

BISHAL & ASSOCIATES

Chartered Accountants

Budhanilkanttha, Kathmandu, Nepal
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Membership No. : 1385 COP No. : 952
Firm No. : 846 PAN No. : 106111756

INDEPENDENT AUDITOR'S REPORT

To Shareholders,

Capital Merchant Banking & Finance Limited
Kathmandu

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Capital Merchant Banking & Finance Limited (the 'Company'), which comprise the balance sheet as at 32 Ashad 2079, income statement, statement of change in equity and statements of cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 32 Ashad 2079, its financial performance and its cash flows for the year then ended.

The Financial Statements have not been prepared in accordance with Nepal Financial Reporting standards as issued by the Institute of Chartered Accountants of Nepal, so opinion on the same has not been made.

Basis for Qualified Opinion

As reported in Schedule 4.30 of the financial statements, the Company's total capital fund and core capital fund are negative as of 32 Ashad 2079, which is insufficient as compared to the minimum capital adequacy requirements as prescribed by Nepal Rastra Bank's directives.

As reported in point #21 of Notes to Accounts (Schedule 4.33) of the financial statements, various directives of the Nepal Rastra Bank viz, Single Obligor Limit Ratio (Directive No. 3), Investment Ratio (Directive No. 8) and Deposit Collection Limit Ratio (Directive No. 16) are not in the state of the comparison with the ceiling fixed by NRB Directives.

As required by NRB Directive, CMBFL has to spend minimum 3% of employee expenses of 2077/78 NPR 178,098.30 (3% of NPR 59,36,610) for staffs training and development expenses in FY 2078/79. But CMBFL has not spent any amount for training and development of staff during the year. As required by same clause the unspent amount should be transferred to staff training and development fund to be spent in FY 2077/78. However, CMBFL has not transferred such unspent amount into "staff training and development fund". It is suggested to transfer such amount to the specified fund.

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ICAN's Handbook of code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled



our other ethical responsibilities in accordance with these requirements and the ICAN's handbook of The Code of Ethics For Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

There were no significant key audit matters to be reported during the year.

Responsibilities of management and those Charged with Governance for the Financial Statements. Management is responsible for the preparation and fair presentation of the financial statements in accordance with NASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's financial reporting process.

Auditor's Responsibilities for the Audit the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue as auditor's report that includes our opinion. Reasonable assurance is high level assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion the Company has kept proper books of account as required by law so far, as appears from our examinations of those books.
- c) The financial statements are in agreement with the books of account.
- d) Except for the effect on the financial statements of the matter described in *Basis for Qualified Opinion section of this report*, we have not come across cases where the Board of Directors or any employees of the Company has acted contrary to the provisions of law relating to accounts, or committed any misappropriation or caused loss or damage to the company relating to the accounts in the Company and violated any Acts, directives of the Nepal Rastra Bank or acted in manner to jeopardize the interest and security of the Company, its depositors and investors.
- e) In our opinion, so far as appeared from our examination of the books and the effect of matter described in Basis for Qualified Opinion section of this report, the Company has not maintained adequate capital funds but has made adequate provisions for possible impairment of risk-assets in accordance with the directives of Nepal Rastra Bank.

For Bishal & Associates,
Chartered Accountants



Bishal Baral, CA
Principal

Place: Kathmandu

Date: 13 January 2023

UDIN no: 230113CA01385d1MTm

Capital Merchant Banking & Finance Ltd.
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)

Amount in NPR

| Capital & Liabilities | Schedule | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
|--|----------|----------------------|----------------------|
| 1. Share Capital | 4.1 | 935,069,500 | 935,069,500 |
| 2. Reserves and Funds | 4.2 | (1,278,375,161) | (1,581,599,506) |
| 3. Debentures and Bonds | 4.3 | - | - |
| 4. Borrowings | 4.4 | 17,800,000 | 25,100,000 |
| 5. Deposit Liabilities | 4.5 | 295,644,440 | 349,275,612 |
| 6. Bills Payables | 4.6 | - | - |
| 7. Proposed and Payable Dividend | | - | - |
| 8. Income Tax Liabilities | | - | - |
| 9. Other Liabilities | 4.7 | 727,838,001 | 430,477,978 |
| Total Capital and Liabilities | | 697,976,779 | 158,323,584 |
| Assets: | | | |
| 1. Cash Balance | 4.8 | 90,431 | 233,628 |
| 2. Balance with NRB | 4.9 | 3,107,576 | 3,107,576 |
| 3. Balance with Banks/Financial Institutions | 4.10 | 563,896,700 | 21,831,501 |
| 4. Money at Call and Short Notice | 4.11 | - | - |
| 5. Investments | 4.12 | 27,000 | 27,000 |
| 6. Loans Advances and Bills Purchase | 4.13 | - | - |
| 7. Fixed Assets | 4.14 | 79,777,279 | 79,812,086 |
| 8. Non-Banking Assets | 4.15 | - | - |
| 9. Other Assets | 4.16 | 51,077,794 | 53,311,793 |
| Total Assets | | 697,976,779 | 158,323,584 |

| | | |
|-----------------------------------|----------|---------|
| Contingent Liabilities | Schedule | 4.17 |
| Directors' Declaration | Schedule | 4.29 |
| Statement of Capital Fund | Schedule | 4.30 |
| Statement of Risk Weighted Assets | Schedule | 4.30(A) |
| Principal Indicators | Schedule | 4.31 |
| Principle Accounting Policies | Schedule | 4.32 |
| Notes to Accounts | Schedule | 4.33 |

Schedules 4.1 to 4.17, 4.32 & 4.33 form integral parts of the Balance Sheet.

