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- MARKET AHEAD
- MACROECONOMIC FACTORS
- NEPSE SCANNER
- MARKET SCANNER
- ARTICLE OF THE MONTH

+977-014529149/50, 01-5970175 Kamalpokhari, Kathmandu, Nepal www.garimacapital.com

Market Update:

In the month of Jestha, the NEPSE index increased by 35.11 points, rising from 2,620.27 to 2,655.38. Market activity also improved, with turnover and share volume increasing by 43.25% and 54.67%, respectively, while market capitalization rose by 1.48%. On May 25, the third quarter monetary policy review was published. Although the NRB reduced the risk weight on share mortgage loans from 125% to 100%, it did not lead to any significant positive movement in the share market.

Subsequently, the budget for fiscal year 2082/83 was announced on May 29. The budget contained no unfavorable provisions for the capital market, which initially boosted investor confidence. As a result, the market witnessed a brief rise the following day before beginning to decline again. Despite these developments, along with a continuous decline in interest rates and prolonged sideways movement, the market is now expected to show positive momentum in the near term.

NRB has released the Ten-months CME and Financial Situation Report of Nepal up to Baisakh 2082. Additionally, it has published the financial performance of BFIs for the same period. Commercial banks have announced the revised interest rates for Ashad 2082. The key highlights of these significant developments are summarized below:

1. In the first 10 months of the current FY, commercial banks earned a total net profit of Rs. 47.79 billion- down 1.67%, from Rs. 48.60 billion last year- with Nabil Bank leading at Rs. 5.6 billion, followed by Global IME (Rs. 5.35 billion) and Nepal Investment Mega Bank (Rs. 5.2 billion).

2. The government has unveiled Rs. 1.964 trillion budget for FY 2025/26, targeting 6% economic growth and aiming to maintain inflation below 5.5%.

3. NRB’s third quarterly review of Monetary policy for FY 2081/82 reduced the risk weight for share mortgage loans from 125% to 100% to boost stock market credit.

4. In the 11 months of FY 2081/82, government has collected revenue of Rs 10.28 trillion against a target of Rs 14.19 trillion, while capital and current expenditures have reached 40.7% and 74.68% of their respective targets.

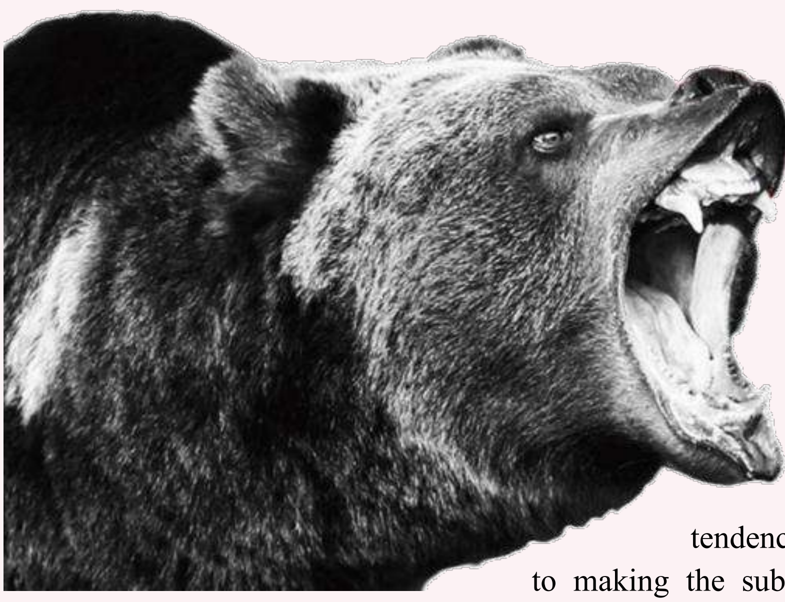
5. For the month of Ashad 2082, 5 banks have reduced individual rates on fixed deposits, while others have kept it unchanged. Deepest cut of 0.6% is made by NMB Bank from 6.6% to 6%. Kumari Bank has reduced individual FD rate by 0.2% to 5.71% while Everest Bank, Agriculture Development Bank and NIC Asia Bank have narrowed FD rate by 0.09%, 0.06% and 0.05% respectively. On average, individual fixed deposit rate for Ashad is 5.90% compared to 5.95% in Jestha 2082.

6. Per the Banking & Financial Statistics, the average CD Ratio of Banking sector (A, B, and C Class) is 79.13 which is lower than 79.45 of earlier month. NPL is unchanged at 5.24% compared to previous month and CAR has inclined to 12.42% from 12.39%. Weighted average interest rate has come down to 4.37% (saving 3.38%, fixed 5.97%) and weighted average rate on credit has fallen to 8.11%.

7. On the external front of the economy, remittance inflows rose by 13.2% to Rs. 1,356.61 billion as of mid-May 2024/25, with approximately Rs. 165.3 billion coming in between mid-April and mid-May alone. Exports inclined by 72.7%, while imports rose by 13.1% and the trade deficit increased by 6.7%. The balance of payments (BOP), current account balance, and gross foreign exchange reserves all grew to Rs. 438.52 billion, Rs. 255.93 billion, and $18.40 billion, respectively. Additionally, 405,610 Nepali workers received their first-time approval for foreign employment, while 280,314 received renewal entry approvals.

8. As per the CME Report, Y-o-Y deposits at BFIs has increased by 11.4% while the private sector credit has increased by just 8.4%. Monetary Policy has targeted the Private Sector Credit growth of 12.5% in FY 2081/82.

9. Over a five-year period, the investment volume of Nepal's life and non-life insurance companies has nearly doubled, rising from Rs 439.71 billion in FY 2077/78 to Rs 862.5 billion by the end of Chaitra 2081/82.



10. According to Nepal Tourism Board (NTB), Nepal welcomed 86,216 foreign tourist in May, 2025 i.e., 4.4% lower than the same month last FY. A total of 5,01,264 tourists has arrived in Nepal in the first five months of 2025.

Coda: Market is subject to several forms of risks, especially the fundamentals, and investors have tendencies to be behaviourally biased, leading to making the sub-par investment decisions. It's always important to screen the facts vs opinions. Facts are going to last the market long while opinion can likely make market volatile.

What's Your Risk Tolerance? Why Companies Fail to Build Resilience

***Author-* Loren Johnson (Risk Evangelist at Aravo)**

This question – what's your risk tolerance? – should be the foundation of every business' risk management program. And yet, it's a question few business leaders can confidently answer.

In a perfect world, organizations would aim to eliminate all risks. However, risk, and more specifically third-party risk, is ubiquitous. It stems from a wide array of areas that impact ecosystems of third parties, including but not limited to geopolitics, extreme weather, human rights violations, regulatory compliance, currency fluctuations, and both cyber and physical security.

In truth, no matter how robust the risk management program is, not all risks can be prevented. It's not a question of if a third-party incident will occur; it's a matter of when, how severely it will impact your business, and what you're willing to do to stop it.

Effectively navigating complex risks and their potential impacts requires a strategic, systematic approach, unflinching executive alignment, and a collaborative response – a skill that builds operational prowess and a shared commitment to resilience. And this becomes even more of a challenge when third parties – vendors, suppliers and external partners – are involved.

The Complexity of Third-Party Risk

The CrowdStrike outage, AT&T breach, and the Red Sea attacks are recent examples of the potentially extreme and varying impacts of the risks that lay within third-party vendors.

Whether it arises from a first-tier third party or nth-tier in the supply chain, external threats risk financial outcomes, operational efficiencies, service levels, brand reputation, intellectual property and business continuity.

Risk management is complex, requiring a significant amount of digital and physical supply chain visibility and transparency, data, and executive-level leadership – a fact that today's vast and interdependent global networks of suppliers only serve to exacerbate. According to Gartner, 60% of companies work with more than 1,000 third parties. As companies continue to expand their third-party networks, exposure to pertinent risks only increases.

