

CHAPTER – I

INTRODUCTION

1.1 Background of the Study

Development of an economy requires productive activities. This in turn is the result of the investment venture in productive enterprises. The establishment of these enterprises needs a huge amount of funds. Existing enterprises and companies within the economy can be viewed as productive enterprises, which need long-term and short-term capital investment for their operation, growth and existence. The required long term and short-term capital for the productive enterprises can be raised mainly form financial market. The financial market is divided into money market and capital market. Money market provides the short term funds for the productive business undertakings whereas the capital market provides long and intermediate term capital.

Capital market provides the floor for trading securities having maturity greater than one year. So, it is the mechanism through which public savings are channelized to industrial and business enterprises. The key instruments used in the capital market are debt, common stock, preferred stock, bonds and convertible issues. Demand for the capital in the capital market comes for agriculture, industry, trade and government while the source of supply is from individuals, corporate savings, institutional investors and surplus of government. For mobilization of investible resources, capital market is an important intermediary through which effective bridging of the deficit units and surplus units can be ensured. Capital market institutions are engaged in mobilization of savings for surplus units to deploy funds into the deficit units for productive investment. In this respect, capital market plays a crucial role in mobilizing a constant flow of savings and channeling these financial resources for expanding productive capacity in the countries.

Capital market can be decomposed into securities market and non-securities market. Stock market is major component of securities market and a medium through which corporate sector mobilizes funds to finance productive projects by issuing shares. Similarly, the stock market provides the best investment opportunity to the investors. Thus, the effective collection of small amounts of savings and transferring funds into competitive and efficient uses requires a well functioning capital market to facilitate the process.

Securities market refers to the market for securities where securities like government bonds, corporate bonds or debentures, ordinary shares, mutual funds and certificates are bought and sold as other commodity. Securities market further can be classified into two types; primary market and secondary market. Primary market is concerned with the floatation and distribution of first hand securities to the general public which is also known as issue market (*Adhakari, 2005*).

The secondary market, or more popularly, stock market is concerned with the trading of second hand securities. The second hand securities also known as already issued securities are bought and sold in the secondary market for investment and speculative motives. The secondary market insures the liquidity to the securities. This encourages the investors to invest in the long term ventures and also enables them to convert their securities into cash before the project matures. The liquid stock market helps to promote the primary issuance of new securities because the investors will have easy access to the liquid stock market, which makes their investment less risky and more attractive. So it can be observed that both Primary and secondary market is positively and highly interrelated. “Stock market liquidity is positively and robustly correlated with contemporaneous and future rates of economic growth, capital accumulation and productivity growth.”

The security exchange center is the first to provide secondary market in Nepal. SEC served to promote the primary as well as secondary market for government and corporate securities from fiscal year 1984/85. The incorporation of Securities Board Nepal (SEBO) under the Securities Exchange Act, 1983 and conversion of SEC into Nepal Stock Exchange (NEPSE) under the government policy on capital market reform has greatly contributed to the development of primary as well as secondary market for the corporate securities.

Securities Board of Nepal (SEBON) was established by the government of Nepal on June 7, 1993 as an apex regulator of Securities Markets in Nepal. It has been regulating the market under the Securities Act, 2006. Some important functions, duties and powers of SEBON as per the Act are as follows:

-) To offer advice to government on matters connected with the development of the capital market.
-) To inspect whether or not any stock exchange is executing its function and activities in accordance with this Act or the rule and bye-rules framed under this Act, and to suspend or cancel the license of any stock exchange which is not found to be doing so.
-) To approve the bye-rules concerning transactions in securities framed by stock exchanges and institutions engaged in the business of dealing in securities, and, for the purpose of making necessary provisions concerning the development of capital market and protecting the interest of investors investing in securities.
-) To make and ensure necessary arrangements to regulate the volume of securities transacted and the procedure of conducting such transactions in order to ensure the promotion, development and clean operation of stock exchanges.

- J To make necessary arrangements to prevent insider trading or any other offences relating to transactions in securities in order to protect the interest of investors in securities.
- J To review or make arrangement for reviewing the financial statements submitted by the corporate bodies issuing securities and security dealers, and issue directives deemed necessary in that connection to the concerned corporate body.
- J To establish coordination and exchange cooperation with the appropriate agencies in order to supervise and regulate matters concerning securities or companies.
- J To discharge or make arrangements for the discharging such other functions as are necessary for the development of securities and the capital market.

According to the Securities Exchange Act, 1983, each and every company wishing to transact their shares in the market must list their shares in the stock exchange. But listing the government securities is not required. To provide the liquidity and marketability to the corporate securities, corporate bodies or the companies list their securities in the NEPSE. Presently, in the fiscal year 2008/09, 159 companies have listed their securities in the NEPSE. Listings of company's securities in the stock exchange have the following benefits.

- J Imparts marketability and liquidity of securities.
- J Ensure proper supervision and dealings in the securities.
- J Safeguard the interest of the shareholders and investing public.
- J Have quotation for securities listed.
- J Assure fair trading.
- J Assure the disclosure of information concerned with performance and financial results.
- J Promote investment with flow of saving to capital market.

As stated, the securities of corporate bodies and companies are issued and transacted in the securities market. To make the securities market transparent and efficient, those companies are required to disclose the information regarding their business affairs to the securities market and other participants of the securities market. It is also the legal obligation for the companies to make the information disclosure to their shareholders and other users of information. Such information disclosure is made for both primary issue market and secondary market. Companies disclose its information through prospectus and press releases to the primary market and through periodic financial statement and Annual report to the secondary market. This research is therefore concentrate on how the information is issued by firms and their legal validity as well as their response on the market.

Corporate Information Disclosure

Corporate information disclosure is concern with the publication of economic information related to business enterprises. This facilitates to investors and other stakeholders for making rational investment decision. Corporate information disclosure means releasing the company's financial and non-financial information completely, accurately, timely and openly to the stakeholders. It has to be disclosing for the purpose of enhancing their participation and protecting their benefits. Information disclosure works as means through which a corporation can communicates to the outside world. Disclosure is the principle of reporting financial and non-financial information which was expressed in brochure, prospectus, corporate annual report, financial press release, interim report, trade association publications, brokerage house analysis and government economic reports. Among these various means, corporate annual report is an important form of periodical corporate disclosure (*Parum, 2004*).

The company has to disclose their information on time to the stakeholder. Shrestha (2005) has shed light that the disclosure of information of past and publicly known

information reflects stock prices. Insiders who have access to valuable information not disclosed to the public could earn a profit larger than the investors having no such access. It also proves that the information should disclose in timely to the stakeholders. This study has been conducted whether the time period of information disclosure has reflects on firm's stock price or not. Sherpa (2001) found that the trend of corporate information disclosure is in poor state. Therefore the research also tries to find out whether the trends are in poor state or not.

Full and complete information disclosure of any company is evoking much public interest these days and the need of full disclosure is irrefutable in a free economy. There is strong correlation between disclosure of financial statements and long-run economic growth. Lack of disclosure can create confusion in the security market and result is misallocation of resources. Investors would prefer to invest in the company that discloses full information than those do not. Corporate information has decisive role in the formation of share prices in the secondary market. Therefore, it is the right of shareholders and prospective investors to obtain complete information timely without the lack of content. And it is the obligation and duties of corporate bodies to provide and disseminate the up-to-date statement and information about the corporate affairs. An investor can take the rational investment decision with the help of the companies' disclosed information. A company can win the faith of investors on stock market by disclosing accurate and reliable information. Better and adequate corporate disclosure will increase the corporate goodwill. The disclosure information is valuable for shareholders, lenders, employees, bankers, potential, creditors, analysts and advisors of government and general public for making rational investment decision. The disclose information should be adequate, fair and contain full that comprises all relevant information (*Langand and Lundholm, 1996*).

The disclosure of information is useful to all users to make economic decisions regarding to,

-) Take decision about buying, holding or selling financial investment.
-) Determine distributable profits and dividends.
-) Prepare the national income statistics and regulate activities of enterprise
(NAS: 2003)

Information is life blood for a company. It has an important role for running business successfully. There are strong relations of the information disclosed by listed companies with the development of capital market. On the basis of information released by the listed companies, shareholders are able to make rational decisions on whether to invest or not in shares. It is the right of shareholders to be informed thoroughly about the regular transactions of the company. On the other hand it is the major responsibility of those listed companies to inform the shareholders on their current situation. Regular flow of information helps to win the trust of investors and in turn it helps to increase the goodwill of the company. It also helps to develop the capital market as well.

Listed companies have to submit periodic financial statement and other reports to the SEBON (besides NEPSE) within prescribed time. This study aims to examine the current disclosure practice by listed companies. In case of listed companies, the information that are important to investors are price sensitive information such as declaration of cash and stock dividend, change in management, business expansion or contraction take over and merger. Other important information is quarterly reports, semi-annual and annual reports of the companies regarding their operational results. All these information affects on market price of shares. To make the securities market transparent and efficient, those companies are required to disclose the information regarding with their business affairs to the securities market and other participants of the securities markets. It is also the legal

obligations for the companies to disclose information for their shareholders and other users. Such information disclosure is made for both primary and secondary market as well. Various directives and guidelines have been issued on time to time. This helps to improve the quality of disclosure for bringing adequate transparency and to disclose the information on time to the concerned parties and stakeholders. Investor has used past and current information in assessing price of stock while trading in the secondary market. So that corporate information has to be transmitted immediately to the NEPSE that will have influence in trading of securities.

Disclosure has to be in line with financial and audit compliance whereby the financial statements properly and truly reflect the financial transactions for the period under investigation and transactions undertaken are in compliance with applicable rules, regulations and laws that follow generally accepted accounting disclosure standards and principles. It is mainly because that the truth in disclosure standards has decisive impact on the performance of the stock market and confidence of the investors (*Nanatte, 2002*).

Listed companies have to disclose required information on time which will help to maintain market price of their shares according to their performance or activities. In order to secure investors' confidence and commitments, a flow of information is a must as investors can take rational decision in securities market only with the help of adequate information. Informed decisions of investors not only help to stabilize price of securities but also help to attract additional investors in the market.

1.2 Focus of the Study

There are various means of information disclosure among them; this study has focused on the corporate annual reports. Other means of information disclosure

such as prospects, semi-annual reports, balance sheet, brochure, business journals, and finance journal has also been focused while conducting this research.

This study has focused on the current trend of information disclosure by Nepalese listed companies. Mainly the disclosure time period has been focused while analyzing the trend of information disclosure. The current practices of the information disclosure by Nepalese listed companies have also been focused.

1.3 Statement of the Problems

An essential ingredient for the proper development of efficient capital market is complete corporate information disclosure. In the corporate world disclosure norms are climbing the ladders of misrepresentation fraud and deception.

With the objective of increasing transparency in the securities market, SEBON has been continuously making the listed companies aware of information disclosure requirements as prescribed by securities of legislations. In 2000, SEBO published a booklet covering all the provisions related to information disclosure highlighting the importance of information disclosure in the securities market. SEBO, in 1996 found poor status of information disclosure. As SEBO found poor status of information disclosure it proposed to amend the securities-exchange act, 1983. Accordingly second amendment in the act was made in 1997, which made it mandatory for the listed companies to disclose their semi-annual reports in addition to the annual reports.

It is very important for the disclosed information to be uniform, reliable and standard. In this regard the accounting standard broad, established by the then HMG/N as per the provision of Institute of Chartered Accountant of Nepal (ICAN) Act, has developed six standards which are as follows:

1. NAS 01: presentation of financial statements,

2. NAS 02: Net profit or loss for the period, fundamental errors and changes in accounting policies,
3. NAS 03: cash flow statements,
4. NAS 04: Inventories,
5. NAS 05: Events after the balance sheet date, and
6. NAS 06: property, plant and equipment and depreciation.

As per the tentative schedule of institute of chartered accountants of Nepal, all companies from 16 July 2004 have to prepare the accounts following the standards developed. Credit rating system also plays an important role in disclosure of reliable corporate information. In 1999, SEBO had prepared a policy draft regarding operation and regulation of such system. Unfortunately, not much development has taken place in this direction.

On this regard, even the institute of chartered accountants of Nepal (ICAN), Association of Chartered Accountant of Nepal (ACAN) and Governments are actively involved in developing appropriate guidelines for providing adequate and transparent information disclosure to bring efficiency in the function of both primary and secondary markets. In spite of that the current disclosure practices in Nepalese listed companies are not satisfactory.

Some study conducted by former researcher had identified that the provisions of different acts, bylaws has not been following properly by companies.

A study of Shrestha (2005) has emphasized on the quality and standard of disclosure he explained that a disclosure should have a standard which helps to understand the performance of companies. But in this days information disclosure has become a legal formality to accomplish. Despite continuously efforts to improve the quality and contents of disclosure standards, many inconsistencies

still exist due to restraint and reluctant attitude of management towards adequate disclosure of information to the public. The presentation, quality and contents of disclosure are still not moving satisfactory to win the confidence of investing by public. A study of Sherpa (2001) has identified that the state of disclosure of most of the companies are poor in shape. Investors and prospective users of corporate information are seem to be dissatisfied with published corporate annual reports and they often resort to sources other than corporate financial statements for needed information. Lamichhane (2004) identified that the Nepalese listed companies are not dyed properly the national and international Accounting standard.

By considering the past five year's annual reports of SEBON and previous studies, it couldn't be identified that, the listed companies had followed the rules and regulation properly. Most of them had not submitted their annual reports on time to SEBON and were unable to conduct their AGM on time as well. Comparing with previous disclosure status, there seems to be quiet improvement during this fiscal year 2008/09. Although the number of company disclosing annual report is in increasing order but still some companies are unable to disclose their annual reports on time and unable to held AGM on time as well. Thus, the study will investigate into the following research questions.

-) Do disclosing and non-disclosing companies differ in performance?
-) Do the listed companies disclose their report on time?
-) What is the current information disclosure practice of Nepalese listed companies?
-) What is the trend of disclosure practices in Nepalese listed companies?
-) What is the impact of disclosure practice on firm's MPS, ROA, EBIT, TA, NPAT and NWPS?

1.4 Objectives of the Study

There are various means of information disclosure, among them this study will focus on the corporate annual reports. Other means of disclosure such as prospectus, semi-annual report, brochure, business, journals, financial journal will also be focused while conducting the study.

The primary objective of this study is to highlight the corporate information disclosure practices in Nepalese listed companies.

The specific objective which tries to achieve from the study are as follows:

-) To study the corporate information disclosure practices by Nepalese listed companies.
-) To explore the practices of disclosure practices in Nepalese listed companies.
-) To examine the effect of disclosure practices on firm's profitability as measured by ROA, EBIT and NPAT.
-) To analyze the effect of disclosure practices on firm's MPS, TA and NWPS.

1.5 Limitation of the Study

The limitations of the study are as follows:

-) Though this study aims to show the information disclosure practice in Nepalese corporate sector, all types and dimensions of disclosure practice have not been focus on the study. The study mainly focuses on annual reports and financial statements disclosed by listed companies.
-) Data problem is intense in the context of Nepal. Availability of adequate data from the related organization is major constraint of the study. Data collected from the scattered sources to conduct the study impose challenge to the study. Reliability and accuracy of the study is itself depending upon the reliability of data collected and provided by the related organizations.

-) This study perhaps is the first study of its kind in Nepal. It is very hard to find the relevant existing research to conduct literature review.
-) This study only covers a five years data for overall analysis.
-) Frequently changing rules and regulations related to information disclosure practice of listed companies has also been affecting the study.

1.6 Organization of the Study

This study is organized into five chapters. Each chapter concentrates to some aspects of the study of ‘status and trend of information disclosure practice and its’ impact on different variables’. The rationale behind this kind of schemes is to follow a simple research methodology approach. The contents of each parts of this study are briefly mentioned below:

Chapter - I:- Introduction

Chapter - II:- Review of Literature

Chapter -III:- Research Methodology

Chapter - IV:- Data Presentation and Analysis

Chapter - V:- Summary, Conclusion and Recommendation

First chapter includes the introduction part of the study. This chapter deals with the general introductions, problem statement, focus and objectives of the study, limitation of the study and organization of the study.

The second chapter provides an understanding of the subject matter and gives on insight of past studies till date. It is divided into conceptual /theoretical review and review of related studies.

The third chapter describes about the research design, sample selection, sources of data, data collection procedure, and tools for analysis of study which are planned for conducting this study.

The fourth chapter deals with the presentation and analysis of collected data and information. The generated results after the application of research method on data are analyzed and interpreted in this chapter.

The fifth chapter deals with the summary, conclusion and recommendations. In this chapter, the major findings of the study are elucidated. The summary of entire study is comprised. Conclusion of the study is also included in this chapter. As well as, possible and viable recommendations is presented in this chapter.

Bibliography, appendixes and other related materials are presented at the last of the thesis report.

CHAPTER - II

REVIEW OF LITERATURE

This chapter provides some conceptual theory of corporate information disclosure. The literature of previous studies on corporate information disclosure has been reviewed in this chapter. This chapter has reviewed the legal framework and regulatory bodies which are related to corporate information disclosure. The journals, books, and articles which are related to this topic have been reviewed.

2.1 Theoretical Concept of Corporate Information Disclosure

Corporate information disclosure means releasing the company's financial and non-financial information completely, accurately, timely, and openly to shareholders and stakeholders for the purpose of enhancing their participation and protecting their benefits. Corporate information disclosure is the backbone of the security market. It is useful to the primary market and secondary market as well.

There is a saying that the information is not information unless it is communicated. This saying highlights the importance of dissemination of information. In the context of information disclosure, management experts have also presented a question, "If a tree falls in a forest and no one hears it, does it make any noise?" It means that the information should be disclosed for the stakeholders after which it becomes meaningful information. Thus, disclosure of information is more important than the information itself. Thus, disclosure of information is advantageous for both investors and the company. Timely disclosure of authentic and qualitative information enhances the company's goodwill and thereby new investors may opt to purchase the share of the company. Generally, the disclosed information should be adequate, fair, reliable, uniform, and standard, which contains sufficient information to help investors for taking right investment decisions (*Paudyal, 2004*).