As per our attached report of even date

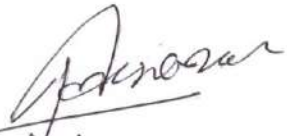

Niranjana Singh Basnet
Chairman



Ranjan Rayamajhi
Director

Jagat Raj Khanal
Director

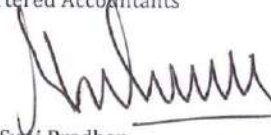

Bishal Baral
Principal
Bishal & Associates
Chartered Accountants




Tilak Bahadur Ranabhatta
Director


Manoj Singh Bhandari
Director


Rabindra Khanal
Chief Executive Officer


Suni Pradhan
Asst. Officer

Date :
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.
Profit and Loss Account

For the period from 1 Shrawan 2078 to 32 Ashad 2079 (July 16, 2021 to July 16, 2022)
Amount in NPR

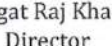
| Particulars | Schedules | This Year | Previous Year |
|--|-----------|--------------------|---------------------|
| Interest Income | 4.18 | 8,835,128 | 241,270 |
| Interest Expenses | 4.19 | 5,087,713 | 3,890,930 |
| Net Interest Income | | 3,747,415 | (3,649,660) |
| Commission and Discount | 4.20 | - | - |
| Other Operating Income | 4.21 | - | - |
| Exchange Fluctuation Income | 4.22 | - | - |
| Total Operating Income | | 3,747,415 | (3,649,660) |
| Employees Expenses | 4.23 | 5,291,476 | 5,936,610 |
| Other Overhead Expenses | 4.24 | 5,242,603 | 4,341,143 |
| Exchange Fluctuation Loss | 4.22 | - | - |
| Operating Profit Before Provision for Possible Loss | | (6,786,664) | (13,927,413) |
| Provision for Possible Losses | 4.25 | - | - |
| Operating Profit | | (6,786,664) | (13,927,413) |
| Non-operating Income/Expenses | 4.26 | 5,096,837 | 3,424,184 |
| Provision Written-Back | 4.27 | 303,898,440 | 2,462,822 |
| Profit from Regular Operations | | 302,208,613 | (8,040,407) |
| Profit/Loss from extra-ordinary activities | 4.28 | - | - |
| Net Profit after considering all activities | | 302,208,613 | (8,040,407) |
| Provision For Staff Bonus | | - | - |
| Provision For Income Tax: | | (1,015,732) | (3,260,503) |
| This Year's | | - | - |
| Previous Year's | | - | - |
| Deferred Tax Expense/(Income) | | (1,015,732) | (3,260,503) |
| Net Profit/(Loss) | | 303,224,345 | (4,779,904) |

Schedule No. 4.18 to 4.28, 4.32 & 4.33 form integral part of this Profit and Loss Account.

As per our attached report of even date


Niranjan Singh Basnet
Chairman



Ranjan Rayamajhi
Director


Jagat Raj Khanal
Director

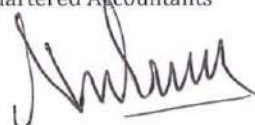

Bishal Baral
Principal
Bishal & Associates
Chartered Accountants




Tilak Bahadur Ranabhata
Director


Manoj Singh Bhandari
Director


Rabindra Khanal
Chief Executive Officer


Suni Pradhan
Asst. Officer

Date :
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.

Cash Flow Statement

For the period from 1 Shrawan 2078 to 32 Ashad 2079 (July 16, 2021 to July 16, 2022)

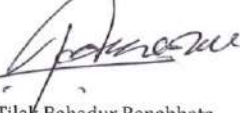
Amount in NPR

| Particulars | This Year | Previous Year |
|--|--------------|---------------|
| A. Cash flow from Operating Activities: | 542,856,206 | (63,194,405) |
| 1. Cash Received | 317,830,404 | 6,128,276 |
| 1.1 Interest Income | 8,835,128 | 241,270 |
| 1.2 Commission and Discount Income | - | - |
| 1.3 Income from Foreign Exchange Transaction | - | - |
| 1.4 Recovery of Written-off Loans | 303,898,440 | 2,462,822 |
| 1.5 Other Incomes | 5,096,837 | 3,424,184 |
| 2. Cash Payment | 14,652,781 | 13,095,112 |
| 2.1 Interest Expenses | 5,087,713 | 3,890,930 |
| 2.2 Staff Expenses | 5,291,476 | 5,936,610 |
| 2.3 Office Overhead Expenses | 4,273,592 | 3,267,572 |
| 2.4 Income Tax Paid | - | - |
| 2.5 Other Expenses | - | - |
| Cash Flow Before Working Capital Activities | 303,177,624 | (6,966,836) |
| (Increase)/Decrease of Current Assets | 3,249,731 | (1,153,267) |
| 1. (Increase)/Decrease in Money at Call and Short Notice | - | - |
| 2. (Increase)/Decrease in Short-term Investments | - | - |
| 3. (Increase)/Decrease in Loans and Advances and Bills Purchase | - | - |
| 4. (Increase)/Decrease in Other Assets | 3,249,731 | (1,153,267) |
| Increase/(Decrease) of Current Liabilities | 236,428,851 | (55,074,302) |
| 1. Increase/(Decrease) in Deposits Liabilities | (53,631,172) | 1,183,305 |
| 2. Increase/(Decrease) in Certificate of Deposits | - | - |
| 3. Increase/(Decrease) in Short-term Borrowings | (7,300,000) | (1,600,000) |
| 4. Increase/(Decrease) in Other Liabilities | 297,360,023 | (54,657,607) |
| B. Cash flow from Investment Activities | (934,203) | 16,782 |
| 1. (Increase)/Decrease in Long-Term Investment | - | - |
| 2. (Increase)/Decrease in Fixed Assets | (934,203) | 16,782 |
| 3. Interest Income From Long-Term Investment | - | - |
| 4. Dividend Income | - | - |
| 5. Others | - | - |
| C. Cash flow from Financing Activities | - | - |
| 1. Increase/(Decrease) in Long-Term Borrowings (Bonds, Debentures etc.) | - | - |
| 2. Increase/(Decrease) in Share Capital | - | - |
| 3. Increase/(Decrease) in Other Liabilities (Share Premium) | - | - |
| 4. Increase/(Decrease) in Refinance/Facilities From Nepal Rastra Bank | - | - |
| D. Income/Expenses from change in Exchange Rate in Cash and Bank Balances | - | - |
| E. This Year's Cash Flow from All Activities | 541,922,003 | (63,177,623) |
| F. Opening Balance of Cash and Bank Balances | 25,172,705 | 88,350,328 |
| G. Closing Balance of Cash and Bank Balances | 567,094,708 | 25,172,705 |