Furthermore, the potential for consumer backlash and a quickly developing regulatory environment (see Germany's Due Diligence Act (LkSG) that holds companies responsible for the nth degree of their supply chains, and the EU's Digital Operational Resilience Act (DORA)) are upping the ante, increasing the already significant pressures on enterprises to streamline and enhance their risk programs.

The Failure Points

Despite its importance, companies often lack a resilience plan that effectively addresses and manages the complexities of third-party risk. Here's why:

Lack of leadership commitment:

The days of ad hoc risk management are long past. Its complexity and direct ties to strategy execution and success require focused, dedicated leadership and top-level alignment. Without it, companies leave themselves highly vulnerable, waste resources, and gamble their brand, profits, and growth – and the odds aren't in their favor.

Leaders must advocate for a comprehensive, clearly defined risk management and execution strategy that reflects business needs and goals. Prioritization at the leadership level will help instill a risk-centric, responsive culture that quickly combats new threats as they arise and ensures teams take a proactive, risk-aware approach to assessing third-party engagements.

Overestimated risk maturity:

Companies often underestimate their risk exposure and overestimate their risk maturity, a gap that leaves them vulnerable to reputational damage, legal liabilities, and financial consequences. For example, executives may have the sense that they have good programs and reporting in place when, in actuality, as many rely on manual or offline processes, they would have difficulty passing an audit or defending their approach to an agency.

Additionally, siloed data with limited organization-wide sharing, outdated technology, and manual processes hamper effective identification and management of risk and cripple collaboration, introducing room for costly errors.

Scattered focus:

Companies looking to take aggressive action against the many risks in their supply chains often tackle too many risk domains at once. However, in the end, scattered efforts that do not effectively address the most imminent threats first simply fail.

The good news is that regulatory agencies understand this. Although regulation is always evolving and can feel like an uphill battle, regulatory agencies often aren't looking for absolutes, but a reasonable approach and progress. Take things step by step, and make sure to build something auditable and defensible.

How to Better Tackle Risk

A mature risk program is about more than meeting regulatory requirements; it's a strategic cornerstone, assisting in defining and supporting business growth strategies, helping to answer questions such as whether to launch a new product or step into a new market. It ensures you stay ahead of risks and are prepared for the future, whatever it may bring, while doing business better, with integrity and standards that reflect well upon your brand.

Here are a few strategies to help better tackle risk.

Identify the organization's risk tolerance –

The acceptable level of risk. After you've accepted a risk and applied controls and preventative measures, it's the remaining or residual risk you can reasonably justify to stakeholders and regulators –if or when a risk incident slips through, despite the safeguards and contingency plans in place.

Risk tolerance may be distinct to business categories, divisions or locations, or even by risk domain. Some risks, such as human rights violations, cybersecurity or regulatory compliance, should be zero tolerance from the get-go. Others will be more fluid, evaluated as you go, and perhaps escalated to executives for final decision-making.

Your risk tolerance should be well-defined but also allow for some adaptation as conditions change. We recommend that organizations define and document risk tolerance within their internal policies, outlining acceptable scenarios, like an IT engagement with sufficient controls in place, or unacceptable scenarios, like government sanctions.

Choose a champion:

Although the exact structure will depend on the industry, a centralized risk program with a single owner (rather than one led by multiple department heads), supported by a shared data source, enables a more efficacious program.

The best systems are led by a singular champion, an advocate who can communicate urgency, fight for executive buy-in, align stakeholders and ensure risks don't slip through the cracks. Depending on the industry, risk programs may lie with chief risk officers (CROs), chief information security officers (CISOs) or heads of procurement.

Prioritize your risks:

You can't track everything at once, but it's important to tackle the right things first, leaving room for adaptation and continuous improvement as the risk landscape, appetite and tolerance evolve. The best way to optimize your risk program for optimal value extraction is to think big, start small, and grow fast.

Start small by establishing a technology foundation that enables you to address one or two key risks, allowing you to deliver immediately measurable business value.

Think big by creating a program that prioritizes key risk areas in the supply chain – such as cybersecurity, modern slavery, and sustainability – while aligning with overall business objectives.

Grow fast by leveraging your foundation and success to rapidly expand the program into additional risk domains, and implement risk-based due diligence, continuous monitoring and supplier performance management, and drive improvements in processes and technology.

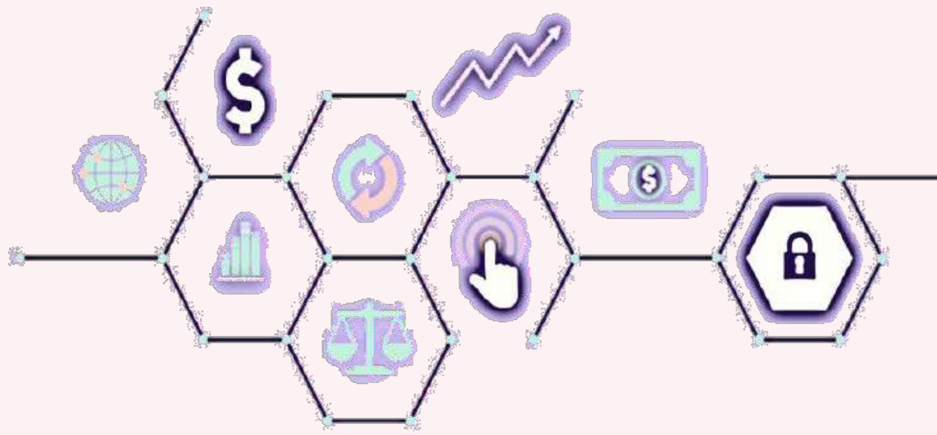
Risk isn't static, and nor should your risk processes be. A mature third-party risk management program involves proactively reviewing and continuously monitoring third-party information and metrics, such as key risk indicators or financial information, to identify potential issues like environmental offenses or human trafficking.

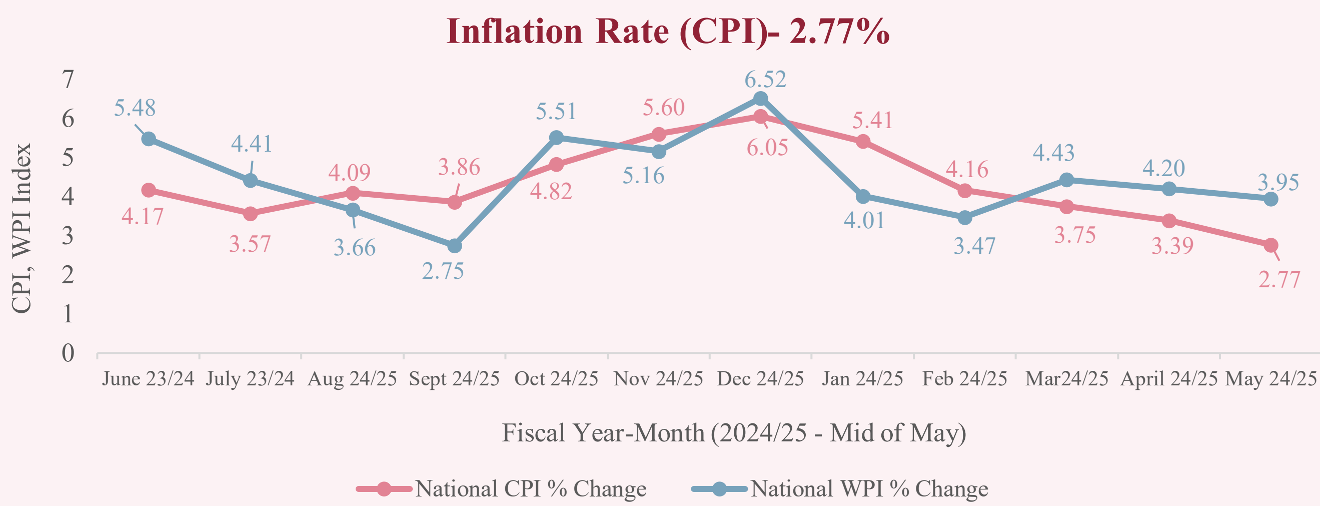
By starting small, thinking big, and growing fast, organizations can begin to deepen the trust that binds their third-party network and shift their focus from governance and administration to cultivating a more collaborative ecosystem that drives innovation, strategic growth and enhanced performance. All while delivering the ultimate strategic value – a brand people can trust.