Adequate disclosure implies to disclose the sufficient information items adequately. The quality and quantity of information is another thing to be considered in the corporate information reporting. The quantitative and qualitative information are to be disclosed as per the expectation of stakeholders and statutory requirement through the reports, seminars, prospectus, and statement of chairman. To improve the quality and content of disclosure, a new strategy has been initiated through the implementation of corporate and financial governance project to strengthen institutional capacity of SEBON and develop information disclosure standard of listed companies and other relevant professional institutions related to securities market (*ICAN, 2008*).

The corporate disclosure is used by a variety of groups for diverse purpose. The main objective of information disclosing is to aid economic decision making. So, as each user group is considered in turn a list of decisions relevant to them is included to provide an idea of why the corporate report considered such groups worthy of inclusion. Existing and potential shareholders, existing and potential creditors, employees, analysts and advisors, business contracts, government and the general public are the major users of corporate disclosure.

Existing shareholders require information to help make decisions involving the retention or disposal of their shareholdings while potential shareholders will require information to aid in the decision to acquire shares in that particular company.

The published report and accounts is only one information source for this group. The information within the published accounts is a product of legislation which requires management to account for the company's assets and performances each year to its owners. It is not particularly relevant for decision regarding the trading of shares, as it strongly reflects the stewardship requirement of management.

Creditors are always concerned with the long term viability of the company for the repayment in the longer term, current performance and liquidity for the ability to pay the interest charges as they fall one. They are also concerned with the ability of the company to repay that debt and the livelihood of future business.

A group of employees is concerned with security of employment, future job prospects and the ability to pay wages and salaries. So, the disclosed corporate information may be more useful on a plant-by-plant basis to the employees.

The group of analysis and advisors are providing a service directly to their clients about the investment in a particular company or indirectly through the press to advise the general public on investment matters. In order to meet their clients' specific needs or advice them in a general way, they should have complete knowledge of published corporate period. The disclosure of corporate information may provide sound evidence for action and provide a basis for further investigation to business contact.

Government has many interests in any particular organization and the corporate sector in particular. Various local and central government departments will want to ensure each company is complying with current legislation, in the form of corporation tax, value added tax, training program, contracts of employment, pollution control etc. The financial information produced by companies is used particularly for assessing taxation levels on company profits.

The general public has status because companies are using resources from the community in the form of material manpower, energy etc. It is only reasonable for such a group to have access to information which measures the efficiency an organization in using these resources.

These users are directly or indirectly benefited by disclosed information. The method in information disclosure is a question in corporate disclosure. Several method of makings disclosure are formal statements, terminology and detailed presentation, parenthetical information, front notes, supplementary statements and schedules, comments in the auditors, certificates, chairman's letter to report, databases and report of the board of directors, etc. (*Bradish, 1965*).

Timeliness is another essential element in adequate disclosure usually delayed information usually is not used and it increased the degree of uncertainty in decision making. The timeliness in disclosure and financial reporting in recognized both by the legislation and accounting professional.

2.2 Regulatory Bodies and Legal Framework for Corporate Information Disclosure

There are two regulatory bodies which directly regulate the securities market in Nepal. Security board Nepal (SEBON) was established by the then HMG/N in 1993 as an apex regulator of the securities market under Securities Exchange Act 1983. The objective is in line with the regulatory bodies of other countries such as regularize and manage the securities market and protect investor's interest. Since from its establishment, SEBO has been performing the role of a regulator as well as that of a market developer. NEPSE, a non-profit organization, operating under securities exchange act, 1983, is a front line regulatory body of securities market. The basic objective of NEPSE is to impart free marketability and liquidity to the government and corporate securities by facilitating transaction in its trading floor. Therefore, NEPSE is only a single stock exchange in the country.

Similarly present securities legislations in Nepal have made different provisions regarding corporate information disclosure. One of such provisions is that an issuing company, at the time of public issue, should publish provisions regarding

corporate information disclosure. One of such provisions is that an issuing company, at the time of public issue, should publish prospectus that contains information such as introduction, objectives, financial position, details of promoters and directors, risk factors of its business etc. The public issue approval guideline of securities board also requires the issuing companies to make additional disclosure in the prospectus. Thus, prospectus is an effective informative document on which basis investors can make rational investment decision.

Once the issuing companies list its securities in the stock exchange for secondary transaction, it becomes a listed company. It is mandatory for such listed companies to disclose all price sensitive information continuously to the stock exchange once such information becomes available or generated in the company. They are also required to submit semi-annual reports within sixty days after the end of that period and annual reports within four months after the end of a fiscal year to the stock exchange and SEBO. If they fail to file their audited financial reports for more than two years, NEPSE can de-list the company as per the provision of its securities listing by-laws.

Securities listing by-laws of NEPSE have prescribed that all the above-mentioned information and reports disclosed by listed companies are to be made public by NEPSE. NEPSE places this information on its notice board and some information on its website.

As per the provision of Company Act, 1997, public companies are required to prepare their annual books of accounts within five months after the end of fiscal year and they should make necessary arrangements for their shareholders to see the book of accounts. The act also requires the public companies to notify their shareholders regarding the conduction of annual general meeting (AGM) along

with the agendas of the meeting. They are also required to send the minutes of AGM to their shareholders within thirty days after its conduction.

As per the provision of section 2 (9) of "securities registration and issue approved guidelines, 2000" companies issuing securities to the public should have already audited their financial statements. In the fiscal year 2003/04, SEBO made amendment in this section exempting the provision for those companies whose management has been taken over by regular of its business and the prospectus containing disclosure to this regard has been approved by company registrar office (CRO).

SEBO made a new provision in its "Securities Registration and Issue Approval Guidelines, 2000" regarding compliance status to the concerned rules and regulations as well as disclosure of the same through the prospectus. In this regard, provision was made where companies going public would have to include in their prospectus a declaration that they have complied with the prospectus has been prepared in line with those rules and regulation. Besides a provision was also added whereby in case any material changes in the information of the prospectus and other supporting documents submitted to SEBO, these changes have to be incorporated in the prospectus before making public announcement document.

Companies Act, 1997 requires all the corporate bodies including the listed companies to prepare their income statement, balance sheet and cash flow statement in the prescribed format. Section 62, 63, 82, 83 and 84 of the Company Act 1997 and their sub-sections dealt with the requirements of corporate reporting and holding AGM. The section 63 (1) of this act requires the company to hold its first AGM within one year from the date of license issued to company for operation and thereafter within six months from the expiry of each fiscal year. The section 82 (1) requires that the books of accounts to be kept in Nepali language is

regarded as the standard one. Section 82 (2) requires the books of accounts be kept according to the double entry system of accounting so as to clearly reflect the true state of transaction of the company. The section 83 of the act deals with the preparation of annual accounts and reports. The section 83 (1) requires the following annual accounts be prepared by the board of directors of public limited company at least 30 days before conducting AGM.

- a. Balance sheet till the end of year
- b. Profit and loss account of the fiscal year
- c. Cash flow statement of the fiscal year

The annual accounts prepared under sub section 1 have to be, under sub section 2, approved by the board of directors and audited by auditors. The content of Board of Directors' report at the minimum is laid down in the sub section 3 of the same section. The Board of Directors' report should cover:

- a. State of company's past years' transactions,
- b. State of national and international influence on business,
- c. The Board of Directors' statement on current year's achievement and future plan,
- d. Industrial and Business Relation,
- e. Changes in Board of Directors and the reasons,
- f. Major factors affecting the business transaction,
- g. Board of Directors Comment, if any remarks in the auditor's report, and
- h. The percentage of profit proposed for distribution.

The annual account prepared under the section 83 must be, under subsection 5, made available to shareholders coiling to see it. The section 84 of the act deals with the balance sheet and profit and loss accounts. This section requires the balance sheet and profit and loss accounts be prepared showing true and fair state of income, expenditure and transaction. The balance sheet, profit and loss accounts

are to be prepared in accordance with the format set out. The *Nepal Gazette* (2058) part 3 has prescribed in accordance with the formats of balance sheet, profit and loss accounts, cash flow statement and other relevant schedules which relates to the section 84 of the company act, 1997. It has also provided guideline concepts for the preparation of financial statements.

Similarly, securities exchange regulation, 1993 has also provisioned the requirements of corporate information reporting by corporate bodies to SEBO and NEPSE on periodic and non-periodic basis. The sections 19, 23, 24 and their sub-sections of the regulation have provisioned the various international items which are required to be disclosed to SEBO and NEPSE. Section 19 (3) and 23 (3) have laid down the other provision 24 (1) of securities exchange regulation, 1993 has also provisioned some additional information disclosure in addition to profit and loss account, balance sheet and annual report of the year. That information shall be submitted to SEBO and NEPSE within 4 months from the expiry of fiscal year. The section 15 and its sub-sections of securities listing by-laws, 1996 have provisioned various informational items which are required to be provided by corporate bodies to NEPSE immediately. Further, corporate bodies are liable to make an agreement with the NEPSE to list their securities. In such agreement, commitment of corporate bodies needs to be clearly stated that they will give the information that affects transaction prices of the securities to the NEPSE so that the information could be disseminated in the market. The information received by NEPSE is made available to the general investors through media or its brokers.

Second amendment of securities exchange act 1983 was made in 1997. This made it mandatory for the listed companies to disclose their semi-annual reports to SEBO in addition to the annual reports. The amendment made it mandatory for the listed companies to submit their semi-annual and annual reports to SEBO in addition to the stock exchange. With the objectives of discouraging non

compliance to the provision of information disclosure, SEBO has been publishing the names of non-complying companies in its annual reports. Public notices were also published to strongly disclose the non-compliers to comply with the information disclosure provisions.

It is very important for the disclosed information to be uniform, reliable and standard. One of the key factors that contribute to standardize the information and the accounting standard as it helps to prepare the financial statements for efficient and transparent manner. In this regard, the Account Standard Board established by the then HMG/N as per the provision of Institute of Chartered Accountant of Nepal act, has developed six standards namely NAS 01: presentation of financial statements, NAS 02: Net profit or loss for the period, fundamental errors and changes in accounting policies, NAS 03: cash flow statements, NAS 04: Inventories NAS 05: Events after the balance sheet date and NAS 06: property, plant and equipment and depreciation.

In securities markets, it is mandatory for issuer companies to disclose financial projections in the prospectus while going public. As per the provision of section 7 (5) of securities exchange act, 1983 before issuing securities, public companies have to register their securities to the SEBO and get issue approval. The contents of prospectus, for each item of information and compulsorily required to disclose according to the company Act, 1997. The section 20, 21, 22, 23 and 24 of the act have laid down the provisions regarding the prospectus of company.

As per the provision of section 21.1 (r) of the company Act 1997, the prospectus should include projected income and expenditure at least of the last three years. Similarly, while registering its securities to SEBO, section 17.2 (1) of securities exchange regulation, 1993, has made the provision that the company should submit along with the application, the audited profit and loss account and balance

sheet of past three years and projection for the same for the next three years. This provision further classified in securities registration and Issue approved guidelines 2000, which in section 6.2 (f) states that the issuing company should clearly state in its prospectus the projected net worth, projected profit and loss account, projected balance sheet for the three years as well as the basis of projection, names, address, qualification and experience of the person or institution involved in the financial projection. This guideline in section 2.1.1 further states that the issuing company at the time of registering the securities in SEBO, along with the application should also submit the remarks of the experts. Securities Act 2006, have stated that the issuing companies have to prepare prospectus at the time of public issue. After listing they have to disclose periodic and other material information.

Section 34 of the annexure 3 of the *Dhitopatra Sambandhi Ain, 2063* has made following provision for the listed company with regarding information disclosure;

1. The security issue company has to provide relevant information to the board or shareholder about following subjects.
 - a. Relevant materials which are essential and helpful to evaluate their economic condition.
 - b. Information which affects to the transaction in security market or price of security.
2. Besides sub-section 1, the issuer company has to provide other essential information to the board and shareholders.

2.3 Review of Related Books, Studies and Thesis

2.3.1 Review of Related Books

The recording of financial information within enterprises is a natural part of good business practices. The enterprises may be a chasing, a local authority, sports and social club or a multinational business. Company legislation required directories

of companies to maintain books of accounts and to report on the activities of that company on an annual basis through a published statement known as the annual report and accounts. Company legislation has been supplemented by accounting standards (SSAPs) and financial reporting standards (FRSs) which provide quite detailed rules within such documents are to be presented and what specific information is required to be disclosed within them shareholders need this information to ensure managers are acting in their best interest as owners and protecting their investment within the company. Creditors require such information because companies, being separate legal entities, have 'limited liability' for their debts, so necessitating creditors to seek periodic information about the solvency of the company (Broadbent, Michael John and Cullen, 1997).

Disclosure according to the Webster's dictionary implies to make things known to the public without hiding any material facts. The act of disclosing helps the public to have a rational judgment through the process of analysis and evaluation of performance necessary for making decision.

Pandey (1999) has highlighted the sources of financial information and users of financial information. In his book, the writer has stated that the firm communicates its financial information to the users through financial statements and reports which contain the summarized information of firms financial on are used by affairs, organized systematically. The writer states that, since the financial information is used by investors and financial analysis to examine the firm's performance in order to make investment decision, they should be prepared very carefully and contain as much information as possible. These information and statements are contained in firm's annual report.

Investors gain little benefit from historic accountancy data because they contain no new information what investors would like to know and now the management

estimates future performance to be. In particular, investors would benefit from unbiased estimates of the rate of return on future investment, the amount of new investment, the length of time supernormal growth is expected to persist and the percentage of new capital that will be provided from equity sources (Copeland and Weston, 1992) This kind of information can be supplied in the company chairman's letter in the annual report without legal liability in the event that things do not turn as well as anticipated.

2.3.2 Review of Related Studies

Bradish (1965) has highlighted some essential disclosure items by conducting interview method to financial analysts-the major users of corporate annual reports. Various disclosure of information has been put to the financial analysts to criticize on them and purpose solution to them. In the conclusion, he outlines that expressions and criticism made by financial analysts, who are extensive users of financial information published in corporate annual reports, may prove helpful accountants. He states that disclosure to be adequate must fill the need for which it is intended. To disclose less may mislead the decision.

In advanced countries, the very existence of the phenomena of the efficient market hypothesis is based on the effective disclosure of information to the public. It is because on the basis of disclosure standards, the levels of market efficiency are determined (Fama, 1970). In case of weakly efficient market hypothesis, the traditional type of information usually all the historical information is disclosed to reflect their impact on security prices. The emphasis is disclosure of historical price and volume of transaction data used to reflect the current market price. This is used to predict the future stock price changes in stock market.

Singhvi and Desai (1971) have attempted to identify some of the characteristics of corporations in the United States which are associated with and probable implication of the quality of corporate disclosure.

Their study covers the annual reports of 100 listed and 50 unlisted corporations for the fiscal year 1965/66. In order to measure the extent of annual report disclosure of corporations in their sample, they have constructed a disclosure index containing 34 items of information. Those items of information are regarded as required by the financial analysts for taking investment decision. According to the information's relevancy to appear in the corporate annual reports, weights have been assigned to each of the items to determine their relative importance. Disclosure score have been calculated for the sample companies based upon the number of items appearing in the index that have been disclosed in their annual reports. The writers in their study have made statistical analysis between the disclosure score and six company characteristics. The six company characteristics are asset size, number of stockholders, listing status, rate of return, earning margin and CPA firm. In order to test the significance of the relationship between the disclosure and company characteristics, multivariate analysis have been made. A multiple linear regression has been made to examine the combine effect of six company characteristics (independent variables) in explaining the disclosure. In the study, writers have concluded that the corporations which disclose inadequate information are likely to be: (a) Small in size as measured by total assets (b) Small in size as measured by number of stockholders (c) Free from listing requirements (d) audited by small CPA firm (e) Less profitable as measured by rate or return and (f) Less profitable as measured by earning margin. Their study also provides empirical evidence regarding influence of corporate disclosure of information on security prices fluctuations. In the work, they state, inadequate corporate disclosure in annual reports is likely to widen fluctuations in the market price of

security since investment decision in the absence of adequate information are made on less objective measures.

Buzby (1974) has attempted to measure the extent to which selected items of information are presented in corporate annual reports. The writer has constructed a list containing 39 items of financial and non-financial information which might appear in annual reports. The relative importance of each of the items to a prime user group and for a scientific purpose (investment in common stock) has been estimated by survey of financial analysts. For this, financial analysts were asked to assign weight to each item on '0' to '4' scale, '0' being not necessary for the item to appear in annual report and '4' being very essential to appear in annual report in annual report. The writer has calculated the mean weight for each individual item of information with the help of responses received. The writer has also attempted to test the non-response bias. In the study, sample annual reports of 1970/71 of 88 medium and small size companies have been taken for analysis purpose. The study shows that many of the items are inadequately disclosed in the sample and that the correlation between relative importance of the items and extent of disclosure is small. Writer concludes that an opportunity exists for an expansion of the extent of disclosure in the annual reports of small and medium size companies.

Chandra (1974) examines that whether the public accountants and security analysts have any consensus about the value of information which is included in published corporate annual reports for equity investment decision. In the study, the extent of consensus between preparer and user group of information was measured on the basis of comparison of values consigned to information items by the two groups. Writer has assumed the accountants have an understanding of information requirement by the users and attempt to provide the desire information in annual report. For the study, writer developed a set of questionnaire containing 58 items of information which was mailed to public accountants and security analysts

requesting to rate each item of information on the basis of their significance in investment decision. The writer has developed three hypotheses and tested individually for each information item.

The hypotheses are:

H₀: There is no significant difference between the value of information to security analysts as perceived by accountants and the value of information of security analysts for equity investment decision.

H₀: There is no significant different between the accountants and the security analysts on the value of information for equity investment decisions.

H₀: There is no significant difference between the value of information to security analysts as perceived by accountants and value of information to accountants for equity investment decision.