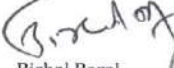

Nirajan Singh Basnet
Chairman


Ranjan Rayamajhi
Director



Jagat Raj Khanal
Director


Tilak Bahadur Ranabhata
Director


As per our attached report of even date


Bishal Baral
Principal
Bishal & Associates
Chartered Accountants




Manoj Singh Bhandari
Director


Rabindra Khanal
Chief Executive Officer


Suni Pradhan
Asst. Officer

Date :
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.

Profit and Loss Appropriation Account

For the period from 1 Shrawan 2078 to 32 Ashad 2079 (July 16, 2021 to July 16, 2022)

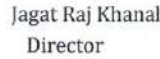
Amount in NPR

| Particulars | This Year | Previous Year |
|---|------------------------|------------------------|
| Income | | |
| 1. Accumulated Profit up to the Last Year | (1,883,585,706) | (1,871,994,512) |
| 2. Current Year's Profit | 303,224,345 | (1,924,517) |
| 3. Exchange Fluctuation Fund | - | - |
| Total (A) | (1,580,361,361) | (1,873,919,029) |
| Expenses | | |
| 1. Accumulated Loss up to the Last Year | - | - |
| 2. This Year's Loss | - | - |
| 3. General Reserve | - | - |
| 4. Contingent Reserve | - | - |
| 5. Institutional Development Fund | - | - |
| 6. Dividend Equalization Fund | - | - |
| 7. Employee Related Reserves Funds | - | - |
| 8. Proposed Dividend | - | - |
| 9. Proposed Issue of Bonus Shares | - | - |
| 10. Special Reserve Fund | - | - |
| 11. Exchange Fluctuation Fund | - | - |
| 12. Capital Redemption Reserve Fund | - | - |
| 13. Capital Adjustment Fund | - | - |
| 14. Deferred Tax Reserve | 1,015,732 | 1,626,271 |
| Total (B) | 1,015,732 | 1,626,271 |
| Accumulated Profit/(Loss) (A-B) | (1,581,377,094) | (1,875,545,300) |

As per our attached report of even date


Niranjana Singh Basnet
Chairman



Ranjan Rayamajhi
Director


Jagat Raj Khanal
Director

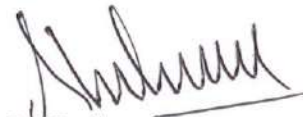

Tilak Bahadur Ranabhata
Director


Bishal Baral
Principal
Bishal & Associates
Chartered Accountants




Manoj Singh Bhandari
Director


Rabindra Khanal
Chief Executive Officer


Sunita Pradhan
Asst. Officer

Date :

Place : Kathmandu, Nepal




Capital Merchant Banking & Finance Ltd.

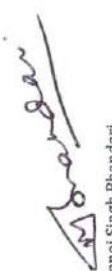
Statement of Changes in Equity

For the period from 1 Shrawan 2078 to 32 Ashad 2079 (July 16, 2021 to July 16, 2022)

