभामा संचालक समितिको तर्फबाट र मेरो आफ्नो तर्फबाट समेत उपस्थित सम्पूर्ण शेयरधनि महानुभावहरुलाई हार्दिक स्वागत गर्दछु । यस संस्थाको आर्थिक बर्ष २०७८/७९ मा भएका कारोवारहरुको समिक्षा गरि आवी नीति तर्जुमा र योजना कार्यान्वयन गर्न यहाँहरुले सदाभै मार्गदर्शन गर्नुहुनेछ भन्ने आशा एवं विश्वास लिएको छु ।

नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेड १५ वटा बैंक तथा वित्तिय संस्थाहरुको सहायक कम्पनीको रुपमा स्थापित कम्पनी हो ।

यसले नेपाल भरका सम्पूर्ण बैंक तथा वित्तिय संस्थाहरुलाई सेवा प्रबाह गर्न सक्ने क्षमता राख्दछ र यसको दीर्घकालीन लक्ष्य नेपालको एक मात्र केन्द्रीय भुक्तानी प्रणालीको रुपमा आफुलाई स्थापित गर्नु हो । यसै दीर्घकालीन लक्ष्य अनुरूप स्थापित यस कम्पनीले सफलतापूर्वक नवौं बर्ष पुरा गर्दै गर्दा यस संस्था आफ्नो उदेश्य पुरा गर्ने मार्गमा लम्कीरहेको हामीलाई अनुभूति भएको छ ।

आधुनिक भुक्तानी प्रणालीले बिश्वका हरेक क्षेत्रमा प्रभुत्व जमाउदै गएको देखिन्छ, बिशेषगरि वित्तिय सेवा क्षेत्रमा यसको उपस्थितिलाई नकार्न सकिदैन । नेपालको बैंक तथा वित्तिय क्षेत्रमा रहेको परम्परागत भुक्तानी प्रणालीलाई बिस्थापित गरि

आधुनिक भुक्तानी प्रणालीलाई आत्मसाथ गर्नका लागि हरेक बैंक तथा वित्तिय संस्थाले भुक्तानी प्रणाली विभागनै खडा गरि मानव संशाधनको व्यवस्थापन गर्दै आएको देखिन्छ ।

त्यसैगरि नेपाल राष्ट्र बैंकले भुक्तानी प्रणाली बिभागको स्थापना गरि नेपालका बैंक तथा वित्तिय संस्थाहरुका लागि समय र आवस्यकता अनुसार ऐन नियम र निर्देशिकाहरु जारी गर्दै आधुनिक भुक्तानी प्रणालीलाई प्रोत्साहन गर्दै आईरहेको छ । यस विभागका बिबिध कार्यहरुले गर्दा आज मुलुक नगद रहित भुक्तानी प्रणालीमा अग्रसर हुँदै गईरहेको छ ।

बैंक तथा वित्तीय क्षेत्रमा ब्यबसायको फैलावट दिनानुदिन हुँदै जाइरहेको छ । बैंक तथा वित्तीय क्षेत्रको विस्तार संगै आधुनिक भुक्तानी प्रणाली र माध्यमको पनि विकास हुँदै जाइरहेको हामी पाउँछौं । यस बिषयलाई समेत मध्यनजर गर्दै बैंक तथा वित्तीय क्षेत्रका लागि नेपालको एक मात्र केन्द्रीय भुक्तानी प्रणालीको रुपमा यस संस्थाले आफुलाई सवल पार्दै अगाडी बढ्नु अपरिहार्य रहेको छ ।

नियामकिय व्यवस्थाको र अन्तराष्ट्रिय कार्ड नेटवर्कको मापदण्ड परिपालनाका सन्दर्भमा हामी सदैव सजग छौं । यसै क्रममा बार्षिक रुपमा परिपालना कायम राख्नुपर्ने PCIDSS प्रमाणिकरण यस समिक्षा बर्षमा समेत गरिएको र यसबाट कम्पनीले PCIDSS ले कार्ड सम्बन्धि निर्धारण गरेका सम्पूर्ण आवश्यकताहरु पूर्ण रुपले पालना गरेको प्रत्याभूति गरेको छ । यस प्रमाणिकरण आगामी १३ अक्टोबर २०२३ सम्म कायम रहने व्यहोरा म यस अवसरमा जानकारी गराउन चाहन्छु । साथै, हरेक दुई बर्षमा परिक्षण गरिने PCIPIN प्रमाणिकरण समेत सफलतापूर्वक सम्पन्न गरिएको छ ।

प्रविधिको बढ्दो प्रयोग संगसगै थपिन जाने चुनौतीलाई मध्यनजर गर्दै सम्भावित जोखिमको आंकलन र पुर्वतयारी तथा डाटाहरुको २४/७/३६५ दिननै सुरक्षाको प्रत्याभूति दिन तथा यसमा हुने गतिविधिहरुको Realtime सूचना तथा जानकारीका लागि अन्तराष्ट्रिय कम्पनीसँग Security Operation Centre (SOC) सेवा लिइरहेको र आगामी बर्षसमेत उक्त कार्य सुचारु रहने जानकारी म आदरणीय शेयरधनि महानुभावहरुलाई गराउन चाहन्छु ।

आर्थिक बर्ष २०७८/७९ मा हामी Contactless Card Personalization सेवा विस्तार गर्न सफल भएका छौं । सदस्य बैंकहरु Contactless Card Personalization सेवामा आवद्ध हुने

क्रम जारी रहेको छ । साथै, आर्थिक बर्ष २०७८/७९ मा Cash Recycle Machine (CRM) सेवा सुरु गर्न सफल भएका छौं । आधुनिक र सुरक्षित तथा सरल रुपमा आर्थिक कारोवार सम्पन्न गर्ने सन्दर्भमा नबिन प्रबिधि र प्रयोगको आत्मसाथ गर्ने दिशामा हामी निरन्तर अगाडी बढेका छौं । सोहि क्रममा अन्तराष्ट्रिय कार्ड नेटवर्कको मापदण्ड बमोजिम आर्थिक बर्ष २०७८/७९ मा हाम्रा सदस्य बैंकहरुलाई ACS 2.0 मा अपग्रेड गर्ने कार्य सम्पन्न गरेका छौं ।

आजको युगमा बिज्ञान र प्रबिधिले फड्को मार्दै जाइरहेको परिप्रेक्ष्यमा यस कम्पनीले प्रदान गर्दै आएको सेवा अन्तराष्ट्रियस्तरको रहेको तथा आफ्ना सदस्य बैंक तथा वित्तीय संस्थाहरुको आवश्यकताका आधारमा नयाँ-नयाँ आविस्कार भएका सेवाहरु समेत निकट भविष्यमा समावेश हुँदै जाने व्यहोरा जानकारी गराउन चाहन्छु । साथै, प्रबाह भइरहेको सेवालाई अझ भरणार्थ बनाउनका लागि कम्पनीले हार्डवेयर तथा सफ्टवेयरमा निरन्तर लगानी गर्दै थप सेवा प्रदान गर्न सक्षम बनेको कुरा जानकारी गराउन पाउँदा गौरवान्वित भएको छु ।

आर्थिक बर्ष २०७८/७९ मा कर्मचारी कार्य सम्पादन मुल्यांकन कार्यविधिलाई समय सापेक्ष परिमार्जन सम्पन्न गरि संचालक समितिबाट अनुमोदन भई कार्यान्वयन भएको छ । आगामी आर्थिक बर्ष २०७९/८० मा नेप्स आईटी तथा आईएस नीतिमा समयानुकूल संशोधन सम्पन्न गरिनेछ । साथै, आगामी आर्थिक बर्ष Risk Management & Compliance नीति तर्जुमा गरि कार्यान्वयनमा ल्याइनेछ । यस प्रकारका नीति नियमहरुवाट संस्थामा हुने हरेक काम कारवाही प्रचलित मापदण्डका आधारमा हुने र आन्तरिक नियन्त्रण प्रणाली चुस्त रहने अपेक्षा रहेको छ ।

यस आर्थिक बर्ष आमदानी रकममा भएको बृद्धी संगै कम्पनी खुद मुनाफा आर्जन गर्न सफल भएको छ । यस आर्थिक बर्षमा प्रचलित आयकरको व्यवस्था पश्चात

खुद मुनाफा रु ५,१८,७२,७३१ (पाँच करोड अठार लाख बहतर हजार सात सय एकतिस रुपैयाँ) आर्जन गर्न कम्पनी सफल भएको छ । गत आर्थिक बर्ष सम्मको संचित नाफामा यस बर्षको खुद नाफा समायोजन गरि हुन आउने रकम रु ९,८७,०३,१२० (नौ करोड सतासी लाख तिन हजार एक सय बिस) लाई वासलातमा सारिएको छ । कम्पनिको आर्थिक कारोवार, नियामकिय व्यवस्थाको परिपालना, आन्तरिक नियन्त्रण प्रणाली तथा भावी योजना र चुनौती सम्बन्धमा संचालक समितिको बार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

नवौं बार्षिक साधारण सभाको यस अवसरमा म यस संस्थालाई प्रजातितर्फ उन्मुख एवं गतिशील बनाउन पुर्याइरहेको योगदानका लागि प्रमुख नियमनकारी निकाय नेपाल राष्ट्र बैंकलाई संचालक समितिका तर्फबाट कृतज्ञता ज्ञापन गर्न चाहन्छु । साथै संस्थाको प्रजातिमा प्रत्यक्ष र अप्रत्यक्ष रुपले संलग्न शेयरधनि महानुभावहरु, विभिन्न बैंक तथा वित्तीय संस्थाहरु एवं शुभेच्छुक महानुभावहरुलाई यहाँहरुवाट प्राप्त सहयोग, सुभाब र मार्ग निर्देशनका लागि हार्दिक आभार ज्ञापन गर्न चाहन्छु ।

कम्पनीको स्थापना काल देखि आजको यस अवस्था सम्म ल्याई पुर्याउन सहयोग गर्नुहुने संचालक समितिका सदस्यहरु, कम्पनीमा आवद्ध सदस्य बैंक तथा वित्तीय संस्थाहरु, नियमनकारी निकायहरु तथा शेयरधनि बैंकहरुमा कम्पनीको संचालक समितिका तर्फबाट धन्यवाद ज्ञापन गर्न चाहन्छु । त्यसैगरी कम्पनीको सफलतामा ईमान्दारी र लगनशीलताका साथ योगदान दिनु हुने प्रमुख कार्यकारी अधिकृत लगायत सम्पूर्ण कर्तब्यनिष्ठ कर्मचारी बर्गमा समेत धन्यवाद ज्ञापन गर्दछु ।

अन्तमा आगामी दिनहरुमा पनि बिगतका वर्षहरुमाअै यहाँहरुको अमुल्य राय सल्लाह, सुभाब तथा सहयोगको अपेक्षा राखेको छु ।

धन्यवाद ।

| MESSAGE FROM CEO |



नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेड (नेप्स) को नवौं वार्षिक साधारण सभामा प्रमुख कार्यकारी अधिकृतज्यूको मन्तव्य

सन्जिब सुब्बा

प्रमुख कार्यकारी अधिकृत

यस नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेडको नवौं वार्षिक साधारण सभामा उपस्थित सम्पूर्ण शेयरधनि एवं अन्य महानुभावहरुलाई यस संस्थाको तर्फबाट हार्दिक स्वागत एवं अभिवादन व्यक्त गर्दछु ।

नेपालको एक मात्र केन्द्रीय मुक्तानी प्रणालीको रुपमा आफूलाई स्थापित गर्ने ध्येय हासिल गर्नका लागि निरन्तर रुपमा क्रियाशील भएको नौ बर्ष पुरा भएको छ । यस क्रममा विभिन्न आरोह अवरोहहरु पार गर्दै संस्थाले बैकिंग क्षेत्र अन्तर्गत मुक्तानी प्रणाली र विशेषतः कार्ड पेमेन्टका क्षेत्रमा निरन्तर सेवा प्रदान गर्दै आईरहेको व्यहोरा सबैमा विदितै छ ।

यो हामी सबैको उत्साह, लगाव एवं ऐक्यबद्धताको प्रतिफल हो । संस्थाले हालसम्म हासिल गरेका उपलब्धिहरु मार्फत मुक्तानी प्रणालीका क्षेत्रमा आफ्नो उपस्थितिलाई अझ मजबुत बनाउन सफल भएको हामीले महशुस गरेका छौं । जसलाई आगामी दिनमा समेत अझ बढी उर्जाशील तबरबाट निरन्तरता दिनमा हामी प्रतिबद्ध छौं ।

सोहि क्रममा आर्थिक बर्ष २०७८/७९ मा हामी **Contactless Card Personalization** सेवा विस्तार गर्न सफल भएका छौं । सम्पूर्ण सदस्य बैकहरु **Contactless Card Personalization** सेवामा

आवद्ध हुने क्रम जारी रहेको छ । साथै, आर्थिक बर्ष २०७८/७९ मा **Cash Recycle Machine (CRM)** सेवा समेत विस्तार गर्न सफल भएका छौं । आर्थिक बर्ष २०७८/७९ मा नेप्सका सदस्य बैकहरुद्वारा जारी गरिएका कार्डलाई मोको डिजिटल वालेटमा आवद्ध गर्ने काम सम्पन्न गरिएको र सो कार्यबाट सदस्य बैकका ग्राहकमहानुभावहरुले वालेटको प्रयोग गरि कार्डमार्फत मुक्तानीको माध्यम छनोट गर्न सक्नेछन् । त्यसै गरी यस आर्थिक बर्षमा भिसा डिरेक्ट सेवा सुचारु गर्न सफल भएका छौं यसका माध्यमबाट सदस्य बैकका ग्राहकमहानुभावहरुले विभिन्न देशहरुबाट आफ्नो भिसा डेबिट/क्रेडिट कार्डमा रकम प्राप्त गर्न सक्नेछन् ।

बदलिँदो परिवेश, समय संगै भईरहेका सूचना प्रविधिको विकास, अर्थतन्त्रमा बैंक तथा वित्तीय संस्थाको बढ्दो योगदान र मुक्तानी प्रणाली र विशेषतः प्रविधिको क्षेत्रमा भईरहेको नबिनतम् खोज र उपलब्धिलाई संस्थाले प्रदान गर्ने सेवामा समयानुकूल समाविष्ट गर्न योग्य कर्मचारी छनोट र हाम्रा कर्मचारीहरूमा ज्ञान, शिप एवं क्षमता अविबृद्धि गर्नका लागि आवश्यक पर्ने विविध किसिमका तालिम प्रभावकारी रूपमा प्रदान गर्ने ब्यबस्थित परिपाटीको सुरुवात गरेका छौं । यस बाट नविन परिवर्तन एवं अवसर तथा चुनौतीहरूलाई समयमै सहि आंकलन गर्न सक्षम व्यवस्थापकिय कुशलता विकास हुने र अपेक्षित नतिजा हाशिल गर्न हाम्रा कर्मचारीहरू सक्षम हुने अभिप्राय राखेको छु ।

आर्थिक बर्ष २०७८/७९ मा ISO 27001 : 2013 सर्टिफिकेशन सम्पन्न गरेका छौं । यसबाट यस संस्थाले सूचना प्रविधिको प्रयोग तथा सुरक्षाका लागि अवलम्बन गरेको कार्यविधि र प्रयोग अन्तराष्ट्रिय मापदण्ड अनुसार रहेको प्रत्याभूति गरेको छ ।

आगामी आर्थिक बर्ष E-Com Gateway र Merchant Management System को पूर्वाधार तयार गरि सदस्य बैंकहरूमा उक्त सेवा विस्तार गरिनेछ । साथै, यस कम्पनीले सदस्य बैंक तथा वित्तीय संस्थाहरूलाई दिदै आएको सेवाहरू सुदृढ एबम् विस्तार गर्नका लागि बिस्तृत परियोजना खाका तयार गरि चरणबद्ध रूपमा विभिन्न परियोजना कार्यान्वयनमा ल्याईने छ ।

संस्थाको मुख्य उदेश्य अनुरूप हुने गरि कार्ड पेमेन्टका अलावा डिजिटल पेमेन्टका सम्भावित क्षेत्रहरूको पहिचान गरि त्यस तर्फ समेत आगामी बर्ष ठोस कदम चालिनेछ । पहिचान भएका डिजिटल पेमेन्टका क्षेत्रहरूमा योजनाबद्ध हिसाबले कार्य अगाडी बढाईनेछ जसबाट मुक्तानी प्रणाली र विशेषतः डिजिटल पेमेन्टका क्षेत्रमा आफ्नो अब्बल उपस्थिति जनाउन यस संस्था सक्षम हुने बिस्वास लिइएको छु ।

सदस्य तथा साभेदार बैंक तथा वित्तीय संस्थाहरू संगै निरन्तर सम्बाद र सम्बन्धित बिषयमा नियमित अन्तरक्रिया गर्ने परिपाटीको सुरुवात गरेका छौं । यस बाट यस संस्थाले प्रदान गर्दै आएको सेवा, बिचमा आईपरेका आरोह अवरोहहरू आदान प्रदान गर्ने तथा सेवाको गुणस्तरियता अभिवृद्धि गर्न नियमित रूपमा महत्वपूर्ण सुझाव प्राप्त हुने अपेक्षा राखेको छु । आगामी आर्थिक बर्ष देशैभरका प्रमुख शहरहरूमा चरणबद्ध रूपमा यस संस्थाले प्रदान गर्दै आएको सेवा, डिजिटल मुक्तानी र यसको अभिवृद्धिका लागि बैंक तथा वित्तीय संस्थाको भूमिका लगायतका बिषयहरूमा अन्तर्क्रिया गरिनेछ ।

समिक्षा बर्षमा आम्दानी रकम अघिल्लो आर्थिक बर्षको तुलनामा ३५.७५% प्रतिशतले बृद्धि भई कुल आय रु २२,९३,९०,५८९ (बाईस करोड तेह्र लाख नब्बे हजार पाँच सय उनान्नब्बे रुपैयाँ) गर्न सफल भएको छ । समिक्षा आर्थिक बर्षमा रु ६,८३,३८,७९६ (छ करोड त्रियासी लाख अत्तीस हजार सात सय सोह्र रुपैयाँ) कर योग्य आम्दानी गर्न

कम्पनी सफल भएको छ । प्रचलित आयकरको व्यवस्था पश्चात आर्थिक बर्ष २०७८/७९ मा रु ५,९८,७२,७३९ (पाँच करोड अठार लाख बहतर हजार सात सय एकतिस रुपैयाँ) खुद मुनाफा आर्जन भएको छ ।

प्रचलित नीतिनियम, नेपाल राष्ट्र बैंकको नियमन तथा संचालक समितिबाट समय संगै प्राप्त हुन आएका निर्देशनलाई कार्यान्वयन गर्दै कारोवारमा निहित जोखिम तथा यसको ब्यबस्थापन, मुक्तानी प्रणाली र यसको सुरक्षा तथा संस्थाको आन्तरिक नियन्त्रण प्रणालीलाई समयानुकूल परिवर्तन गर्ने र यस सम्बन्धमा ठोस नीति नियम तथा दिग्दर्शन बिकास र यसको परिपालना निरन्तर अग्रसर रहने छौं ।

अन्तमा, यस संस्थाको प्रगतिमा प्रत्यक्ष र अप्रत्यक्ष रूपले संलग्न शेयरधनि महानुभावहरू, विभिन्न बैंक तथा वित्तीय संस्थाहरू एवं शुभेच्छुक महानुभावहरूलाई यहाँहरूवाट प्राप्त सहयोग, सुझाव र मार्ग निर्देशनका लागि हार्दिक आभार ज्ञापन गर्न चाहन्छु र आगामी दिनहरूमा पनि यसरी नै यहाँहरूको अमूल्य राय सल्लाह, सुझाव तथा सहयोगको अपेक्षा राखेको छु ।

धन्यवाद ।

The way to a safer business deals.

| BOARD OF DIRECTORS |

Robin Kumar Nepal Chairman

Mr. Robin Nepal is the Deputy General Manager at Sunrise Bank Limited. Mr. Nepal has banking experience of more than 2 decades and served various senior management roles in corporate lending and risk management. He started his banking career at Nepal Grindlays Bank Ltd. now is Standard Chartered Bank Nepal Ltd. He holds a master's degree in business administration.

Bishwambhar Neupane Director

Mr. Bishwambhar Neupane has been associated with Machhapuchchhre Bank Limited since July 16, 2004. He has long experience in banking sectors with vast knowledge of overall banking operation and management. Mr. Neupane is an MBA graduate from Kathmandu University. He is a member of the Board of NEPS representing Machhapuchchhre Bank Limited Since 2077/09/16.



Anil Joshi Director

Mr. Anil Joshi possesses more than 21 years of banking experience in the field of Information Technology. He holds master's degree in computer engineering from Technological University of Podillia, Ukraine and Executive MBA degree from Purbanchal University. Mr. Joshi started banking career from Machhapuchchhre Bank Ltd. as a Head of IT. He is a member of the Board of NEPS representing Global IME Bank Limited Since 2077/06/08.

Niraj Sharma Director

Mr. Niraj Sharma is associated with Nabil Bank Limited. He holds master's degree from Kathmandu University and has over 20 years of Banking Experience. He has rich experience in the field of Card Payment and Digital payment solutions along with Banking Card and Remittance. He is a member of the Board of NEPS representing Nabil Bank Limited since 2079/05/12.

Sanjeeb Kumar Shrestha

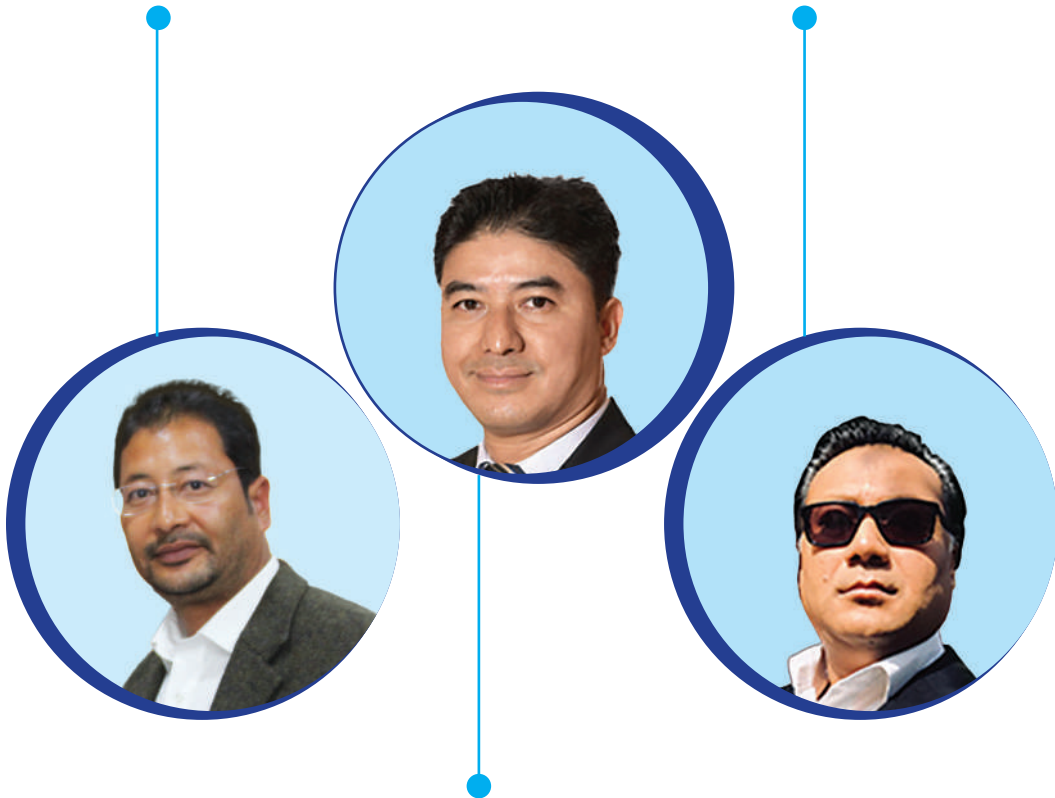
Director

Mr. Sanjeeb Kumar Shrestha is associated with Citizens Bank International Limited. He holds master's in computer engineering from Ukraine and has over 20 years of Banking Experience in the field of Information Technology. He has been working in IT Department and also has experience in the field of Branchless Banking, Card, and Remittance. He is a member of the Board of NEPS representing Citizens Bank International Limited Since 2074/06/29.