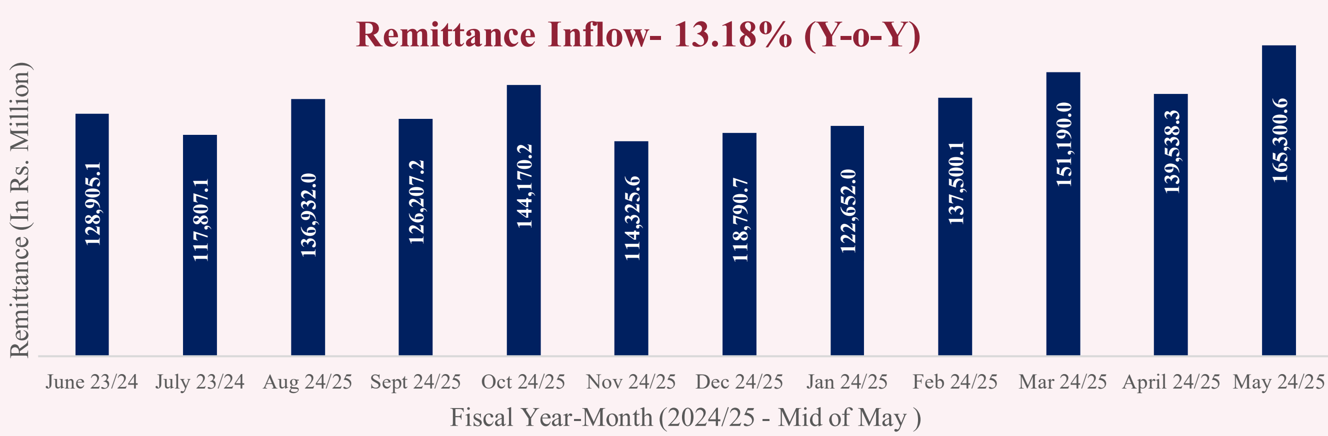
Loren Johnson is a Risk Evangelist at Aravo, a third-party risk management solution provider. Driven by a passion for innovation and solving business challenges, he is a long-term TPRM advocate with an MBA in International Management from Thunderbird, and more than 30 years working in the technology sector.

> ***If you don't invest in risk management, it doesn't matter what business you're in, it's a risky business.***
>
> ***- Gary Cohn***

WHERE DO THE FACTORS STAND?



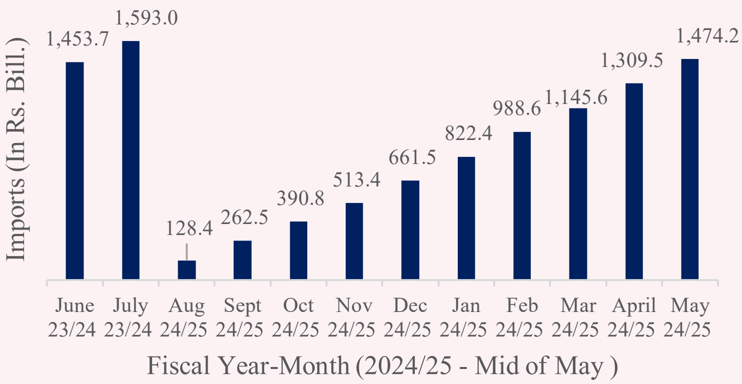




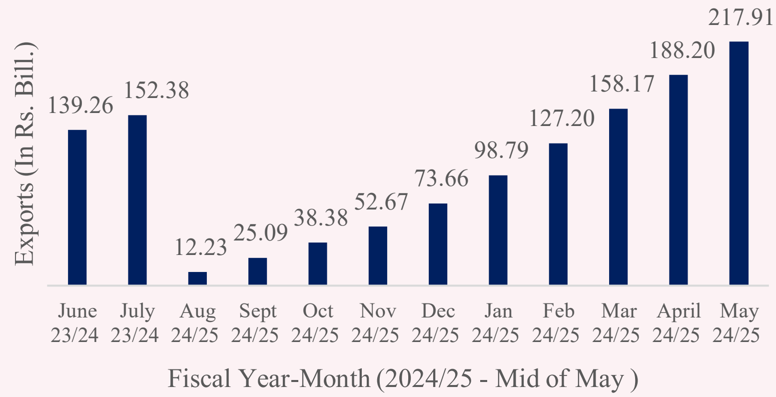
Liquidity Indicators (As on 15th June 2025):

- BFI's Deposits: NPR. 7,001 billion
- BFI's Lending: NPR. 5,568 billion
- CD Ratio: 78.40%
- Inter-bank Intereset Rate: 3.00%

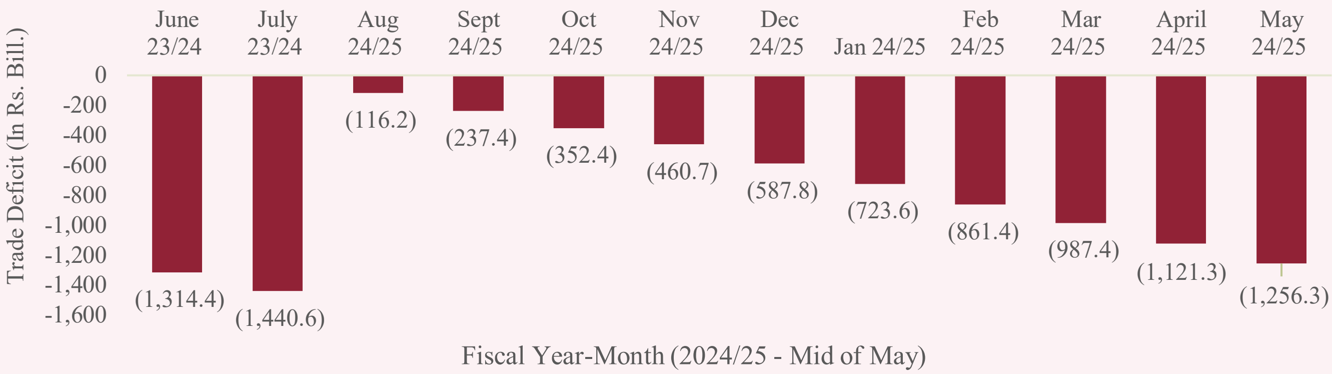
Total Import (13.1% Y-o-Y)



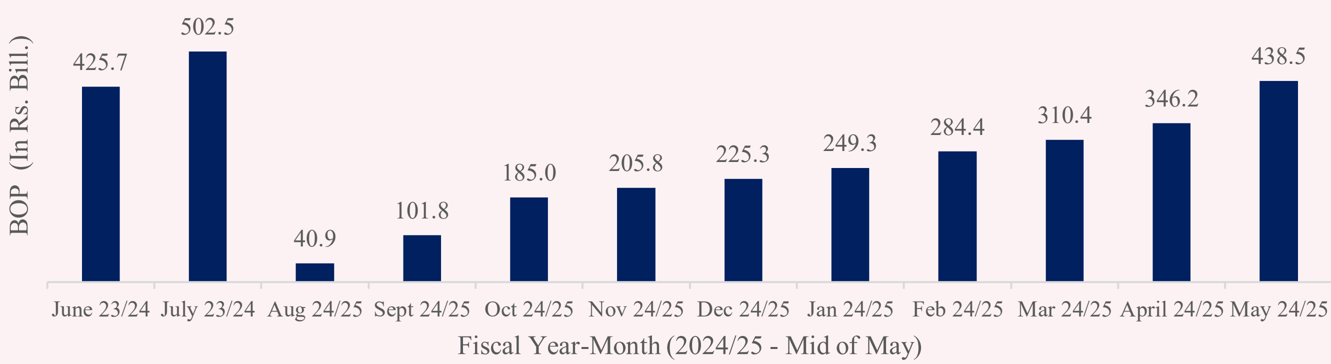
Total Export (72.7% Y-o-Y)