The first hypothesis was rejected for 35 of the 58 information item, the second hypothesis was rejected for 40 of the 58 information items and third hypothesis was rejected for only 2 information items. Including for study, writer states that accountants generally do not value information for equity investment decision the same as security analysts do, although they tend to have equivalent value preferences in their dual roles as preparers and users of information. The writer further states that lack of consensus could be due to lack of communication between preparer and users group, time lag which may exists between what user group needs and what preparer group is ready to give and due to the tendency by accountants to adhere the established order rather than experiment with new ideas and approaches. The study shows that the users, namely security analysts, do not quite agree with accountants on the usefulness of information developed under Generally Accepted Accounting Principle (GAAP).

Chandra (1975) in another article has tried to examine the information needs of professional security analyst the principle-users of annual reports. For the study purpose he collected the data by means of questionnaire distribution to randomly selected sample of 400 chartered financial analysts.

The questionnaire contained 39 information items. The respondents were asked to rate each of the item of information they think to be important in equity investment decision, on five points scale '5' being very important, '4' being important '3' being moderately important '2' being unimportant and '1' being very unimportant. The mean weight for each of the individual items was calculated on the basis of responses received and ranked all information items in order of their importance to chartered financial analysts. Writer has categorized all the items into item of high value, item of moderate value, item of low value and item of neutral value and unimportant items. In conclusion, writer has outlined that security analysts are more interested in information items that concern income statement and affect the amount of income earned by corporation than in balance sheet information, security analysts are moderately interested in the disclosure of budgetary projections and forecasts. Price level adjusted annual reports, even as supplementary statements do not have much appeal for security analysts and user information requirements may differ depending on the level of sophistication the user group have.

Axelson (1975) has explained in the article that the financial information disclosure can be made more useful for user-investors. In this regard, he has stated that it is the responsibility of both management and its auditors to make financial statement disclosure more useful to investors. He concludes that management needs to provide stronger leadership in identifying the disclosure required by the intelligent decision by the investors and auditor should add credibility and objectivity by asserting to the fairness of the resulting presentations.

A sophisticated structure of corporate governance is the precondition for satisfactory information disclosure, however rules and governance structure is not enough to solve problem. Many companies with public companies in particular have established BOD, and disclose information as well. The disclosure of information is valuable for economic decision making to shareholders, leaders, employees, bankers, government, customers and general public the disclosed statement should be adequate, fair and contain full information that comprises all relevant information. The quantitative and qualitative realities are to be disclosed as per the expectation of stakeholders and statutory requirement the reports, seminars, prospectus, statement of chairman. The disclosure should possess some qualities that satisfy users needs, viz. relevancy, materiality, understandability, comparability, consistency, reliability freedom from bias (*Jawaharlal, 1985*).

Disclosure should be in line with financial and audit compliance whereby the financial statements properly and truly reflect the financial transaction for the period under investigation and transactions undertaken are in compliance with applicable rules, regulations and laws that follow generally accepted accounting disclosure standards and principles (ITC, 1990). It is plainly because that the truth is a disclosure standard has decisive impact on the performance of the stock market and confidence of the investors.

The second type of efficient market hypothesis related to disclosure is the semi-strong efficient market hypothesis where all publicly available information is reflected in security prices. It is the comprehensive level of market efficiency where disclosure of information of past and publicly known information reflects stock price. Insiders who have access to valuable information not disclosed to the public could earn a profit larger than the investors having no such access. The problem of inside information is still a continuing phenomena although disclosure

rules states that no one can take advantage of inside information and notices has been circulated to make known the price sensitive information to the public.

Dhakal (1993) has conducted the study of corporate annual report of 14 sample listed companies of securities exchange center for the fiscal year 2046/ 47. The objective of this study was to identify the extent of disclosure for each of the items of information and to develop the disclosure index and to identify some characteristics of Nepalese companies which are associated with and probable implication of quality of corporate disclosure. The company characteristics selected for the study were asset size and earning margin. The writer has used questionnaire survey method for constructing the disclosure index that contains 38 items of information. Disclosure score has been calculated for each sample annual reports with the help of disclosure index. This study concludes that the company which discloses adequate information is greater in size as measured by total asset and profitable as measured by earning margin.

The public statement on income and expenditure of the fiscal year, 2003/04 has clearly spelled out the need for developing appropriate disclosure standards and norms to enhance public solving for the growth in national productive sectors. In the tenth plan document (2002-07) of the then HMG/N it has been clearly stated that the government is committed to create opportunity for number of people to reap benefits from the return obtained by directing investment in income generating portfolio of assets.

Hong, Lim and Stein (2000) explained that holding all else equal, the more analysis covering a company, the more firm-specific information will be produced and the faster that information will be transmitted.

Cadbury (2002) explained that, the aim of codes is to encourage boards to explain how they direct and control their enterprise. Disclosure is as much as opportunity for company to establish their business aims and principles as means of enhancing their accountability.

Easley, Havidkjacr and O' Hara (2002) found that in an extreme case with only one informed investor and one uninformed investor, the investor informed investor wants to trade the stock before the information is revealed. However, this is almost impossible, since the uninformed investor will not trade unless there are urgent liquidity needs. Therefore, one could predict the outcome of this scenario to be a decrease in trading volume prior to the announcement. A necessary condition for this prediction to hold is that the information asymmetry and attempts of trading by the informed trader. Typically, uninformed traders have difficulty in differentiating between informed and uninformed trades. If investors cannot easily find information, they are more likely to be uninformed. As uninformed investors, they shows consider potential adverse selection costs and trade less when high formation a symmetry is predictable.

The Asian round table and the white paper on corporate governance in Asia issued on 10 June 2003 pursuant 10 a G-7 mandate to the OECD and World Bank. The OCED organized five meeting of the Asia round-table on corporate governance to discuss improving corporate governance in non-OECD member countries of the Asian region. The round table comprised Asian Policy Maker, regulators and business leaders as well as international expert. The white paper reflected the discussion and recommendation of those meeting which took place from 199-2003 and were sponsored by the World Bank and the Asian development banks in partnership with government of Japan and the Global corporate governance forum. The next phase of the government were mainly focus on implementation and enforcement issues and culminate in two years time with a stock taking of

development and progress. Therefore Asian Roundtable countries should work towards full convergence with international standards and practices for accounting, audit and non-financial disclosure, where for the time being full convergence is not possible, divergence with international standards and practices for accounting, audit and non-financial disclosure, where for the time being full convergence is not possible, divergence from international standards and practices should be disclosed by standards setters, company financial statement should repeat or reference those disclosure where relevant specific items.

Parum (2004) focused on the disclosure on corporate governance in Danish companies. It also provides evidence from the literature as well as analysis of company annual reports. Furthermore, the findings open the way for a discussion on future research on corporate governance and disclosure on strategic management and transparency.

Kafle (2004) has stated that an improved financial transparency and disclosure is the basis of sound corporate governance that also highlights risk profile on investment.

Poudyal (2004) has identified that reliable standard and timely disclosed information is the backbone of securities market. On one hand information helps an investor to decide whether or not to invest in the stock of a certain company and on the other, it contributes to the development of a fair, credible and transparent securities market. When the securities market becomes more transparent, it can maintain and boost investors' confidence and such confidence will help the entrepreneurs and corporate body to raise necessary funds from the public.

Giri (2004) has studied on IOSCO principles of securities regulation and Nepalese regulator and he stated that International Organization of Securities Commission (IOSCO) is an international grouping of securities regulatory agencies. It was established in 1983 with the objective to assist members to carry out their mission, to enhance cooperation to promote high standards of regulation in order to maintain just, efficient and sound markets, to exchange information on their perspective experience in order to promote the develop of domestic markets and to provide mutual assistance to promote the integrity of the market by a rigorous application of the standards and by effective enforcement against offences. IOSCO has made regulation of the market which is based on the following three core objectives.

-) Protection of investors
-) Ensure fair, efficient and transparent market.
-) Reduction of systematic risk

Investors should be protected from misleading, manipulative or fraudulent practices including insider trading and the misuse of diva's assets. Full disclosure of information material to investors is the most important means for ensuring investor protection. This makes investors more capable of assessing the potential risks and rewards of their investment and thus helping them to protect their own interests. As a key component of disclosure requirement accounting and auditing standards should be in place and should be of internationally acceptable standard.

Based on these three core objectives, IOSCO has adopted following principles for issues:

1. There should be full, timely and accurate disclosure of financial results and other information that is material to investor's decisions
2. Holders of securities in a company should be treated in a fair and equitable manner.

3. Accounting and auditing standards should be of a high and internationally acceptable quality.

After researched he concluded that Nepal is being a member of WTO, the IOSCO principles should be one of the major guiding forces for our future market reform initiatives. Besides SEBO, which still has not taken IOSCO membership should look forward to immediately joining the organization. We are still in a stage where we are working for the development of basic infrastructures of the market. In such a scenario, the IOSCO forum would be ideal in broadening our horizon and developing our regulation and mechanism from the experience of other regulatory agencies.

Nestor (2005) conducted a study on newly privatized firms that can often fall between the cracks, being at the same time more risky than SOEs (State owned enterprises) and less profitable/ competitive than private firms. A well-designed corporate governance regime is an important role to make the transition period shorter and less painful. After reviewing the partially or wholly privatized European telecom sector, the paper proposes eight lessons for policy makers in charge of designing privatization. One of them policy explained that, privatized firms should focus on developing a disclosure culture especially as regards non-financial disclosure.

Chae (2005) investigated on the behavior of market makers and found that market makers act appropriately by increasing price sensitivity before all announcements, including unscheduled announcements. This may imply that market makers extract timing information from their order books. On the other hand, liquidity traders do not seem to correctly read information embeds in prices and volume before in scheduled announcements. This suggests that uniformed liquidity traders cannot

behave according to theories of information asymmetry unless they have timing information.

Shrestha (2005) has explained that disclosure standard implies to any kind of reliable information disclosed to the users of information especially to shareholders and other interest investors. This helps to understand the performance of companies that affect the capital market as the result of primary and secondary market activities.

Adhikari (2005) has stated that a good disclosure practice is essential to bring transparency in the securities market. Therefore inadequate disclosure practice and poor transparency discourage potential investors investing in the securities market. In order to secure invest confidence and commitment, a flow of information is a must as investors can make informed decision in securities market only with adequate information. Informed decisions of investors not only help to stabilize price of securities but also help to attract additional investors in the market.

An article published on "Himalayan Times" on October 24, 2005 by Bajaj, president of Institute of Chartered Accounts of Nepal (ICAN) explained that most of the companies in Nepal do limit their annual reports in financial information only; therefore, they need to focus on other aspects as well. He also mentioned that institute of chartered accountants of Nepal (ICAN) has started evaluation of the performance for the last three years of various financial and non-financial institutions in line with south Asian federation of accounts (SAFA). SAFA is a SAARC level body to look after companies' performance. Experts involved in the finance and accounting have underscored the need to improve information disclosure for which they have also set the criteria.

In today's context is that Nepali companies need to global by maintaining information disclosure to the shareholders, investors and other concerned agencies.

Thapa (2007) has shed light that information is an important element of securities market. Investors can make rational investment decision with the help of sufficient information. The institutions disseminating information are issuing companies and stock exchange. According to his article, stock exchange has to receive and disclose the price sensitive information, periodic information and other information of the listed companies and also provide the trading information. Timely disclosure of market information such as ask and bid prices, trading amount and price, traded companies actual demand and supply of securities, types of transaction etc. helps investors to make rational decision and to determine the time to enter the market and exit from it.

Kafle (2007) has stated that in order to enhance the supply of securities, a new securities registration and disclosures regulation is in the making that would bring major regulatory changes. This regulation sets the disclosure standards for going public through IPO or secondary offering through stock exchange. This disclosure based regulation is believed to encourage closely help companies to come to the capital market and entrepreneurs to sell their holdings in favor of the general public. Besides, this regulation enables the issue of variety of instruments. However, this could be meaningful once of the accounting standards and auditing practices assure full financial disclosure.

2.3.3 Review of Previous Thesis

Sherpa (2001), study on "*Corporate Information Disclosure and Its' Effect on Share Price*" has found the status of annual report disclosure by total listed companies from the last four fiscal years is really in a poor state. He examined the

sector wise disclosure status. And he found that among the sector wise disclosure status, the disclosure status of finance companies were relatively better comparing to other sector, although the disclosure status by itself is poor. He ranked the banking sector in second position in disclosing annual reports followed by insurance, hotels, manufacturing and trading companies. The studies suggests that in order to make corporate bodies submit their annual reports promptly, the regulatory body should come up with suitable and stricter laws, provisioning penalties and punishment in the laws for failure of disclosure and should enforce them strictly.

Maratha (2006), the study on "*Corporate Governance Practice in Nepal*" has explained that a satisfactory information disclosure is a sophisticated structure of corporate governance timely. The study has emphasized on disclosing financial and non-financial information timely and openly to shareholders and stakeholders for the purpose of enhancing their participation and protecting their benefits. The study has concluded that a well information disclosure has played important role in order to meet the requirements of companies.

2.4 Review of Disclosure Practices in Nepal

Given the conceptual highlighted and briefing of the disclosure norms, it is now important to investigate about the disclosure practices in Nepal. There is no delaying the fact that disclosure norms are proving weak as well as inadequate as many institutions dealing with public funds are not feeling any responsibility to make full disclosure of information to the public both in the primary and secondary market. Even then the government and regulating authorities are trying to impose disclosure norms necessary to make public known about what is really going to the performance of the institutions.

As corporate information has decisive role in the formation of share prices in secondary market, company have to disclose information on time. Different acts, rules and regulations and by-laws have been made by both well and least developed securities market for the purpose of clearly specify the provisions regarding the need and extent of full and complete corporate disclosure. In Nepal, securities exchange act 1983 has laid down some provisions concerning with information disclosure. The listed companies are continuously required to provide price sensitive information to their investors and to the NEPSE. The end amendment in securities exchange act, 1983 was made in 2006. The amendment made mandatory provisions for the listed companies to submit their annual reports including profit and loss account, balance sheet and cash flow statements to SEBON.

Under the surveillance and compliance, SEBO is trying to improve disclosure (Strategic Plans, SEBO, 1998-2002) through adequate and timely financial reporting, response to investors, grievance, routine monitoring and supervision and ensuring financial compliance and professional conduct in securities transactions. But, in practice, the management attitudes towards disclosure is not found to be encouraging since a lot of lame excuse is taken for delaying in information disclosure either because of fear of losing secrecy of management weakness or because of public abuse that management has to face from the public.

According to Securities Registration and Issue Act 2065, the companies that are registered in board will have to follow the following conditions:

Table 2.1
Conditions for Listed Companies

S.N	Rules	Submission of Statements	Time Period for Submission	Remarks
1	Rule 22 (1) Section -13	Annual Report	Within five month after the end of fiscal year	
2	Rule 22 (2)	Quarterly Report	Within three days after the end of quarterly period	Information should disclosed in any national daily newspaper and inform board about it.
3	Rule22 (4)	<ul style="list-style-type: none">)] Information related to discussion in annual general meeting.)] Decision of annual general meeting. 	<ul style="list-style-type: none">)] Before annual general meeting.)] Within three days after annual general meeting 	
4	Rule 22 (5) Section- 15	Any information that affect market price of security.	Within three days if there is any incident or transaction.	
5	Rule 22 (6)	Any information, statement, record as demanded by board of stock exchange.	According to demand	For registered company

Actions taken by the board if above statements are not submitted:

-)] The name of not disclosing company can be released on board's website.
-)] The services that are provided by the board to the registered companies can be cancelled.
-)] Any other action can be taken according to security related act 2063, as per its' rules, regulations and directions.

Though the legislation and regulating bodies made it mandatory for listed companies to disclose corporate information on time, some listed company have been failed to provide and disclose their financial statements and annual reports. During the fiscal year 2004/05 out of 125 listed companies, 86 companies have submitted their annual reports for the fiscal year 2003/04 to SEBON. Out of these 86 companies, only 8 companies have submitted their annual reports on time. Similarly, 11 listed companies have submitted their semi-annual reports for the fiscal year 2003/04 to SEBON. Out of these 11 listed companies only 8 companies have submitted their semi-annual reports on time. In this fiscal year, 83 listed companies have held their AGM for the fiscal year 2003/04. Out of these 83 companies, 40 companies have held their AGM on time.

During the fiscal year 2005/06, out of 135 listed companies, 95 companies have submitted their annual reports for the fiscal year 2004/05 to SEBON. Out of these 95 companies, only 10 companies have submitted the reports within the prescribed time. Accordingly 35 companies have submitted their semi-annually reports to SEBON. Out of these, six companies submitted on time.

During the fiscal year 2006/07, out of 135 listed companies, 91 companies have submitted their annual reports for the fiscal year 2005/06 to SEBON. Out of these 91 companies, only the nine companies have submitted the reports within the prescribed time. In the fiscal year 2006/07, 82 companies submitted their annual reports for the fiscal year 2005/06 to SEBON after the expiry of the report submission period. These companies comprising 11 commercial banks, eight development banks, 37 finance companies, 10 insurance companies, three hotels, seven manufacturing and processing companies, two trading companies and four companies from other groups.

During the fiscal year 2007/08, out of 142 listed companies, 115 companies have submitted their annual reports for the fiscal year 2006/07 to SEBON. Out of these 115 companies, only the six companies have submitted the reports within the prescribed time. In the fiscal year 2007/08, 109 companies submitted their annual reports for the fiscal year 2006/07 to SEBON after the expiry of the report submission period. These companies comprises 14 commercial banks, 18 development banks, 48 finance companies, 12 insurance companies, 10 manufacturing and processing companies, three trading companies and four companies from other group.

During this fiscal year 2008/2009, out of 159 listed companies, 141 companies have submitted their annual reports for the fiscal year 2007/08 to SEBON. Out of these 141 companies, only the 37 companies have submitted the reports within the prescribed time. Accordingly, in the fiscal year 2008/09, 102 companies submitted their annual reports for the fiscal year 2007/08 to SEBON after the expiry of the report submission period. These companies comprising 8 commercial banks, 19 development banks, 46 finance companies, 13 insurance companies, 11 manufacturing and processing companies, two trading companies and three companies from other group.