Bal Krishna Joshi

Director

Mr. Joshi has over 20 years of fintech experience. He has played important role in building cross border digital payment platform for financial institution. Mr. Joshi is credited with successful establishment of Thamel Remit, Leapfrog Technologies and Machnet -well-known brands in fintech, remittance and cross Border Payments. He is a member of the Board of NEPS as an Independent Director Since 2077/04/18.



Suresh Raj Maharjan

Director

Mr. Suresh Raj Maharjan is associated with Siddhartha Bank Limited. He holds master's degree from Tribhuvan University and has over 20 years of Banking Experience. He has rich experience in the field Information Technology, Card Payment and Digital payment solutions. He is a member of the Board of NEPS representing Siddhartha Bank Limited Since 2074/06/29.

02 PRODUCTS AND SERVICES



ATM Services

ATM Management Service is a centralized monitoring unit, involved in monitoring and implementation of ATM services so as to manage, monitor, and register ATM machines events. The system is liable to monitor the surveillance of the machine, detecting and removing errors at a very short notice. We are providing 24*7 monitoring service to ensure smooth ATM operation and customer care. Currently, NEPS is managing 2000+ ATMs on behalf of our Member Banks.



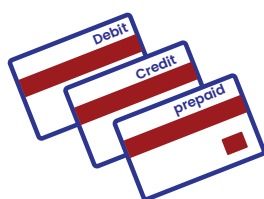
3D Secure Service

3-D Secure is a protocol designed to be an additional security layer for online credit and debit card transactions. The name refers to the “three domains” which interact using the protocol: the merchant/acquirer domain, the issuer domain, and the interoperability domain. We are providing latest ACS 2.2 platform to our Member Banks



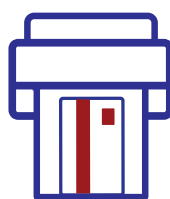
Acquiring Service

ATM acquiring solution provides the ability to manage all types of ATM devices. It supports all leading brands of ATMs including NCR, Diebold, Wincor. Our ATM acquiring service provides banks and ATM deployers with the ability to offer more than a traditional self-service experience on top of the complete set of conventional features. NEPS offers ATM & PoS acquiring of all major card networks like Visa, Mastercard and Union Pay International (UPI). We also offer life cycle management of ATM & PoS acquiring transaction to our Member Banks.



Card Issuance

Card issuing involves creating tailor-made card programs that suit the ever-changing needs of customers in order to issue physical cards. NEPS offers end to end card issuance and management services for different types of cards like Debit, Credit, Prepaid to our Member Banks.



Card Personalization

NEPS offers capability and solutions to our member banks to personalize the cards in their own premises at multiple locations. With this solution member banks can opt contact or contactless card personalization in their own location and convenience.



Green Pin

GREEN PIN is a paperless Pin feature introduced as a replacement for Physical Paper Pin. Green PIN is a more convenient, and faster way to get PIN in a paperless and secure manner. Similar to a PIN Mailer, it is a One-Time Password (OTP) generated and sent to card holders directly in their registered mobile numbers during the first-time activation of ATM.



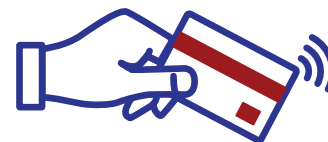
Monitoring & Help Desk

NEPS monitoring unit is an arrangement for providing 24*7 first level support for its member banks and end customers. They provide necessary information and handle the issues/queries of the end users of such members. NEPS monitoring unit's function is backed by the resources having both technical and operational expertise. A separate section is available in NEPS's website (neps.com.np) to handle grievances related to NEPS. The registered grievances and feedback are handled by dedicated team. The Helpdesk team can also be contacted through phone, mobile, Toll-Free number or an email. NEPS's helpdesk team has also been supporting the end users and creditors/merchant on-boarded by the member BFIs for any related technical issues. However, support related to transactions are done by the onboarding banks with needed support and coordination from NEPS.



Transaction Processing

Through our core switching system, we process communications between all the members bank and card networks for transaction processing.



Contactless Card

During the Fiscal Year 2078/79, we have been able to expand the contact less card to most of our member banks and is in process of implementation by the remaining banks. A contactless card is a chip card that also has technology embedded in it that lets you pay over a secure radio interface. And this technology is great for all of us as we don't want to swipe or dip our cards due to COVID-19. We expect to complete it in the upcoming fiscal year 2079/80.



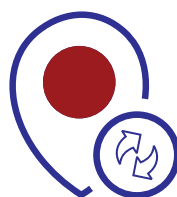
Fraud Management

ATM fraud is financial fraud through these ATM terminals. NEPS help members banks to proactively monitor, identify and mitigate financial fraud through comprehensive fraud management solutions.



Cash Recycler Machine

Similarly, for the first time, we have introduced Cash Recycler Machine (CRM) during last fiscal year and the same has been expanded to other member banks during the reporting period. One of the technological innovations, the "CRM is a self-service terminal that allows a customer to make both cash deposit and withdrawals. With the use of CRM, we expect the greater experience in terms of technology powered solution and time saving to account holder in deposition and cash withdrawal without visiting to bank's branch.



PoS Management

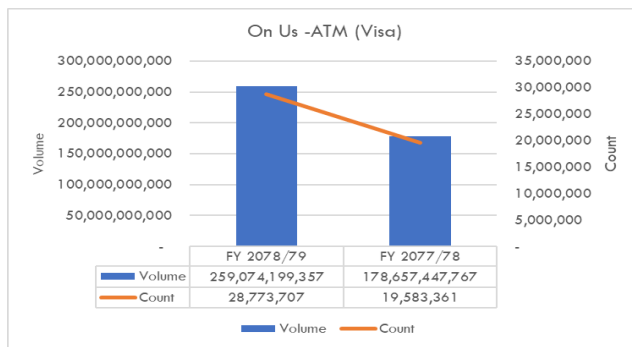
NEPS offers various services to our member banks to deploy PoS terminal at various merchant locations through merchant onboarding, transaction management and settlement. We support both contact and contactless terminals and all major networks like Visa, Mastercard and UPI (Union Pay International).

03 OPERATIONAL REVIEW

NEPS was established to provide its customers with the readymade solution of Issuance of Cards, Acquiring transactions through different delivery channels, connectivity to different payment associations in the country and international payment organization, along with it all the related settlement, operational and security aspects on the same. To meet our objective, during the FY 2078/79, we have equally invested in technology, people, system, and process automation.

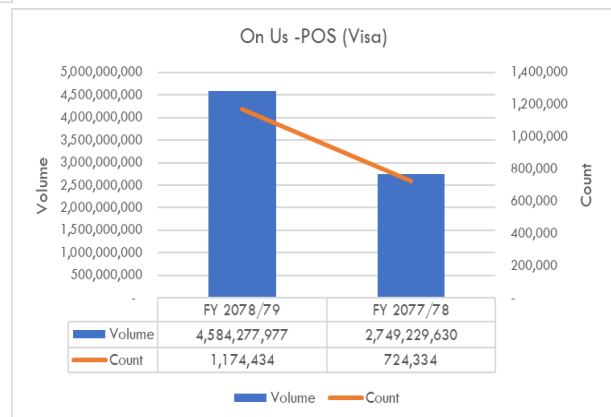
The following graph represents the growing trend of POS and ATM acquiring in the FY 2078/79 compared to previous FY 2077/78.

ATM & POS Acquiring -On Us (Visa):

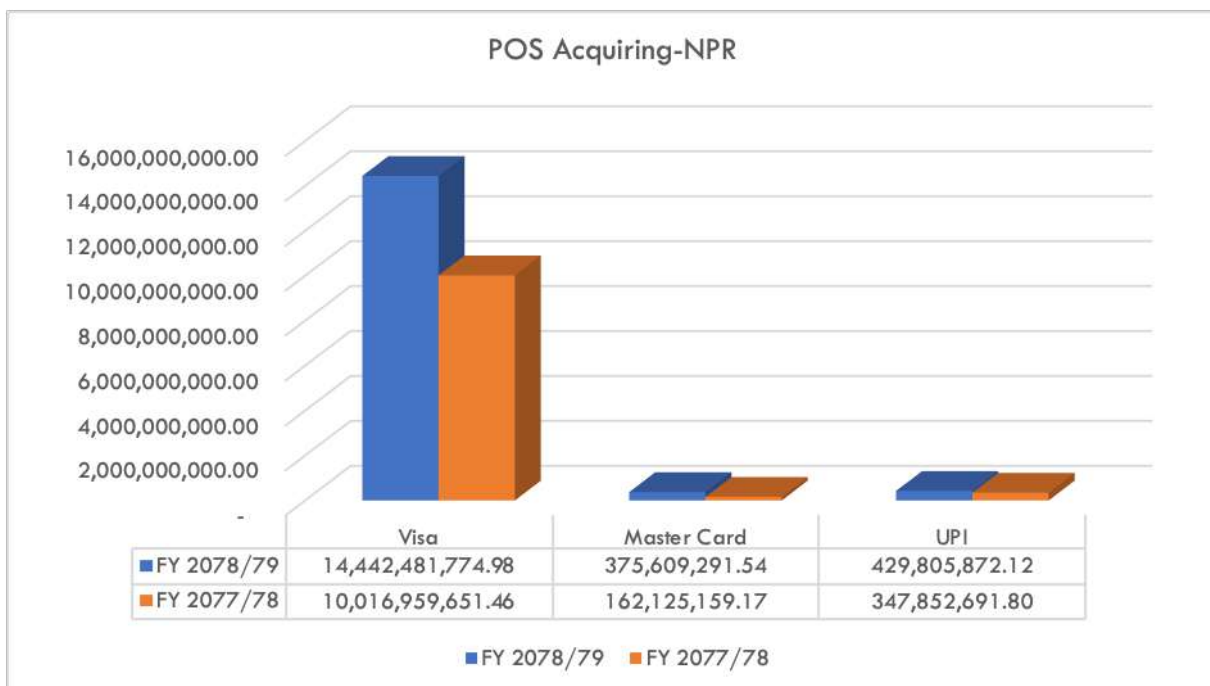
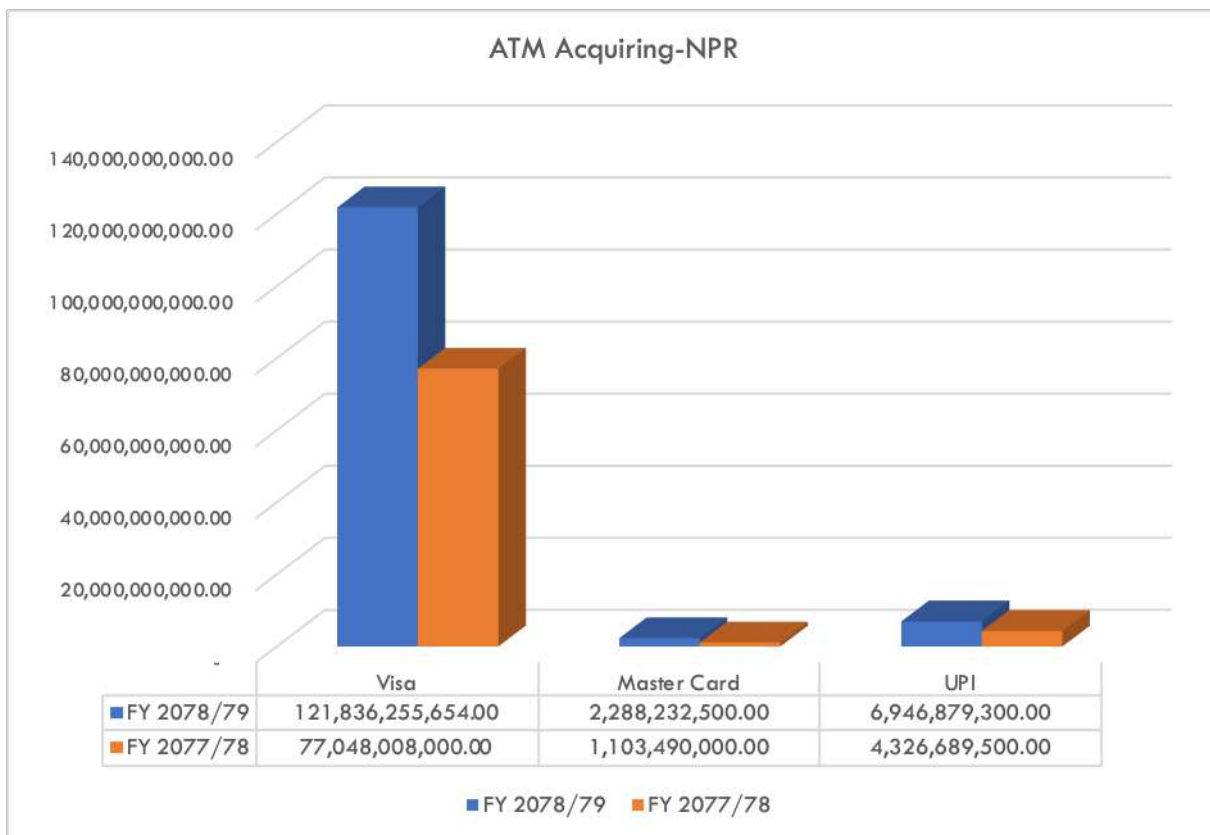


The volume of On-US ATM (Visa) has been increased to NPR 259,074,199,357 as against NPR 178,657,447,767 in the previous fiscal year 2077/78. The growth in On Us (Visa) transaction compared to last fiscal year has been recorded 45.01%

Similarly, the volume of On-Us POS (Visa) is in increasing trend. The growth in On Us (Visa) POS transaction compared to last fiscal year has been recorded 66.74%.



Hassle-free transactions made possible.



04 INFORMATION SECURITY REVIEW

Information Security Department is entrusted for following roles:

- ❖ Research, develop, implement, test, and review an organization's information security in order to protect information and prevent unauthorized access.
- ❖ Implement the Information Security Policies, Procedures and Standards.
- ❖ Ensure that all key operations are carried out in accordance with the defined security requirements.
- ❖ Review audit and examination reports dealing with the information security issues and ensure that they are placed before Information Security Steering Committee at periodic intervals.
- ❖ Ensure compliance in accordance with regulatory standards such as NRB IT Guidelines, PCIDSS, PCI PIN and keep abreast of latest security and privacy legislation, regulations, advisories, alerts, and vulnerabilities pertaining to the organization.
- ❖ Develop IS Strategy for the current year and future and develop IS budget. Manage IS projects/initiatives and ensure timely completion.
- ❖ Regularly monitor security information and events and report promptly.

The followings are the highlights of major activities conducted by IS Department during the FY 2078/79.

PCIDSS Audit:

The Payment Card Industry Data Security Standard is an information security standard for organizations that handle branded cards from the major card schemes. The PCI Standard is mandated by the card brands but administered by the Payment Card Industry Security Standards Council. This activity is conducted in every 12 months and our certification is valid till 13th Oct 2023.

PCI PIN Audit:

The PCI PIN program outlines the security and procedural requirements for acquiring financial institutions and all organizations that manage or deploy PIN acceptance devices that process and accept cardholder PINs at ATMs, POS terminals. This activity is conducted in every 24 months and our certification is valid till January 2024.

Security Operation Centre (SoC):

A Security Operation Center (SOC) is a centralized function within an organization employing people, processes, and technology to continuously monitor and improve an organization's security posture while preventing, detecting, analyzing, and responding to cybersecurity incidents. Currently, 85 asset's logs are integrated, and 24*7*365 monitoring is in place.

All the activity logs that are monitored are mapped with used cases, based on which tickets are created. Closing the ticket and communication methods used to notify the end user or tier level contacts. Tickets need to be closed after proper verification and investigation.

Weekly, monthly, and quarterly meetings are being held whereas daily news feed, weekly/monthly report are being delivered to increase efficiency.

Vulnerability Assessment & Penetration Testing (VAPT):

Vulnerability Assessment and Penetration Testing (VAPT) is to identify vulnerabilities, misconfiguration and other issues that could be leveraged by an external or internal entity to impact the confidentiality, integrity, and availability. In order to obtain acceptable level of assurance of the security controls implemented on the systems of NEPS, various Vulnerability Assessment and Penetration Testing (VAPT) were conducted during the FY 2078/79. Such VAPT were executed as multiple service assignments by external service providers, covering network, network policies, web applications, mobile applications, and consolidated APIs.

VAPT Activity Description:

S No.	Particulars	Scan	Frequency per PCIDSS guideline	Frequency per NEPS decision
1	VAPT (External)	VA (External)/ASV	Quarterly	6 Iterations
		PT (External)	Annually	Bi-annually
2	VAPT (Internal)	VA (Internal)	Quarterly	Quarterly
		PT (Internal)	Annually	Bi-annually
3	Segmentation (VLAN)	Segmentation (VLAN)	Bi-annually	Bi-annually
4	PT (Application)	PT (Application)	Annually	Bi-annually

ISO 27001:2013 Certification:

ISO 27001:2013 certification assures organization's confidentiality, integrity, and availability of the information assets. Information security and its management has always been the priority at NEPS. Hence, as a part of ISO 27001:2013 certification, ISO surveillance audit is carried out during the fiscal year 2078/79 by the ISO 27001 certified auditors with requirement of complete re-certification in every three years.

ISO 27001:2013 certification was obtained by NEPS on 14th July 2022 from URS Certification India, which is an accredited certification body of United Kingdom Accreditation Service (UKAS). The ISO 27001 certification was awarded to NEPS with validity till 13th July 2025, subject to annual surveillance audit. The scope of ISO 27001:2013 includes management, operation and maintenance of information security management system covering information system, assets and associated processes related to company's business activities.

INFORMATION SECURITY AWARENESS PROGRAM

Information Security Awareness Program is an organized effort to make employees aware of risks to personal and organizational information and information technology and provide them with the skills and knowledge necessary to avoid those risks. These programs are designed to help employees understand the role they play in helping to combat information security breaches.

All the current employees and new enroll employees are provided with such programs. For current employees it is provided quarterly basis whereas for new enroll employees within one month of enrollment. Information Security Awareness Program conducted during the reporting period are presented below.

For Current Employees	For New enroll employees
Date of Awareness Program	
16 th September 2022	25 th September 2022
28 th February 2022	7 th August 2022
15 th February 2022	2 nd June 2022
8 th October 2021	10 th May 2022
	8 th April 2022
	26 th December 2021
	3 rd December 2021

ANTIVIRUS SECURITY

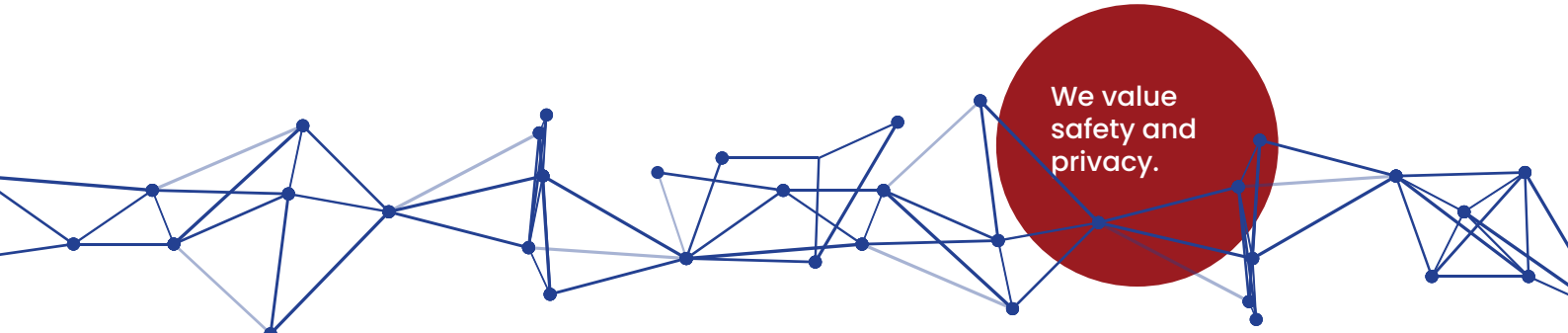
Antivirus software is a type of program designed and developed to protect Endpoint Protection (EPP) and servers from malware like viruses, computer worms, etc. It is used to prevent, detect, and remove malware.

Sophos Enterprise Console (SEC) is replaced with Falcon Endpoint Protection Pro which is Next Generation Antivirus. It represents the newest and advanced layer of endpoint protection which has capability to detect unknown threats based on behavior that isn't normal. The current License will be valid till 28th September 2023.

CARD DATA FINDER TOOL

Card Data Finder (CDF) tool is a software that helps to identify sensitive data (cardholder data, PAN etc.) within the network and enables the users to analyze, track and report on file content. It also provides remediation interface for the users to mask, truncate and/or delete the discovered sensitive data.

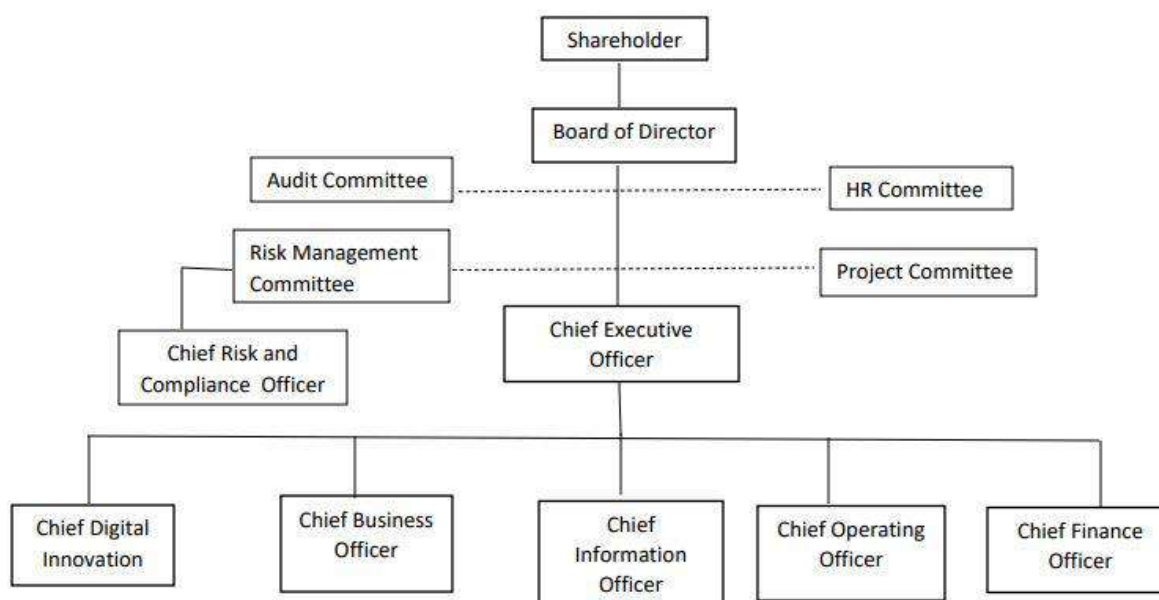
Endpoints and servers are scanned quarterly through Card Data Finder tool and existing license for card data finder tool lasts till 30th June 2023.



We value
safety and
privacy.

05 CORPORATE GOVERNANCE

At NEPS it has always been considered and focused for culture of robust corporate governance to achieve its objectives. A good corporate governance structure is essential for enabling prudent as well as effective management that ensures clear alignment of the stakeholders' interests, ensures accountabilities and transparency. It also controls and inspires the right behavior for timely responses towards issues and for better performance of the organization. NEPS is committed towards the highest level of ethics, integrity, transparency, professionalism, and compliance. The Board of Directors, being primarily responsible for the corporate governance of NEPS, is committed to ensure the integrity, effective oversight, leadership, and control by directing and supervising the business affairs at the strategic level to adhere with the applicable regulations and to maintain the highest standards of business best practices. The following Diagram shows the corporate governance structure at NEPS.



