

NEPAL COMPANY REPORTS

Detailed Summary of Data, Sources & FAQs



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OUR DATA SOURCES

Please find below the main original sources of information (e.g., Chambers of commerce, local courts, etc). This should apply to registered companies and sole traders/non-registered companies.

Financial data: Available for Listed Entities only (mostly in local language).

Negative data:

Demographic data: Subject's website, telephonic interview.

Payment Data:

Collection data: Internal debt collection database.

Shareholder's data:

Group Structure/Corporate hierarchy: Desktop internet searches / company itself

Other key information: Desktop internet searches / company itself

How often the above data is updated e.g., daily, weekly etc.?

The Registry does not offer live feed of data. Information is updated on request of the customer.

Do you contact companies via a telephone interview or site visits at regular intervals e.g., once a year?

An attempt to establish telephonic contact is done for every Fresh Investigation case. Site visit facility is not available in Nepal.

NEGATIVE DATA

What type of negative data is available?

Bankruptcies/Insolvencies:

No.

Court Cases/ Actions:

No.

Debt Collection cases:

Yes, it is available and limited to internal debt collection database.

How often is this negative data updated?

It is updated whenever a Fresh Investigation is undertaken on request of a customer.



CREDIT SCORES & LIMITS

Do you give a credit score & limit on all companies?

Yes.

Are there any exceptions?

A score or limit is not provided on untraceable companies or where we do not have enough data to generate the score and limit.

What is the credit score intended to predict?

It predicts the creditworthiness of a company.

Is payment data included in your credit scoring model?

What does the credit limit represent?

The maximum combined credit to be given to the company by all suppliers.

How is the credit limit calculated?

Our model calculates credit limit recommendations and considers several variables, that includes financial variables like net worth, turnover, profitability etc. and non-financial variable like longevity, company size, industry etc.

What other company ratings are available?



LOCAL ACTIVITY CODES & VAT NUMBERS

What version of activity codes are used in the reports?

We use UK SIC (2003) and the NACE Rev.2 version.

What company ID numbers are available? (e.g., the local registration number, VAT number, etc.)

Local Registration Number & PAN.

How are the company ID numbers formatted?

Are companies obliged to file a VAT number?

Businesses in Nepal are required to obtain a PAN registration certificate from Inland Revenue Office (IRO) before coming into operation. The law of Nepal mandates PAN registration.

How is the VAT Number derived?

PAN is a unique and permanent numeric identifier for a taxpayer. The PAN code is a nine-digit number valid for the lifetime of the holder.

If they are not obliged to file and you have this data where has this data come from?

How often is the VAT number updated?

Due to the very nature of PAN numbers in Nepal, once given it stays the same through a company's lifetime.



LOCAL BUSINESS CLASSIFICATIONS

Types of Industries

The industries of Nepal are classified into four broad groups based on capital investment. They are:

Cottage Industries: According to Nepal Industrial policy 2067 B.S. those industries which uses up to 10KW electricity are called traditional cottage industries. Such industries are mainly labour-intensive. They use local raw materials and skills and produce different types of goods. For example, wooden product, paper product, hand-made items, carpets, etc.

Small Scale Industries: According to Nepal Industrial policy 2067 B.S. those industries which have capital investment up to 5 crores are called small scale industries. Such industries are mostly capital-intensive and are operated by outside labours. For example, rice mill, oil mill, printing and publication, carpet industries, etc.

Medium Scale Industries: According to Nepal Industrial policy 2067 B.S. those industries which capital investment is between 5 crores to 15 crores are called medium scale industries. Such industries are capital-intensive industries, and they use more labours. For example, a jute mill, sugar mill, cement factory, cigarette factory, etc.

Large Scale Industries: According to Nepal Industrial policy 2067 B.S. those industries which capital investment is more than 15 crores are called medium scale industries. Such industries provide employment to mass people and produce large quantities of goods. For example, iron industries, steel industries, petroleum products purifying industries, etc.

Cottage and Small-Scale Industries.



FINANCIAL DATA & FILING REQUIREMENTS

Which types of company must file financial data?

Private company incorporated under the companies act and public companies are required to file financial data with the company registry office.

Are there any filing exemptions and thresholds?

How long after the financial year end do companies have to file financials?

Every public company shall, within thirty days of the holding of the annual general meeting, forward to the Office a copy of the annual financial statement, director's report, and auditor's report and resolution adopted by the meeting.

Private company shall submit a copy of the annual financial statement certified by the auditor to the Office within six months of the completion of its financial year.

What is the penalty for not filing the financial data, and is it likely a company would prefer the penalty rather than filing them?