| Particulars | Share Capital | Accumulated Profit/Loss | General Reserve Fund | Proposed Bonus Share | Capital Reserve Fund | Share Premium | Exchange Fluctuation Fund | Deferred Tax Reserve | Other Reserve and Fund | Total Amount |
|--|---------------|-------------------------|----------------------|----------------------|----------------------|---------------|---------------------------|----------------------|------------------------|---------------|
| Opening Balance as at 31 Ashad, 2078 | 935,069,500 | (1,883,585,706) | 282,552,290 | - | - | 2,611,560 | - | 16,822,351 | - | (646,530,006) |
| Adjustments for Changes in Accounting Policies | - | - | - | - | - | - | - | - | - | - |
| Restated Balance as at 31 Ashad, 2078 | 935,069,500 | (1,883,585,706) | 282,552,290 | - | - | 2,611,560 | - | 16,822,350 | - | (646,530,006) |
| Adjustment of Deferred Tax Assets | - | - | - | - | - | - | - | - | - | - |
| Bonus Share issued | - | - | - | - | - | - | - | - | - | - |
| Right Share issued | - | - | - | - | - | - | - | - | - | - |
| Current Year's Net Profit | - | 303,224,345 | - | - | - | - | - | - | - | 303,224,345 |
| General Reserve | - | (60,644,869) | 60,644,869 | - | - | - | - | - | - | - |
| Proposed Bonus Share | - | - | - | - | - | - | - | - | - | - |
| Proposed Dividend | - | - | - | - | - | - | - | - | - | - |
| Exchange Fluctuation Fund | - | - | - | - | - | - | - | - | - | - |
| Deferred Tax Assets | - | (1,015,732) | - | - | - | - | - | 1,015,732 | - | - |
| Balance as on 31 Ashad, 2078 | 935,069,500 | (1,642,021,963) | 343,197,159 | - | - | 2,611,560 | - | 17,838,082 | - | (343,305,661) |

As per our attached report of even date

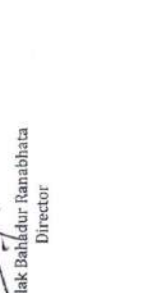

Niranjan Singh Basnet
Chairman


Manoj Singh Bhandari
Director


Ranjan Rayamajhi
Director


Rabindra Khanal
Chief Executive Officer


Jagat Raj Khanal
Director


Tilak Bahadur Ranabhatia
Director


Bishal Baral
Principal
Bishal & Associates
Chartered Accountants



Date :


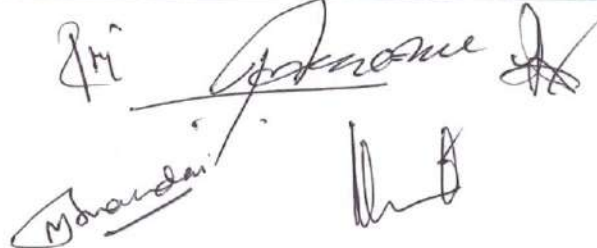
Place : Kathmandu, Nepal

Capital Merchant Banking & Finance Ltd.
List of Share Holder's holding 0.5% or more of Paid-Up Share Capital

Amount in NPR

| S. N. | Name of the Shareholders | No. of Shares | Amount (Rs.) | Percentage |
|--------------|---|------------------|--------------------|---------------|
| 1 | Chiranjibi Thapa | 912,864 | 91,286,400 | 9.76% |
| 2 | Ranjan Rayamajhi | 584,232 | 58,423,200 | 6.25% |
| 3 | Himalayan Builders & Engineers Pvt.Ltd. | 1,168,603 | 116,860,300 | 11.50% |
| 4 | Tilak Bahadur Ranabhat | 1,168,550 | 116,855,000 | 11.50% |
| 5 | Niranjana Singh Basnet | 233,892 | 23,389,200 | 2.50% |
| 6 | Guru Prasad Timilsina | 467,423 | 46,742,300 | 5.00% |
| 7 | Hom Prasad Niroula | 467,420 | 46,742,000 | 5.00% |
| 8 | Prawal Jung Pande | 1,168,552 | 116,855,200 | 11.50% |
| 9 | Ravi Kiran Dhakal | 85,736 | 8,573,600 | 0.92% |
| 10 | Parasparik Investment Company | 89,280 | 8,928,000 | 0.95% |
| 11 | Gorakshya Multi Investment | 70,000 | 7,000,000 | 0.75% |
| 12 | Hemanta Pandit | 65,682 | 6,568,200 | 0.70% |
| 13 | Chaya Rana Shah | 85,430 | 8,543,000 | 1.77% |
| 14 | Upasana K.C | 54,002 | 5,400,200 | 0.58% |
| 15 | Bigyan Prasad Poudel | 173,655 | 17,365,500 | 1.86% |
| 16 | Pawan Kumar Karki | 1,396,365 | 139,636,500 | 14.94% |
| 17 | Laxman Prasad Poudel | 26,171 | 2,617,100 | 0.28% |
| 18 | Binaya Kumar Gupta | 34,173 | 3,417,300 | 0.37% |
| 19 | Manoj Khanal | 16,863 | 1,686,300 | 0.18% |
| 20 | Dambar Bahadur KC | 100 | 10,000 | 0.00% |
| 21 | Kalyani Shrestha | 20,505 | 2,050,500 | 0.28% |
| Total | | 8,289,498 | 828,949,800 | 86.59% |





Capital Merchant Banking & Finance Ltd.
Share Capital and Ownership
As on 32 Ashad, 2079 (16 July, 2022)