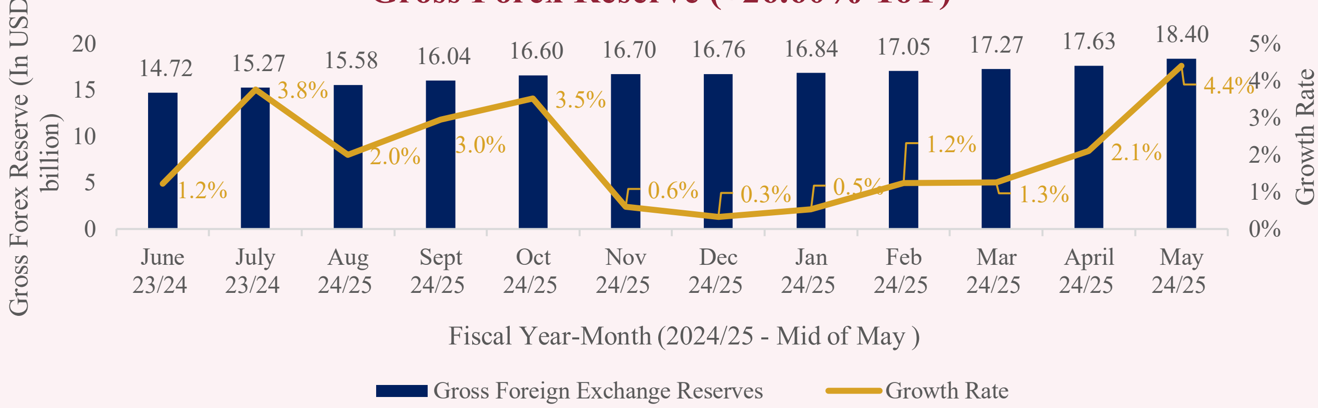
Trade Deficit



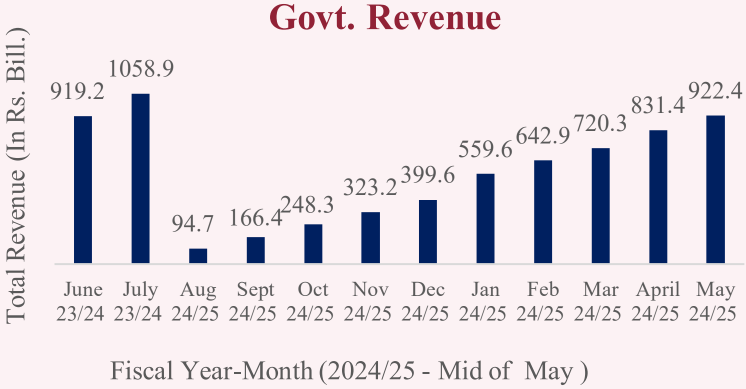
Balance of Payments (Surplus)



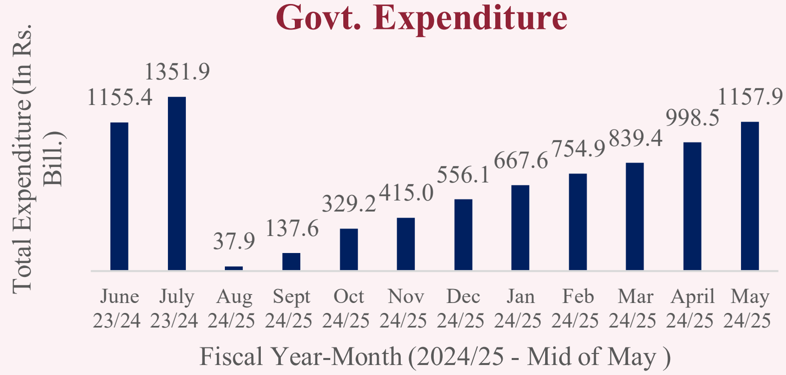
Gross Forex Reserve (+26.60% YoY)