Fine to be imposed in case of failure to submit returns: The following director of a company or its officer who is in default in providing the return, notice, information or reply, within the time limit shall be punished by the Registrar with fine, as follows:

(a) a fine of one thousand rupees if the paid-up capital of the company is up to two million five hundred thousand rupees, a fine of two thousand rupees if the paid-up capital of the capital is up to often million rupees, and a fine of five thousand rupees if the paid-up capital of the company is more than ten million rupees, for a period not exceeding three months after the expiry of the time limit.

(b) a fine of one thousand five hundred rupees if the paid-up capital of the company is up to two million five hundred rupees, a fine of three thousand rupees if the paid-up capital of the capital is up to ten million rupees, and a fine of seen thousand rupees if the paid-up capital of the company is more than ten million rupees, for and additional period not exceeding three months after the expiry of the time limit as referred to in Clause (a).

(c) A fine of two thousand five hundred rupees if the paid-up capital of the company is up to two million five hundred thousand rupees, a fine of five thousand rupees if the paid-up capital of the capital is up to ten million rupees, and a fine of ten thousand rupees if the paid-up capital of the company is more than ten million rupees, for an additional period not exceeding six months after the expiry of the time limit as referred to in Clause(b).

(d) A fine of five thousand rupees, for each year, if the paid-up capital of the company is up to two million five hundred thousand rupees, a fine of ten thousand rupees, for each year, if the paid up capital of the capital is up to ten million rupees, and a fine of twenty thousand rupees, for each year, if the paid-up capital of the company is more than ten million rupees, in cases where even the time limit as referred to in Clause (c) has also expired.

**How did you collect the accounts?**

We are unable to get the accounts from the registry.

What is the number of companies that must publish accounts?

In Nepal there are around 2 lacs 71 thousand companies which are obliged to file financial statements.

What is the number of companies that can decide to publish or not publish accounts?**Are the accounts free in this country?****REGISTERED & LAW INFORMATION**

Nepal Companies Act, 1991. Preamble: Whereas it is expedient to enact legislation relating to companies in keeping with the existing circumstances, how therefore, His Majesty King Mahendra Bir Bikram Shah Dev has enacted this law on the advice and with the approval of the National Panchayat.

Source:

<http://www.asianlii.org/np/legis/laws/ca1964107/#:~:text=Nepal%20Companies%20Act%2C%201991&text=Preamble%20%3A,approval%20of%20the%20National%20Panchayat.>

Source: <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/87481/99755/F449961155/NPL87481.pdf>



FAQS REGARDING UNAVAILABLE INFORMATION

Why does the local score show as inactive, however the report status shows as active?

This situation does not arise as we replicate the status from the Registry itself.

Why are the headquarters of companies not rated?

A Headquarter company is rated by us but the credit limit assigned is conservative as it is not a regular trading company.

Why is there no shareholders information?

Because registry office does not share any information with public.

Why are some reports not available instantly on-line?

In Nepal, The Registry does not provide a live feed. The reports are prepared and updated on demand of the customers. Only archived reports (previously prepared for a customer) are readily available on-line



COUNTRY POPULATION & TRADE DATA

Population

30,041,255

Source - <https://www.worldometers.info/world-population/nepal-population/>

GDP

Nepal is holding the 99 positions by nominal GDP. Its national debt in 2020 was (14,359 million of dollars), (42.16% debt-to-GDP ratio) and its public debt per capita is \$493 dollars per inhabitant.

In terms of the human development index (HDI) of Nepal, which is the index used by the United Nations to measure the progress of a country, was 0.602 points in 2019, leaving it in 142nd place in the table of 189 countries published.

Source - <https://countryeconomy.com/countries/nepal>

The Gross Domestic Product (GDP) in Nepal was worth 33.66 billion US dollars in 2020, according to official data from the World Bank. The GDP value of Nepal represents 0.03 percent of the world economy.

Source: <https://tradingeconomics.com/nepal/gdp>

Import / Export

Export goods	clothing, pulses, carpets, textiles, juice, jute goods ^[6]	Import goods	petroleum products, machinery and equipment, gold, electrical goods, medicine ^[6]
Main export partners	 India(+) 53.1%  United States(+) 11.8%  Turkey(+) 7.2% (2020) ^[6]	Main import partners	 India(+) 68.03%(2021est.)  China(-) 31.97%(2021est.) (2017) ^[6]

Source - https://en.wikipedia.org/wiki/Economy_of_Nepal

IMF Economy and Response to COVID-19

Source - <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#Nepal>