GUIDING FRAMEWORK:

NEPS is guided by its Memorandum of Association (MOA) and Articles of Association (AOA). It is licensed by Nepal Rastra Bank as Payment System Operator (PSO). Various laws and regulations which govern NEPS are as follows:

1. Companies Act, 2063 (First Amendment, 2074)
2. Payment and Settlement Act, 2075
3. Payment and Settlement Bylaw, 2077
4. Licensing Policy for Institution/Mechanism for Operating Payment Related Activities, 2073
5. Directives and circulars issued by Nepal Rastra Bank

BOARD OF DIRECTORS

The Board of Directors is a body of elected or appointed members by the shareholders, who jointly oversees the activities of the company and is responsible for the company's strategy, structure and performance including the assessment and management of risk related activities. The Board is accountable and responsible for ensuring that adequate system and controls are in place; strategic decision making and financial performance of company. NEPS Board comprises of 7 non-executive directors including Chairman who is elected from amongst the Directors and Independent Director. The Board is constituted by the institutional representatives from the shareholders.

Following are the members of the current Board of Directors:

Name of the Directors	Institution Represented
Mr. Robin Kumar Nepal- Chairman	Sunrise Bank Limited
Mr. Anil Joshi- Director	Global IME Bank Limited
Mr. Bishwambhar Neupane- Director	Machhapuchchhre Bank Limited
Mr. Niraj Sharma- Director	Nabil Bank Limited
Mr. Sanjeeb Kumar Shrestha- Director	Citizens Bank International Limited
Mr. Suresh Raj Maharjan-Director	Siddhartha Bank Limited
Mr. Bal Krishna Joshi- Director	Independent Director

The responsibility for day-to-day management of the company is delegated to the management team. The reporting line between the Board and Management team has been clearly defined in the company's organizational chart ensuring effective monitoring of the senior management by the Board. The management team consists of professionals coming from diverse range of professional backgrounds including banking, information technology, chartered accountancy, and marketing. The management team is led by the Chief Executive Officer, who is duly accountable to the Board. The Board is mainly involved in formulating strategic and annual plans, approving annual budget, formulating internal policies and procedures including risk management framework. All the key policies, procedures and governance aspects are regularly reviewed by the Board.

CHANGES IN BOARD OF DIRECTORS:

There have been following changes in the representations in the Board from the last Fiscal Year.

Outgoing Board Members		Incoming Board Members	
Name	Institution Represented	Name	Institution Represented
Mr. Raghu Krishna Shrestha	Nepal Bangladesh Bank Ltd	Mr. Niraj Sharma	Nabil Bank Limited

With the acquisition of Nepal Bangladesh Bank Limited by Nabil Bank Limited in the FY 2078.79, Nabil Bank Limited has nominated Mr. Niraj Sharma in replacement of Mr. Raghu Krishna Shrestha and the NEPS 144 BOD meeting held on 12th Bhadra 2079 decided to approve his appointment. The tenure of newly appointed director will be remaining years from the period of 4 Years from 2078/08/27.

BOARD MEETING:

The Board has appointed the Chief Finance Officer and given additional responsibility as Company Secretary, who helps to convene the Board meetings and prepare agendas for discussion in the meeting, minutes the BOD decision and ensure implementation of decisions made by the Board and/or address the matters raised by the regulatory authorities. The Minutes of the board meeting are retained by the Company Secretary. During the review period, a total of 14 board meetings were conducted and a summary of the Board meeting is as shown in the following table:

S. No	BOD Meeting Number	Date of BOD Meeting
1.	129	17 th Shrawan 2078
2.	130	28 th Shrawan 2078
3.	131	29 th Bhadra 2078
4.	132	8 th Ashwin 2078
5.	133	20 th Ashwin 2078
6.	134	9 th Kartik 2078
7.	135	5 th Mangsir 2078
8.	136	5 th Poush 2078
9.	137	6 th Magh 2078
10.	138	15 th Falgun 2078
11.	139	15 th Chaitra 2078
12.	140	28 th Baisakh 2079
13.	141	2 nd Ashad 2079
14.	142	8 th Ashad 2079

AUDIT COMMITTEE

Audit Committee formed pursuant to Section 164 of Companies Act, 2063 and functions as per the provisions of Section 165 of the same Act. It comprises of two Directors from the Board as its Members and the Chief Finance Officer acting as its Member Secretary. The Committee reports directly to the Board on the matters concerning financial reporting, internal control, risk management and auditing. Current members of the Audit Committee are as follows:

Name of the Member	Designation
Mr. Suresh Raj Maharjan	Coordinator
Mr. Niraj Sharma	Member
Mr. Rajkumar Khadka	Member Secretary

AUDIT COMMITTEE MEETING

The committee regularly reviews the internal control system, risk management system and compliance, related to financial and operational matters. It also conducts periodic review of financial statements, review of findings reported in the internal audit, statutory audit and ISO certification, Legal Audit with appropriate recommendations to the Board for necessary policy changes as a result of the audit/reviews. The Audit Committee periodically updates the Board on the controls and risk related matters.

During the review period, a total of 3 audit committee meetings were conducted and a summary of the committee meeting is as shown in the following table:

S. No	Committee Meeting Number	Date of Meeting
1.	27	10 th Bhadra 2078
2.	28	4 th Falgun 2078
3.	29	25 th Jestha 2079

REPORT ON THE MAJOR ACTIVITIES OF AUDIT COMMITTEE

The Audit Committee conducted the functions as mandated by Section 165 of the Companies Act, 2063. Accordingly, followings were the major activities conducted by the Audit Committee in the FY 2078/79:

1. Reviewed financial statement of the FY 2078/79 and recommended to the Board for approval.
2. Discussed over matters concerning appointment of Statutory Auditor for the FY 2079/80 and recommended the name to be proposed in the 9th AGM through the Board.

3. Discuss and decided to appoint the internal Auditor for the FY 2079.80
4. Reviewed the findings, recommendations, and management responses of the quarterly Internal Audit Reports.

HUMAN RESOURCES COMMITTEE

HR Committee of NEPS currently comprises of two members from the Board of Directors and the Chief Executive Officer acting as its Member Secretary with an objective to formulate needed policies and plans in order to develop and retain necessary human resource at the company. Current members of the HR Committee are as follows:

Name of the Member	Designation
Mr. Bishwambhar Neupane	Coordinator
Mr. Anil Joshi	Member
Mr. Sanjib Subba	Member Secretary

All the policies related to employee recruitment, salary and benefits, performance appraisal and other related issues are overseen by the Committee. HR Committee provides necessary recommendations to the Board for changes in human resource policies and related approvals.

HUMAN RESOURCES COMMITTEE MEETING

During the review period, a total of 7 human resource committee meetings were conducted and a summary of the committee meeting is as shown in the following table:

S. No	Committee Meeting Number	Date of Meeting
1.	12	10 th Shrawan 2078
2.	13	21 st Bhadra 2078
3.	14	17 th Ashwin 2078
4.	15	8 th Kartik 2078
5.	16	4 th Magh 2078
6.	17	15 th Chaitra 2078
7.	18	7 th Ashad 2079

REPORT ON THE MAJOR ACTIVITIES OF HUMAN RESOURCE COMMITTEE

The Human Resources Committee conducted the functions as mandated by BOD and policies approved by BOD. Accordingly, followings were the major activities conducted by the Human Resources Committee in the FY 2078/79:

1. Reviewed and approved employee performance appraisal procedure based on KPI/KRA and aptitude-based evaluation.
2. The regular promotions were also reviewed by the committee.
3. Reviewed and recommended for the approval of HR policy amendment to the Board.

MEETING EXPENSES

The members of Board, Audit Committee, HR Committee, and other Board Level Committee are provided NPR 6,000 as the meeting allowance to BOD Chairman and NPR 5,000 to members per sitting. Tax Deducted at Source (TDS) has been deducted from the above payment and Net proceed has been made available to members. In the review period, the company incurred the total meeting expenses of NPR 3,04,000. The details of the meeting expenses are disclosed in notes to the accounts.

SHAREHOLDERS COMMUNICATION

Annual General Meeting is an apex body for shareholders to exchange their opinions and decides on agendas. All necessary information as per the prevailing Company Act is incorporated in the Annual Report including BOD report pursuant to section 109 of the Act. It covers all the necessary financials and disclosures required to provide detailed information to the shareholders. Mentioned information is also uploaded at NEPS's website (www.neps.com.np). As per the Nepal Rastra Bank Payment System Unified Directive (Directive No. 11/078 Clause No. 7), NEPS has been publishing its unaudited semi-annual financials on its website for its shareholders and public consumption. Any other information that requires to be communicated to the shareholders are shared and communicated on regular basis through various mediums and platforms.

INTERNAL CONTROLS

Internal control system of an organization ensures effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulation. The main objective of the internal control is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating, and resolving risks associated with the organizational activities. To achieve the key objective, the following policies establishes a structured and disciplined approach to perform activities including their associated risk management. Thereby, NEPS has incorporated following elements as a part of its internal control system:

NEPS's Board has formulated set of internal policies and procedures, which are implemented by the Management in its day-to-day operations. The policies and procedures are regularly reviewed by the Board. The current prevailing major policies and procedures of NEPS are as follows:

S.No.	Policy Name
1.	Financial Rules & Regulation
2.	Human Resources Bylaws
3.	Information Technology & Information Security Policy
4.	Dispute Management Policy
5.	Disaster Recovery Policy
6.	Business Continuity Policy
7.	PIN & KEY Security Policy
8.	Risk Management & Compliance Policy**
9.	News Media Relation Policy**
10.	Anti-Bribery Policy**
11.	Health & Safety Policy

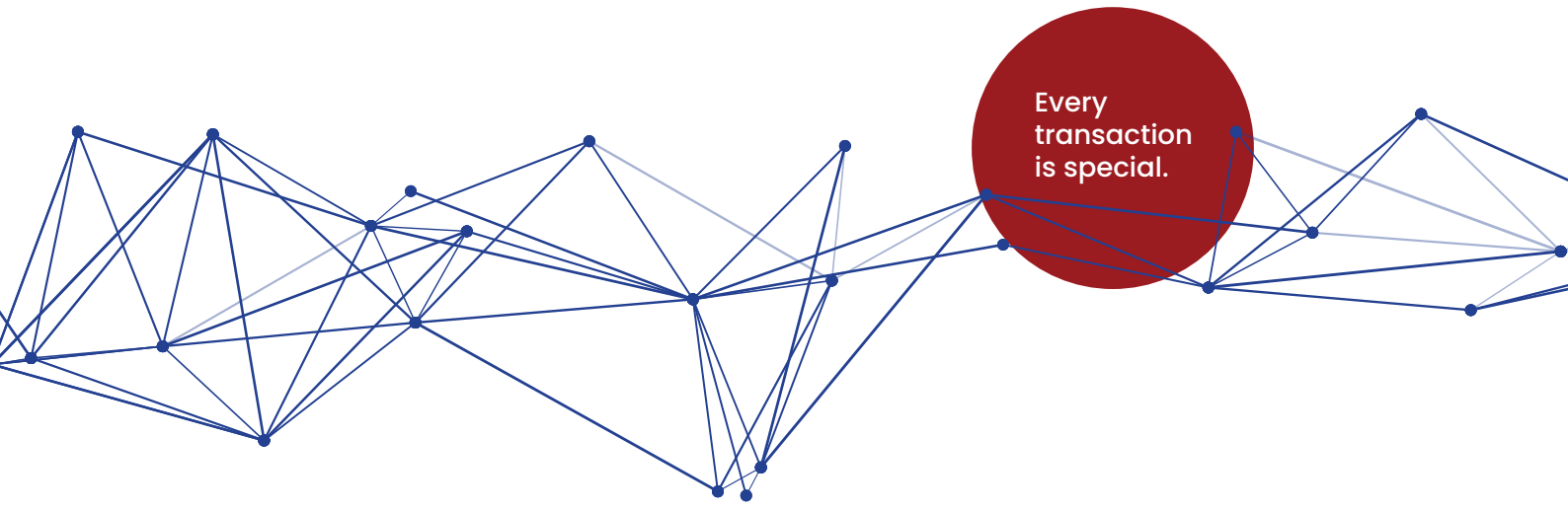
** Policy under Approval Process

The current prevailing major Standard Operating Procedures of NEPS are as follows:

S.No.	SOP Name
1.	14 Different SOP under IT& IS Policy
2.	Performance Appraisal Procedure
3.	Leave Procedure
4.	Management Trainee Hiring Procedure
5.	Office Laptop Usages Procedure
6.	Due Diligence Procedure
7.	Staff Recognition Procedure

INTERNAL AUDIT

The Internal Audit reviews the effectiveness of internal control procedures and compliance with policies and procedures across all system and operational departments. The objectivity of the internal audit engagement is to review and report the NEPS's management in effective discharge of their responsibility. The Internal Audit was conducted by P.J.P.N. & Co., Chartered Accountants for the FY 2078/79 (2021/22) Quarterly internal audits were carried out during the review period under the supervision of the Audit Committee. P.J.P.N.& Co., Chartered Accountants was paid NPR 132,000 excluding VAT with additional internal audit expenses on actual basis.



Every
transaction
is special.

06 RISK MANAGEMENT AND COMPLIANCE OVERVIEW

Nepal Electronic Payment Systems Limited (NEPS) seeks to ensure that all known and identifiable risk are identified, assessed and appropriate actions are timely taken to reduce the risk with adherence to the risk management & compliance policy.

The policy provides framework for the Risk management and compliance to the organization policies and to increase overall awareness of risk & maintain compliance throughout the organization and to ensure that all identifiable and known risks are identified, assessed, and managed effectively and efficiently.

Risk Management and Compliance Framework enables systematic process of identification, assessment, control, and monitoring of possible and identified risks. Risk register is a repository for all the identified risks and facilitates in overall administration of all the risks identified and updated based on preventive and reactive approach which is quarterly reviewed.

Risk Governance Framework

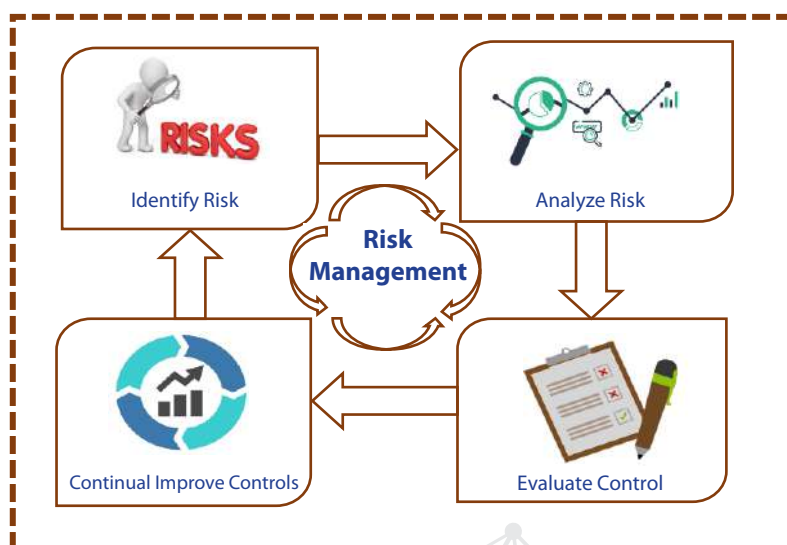
The following risk management framework has been applied by the company.

- ❖ The board and the management shall be responsible for establishing appropriate policies, guidelines, limits, and standards and ensuring that they are followed and enforced.
- ❖ There shall be a separate board level Risk Management and Compliance Committee for managing the overall risk of the company at the governance level. The Terms of References and composition of the committee is as prescribed by Nepal Rastra Bank from time to time through its directives, circulars, and guidelines and any other specified by Board of Directors.

Risk Management Process:

Considering the existing and emerging cybersecurity risks and other risks in digital payment ecosystem, NEPS committed to mitigate the risks to acceptable level while increasing the value of its stakeholders by formulating, implementing, maintaining, and improving the system and practice of Risk Management and Compliance.

It consists continuous process of risk identification, analysis, evaluation, and continuous improvement. All the identified risks are recorded in detail in Risk Register by respective departments and/or Risk and Compliance Team and reviewed periodically in management committee, Risk Management & Compliance Committee and reported to Board for necessary considerations. The process is illustrated as below:



Risk Profile & Categorization:

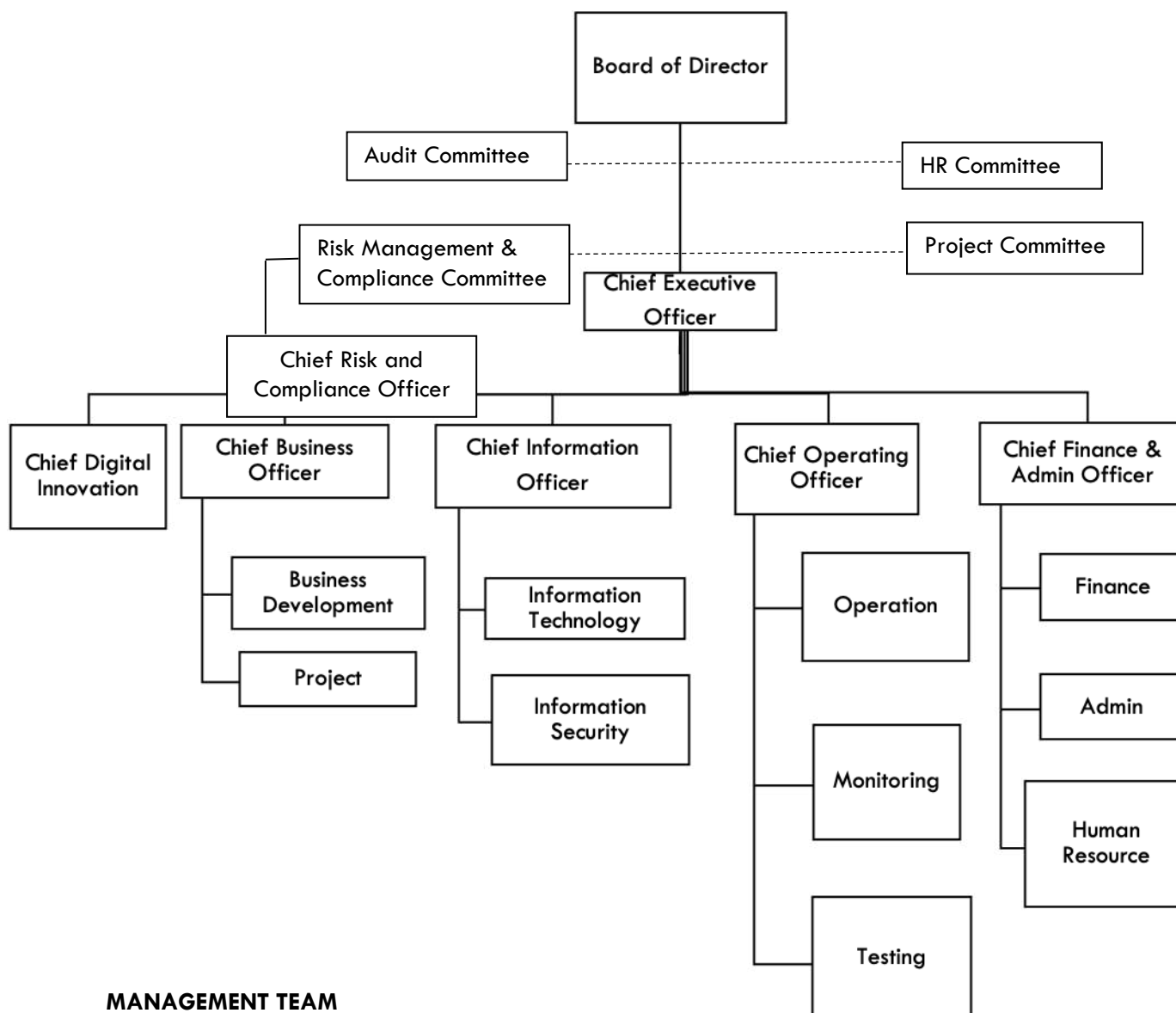
All the risks updated in Risk Register has their own risk profile calculated considering their likelihood and impact which contributes to developing treatment plans. With reference to the computed Risk Profiles, priorities are determined for their treatment with timeline based on Risk Matrix. Also, appropriate control measures are taken to calculate risk profile such as Elimination, Accept, Retention, Reduction, Avoid. There is a common and progressive Risk Rating Matrix which is referred while updating risks in Risk Register. Risk Rating Matrix is formed with the combination and product of likelihood and impact. Likelihood implies probability of occurrence of the risk quantified in the range of 1 to 5 where 1 being Unlikely and 5 being Definite. Similarly, impact implies the severity of consequence which is also quantified in the range of 1 to 5 where 1 being Insignificant and 5 being Catastrophic.



07 HUMAN RESOURCES MANAGEMENT

We feel proud to have strong and dedicated employees and we always value the effort given by our employees in attaining the organizational objective. HR at NEPS is guided by HR Bylaws, Health and Safety Policies and various standard operating procedures under these policies. These policies are in line with the prevailing Labor Laws. Clear responsibilities have been assigned to individual employees through Job Description and achievements are monitored through periodic performance appraisal.

ORGANOGRAM



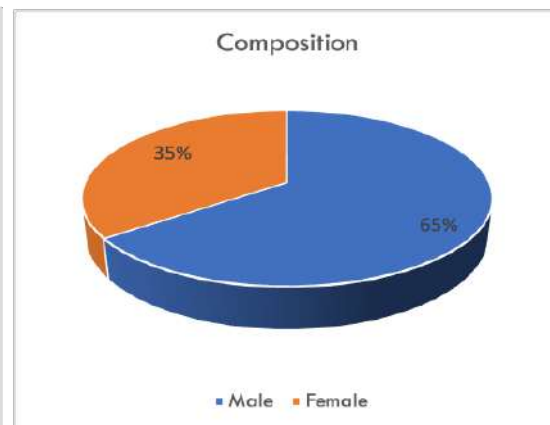
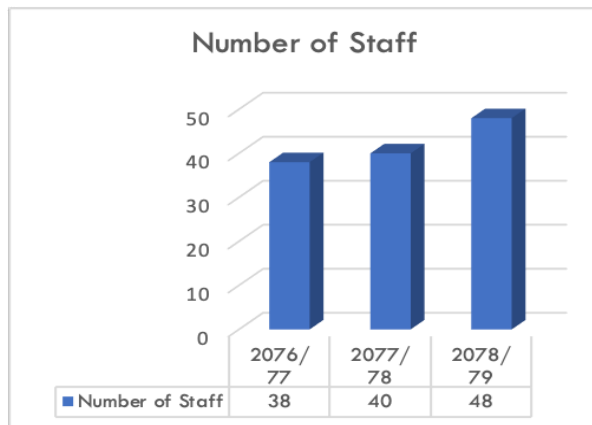
MANAGEMENT TEAM

Name	Designation
Sanjib Subba	Chief Executive Officer
Prabin Acharya	Chief Operating Officer
Pabindra Rajbhandari	Chief Business Officer
Rajkumar Khadka	Chief Finance Officer
Navaraj Thapa	Information Technology Head

KEY HUMAN RESOURCES INDICATOR

Number of staff in last 3 years			
Particulars	2076/77	2077/78	2078/79
Total number of staff	32	40	48

Employee Mix by Gender		
Gender	Count	Percent
Male	31	65%
Female	17	35%



RECRUITMENT AND SELECTION PROCESS

NEPS aims to identify highly skilled and extremely motivated staff which makes their recruitment process rigorous. It has ensured positioning of the right people in the right places with their distinct competencies, knowledge, and personal attributes. The HR function is carried out by HR department with recommendation from Staffing and Performance Review Committee along with HR Committee and Chief Executive Officer. At NEPS, recruitment process starts both internally and externally. For internal recruitment job rotation and succession planning is taken as a part of career planning whereas for externally it is done through vacancies announcement and placement through different HR outsourcing agencies.