“A” Group Companies and the Information Disclosing Factor

Although, there are more than one factors to be ranked as “A” group company. Among them one important factor is ‘Submission of the financial statement within six month from the closure of the fiscal year’. By considering this fact, we can easily know the importance of information disclosing practice. In fiscal year 2066/67, fifteen commercial banks, forty-three finance companies, ten insurance companies, twenty development banks, two hydropower companies, one manufacturing company and two hotel and other companies are ranked as group ‘A’ Company.

Criteria for the classification of the listed companies as per Listing Bye-Laws 2053:

- i. The paid up capital of the company must be at least Rs. 20.00 million
- ii. The number of common share holders must be at least 1000
- iii. The company must have made the public floatation as per bye-laws 9 (Ka) sub- bye laws (4)
- iv. The company must be in profit since last three years
- v. The book value per share must not be less than its paid up value
- vi. Submission of the financial statement within six months from the closure of the fiscal year.

Delisting of Securities and the Information Disclosure Factor

Although, there are more than one factors responsible for delisting the companies from listing. Among them, one important factor is not submitting the statements, reports or any other records as per rules, regulations and directions.

In fiscal year 2007/08, five companies are delisted. Morang Sugar Mills Limited, Biratnagar Jute Mills Limited, Himgiri Textile Company Limited, Nepal Byapar Company (Koshi) Limited and National Productivity & Economic Development Centre Limited are the companies which are delisted.

In fiscal year 2006/07, eleven companies are delisted. Nepal Battery Company Limited, The Juddha Match Factory Limited, Himal Cement Company Limited, Sayapatri Color Lab Limited, Nepal Plywood Company Limited, Ace Laboratories (Nepal) Limited, Bansbari Leather and Shoes Limited, United Company Limited, Plastic Trading Company Limited, Nepal Byapar Bikas Company Limited and Necon Air Limited are the companies which are delisted.

Annual Report as a Medium of Disclosure

Corporate information disclosure can take several forms among which annual reports to shareholders is the most important form. Besides, corporate bodies make their information disclosure continuously and on different time interval. Corporate bodies transmit their vary price sensitive information to stock exchange immediately. Immediate disclosure of such information is provisioned in the law and thus, it is also a regulatory requirement. This information is transmitted to the stock exchange first and then stock exchange makes those information publicly available through its notice board. The immediate disclosure of price sensitive information will help develop the transparent securities market and discourage the unfair practices at market such as insider trading. Provisions regarding the transmission and disclosure of such price sensitive information to the Nepal Stock Exchange (NEPSE) have been made in the Securities Exchange Act, 1983, Securities Exchange Regulation, 1993 and Securities Listing bye-laws, 1996.

The published corporate annual report has been a vital source of information disclosure in the investment market. Annual reports are the end product at accounting and non-accounting information process and set of accounting measures. It reflects the combination of recorded facts, accounting conventions and personal judgements of the preparer. The judgements and conventions applied, affect the annual report materially. A typical annual report includes balance sheet, profit and loss account, cash flow statement, director's report, auditor's report and relevant schedules. Some annual report include chairman's statement, historical summary, operating positions, highlights of important data and other relevant quantitative and qualitative information.

The accounting and non-accounting information are the two type of information contents in a typical annual report. Accounting information also referred as financial information or quantitative information is a formal, structured, numerical

and past oriented material. It includes financial statements, the notes to financial statements and other schedules. Accounting information in an annual report may be audited and un-audited. Balance sheet profit and loss account, schedules and notes to financial statements are audited accounting information. Besides, an annual report may contain un-audited accounting information such as, trends of product prices, summary of important data and business results, ratios, financial statistics and etc. Non accounting or non financial information is qualitative, narrative, unaudited and future oriented in nature. It usually consists of director's report and chairman's statement, information about major products, employees, shareholders welfare programme, development programme and schemes, firm's objectives and policies, information on industrial relation and etc. are non-financial in nature. Non-accounting information is equally useful to investors as the accounting information. They may convey significant information which an investor cannot see in bare accounting numbers.

Annual report has become a significant medium of corporate reporting today, although information about corporate affairs can be communicated through other media also, for example, prospectus, financial press release, interim report and personal contact with company officials. Despite the existence of different sources of information the annual report is regarded as the most important source of information about the company's affairs. It is really directed to community at large, to whomsoever it may have been formally addressed and all user groups have easy access to it. Corporate annual reports represent the most easily accessible and extremely important source of information concerning an enterprise. There are some important reasons why annual report is regarded as a valuable source of information about company's affairs.

-) Annual report is relatively more and easily accessible than other sources of information.

- J Annual report contains audited information which creates confidence among the public.
- J Annual report includes beside financial statements, some more detailed information such as historical summary, statistical data, important business results, factors affecting the business, company's plan and policies which are not available in other sources of information.
- J Annual report, representing the most commonly available sources of information on the past performance, is used by both amateur and professional investors to predict company's future performance. This provides the base for estimating future share prices and related cash flows to the investors.

Therefore, there is need to make published corporate annual reports more informative so that investors and other users may not have to go to other sources for the needed information by them.

2.5 Corporate Disclosure and Performance in the Context of World Trade Organization (WTO)

Nepal first applied for GATT in 1989. But due to various reasons it did not pursue the membership seriously until 1997. Therefore, it again applied in 1997 when WTO was set up in January 1995 replacing GATT. Fifth Ministerial of WTO held on Cancun, Mexico in 10-14 September 2003 accepted Nepal's membership. But due to delay in Parliamentary ratification, Nepal formally became its member only in April 23, 2004. Nepal is the 147th member of WTO.

The banking telecommunication, health accounting, legal services are among the major 37 sectors and subsections open now for different foreign investment (e.g. Professional services, communication, contribution, education environment, banking and financial sectors, health and tourism). Nepal should allow up to 90%

foreign direct investment (FDI), full implementation of Trade Related Intellectual Property Right (TRIPS) provision by January 1, 2007. It should create transparency in trade regime, avoid frequency changes in policy, create more awareness in the society, help create environment of good governance. Nepalese corporations should enhance the competitive capability and make every transaction in line with general agreement reached with WTO.

However, Nepal still has to address human resource and infrastructure constraints that lingering the smooth performance reports, identify sectors of comparative advantages by which the shareholders wealth can be maximize, develop business advocacy mechanism, develop institutional capability both in private and public sectors. Nepal should enact new legislation and amend the existing ones to make them WTO compatible and develop strong alliance among the government, private sectors and the civil society to form and improve corporate disclosure and performance.

2.6 Research Gap

Bradish (1965) has highlighted some essential disclosure items by conducting interview method to financial analyst- the major users of corporate annual report. Buzby (1974) has attempted to measure the extent to which selected items of information are presented in corporate annual reports. Chandra (1974) has developed empirical evidence concerning the adequacy of disclosure in published corporate annual reports. The writer examines that whether the public accountants and security – analysts have any consensus about the value of information which is included in published corporate annual reports for equity investment decision.

Here, in the above studies by related writers, some has focused only on primary data, one stakeholder within so many stakeholders and on annual report only. The study based on primary and secondary data helps to find the conclusion more

efficiently. On the other hand, there are so many stakeholders which are directly and indirectly influenced by information disclosure practice. So, we cannot ignore them while conducting studies related to information disclosure.

Poudyal (2004) has focused that reliable standard and timely disclosed information is the backbone of security market. When the security market becomes more transparent, it can maintain and boost investor's confidence and such confidence will help the entrepreneurs and corporate body to raise necessary funds from the public. On the other hand, Kafle (2004) has emphasis on risk profile on investment on the basis of sound corporate governance and financial transparency and disclosure. Thapa (2007) has shed light that information is an important element of security market. Investors can make rational investment decision with the help of sufficient information.

It is obvious that, security market is the life blood of the economy. This market is highly influenced by information. However, the influencing nature might be different according to the information. The above stated studies give equal emphasis for all types of information. We need to be clear that, some information influence stock market in high and some in low form. Like price sensitive information is the major type of information to influence stock market.

This study "Corporate information disclosure and its' impact on different variables" tries to fulfill the gap shown in the previous studies. This study tries to link the information disclosure practice with different stakeholders. The rule and regulations of concerned bodies related to information disclosure is also considered. There are so many listed companies by sector and there information disclosure practice is also different. This study also considers this type of practices. The impact of information disclosure practice on different variables like market price per share (MPS), net profit after tax (NPAT), net worth per share

(NWPS), total assets (TA), return on assets (ROA) and earnings before interest and tax (EBIT) is examined in this study which is not considered by previous studies.

CHAPTER – III

RESEARCH METHODOLOGY

This study aims to determine the disclosure practices by measuring the extent of disclosure in published corporate annual reports as well as, to examine the effect of six company characteristics, i.e. market price per share, net worth per share, return on assets, net profit after tax, earnings before interest and taxes and total assets of those companies.

3.1 Research Design

The research design is the task of defining the research problem. Research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and control variance (*Kerlinger, 1986*). The research design adapted in this study is descriptive com exploratory. For that purpose both primary and secondary sources of information will be used in the study.

3.2 Nature and Sources of Data

Mainly secondary data has been used in this research. Annual Reports of Security Board of Nepal (SEBON) has been used in order to see the record of listed companies' annual report submission period. Listed companies' annual report has also been used for data collection. Primary data are collected through opinion survey.

3.3 Population and Sample Firms

There are 159 listed companies to the SEBON till the date of disclosing annual report of SEBON of fiscal year 2008/09. Out of the 159 listed companies, the research has taken 53 listed companies as a sample. 10 companies from

commercial bank, 11 companies from development bank, 14 companies from finance companies, 8 Companies from insurance companies , 5 companies from manufacturing and processing companies, 2 companies from hotels and others and 3 companies from trading companies has been taken as a sample.

Table 3.1
Number of Companies Taken as Sample

Sector	Total Number of Listed Companies	Number of Sample
Commercial Bank	21	10
Development Bank	29	11
Finance Companies	61	14
Insurance Companies	17	8
Hotels and Others	9	2
Manufacturing and Processing Co.	18	5
Trading Companies	4	3
Total	159	53

Source: SEBON's Annual Report (FY 2008/09)

3.4 Method of Analysis

Methods of analysis are applied as simple as possible. Results are presented in tabular form and a clear interpretation on it is given simultaneously. Detail calculations are shown in the body part of the report. To make the study simple and easily understandable various charts and figures are used.

For using the tools the very first step is processing of the data in which editing, coding, classification and tabulation of calculated data is carried out. These processes prepare the data for further analysis. Authentic and reliable financial and statistical tools are used to perform this study on the basis of secondary data and primary data.

The data which are collected from secondary data are first process for tabulation after then descriptive analysis has been done. Some variables have been tested

through hypothesis test in order to see the impact of disclosure practice on those variables. For the purpose of analysis generally simple statistical tools have been used which are as follows:

-) Frequency table
-) Chi-square test for hypothesis

3.4.1 Definition of Variables

To make the analysis part easy, the sample companies has been categorized in to two parts i.e. disclosing companies and non-disclosing companies.

Disclosing Companies

The sample companies who have submitting their annual reports within six months after the expiry of the fiscal year to the SEBON are categorized as disclosing companies.

Non-disclosing Companies

The sample companies who have submitting their annual reports after one year or above after the expiry of the fiscal year respectively to the SEBON are categorized as non-disclosing companies.

Market Price per Share (MPS)

It is a price at which outstanding shares are traded in the stock market. The closing market price of year end has been taken as a sample. MPS has not been mentioned in company's annual report therefore for the MPS data, trading reports has been used.

Net Worth Per Share (NWPS)

Net worth is the owner's book value in the company. The company having high NWPS indicates the good condition of the company. NWPS is calculated by using following formula:

$$\text{NWPS} = \frac{\text{Issued Capital} + \text{Reserved Fund}}{\text{Number of Issued Share Outstanding}}$$

Return on Assets (ROA)

The ratio of the income to total assets has been known as ROA. It measures the firm's assets after interest and taxes. The higher ROA should be favorable for the company. The following formula has been used to find out the ROA:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

Earnings before Interest and Tax (EBIT)

EBIT is a company's earnings from its core operations after it has deducted its cost of goods sold and its general operating expenses. EBIT does not include interest expense or others financing costs. Nor does it include income generated outside the normal activities of the company, such as income from investments. EBIT is particularly important because it is a measure of profitability based on a company's operations. In other words, it assesses whether or not the foundation of a company is profitable. It is computed by applying following equation.

$$\text{EBIT} = \text{Gross Profit} - \text{General Operating Expenses} - \text{Depreciation Expenses}$$

Net Profit after Tax (NPAT)

It is the net income of the company. All provision fund, tax, interest have been deducted already in net profit after tax. It indicates the company's condition whether it is good or not.

Total Assets (TA)

The financial resource owned by the firm is known as sheet. The total asset has been mentioned in firm's balance sheet. The total assets consist of current assets that can be rapidly turned into cash and fixed assets such as plant and machinery. Assets are economic resources that are acquired with a view to produce economic benefits they can be patents copy rights that provide financial advantages for their holder. Total assets must always equal to the sum of liabilities and share holder's equity. Total assets can be obtained by using following formulas:

$$TA = \text{Current Assets} + \text{Fixed Assets}$$

3.4.2 Chi-square Test

A very powerful test for testing the significance of the discrepancy between theory and experiment was given by Prof. Karl Pearson in 1990 and is known as “Chi-square Test”. It is one of the most important non-parametric test. It enables us to find if the deviation of the experiment from theory is just by chance or is it really due to the inadequacy of the theory to fit the observed data.

If $O_i, (i=1,2,\dots,n)$ is a set of observed (experimental) frequencies and $E_i, (i=1, 2, \dots,n)$ is the corresponding set of expected (theoretical or hypothetical) frequencies, the Karl Pearson’s chi-square,

Given by;

$$\chi^2 = \sum \left[\frac{(O_{ij} - E_{ij})^2}{E_{ij}} \right]$$

Where,

O_{ij} = Observed frequency of the cell in i^{th} row and j^{th} column

E_{ij} = Expected frequency of the cell in i^{th} row and j^{th} column

The steps used in testing the goodness of fit are as follows:

Step 1

Formulate the null and alternatives hypothesis.

H₀: There is no significant difference between observed and expected frequencies.

H₁: There is significant difference between observed and expected frequencies.

Step 2

Calculate the expected frequency E corresponding to each cell by the formula.

$$E = \frac{RT \times CT}{N}$$

Where,

RT = Row Total

CT = Column Total

N = Total Sample size

Step 3

Compute test statistic, under null hypothesis H₀;

$$\chi^2 = \frac{(O-E)^2}{E}$$

Where,

O = Observed Frequency

E = Expected Frequency

Step 4

Write down the critical value of χ^2 at a certain level of significance α (usually $\alpha = 0.05$ or 0.01) for degrees of freedom from the table.

Step 5

Compare the computed value of χ^2 with the table value of χ^2 .

If computed $\chi^2 <$ tabulated χ^2 then accepted the null hypothesis H_0 .

If computed $\chi^2 >$ tabulated χ^2 then reject the null hypothesis H_0 and accept the alternative hypothesis H_1 .

Under the null hypothesis of independence of attributes, the value of χ^2 for the 2x2 contingency table can be directly computed using the formula.

$$\chi^2 = \frac{N(ad-bc)^2}{(a+b)(c+d)(a+c)(b+d)}$$

Where 2x2 contingency table given as

	B ₁	B ₂	Total
A ₁	a	b	a + b
A ₂	c	d	c + d
Total	a + c	b + d	N = a+b+c+d

3.4.3 Yates correction for continuity for 2x2 Table

In a 2x2 table, the number of d.f is (2-1) (2-1) = 1. If any cell frequency is less than 5, the use of pooling method will result in d.f = 0 (since 1 d.f is lost in pooling) which is meaningless. (χ^2 must have at least 1 d.f). In such situation, we apply the correction due to F. Yates (1934) which is usually known as ‘Yates Correction for Continuity’ consists in adding 0.5 the cell frequency which is less than 5 and then adjusting the remaining cell frequency accordingly. The χ^2 test for a 2x2 contingency table is given as:

$$\chi^2 = \frac{N(ad-bc)^2}{(a+b)(c+d)(a+c)(b+d)}$$

The above formula after Yates correction is as follows:

$$\chi^2 = \frac{N\left[|ad-bc| - \frac{N}{2}\right]^2}{(a+b)(c+d)(a+c)(b+d)}$$

3.5 Setting the Hypothesis

For the purpose of analysis, some variables have been tested through chi-square test. It has been tested to see the effect of disclosure practice on company’s variables. In order to make the chi-square test, following hypothesis has been set out;

Hypothesis I:

Null Hypothesis (H_0): Market price per share of disclosing companies do not differ from MPS of non-disclosing companies.

Alternative Hypothesis (H_1): Market price per share of disclosing companies do differ from non-disclosing companies.

Hypothesis II:

Null Hypothesis (H_0): Net worth per share of disclosing companies do not differ from net worth per share of non-disclosing companies.

Alternative Hypothesis (H_1): Net worth per share of disclosing companies do differ from net worth per share of non-disclosing companies.

Hypothesis III:

Null Hypothesis (H_0): ROA of the disclosing companies do not differ from the non-disclosing companies.

Alternative Hypothesis (H_1): ROA of the disclosing companies do differ from the non-disclosing companies.

Hypothesis IV:

Null Hypothesis (H_0): NPAT of the disclosing companies do not differ from the non-disclosing companies.

Alternative Hypothesis (H_1): NPAT of the disclosing companies do differ from the non-disclosing companies.

Hypothesis V:

Null Hypothesis (H_0): EBIT of the disclosing companies do not differ from the non-disclosing companies.

Alternative Hypothesis (H_1): EBIT of the disclosing companies do differ from the non-disclosing companies.

Hypothesis VI:

Null Hypothesis (H_0): TA of the disclosing companies do not differ from the non-disclosing companies.