Amount in NPR

| Particulars | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
|--|----------------------|----------------------|
| 1. Share Capital | | |
| 1.1 Authorized Capital | | |
| a) 30,000,000 Ordinary Shares of Rs. 100 each | 3,000,000,000 | 3,000,000,000 |
| b) Non-redeemable Preference Shares of Rs. each | 3,000,000,000 | 3,000,000,000 |
| c) Redeemable Preference Shares of Rs. each | | |
| 1.2 Issued Capital | 2,020,000,000 | 2,020,000,000 |
| a) 20,200,000 Ordinary Shares of Rs.100 each | 2,020,000,000 | 2,020,000,000 |
| b) Non-redeemable Preference Shares of Rs. each | | |
| c) Redeemable Preference Shares of Rs. each | | |
| 1.3 Paid up Capital | 935,069,500 | 935,069,500 |
| a) 9,350,695 Ordinary Shares of Rs.100 each | 935,069,500 | 935,069,500 |
| b) Non-redeemable Preference Shares of Rs. each | - | - |
| c) Redeemable Preference Shares of Rs. each | - | - |
| 1.4 Proposed Bonus Share | - | - |
| 1.5 Calls in Advance | - | - |

| Particulars | As on 32 Ashad, 2079 | | As on 31 Ashad, 2078 | |
|---------------------------------|----------------------|--------------------|----------------------|--------------------|
| | % | Share Capital | % | Share Capital |
| 1. National Ownership | 100% | 935,069,500 | 100% | 935,069,500 |
| Government of Nepal | | - | | - |
| "A" Class Licensed Institutions | | - | | - |
| Other License Institutions | | - | | - |
| Other Entities/ Organizations | 49% | 458,184,100 | 49% | 458,184,100 |
| Individuals | 51% | 476,885,400 | 51% | 476,885,400 |
| Others | | - | | - |
| 2. Foreign Ownership | - | - | - | - |
| Total | 100% | 935,069,500 | 100% | 935,069,500 |



Capital Merchant Banking & Finance Ltd.
Reserve and Surplus
As on 32 Ashad, 2079 (16 July, 2022)

Amount in NPR

| Particulars | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
|----------------------------------|------------------------|------------------------|
| 1. General Reserve Fund | 343,197,159 | 282,552,290 |
| 2. Capital Reserve Fund | - | - |
| 3. Capital Redemption Reserve | - | - |
| 4. Capital Adjustment Fund | - | - |
| 5. Other Resevers | 20,449,642 | 19,433,911 |
| 5.1 Contingent Reserve | - | - |
| 5.2 Institution Development Fund | - | - |
| 5.3 Dividend Equalization Fund | - | - |
| 5.4 Special Reserve Fund | - | - |
| 5.5 Assets Revaluation Reserve | - | - |
| 5.6 Deferred Tax Reserve | 17,838,082 | 16,822,351 |
| 5.7 Other Free Reserves | - | - |
| 5.8 Other Reserve Funds | - | - |
| 5.9 Share Premium | 2,611,560 | 2,611,560 |
| 6. Accumulated Profit/(Loss) | (1,642,021,963) | (1,883,585,706) |
| 7. Exchange Equalization Fund | - | - |
| Total | (1,278,375,161) | (1,581,599,506) |



Schedule 4.3

Capital Merchant Banking & Finance Ltd.
Debentures and Bonds
As on 32 Ashad, 2079 (16 July, 2022)

Amount in NPR

| Particulars | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
|---|----------------------|----------------------|
| 1. Percent Bonds/Debentures of Rs. each Issued on and Matured on | - | - |
| (Outstanding balance of Redemption Reserve Rs.) | - | - |
| 2. Percent Bond/Debentures of Rs. each Issued on and Matured on | - | - |
| (Outstanding Balance of Redemption Reserve Rs.) | - | - |
| 3. | - | - |
| Total (1+2+3) | - | - |

Note : Particulars of securities shall be disclosed in case the Debentures/Bonds are issued with assigned securities.

Schedule 4.4

Capital Merchant Banking & Finance Ltd.
Borrowings
As on 32 Ashad, 2079 (16 July, 2022)

Amount in NPR

| Particulars | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
|---------------------------------------|----------------------|----------------------|
| A. Local | | |
| Nepal Government | - | - |
| Nepal Rastra Bank | - | - |
| Repo Obligation | - | - |
| Inter Bank and Financial Institutions | 17,800,000 | 25,100,000 |
| Other Organized Institutions | - | - |
| Others | - | - |
| Total | 17,800,000 | 25,100,000 |
| B. Foreign | - | - |
| Banks | - | - |
| Others | - | - |
| Total | - | - |
| Total (A+B) | 17,800,000 | 25,100,000 |



Capital Merchant Banking & Finance Ltd.