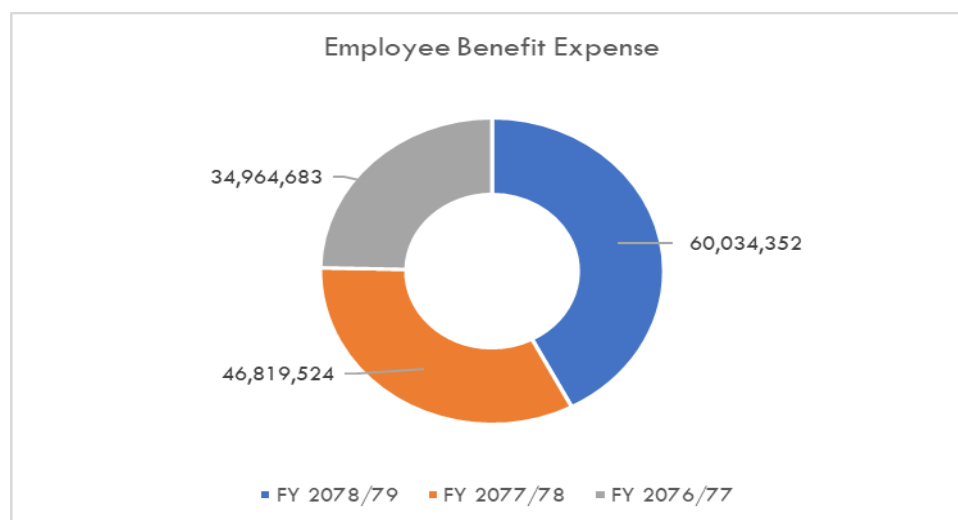
COMPENSATION AND BENEFITS

Based on the defined job position, pay structure is designed at all levels. At NEPS, salary revision is done twice a year based on market review. Along with salary, there is provision for the facilities such as grade, insurance, and other allowances.

Following is excerpt of staff expenses for the Last Three Fiscal Years:

Particulars	FY 2078/79	FY 2077/78	FY 2076/77
Contractual Staff Expenses	9,52,134	1,063,738	2,101,523
Dearness Allowance	28,42,598	-	-
Festival Allowance	27,53,630	2,154,287	1,713,022
Holiday Allowance	4,61,928	117,788	378,944
Leave Fare Allowance	15,37,095	1,384,350	-
Overtime Allowance	1,62,390	92,333	622,978
Shift Allowance	6,79,952	534,435	383,654
Staff Allowance	13,11,1781	11,061,048	9,210,448
Staff Gratuity Expenses	16,54,991	1,414,217	1,181,580
Staff Leave Expenses	23,49,538	1,747,981	1,282,237
Staff of the Year	-	50,000	-
Staff PF Contribution	19,86,784	1,698,796	1,418,462
Staff Salary	1,98,84,108	17,025,625	14,172,673
Technical Allowance	12,23,998	1,123,819	970,280
Utility Allowance	17,56,302	1,504,497	1,294,250
Vehicle Allowance	10,31,951	-	-
Staff Bonus	7,593,191	5,846,612	-
Performance Bonus	51975	-	-
Lockdown Incentive	-	-	234,632
Total	6,00,34,352	46,819,524	34,964,683

Grade is segregated as Normal and Performance which is tied up with basic salary. Normal grade is provided equivalent to half day of the basic salary whereas performance grade is linked with annual performance of the employee. The staff bonus is distributed to all the regular staff and the one completing six months as per the provision of Bonus Act.



Employee Benefit Expense has been increased to NPR 60,034,352 as against NPR 46,819,524 in the previous fiscal year 2077/78 and NPR 46,819,524 in the fiscal year 2076/77. The growth in employee benefit expense compared to last fiscal year has

been recorded 28.22%.

LEAVE BENEFITS

At NEPS, organization culture is conducive for motivation. Management is always looking for the ways to maintain proper work life balance among the employees. Different categories of leaves are provided to staff. Among which, all the regular staff are encouraged to take block leave where staff are provided with 8 days leave along with payment of one- month basic salary.

STAFF TRAINING & DEVELOPMENT:

NEPS promotes learning culture with regular internal knowledge sharing sessions as well as external trainings. Training is a part of continuous employee development and is vital for all employees to broaden their knowledge and acquire new skills. NEPS promotes continuous learning culture and frequent knowledge sharing sessions, workshop, and self-studies. The training calendar has been developed at the beginning of the year after training need assessment and the same has been aligned into annual training budget. The following are the details of different training attended by our employees during the FY 2078.79.

Staff Name	Training Name	Training Type
Avishek Rajbhandari/ Ajay Yadav	Virtualization and Cloud Computing	Technical
Deepa Shrestha/ Bandana Luitel	Threats to Digital Payment Ecosystem	Technical
Priyanka Sharma Neupane	Mobile Banking, Social Media Banking and Mobile Application Security Testing	Technical
Ram Bahadur Rokim Thapa	Proactive Cyber Defence Strategies	Technical
Sapana Thakuri	IT Vendor Management	Technical
Leadership and Strategic Team (14staff)	Master Class on KRA/KPI	Technical
Operation/IT Staff	Service Excellence Training	Soft skills
All staff	AML/CFT Training	Technical
Leadership Team	Safal partners coaching session	Soft skills
Deepa Shrestha, Bandana Luitel, Milan Shrestha, and Sushil Khadka	PWC Capacity Building Training	Technical
CIO, CBO, MT	TED Talk	Soft skills
Roshan Sah, Ram Bahadur Rokim, Sujan Kharbuja	PWC Capacity Building Training	Technical

Staff Training & Development



STAFF HEALTH AND INSURANCE

The Company believes that the health and well begin of our employees are vital for their personal and professional growth. In order to cover for unforeseen and contingencies company purchases a standard group medical insurance to cover employees and their immediate family's medical expenses up to total of NPR 100,000 per annum and group personal accidental insurance ranges from NPR 10,00,000 to NPR 40,00,000 to cover risks of loss due to accident depending on employee level.

STAFFING COMMITTEE:

The Staffing and Performance Review Committee will be responsible to manage the recruitment of staff, effective implementation of HR By Law as under:

- ✓ Oversee of HR Matters and make necessary recommendation to CEO.
- ✓ Providing additional support to HR department in terms of making annual performance reviews of existing staff and rewarding them.
- ✓ Providing valuable inputs and recommendation of new recruitments to the CEO.

HEALTH AND SAFETY COMMITTEE:

Health and Safety is about creating safe working environment at workplace and to reduce the risk of accidents and injuries. Health and Safety committee will be responsible to uphold health and safety standards at workplace. The committee should ensure and prioritize a healthy culture and cultivate happy workplace environment with standardized health and safety policy being formed.

08 FINANCIAL & RELATED INFORMATION

| REPORTING PRONOUNCEMENT |

NEPS has prepared its financials for fiscal year 2078/79 (2021/22) as per the Nepal Financial Reporting Standard (NFRS) for better presentation and transparency of financial reporting. NEPS had adopted NFRS since fiscal year 2074/75.

| SNAPSHOT OF LAST 3 YEARS PERFORMANCES |

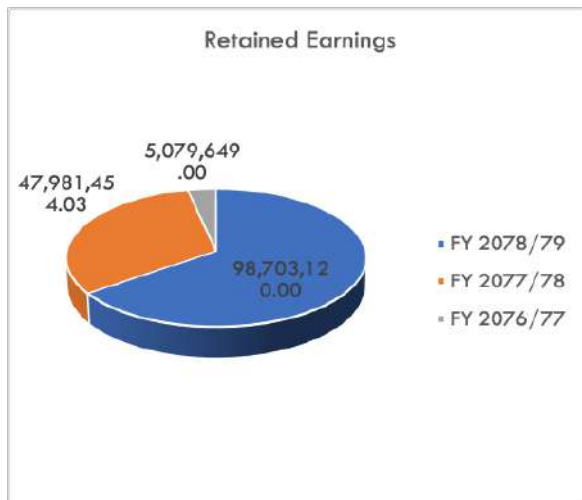
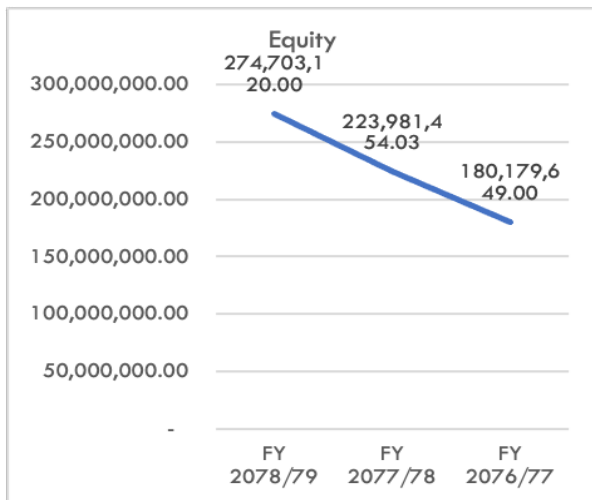
Past three fiscal years of NEPS has ensured steady growth in operating income, interest income and other income thereby contributing operational and financial stability. Summary of the financial positions of the company for the fiscal year 2078/79 (2021/22) in comparison with last two fiscal years are presented in the following table:

Particular	FY 2078/79	FY 2077/78	FY 2076/77
Paid-up Capital	176,000,000	176,000,000	176,000,000
Reserve & Surplus	98,703,120	47,981,454	5,079,649
Investment & Placement	150,000,000	100,000,000	45,000,000
Non-Current Assets	150,386,758	121,083,252	125,520,289
Current Assets	142,706,314	152,828,122	98,176,981
Operating Income	221,390,589	163,085,446	138,230,278
Operating Expense	61,738,788	43,976,554	40,811,990
Employee Expense	60,034,352	46,819,524	34,964,683
Gross Profit	99,617,449	72,289,368	62,453,605
Other Income	16,074,953	10,513,917	5,987,558
Administrative Expense	12,477,757	11,911,855	37,437,974
Depreciation & Amortization Expense	34,403,466	18,164,878	24,374,744
Net Profit/(Loss) -Year	51,872,731	42,901,805	(4,340,767)

EQUITY & RETAINED EARNING:

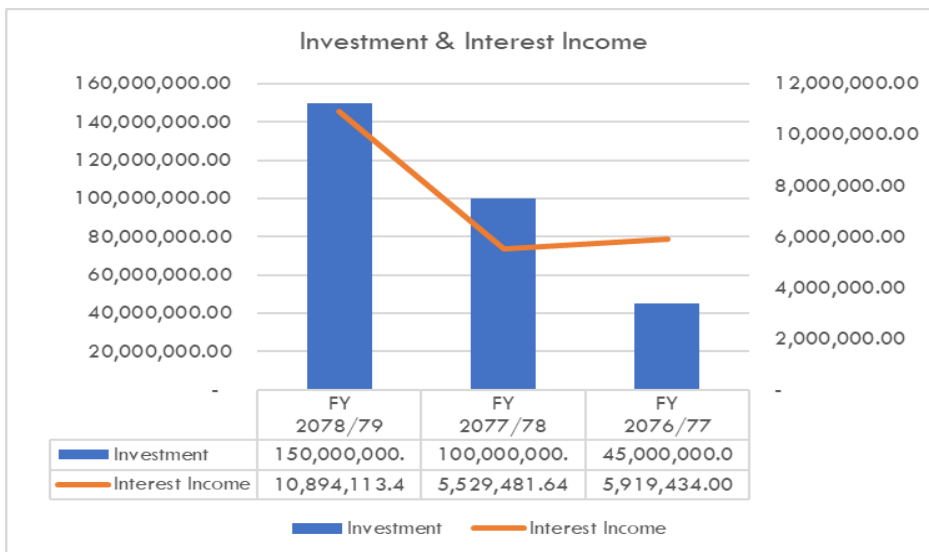
Total equity of Nepal Electronic Payment Systems Limited (NEPS) has increased to NPR 27,47,03,120 as against NPR 22,39,81,454 in the previous fiscal year. The increase is due to the transfer of net profit of NPR 5,18,72,731 for the fiscal year 2078/79 subject to opening adjustment explained in statement of changes in equity.

The Board of Directors of the company at its meeting held on 15-September,2022 have recommended 10% as Cash Dividend (Rs 10/share totaling to Rs 176,00,000) inclusive of Tax from the profit of the reported year 2078/79. This proposal of the board of directors is subject to the approval from Nepal Rastra Bank and ratification by the Annual General Meeting of the shareholders.



INVESTMENT & INTEREST INCOME

Total Investment & Placement in Fixed Deposit (FD) of Nepal Electronic Payment Systems Limited (NEPS) has increased to NPR 15,00,00,000 as against NPR 10,00,00,000 in the previous fiscal year.

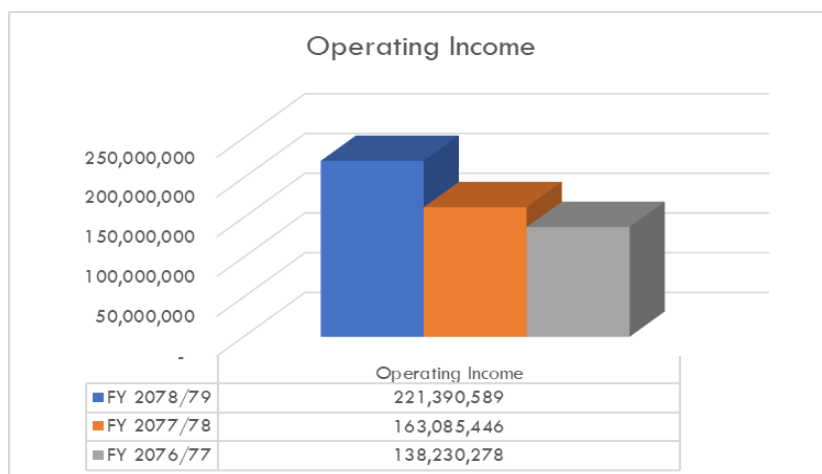


Similarly, interest income has been increased to NPR 10,894,113 as against NPR 5,529,482 in the previous fiscal year. Interest income includes interest income from fixed deposits and call accounts. The following diagram shows the increase in investment as well as corresponding increase in interest income.

OPERATING INCOME

Operating Income of NEPS includes all revenue from core-business activities of the company and are recorded net of value added tax and other taxes collected from customers that are remitted or are to be remitted to government authorities.

Particulars	FY 2078/79	FY 2077/78	Volume	Growth
3D Secure Enablement Fee	6,518,686	3,664,516	2,854,169	77.89%
Acquiring Fees: ATM	38,342,529	23,576,083	14,766,446	62.63%
Acquiring Fees: POS	17,253,744	12,256,944	4,996,800	40.77%
ATM Mgmt. & Monitoring Fees	2,046,485	2,023,290	23,195	1.15%
Card Management Fees	68,727,535	64,193,760	4,533,775	7.06%
Contactless Card Personalization fee	2,261,645	2,237,571	24,074	1.08%
EMV Card Personalization	5,687,376	4,470,352	1,217,025	27.22%
Issuing Fee: ATM	45,613,395	28,507,283	17,106,112	60.01%
Issuing Fee: POS	19,136,925	11,483,099	7,653,826	66.65%
Pin Mailer Printing Fees	4,810,892	3,711,272	1,099,621	29.63%
Moco Application (Integration) Fee	400,000	-	400,000	100.00%
Accrual Income	10,591,377	6,961,277	3,630,099	52.15%
Total Income	221,390,589	163,085,446	58,305,143	35.75%



During the reported period 35.75% increase in operating revenue has been achieved compared to last fiscal year 2077.78. The increase in direct income is due to increase in ATM & POS acquiring and Issuance as well as onetime fee for 3D secure upgradation to ACS 2.2 and significantly from the implementation of tier-based pricing structure.

OPERATING EXPENSES:

Operating Expenses include costs that are related to operations of the company. This is normally related to costs incurred in generation of revenue. Total operating expense of Nepal Electronic Payment Systems Limited (NEPS) has increased to NPR 61,738,788 as against NPR 43,976,554 in the previous fiscal year.

Particulars	FY 2078/79	FY 2077/78	Volume	Growth
Operating Expense	61,738,788.39	43,976,553.60	17,762,234.79	40.39%

During the reported period 40.39% increase in operating expense has been experienced compared to last fiscal year 2077.78. The increase in operating expense is mainly due to increase in visa connectivity charges, ACS 2.2 implementation charges, implementation fee for Visa Direct and Green PIN PoS and issuer script support fee. Details Presented in Notes to Account.

| ADMINISTRATIVE EXPENSE: |

Administrative expenses include general administrative and office expenses. Administrative expenses are recognized on accrual basis. All expenditures incurred in running of business and maintaining property, plant and equipment other than Depreciation & Amortization are charged to the statement of profit or loss and recorded under administrative expenses.

Particulars	FY 2078/79	FY 2077/78	Volume	Growth
Administrative Expense	17,836,738.08	11,911,855.37	5,924,882.71	49.74%

During the reported period 49.74% increase in administrative expense has been experienced compared to last fiscal year 2077.78. The increase in administrative expense is mainly due to increase in office rent, consultancy fee, legal expenses, and ISO Certification cost.

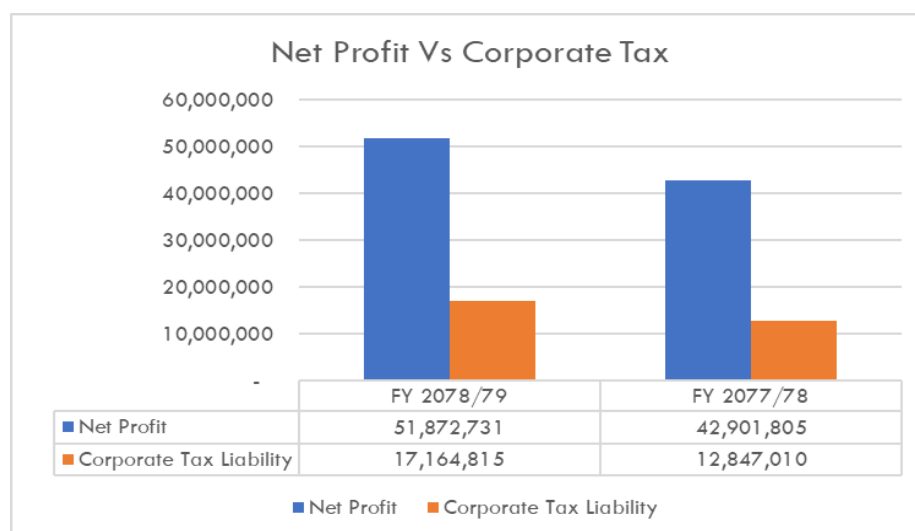
| HUMAN RESOURCES EXPENSES |

This has been presented and disclosed under sections Human Resources Management of this Report.

| PROFITS & CORPORATE TAX |

During the review period, NEPS has generated net profit of NPR 51,872,731 as against the net profit of NPR 42,901,805 in the previous year thereby registering increase of 20.91%. The details of net profit and corresponding corporate tax liability of the reported period in comparison to previous year has been presented in the following table.

Particulars	FY 2078/79	FY 2077/78	Volume	Growth
Net Profit	51,872,731	42,901,805	8,970,926	20.91%
Corporate Tax Liability	17,164,815	12,847,010	4,317,805	33.61%



Increase in profit is mainly due to the increase in operating income compared to increase in operating cost. The tax provision has consequently increased to NPR 171,64,815 as against NPR 1,28,47,010 in the previous fiscal year. The tax rate applicable to NEPS for the reporting period is 25%.

DIRECTORS REPORT & DISCLOSURES

नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेड (नेप्स) को नवौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट अध्यक्षद्वारा प्रस्तुत आ.व. २०७८/७९ को

संचालक समितिको वार्षिक प्रतिवेदन

आदरणीय शेयरधनि महानुभावहरु,

यस नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेडको नवौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट र मेरो आफ्नो तर्फबाट समेत उपस्थित सम्पूर्ण शेयरधनि महानुभावहरुलाई हार्दिक स्वागत गर्दछु । यस संस्थाको आर्थिक बर्ष २०७८/७९ मा भएका कारोवारहरुको समिक्षा गरि भावी नीति तर्जुमा र योजना कार्यान्वयन गर्न यहाँहरुले सदासै मार्ग दर्शन गर्नुहुनेछ भन्ने आशा एवं विश्वास लिएको छु ।

यस अवसरमा अब म लेखा परिक्षण भएको आर्थिक बर्ष २०७८/७९ असार मसान्तको कम्पनीको वासलात, आर्थिक बर्ष २०७८/७९ को नाफा नोक्सान हिसाब, नगद प्रवाहको विवरण तथा अन्य बितिय विवरणहरु सभाको स्वीकृतिको लागि पेश गर्ने अनुमति चाहन्छु ।

१) गतबर्षको तुलनात्मक विवरण

शिर्षक	आ.व. २०७८/७९	आ.व. २०७७/७८	बृद्धि/हास (रु)
चुक्ता पुंजी	17,60,00,000	17,60,00,000	-
जगेडा तथा कोषहरु	9,87,03,120	47,981,454	5,07,21,666
कुल संचालन आम्दानी	22,13,90,589	163,085,446	5,83,05,143
अन्य आम्दानी	1,60,74,953	10,513,917	55,61,036
संचालन खर्च	6,17,38,788	43,976,554	1,77,62,234
संचालन नाफा नोक्सान	9,96,17,449	42,212,635	5,74,04,814
अन्य संचालन खर्च	1,24,77,757	11,911,856	5,65,901
हास खर्च	3,44,03,467	18,164,878	1,62,38,589
कर्मचारी खर्च	6,00,34,352	46,819,524	1,32,14,828
कर्मचारी बोनस खर्च	75,93,191	5,846,612	17,46,579
आयकर	1,71,64,815	12,847,010	43,17,805
खुद नाफा/(नोक्सान)	5,18,72,731	42,901,805	89,70,926

क) पुंजी तथा जगेडा कोष

आर्थिक बर्ष २०७८/७९ को असार मसान्तसम्म यस कम्पनीको चुक्ता पुंजी १७,६०,००,००० (सत्र करोड साठी लाख) पुगेको छ भने उक्त आर्थिक बर्ष सम्म भएको नाफा रकम रु ९८७,०३,१२० (नौ करोड सतासी लाख तिन हजार एक सय बिस) लाई वासलातको जगेडा तथा कोषहरुमा रकमान्तर गरिएको छ । आर्थिक बर्ष २०७८/७९ मा नेपाल बंगलादेश बैंक लिमिटेडलाई नबिल बैंक लिमिटेडले प्राप्ति गरि शेयर नामसारीका लागि आग्रह भई आए बमोजिम उक्त कार्य आर्थिक बर्ष २०७९/८० मा सम्पन्न गरिनेछ ।

ख) नाफा तथा नोक्सान

आर्थिक बर्ष २०७८/७९ मा कम्पनी संचालन खर्च र आयकर व्यवस्था पश्चात रु ५,१८,७२,७३१ (पाँच करोड अठार लाख बहत्तर हजार सात सय एकतिस रुपैयाँ) खुद नाफामा रहेको छ । आर्थिक बर्ष २०७७/७८ सम्मको संचित कोष रु ४,७९,८१,४५४ (चार करोड उनान्नसी लाख एकासी हजार चार सय चौउन्न) लाई यस बर्षको खुद नाफा समायोजन गरि हुन आएको रकमलाई वासलातमा सारिएको छ ।

ग) खर्च

कम्पनीले आर्थिक बर्ष २०७८/७९ मा संचालन तथा प्रशासनिक खर्च बापत रु १७,६२,४७,५५५ (सत्र करोड बैसठी लाख सर्चालिस हजार पाँच सय पचपन्न रुपैयाँ) खर्च गरेको छ भने आर्थिक बर्ष २०७६/७७ मा उक्त शिर्षकमा रु १३,७५,८९,३९० (तेह करोड पचहत्तर लाख उनान्नब्बे हजार तिन सय नब्बे रुपैयाँ) खर्च गरेको थियो । यस बर्ष संचालन तथा प्रशासनिक खर्च गत आर्थिक बर्षको तुलनामा रु ३,८६,५८,१६५ (तिन करोड छयासी लाख अन्ठाउन्न हजार एक सय पैसठी रुपैयाँ) ले बढ्न गएको छ ।