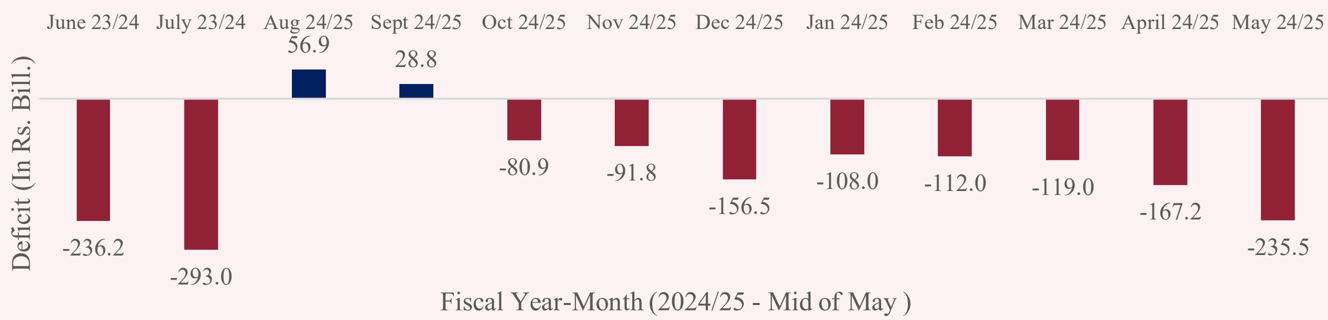
Govt. Revenue



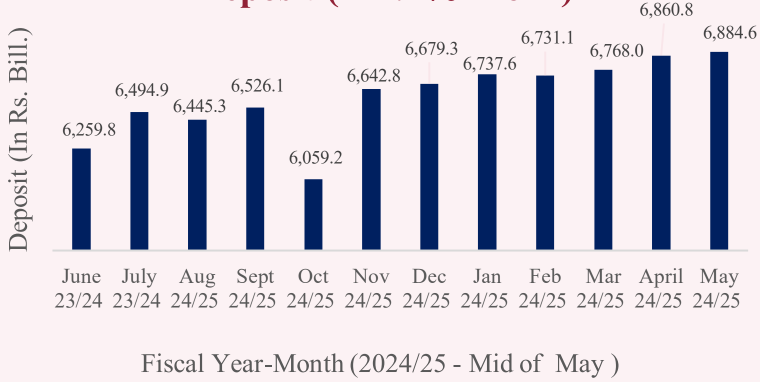
Govt. Expenditure



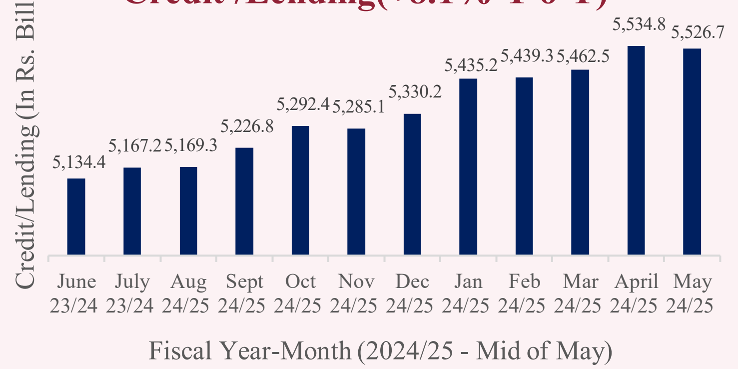
Fiscal Surplus/Deficit



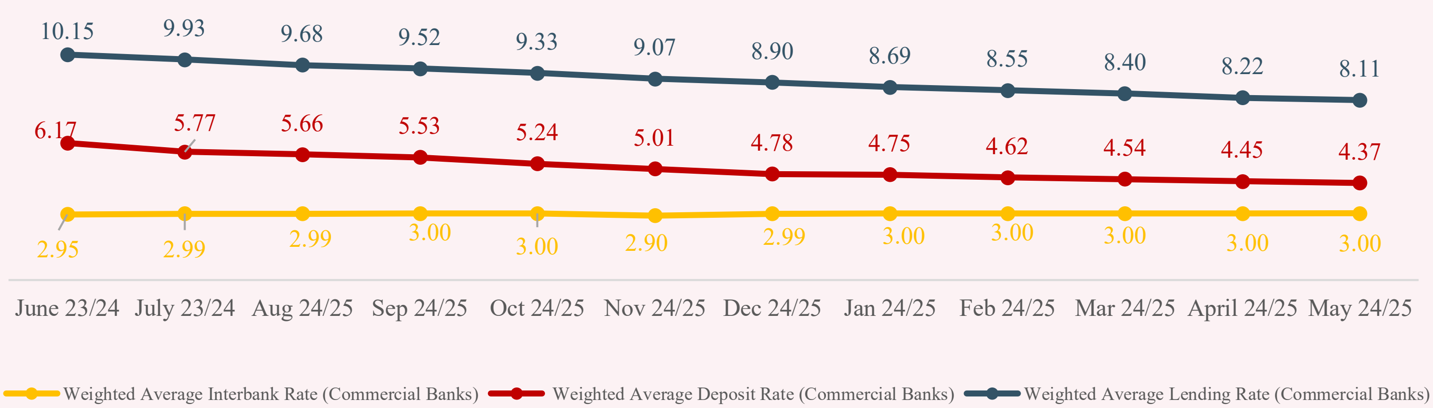
Deposit (+11.2% Y-o-Y)



Credit /Lending(+8.1% Y-o-Y)



Market Interest Rates

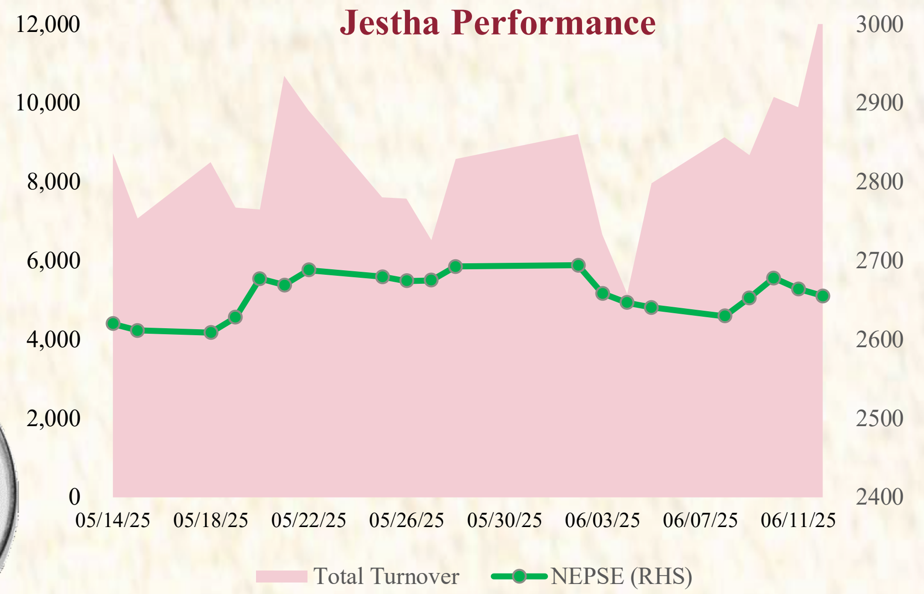


Short-term Interest Rates (As on 10th June, 2025):

- 28 days: 2.94%
- 91 days: 2.94%
- 364 days: 3.00%

Market Update:

NEPSE SCANNER



Metrics	12.06.25	14.05.25	Monthly Change
NEPSE	2,655.38	2,620.27	1.34%
Sensitive	454.09	440.00	3.20%
Float	181.35	176.84	2.55%
Sensitive Float	154.45	149.15	3.55%
Turnover (Million)	12,515.31	8,736.57	43.25%
Shares Volumes	28,607,685	18,496,138	54.67%
Total Transactions	102,895	112,577	-8.60%
Total Scrips Traded	311	315	-1.27%
Market Cap (Rs. Million)	4,423,037.20	4,358,710.47	1.48%
Sensitive Mrkt. Cap (Rs. Mn)	2,030,463.64	1,972,005.31	2.96%
Float Market Cap (Rs. Mn)	1,491,443.01	1,457,947.90	2.30%
Sens. Float Mrkt. Cap (Rs.M	808,867.20	783,681.58	3.21%
Average Return	15.06%	15.04%	0.02%
Std. Deviation	22.84%	22.98%	-0.14%
10 Day 10% VAR	-5.96%	-6.00%	0.04%
Market Cap / GDP Ratio	72.42%	71.37%	1.05%

- NEPSE rose to 2655.38 level from 2620.27 (previous month end), gaining 35.11 points (1.34%); high and low index remained 2,726.60 and 2,626.39 resp. in the review month.
- Sensitive, float and sensitive float index also inclined by 3.20%, 2.55% and 3.55% respectively.
- By the month end, the turnover witnessed the rise of 43.25% and volume 54.67%. The transactions was decreased by 8.60% as compared to the previous month end.
- Monthly average of these metrics computes to Rs. 8.45 billion (-6.48%), Rs. 19.15 million (-13.74%), and Rs. 77.99 thousand (-4.32%) respectively.
- Market cap increased by 1.48% to Rs. 4.42 trillion, out of which approx. 45.91% are only Sensitive. Sensitive market cap which covers A class stocks saw a 2.96% incline, Sensitive float market cap also increased by 3.21% and the size of Float market cap soared by 2.30%.

- Avg. market return increased to 15.06% from 15.04%, Standard Deviation slightly declined to 22.84% and 10-day 10% VAR stood at 5.96%.
- Market is under-valued as per Market Capitalization to GDP ratio (Buffett Indicator) which is 72.42%.
- In the review period, market traded for 19 days. Last month, number of trading days was 20.