Alternative Hypothesis (H_1): TA of the disclosing companies do differ from the non-disclosing companies.

CHAPTER - IV

DATA PRESENTATION AND ANALYSIS

This chapter deals with the data and information collected from the secondary source i.e. annual report of SEBON, annual report of different companies, companies' profile which are recorded on SEBON and trading report. This chapter is the main body of the study which answers the research problems for obtaining the specific goals of the research and thereby makes conclusion and recommendation. It helps for mention summarizing conclusion and findings of the gathered data in order to achieve the defined objectives in this chapter- presentation and analysis. This chapter includes the descriptive analysis of information disclosure practice in Nepal.

4.1 Information Disclosure Practices in Nepal

As discussed on previous chapter, it is statutorily required that the listed companies have to submit their annual report including profit and loss account, balance sheet and cash flow statements to SEBON, within four months after the expiry of the fiscal year. Similarly they should submit their half yearly reports to SEBON and NEPSE, within the two months after the expiry of the fiscal year. The listed companies' annual report submission data recorded on SEBON for the last five fiscal years have been used for the purpose of study and analysis .the total and sector wise annual report submission by corporate bodies to SEBON within different time interval are shown and analyzed below:

Table 4.1
Status of Annual Report and Financial Statements Disclosure by
Total Listed Companies

Duration	Fiscal Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Within the time (Within 6 months)	39	59	9	6	37
After the time (After 6 months)	47	35	82	109	102
Not disclosing companies	39	41	44	27	20
Total no. of submitted co.	86	94	91	115	139
Total no. of listed co.	125	135	135	142	159
Percentage of submitting co.	68.8%	69.63%	67.41%	80.99%	87.42%

Source: Security Board of Nepal (SEBON) and Annual Reports

Figure 4.1
Diagram Showing Annual Report and Financial Statement Disclosed
By Total Listed Companies

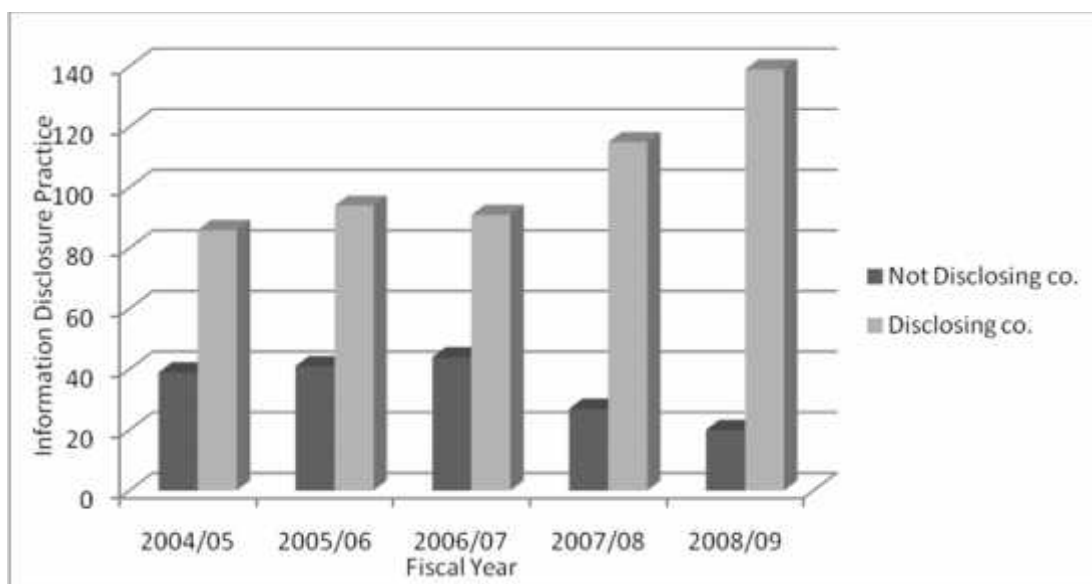


Table 4.1 shows the trend of annual report submission by total listed companies of the last five fiscal years. From this table it can be said that the large number companies are unable to submit their annual reports and financial statements to the

SEBON within prescribed time i.e. within six months after the expiry of the fiscal year. Till 6th June 2009, only 139 companies, out of 159 companies have submitted their annual reports and financial statements during the fiscal year 2008/09. Except the fiscal year 2004/05, it seems that there are quiet improvements in disclosure practices.

Table 4.2
Status of Annual Report and Financial Statements Disclosure by Listed Commercial Banks

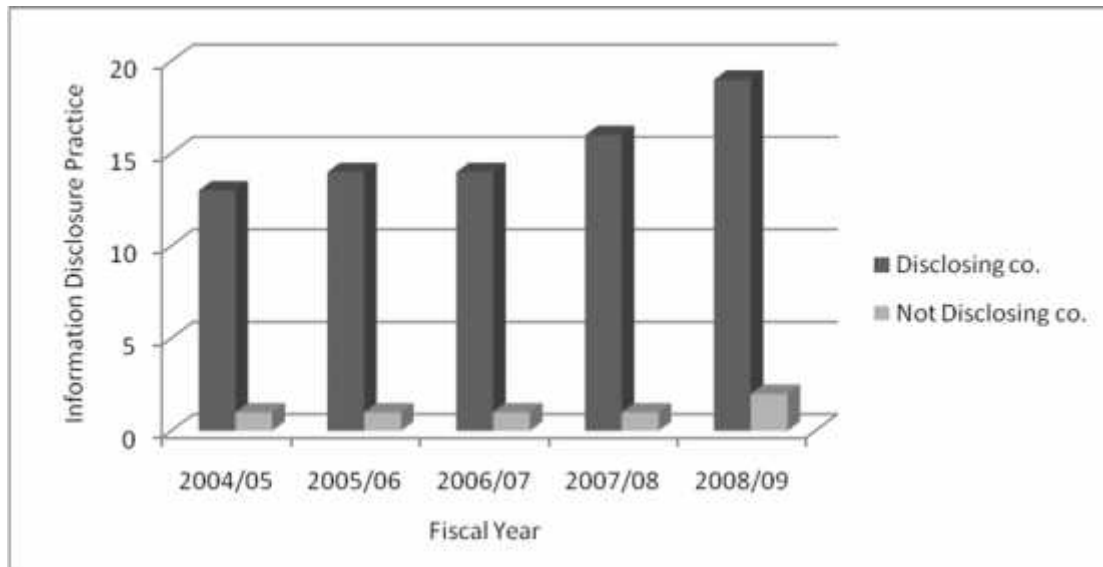
Duration	Fiscal Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Within the time (Within 6 months)	7	10	3	2	11
After the time (After 6 months)	6	4	11	14	8
Not disclosing co.	1	1	1	1	2
Total no. of submitted co.	13	14	14	16	19
Total no. of listed co.	14	15	15	17	21
Percentage of submitting co.	92.86%	93.33%	93.33%	94.12%	90.48%

Source: Security Board of Nepal (SEBON) and Annual Reports

The table 4.2 and figure 4.2 shows the status of annual report and financial statements disclosure by listed commercial banks for the last five fiscal years. During the fiscal year 2004/05, 2005/06, 2006/07 and 2007/08 only seven, ten, three and two companies have submitted their annual report and financial statement within the prescribed time respectively.

Although, the number of submitting companies within prescribed time is only eleven, but total number of submitting companies till 6th June 2009 for fiscal year 2008/09 is 19 out of 21 listed commercial banks which means that 90.48% of the total listed companies are able to submit their annual reports and financial statements. The disclosure status is fluctuating from last five fiscal years.

Figure 4.2
Diagram Showing Annual Report and Financial Statement Disclosed
By Listed Commercial Banks



The table 4.3 shows the trend of financial statements disclosed by listed finance companies for the last five fiscal year from 2004/05 to 2008/09. Till 6th June 2009, 15 companies out of 61, have submitted their annual reports within the prescribed time and total number of 61 companies have submitted their annual reports during the fiscal year 2008/09, which represents hundred percent of the total.

Table 4.3
Status of Annual Report and Financial Statements Disclosure by Listed
Finance Companies

Duration	Fiscal Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Within the time (Within 6 months)	18	31	6	9	15
After the time (After 6 months)	23	12	37	48	46
Not disclosing companies	3	7	10	9	-
Total no. of submitted co.	41	43	43	57	61
Total no. of listed co.	44	50	53	66	61

Percentage of submitting co.	93.18%	86%	81.13%	86.36%	100%
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Source: Security Board of Nepal (SEBON) and Annual Reports

Figure 4.3

**Diagram Showing Annual Report and Financial Statement Disclosed
By Listed Finance Companies**

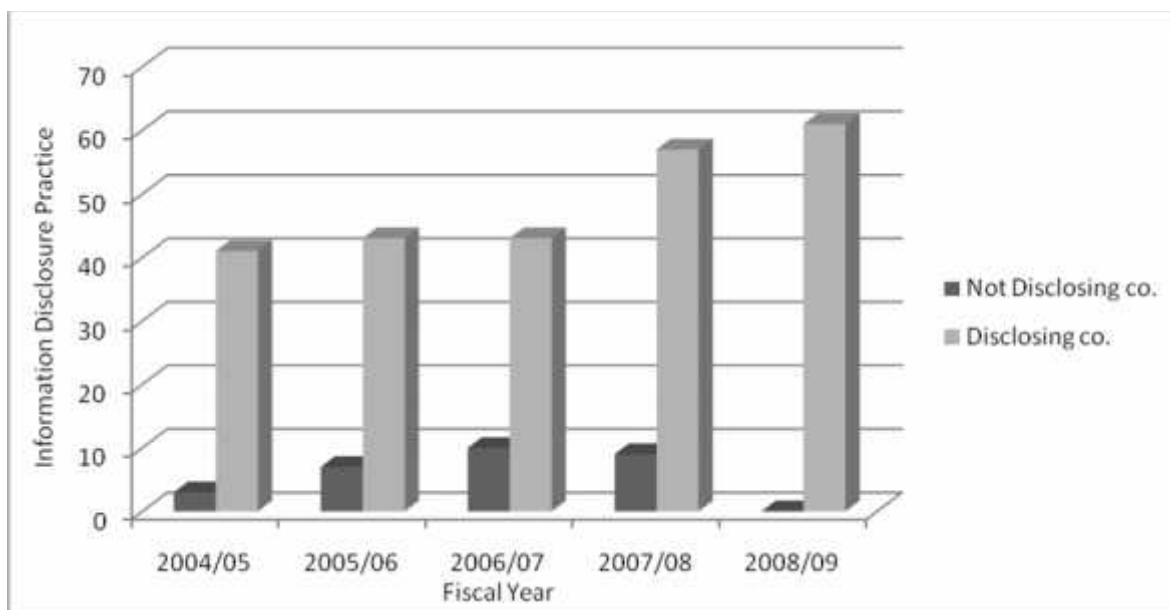


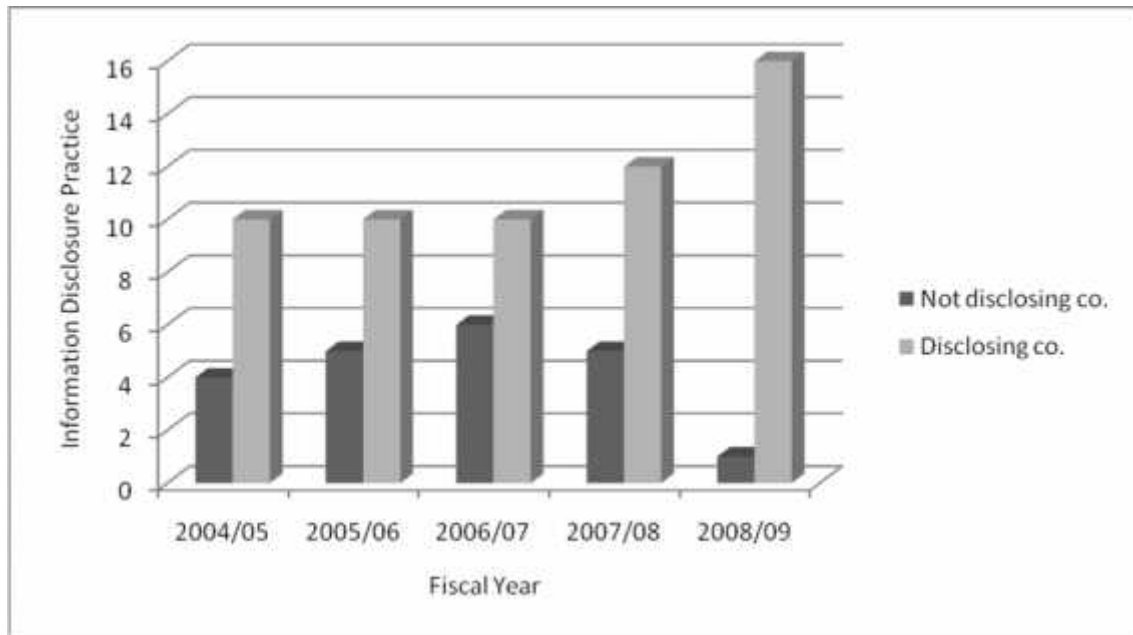
Table 4.4

Status of Financial Statements Disclosure by Listed Insurance Companies

Duration	Fiscal Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Within the time (Within 6 months)	5	6	-	-	3
After the time (After 6 months)	5	4	10	12	13
Not disclosing co.	4	5	6	5	1
Total no. of submitted co.	10	10	10	12	16
Total no. of listed co.	14	15	16	17	17
Percentage of submitting co.	71.43%	66.67%	62.50%	70.59%	94.12%

Source: Security Board of Nepal (SEBON) and Annual Reports

Figure 4.4
Diagram Showing Annual Report and Financial Statement Disclosed
By Listed Insurance Companies



The above table 4.4 and figure 4.4 shows the status of financial statements and reports disclosure by listed insurance companies for the last five fiscal years from 2004/05 to 2008/09. None of the companies have submitted their annual reports and financial statements to SEBON within prescribed time for the fiscal year 2006/07 and 2007/08. Till the 6TH June 2009 for the fiscal year 2008/09, out of 17 listed insurance companies, 16 companies which represent 94.12% have submitted their annual reports to SEBON.

Table 4.5

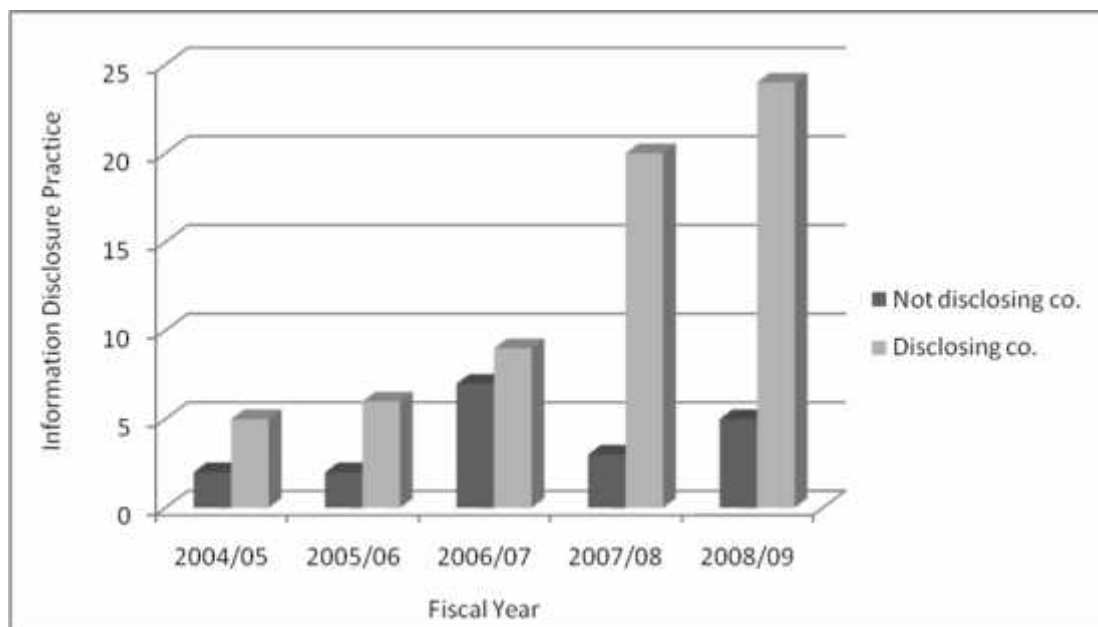
Status of Annual Report and Financial Statements Disclosure by listed Development Banks

Duration	Fiscal Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Within the time (Within 6 months)	2	5	1	2	5
After the time (After 6 months)	3	1	8	18	19
Not disclosing co.	2	2	7	3	5
Total no. of submitted co.	5	6	9	20	24
Total no. of listed co.	7	8	16	23	29
Percentage of submitting co.	71.43%	75%	56.25%	86.96%	82.76%

Source: Security Board of Nepal (SEBON) and Annual Reports

Figure 4.5

Diagram Showing Annual Report and Financial Statement Disclosed By Listed Development Banks



The table 4.5 and figure 4.5 shows the trend of financial statements disclosed by listed development banks for last five fiscal years from 2004/05 to 2008/09. Till June 6th 2009, out of 29 listed development banks, total 24 banks have submitted

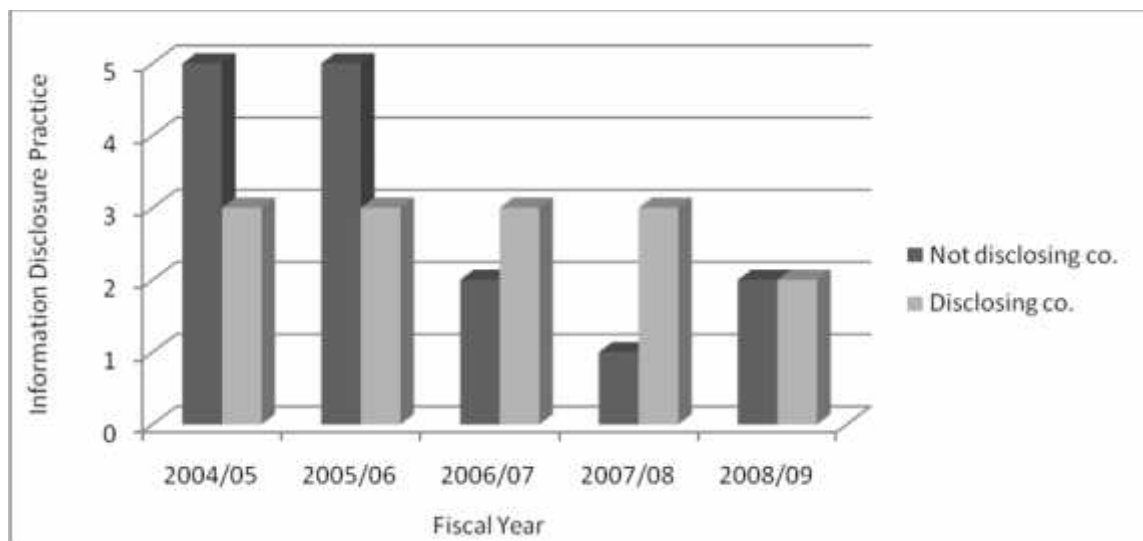
their annual reports to SEBON for the fiscal year 2008/09 which represents 82.76% of the total. From the above table, it can be said that the disclosure practices are in fluctuating order.