Deposits

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

| Particulars | Amount in NPR | |
|---|----------------------|----------------------|
| | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| 1. Non-Interest Bearing Accounts: | | |
| A. Current Deposits | - | - |
| 1. Local Currency | - | - |
| 1.1 Nepal Government | - | - |
| 1.2 "A" Class Licensed Institutions | - | - |
| 1.3 Other Licensed Financial Institutions | - | - |
| 1.4 Other Organized Institutions | - | - |
| 1.5 Individuals | - | - |
| 1.6 Others | - | - |
| 2. Foreign Currency | - | - |
| 2.1 Nepal Government | - | - |
| 2.2 "A" Class Licensed Institutions | - | - |
| 2.3 Other Licensed Financial Institutions | - | - |
| 2.4 Other Organized Institutions | - | - |
| 2.5 Individuals | - | - |
| 2.6 Others | - | - |
| B. Margin Deposits | - | - |
| 1 Employee Guarantees | - | - |
| 2 Guarantee Margin | - | - |
| 3 Letters of Credit Margin | - | - |
| C. Others | - | - |
| 1. Local Currency | - | - |
| 2 Financial Institutions | - | - |
| 3 Other Organized Institutions | - | - |
| 4 Individuals | - | - |
| 2. Foreign Currency | - | - |
| 2.1 Financial Institutions | - | - |
| 2.2 Other Organized Institutions | - | - |
| 2.3 Individuals | - | - |
| Total of Non-Interest Bearing Accounts | - | - |
| 2 Interest Bearing Accounts: | | |
| A. Savings Deposits | 21,768,546 | 21,577,587 |
| 1. Local Currency | 21,768,546 | 21,577,587 |
| 1.1 Organized Institutions | - | - |
| 1.2 Individuals | 21,768,546 | 21,577,587 |
| 1.3 Others | - | - |
| 2. Foreign Currency | - | - |
| 2.1 Organized Institutions | - | - |
| 2.2 Individuals | - | - |
| 2.3 Others | - | - |
| B. Fixed Deposits | - | - |
| 1. Local Currency | - | - |
| 1.1 Organized Institutions | - | - |
| 1.2 Individuals | - | - |
| 1.3 Others | - | - |
| 2. Foreign Currency | - | - |
| 2.1 Organized Institutions | - | - |
| 2.2 Individuals | - | - |
| 2.3 Others | - | - |
| C. Call Deposits | 273,875,894 | 327,698,026 |
| 1. Local Currency | 273,875,894 | 327,698,026 |
| 1.1 "A" Class Licensed Institutions | - | - |
| 1.2 Other Licensed Institutions | 45,858,222 | 51,770,797 |
| 1.3 Other Organized Institutions | 227,066,153 | 274,984,700 |
| 1.4 Individuals | 951,519 | 942,529 |
| 1.5 Others | - | - |
| 2. Foreign Currency | - | - |
| 2.1 "A" Class Licensed Institutions | - | - |
| 2.2 Other Licensed Institutions | - | - |
| 2.3 Other Organized Institutions | - | - |
| 2.4 Individuals | - | - |
| 2.5 Others | - | - |
| D. Certificate of Deposit | - | - |
| 1. Organized Institutions | - | - |
| 2. Individuals | - | - |
| 3. Others | - | - |
| Total of Interest Bearing Accounts | 295,644,440 | 349,275,612 |
| Total Deposit (1+2) | 295,644,440 | 349,275,612 |



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Schedule 4.6

Capital Merchant Banking & Finance Ltd.
Bills Payable
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Amount in NPR | |
|---------------------|----------------------|----------------------|
| | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| 1. Local Currency | - | - |
| 2. Foreign Currency | - | - |
| Total | - | - |

Schedule 4.7

Capital Merchant Banking & Finance Ltd.
Other Liabilities
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Amount in NPR | |
|-------------------------------------|----------------------|----------------------|
| | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| 1. Pension/Gratuity Fund | 3,648,557 | 3,761,615 |
| 2. Employees Provident Fund | - | - |
| 3. Employees Welfare Fund | - | - |
| 4. Provision for Staff Bonus | - | - |
| 5. Interest Payable on Deposits | - | - |
| 6. Interest Payable on Borrowings | - | - |
| 7. Unearned Discount and Commission | - | - |
| 8. Sundry Creditors | 312,580,635 | 12,248,059 |
| 9. Branch Adjustment Account | - | - |
| 10. Deferred Tax Liability | - | - |
| 11. Dividend Payable | 246,660 | 246,660 |
| 12. Others | 411,362,149 | 414,221,644 |
| Total | 727,838,001 | 430,477,978 |



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Schedule 4.8

Capital Merchant Banking & Finance Ltd.

Cash Balance

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

| Particulars | Amount in NPR | |
|------------------------------------|----------------------|----------------------|
| | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| 1. Local Currency (Including coin) | 90,431 | 141,330 |
| 2. Foreign Currency | - | - |
| Total | 90,431 | 141,330 |

Schedule 4.9

Capital Merchant Banking & Finance Ltd.

Balance with Nepal Rastra Bank

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

| Particulars | Local Currency | Foreign Currency | | | Amount in NPR | |
|----------------------|----------------|------------------|-------------|-------|----------------------|----------------------|
| | | Indian Currency | Convertible | Total | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| | | | | | | |
| 1. Nepal Rastra Bank | 3,107,576 | - | - | - | 3,107,576 | 3,107,576 |
| a). Current Account | 3,107,576 | - | - | - | 3,107,576 | 3,107,576 |
| b). Other Account | - | - | - | - | - | - |



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Capital Merchant Banking & Finance Ltd.
Balance with other Banks/Financial Institutions
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Local Currency | Foreign Currency | | | Amount in NPR | |
|--------------------------------|--------------------|------------------|-------------|----------|----------------------|----------------------|
| | | Indian Currency | Convertible | Total | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| 1. Local Licensed Institutions | 563,896,700 | - | - | - | 563,896,700 | 21,831,501 |
| a). Current Account | 17,000 | | | | 17,000 | 68,826 |
| b). Other Account | 563,879,699 | | | | 563,879,699 | 21,762,674 |
| 2. Foreign Banks | - | - | - | - | - | - |
| a). Current Account | - | - | - | - | - | - |
| b). Other Account | - | - | - | - | - | - |
| Total | 563,896,700 | - | - | - | 563,896,700 | 21,831,501 |



Capital Merchant Banking & Finance Ltd.
Money at Call and Short Notice
As on 31 Ashad, 2076 (15 July, 2020)

| Particulars | Amount in NPR | |
|---------------------|----------------------|----------------------|
| | As on 31 Ashad, 2077 | As on 31 Ashad, 2076 |
| 1. Local Currency | - | - |
| 2. Foreign Currency | - | - |
| Total | - | - |