Average Turnover
NPR 8.45 Bn
-6.48%

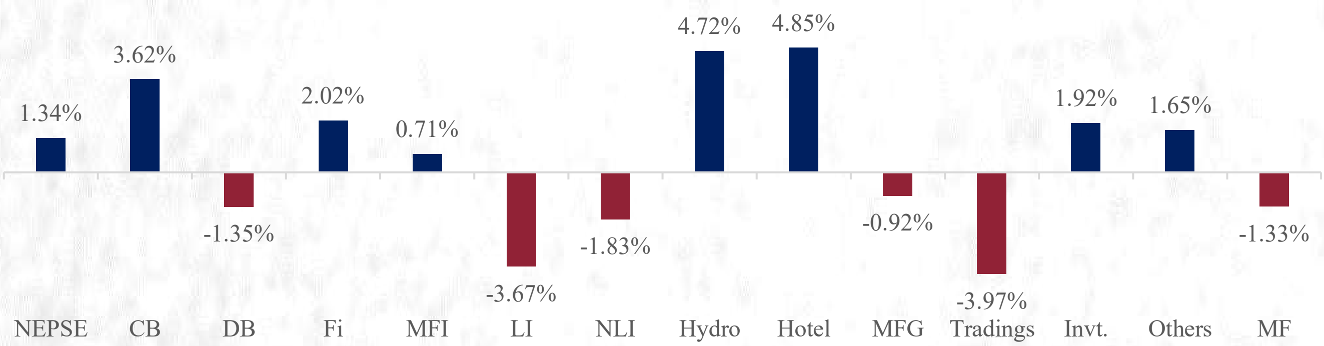
Average Volume
NPR. 19.15 Mn
-13.74%

Average Transaction Size
NPR. 77.99 K
-4.32%

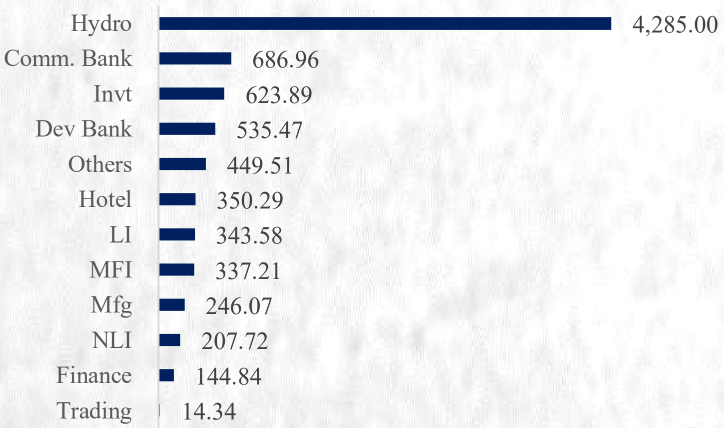
Average Market cap
NPR. 4.427 Tn
0.17%

SECTOR SCANNER

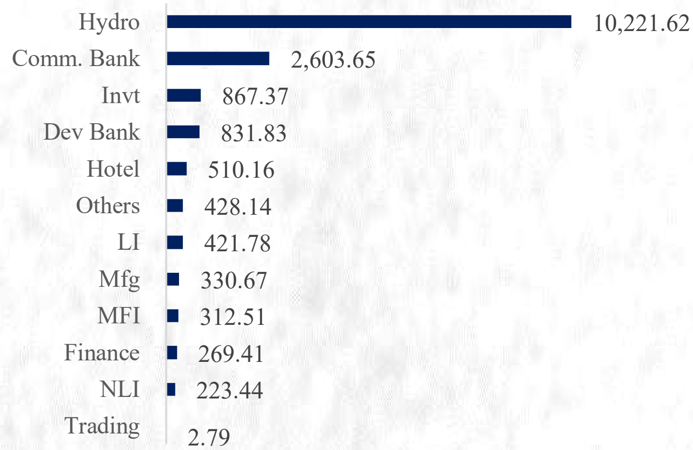
Monthly Sectoral Performance



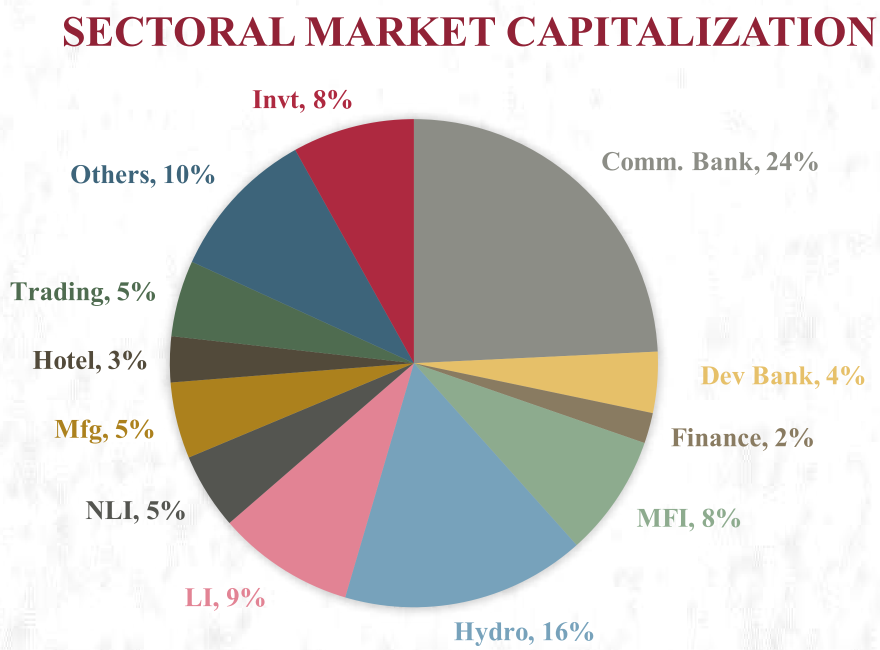
Jestha Avg. Turnover (Millions)



Jestha Avg. Volume ('000)



- Of the 13 sectors, seven recorded positive growth this month. Hotels and Hydropower sectors led the gains with increase of 4.85% and 4.72% respectively, followed by Commercial Banks (+3.62%) and Finance (+2.02%). The remaining six sectors experienced decline during the review period. The Tradings and Life Insurance sectors saw the largest drops, falling by 3.97% and 3.67% respectively, followed by Non Life Insurance (-1.83%), Development Banks (-1.35%), and others.
- Hydropower sector recorded the highest Turnover value and Transactions size in all trading days of the month making an average of 51.42% and 46.21% respectively. In case of Turnover (volumes), Hydropower sector traded the highest with an average of 59.57%. Both Commercial Bank and Investment sector made the notable Turnover of average 8.48% and 7.52% respectively while their average Transaction size was 9.45% and 4.68% respectively.
- Pie- chart below shows the approximate market capitalization of 12 sectors as on last trading day of Jestha i.e. Thursday 29th Jestha, but excludes Promoter shares, Debentures, and Mutual Funds. BFI sector (A, B, C, D Class) covers approx. 38%, Commercial Bank alone 24%. Hydro and Hotel have 16% and 3% coverage respectively. Insurance sector occupy 14% (Life – 9% and Non-Life – 5%) while Trading sector covers 5%. Finance has the least capitalization, *amounting approx. Rs. 77.22 billion.*

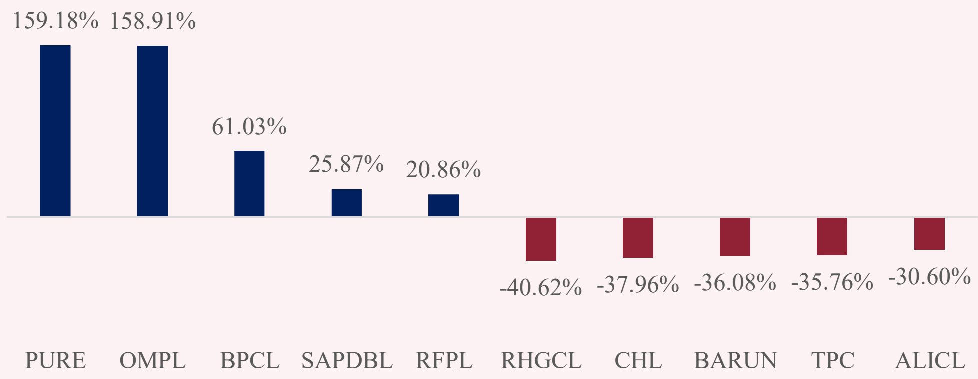


Monthly Terminology: Short Squeeze

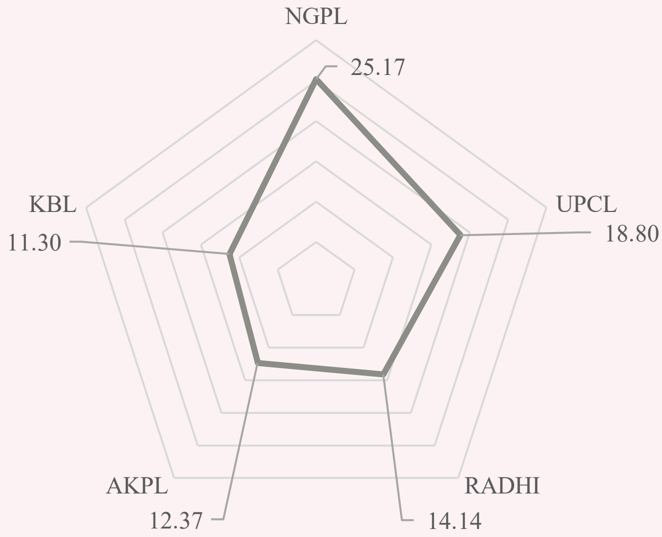
A Short Squeeze occurs when a stock or asset that has been heavily shorted unexpectedly rises in price, forcing short sellers to buy back shares to cover their positions and limit losses. As more short sellers rush to buy shares to cover, it creates additional demand, driving the price even higher. This self-reinforcing cycle can lead to a sharp and rapid price spike. Short squeezes are often triggered by unexpected positive news, strong buying activity, or coordinated market actions. It often leads to a sudden, rapid price spike and can catch many investors off guard.