Table 4.6
Status of Annual Reports and Financial Statements Disclosure by listed Trading Companies

Duration	Fiscal Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Within the time (Within 6 months)	2	1	1	-	-
After the time (After 6 months)	1	2	2	3	2
Not disclosing co.	5	5	2	1	2
Total no. of submitted co.	3	3	3	3	2
Total no. of listed co.	8	8	5	4	4
Percentage of submitting co.	37.50%	37.50%	60%	75%	50%

Source: Security Board of Nepal (SEBON) and Annual Reports

Figure 4.6
Diagram Showing Annual Report and Financial Statement Disclosed By Listed Trading Companies



The above table 4.6 and figure 4.6 shows the status of annual report and financial statements disclosure by listed trading companies for the last five fiscal years.

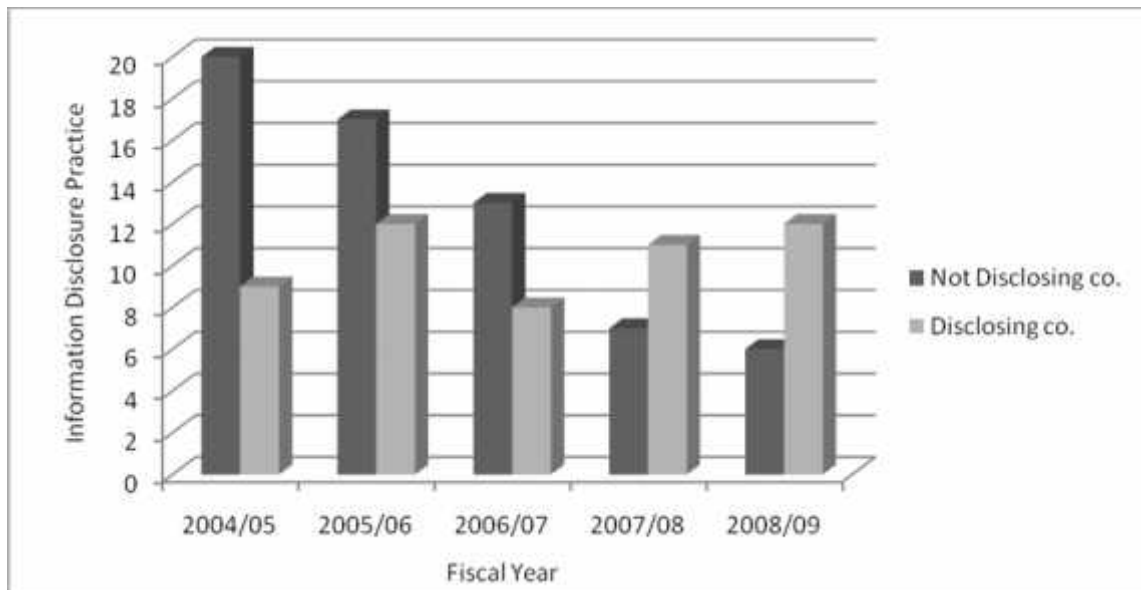
None of the trading companies have able to submit their annual reports to SEBON within prescribed time for the fiscal year 2007/08 and 2008/09. During the fiscal year 2008/09, out of 4 listed trading companies, only 2 companies have submitted their annual report which represents 50% of the total. The disclosure practices of trading companies are in poor state.

Table 4.7
Status of Annual Report and Financial Statements Disclosure by Listed Manufacturing Companies

Duration	Fiscal Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Within the time (Within 6 months)	2	1	1	1	1
After the time (After 6 months)	7	11	7	10	11
Not disclosing co.	20	17	13	7	6
Total no. of submitted co.	9	12	8	11	12
Total no. of listed co.	29	29	21	18	18
Percentage of submitting co.	31.03%	41.38%	38.09%	61.11%	66.67%

Source: Security Board of Nepal (SEBON) and Annual Reports

Figure 4.7
Diagram Showing Annual Report and Financial Statement Disclosed By Listed Manufacturing Companies



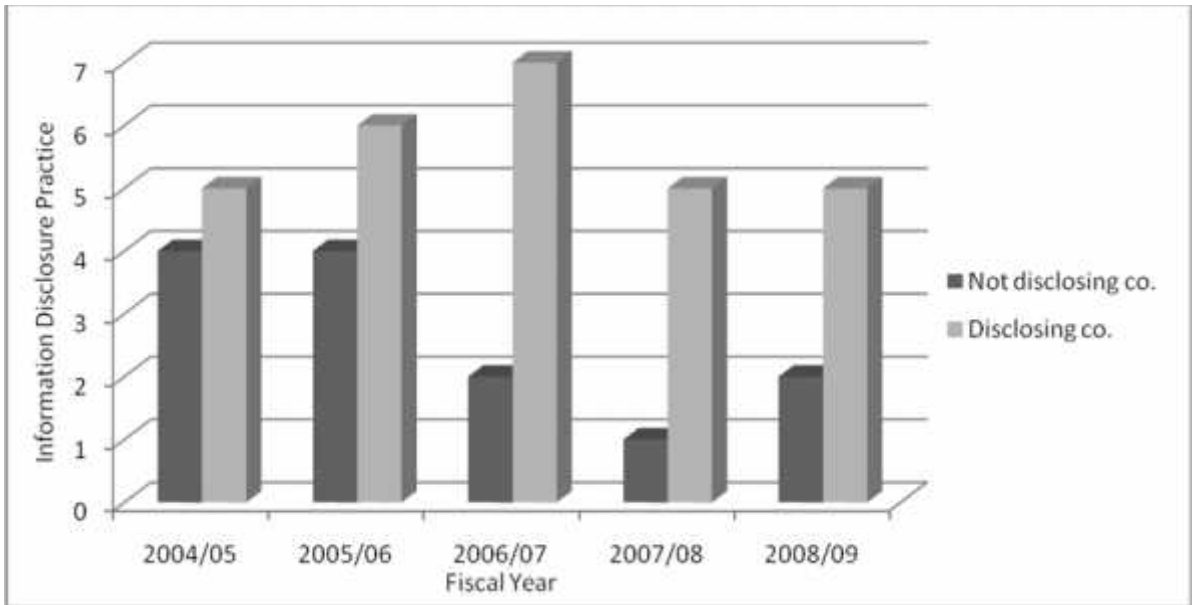
The table 4.7 shows the status of annual reports and financial statements disclosure by listed manufacturing companies for the last five fiscal years. Only one company for each fiscal year has able to disclose the annual report within the prescribed time to SEBON from the fiscal year 2005/06 to 2008/09. Out of 18, a total of 12 companies have submitted their annual reports to SEBON till 6th June 2009 for the fiscal year 2008/09 which represents 66.67% of the total. This shows the status of disclosure practice is in poor state.

Table 4.8
Status of Annual Report and Financial Statements Disclosure by Listed
Hotels and Others

Duration	Fiscal Year				
	2004/05	2005/06	2006/07	2007/08	2008/09
Within the time (Within 6 months)	3	3	-	1	2
After the time (After 6 months)	2	3	7	4	3
Not disclosing co.	4	4	2	1	2
Total no. of submitted co.	5	6	7	5	5
Total no. of listed co.	9	10	9	6	7
Percentage of submitting co.	55.56%	60%	77.78%	83.33%	71.43%

Source: Security Board of Nepal (SEBON) and Annual Reports

Figure 4.8
Diagram Showing Annual Report and Financial Statement Disclosed
By Listed Hotels and Other Companies



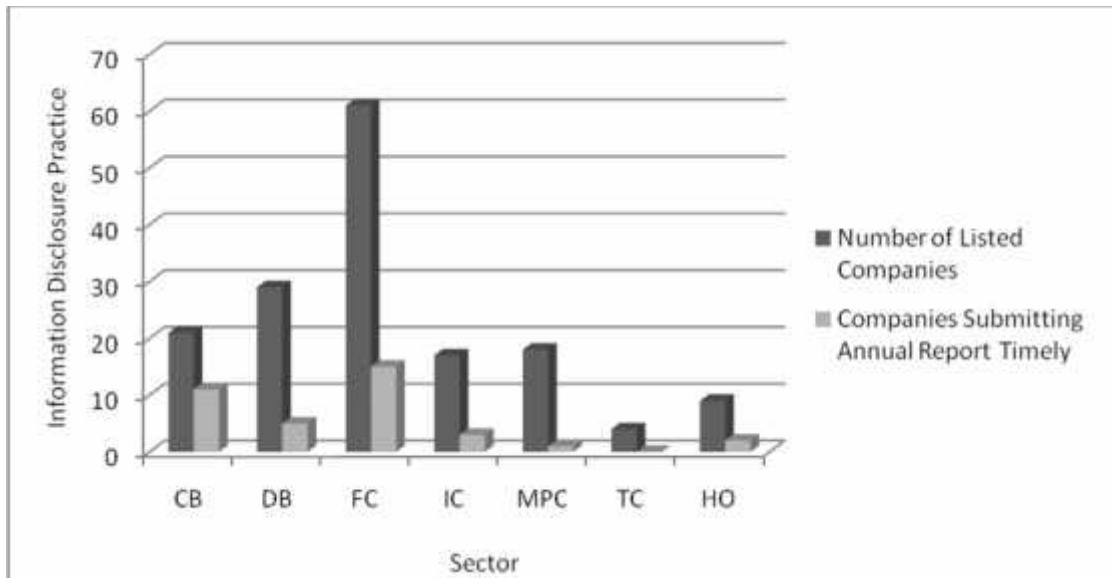
The above table 4.8 and the figure 4.8 show that the trend of disclosure practices of listed hotels and other companies from the last five fiscal years. None of the hotels and other companies has submitted their annual reports to SEBON within the prescribed time during the fiscal year 2006/07. However, in fiscal year 2007/08 and 2008/09 only one and two companies have submitted their annual reports respectively within the prescribed time. Out of 7 companies, a total of 5 companies have submitted their annual reports during the fiscal year 2008/09 which represents 71.43% of the total. From the above table, it can be said that the disclosure practices are in fluctuating order.

The concerned regularity bodies have made some legal provision about information disclosure. But many companies have not able to fulfill the legal requirements. Out of 139 submitting companies, only the following 37 companies have submitted the annual reports within the prescribed time during the fiscal time 2008/09.

Table 4.9
Listed Companies Submitting Annual Reports Timely (For F/Y 2008/09)

Sector	Number of Listed Companies	Companies Submitting Annual Report Timely	Percentage
Commercial Bank	21	11	52.38
Development Bank	29	5	17.24
Finance Company	61	15	24.59
Insurance Company	17	3	17.65
Manufacturing and Processing Company	18	1	5.56
Trading Companies	4	-	-
Hotel and Others	9	2	22.22
Total	159	37	23.27

Figure 4.9
Diagram Showing Listed Companies Submitting Annual Report Timely
For Fiscal Year 2008/09



The name of the companies which have timely submitted the annual reports to SEBON are as follows:

During the fiscal year 2008/09, 15 from finance company, 1 from manufacturing company, 5 from development bank, 11 from commercial bank, 3 from insurance companies and 2 from hotel and others could submit their annual reports on time. This represents only 23.27% in total of the total listed companies. None of the company from trading sector is able to submit their annual report on time to SEBON. From the above table and figure, it can be observed that more than 76% companies have failed to submit the annual reports to SEBON on time for the fiscal year 2008/09.

Out of submitting companies, most of the companies have lately submitted their annual reports. The companies which have delayed on information disclosure are

not good for the investor. Because their might be arises uncertainty of security. The investor cannot make decisions regarding the business promptly due to the lack of information. Although the current disclosure practices in Nepal is not good in volume, but from the above table it seems that it has been taking quite improvement comparing with previous year.

4.2 Effect of Disclosure Practice on Companies ROA, MPS, NWPS, NPAT, TA and EBIT

The analysis has been done to show the effect of disclosure on companies' Return on Assets (ROA), Market Price per Share (MPS), Net Profit after Tax (NPAT) and Net worth per Share (NWPS). The analysis has been depends upon the different time period of disclosure practice. The sample companies have been divided into two parts i.e. submitting annual reports within 6 months and within one year after the expiry of the fiscal year respectively to the SEBON. The companies who have submitting annual reports within six months after the expiry of the fiscal year and within one year after the expiry of the fiscal year have been categorized as disclosing and non-disclosing companies respectively. The study has analyzed the effect of disclosure practice on above mentioned variables chi-square test is made to find whether there is significant difference between the above mentioned variables of disclosing and non-disclosing companies or not.

4.2.1 Effect of Disclosure Practice on Companies' MPS

It indicates the company's current price per share on market. It is a price at which outstanding shares are traded in the stock market. Market value in the secondary market determines by supply and demand factors and reflects the opinion of the investor and traders concerning the value of the stocks. MPS indicates the performance of the company whether a MPS is high or low is difficult to define. However, financial analysts have to compare it with the book value per share and

with the market price of share of other companies. The effect of the disclosure practices in MPS can be observed from chi square (χ^2) test.

Table 4.10
Observed Frequencies of MPS

Categories	Market price per share		
	Less than 500	Above 500	Total
Disclosing Companies	27	7	34
Non-Disclosing Companies	14	5	19
Total	41	12	53
Level of Significance	5%		
Degree of Freedom (df)	$(r-1)(c-1) = (2-1)(2-1) = 1$		
Calculated Value of χ^2	0.2282		
Tabulated Value of χ^2	3.84		

Source: Table 3.1 and Appendix 1.1

Since the calculated value of χ^2 0.2282 is less than tabulated value of χ^2 i.e. 3.841. Therefore, the null hypothesis is accepted. It means that there is no significant difference between the MPS of the disclosing and non-disclosing companies.

4.2.2 Effect of Disclosure Practice on Net Worth Per Share (NWPS) of Company

Net worth is owner's equity or book value of the company. It represents the assets value per share after deducting liabilities and preferred stock. The company having high NWPS indicates the good condition of the company. The following table presents the hypothesis testing of disclosure practices and its effects on NWPS.

Table 4.11
Observed Frequencies of NWPS

Categories	Net Worth Per Share		
	Less than 200	Above 200	Total
Disclosing Companies	30	7	37
Non-Disclosing Companies	9	7	16
Total	39	14	53
Level of Significance	5%		
Degree of Freedom (d.f.)	$(r-1)(c-1) = (2-1)(2-1) = 1$		

Calculated Value of χ^2	3.5330
Tabulated value of χ^2	3.84

Source: Company's Profile Recorded on SEBON and Appendix 1.2

Since calculated value of χ^2 i.e. 3.5330 is less than tabulated value of χ^2 i.e. 3.841. Therefore, null hypothesis is accepted. It means that there is no significant difference between the Net worth per share (NWPS) of the disclosing and non-disclosing companies. The NWPS of the disclosing and non-disclosing companies are same.

4.2.3 Effect of Disclosure Practice on Return on Assets (ROA)

The ratios of net income to total assets have been known as ROA. It is a tool of profitability ratio. It measures the success of firm in net return on assets and the firm's assets after interest and taxes as well. Increasing ratio is favorable for the company.

Table 4.12
Observed Frequencies of ROA

Categories	Return on Assets (ROA)		
	Less than 2%	More than 2%	Total
Disclosing Companies	22	16	38
Non-Disclosing Companies	9	6	15
Total	31	22	53
Level of Significance	5%		
Degree of Freedom (d.f.)	$(r-1)(c-1) = (2-1)(2-1) = 1$		
Calculated Value of χ^2	0.0204		
Tabulated Value of χ^2	3.84		

Source: Trading Report

Since the calculated value of χ^2 i.e. 0.020400 is less than tabulated value of χ^2 i.e. 3.841. Therefore the null hypothesis is accepted. It means that the NWPS of disclosing and non-disclosing companies are not significantly different.

4.2.4 Effect of Disclosure Practice on Net Profit after Tax (NPAT)

It is the net income of the company. All provision of fund, taxes and interests have been deducted already in NPAT. Profit is the backbone of the company. Since profit is the ultimate objective of the firm, poor performance here indicates a basic failure that, if not corrected, would probably result in the firms' going out of business. Therefore the increasing in NPAT is good for a company.

Table 4.13
Observed Frequencies of NPAT

Categories	Net Profit After Tax (NPAT)		
	Less than 10 Million	Above 10 Million	Total
Disclosing Companies	11	29	40
Non-Disclosing Companies	7	6	13
Total	18	35	53
Level of Significance	5%		
Degree of Freedom (d.f.)	$(r-1)(c-1) = (2-1)(2-1) = 1$		
Calculated Value of χ^2	3.0239		
Tabulated value of χ^2	3.84		

Source: Companies' Profile Recorded on SEBON and Appendix 1.4

Since calculated value of χ^2 i.e. 3.0239 is less than tabulated value of χ^2 i.e. 3.84. Therefore the null hypothesis is accepted. It means that the NPAT of disclosing and non-disclosing companies are same. This means, there is no significant difference between the NPAT of the disclosing and non-disclosing companies.