२) कम्पनीको वर्तमान अवस्था तथा भावी रणनीति

आधुनिक भुक्तानी प्रणालीले बिश्वका हरेक क्षेत्रमा प्रभुत्व जमाउदै गएको देखिन्छ, बिशेषगरि सेवा क्षेत्रमा यसको उपस्थितिलाई नकार्न सकिदैन । नेपालका बैंक तथा बित्तिय क्षेत्रमा रहेको परम्परागत भुक्तानी प्रणालीलाई बिस्थापित गरि आधुनिक भुक्तानी प्रणालीलाई आत्मसाथ गर्नका लागि हरेक बैंक तथा बित्तिय संस्थाले डिजिटल भुक्तानी विभागनै खडा गरि मानव संशाधनको व्यवस्थापन गर्दै आएको देखिन्छ । जसले गर्दा परम्परागत भुक्तानी प्रणाली बिस्तारै बिस्थापित हुँदै अत्याधुनिक, सुरक्षित तथा भर पर्दो भुक्तानी प्रणालीको विकासले गति लिन थालेको भन्दा फरक नपर्ला । यसका लागि नेपालका बैंक तथा वित्तीय संस्थाहरु अहोरात्र जुटीरहेका छन् ।

त्यसैगरि नेपाल राष्ट्र बैंकले भुक्तानी प्रणाली बिभागको स्थापना गरि नेपालका बैंक तथा वित्तीय संस्थाहरुका लागि समय र आवश्यकता अनुसार भुक्तानी तथा फछ्यौट ऐनका अधिनमा रही नियम र निर्देशिकाहरु जारी गर्दै आधुनिक भुक्तानी प्रणालीलाई प्रोत्साहन गर्दै आईरहेको छ । यस विभागका बिबिध कार्यहरुले गर्दा आज मुलुक नगद रहित भुक्तानी प्रणालीमा अग्रसर हुँदै गईरहेको छ ।

नेपाल इलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेड १५ वटा बैंक तथा वित्तीय संस्थाहरुको सहायक कम्पनीको रुपमा स्थापित कम्पनी हो । यसले नेपाल भरका सम्पूर्ण बैंक तथा वित्तीय संस्थाहरुलाई सेवा प्रबाह गर्न सक्ने क्षमता राख्दछ र यसको दीर्घकालीन लक्ष्यपनि नेपालको एक मात्र केन्द्रीय भुक्तानी प्रणालीको रुपमा आफुलाई स्थापित गर्नु हो । यसै दीर्घकालीन लक्ष्य अनुरूप यस कम्पनीले सुरक्षित, भरपर्दो, बिश्वसनिय, मितब्ययी र प्रभावकारी रुपमा आफ्ना सदस्य बैंक तथा वित्तीय संस्थालाई बिगत ७ बर्ष देखि कार्ड सम्बन्धि सेवा प्रदान गर्दै आईरहेको छ ।

कम्पनीले हाल १५ वटा बैंक तथा वित्तीय संस्थाहरुलाई कार्ड सम्बन्धि विविध सेवा प्रबाह गर्दै आईरहेको छ । यस कम्पनीले सदस्य बैंक तथा वित्तीय संस्थाहरु थप गर्ने शिलशिलामा सदस्य नरहेका बैंक तथा वित्तीय संस्थाहरुसंग नियमित रुपमा पत्राचार गर्दै आईरहेको छ र सोका लागि भिसासंग अनुमतिका लागि कुराकानी भईरहेको छ ।

यस कम्पनीले भिसाको EMV सम्बन्धि सम्पूर्ण आधारभूत आवश्यकताहरु पुरा गरिसकेको छ । अत हाम्रा सदस्य बैंक हरुले चिपमा आधारित कार्डहरु जारी गर्न तथा आफ्ना ग्राहकहरुलाई सम्बन्धित बैंकहरुका POS र ATM Machine हरुमा निर्वाधरुपमा प्रयोग गराउन सक्दछन् । यस कम्पनीले मास्टर कार्ड बाट हुने कारोबार सेवा पनि प्रबाह गर्दै आईरहेको छ भने Union Pay International को कार्ड सेवालार्इ पनि विस्तार गर्दै गईरहेको छ ।

यस कम्पनीले कार्ड सम्बन्धि डाटाहरुको सुरक्षाको लागि भरमग्दुर प्रयास गर्दै आईरहेको छ । यो कम्पनी PCIDSS प्रमाणित कम्पनी हो । यस कम्पनीले PCIDSS ले कार्ड सम्बन्धि निर्धारण गरेका सम्पूर्ण आवश्यकताहरु पूर्ण रुपले पालना गरेको छ साथै प्रत्येक बर्ष PCIDSS परिक्षकले प्रमाणित गर्दै आईरहेको छ ।

यस कम्पनीले प्रयोग गर्ने डाटाहरु हरतरहले सुरक्षाको प्रत्याभूति दिन सक्दछन् । यो कम्पनी PCI PIN Security प्रमाणित कम्पनी पनि हो । हाल यस कम्पनीले भिसा कार्डका लागि 3D Secure सेवा र POS र ATM मेसिनका लागि ADVT सेवा पनि प्रदान गर्दै आईरहेको छ ।

बिधुतिय भुक्तानीको बढ्दो प्रयोग संगै थपिन जाने सुरक्षा चुनौतीको विश्लेषण गर्दै २४/७/३६५ दिननै निरन्तर अनुगमनका लागि, साईबर सुरक्षाका क्षेत्रमा परिचिति विश्वस्तरीय कम्पनी मार्फत Security Operation Centre (SoC) को व्यवस्था गरिएको छ ।

नियामकिय ब्यबस्थाको परिपालना र सुरक्षाको विश्लेषण गर्न समेत उपयोगी हुने हुँदा आर्थिक बर्ष २०७८/७९ मा लिगल अडिट र ISO 27001:2013 Certification सम्पन्न गरेका छौं ।

आजको युगमा बिज्ञान र प्रबिधिले फड्को मार्दै गईरहेको परिप्रेक्ष्यमा यस कम्पनीले प्रदान गर्दै आएको सेवा अन्तराष्ट्रिय स्तरको तथा आफ्ना सदस्य बैंक तथा वित्तीय संस्थाहरुको आवश्यकताका आधारमा नयाँ नयाँ आविस्कार भएका सेवाहरु समेत समावेश रहेको जानकारी गराउन चाहन्छु । यी कार्यहरुलाई यस कम्पनीले निरन्तरता दिनेनै छ ।

साथै प्रबाह भईरहेको सेवालार्इ अझ भरपर्दो बनाउनका लागि कम्पनीले हार्डवेयर तथा सफ्टवेयरलाई परिमार्जन अध्यावधिक तथा आवश्यकता अनुसार थप गर्दै थप सेवा प्रदान गर्न सक्षम बनेको कुरा जानकारी गराउन चाहन्छु ।

यस कम्पनीले सदस्य बैंक तथा वित्तीय संस्थाहरुलाई दिदै आएको सेवाहरु अझ सवल एबम् विस्तार गर्नका लागि Banking & Technologies Pte. Ltd (BPC) संग सम्झौता गरिसकेको र BPC ले सो संग सम्बन्धित कार्यहरु गर्दै आईरहेको छ । यस कम्पनीले ATM मेसिनबाट कार्ड रहित सेवा प्रदान गर्ने, खाता बाट खातामा रकमान्तर गर्ने, बिल भुक्तानी लगायतका सेवाहरु सुचारु गर्ने सन्दर्भमा कार्यहरु गरिरहेको छ ।

त्यसै गरि MPOS र Centralized Card Personalized System का लागि परियोजना सुरु गरि Card Personalized System प्रयोगमा आईसकेको छ, जसको माध्यमबाट सदस्य बैंक तथा वित्तीय संस्थाहरुले आफ्नो बैंक तथा वित्तीय संस्थाहरुबाट कार्डहरुको Embossing का लागि विभिन्न मोडलहरु छनोट गर्न सक्नेछन् ।

त्यसैगरि आर्थिक बर्ष २०७८/७९ मा हामी Contactless Card Personalization सेवा विस्तार गर्न सफल भएका छौं । सदस्य बैंकहरु Contactless Card Personalization सेवामा आवद् हुने क्रम जारी रहेको छ । साथै, आर्थिक बर्ष २०७८/७९ मा cash Recycler Machine (CRM) सेवा थप सदस्य बैंकहरुमा विस्तार गर्न सफल भएका छौं । आधुनिक र

सुरक्षित तथा सरल रूपमा आर्थिक कारोवार सम्पन्न गर्ने सन्दर्भमा नबिन प्रबिधि र प्रयोगको आत्मसाथ गर्ने दिशामा हामी निरन्तर अगाडी बढेका छौं ।

यस कम्पनी भुक्तानी प्रणालीको क्षेत्रमा अत्याधुनिक आधारभुत संरचना, मेसिन औजार सुरक्षाका दृष्टिकोणले निपुर्ण तथा अत्याधुनिक बिज्ञान तथा प्रबिधिका उपायहरु अवलम्बन गर्दै आईरहेको छ ।

यस कम्पनी नेपाल भरका बैंक तथा वित्तीय संस्थाहरुलाई कार्ड सम्बन्धि सेवा प्रदान गर्नका लागि हरतरहले तयार रहेको छ र आगामी दिनका चुनौतीहरुलाई समाधान गर्दै नेपालकै एक मात्र केन्द्रिय भुक्तानी प्रणालीको रूपमा विकास गर्ने लक्ष्य लिएको छ ।

३) संचालकहरुमा परिवर्तन

२०७९/०५/१५ मा बसेको संचालक समितिको १४४ औं बैठकले श्री निरज शर्मालाई नेपाल ईलेक्ट्रोनिक पेमेन्ट सिष्टम्स लिमिटेडको संचालकमा नियुक्त गरेको थियो । कम्पनी ऐनको प्राबधान बमोजिम नियुक्त हुनु भएका संचालक श्री निरज शर्माले साबिकको नेपाल बंगलादेश बैंकबाट संचालक समितिमा प्रतिनिधित्व गर्नुहुने संचालक श्री रघु कृष्ण श्रेष्ठलाई प्रतिस्थापन गर्नु भएको हो । निजको नियुक्ति आर्थिक बर्ष २०७८/७९ को बार्षिक साधारण सभाले अनुमोदन गरे पश्चात आगामी आर्थिक बर्षमा श्री कम्पनी रजिष्ट्रार कार्यालयबाट संचालक दर्ता किताव अध्यावधिक सम्पन्न गरिने छ ।

४) आन्तरिक नियन्त्रण प्रणाली

यस कम्पनीले आवश्यकता अनुरूप कम्पनीले अवलम्बन गर्ने नीति तथा नियमहरु तयार गरि कार्यान्वयन गरेको छ । कम्पनीका नीति तथा नियमहरुका कार्यान्वयनका लागि ब्यबस्थापन सदैव सजग रहेको छ ।

कम्पनीले बित्त, प्रशासन तथा संचालन सम्बन्धि कार्यहरुलाई चुस्तदुरुस्त बनाउनका लागि संचालक समितिका सदस्यहरु सहितको लेखा परिक्षण समिति, मानव संशाधन समिति, जोखिम ब्यबस्थापन तथा अनुपालन समिति, परियोजना ब्यबस्थापन समिति लगायतका समितिहरु गठन गरेको छ र सोहि अनुरूप कम्पनीका बित्त, प्रशासन तथा संचालन गतिबिधिहरुमा पर्याप्त नियन्त्रण रहेको छ ।

गत आर्थिक बर्ष २०७८/७९ मा मानव संशाधन नीतिलाई समय सापेक्ष परिमार्जन सम्पन्न गरि संचालक समितिबाट अनुमोदन भई कार्यान्वयन आएको र आगामी आर्थिक बर्ष उक्त नीतिको समयसापेक्ष संशोधन सम्पन्न गरिनेछ । साथै, आर्थिक प्रशासन बिनियमावलीमा समय समय सापेक्ष परिमार्जन सम्पन्न गरि संचालक समितिबाट अनुमोदन भई कार्यान्वयनमा आएको छ । आर्थिक बर्ष २०७७/७८ मा नेप्स आईटि तथा आईएस नीति निर्माण सम्पन्न गरि संचालक समितिबाट अनुमोदन भएको र आगामी आर्थिक बर्ष उक्त नीतिको समयसापेक्ष संशोधन सम्पन्न गरिनेछ । यस प्रकारका नीति नियमहरुवाट संस्थामा हुने हरेक काम कारवाही असल अभ्यास तथा प्रचलित मापदण्डका आधारमा हुने र आन्तरिक नियन्त्रण प्रणाली चुस्त रहने अपेक्षा रहेको छ ।

नीति नियम हरुलाई समय सापेक्ष अध्यावधिक गर्ने र आवश्यक नयाँ नीति नियमहरुको तर्जुमा गर्ने कार्य आर्थिक बर्ष २०७९/८० मा पनि चालु रहने छ । आगामी आर्थिक बर्षमा Business Continuity Plan (BCP) र Disaster Recovery Plan (DRP) को समय सापेक्ष अध्यावधिक गरिने छ । साथै, Risk Management & Compliance नीतिको तर्जुमा गरिनेछ ।

उल्लेखित नीति नियमहरूको कार्यान्वयनका लागि आवश्यक कार्यविधि (SOP) हरूको निर्माण समेत आगामी आर्थिक वर्ष २०७९/८० मा सम्पन्न गरिने छ ।

लेखा परिक्षण समिति

कम्पनि ऐनको नियम अनुसार यस संस्थामा संचालक संयोजक रहेको एक लेखा परिक्षण समिति रहेको छ । यस समितिले आन्तरिक नियन्त्रण सम्बन्धि तथा आन्तरिक लेखा परिक्षकद्वारा जारी गरिएको आन्तरिक लेखा परिक्षण प्रतिवेदन तथा बाह्य लेखा परिक्षकद्वारा जारी गरिने लेखा परिक्षण प्रतिवेदन बिस्तृत रुपमा छलफल सहित पारित गर्ने तथा संचालक समिति समक्ष सिफारिस गर्ने गरिएको छ ।

हाल लेखा परिक्षण समितिका सदस्यहरू निम्नानुसार रहनु भएको छ ।

क्र.सं.	नाम	पद
१	श्री सुरेश राज महर्जन	संयोजक
२	श्री निरज शर्मा	सदस्य
३.	श्री राजकुमार खड्का	सदस्य सचिव

मानव संशाधन समिति

संस्थाको मानव संशाधन सम्बन्धि नीति नियमहरूको रुजु गरि संचालक समिति समक्ष सिफारिस गर्न तथा मानव संशाधन सम्बन्धि संचालक समितिद्वारा प्रत्यायोजन गरिएका अन्य कार्यहरू गर्न संचालक संयोजक रहेको मानव संशाधन समिति रहेको छ, हाल मानव संशाधन समितिमा निम्न अनुसार सदस्यहरू हुनु हुन्छ ।

क्र.सं.	नाम	पद
१	श्री विश्वम्भर न्यौपाने	संयोजक
२	श्री अनिल जोशी	सदस्य
३.	श्री सन्जिब सुब्बा	सदस्य सचिव

माथि उल्लेखित समितिका सदस्यज्यूहरूलाई (कर्मचारी बाहेक) भौतिक रुपमा उपस्थित भई संचालित बैठक बापत प्रति बैठक संयोजक र सदस्यलाई लाई जनही रु ५,००० (कर सहित) बैठक भत्ता बापत प्रदान गर्ने गरिएको छ । साथै, अनलाईन उपस्थिति मार्फत संचालित समिति बैठकमा समितिका संयोजकज्यू तथा सदस्यज्यूहरूलाई बैठक भत्ता प्रदान गरिएको छैन । समितिका सदस्यज्यूहरूलाई प्रदान गरिने बैठक भत्तामा नियमानुसार कर कट्टी गरि बाँकि रकम भुक्तान गर्ने गरिएको छ ।

संचालक समितिको संरचना

यस संस्थाको संचालक समितिको संरचना निम्न अनुसार रहेको छ .

संचालकको नाम	पद	अन्य जानकारी
श्री रविन कुमार नेपाल	अध्यक्ष	प्रतिनिधि-सनराईज बैंक लिमिटेड
श्री अनिल जोशी	संचालक	प्रतिनिधि- ग्लोबल आइएमई बैंक लिमिटेड
श्री विश्वम्भर न्यौपाने	संचालक	प्रतिनिधि- माछापुछ्रे बैंक लिमिटेड
श्री सुरेश राज महर्जन	संचालक	प्रतिनिधि- सिद्धार्थ बैंक लिमिटेड
श्री सन्जिब कुमार श्रेष्ठ	संचालक	प्रतिनिधि- सिटिजन्स बैंक इन्टरनेसनल लिमिटेड
श्री निरज शर्मा	संचालक	प्रतिनिधि- नबिल बैंक लिमिटेड
श्री बाल कृष्ण जोशी	संचालक	स्वतन्त्र

५) संचालक समितिको बैठक र भत्ता:

आर्थिक बर्ष २०७८/७९ मा संचालक समितिको कुल १४ वटा बैठक बसेको छ । भौतिक उपस्थिति मार्फत संचालन भएका संचालक समितिको बैठकमा संचालक समितिका अध्यक्षज्यूलाई बैठक भत्ता बापत रु ६,००० (कर सहित) र संचालक ज्यूहरुलाई बैठक भत्ता बापत रु ५,००० (कर सहित) प्रदान गर्ने गरिएको छ, सो भत्ता बाहेक अन्य कुनै पनि किसिमको पारिश्रमिक, तलब तथा अन्य सुबिधा प्रदान गर्ने गरिएको छैन । साथै, अनलाईन उपस्थिति मार्फत संचालित संचालक समिति बैठकमा संचालक समितिका अध्यक्षज्यू तथा संचालकज्यूहरुलाई बैठक भत्ता प्रदान गरिएको छैन ।

६) लेखा परिक्षकको नियुक्ति

मिति २०७८ साल भाद्र १० गते बसेको लेखा परिक्षण समितिको २७ औँ बैठकले आर्थिक बर्ष २०७८/७९ को बार्षिक तथा कर लेखा परिक्षणका लागि श्री N.B.S.M. & Associates लाई सिफारिस गरेको र सोहि अनुसार कम्पनीको अघिल्लो आर्थिक बर्षको बार्षिक साधारण सभाले बार्षिक तथा कर लेखा परिक्षणका लागि श्री N.B.S.M. & Associates लाई नियुक्त गरेको थियो ।

N.B.S.M. & Associates ले आर्थिक बर्ष २०७८/७९ को बार्षिक बाह्य लेखा परिक्षण सम्पन्न गरि सक्नुभएको छ । साबिकका लेखा परिक्षक श्री N.B.S.M. & Associates लगातार दोश्रो बर्षको लेखा परिक्षक नियुक्त हुन योग्य रहनु भएको हुँदा मिति २०७९ साल भाद्र १५ गते बसेको लेखा परिक्षण समितिको ३० औँ बैठकले आर्थिक बर्ष २०७९/८० को बार्षिक तथा कर लेखा परिक्षणका लागि श्री N.B.S.M. & Associates लाई सिफारिस गरेको छ । कम्पनीको नवौँ बार्षिक साधारण सभाले आर्थिक बर्ष २०७९/८० का लागि लेखा परिक्षकको नियुक्ति र पारिश्रमिक निर्धारण गर्ने छ ।

७) संस्थागत सुशासन

संस्थागत सुशासन कायम हुन सके मात्र संस्थाको दिगो विकास र प्रगति हुने तथ्य प्रति हामी पूर्ण सचेत एवं सजग छौँ । संस्थागत सुशासनको सन्दर्भमा निम्न बुँदाहरु पेश गर्नु सान्दर्भिक ठानेको छु ।

- १) यस संस्थाका नियमावली, प्रबन्धपत्र तथा बिनियामावलीहरुलाई सम-सामयिक बनाउन परिमार्जन गर्दै लागिएको छ । यसै सन्दर्भमा गत असार ६, २०७८ मा सम्पन्न भएको विशेष साधारण सभाबाट यस कम्पनीको प्रबन्ध पत्रको दफा ४ (१) (ख) (ङ) (च) र (ज) मा संशोधन गरि चालु आर्थिक बर्ष २०७८/७९ मा कम्पनी रजिष्ट्रार कार्यालयवाट प्रमाणीकरण सम्पन्न गरेका छौँ ।
- २) स्वतन्त्र लेखापरिक्षकद्वारा त्रैमासिकरूपमा आन्तरिक लेखापरिक्षण गराईएको छ ।
- ३) नेपाल राष्ट्र बैंकको निर्देशनको कडाईका साथ पालना गर्ने गराउने व्यवस्था गरिएको छ ।
- ४) यस संस्थाभित्र लेखा परिक्षण समिति, मानव श्रोत ब्यबस्थापन समिति, परियोजना ब्यबस्थापन समिति, जोखिम ब्यबस्थापन तथा अनुपालना समिति आदि समितिहरु गठन गरि संचालकको संयोजकत्वमा कार्य सम्पादन हुने गरेको छ ।

कम्पनी ऐन र नेपाल राष्ट्र बैंकको नियमन र कानुनी प्रावधानहरुको पूर्ण पालना गर्ने कुरामा हाम्रो संस्था सदैव अग्रसर रहने संचालक समितिको प्रतिवद्धता रही आएको छ, र भविष्यमा पनि रही रहने कुरामा विश्वास दिलाउन चाहन्छु ।

संस्थागत सुशासन सम्बन्धि व्यवस्थाका सम्बन्धमा भुक्तानी प्रणाली विभागद्वारा जारी गरिएको अ.प्रा.निर्देशन नं ११/०७७ बमोजिम संचालकहरुवाट तोकिएका आचरणहरुको पालना सम्बन्धि विवरण:

क) संचालकले कार्यभार सम्हाल्नु भन्दा पहिले आफ्नो संस्थासंग वित्तीय स्वार्थ भए नभएको बिषयमा संचालक समितिलाई लिखित रुपमा जानकारी गराउनु पर्नेछ ।

साविकमा कम्पनी ऐन २०६३ को दफा ९२ बमोजिम लिखित जानकारी पेश गर्ने गरिएकोमा यस निर्देशन पश्चात अनुसूची १२ बमोजिमको ढांचामा संचालक समिति समक्ष स्वघोषणा पेश भएको छ । निर्देशन बमोजिम सोको जानकारी नेपाल राष्ट्र बैंकमा पेश गरिएको छ ।

ख) संचालकले आफ्नो संस्थाको ब्यबस्थापकीय काम कारवाहीमा हस्तक्षेप गर्नु हुँदैन ।

सो प्रकारको कुनै हस्तक्षेप नभएको ।

ग) संचालकले प्रत्यक्ष वा अप्रत्यक्ष रुपमा आफ्नो संस्थाको हित बिपरित हुने कुनै पनि किसिमको गतिविधिमा संलग्न हुनु हुँदैन ।

त्यस प्रकारको कुनै गतिविधिमा संलग्न नरहेको ।

घ) संचालकले आफ्नो अधिकार क्षेत्र नाघी गरेको कुनै पनि काम कारवाही प्रति व्यक्तिगत रुपमा आफैं उत्तरदायी हुनु पर्नेछ ।

त्यस प्रकारको कुनै काम कारवाही नगरेको ।

ङ) नेपाल राष्ट्र बैंकवाट भुक्तानी सम्बन्धि कार्य गर्न अनुमति प्राप्त संस्थामा संचालक रहेको व्यक्ति एकै पटक अर्को अनुमति प्राप्त संस्थाको कुनै पनि पदाधिकारी रहन पाउने छैन ।

यस संस्थामा संचालक रहेको व्यक्ति एकै पटक नेपाल राष्ट्र बैंकवाट भुक्तानी सम्बन्धि कार्य गर्न अनुमति प्राप्त संस्थाको पदाधिकारीका रुपमा नरहेको ।

च) संचालकले संस्था सम्बद्ध कारोवारको सूचनाहरुको गोपनियता कायम गर्नु पर्नेछ ।

गोपनियता कायम गरिएको ।

छ) संचालकले आफु सम्बद्ध संस्थावाट कुनै पनि प्रकारको पेशकी तथा ऋण सुबिधा लिन पाउने छैनन् ।

कुनै पनि प्रकारको पेशकी तथा ऋण सुबिधा नलिएको ।

कम्पनी ऐन २०६३ दफा १०९ को उपदफा ४ बमोजिमका अन्य विवरणहरू यसै प्रतिवेदनको अंगको रूपमा पछिल्लो भागमा उल्लेख गरिएको छ ।

८) धन्यवाद ज्ञापन

सर्वप्रथम म यस संस्थालाई प्रगतितर्फ उन्मुख एवं गतिशील बनाउन पुर्याईरहेको योगदानका लागि प्रमुख नियमनकारी निकाय नेपाल राष्ट्र बैंकलाई संचालक समितिका तर्फबाट कृतज्ञता ज्ञापन गर्न चाहन्छु ।