STOCK SCANNER

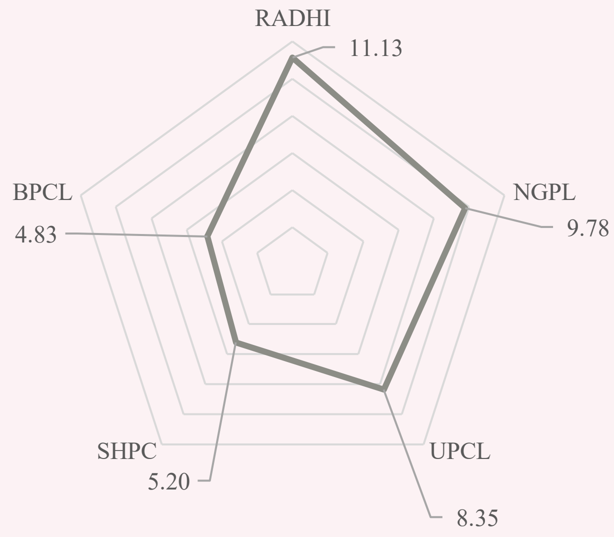
Top 5 Gaining and Losing Stocks/Scrips



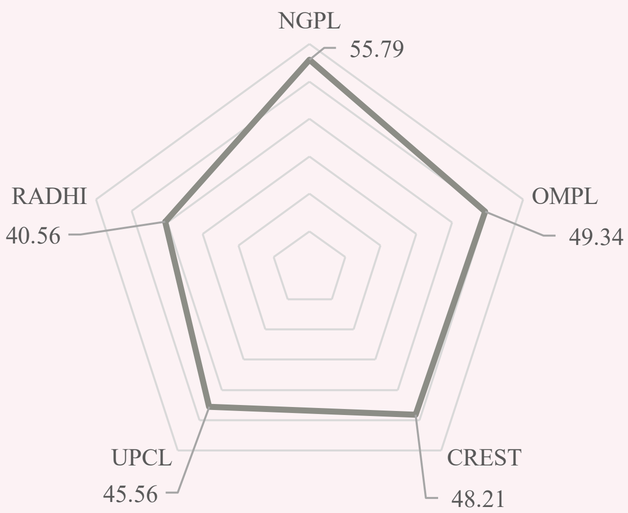
Stocks with Highest Volume (Millions)



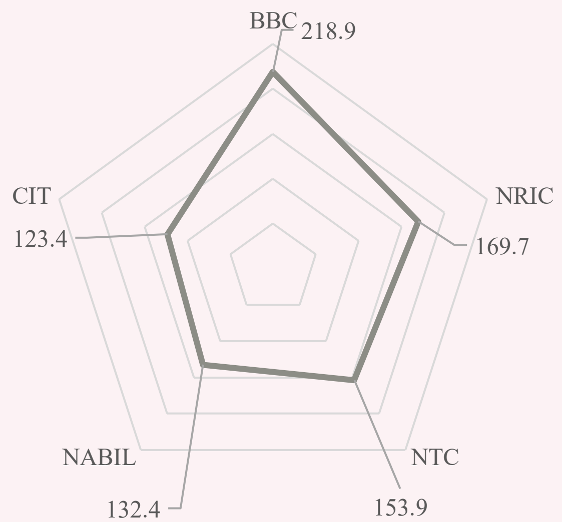
Stocks with Highest Turnover (Billions)



Stocks with Highest Transaction Size ('000)



Stocks with Highest Market Cap. (Billions)



TECHNICAL OUTLOOK…

Technical Indicator (12th June)	Value
RSI	48.85
MACD line	-0.23
Signal line	-0.33
Bollinger Upper Band	2709.70
Bollinger Middle Band	2657.55
Bollinger Lower Band	2605.40
ADX	25.02
Exp. Moving Avg. (9 Days)	2659.52
Exp. Moving Avg. (26 Days)	2659.76
Exp. Moving Avg. (50 Days)	2665.08
Exp. Moving Avg. (200 Days)	2595.51

Technical Overview:

The market rose merely by 25 points from 2620.27 to 2655.38 in the month of Jestha and continued its side movement. After reaching a high of 2771.48, the index fell to a low of 2626.39 and finally settled at 2655.38 in the month end of Jestha. In the weekly chart, short-term indicators such as RSI and Bollinger Bands currently signal a neutral stance, while MACD indicate a slight downward bias. The market is in sideways movement as also signalled by Fib. Retracement. On a broader trend basis, the daily chart shows the index trading above the 200-day EMA (2595.67) but sideways with the 50-day EMA (2655.38), reflecting a developing bullish structure. Additionally, the weekly chart reinforces a positive outlook, with both the 50-day and 200-day EMAs supporting a sustained upward trend over the medium to long term.

Key Bulletins of the Month

1) The government granted tax exemptions totaling Rs. 79.87 billion to industrialists and entrepreneurs in FY 2080/81 to encourage investment and promote industrial growth.

2) During the first 10 months of FY 2024/25, the Government of Nepal raised approximately Rs 400 billion in public debt and spent Rs 308.14 billion on principal and interest payments.

3) NRB has amended its unified directives, requiring Class A, B, and C financial institutions to maintain 90% of their Cash Reserve Ratio (CRR) in cash with the NRB—an increase from the previous 70%—thereby enhancing the liquidity obligations of these institutions.

4) The Economic Survey for FY 2081/82 presented by Finance Minister Bishnu Prasad Paudel projected economic growth rate of 4.61%, with the economy expected to reach Rs 61.07 trillion, agriculture contributing 25.16% to GDP, inflation at 4.72%.

5) NRB's third quarterly review of Monetary policy for FY 2081/82 has reduced the risk weight for share mortgage loans from 125% to 100% to boost stock market credit.

6) The Government of Nepal has liberalized its outward FDI policy, allowing domestic firms to invest up to USD 1 million annually overseas, with the objective of fostering greater global integration.

7) FNCCI and Cambodia's CAMFEBA has signed an MoU on June 10 in Geneva to enhance bilateral trade cooperation, focusing on employment, investment promotion, B2B collaboration, and joint capacity building initiatives.

8) The government had revised its real estate transaction directive, easing earlier banking and reporting requirements after public backlash. Key changes include lowering the reporting threshold to Rs. 1 crore, with drawing mandatory bank transfer proof for advance agreements, and relaxing tax payment rules.

9) Nepal's total foreign trade reached Rs 1,692 billion in the first ten months of FY 2024/25—up 18.37% YoY—driven by a 13.11% rise in imports to Rs 1,474.1 billion and a 72.71% surge in exports to Rs 217.91 billion, resulting in a widened trade deficit surpassing Rs 1.25 trillion.

10) According to the government's revised action plan, formulated based on the Economic Reform Commission's recommendations, hydropower companies are permitted to issue IPOs only after commencing production.

11) The International Monetary Fund (IMF) has approved a USD 42.7 million installment for Nepal, acknowledging the country's progress under the Extended Credit Facility (ECF) program.

12) The Ministry of Finance reported that it has achieved 83.22% of its revenue target—collecting Rs 1,027 billion in the first 11 months of FY 2024/25—with revenue and expenditure projections showing YoY growth and higher utilization rates.