4.2.5 Effect of Disclosure Practice on Firm's Earnings before Interest and Tax (EBIT)

EBIT is a company's earnings from its core operations after it has reduced its cost of goods sold and its general operating expenses. EBIT does not include interest expense or others financing costs. Nor does it include income generated outside the normal activities of the company such as income from investments. We can

establish the relationship of the disclosure practice and its effects in EBIT from the following table.

Table 4.14
Observed Frequencies of EBIT

Categories	Earnings Before Interest and Tax (EBIT)		
	Less than 25 Million	Above 25 Million	Total
Disclosing Companies	30	7	37
Non- Disclosing Companies	9	7	16
Total	39	14	53
Level of Significance	5%		
Degree of Freedom (d.f.)	$(r-1) (c-1) = (2-1) (2-1) = 1$		
Calculated Value of χ^2	3.5330		
Tabulated Value of χ^2	3.84		

Source: Companies' Profile and Appendix 1.5

Since calculated value of χ^2 i.e. 3.533 is less than tabulated value of χ^2 i.e. 3.84. Therefore null hypothesis is accepted. It means that the EBIT of disclosing and non-disclosing companies are same. There is no significant difference between the EBIT of the disclosing and non-disclosing companies.

4.2.6 Effect of Disclosure Practice on Firm's Total Assets (TA)

The financial resource owned by the firm is known as sheet. The total asset has been mentioned in firm's balance sheet. The total assets consist of current assets that can be rapidly turned into cash and fixed assets such as plant and machinery. Assets are economic resources that are acquired with a view to produce economic benefits they can be patents copy rights that provide financial advantages for their holder.

Table 4.15
Observed Frequencies of TA

Categories	Total Assets (TA)		
	Less than 50 corer	Above 50 corer	Total
Disclosing Companies	9	29	38
Non-Disclosing Companies	10	5	15
Total	19	34	53
Level of Significance	5%		
Degree of Freedom (d.f.)	$(r-1) (c-1) = (2-1) (2-1) = 1$		
Calculated Value of χ^2	8.8266		
Tabulated Value of χ^2	3.84		

Source: Companies' Profile and Appendix 1.6

Since the calculated value of χ^2 i.e. 8.6288 is greater than tabulated value of χ^2 i.e. 3.84. Therefore the null hypothesis is not accepted. It means there is significant difference between the TA of the disclosing and non-disclosing companies. TA of the companies has been affected by disclosure practice.

4.3 Major Findings of the Study

The status of annual report disclosure by total listed companies from the last five fiscal years are not good in volume but it has been taking quite improvement comparing with previous years.

) Accounting and Auditing Standards are converging towards international best practices with the progress on the activities of accounting standards board and auditing standards board under the umbrella of the Institute of Chartered Accountant, Nepal Act. Although there is a need for developing practical and effective means to implement the standards. Capacity of these agencies has to be build accounting and auditing manpower and to enforce the standards.

- J Most of the listed companies have failed to submit annual reports to the SEBON and NEPSE on time.
- J Disclosing time period have affects on TA of the companies. Disclosing companies have higher TA than non-disclosing companies.
- J Although disclosing time period have not affect on companies other variables such as MPS, NWPS, NPAT, and ROA, the companies should disclose their information timely.
- J Regarding the information disclosure of the listed companies, most of them have not been able to disclose their semi-annual and annual reports within the prescribed time.
- J Among the sector wise disclosure trend, the disclosure trend of commercial banks has been found better comparing to other sectors.
- J Generally the corporate sector is not transparent. The culture of keeping books of account secret is still alive. Minority shareholders have no access to the books of accounts kept as secret documents.
- J From the analysis part it can be concludes that the listed companies are not fulfilling the disclosure norms since even now many of them do not conduct annual general meeting timely in the absence of the annual and audit report produced within the time framework specified in respective acts, laws and internal rules and regulations.
- J Price sensitive information is not provided immediately to investors and there is still play on insider trading on information before coming to the public due to delays in information disclosure.
- J Nepal lags behind to develop a healthy capital market with a sound financial infrastructure through the Nepal stock exchange was formalized twenty-five years ago in 1985 and NEPSE established in 1994. Regularly measures are slowly updating incorporating the contemporary issues but that has not been found effective because of governance problem in the corporate sector.

- J The current status of information disclosure in Nepalese securities market cannot be taken as satisfactory. The issuing companies are mostly found to present rosy picture in their prospectus, forecasting high net worth, high net profit and high dividends, which are found to differ significantly from the actual performance.
- J The companies' disclosure norms are still a problem because the regulatory bodies are not finding so easy to enforce the full disclosure of information. The provisioning of information disclosure norms specified in various acts, byelaws, directives and guidelines pertinent to securities transactions and determination of securities price is not satisfactorily followed due to authority overlapping and conflict of laws and regulations.
- J The role of securities market is vital in the economic development of a country. It provides a medium to mobilize financial resources from the non-productive sector to the productive sector. However, we cannot think of an efficient securities market unless it is transparent enough to win the confidence of the investors and other stakeholders. In this respect, concerned authorities should collaborate to address all the relevant issues concerned with information disclosure as well as give higher priority to enhance the transparency level of the market.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This portion includes main preference of the study in brief. Indeed, the attitude, suggestion, views and comments of the respondents from various sectors have been presented into specific terms so that the conclusion and findings would be obtained for the best recommendation.

5.1 Summary

Corporate information disclosure works as the mediator through which a corporation can communicate to the outside world. Disclosure is the principle of reporting financial and non-financial information which was expressed in brochure, prospectus, corporate and annual report, financial press release, interior report, trade association publications, brokerage house analysis and government economic reports. Information is an important element of securities market. Therefore, company should have disclose their financial and non-financial information completely, accurately, timely and opening to shareholders and other stakeholders for the purpose of enhancing their participation and protecting their benefits. Investors can make rational investment decision with the help of sufficient information. Timely disclosure of market information such as ask and bid prices, trading amount and price, traded companies, actual demand and supply of securities, types of transaction etc. helps investors to make rational decision and to determine the time to enter the market and exist from it. It is a worldwide practice among companies to influence general public by publishing such information, which seems to be right, but is actually twisted. If it is practiced with produce and to limited extent, such manipulations are condemned. The disclosure

of information is valuable for economic decision making to the shareholders, lenders, employees, bankers, government, customers and general public.

A good disclosure practice is essential to bring transparency in the securities market. Inadequate disclosure practices and poor transparency discourage potential investors from investing in the securities market. In order to secure investors' confidence and commitments, flow of information is a must as investors can make informed decision in securities market only with adequate information. Informed decisions of investors not only help to establish price of securities but also help to attract additional investors in the market.

It is mandatory for listed companies to disclose all price sensitive information continuously to the stock exchange once such information becomes available or generated in the company. They are also required to submit semi-annual reports within sixty days after the end of that period and annual reports within four months after the end of a fiscal year to the stock exchange and SEBON. If they fail to file their audited financial reports for more than two years, Nepal Stock Exchange Ltd. (NEPSE) can de-list the company as per provision of its securities listing bye-laws. Securities listing Bye-laws of NEPSE have prescribed that all the above mentioned information and reports disclosed by listed companies are to be made public by NEPSE. The institutions disseminating information are issuing companies and stock exchange. After listing they have to disclose periodic and other material information (securities act, 2006). In order to see whether corporate bodies have been able to disclose their annual report to the concerned regulatory bodies on time or not, the annual report submission of all listed companies has been observed. The status of annual report submission by listed companies shows the present disclosure practices in Nepal. The data regarding annual report submission recorded by SEBON has been used to analyze the annual report disclosure practices by Nepalese listed companies.

The study has attempted to identify the effect of disclosure on some characteristics of the companies in Nepal, which are associated with, and probable implication of the quality of corporate disclosure. For this, some objectives have been set out in the first chapter. In order to accomplish the aim of the study a sample of 53 listed companies have randomly been selected out of total 159 listed companies. Related data have been collected manually from the annual reports from SEBON records. Chi-square test has been carried out in order to test the significance of the relationship between the company characteristics of disclosure and non-disclosure companies.

5.2 Conclusion

The major conclusion of this study is that among the sector wise disclosure status, the disclosure status of commercial banks has been found better comparing to other sectors. The finance companies are in second position in disclosing annual reports and insurance companies, development banks, hotel and others, manufacturing companies and trading companies will come simultaneously in ranking of disclosure status. The disclosure status of trading companies is in poor state from the beginning.

Disclosure is the pervasive thing which is to be honestly and fairly conveyed by the corporation to their shareholders. Most of the listed companies have failed to submit annual reports to the SEBON and NEPSE on time. All information is not adequately disclosed in the annual report of the most of the companies.

Disclosing time period have affects on TA of the companies. Disclosing companies have higher TA than non-disclosing companies. Although disclosing time period have not affect on companies other variables such as MPS, NWPS, NPAT, and ROA, the companies should disclose their information timely.

5.3 Recommendations

On the basis of analyzing current disclosure practice of listed companies and other studies, following recommendation regarding " Status and Trend of Information Disclosure Practice and Its' Impact on Different Variable (A Case Study of Nepalese listed Companies)" have been made:-

-) The regulatory bodies should regularly educate the corporate bodies on the information disclosure issues. Similarly, the investors should also be educated on information disclosure issues. It can be done by organizing workshops and seminars on corporate disclosure and through other media and publications.
-) The bracket of listing of companies should be enhanced. The corporate complains and regularity body's efficiency should be strengthened.
-) Although prevailing securities legislations have provisions for imposing penalty to the non-complying companies, necessary procedures for taking such actions are lacking. Initiatives should be taken to develop such procedures by making separate provisions for taking action to the non-compliers regarding information disclosure.
-) Present system of de-listing securities to penalize the non-compliance with reporting requirement is not investor friendly. It prevents their right to sell their securities. So, consideration should be given to adopt other types of actions in case of failure to file reports to stock exchange.
-) Although prospectus normally contains all the important information about the issuing company, prospectuses prepared by the listed companies are lacking international standards. Therefore, with a view to make the prospectus more informative and comprehensive, consideration should be given to review the prescribed contents of prospectus. The actual performance and track record of an issuing company is more important than

its financial projections. On this light more emphasis should be given to the past performance of an issuing company rather than its financial projections. Hence, the present requirement of presenting financial projection in the prospectus should be reviewed.

- J There is lack of uniformity and consistency in semi-annual and annual report of listed companies. Furthermore, these reports do not cover all aspects of their operation. Therefore, to have better disclosure of the operating results of listed companies, initiatives should be taken to develop a standard format for semi-annual reports. Moreover, provision should be made to publish their annual and other periodic financial statements in national level newspapers. Similarly, the provision to submit quarterly reports should also be considered for all listed companies.
- J Prevailing rules and regulations have different provisions regarding information disclosure. As per the companies Act, 1997, corporate bodies as required to disclose their yearly operations within six months after the end of fiscal year, whereas securities legislations have prescribed four months for the same. Bank and financial institutions ordinance and insurance act also has a different provisions on this regard. Such provisions should be reviewed to eliminate in consistencies.
- J Nepalese securities market is lagging in the use of information technology. Initiatives should be directed towards making better use of such technology, which helps to adopts electronic corporate reporting system that saves both time and cost. SEBON, NEPSE and company registrar's office (CRO) should develop websites containing all kinds of corporate information and keep them updated. Transparency of corporate sector can also be enhanced by making the corporate bodies to develop their own websites, which incorporates price sensitive information and periodic reports.
- J According to the securities Act, 2006, issuing companies have to prepare prospectus at the time of public issue. After listing they have to disclose

periodic and other material information. However, specific format of the prospectus has not been prescribed yet to confirm the requirement of the securities Act, 2006 and companies Act, 2006. In lack of specific standards the listed companies under the same group do not have uniformity in corporate disclosure. Also there is no any mechanism within the securities regulator for the review of corporate information to test the reliability. SEBON should focus to play its role in infrastructure development, enhance disclosure standards and take enforcement actions to ensure fairness and transparency in the market.

- J Publication of mandatory financial disclosures such as annual and semi-annual reports may not be sufficient, publication of semi-annual reports after having reviewed and adopted by the board, inclusion of earning data would enhance the quality of reports. After the half yearly reporting is in order, shifting to quarterly reporting system would help the investors to be informed of companies' performance more accurately in a timely manner. Besides, the standard of accounting and auditing should converge to the international norms and practices.
- J There are many disclosure issues and there is need for improvement of disclosure norms. The regulations should think of under taking significant measures for upgrading the quality and contents of disclosure standards that help in promoting the capital market in the country. Efforts should be made for encouraging the listed companies to comply with legal provisions such as submitting the financial reports timely, making access to price sensitive information to investors, discourage inside trading on information, presenting true information in the prospectus. Besides this various encouraging measures such as rewarding the companies which disclosure the information best, can also be practiced.

Avenues for Further Research

Research in any area is important in order to gain idea about that field. In corporate sector, research in information disclosure practice is one of the demanding and interesting area. There are several avenues for further study in the areas of corporate information disclosure and it's impact on different variables. As it is perhaps the first study of its kind in case of Nepal. Further study in the same field can be done with the comparative analysis of information disclosure practice with the other countries' disclosure practices.

This study has used chi- square test (a non- parametric test) to examine the hypothesis related to information disclosure practice and its impact on different variables. The other tools such as variance ratio tests (also a non- parametric test) can be applied for analysis.

The listed companies are categorized into different sectors. As per the sector, their information disclosure practice is also different. The commercial banks are comparatively more transparent as compare to other sectors like manufacturing, trading etc. The comparative study of information disclosure practice of these sectors can be the important areas for further study.

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APPENDICES

Appendix – 1

Calculation of Expected Frequencies and Chi-square

1) Effect of Disclosure Practice on Companies' MPS

$$E(27) = \frac{34 \times 41}{53} = 26.302$$

$$E(7) = \frac{34 \times 12}{53} = 7.698$$

$$E(14) = \frac{19 \times 41}{53} = 14.698$$

$$E(5) = \frac{19 \times 12}{53} = 4.302$$

Computation of Chi-square (χ^2)

O	E	O-E	[(O-E)] ²	[(O-E) ² /E
27	26.302	0.698	0.487	0.0185
7	7.698	-0.698	0.487	0.0633
14	14.698	-0.698	0.487	0.0331
5	4.302	0.698	0.487	0.1133
[(O-E) ² /E				= 0.2282

2) Effect of Disclosure Practice on Net Worth per Share (NWPS) of Company

$$E(30) = \frac{37 \times 39}{53} = 27.23$$

$$E(7) = \frac{37 \times 14}{53} = 9.77$$

$$E(9) = \frac{16 \times 39}{53} = 11.77$$

$$E(7) = \frac{16 \times 14}{53} = 4.23$$

Computation of chi-square (χ^2)

O	E	(O-E)	(O-E) ²	(O-E) ² /E
30	27.23	2.77	7.6729	0.2818
7	9.77	-2.77	7.6729	0.7854
9	11.77	-2.77	7.6729	0.6519
7	4.23	2.77	7.6729	1.8139
O = 53	E = 53		(O-E) ² /E = 3.5330	

3) Effect of Disclosure Practice on Return on Assets (ROA)

$$E(22) = \frac{38 \times 31}{53} = 22.23 \quad E(16) = \frac{38 \times 22}{53} = 15.77$$

$$E(9) = \frac{15 \times 31}{53} = 8.77 \quad E(6) = \frac{15 \times 22}{53} = 6.23$$

Computation of chi-square (χ^2)

O	E	(O-E)	(O-E) ²	(O-E) ² /E
22	22.23	-0.23	0.0529	0.002380
16	15.77	0.23	0.0529	0.003545
9	8.77	0.23	0.0529	0.006032
6	6.23	-0.23	0.0529	0.008490
O = 53	E = 53		(O-E) ² /E = 0.0204	

4) Effect of Disclosure Practice on Net Profit After Tax (NPAT)

$$E(11) = \frac{40 \times 18}{53} = 13.58 \quad E(29) = \frac{40 \times 35}{53} = 26.42$$

$$E(7) = \frac{13 \times 18}{53} = 4.42 \quad E(6) = \frac{13 \times 35}{53} = 8.58$$

Computation of chi-square (χ^2)

O	E	(O-E)	(O-E) ²	(O-E) ² /E
11	13.58	-2.58	6.6564	0.4902
29	26.42	2.58	6.6564	0.2519
7	4.42	2.58	6.6564	1.5060
6	8.58	-2.58	6.6564	0.7758
O = 53	E = 53		(O-E) ² /E = 3.0239	

5) Effect of Disclosure Practice on Firm's Earnings before Interest and Tax (EBIT)

$$E(30) = \frac{39 \times 37}{53} = 27.23 \quad E(7) = \frac{14 \times 37}{53} = 9.77$$

$$E(9) = \frac{39 \times 16}{53} = 11.77 \quad E(7) = \frac{14 \times 16}{53} = 4.23$$

Computation of chi-square (χ^2)

O	E	(O-E)	(O-E) ²	(O-E) ² /E
30	27.23	2.77	7.6729	0.2818
7	9.77	-2.77	7.6729	0.7854
9	11.77	-2.77	7.6729	0.6519
7	4.23	2.77	7.6729	1.8139
O = 53	E = 53		(O-E) ² /E = 3.5330	

6) Effect of Disclosure Practice on Firm's Total Assets (TA)

$$E(9) = \frac{19 \times 38}{53} = 13.62 \quad E(29) = \frac{34 \times 38}{53} = 24.38$$

$$E(10) = \frac{19 \times 15}{53} = 5.38 \quad E(5) = \frac{34 \times 15}{53} = 9.62$$

Computation of chi-square (χ^2)