Capital Merchant Banking & Finance Ltd.
Investments
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Purpose | | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
|--------------------------------------|---------------|----------|----------------------|----------------------|
| | Trading | Other | | |
| 1. Nepal Government Treasury Bills | - | - | | - |
| 2. Nepal Government Savings Bond | - | - | | - |
| 3. Nepal Government Other Securities | - | - | | - |
| 4. Nepal Rastra Bank Bonds | - | - | | - |
| 5. Foreign Securities | - | - | | - |
| 6. Local Licensed Institutions | - | - | | - |
| 7. Foreign Banks | - | - | | - |
| 8. Organized Institutions Shares | 29,200 | - | 29,200 | 29,200 |
| 9. Corporate Bonds and Debentures | - | - | | - |
| 10. Other Investments | - | - | | - |
| Total Investment | 29,200 | - | 29,200 | 29,200 |
| Provision | 2,200 | - | 2,200 | 2,200 |
| Net Investment | 27,000 | - | 27,000 | 27,000 |



Capital Merchant Banking & Finance Ltd.
Held for Trading
As on 32 Ashad, 2079 (16 July, 2022)

| Description | Cost Price | Last Market Price | Current Market Price | Amount in NPR | |
|--|------------|-------------------|----------------------|----------------------------|-------------------------|
| | | | | Current Year Profit/(Loss) | Last Year Profit/(Loss) |
| 1. Treasury Bills of Government of Nepal | - | - | - | - | - |
| 2. Saving Bonds of Government of Nepal | - | - | - | - | - |
| 3. Other Loan Bonds of Government of Nepal | - | - | - | - | - |
| 4. Loan Bonds of Nepal Rastra Bank | - | - | - | - | - |
| 5. Foreign Loan Bonds | - | - | - | - | - |
| 6. Shares of Local Licensed Institutions | - | - | - | - | - |
| 7. Debenture and Bonds of Local Licensed Institutions | - | - | - | - | - |
| 8. Debenture and Bonds of Local Organized Institutions | - | - | - | - | - |
| 9. Investment in Foreign Banks (Placement) | - | - | - | - | - |
| 10. Interbank Lending | - | - | - | - | - |
| 11. Other Investment | - | - | - | - | - |
| Total Investment | - | - | - | - | - |

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Capital Merchant Banking & Finance Ltd.
Held to Maturity
As on 32 Ashad, 2079 (16 July, 2022)

| Description | Cost Price | Cumulative Loss Upto This Year | Current Lear Loss | Current Year Profit/(Loss) | Amount in NPR | |
|--|------------|--------------------------------|-------------------|----------------------------|-------------------------|---|
| | | | | | Last Year Profit/(Loss) | |
| 1. Treasury Bills of Government of Nepal | - | - | - | - | - | - |
| 2. Saving Bonds of Government of Nepal | - | - | - | - | - | - |
| 3. Other Loan Bonds of Government of Nepal | - | - | - | - | - | - |
| 4. Loan Bonds of Nepal Rastra Bank | - | - | - | - | - | - |
| 5. Foreign Loan Bonds | - | - | - | - | - | - |
| 6. Shares of Local Licensed Institutions | - | - | - | - | - | - |
| 7. Debenture and Bonds of Local Licensed Institutions | - | - | - | - | - | - |
| 8. Debenture and Bonds of Local Organized Institutions | - | - | - | - | - | - |
| 9. Investment in Foreign Banks (Placement) | - | - | - | - | - | - |
| 10. Interbank Lending | - | - | - | - | - | - |
| 11. Other Investment | - | - | - | - | - | - |
| Total Investment | - | - | - | - | - | - |



Capital Merchant Banking & Finance Ltd.
Available for Sale
As on 32 Ashad, 2079 (16 July, 2022)

| Description | Cost Price | Last Market Price | Current Market Price | Amount in NPR | |
|--|---------------|-------------------|----------------------|--|----------------------------|
| | | | | Current Year Fund Adjustment Amount | Last Year Profit/(Loss) |
| 1. Treasury Bills of Government of Nepal | - | - | - | - | - |
| 2. Saving Bonds of Government of Nepal | - | - | - | - | - |
| 3. Other Loan Bonds of Government of Nepal | - | - | - | - | - |
| 4. Loan Bonds of Nepal Rastra Bank | - | - | - | - | - |
| 5. Foreign Loan Bonds | - | - | - | - | - |
| 6. Shares of Local Licensed Institutions | 2,200 | - | - | - | - |
| 7. Debenture and Bonds of Local Licensed Institutions | - | - | - | - | - |
| 8. Debenture and Bonds of Local Organized Institutions | - | - | - | - | - |
| 9. Investment in Foreign Banks (Placement) | - | - | - | - | - |
| 10. Interbank Lending | - | - | - | - | - |
| 11. Other Investment | 27,000 | - | - | - | - |
| Total Investment | 29,200 | - | - | - | - |

Subram

SB

Pr
Mad
Mananda



Capital Merchant Banking & Finance Ltd.
Classification of Loans and Bills Purchased and Provisioning
As on 32 Ashad, 2079 (16 July, 2022)