संस्थाको प्रगतिमा प्रत्यक्ष र अप्रत्यक्ष रूपले संलग्न शेयरधनि,कारोवार गर्ने ग्राहकहरू विभिन्न बैंक तथा वित्तीय संस्थाहरू एवं शुभेच्छुक महानुभावहरूलाई यहाँहरूबाट प्राप्त सहयोग,सुझाव र मार्ग निर्देशनका लागि हार्दिक कृतज्ञता ज्ञापन गर्न चाहन्छु ।

साथै कम्पनीको स्थापना काल देखि आजको यस अवस्था सम्म ल्याईपुर्याउन सहयोग गर्नुहुने संचालक समितिका सदस्यहरू, कम्पनीमा आवद्द बैंक तथा वित्तीय संस्थाहरू,नियमनकारी निकायहरू तथा शेयरधनि बैंकहरूमा कम्पनीको संचालक समितिकातर्फ बाट धन्यवाद ज्ञापन गर्न चाहन्छु ।

त्यसैगरि विभिन्न आरोह अवरोहका बीच पनि कम्पनीको सफलतामा निरन्तर खटिनुहुने लगनशील र इमान्दार कर्मचारीमा धन्यवाद ज्ञापन गर्दै आगामी दिनमा अझ सार्थक योगदानको अपेक्षा गरेको छु ।

र अन्त्यमा आगामी दिनहरूमा पनि बिगतका वर्षहरूमाझै यहाँहरूको अमूल्य राय सल्लाह,सुझाव तथा सहयोगको अपेक्षा राख्दै यस कम्पनीको नवौं बार्षिक साधारण सभामा उपस्थित भई कार्यक्रमको गरिमा बढाईदिनु भएकोमा यहाँहरू सबैप्रति हार्दिक कृतज्ञता व्यक्त गर्न चाहन्छु ।

धन्यवाद ।

संचालक समितिका तर्फ बाट

रविन कुमार नेपाल
संचालक अध्यक्ष

कम्पनी ऐन २०६३ को दफा १०९ उपदफा ४ अनुसारको अतिरिक्त विवरण

क) बिगत बर्षको कारोवारको सिंहावलोकन :

संचालक समितको बार्षिक प्रतिवेदनमा उल्लेख गरिएको ।

ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिवाट कम्पनीको कारोवारलाई कुनै असर परेको भए सो असर :

आर्थिक बर्ष २०७६/७७ को चैत्र महिना देखिनै महामारीको रुपमा फैलिएको कोरोना भाईरसको प्रभाव आर्थिक बर्ष २०७८/७९ मा समेत आंशिक कायम रहेको हुँदा कारोबार रकम र असुलीमा सामान्य प्रभाव परेको र यसको प्रभाव आगामी आर्थिक बर्ष देखि सामान्य भएर जाने आँकलन गरिएको छ ।

ग) प्रतिवेदन तयार भएको मितिसम्म चालु बर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा संचालक समितिको धारणा :

संचालक समितिको बार्षिक प्रतिवेदनमा उल्लेख गरिएको ।

घ) कम्पनीको औधोगिक वा ब्यबसायिक सम्बन्ध :

संस्थाले आफ्नो उदेश्यअनुसार ब्यबसायिक दायरालाई फराकिलो पाउँ जानको लागि संस्थाको प्रगति संग सरोकार राख्ने बाणिज्य बैंक तथा बिकाश बैंकहरूसंग सुमधुर सम्बन्ध स्थापित गरि सो सम्बन्धलाई अभिवृद्धि गर्दै लागेको र संस्थाले सो क्रमलाई भविष्यमा पनि निरन्तरता दिने योजना राखेको छ । साथै, आर्थिक बर्ष २०७८/७९ को मौद्रिक नीति मार्फत लघु वित्त र सहकारी संस्थाहरूलाई समेत बिध्युतिय भुक्तानी प्रणालीमा जोड्ने कार्य प्रारम्भ गरिने व्यहोरा सार्वजनिक भएको हुँदा सोहि अनुसार सहकारी संस्थाहरूसंग सम्बन्ध विस्तार गर्दै सदस्य बैंक मार्फत सहकारी कार्ड जारी गरिएको ।

ङ) संचालक समितिमा भएको हेरफेर र सोको विवरण:

संचालक समितिको बार्षिक प्रतिवेदनमा उल्लेख गरिएको ।

च) कारोवारलाई असर पार्ने मुख्य कुराहरू :

बिद्यमान राजनीतिक तथा आर्थिक वातावरणले संस्थाको कारोवारमा प्रक्षय रुपमा असर पारिरहेका तल उल्लेखित बुंदाहरू प्रस्तुत गर्न चाहन्छु । यस सम्बन्धमा शेयरधनि महानुभावहरूवाट सुझाव प्राप्त हुने नै छ ।

- १) देशको राजनीति तथा नेपाल राष्ट्र बैंकले गर्ने नियमन-निर्देशन तथा सोमा हुने परिवर्तन आदिबाट हुन सक्ने सम्भावित जोखिमहरू ।
- २) महामारीको रुपमा फैलिएको कोरोना भाईरसले समग्र अर्थतन्त्रमा परेको प्रभाव र यसबाट हुन सक्ने सम्भावित जोखिमहरू ।
- ३) निरन्तर परिवर्तन हुने संचार प्रबिधि र सो बाट हुन सक्ने सम्भावित जोखिमहरू ।
- ४) निरन्तर रुपमा बढीरहेको बिध्युतिय भुक्तानी र अन्तर आवद्धतावाट पर्न सक्ने सुरक्षा जोखिम ।

छ) लेखापरिक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सोउपर संचालक समितिको प्रतिक्रिया :

दैनिक कार्य सम्पादनको दौरानमा स -साना किसिमका कैफियतहरु देखिएतापनि सो कैफियत तुरुन्त सुधार हुने प्रकृतिको रहेको र सोहि अनुसार सुधार गर्न ब्यबस्थापनलाई निर्देशन दिईएको छ । कारोवारलाई असर पार्ने साथै नियमनकारी निकायको निर्देशनसंग बाझिने प्रकारका ठुला प्रकृतिका यस्ता कुनै कैफियत लेखा परिक्षकको प्रतिवेदनमा उल्लेख भएको छैन ।

ज) लाभांश बांडफाड गर्न सिफारिस गरिएको रकम :

आर्थिक बर्ष २०७८/७९ मा चुक्ता पुंजीको १०% रकम (कर सहित) नगद लाभांश संचालक समितिबाट प्रस्ताव भएको छ ।

झ) शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मूल्य,तेस्तो शेयर जफत हुनु अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछी सो शेयर बिक्रि गरि कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयरबापत रकम फिर्ता गरेको भए सोको विवरण :

संस्थाले हालसम्म कुनै शेयर जफत गरेको छैन ।

ञ) बिगत आर्थिक बर्षमा कम्पनी र यसको सहायक कम्पनीको कारोवारको प्रगति र सो आर्थिक बर्षको अन्तमा रहेको स्थितिको पुनारवलोकन :

संस्थाको कुनै सहायक कम्पनी छैन ।

ट) कम्पनी तथा यसको सहायक कम्पनीले आर्थिक बर्षमा सम्पन्न गरेको प्रमुख कारोवारहरु र सो अवधिमा कम्पनीको कारोवारमा आएको महत्वपूर्ण परिवर्तन :

संस्थाको कुनै सहायक कम्पनी नरहेको ।

ठ) बिगत आर्थिक बर्षमा कम्पनीको आधारभूत शेयरधनिहरुले कम्पनीलाई उपलब्ध गराएको जानकारी:

बिगत आर्थिक बर्षमा त्यस्तो कुनै जानकारी संस्थालाई प्राप्त भएको छैन ।

ड) बिगत आर्थिक बर्षमा कम्पनीका संचालक तथा पदाधिकारीहरुले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोवारमा निजहरु संलग्न रहेको भए सो सम्बन्धमा निजहरुबाट कम्पनीले प्राप्त गरेको जानकारी:

यस संस्था सुचिकृत संस्था नरहेको र बिगत आर्थिक बर्षमा सो प्रकारको कुनै जानकारी संस्थालाई प्राप्त भएको छैन ।

ढ) बिगत आर्थिक बर्षमा कम्पनी संग सम्बन्धित सम्झौताहरुमा कुनै संचालक तथा निजको नजिकका नातेदारको व्यक्तिगत स्वार्थका वारेमा उपलब्ध गराईएको जानकारीको व्यहोरा :

बिगत आर्थिक बर्षमा त्यस्तो कुनै जानकारी संस्थालाई प्राप्त भएको छैन ।

ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अंकित मूल्य तथा त्यसरी शेयर खरिद गरेवापत कम्पनीले भुक्तानी गरेको रकम :

संस्थाले हाल सम्म आफ्नो शेयर आफै खरिद गरेको छैन ।

त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको बिस्तृत विवरण :
संचालक समितिको बार्षिक प्रतिवेदनमा उल्लेख गरिएको ।

थ) बिगत आर्थिक बर्षको कुल ब्यबस्थापन खर्चको विवरण

संचालक समितिको बार्षिक प्रतिवेदनमा उल्लेख गरिएको ।

द) लेखा परिक्षण समितिक सदस्यहरुको नामावली, निजहरुले प्राप्त गरेको पारिश्रमिक,भत्ता तथा सुबिधा,सो समितिले गरेका काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण :

कम्पनी ऐन, नेपाल राष्ट्र बैंकको निर्देशन र प्रचलित कानूनको प्रावधान अनुरूप संचालक समितिले संचालकको संयोजकत्वमा लेखा परिक्षण समिति गठन गरेको छ । यस समितिले आन्तरिक लेखा परिक्षकले जारी गरेको आन्तरिक लेखा परिक्षण प्रतिवेदन उपर समिक्षा गर्ने र प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी भएका नियामकीय व्यवस्थाहरु पालना गरे/नगरेको तथा संस्थाको आन्तरिक नियन्त्रण प्रणाली सम्बन्धमा समिक्षा तथा आवश्यक निर्देशन दिने गरिएको छ ।

लेखा परिक्षण समितिले संस्थाको समग्र वित्तीय अवस्था,आन्तरिक नियन्त्रण, लेखा परिक्षण योजना र आन्तरिक लेखा परिक्षणमा औल्याएका बिषयहरुमा आवधिक रुपमा समिक्षा गरि सो सम्बन्धमा अपनाउनुपर्ने सजगता तथा कदमवारे ब्यबस्थापनलाई आवश्यक निर्देशन दिने,आन्तरिक लेखा परिक्षणमा औल्याएका बिषयहरु सम्बन्धि सुझाव पेश गर्ने कार्य गर्दछ ।

यस अतिरिक्त,समितिले बाह्य लेखा परिक्षकले पेश गरेको लेखा परिक्षण प्रतिवेदनमा औल्याएका कैफियतहरु उपर समिक्षा गरि सुधारात्मक कदम चाल्न ब्यबस्थापनलाई निर्देशन दिने तथा ब्यबस्थापनलाई दिएका निर्देशन तथा सुझाव कार्यान्वयन भए नभएको सम्बन्धमा समिक्षा गरि, ति बिषयहरु संचालक समितिलाई समेत जानकारी गराउने र संस्थाको काम कारवाहीमा नियमितता, मितव्ययिता, औचित्यता, प्रभावकारिता जस्ता कुराहरु अवलम्बन भए नभएको वारे समिक्षा गरि संचालक समितिलाई आवश्यक सुझाव पनि दिने गरेको छ ।

आर्थिक बर्ष २०७८/७९ मा लेखा परिक्षण समितिको जम्मा ३ वटा बैठक बसेको थियो जसको विवरण निम्नअनुसार रहेको छ ।

क्र.स.	सदस्यहरुको नामावली	प्रति बैठक भत्ता (कर सहित)
१)	श्री सुरेश राज महर्जन-संयोजक	५,०००
२)	श्री निरज शर्मा – सदस्य	५,०००
३)	श्री राजकुमार खड्का- सदस्य सचिव	-

ध) संचालक, प्रबन्ध संचालक,कार्यकारी प्रमुख,कम्पनीका आधारभुत शेयरधनि वा निजको नजिकको नातेदार वा निज संलग्न रहेको फर्म,कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकि भए सो कुरा:

यस सम्बन्धि कुनै रकम बुझाउन बाँकि छैन ।

न) संचालक,प्रबन्ध संचालक, कार्यकारी प्रमुख तथा पदाधिकारीहरुलाई भुक्तानी गरिएको पारिश्रमिक भत्ता तथा सुबिधाको रकम:

संस्थाका प्रमुख कार्यकारी अधिकृत श्री सन्जिब सुब्बालाई आर्थिक बर्ष २०७८/७९ मा भुक्तान गरिएको रकमको विवरण निम्नानुसार रहेको छ ।

कुल बार्षिक तलव भत्ता: रु ९२,९७,८९३

दशै भत्ता, बार्षिक विदा बापतको भुक्तानी संस्थाको स्वीकृत नियमावली, करार सम्झौता र कर्मचारी बोनश प्रचलित बोनश ऐन अनुसार भुक्तानी गरिएको थियो ।

प) शेयरधनिहरुले बुझी लिन बाँकि रहेको रकम :
बुझी लिन बाँकि रकम नभएको ।

फ) दफा १४१ वमोजिम सम्पति खरिद वा बिक्रि गरेको कुराको विवरण :

यस आर्थिक बर्षमा संस्थाले कार्य संचालन तथा विस्तार गर्दा आवश्यक पर्ने सम्पतिहरु खरिद गरेको भएपनि प्रचलित ऐन तथा नियमकिय निर्देशन तथा दफा १४१ को प्रतिकुल हुने गरि सम्पति खरिद गरिएको छैन ।

ब) दफा १७५ वमोजिम सम्बद्ध कम्पनी विच भएको कारोवारको रकम :

कम्पनी ऐन २०६३ को दफा १७५ बमोजिम सम्बद्ध कम्पनीविच कारोबार नभएको ।

भ) यस ऐन तथा प्रचलित कानुन वमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनुपर्ने अन्य कुनै कुरा :
संचालक समितिको बार्षिक प्रतिवेदनमा उल्लेख गरिएको ।

म) अन्य कुराहरु :
नभएको ।

NEPAL RASTRA BANK APPROVAL



नेपाल राष्ट्र बैंक

भुक्तानी प्रणाली विभाग



केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन: ००९७७ १ ४४२८२२६
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पत्रसंख्या : भु.प्र.वि./ओ.सा.३/०७९/८०

चलानी नं.: १८४

मिति : २०७९/०८/०२

श्री नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेड (नेप्स),
काठमाडौं म.पा.१, नक्साल, काठमाडौं ।

विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७८/७९ को वार्षिक वित्तीय विवरण, बाह्य लेखापरीक्षकको प्रतिवेदन र सो उपर व्यवस्थापनको प्रतिक्रिया तथा संस्थाको वार्षिक गैरस्थलगत निरीक्षण प्रतिवेदन-२०७९ समेतका आधारमा त्यस संस्थाको आर्थिक वर्ष २०७८/७९ को वार्षिक वित्तीय विवरण वार्षिक साधारणसभा प्रयोजनको लागि सार्वजनिक/प्रकाशन गर्न स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

भवदीय,

(प्रकाश राई)
उप निर्देशक

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Nepal Electronic Payment Systems Limited (**NEPS**), which comprises of the Statement of Financial Position as at Ashad 32, 2079 (July 16, 2022) and the Statement of Profit or Loss, Statement of other Comprehensive Income, Statement of Cash Flow and Statement of Changes in Equity for the year then ended, and Notes to the financial statements, including a summary of significant Accounting Policies and Explanatory Notes.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at Ashad 32, 2079 (July 16, 2022), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis of Opinion

We conducted our audit in accordance, with Nepal Standard on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the **NEPS** in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants, and we have fulfilled our ethical responsibilities in accordance with ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have not observed any key audit matters to be communicated for the period 2078-79.

Information other than the Financial Statements and Auditor's Opinion thereon

Management is responsible for the presentation of other information. The other information comprises of information included in **NEPS's** Annual Report, including Board of Director's Report but does not include the financial statements and our auditor's report thereon. We have not received the Annual report prior to the date of this Auditor' Report and such is expected to be received for review after the date of the Auditor's Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent



with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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 NFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **NEPS's** ability to continue as 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 **NEPS** or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the **NEPS'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 a high level of assurance, but is not a guarantee that an audit is 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 a part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



- 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.

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 relationship 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 **NEPS** necessary for the purpose of our audit to the extent for the scope of our audit.

- a) We have obtained all the information and explanations along with replies to queries, which to the best of our knowledge and understanding, were necessary for the purpose of our audit.
- b) In our opinion, the Financial Statements comprising of Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cashflow, prepared in accordance with the requirements of Company Act, 2063 are in agreements with the books of Accounts.
- c) In our opinion, books of accounts, records, books and ledger have been maintained accurately in accordance with prevailing laws.
- d) To the best of our information and according to the explanations provided to us and as so far appeared from the examination of the books of accounts, we have not come across where board of directors at any official has committed any act contrary to the prevailing laws or committed any irregularity or caused any loss or damage to **NEPS** and/or violated circulars issued by Nepal Rastra Bank or acted in a manner to jeopardize interest and security of **NEPS**.

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



A handwritten signature in black ink, appearing to read "Nil Bahadur Saru Magar".

CA. Nil Bahadur Saru Magar, FCA
Managing Partner

Date: 2022-10-17

Place: Kathmandu, Nepal

UDIN: 221019CA00432mWαCN

FINANCIAL STATEMENTS

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED

STATEMENT OF FINANCIAL POSITION

As at Ashad 32, 2079 (July 16, 2022)

(Figures in NPR)

	Notes	Ashad 32, 2079	Ashad 31, 2078
ASSETS			
Non-Current Assets			
(a) Property, Plant & Equipment	4.1	48,844,708	36,802,862
(b) Right of Use Assets	5	30,963,499	-
(c) Intangible assets	6.2	61,110,636	13,834,625
(d) Intangible assets - WIP	7	4,761,647	68,033,643
(e) Financials Assets			
(ii) Held to Maturity (FD)	8	70,000,000	-
(i) Security Deposit	8	3,602,747	2,007,430
(f) Deferred Tax Assets	9	1,103,521	404,692
Total Non- Current Assets		220,386,758	121,083,252
Current Assets			
(a) Inventories	10	12,232	13,900
(b) Financial Assets			
(i) Trade Receivable	11	15,518,456	12,823,808
(ii) Cash and Cash Equivalents	12	100,454,491	121,653,349
(iii) Other Financial Assets	13	12,114,697	8,245,786
(c) Current Tax Assets (Net)	14	3,436,562	2,675,516
(d) Other Current Assets	15	11,169,877	7,415,764
Total Current Assets		142,706,314	152,828,122
TOTAL ASSETS		363,093,072	273,911,374
EQUITY & LIABILITIES			
Equity			
(a) Equity Share Capital	16	176,000,000	176,000,000
(b) Reserve & Surplus	17	98,703,120	47,981,454
Total Equity		274,703,120	223,981,454
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Security Deposit	18	1,885,276	1,150,069
(ii) Lease Liabilities		29,809,338	-
(b) Provisions	19	11,833,496	11,996,172
Total Non-Current Liabilities		43,528,110	13,146,242
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	20	9,338,136	7,974,968
(ii) Lease Liabilities		2,867,455	-
(iii) Other Financial Liabilities	21	7,874,901	6,122,412
(b) Provisions		415,010	435,742
(c) Other Liabilities	21(A)	24,366,340	22,250,556
Total Current Liabilities		44,861,842	36,783,678
TOTAL EQUITY & LIABILITIES		363,093,072	273,911,374

As per our report of even date

Sanjib Subba
Chief Executive Officer

Robin Nepal
Chairman

Anil Joshi
Director

CA. Nil Bahadur Saru Magar, FCA
Managing Partner
N. B. S. M. & Associates
Chartered Accountants

Bishwambhar Neupane
Director

Sanjeeb Kumar Shrestha
Director

Niraj Sharma
Director

Suresh Raj Maharjan
Director

Bal Krishna Joshi
Director

Rajkumar Khadka
Chief Finance Officer

Date: 2022/10/17
Place: Kathmandu

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
STATEMENT OF PROFIT OR LOSS
For The Year Ended Ashad 32, 2079 (July 16, 2022)

(Figures in NPR)

	Notes	Ashad 32, 2079	Ashad 31, 2078
Income			
Revenue From Operations	22	221,390,589	163,085,446
Other Income	23	16,074,953	10,513,917
Total Income		237,465,542	173,599,364
Expenses			
Operating Expenses	24	61,738,788	43,976,554
Employee Benefit Expenses	25	60,034,352	46,819,524
Finance Cost-Lease Liability	26	2,865,693	-
Depreciation and Amortization Expenses	3.2 & 4.2	28,865,002	18,164,878
Depreciation on Right Of Use Asset	4.3	5,538,465	-
Other Expenses	27	9,612,064	11,911,855
Foreign Exchange Loss	28	472,462	107,047
Total Expenses		169,126,825	120,979,858
Profit Before Tax		68,338,716	52,619,506
Tax Expenses:	30		
Current Tax (Expenses)/Income		(17,164,815)	(12,847,010)
Deferred Tax (Expenses)/Income		698,829	3,129,309
Profit For the Year		51,872,731	42,901,805
Earnings Per Equity Share of Rs 100 Each			
Basic Earning Per Share (Rs)	31	29.47	24.38
Diluted Earning Per Share (Rs)		29.47	24.38

As per our report of even date

Sanjib Subba
Chief Executive Officer

Robin Nepal
Chairman

Anil Joshi
Director

CA. Nil Bahadur Saru Magar, FCA
Managing Partner
N. B. S. M. & Associates
Chartered Accountants

Bishwambhar Neupane
Director

Sanjeeb Kumar Shrestha
Director

Niraj Sharma
Director

Suresh Raj Maharjan
Director

Bal Krishna Joshi
Director

Rajkumar Khadka
Chief Finance Officer

Date: 2022/10/17
Place: Kathmandu

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
For Year Ended On Ashad 32, 2079 (July 16, 2022)

	Ashad 32, 2079	(Figures in NPR) Ashad 31, 2078
Profit for the year	51,872,731	42,901,805
Gains /(losses) on re-measuring available for sale financial assets	-	-
Gain/(loss) on Actuarial valuation of defined benefit liability	-	-
Total other comprehensive income	-	-
Deferred tax income /(expense) relating to components of other comprehensive income	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	51,872,731	42,901,805

As per our report of even date

Sanjib Subba
Chief Executive Officer

Robin Nepal
Chairman

Anil Joshi
Director

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Bishwambhar Neupane
Director

Sanjeeb Kumar Shrestha
Director

Niraj Sharma
Director

Suresh Raj Maharjan
Director

Bal Krishna Joshi
Director

Rajkumar Khadka
Chief Finance Officer

Date: 2022/10/17
Place: Kathmandu

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
STATEMENT OF CASHFLOW
For The Year Ended On Ashad 32, 2079 (July 16, 2022)