O	E	(O-E)	(O-E) ²	(O-E) ² /E
9	13.62	-4.62	21.3444	1.5671
29	24.38	4.62	21.3444	0.8755
10	5.38	4.62	21.3444	3.9674
5	9.62	-4.62	21.3444	2.2188
O = 53	E = 53		(O-E) ² /E = 8.8266	

Appendix- 2

TA, NPAT, NWPS, MPS, EBIT and ROA of the Sample Companies

(Amount in
million)

Finance Companies	EBIT	TA	NPAT	NWPS	MPS	ROA %
Mahalaxmi	60.72	763.00	14.80	144.09	260	1.94
Lalitpur	74.80	922.13	19.00	188.87	245	2.06
General	28.20	278.92	7.13	155.87	150	2.56
Gorkha	23.55	290.68	7.00	145.49	105	2.41
Narayani	47.54	585.43	13.41	156.99	224	2.29
National	50.36	820.28	16.51	184.65	263	2.01
People	44.00	594.20	3.80	120	111	0.64
Kist Merchant	68.46	910.07	16.51	114.60	153	1.81
Annapurna	102.62	1176.18	30.88	195.18	500	2.63
Pokhara	61.34	890.98	1.83	168.87	410	0.21
Kathmandu	34.59	373.88	8.66	156.17	140	2.32
Nava Durga	22.89	325.28	6.52	129.70	110	2.00
Alpic	62.41	2499.63	36.40	177.98	276	1.46
Goodwill	38.54	451.59	7.40	120.31	185	1.64
United	54.29	644.78	12.71	120.68	154	1.97
NIDC Capital Market	75.06	773.85	35.33	154.51	208	4.57
International Leasing	79.83	1191.85	12.82	120.80	147	1.08
Om	53.43	586.71	10.88	159.68	204	1.85
Nepal Share Market	113.88	1553.04	27.07	111.55	145	1.74
Siddhartha	48.27	470.87	13.54	132.78	158	2.88

Sources: Related Annual Reports

Development Banks	EBIT	TA	NPAT	NWPS	MPS	ROA %
Nepal Development	(61.76)	1352.10	(161.66)	(138.22)	102	(11.96)
Development Credit	147.94	2605.94	32.84	1131.29	390	1.26
Paschimanchal	29.80	802.55	8.30	377.87	100	1.92
Nirdan Uthan Bikas	27.86	303.50	5.84	130.48	103	1.03

Sources: Related Annual Reports

Hotels and Others	EBIT	TA	NPAT	NWPS	MPS	ROA %
Oriental Hotel	39.62	1527.89	(27.88)	(8.52)	44	(1.82)
Chilime Hydropower	426.20	2084.47	507.76	153.72	400	24.36

Sources: Related Annual Reports

Insurance Companies	EBIT	TA	NPAT	NWPS	MPS	ROA %
Nepal Life Insurance	46.26	1868.63	46.26	100	427	2.48
Life Insurance Co. Ltd.	28.34	1429.79	17.87	100	370	1.25
Himalayan General	16.32	176.79	11.97	200	189	6.77
Prudential	12.48	208.68	8.59	107.69	145	4.12
United Insurance	13.17	194.04	8.68	201.35	125	4.47
Premier Insurance Co. Ltd.	18.62	191.68	13.06	376.87	200	6.81
NECO Insurance Co. Ltd.	3.99	186.22	0.30	209.70	90	0.16
Sagarmantha Insurance Co. Ltd.	23.33	268.42	16.90	260.44	210	6.30

Sources: Related Annual Reports

Manufacturing Companies	EBIT	TA	NPAT	NWPS	MPS	ROA %
Birat Shoe	0.76	79.60	(16.13)	189.88	50	(20.26)
Unilever Nepal Ltd.	306.45	224.91	238.16	243.20	2500	-
Bottlers (Balaju)	26.30	776.57	24.96	361.54	500	(6.21)
Bottlers (Terai)	(25.49)	418.74	(26.02)	217.56	400	3.21
Gorakhakali Rubber Udyog	(7.27)	161.95	(81.72)	(91.27)	39	50.46

Sources: Related Annual Reports

Trading Companies	EBIT	TA	NPAT	NWPS	MPS	ROA %
Bishal Bazaar	37.38	39.44	27.91	144.50	2271	7.07
Salt Trading	195.37	185.46	29.05	6251.35	316	1.57
Nepal Welfare	0.095	2.86	0.095	69.75	95	3.34

Sources: Related Annual Reports

Commercial Banks	TA	NPAT	NWPS	MPS	ROA %
NABIL	22329.97	635.26	381.36	2240	2.84
Nepal Investment	21330.14	350.54	239.67	1260	1.64
Standard Chartered	25776.33	658.76	468.22	3775	2.56
Himalayan Bank Ltd.	29460.39	467.46	228.72	1100	1.59
Nepal SBI	13035.84	117.00	153.44	612	0.90
Everest	15959.28	237.20	185.87	1379	1.49
Bank of Kathmandu	12278.33	202.44	181.14	850	1.65
Laxmi	10383.60	35.30	127.74	496	0.34

Machhapuchhre	9069.83	134.00	130.22	320	1.48
Kumari	9010.28	103.67	138.22	443	1.15

Sources: Related Annual Reports

Securities Board of Nepal
Surveillance Department
Corporate Reporting Status
Status of Minuting Submission 2065/066

Till 2066-11-09

S.N	Listed Companies	Date to be Submitted	Date of Submission	Status
	Commercial Bank			
1	Nabil Bank Ltd.	2066/09/06	2066/09/10	Late Submission
2	Nepal Investment Bank Ltd.	2066/07/07		Not yet Submitted
3	Standard Chartered Bank Ltd.	2066/08/17	2066/08/12	Timely Submission
4	Himalayan Bank Ltd.			Not yet Submitted
5	Nepal SBI Bank Ltd.	2066/10/27	2066/10/18	Timely Submission
6	Nepal Bangladesh Bank Ltd.			Not yet Submitted
7	Everest Bank Ltd.	2066/08/21	2066/08/19	Timely Submission
8	Bank of Kathmandu Ltd.	2066/10/09	2066/09/14	Timely Submission
9	Nepal Industrial & Commercial Bank Ltd.	2066/10/03	2066/09/13	Timely Submission
10	Machhachapuchhre Bank Ltd.			Not yet Submitted
11	Laxmi Bank Ltd.	2066/10/26	2066/10/07	Timely Submission
12	Kumari Bank Ltd.	2066/08/28	2066/08/15	Timely Submission
13	Lumbini Bank Ltd.	2066/09/25	2066/09/24	Timely Submission
14	Nepal Credit & Com. Bank Ltd.			Not yet Submitted
15	Siddhartha Bank Ltd.	2066/10/27	2066/10/21	Timely Submission
16	NMB Bank Ltd.			Not yet Submitted
17	Development Credit Bank Ltd.	2066/09/25	2066/09/23	Timely Submission
18	Global Bank Ltd.			Not yet Submitted
19	Kist Bank Ltd.			Not yet Submitted
20	Citizen Bank International Nepal Ltd.	2066/06/29	2066/06/22	Timely Submission
21	Bank of Asia Nepal Ltd.	2066/10/20	2066/10/12	Timely Submission
22	Prime Bank Ltd.	2066/10/21	2066/09/29	Timely Submission
23	Sunrise Bank Ltd.	2066/10/17	2066/10/10	Timely Submission
	Finance Company			
1	Nepal Finance and Saving Company Ltd.			Not yet Submitted
2	NIDC Capital Markets Ltd.			Not yet Submitted
3	National Finance Company Ltd.			Not yet Submitted
4	Nepal Share Markets and Finance Ltd.			Not yet Submitted
5	Annapurna Finance Company Ltd.	2066/08/26	2066/08/16	Timely Submission
6	Kathmandu Finance Ltd.			Not yet Submitted

7	Peoples Finance Ltd.			Not yet Submitted
8	Union Finance Company Ltd.			Not yet Submitted
9	Citizen Investment Trust			Not yet Submitted
10	Nepal Aawas Bikas Beeta Company Ltd.	2066/10/24	2066/10/04	Timely Submission
11	Narayani Finance Ltd. & National Fin	2066/10/27	2066/10/24	Timely Submission
12	Yeti Finance Company Ltd.			Not yet Submitted
13	Gorkha Finance Ltd.			Not yet Submitted
14	Samjhana Finance Company Ltd.			Not yet Submitted
15	Universal Finance Ltd.			Not yet Submitted
16	Nepal Housing & Merchant Finance Ltd.			Not yet Submitted
17	General Finance Ltd.			Not yet Submitted
18	Maha Laxmi Finance Ltd.	2066/10/24	2066/10/27	Late Submission
19	Lalitpur Finance Ltd.	2066/10/30	2066/10/25	Timely Submission
20	Goodwill Finance Company Ltd.	2066/11/25	2066/10/26	Timely Submission
21	Paschimanchal Finance Company Ltd.			Not yet Submitted
22	Pokhara Finance Ltd.	2066/11/22	2066/11/04	Timely Submission
23	Lumbini Finance & Leasing Company Ltd.	2066/10/30	2066/10/19	Timely Submission
24	Siddhartha Finance Ltd.	2066/11/02	2066/10/14	Timely Submission
25	Alpic Everest Finance Company Ltd.			Not yet Submitted
26	Shikhar Bittaya Sanstha Ltd.			Not yet Submitted
27	United Finance Ltd.			Not yet Submitted
28	International Leasing & Finance Company Ltd.	2066/10/29	2066/10/28	Timely Submission
29	Shree Investment Finance Company Ltd.	2066/08/26	2066/08/23	Timely Submission
30	Central Finance Company Ltd.			Not yet Submitted
31	Nepal Shree Lanka Merchant Bank Ltd.			Not yet Submitted
32	Premier Finance Company Ltd.			Not yet Submitted
33	Nava Durga Finance Company Ltd.			Not yet Submitted
34	Butwal Finance Ltd.			Not yet Submitted
35	Janaki Finance Ltd.	2066/10/25	2066/10/04	Timely Submission
36	Standard Finance Ltd.			Not yet Submitted
37	Om Finance Ltd.	2066/10/30	2066/10/14	Timely Submission
38	CMB Finance Ltd.	2066/10/30	2066/10/12	Timely Submission
39	Fewa Finance Company Ltd.	2066/10/03	2066/09/22	Timely Submission
40	World Merchant Banking & Finance Ltd.			Not yet Submitted
41	Birgunj Finance Ltd.			Not yet Submitted
42	Capital Merchant Banking & Finance Ltd.			Not yet Submitted
43	Everest Finance Ltd.			Not yet Submitted
44	Prudential Bittiya Sanstha Ltd.			Not yet Submitted
45	Srijana Finance Ltd.			Not yet Submitted

46	Royal Merchant Banking & Finance Ltd.	2066/10/04	2066/09/08	Timely Submission
47	Guheswori Merchant Banking & Finance Ltd.			Not yet Submitted
48	IME Financial Institution Ltd.			Not yet Submitted
49	Bhajuratna Fin. & Saving Company Ltd.			Not yet Submitted
50	Patan Finance Ltd.			Not yet Submitted
51	Imperial Financial Institutional Ltd.			Not yet Submitted
52	Civil Merchant Bitty Sanstha Ltd.			Not yet Submitted
53	ICFC Bitty Sanstha Ltd.	2066/09/28	2066/09/14	Timely Submission
54	Lord Buddha Financial Institutional Ltd.			Not yet Submitted
55	Sagarmatha Merchant Banking & Finance Ltd.			Not yet Submitted
56	Kaski Finance Ltd.	2066/10/25	2066/10/27	Late Submission
57	Nepal Express Finance Ltd.	2066/10/30	2066/10/25	Timely Submission
58	Kuber Merchant Bittiya Sanstha Ltd.			Not yet Submitted
59	Reliable Investment Bittiya Sanstha Ltd.	2066/09/29	2066/09/27	Timely Submission
60	Prabhu Finance Company Ltd.			Not yet Submitted
61	Merchant Finance Company Ltd.			Not yet Submitted
	Hotels			
1	Yak and Yeti Hotel Ltd.			Not yet Submitted
2	Soltee Hotel Ltd.	2066/10/02	2066/09/30	Timely Submission
3	Taragaon Regency Hotel Ltd.			Not yet Submitted
4	Oriental Hotel Ltd.	2066/06/30	2066/06/28	Timely Submission
	Manufacturing & Processing			
1	Bottlers Nepal Ltd. (Balaju)			Not yet Submitted
2	Nepal Lube Oil Ltd.			Not yet Submitted
3	Nepal Vanspati Ghee Udhyog Ltd.			Not yet Submitted
4	Raghupati Jute Millls Ltd.			Not yet Submitted
5	Butwal Spinning Mills Ltd.			Not yet Submitted
6	Gorakhakali Rubber Udhyog Ltd.			Not yet Submitted
7	Jyoti Spinning Mills Ltd.			Not yet Submitted
8	Arun Vanaspati Udhyog Ltd.			Not yet Submitted
9	Bottlers Nepal (Terai) Ltd.			Not yet Submitted
10	Harisiddhi Brick and Tile Factory Ltd.			Not yet Submitted
11	Birat Shoe Ltd.			Not yet Submitted
12	Unilever Nepal Ltd.	2066/09/11	2066/09/12	Late Submission
13	Nepal Khadya Udhog Ltd.			Not yet Submitted
14	Shree Bhrikuti Pulp & Paper Ltd.			Not yet Submitted
15	Fluer Himalayan Ltd.			Not yet Submitted

16	Shree Ram Sugar Mills Ltd.			Not yet Submitted
17	Nepal Bitumin and Barrel Udyog Ltd.			Not yet Submitted
18	Himalayan Distillery Ltd.	2066/10/22	2066/09/28	Timely Submission
	Others			
1	Nepal Film Development Company Ltd.	2066/10/30	2066/10/12	Timely Submission
2	Nepal Doorsanchar Company Ltd.			Not yet Submitted
	HydroPower			
1	National Hydro Power Company Ltd.			Not yet Submitted
2	Butwal Power Company Ltd.	2066/10/24	2066/10/12	Timely Submission
3	Chilime Hydro Power Company Ltd.			Not yet Submitted
4	Arun Valley Hydropower Dev. Co. Ltd.	2066/10/14	2066/10/15	Late Submission
	Tradings			
1	Salt Tradinng Corporation			Not yet Submitted
2	Bishal Bazar Company Ltd.	2066/10/25	2066/10/14	Timely Submission
3	Nepal Trading Ltd.			Not yet Submitted
4	Nepal Welfare Company Ltd.			Not yet Submitted
	Insurance			
1	Nepal Insurance Company Ltd.			Not yet Submitted
2	Rastriya Beema Sansthan			Not yet Submitted
3	National Life Insurance Company Ltd.			Not yet Submitted
4	Himalayan General Insurance Company Ltd.			Not yet Submitted
5	United Insurance Company Ltd.			Not yet Submitted
6	Everest Insurance Company Ltd.			Not yet Submitted
7	Premier Insurance Company Ltd.			Not yet Submitted
8	Neco Insurance Company Ltd.			Not yet Submitted
9	Alliance Insurance Company Ltd.			Not yet Submitted
10	Sagarmatha Insurance Company Ltd.			Not yet Submitted
11	NB Insurance Company Ltd.			Not yet Submitted
12	Nepal Life Insurance Company Ltd.			Not yet Submitted
13	Life Insurance Company Nepal Ltd.	2066/10/30	2066/10/28	Timely Submission
14	Prudential Insurance Company Ltd.			Not yet Submitted
15	Lumbini General Insurance Ltd.			Not yet Submitted
16	Shikhar Insurance Company Ltd.			Not yet Submitted
17	Siddhartha Insurance Ltd.			Not yet Submitted

	Development Bank			
1	Nepal Industrial Development Corporation			Not yet Submitted
2	Nepal Development Bank Ltd.			Not yet Submitted
3	Nirdhan Utthan Bank Ltd.	2066/09/28	2066/09/14	Timely Submission
4	Chhimek Uikash Bank Ltd.	2066/08/12	2066/07/20	Timely Submission
5	Paschimanchal Bikash Bank			Not yet Submitted
6	Infrastructure Development Bank Ltd.			Not yet Submitted
7	Diprox Development Bank Ltd.			Not yet Submitted
8	Gandaki Development Bank Ltd.			Not yet Submitted
9	Business Development Bank Ltd.			Not yet Submitted
10	Bhrikutee Bikash Bank Ltd.			Not yet Submitted
11	Sanima Bikash Bank Ltd.	2066/10/02	2066/09/28	Timely Submission
12	Narayani Development Bank Ltd.			Not yet Submitted
13	Bageshewari Development Bank Ltd.			Not yet Submitted
14	Sahayogi Bikash Bank Ltd.	2066/10/25	2066/10/20	Timely Submission
15	Gorkha Development Bank Ltd.			Not yet Submitted
16	Annapurna Bikash Bank Ltd.	2066/09/27	2066/09/21	Timely Submission
17	Swabalamwan Bikash Bank Ltd.			Not yet Submitted
18	Ace Development Bank Ltd.	2066/09/03	2066/09/03	Timely Submission
19	Himchuli Bikash Bank Ltd.			Not yet Submitted
20	Malika Bikash Bank Ltd.			Not yet Submitted
21	Siddhartha Development Bank Ltd.	2066/09/26	2066/09/26	Timely Submission
22	Biratnaxmi Bikash Bank Ltd.	2066/10/25	2066/10/11	Timely Submission
23	Excel Development Bank Ltd.			Not yet Submitted
24	Clean Energy Development Bank Ltd.	2066/10/23	2066/10/17	Timely Submission
25	Tribeni Bikash Bank Ltd.			Not yet Submitted
26	Pashupati Bikash Bank Ltd.	2066/11/27	2066/11/04	Timely Submission
27	Pruwanchal Grameen Bikash Bank Ltd.			Not yet Submitted
28	NDEP Bank Ltd.			Not yet Submitted
29	Subhechha Bikash Bank Ltd.	2066/10/18	2066/10/04	Timely Submission
30	Vibor Bikash Bank Ltd.			Not yet Submitted

Source: www.sebon.com.np