13) Nepal Insurance Authority (NIA) has reported a record high life insurance penetration rate of 47.39% as of mid- May, despite growing number of policy surrenders.

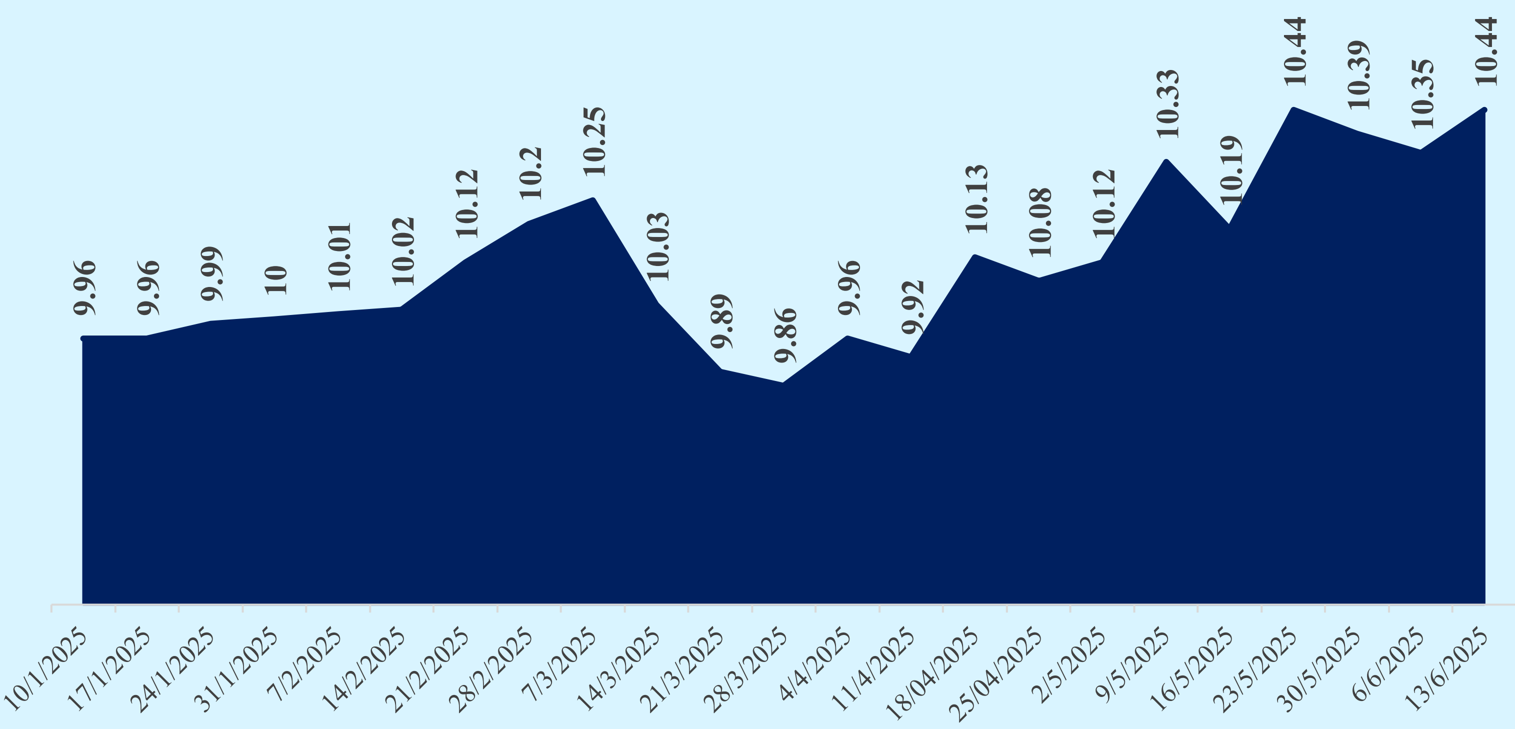
Dividend Announced for FY 2080/81 during Baisakh and Jestha 2081/82				
Company	**Ticker**	**FY**	**Bonus (%)**	**Cash (%)**
1. Asian Life Insurance Company Limited	ALICL	2080/81	5.1	0.27
2. Himalayan Life Insurance Limited	HLI	2080/81	-	8.00
3. Life Insurance Corporation Nepal Limited	LICN	2080/81	10.00	0.53
4. National Life Insurance Company Limited	NLICL	2080/81	5.00	10.00
5. NLG Insurance Company Limited	NLG	2080/81	2.50	0.13
6. Reliable Nepal Life Insurance Limited	RNLI	2080/81	12.00	0.63
7. Himalayan Reinsurance Limited	HRL	2080/81	4.50	0.24
8. Neco Insurance Limited	NIL	2080/81	7.00	0.37
9. Prabhu Mahalaxmi Life Insurance Company Limited	PMLI	2080/81	8.00	0.42

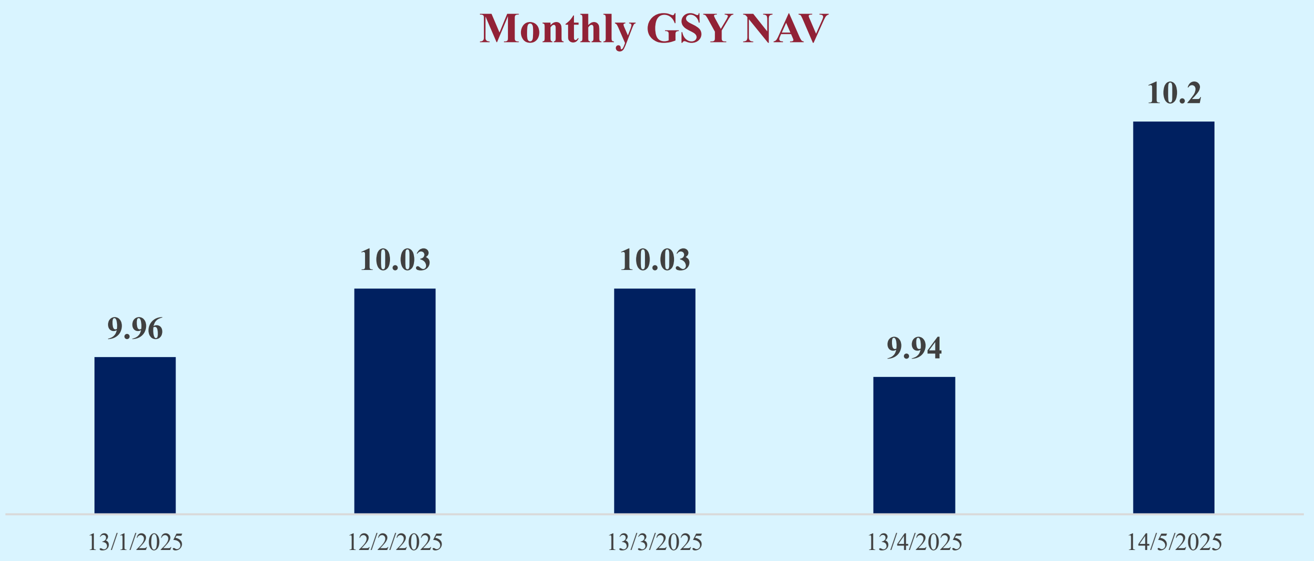
GARIMA SAMRIDDHI YOJANA

A Close Ended Mutual Fund Scheme

Fund Manager- Garima Capital Ltd. NEPSE Ticker: GSY LTP (12/06/2025): 9.31

Weekly GSY NAV





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The sole purpose of this report is to provide analytical insight of the market performance and the state of affairs to whoever interested market participants along with our valued clients and customers.

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Contact Detail

Kamalpokhari, Kathmandu - 01
(Opposite to City Center)
Kathmandu, Nepal
01-4529149, 01-4529150
info@garimacapital.com