Particulars	Ashad 32, 2079	(Figures in NPR) Ashad 31, 2078
Cash Flows From Operating Activities		
Net Profit/(Loss) before Tax	68,338,716	52,619,506
Adjustments for:		
Depreciation & Amortization	34,403,466	18,164,878
Net Unrealized Foreign Exchange Gain/(Loss)	(89,716)	-
(Profit)/loss on sale of Property Plant & Equipment	17,217	(336,979)
Interest Income- Investment	(10,894,113)	(5,529,482)
Interest Expense on Lease Liability	2,865,693	-
Operating Profit before changes in working capital	94,641,263	64,917,923
Movement in Working Capital		
(Increase)/Decrease in Inventory	1,668	(7,494)
(Increase)/Decrease in Trade Receivable	(2,694,648)	(697,738)
(Increase)/Decrease in Other Financial Assets	(3,868,911)	(6,082,095)
(Increase)/Decrease in Other Current Assets	(4,515,159)	2,266,502
Increase/(Decrease) in Trade Payable	1,452,884	5,264,233
Increase/(Decrease) in Other Financial Liabilities	1,752,489	5,215,033
Increase/(Decrease) in Other Liabilities	2,095,052	(13,289,359)
Cash generated from Operations	88,864,638	57,587,005
Adjustments for:		
Current Year Tax	(17,164,815)	-
Retained Earning	-	-
Cash Flows From Operating Activities (A)	71,699,823	57,587,005
Cash Flows from Investing Activities		
Purchase of Plants, Property & Equipments	(23,856,075)	(7,472,616)
Purchase of Intangible Assets	(1,803,004)	-
Increase in Intangible Assets-WIP	-	(4,761,647)
Investment in Fixed Deposits	(70,000,000)	-
Proceeds from sale of Plant, Property & Equipments	731,000	1,255,522
Interest Income Received	10,894,113	5,529,482
Payment of Security Deposit	(1,595,317)	-
Receipt of Security Deposit	735,206	-
Provision For Employee Benefit	(162,676)	-
Cash Flows From Investing Activities (B)	(85,056,753)	(5,449,259)
Cash Flows from Financing Activities		
Proceeds from issuance of Share Capital	-	-
Increase/(Decrease) in Long Term Loans	-	-
Dividend Paid	-	-
Lease Payment-Liability	(4,976,235)	-
Lease Payment-Finance Cost	(2,865,693)	-
Cash Flows From Financing Activities (C)	(7,841,928)	-
Net Cash & Cash Equivalent for the year (A+B+C)	(21,198,858)	52,137,746
Cash & Cash Equivalents at the beginning of the year	121,653,349	69,515,602
Cash & Cash Equivalents at the end of the year	100,454,491	121,653,349
Components of Cash and Cash Equivalent		
Cash on Hand	2,445	4,686
Balance with Banks		
In Current Accounts	20,452,046	21,648,663
In FD Deposit Accounts with Original Maturity for Less than 3 Months	80,000,000	100,000,000
Total Cash & Cash Equivalent Considered for Cash Flows	100,454,491	121,653,349

As per our report of even date

Sanjib Subba
Chief Executive Officer

Robin Nepal
Chairman

Anil Joshi
Director

CA. Nil Bahadur Saru Magar, FCA
Managing Partner
N. B. S. M. & Associates
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Bishwambhar Neupane
Director

Sanjeeb Kumar Shrestha
Director

Niraj Sharma
Director

Suresh Raj Maharjan
Director

Bal Krishna Joshi
Director

Rajkumar Khadka
Chief Finance Officer

Date: 2022/10/17
Place: Kathmandu

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
STATEMENT OF CHANGES IN EQUITY
For The Year Ended On Ashad 32, 2079 (July 16, 2022)

(Figures in NPR)

	Share Capital	Retained Earnings	Actuarial reserve	Total Shareholders' Funds
Balance as at July 15, 2020	176,000,000	5,079,649	-	181,079,649
Changes in Accounting Policies	-	-	-	-
Restated Balance as at July 15, 2020	176,000,000	5,079,649	-	181,079,649
Net profit for the year	-	42,901,805	-	42,901,805
Other comprehensive income	-	-	-	-
Adjustments:	-	-	-	-
Issue of new shares	-	-	-	-
Calls in advance	-	-	-	-
Bonus shares Issued	-	-	-	-
Right Shares Issued	-	-	-	-
Dividend Paid	-	-	-	-
Adjustment for Prior Period	-	-	-	-
Transfer to Other Reserves	-	-	-	-
Share Premium	-	-	-	-
Other Reserves	-	-	-	-
Other Adjustments	-	-	-	-
Balance as at July 15, 2021	176,000,000	47,981,454	-	223,981,454
Adjustment for NFRS 16	-	(1,151,065)	-	(1,151,065)
Adjusted Balance as at July 15, 2021	176,000,000	46,830,389	-	222,830,389
Net profit for the year	-	51,872,731	-	51,872,731
Other comprehensive income	-	-	-	-
Adjustment	-	-	-	-
Issue of new shares	-	-	-	-
Calls in advance	-	-	-	-
Bonus shares Issued	-	-	-	-
Right Shares Issued	-	-	-	-
Dividend Paid	-	-	-	-
Adjustment for Prior Period	-	-	-	-
Transfer to Other Reserves	-	-	-	-
Share Premium	-	-	-	-
Other Reserves	-	-	-	-
Other Adjustments	-	-	-	-
Adjustments	-	-	-	-
Balance as at July 16, 2022	176,000,000	98,703,120	-	274,703,120

As per our report of even date

Sanjib Subba
Chief Executive Officer

Robin Nepal
Chairman

Anil Joshi
Director

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Suresh Raj Maharjan
Director

Bal Krishna Joshi
Director

Rajkumar Khadka
Chief Finance Officer

Date: 2022/10/17
Place: Kathmandu

NOTES TO FINANCIAL STATEMENTS

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended On Ashad 32, 2079 (July 16, 2022)

1 CORPORATE INFORMATION

1.1 Background Information

Nepal Electronic Payment Systems Limited (hereinafter referred to as “NEPS” or “Company”) is a public limited company domiciled in Nepal, incorporated under the provision of the Company Act 2063 and is registered in Office of Company Registrar (OCR) on 18th Falgun 2069 with its registered address at Naxal, Kathmandu. Subsequently, NEPS was registered in Inland Revenue Department on 29th Shrawan 2070. NEPS obtained the letter of commencement of business from OCR on 16th Mangsir 2071.

NEPS obtained Payment System Operator (PSO) license from Nepal Rastra Bank (NRB) on 29th Baisakh 2076 to provide network for electronic cards and payment switch in Nepal.

1.2 Financial Statements

Financial Statements of NEPS for the year ended on 16th July, 2022 comprise of Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements and Significant Accounting Policies.

1.3 Principal Activities and Operations

NEPS operating as Payment System Operator (PSO) provides solution of issuance of cards, acquiring transactions through different delivery channels, connectivity to different payment networks in the country as well as outside of Nepal along with all the related settlement, operational and security aspects on the same. NEPS also ensures that its facility is complied with the highest security standard as required by the Payment Card Industry Data Security Standard (PCIDSS) for card data processing company and maintains a complete redundant system to ensure the highest level of up time.

Principal activities of NEPS is to provide electronic payment processing services to its member banks & financial institutions for delivering their Card and Digital Payment needs.

2 BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared on Historical Cost Basis following the accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) of Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

Critical accounting judgment that the company has identified as having potentially material impact on the company's financial statements and significant accounting policies that relate to the financial statements are set out in this section. Where an accounting policy is generally applicable to a specific note to accounts, the policy is described within that note. The company's accounting policies require management to exercise judgment in making accounting estimates and provisions.

2.1.1 Statement of Compliance

The financial statements have been prepared and approved by the Board of Directors in accordance with Nepal Financial Reporting Standards (NFRS) and as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

These policies have been consistently applied to all the years presented except otherwise stated.

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended On Ashad 32, 2079 (July 16, 2022)

2.1.2 Going Concern

Board of Directors (BoD) are satisfied that the company has resources to continue in business for the foreseeable future. Furthermore, BoD is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the financial statements are prepared on going concern basis.

2.1.3 Basis of Measurement

Financial Statements of NEPS have been prepared on historical cost convention, as modified by fair value measurement of financial assets and liabilities wherever the standard requires or provides options for such measurements.

Fair Value Measurement

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of assets and liability, the company takes in to account the characteristics of assets or liability if market participants would take those characteristics in to account when pricing the assets or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis except for lease transactions that are within the scope of NFRS 16.

2.1.4 Functional and Presentation Currency

The financial statements are prepared in Nepalese Rupees, which is the company's functional currency.

Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings. During the Year NEPS does not have any foreign currency borrowings.

2.1.5 Presentation of Financial Statements

Assets and liabilities of NEPS presented in Statement of Financial Position are grouped in order of liquidity. Statement of profit or loss has been prepared using classification 'by nature' method. Statement of cash flows has been prepared using indirect method.

Figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made where necessary.

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended On Ashad 32, 2079 (July 16, 2022)

2.1.6 Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of item is presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount is reported in the Statement of Financial Position only when there is a legally enforceable right to offset such recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in Statement of Profit or Loss unless required or permitted by the Financial Reporting Standards.

2.1.7 Approval for Financial Statements

Accompanied financial statements are prepared under the responsibility of the management and authorized for issue by the Board of Directors on its meeting held on 15-September 2022 with necessary recommendation for approval by the shareholders in the upcoming Annual General Meeting.

2.2 Significant Accounting Judgments, Estimates and Assumptions

Preparation of financial statements in line with NFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses of the reporting period.

Management has applied estimations in preparation and presentation of the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period; they are recognized in the period of revision and the future periods if the revision affects both current and future periods.

Specific accounting estimates have been included in the relevant section of notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.3 Significant Accounting Policies

NFRS requires adoption of accounting policies that are most appropriate to the company's circumstances & operations. Directors and management are required to make judgment in respect of items where choice of specific policy, accounting estimate or assumptions to be followed could materially affect the company's reported financial position, performance or cash flows.

Specific accounting policies have been included in the specific section of the notes for each item of the financial statements which require disclosures of accounting policies or changes in accounting policies. Effect and nature of changes have been also disclosed where necessary.

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on Ashad 32, 2079 (July 16, 2022)

4 PROPERTY, PLANT AND EQUIPMENT

Measurement at Recognition:

Property, plant and equipment (PPE) are tangible items that are held for servicing or for administrative purposes and are expected to be used for more than a year. Property, plant and equipment includes computer hardware, office equipment, furniture and fittings and motor vehicles.

4.1 Accounting Policy

Basis of recognition & Measurement

Property, plant and equipment's are recognized if it is probable that future economic benefits associated with the asset will flow to the company and cost of the asset can be measured reliably.

Items of property, plant and equipment's are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of hardware equipment.

Repairs and maintenance

Repairs and maintenance related to property, plant & equipment are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation is provided on items of property, plant and equipment so as to write-off their carrying value over the expected useful economic lives. Depreciation charge begins when an asset is available for use. Depreciation has been computed on Straight Line Method. Estimated useful lives for the assets are as follows:

Asset Class	Useful Life	Depreciation Method	Expected Residual Value
Furniture & Fixtures	5 Yrs.	Straight-line method	10%
Electrical Equipment	5 Yrs.	Straight-line method	0%
Firewall & Network Security	5 Yrs.	Straight-line method	0%
Computers & Accessories	4 Yrs.	Straight-line method	5%
Computers: Servers	5 Yrs.	Straight-line method	5%
Other Office Equipment	5 Yrs.	Straight-line method	5%
Vehicles	7 Yrs.	Straight-line method	20%
Leasehold Improvements	5 Yrs.	Straight-line method	0%

De-recognition

Carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and carrying amount of property plant and equipment and is included in the statement of profit or loss when the item is de-recognized.

5 Leasing**The Company as a Lessee:**

The Company's lease asset classes primarily consist of leases for Office Premises. The Company assesses whether a contract contains a lease, at inception of a contract.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The right-of-use assets and lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile. The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise

Fixed lease payments (including in-substance fixed payments) payable during the lease term.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

6 INTANGIBLE ASSETS**Intangible Assets Acquired Separately**

Intangible Assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses if any. The amortization is recognized on a straight line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period with the effects of any changes estimated being accounted for on a prospective basis.

Purchased intangible assets are capitalized considering the costs incurred to acquire and other eligible cost expensed in order to bring the intangible assets in use. Intangible assets consists of software's used for core-business operations, application programming interface and other accounting and attendance and licenses.

An Intangible assets is derecognized upon disposal or no future economic benefits are expected to arise from use or disposal. Any gain or loss arising from derecognition of an intangible assets measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognized in the statement of profit or loss when the assets is derecognized.

6.1 Accounting Policy

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the company and cost of asset can be measured reliably. An intangible asset is initially measured at cost. During the fiscal Year 2078.79, Rs 6,32,71,995.94 has been recognized in Intangible Assets considering the recognition criteria and transferred from Intangible Assets-WIP(Smart Vista System).

Cost of purchased licenses and all computer software costs incurred, licensed for use by NEPS, which are not integrated to associated hardware and can be clearly identified, reliably measured, and it is probable that they will lead to future economic benefits, are included in Statement of Financial Position under the category 'Intangible assets' and carried at cost less accumulated amortization and impairment losses, if any. Costs associated with maintaining software are recognized as an expense as incurred.

Amortization of Intangible Assets

Amortization is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates.

The estimated useful life of Intangible Assets are as Follows

Assets	Useful life
Computer Software	5 Years

6.2 Details of Intangible Assets

Net carrying amount of intangible assets pertains to unamortized portion of various software's, license, and other intangible assets. Details of which are given below:

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Cost:		
At beginning of Year	115,682,151	115,682,151
Additions	65,075,000	-
Disposals	-	-
At end of Year	180,757,151	115,682,151
Accumulated Amortization		
At beginning of Year	101,847,526	96,796,225
Additions	17,798,990	5,051,301
Disposals	-	-
At end of Year	119,646,516	101,847,526
Carrying value at year end	61,110,636	13,834,625

7 Details of Intangible Assets - WIP

Intangible Assets - WIP includes payments made to Expanded Payment International for development of card personalization system. There has not been any subsequent payment to Expanded Payment International in this year. So, the same amount has been carried forward as Work in Progress (WIP).

Intangible Assets-WIP	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Smart Visa System	-	63,271,996
Card Personalization System	4,761,647	4,761,647
Carrying value at year end	4,761,647	68,033,643

4-6(A) Impairment

At the end of Each Reporting Period, the company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of cash generating unit to which the asset belongs.

An impairment review is performed whenever there is an indication of impairment. When recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of profit or loss. Future servicing rights are also considered in establishing an onerous contract provision for each reporting period. There is no indications of impairment, consequently impairment has not been provided for by Nepal Electronic Payment Systems Limited.



No loopholes,
just security.

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4.1 Details of Property, Plants & Equipment

Cost:	(Figures in NPR)							Total	
	Furniture and Fixtures	Other Office Equipment	Vehicles and accessories	Generators	Electrical Equipment	Leasehold Improvement	Firewall & Network Security		Computer & Accessories
At 15 July 2021	2,076,720	5,474,683	5,653,505	1,319,810	611,011	6,319,655	7,780,123	67,872,134	97,107,641
Additions	4,537,625	2,331,339	-	-	-	13,640,199	1,093,894	2,253,018	23,856,075
Additions from Acquired Entity	-	-	-	-	-	-	-	-	-
Adjustment/written off	-	-	-	-	-	-	-	-	-
Disposals	(2,076,719)	(451,641)	-	(1,319,810)	(399,011)	(6,319,655)	(450,000)	(51,770)	(11,068,606)
At 16 July 2022	4,537,625	7,354,382	5,653,505	-	212,000	13,640,199	8,424,017	70,073,382	109,895,110
Accumulated Depreciation									
At 15 July 2021	1,797,827	4,576,670	415,281	812,550	611,011	6,299,249	5,796,626	39,995,567	60,304,781
Depreciation charge for the year	438,857	428,863	646,115	41,031	-	99,523	653,078	8,758,546	11,066,012
Adjustment/written off	-	-	-	-	-	-	-	-	-
Disposals	(1,827,179)	(439,724)	-	(853,580)	(399,011)	(6,301,609)	(450,000)	(49,289)	(10,320,392)
At 16 July 2022	409,505	4,565,809	1,061,396	-	212,000	97,163	5,999,704	48,704,824	61,050,401
Net book value:									
At 15 July 2021	278,893	898,013	5,238,224	507,260	-	20,406	1,983,497	27,876,567	36,802,861
At 16 July 2022	4,128,120	2,788,573	4,592,109	-	-	13,543,036	2,424,313	21,368,558	48,844,708

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Particulars	Right of Use (ROU) Asset		Total ROU Asset
	Right of Use Asset - Global Business Hub	Right of Use Asset - Bhim Plaza	
Cost			
As on Shrawan 1, 2077	-	-	-
Increases			
Asset retirement obligation			
Transfer and reclassification			
Decreases			
Balance as on Ashad End, 2078			
Increases	34,911,865	1,590,099	36,501,964
Asset retirement obligation	-	-	-
Transfer and reclassification	-	-	-
Decreases	-	-	-
Balance as on Ashad End, 2079	34,911,865	1,590,099	36,501,964
Accumulated Depreciation			
As on Shrawan 1, 2076	-	-	-
Charge			
Charge from asset retirement obligation			
Transfers and Reclassification			
Decreases			
As on Ashad End, 2078			
Charge			
Charge from asset retirement obligation	3,948,366	1,590,099	5,538,465
Transfers and Reclassification	-	-	-
Decreases	-	-	-
As on Ashad End, 2079	3,948,366	1,590,099	5,538,465
Net Book Value			
As on Ashad End, 2078	-	-	-
As on Ashad End, 2079	30,963,499	-	30,963,499

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8 Financial Instruments – Financial Assets

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

8.1 Recognition and Initial Measurement of Financial Instruments

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

8.2 Classification of Financial Assets

a. Financial Assets at Fair Value through Profit or Loss

i. *Financial assets held for trading*

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

b. Held to Maturity Financial Assets

c. Financial assets available for sale

d. Loans and Receivables

Subsequent measurement of financial assets depends on their classification.

8.2.1 Financial Assets at Fair Value through Profit or Loss

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

(i) Financial Assets Held for Trading

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

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in 'Other operating income'. NEPS does not have any financial assets held for trading as on the reporting date.

NEPS evaluates its held for trading asset portfolio, other than derivatives, to determine whether the intention to sell them in the near future is still appropriate. When NEPS is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, NEPS may elect to reclassify these financial assets.

Financial assets held for trading include instruments such as government securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term.

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

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

a) Such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the assets.

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b) The assets are part of a group of Financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

c) The asset contains one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

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

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

8.2.2 Financial Assets Available for Sale

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

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

NEPS does not have any financial assets available for sale

8.2.3 Held to Maturity Financial Assets

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which NEPS has the intention and ability to hold to maturity. These financial asset are primarily held for collecting cash flows of the instruments both principal and interest and are primarily intended to be held till maturity.

Instruments with maturity period of more than 3 months from the date are classified under this category. Interest rate is different from deposit in one bank to another and depends on the commencement of the deposit agreement. All other instruments are classified as cash and Cash Equivalent as on Ashad end 2079.

	FY 2078-79	FY 2077-78
Investment on Fixed Deposit (1 Year Term)	70,000,000	-
	70,000,000	-

(Figures in NPR)

Instruments with maturity of less than 3 months have been classified under cash and cash equivalent.

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8.2.4 Financial Assets-Non Current

Other financial Assets include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(1) Those that NEPS intends to sell immediately or in the near term and those that NEPS, upon initial recognition, designates as fair value through profit or loss.

(2) Those that NEPS, upon initial recognition, designates as available for sale

(3) Those for which NEPS may not recover substantially all of its initial investment through contractual cash flows, other than because of credit deterioration.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate, less allowance for impairment. Amortization is included in 'Investment Income' in the Statement of Profit or Loss. Losses arising from impairment are recognized in 'Other operating expenses' in the Statement of Profit or Loss.

Other financial assets include financial assets other than cash and cash equivalent, available for sale financial assets, held for trading financial asset and held to maturity financial assets:

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Security Deposit	3,602,747	2,007,430
	3,602,747	2,007,430

9 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 2058. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been prevailing at the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Particulars	Carrying Amount	Tax Base	Temporary Diff
Property, Plant & Equipment/ Intangible Assets	109,955,344	108,902,993	1,052,351
Provisions for Other Long term Employee Benefit	3,663,426	-	(3,663,426)
Right of Use Assets	30,963,499	-	30,963,499
Lease Liabilities	32,676,793	-	(32,676,793)
Currency Revaluation on FCY denominated Liability	89,716	-	(89,716)
Total			(4,414,085)
			Deferred Tax Asset/Liability as at 32.03.2079 (Tax Rate @ 25%)
			(1,103,521)

Presentation of Current and Deferred Tax

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Current and deferred tax are recognized in the profit and loss, except when they relate to items that are recognised in Other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

10 Inventory

Inventories are initially recognized at cost, and subsequently at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

Inventory of NEPS consists of envelopes used for packaging printed pin numbers of ATM cards.

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Inventory	12,232	13,900
	12,232	13,900

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(Figures in NPR)

11 Other Financial Assets-Current	FY 2078-79	FY 2077-78
Trade Receivables	15,518,456	12,823,808
	15,518,456	12,823,808

12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of cash credit balances and bank overdrafts (if any) as they are considered an integral part of the Company's cash management.

(Figures in NPR)

	FY 2078-79	FY 2077-78
Cash in Hand	2,445	4,686
Bank balance	20,452,046	21,648,663
Short term deposits(Upto 3 Months)	80,000,000	100,000,000
	100,454,491	121,653,349

(Figures in NPR)

13 Other Financial Assets-Current	FY 2078-79	FY 2077-78
Accrued Income Receivables	12,114,697	8,198,675
Advance to Staff	-	47,111
	12,114,697	8,245,786

14 Income Taxes

Income Tax Expense represents the sum of the tax currently payable and deferred tax.

Current Tax

Current tax is the amount of income tax payable in respect of taxable profit for the year. Taxable Profit differs from profit before tax as reported in the statement of Profit or Loss because of items of incomes or expenses that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act 2058. The current tax is calculated using tax rate that is prevailing at the end of reporting period.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets includes Advane Tax Paid, TDS receivables deducted by member banks on payments to service fee billed by NEPS and TDS on Investment Income due to statutory and regulatory requirements. Details of Advance Taxes and tax liability is given below:

(Figures in NPR)

	FY 2078-79	FY 2077-78
Advance Taxes	20,601,377	15,522,525
Current tax liability	(17,164,815)	(12,847,010)
	3,436,562	2,675,516

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15 Other Current Assets

Other assets consist non-financial assets which are recognized at cost less any impairment loss. Prepaid Expenses as well as prepayments to vendors for goods or services are included under non financial assets as they are associated with the receipt of goods or services and does not give rise to a present right to receive cash or any other financial asset.

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Prepaid Expenses	10,577,398	7,176,758
VAT Receivables	592,479	239,006
	11,169,877	7,415,764
	11,169,877	7,415,764

16 Share Capital

Financial instruments issued by NEPS are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments:

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Authorized Share Capital		
(2,500,000 shares @ Rs. 100 each)	250,000,000	250,000,000
Issued Share Capital		
(2,000,000 shares @ Rs. 100 each)	200,000,000	200,000,000
Paid Up Share Capital		
As at 1 st Shrawan, 2078	176,000,000	176,000,000
Add: Issued to new shareholder	-	-
As at 32 Ashad , 2079	176,000,000	176,000,000
	176,000,000	176,000,000

16.1 Reconciliation of Number of Shares

Ordinary Shares as at Shrawan 1-2078	1,760,000	1,760,000
Add: Issued to new shareholder	-	-
Ordinary Shares as at Ashad 32-2079	1,760,000	1,760,000
	1,760,000	1,760,000

17 Reserve & Surplus

Reserve and surplus includes retained earnings

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
General Reserves		
Retained Earnings	98,703,120	47,981,454
Total	98,703,120	47,981,454
	98,703,120	47,981,454

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18 Other Financial Liabilities-Non Current

Other Financial Liabilities include financial liabilities of the company other than normal classification of financial liability at amortized cost and financial liability at fair value through profit or loss:

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Security Deposits Payables	1,885,276	1,150,069
	1,885,276	1,150,069

Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NEPS has not taken any borrowings, secured or unsecured loans during the year.

Employee Benefit:

Defined contribution plans:

The Company contributes 10% of Basic Salary & Grade towards Employee Provident fund to all eligible employees. The Company has no further payment obligations once the contributions have been paid. Hence payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

19 Provisions

A provision is recognized if, as a result of a past event, NEPS has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using cash flows estimated to settle present obligation, its carrying amount is determined based on the present value of those cashflows. A provision for onerous contracts is recognized when expected benefits to be derived by the company from a contract are lower than unavoidable cost of meeting its obligations under the contract. Provision is measured as the present value of lower of expected cost of terminating the contract and the expected net cost of continuing the contract.

Other Provisions include Other Long Term Employee Benefit at the end of the year.

Provision for Gratuity

NEPS deposits 8.33% of basic salary of its employees in individual accounts maintained at Citizen Investment Trust (CIT). So, the company has no further payment obligation once the payment has been deposited. Hence, Payment to gratuity is recognized as an expense when employees have rendered the service entitling them to gratuity and corresponding payment has been made.

Provision for Other Long Term Employee Benefit (Leave)

Leave encashment liability is determined as per actuarial valuation. Actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Plan assets have not been created for funding of payment of leave liability.

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended on Ashad 32, 2079 (July 16, 2022)

Principal Actuarial Assumptions	FY 2078-79	FY 2077-78
Discount rate	9%	9%
Rate of increase in compensation levels	8%	8%
Expected rate of return on plan assets	-	-
Expected average remaining working lives of employees	8.21	9.03

Due to complexity of valuation, underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting date. Value of liability at the end of reporting period is as follows:

For The period	FY 2078-79	FY 2077-78
Opening Liability	3,846,834	3,215,129
Interest Expenses	232,232	246,112
Current Service Costs	1,341,910	893,553
Benefits Paid	(2,532,946)	(961,093)
Remeasurements on obligation - (Gain) / Loss	775,396	453,133
Closing Liability	3,663,426	3,846,834

Sensitivity Analysis

Impact of change in Discount rate when base assumption is decreased/increased by 100 basis point.

Discount Rate	Liability
8%	3,923,302
10%	3,435,983

Impact of change in Salary Increase rate when base assumption is decreased/increased by 100 basis point

Discount Rate	Liability
7%	3,445,234
9%	3,908,511

Provision For Bank Claims

There were withdrawals of money using ATM cards of NEPS' member banks in ATM terminals of various banks in Nepal and India through VISA network during the fiscal year 2076/77 and provision has been made for possible liability relating to those withdrawals.

There were withdrawals of money using ATM cards of NEPS' member banks in ATM terminals of various banks in Nepal and India through VISA network during the fiscal year 2076/77 and NEPS has recognized provision and the effect has been given in financial statements. While reviewing the provision reasonable care has been given for the best estimate of the expenditure required to settle the present obligation at the reporting date. Provision has been assessed by collecting & analyzing claim confirmation letters from the concerned banks, Legal Status of ongoing case, consideration on best possible estimate of the expenditure required to settle the claim for unauthorized withdrawals in India. Whereas for unauthorized withdrawals in Nepal, the legal case is going on with the detention of accused. So, no provision has been made for unauthorized withdrawals in Nepal. After reviewing the current status of court case, correspondence with the concerned banks and estimates of the expenditure required to settle the present obligation, management has decided to continue the same amount of provision as on reporting date for the FY 2078.79.

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended on Ashad 32, 2079 (July 16, 2022)

Provisions includes:

	(Figures in NPR)	
Provision- Non-Current Liabilities	FY 2078-79	FY 2077-78
Provision for Long Term Employee Benefit-Non Current	3,248,416	3,411,092
Provision for Bank Claims-Non Current	8,585,080	8,585,080
	11,833,496	11,996,172
	<hr/>	
Provision-Current Liabilities	FY 2078-79	FY 2077-78
Provision for Long Term Employee Benefit-Current	415,010	435,742
	415,010	435,742
	<hr/>	

	(Figures in NPR)	
20 Financial Liabilities-Current	FY 2078-79	FY 2077-78
Sundry Creditors & Other Payables	9,338,136	7,974,968
	9,338,136	7,974,968
	<hr/>	

	(Figures in NPR)	
21 Other Financial Liabilities-Current	FY 2078-79	FY 2077-78
Audit Fees Payables-Internal	65,010	59,100
Audit Fees Payables-External	216,700	216,700
Staff Bonus Payable	7,593,191	5,846,612
	7,874,901	6,122,412
	<hr/>	

21(A) Other Liabilities

Other liabilities are related to the obligation amount recognised at actual obligation and pertain to administrative and government dues. All amounts are recognised at amount at which liability is expected to be settled.

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Card Management Fees received in advance	22,480,270	21,017,578
TDS & Reverse Vat Payables	1,886,070	1,232,978
	24,366,340	22,250,556
	<hr/>	

Best trust
rating &
Satisfaction.

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended On Ashad 32, 2079 (July 16, 2022)

22 Revenue from fees

Revenue is recognized to the extent that it is probable that economic benefits will flow to NEPS and revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable exclusive of indirect taxes and discount. The following specific recognition criteria must also be met before revenue is recognized.

As per NAS 18, Revenue should be recognized when an entity transfers goods to a customer or as the entity performs the service. Revenue received/receivable have been recognized on accrual basis as per NAS 18.

Revenue of NEPS includes all revenue from core-business activities of the company and are recorded net of value added tax and other taxes collected from customers that are remitted or are to be remitted to government authorities.

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
3D Secure Enablement Fee	6,518,686	3,664,516
Acquiring Fees: ATM	38,342,529	23,576,083
Acquiring Fees: POS	17,253,744	12,256,944
ATM Mgmt. & Monitoring Fees	2,046,485	2,023,290
Card Management Fees	68,727,535	64,193,760
Contactless Card Personalization fee	2,261,645	2,237,571
EMV Card Personalization	5,687,376	4,470,352
Issuing Fee: ATM	45,613,395	28,507,283
Issuing Fee: POS	19,136,925	11,483,099
Pin Mailer Printing Fees	4,810,892	3,711,272
Moco Application (Integration) Fee	400,000	-
Accrual Income	10,591,377	6,961,277
	221,390,589	163,085,446
	221,390,589	163,085,446

23 Other Income

23.1 Interest income

Interest income includes interest income from fixed deposits and call accounts:

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Interest Income	10,894,113	5,529,482
	10,894,113	5,529,482
	10,894,113	5,529,482

23.2 Other operating income

Other operating income includes income from tender forms distribution and other miscellaneous incomes including incentives from Visa and disposal of fixed assets.

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Miscellaneous Income	5,180,839	4,984,436
	5,180,839	4,984,436
	5,180,839	4,984,436

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended On Ashad 32, 2079 (July 16, 2022)

24 Operating Expenses

Operating Expenses include costs that are related to operations of the company. This is normally related to costs incurred in generation of revenue.

	FY 2078-79	FY 2077-78
		(Figures in NPR)
3D Secure implementation expenses	-	210,582
3D Secure Monthly Fees	2,194,676	1,398,693
Annual Maintenance Expenses	18,878,681	18,310,242
Anti Virus Software & License	118,873	126,289
Colocation Charge - DC	2,813,600	2,880,000
Colocation Charge Master Card	660,000	660,000
Colocation Charge - DR	1,132,000	1,152,000
Data Discovery Tools- License Fee	11,583	-
CTMS Services	-	1,167,742
Fortinet - Fortigate 100D UTM	369,704	336,465
Fortinet Fortigate 200F Unified Threat Protection	25,023	-
Fortinet Fortigate 201E Unified Protection	1,367,635	-
Fortinet - Fortigate 200D UTM	-	1,212,469
Fortinet - Fortigate 60D UTM	112,875	101,515
Gemal Two Factor Software License	220,646	317,979
Implementation Charge -ACS2.2	3,504,118	-
Implementation Fee - Green Pin at POS	1,794,494	-
Implementation Fee-VAT Refund	6,782,118	-
Issuer Script Support Fee	1,049,647	-
MasterCard Simulator Monthly Charge	1,326,457	1,038,925
Microsoft 365 E3	562,787	758,796
Migration and Support Charge	-	18,252
Mobile Token Monthly Charges	514,818	498,500
Moreal Service Monthly Charges	-	674,826
Office 365 Advance Threat Protection	859,208	901,202
Network Connectivity Expenses	380,400	396,000
Office 365 Advance Threat Protection	64,282	63,014
Office 365 Business Essential	142,521	103,104
PCI DSS Audit Fee	750,688	849,857
PCI PIN Security - Fee	588,634	475,871
Penetration Testing Fees	-	247,500
Pin Printing Expenses	23,908	42,546
Settlement and Mgmt Charge	1,000,000	1,000,000
SOC - Monitoring Expenses	2,624,255	1,517,926
VAPT - Expenses	1,939,735	954,028
VIBS-Visa Expense	466,125	-
VISA Connectivity Expenses	9,161,710	5,660,690
Visa Edit Package	284,088	888,041
Web Hosting Expenses	13,500	13,500
	61,738,788	43,976,554

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended On Ashad 32, 2079 (July 16, 2022)

25 Staff Expenses

Employee benefits accounted under staff expenses are the remuneration such as salary and allowances and benefits such as shift allowance, overtime allowance and holiday allowance availed to staff as per Employee Service Rule, and prevailing Labor Act/Bylaw. Festival Allowance is one month's salary provided to the eligible employees. Provident Fund contributory scheme are accounted on monthly basis to the retirement fund equal to 10% of the basic salary of eligible employees due to its nature of being a defined contribution plan. Such expenses are charged directly to Statement of Profit and Loss. Staff Bonus is computed at 10% of the Profit before Tax as per Bonus Act, 2030.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. NEPS recognizes changes in defined benefit obligation under staff expenses in statement of profit or loss. As on date, company has a non funded plan for leave encashment. Obligation for leave encashment has been assessed from Actuary Expert.

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Salary & Allowances	48,436,631	37,810,715
Staff Bonus Expenses	7,593,191	5,846,612
Gratuity Expenses	1,654,992	1,414,217
Leave Expenses	2,349,538	1,747,981
	60,034,352	46,819,524

26 Finance Cost-Lease Liability

Finance Cost-Lease Liability

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Finance Cost-Lease Liability	2,865,693	-
	2,865,693	-

27 Other Expenses

Other expenses include general administrative and office expenses. Other expenses are recognized on accrual basis. All expenditures incurred in running of business and maintaining property, plant and equipment are charged to the statement of profit or loss:

	(Figures in NPR)	
	FY 2078-79	FY 2077-78
Accommodation Charge	151,350	106,500
Actuary Fees	30,000	30,000
Advertisement Expenses	134,467	189,398
AGM Expenses	379,496	35,808
AMC Expenses	214,820	209,670
Amenities Expenses	283,289	112,377
Anniversary Expenses	305,376	211,484
Audit Fee Internal	132,000	120,000
Audit Fee External	220,000	220,000
Bank Charge	60,528	41,469

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended On Ashad 32, 2079 (July 16, 2022)

Board Meeting Allowance	254,000	202,000
Committee Meeting Allowance	50,000	40,000
Common Area Maintenance Fee	545,604	-
Claim & Settlement	-	36,817
Consultancy Expenses	927,419	57,059
Consumable Electric Goods	20,086	14,750
Covid 19 Related Expenses	36,000	49,998
Conveyance Expenses	105	-
Digital Business Consulting Fee	-	720,000
Electricity Expenses	853,963	879,228
Email Hosting Expenses	107,332	138,810
Fuel Expenses	263,982	164,228
General Computer Accessories	59,498	30,863
General Office Expenses	376,755	159,880
Insurance Expenses - Office Assets	245,248	268,380
Insurance Expenses - Staffs	443,850	321,035
Internet Expenses	700,794	736,786
IS-Audit Fee	40,000	195,000
ISO-27001:2013 Certification Fee	250,000	-
Janitorial Expenses	31,212	81,038
Legal Expenses	425,750	171,250
Locker Expenses	3,000	3,000
Loss on Disposal of Fixed Assets	173,305	30,371
Newspaper & Magazines	5,095	5,421
Office Moving	48,000	-
Office Rent	-	4,451,393
Postage Expenses	31,922	18,828
Printing & Stationery Expenses	54,990	82,357
Recruitment Fee	119,395	-
Registration & Renewal Expenses	52,700	52,455
Repair and Maintenance - Office Operation	178,139	140,528
Repair and Maintenance Office Vehicle	33,823	9,715
Repair and Maintenance Plumbing	2,240	-
Repair and Maintenance Telephone Line	1,400	3,153
Security Expenses	28,000	330,494
Stationary Expenses	69,999	47,440
TADA Expense	43,200	308,909
Tea & Coffee Expenses	88,121	66,964
Telephone Expenses	155,304	171,814
Training Expenses	560,301	323,730
Transportation Expenses	17,000	36,500
Travelling Expenses	343,205	224,956
Website Development Expenses	60,000	60,000
	9,612,064	11,911,855

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended On Ashad 32, 2079 (July 16, 2022)

28 Foreign currency gain/(loss)

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

29 Finance Cost

NEPS does not have borrowings, other interest bearing securities and finance lease during the fiscal year, so there is no finance costs accrued in the year except for lease accounting under NFRS 16.

30 Income Tax Expense

Income tax expense includes tax expenses on income of the company and any deferred tax expenses arising due to taxable temporary differences. Current tax and deferred tax are recognized in statement of profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

31 Earning Per Share

The Company presents basic and diluted earnings per share data for its equity shares. Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per share is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees if any.

Particular	FY 2078-79	FY 2077-78
Profit attributable to equity shareholders (a)	51,872,731	42,901,805
Weighted average of number of equity shares used in computing basic earnings per share (b)	1,760,000	1,760,000
Basic and diluted earnings per equity share of Rs 100 each (a/b)	29.47	24

(Figures in NPR)

As there is no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented.

32 Risk Management

Effective risk management is fundamental to any of the business activities. The company is exposed to various risks particular to nature of activities it carries. The company's objective of managing risks is for the protection and creation of shareholders and investors value. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management.

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended On Ashad 32, 2079 (July 16, 2022)

32.1 Operational Risk

Operational risk is the risk of potential loss or service delay due to inadequate internal controls, human errors and external events. NEPS is exposed to operational risk arising from uncertainty of inherent nature of its business. Information Security: Part of the operational risk, it is the potential loss arising due to compromise of confidentiality, integrity and availability of information assets.

32.2 Credit Risk

The company provides reasonable level of credit facilities to debtors and so does it enjoy credit facility from its creditors as well. Credit risk relates to the risks associated with systems in the form of unsettled transactions and failure of settlement by any of its members. It also refers to the current or potential loss on NEPS's earnings as a result of counterparties' inability to meet with the financial or other contractual obligations to NEPS when due. The company through its experience over the years has been managing such risk well through proper way of close monitoring and supervising the regular recoverability position by the management and the Board.

32.3 Liquidity Risk

Liquidity risk is the risk that the company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

32.4 Other Risks

This includes various risks not included in the above key domains including reputational risks, vendor dependencies, communication & member handlings, and similar. These are normally handled through defined process and by assigning responsibility to specific resources.

NEPAL ELECTRONIC PAYMENT SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended On Ashad 32, 2079 (July 16, 2022)

33 RELATED PARTY TRANSACTIONS

33.1 Transactions with Key Managerial Personnel (KMPs)

Compensations paid to Key Management Personnel (which includes Chief Executive Officer (CEO) and Chief Operating Officer (COO)) during the fiscal year is presented below. In case of COO, the joining date is 2078/07/22, so compensation from the date of joining to end of fiscal year has been presented here. In addition, other non-monetary perquisites are provided to the Key Management Personnel as per the company's Human Resource Policy and employment terms and conditions:

Transactions with Key Managerial Personnel (KMPs)	Amount (NPR)	Relation
<u>Remuneration & employee Benefit</u>	<u>11,574,441</u>	
Salaries, Bonus and other short term employment benefits		
Mr. Sanjib Subba	8,901,893	Chief Executive Officer
Mr. Prabin Acharya	2,188,900	Chief Operating Officer
Other benefits - retirement contributions From NePS		
Mr. Sanjib Subba	396,000	Chief Executive Officer
Mr. Prabin Acharya	87,648.00	Chief Operating Officer

In addition to their salaries and retirement contributions, NEPS also provides non-cash benefits to KMPs. CEO and COO are re-imbrused for mobile expenses upto Rs. 3,000 per month and Rs. 1,500 per month respectively.

There were no transactions with the employees except allowed as per the Employee Service Rules of the company.

33.2 Board members' allowances

No transactions were made with Board Members except for payment of meeting allowance of total of NPR 3,04,000 related to Board Meetings, Audit Committee Meeting, HR Committee Meeting :

<u>Directors' fees</u>	<u>304,000</u>	<u>Designation</u>
Mr. Robin Nepal	54,000	Chairman
Mr. Anil Joshi	35,000	Director
Mr. Bishwambhar Neupane	50,000	Director
Mr. Raghu Krishna Shrestha	35,000	Director
Mr. Sanjeeb Kumar Shrestha	45,000	Director
Mr. Suresh Raj Maharjan	55,000	Director
Mr. Bal Krishna Joshi	30,000	Director

There were no transactions with the Board of Directors except meeting allowance paid for BOD & BOD Level Committee Meeting.

33.3 Other Related Party Transactions

All related party transactions entered into during FY 2078.79 were on an arm's length basis and in the ordinary course of business.

NEPS is engaged in providing electronic payment processing services to its member banks and financial institutions. Transactions entered with banks represented on the Board is provided below:

Name of bank	Transaction amount (NPR)	Receivable Balance
Sunrise Bank Limited	28,235,801	-
Global IME Bank Limited	31,142,715	-
Machhapuchhre Bank Limited	29,521,087	928,785
Siddhartha Bank Limited	32,686,517	493,352
Citizens Bank International Limited	22,486,842	-
Nepal Bangladesh Bank Limited	6,480,944	453,054

NEPS has entered into agreements with M/s Sunrise Bank Ltd. for VISA Card Connectivity charges & Settlement fee.

Name of bank	Transaction amount (NPR)	Payable Balance
Sunrise Bank Limited-Visa Card Connectivity Charge	9,161,710	2,805,107
Sunrise Bank Limited-Settlement and Management Fee	1,000,000	-

Further, NEPS has maintained current and call accounts with these institutions:

Name of bank	Balance (NPR)
M/s Citizens Bank Intl Ltd	6,531,615
M/s Machhapuchchhre Bank Ltd	1,482,679
M/s Siddhartha Bank Ltd	2,504,913
M/s Sunrise Bank Ltd	9,931,839

34 TAX ASSESSMENT

Inland Revenue Office (IRO) - Putalisadak has sent a letter for conducting tax assessment regarding income tax, TDS and VAT of the company for FY 2075-76. However, the assessment is going on and the company has not received the preliminary assessment letter till 2022/09/15.

35 PROPOSED DIVIDEND & BONUS SHARE

The Board of Directors of the company at its meeting held on 15-September,2022 have recommended 10% as Cash Dividend (Rs 10/share totaling to Rs 176,00,000) inclusive of Tax for the reported year 2078-79. This proposal of the board of directors is subject to the approval from Nepal Rastra Bank and ratification by the Annual General Meeting of the shareholders. The proposed distribution shall be recognized in the equity in the period in which they are paid.

36 CONTINGENT LIABILITIES AND ASSETS

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Based on the criteria discussed above, provision for claims has been carried forward on account of un authorized withdrawals made in India during 2019 based on estimated amount required to settle the present obligation. In case of unauthorized withdrawals in Nepal, legal case is going on and accordingly no provision has been made. The unauthorized withdrawals beside the provisioned amount has been considered to be contingent liability amounting Rs. 23,054,576.

Further, In the fiscal year 2077/78, there has been incident involving unauthorized withdrawal of Rs. 3,435,000 from ATM of a member bank using expired card of a Foreign Bank. The concerned bank has filed a legal case against the detained accused which is ongoing and accordingly no provision has been made. The withdrawals has been considered to be contingent liability amounting to Rs 3,435,000.

37 CAPITAL COMMITMENT

NEPS has entered into an agreement with BPC Banking Technologies (Asia Pacific) Pte Ltd. for enhancement of software with new features and perpetual license for USD 634,500 on 1 October 2018. As on 16 July 2022, USD 474,500 has been paid over different period of time and remaining amount will be paid subsequently along with deliverables.

Nepal Electronic Payment Systems Limited
Global Business Hub- Naxal Kathmandu

Computation of Deferred Tax
FY 2078/79

S.N.	Particulars	Book Carrying Amount	Tax Base Amount	Difference Taxable/(Deductible)	Tax Rate	Deferred Tax Liability/(Asset)
A	Temporary Difference for:					
	Long Term Employee Benefit					
	Provision for Leave Encashment	3,663,426.00	-	(3,663,426.00)	25%	(915,857)
	Total Deferred Tax (Asset)/Liability	3,663,426.00	-	(3,663,426.00)		(915,857)
	Fixed Assets					
	WDV of Fixed Assets	109,955,343.79	108,902,993.11	1,052,350.68	25%	263,087.67
	Total Deferred Tax (Asset)/Liability	109,955,343.79	108,902,993.11	1,052,350.68		263,087.67
	Right of Use Assets	30,963,499.03	-	30,963,499.03	25%	7,740,875
	Lease Liabilities	32,676,793.19	-	(32,676,793.19)	25%	(8,169,198)
	Currency Revaluation on FCY denominated Liability	89,715.99	-	(89,715.99)	25%	(22,429)
	Net Deferred Tax (Asset)/Liabilities from Temporary Differences as at Ashad 32, 2079 (A)					(1,103,521.37)
B.	Loss carried forward					
	Loss as per Income Tax to be c/f					-
	Deferred Tax assets from carried forward Loss: (B)					-
	Total (A+B) - Closing Deferred Tax Liability/(Assets)					(1,103,521.37)
	Opening Deferred Tax Liability/Assets					404,691.94
	Deferred Tax Expenses/(Income)					(698,829.43)

ANNUAL GENERAL MEETING NOTICE

नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेडको नवौं वार्षिक साधारण सभाको सूचना

नेपाल ईलेक्ट्रोनिक पेमेन्ट सिस्टम्स लिमिटेडको मिति २०७९/०८/०६ गते बसेको संचालक समितिको १४७ औं बैठकको निर्णय अनुसार कम्पनीको नवौं वार्षिक साधारण सभा निम्न लिखित मिति, स्थान र समयमा निम्न विषय उपर छलफल तथा निर्णय गर्न बस्ने भएकाले कम्पनी ऐन २०६३ को दफा ६७ अनुसार सम्पूर्ण शेयरधनि महानुभावहरूको जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

सभाहुने मिति, स्थान र समय:

मिति: २०७९/०८/२९

समय: ४ बजे

स्थान: आरन्य बुटिक होटल, मनकामना रोड हात्तिसार, काठमाडौं

माध्यम: भौतिक उपस्थिति मार्फत

प्रस्तावहरू

क) साधारण प्रस्ताव:

- १) आर्थिक वर्ष २०७८/७९ को संचालक समितिको वार्षिक प्रतिवेदन उपर छलफल गरि सोलाई पारित गर्ने ।
- २) लेखा परिक्षकको प्रतिवेदन सहितको २०७९ आषाढ मसान्तको वासलात, तथा सोहि मितिमा समाप्त भएको आर्थिक वर्ष २०७८/७९ को नाफा नोक्सान हिसाव तथा सोहि अवधिको नगद प्रवाह विवरण छलफल गरि स्वीकृत गर्ने ।
- ३) संचालक समितिले प्रस्ताव गरे बमोजिम १०% नगद लाभांश (कर सहित) स्वीकृत गर्ने ।
- ४) आर्थिक वर्ष २०७९/८० का लागि लेखा परिक्षकको नियुक्ति गर्ने तथा निजको पारिश्रमिक निर्धारण गर्ने । (लेखा परिक्षण समितिको ३० औं बैठकद्वारा N.B.S.M. & Associates लाई आर्थिक वर्ष २०७९/८० का लागि पारिश्रमिक २,२०,००० (मू.अ.कर बाहेक) सहित लेखा परिक्षकमा नियुक्तिका लागि शिफारिस गरिएको छ ।)
- ५) संचालकको नियुक्ति अनुमोदन गर्ने ।

ख) विशेष प्रस्ताव

- १) नेप्स र अन्य उपयुक्त संस्था एक आपसमा गाभन गाभिन (मर्जर गर्न वा प्राप्ति गर्न) उपयुक्त देखिएमा, संस्थाको चल अचल सम्पति र दावित्व तथा कारोवारको मूल्यांकनका लागि मूल्यांकनकर्ता नियुक्ती गर्ने, गाभने गाभिने वा प्राप्ति गर्ने सम्बन्धि सम्झौता गर्न तथा सो सम्बन्धित आवश्यक सम्पूर्ण कार्य अगाडी बढाउन संचालक समितिलाई अख्तियारी प्रदान गर्ने ।

ग) विविध

संचालक समितिका आज्ञाले
कम्पनी सचिव

Commercial Banks



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