Amount in NPR

| Particulars | Loans | | | | Bills Purchased/Discounted | | | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 | |
|---|----------|-----------|---------------|---------|----------------------------|----------|---------|----------------------|----------------------|-------|
| | Domestic | | | Foreign | Total | Domestic | Foreign | | | Total |
| | Deprived | | Others | | | | | | | |
| | Insured | Uninsured | | | | | | | | |
| 1. Performing Loan | - | - | - | - | - | - | - | - | - | |
| 1.1 Pass Loan | - | - | - | - | - | - | - | - | - | |
| 1.2 Watchlist | - | - | - | - | - | - | - | - | - | |
| 1.3 Restructured | - | - | - | - | - | - | - | - | - | |
| 2. Non-Performing Loan | - | - | 1,283,908,231 | - | 1,283,908,231 | - | - | 1,283,908,231 | 1,586,581,670 | |
| 2.1 Substandard | - | - | - | - | - | - | - | - | - | |
| 2.2 Doubtful | - | - | - | - | - | - | - | - | - | |
| 2.3 Bad | - | - | 1,283,908,231 | - | 1,283,908,231 | - | - | 1,283,908,231 | 1,586,581,670 | |
| (A). Total Loan | - | - | 1,283,908,231 | - | 1,283,908,231 | - | - | 1,283,908,231 | 1,586,581,670 | |
| 3. Loan Loss Provision | - | - | 1,283,908,231 | - | 1,283,908,231 | - | - | 1,283,908,231 | 1,586,581,670 | |
| 3.1 Pass | - | - | - | - | - | - | - | - | - | |
| 3.2 Watchlist | - | - | - | - | - | - | - | - | - | |
| 3.2 Restructured | - | - | - | - | - | - | - | - | - | |
| 3.3 Substandard | - | - | - | - | - | - | - | - | - | |
| 3.4 Doubtful | - | - | - | - | - | - | - | - | - | |
| 3.5 Bad | - | - | 1,283,908,231 | - | 1,283,908,231 | - | - | 1,283,908,231 | 1,586,581,670 | |
| (B). Total Provisioning | - | - | 1,283,908,231 | - | 1,283,908,231 | - | - | 1,283,908,231 | 1,586,581,670 | |
| 4. Provision upto previous year | - | - | 1,586,581,670 | - | 1,586,581,670 | - | - | 1,586,581,670 | 1,586,581,670 | |
| 4.1 Pass | - | - | - | - | - | - | - | - | - | |
| 4.2 Watchlist | - | - | - | - | - | - | - | - | - | |
| 4.3 Restructured | - | - | - | - | - | - | - | - | - | |
| 4.4 Substandard | - | - | - | - | - | - | - | - | - | |
| 4.5 Doubtful | - | - | - | - | - | - | - | - | - | |
| 4.6 Bad | - | - | 1,586,581,670 | - | 1,586,581,670 | - | - | 1,586,581,670 | 1,586,581,670 | |
| (C). Total Previous Year's Provision | - | - | 1,586,581,670 | - | 1,586,581,670 | - | - | 1,586,581,670 | 1,586,581,670 | |
| (D). Written Back From Previous Year | - | - | - | - | - | - | - | - | - | |
| Changes in This Year | - | - | (302,673,439) | - | (302,673,439) | - | - | (302,673,439) | - | |
| Net Loan (A-B) | - | - | - | - | - | - | - | - | - | |



Capital Merchant Banking & Finance Ltd.
Loans, Advances and Bills Purchased Security wise
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Amount in NPR | |
|---|----------------------|----------------------|
| | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| (A). Secured | 1,283,908,231 | 1,586,581,670 |
| 1. Movable/Immovable Assets | 1,281,638,895 | 1,584,106,881 |
| 2. Guarantee of Local Licensed Institutions | - | - |
| 3. Government Guarantee | - | - |
| 4. Internationally Rated Bank Guarantee | - | - |
| 5. Export Documents | - | - |
| 6. Fixed Deposit Receipts | - | - |
| a) Own Fixed Deposit Receipt | - | - |
| b) Fixed Deposit Receipt of Other Licensed Institutions | - | - |
| 7. Government Bonds | - | - |
| 8. Counter Guarantee | - | - |
| 9. Personal Guarantee | - | - |
| 10. Other Securities | 2,269,336 | 2,474,789 |
| (B). Unsecured | - | - |
| Total | 1,283,908,231 | 1,586,581,670 |



Capital Merchant Banking & Finance Ltd.
Fixed Assets

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

| Particulars | Assets | | | | | | As on 31 Ashad, 2078 |
|---|-------------------|-------------------|-------------------|-------------------|------------------|----------------------|----------------------|
| | Building | Vehicles | Machinery | Office Equipment | Others | As on 32 Ashad, 2079 | |
| 1 At Cost | | | | | | | |
| a. Previous Year Balance | 31,332,349 | 12,042,835 | 26,986,882 | 10,105,145 | 6,009,303 | 86,476,514 | - |
| b. Addition This Year | 1,043,000 | - | 11,200 | - | 53,171 | 1,107,371 | - |
| c. Revaluation/Written Back This Year | - | - | - | - | - | - | - |
| d. This Year Sold | - | - | - | - | - | - | - |
| e. This Year Written off | - | - | 139,604 | 26,405 | 7,159 | 173,167 | 33,087 |
| Total Cost (a+b+c-d-e) | 32,375,349 | 12,042,835 | 26,858,478 | 10,078,741 | 6,055,314 | 87,410,717 | 86,476,514 |
| 2 Depreciation | | | | | | | |
| a. Up to Previous Year | 15,992,097 | 11,723,478 | 26,431,121 | 10,026,465 | 5,996,618 | 70,169,779 | 69,112,513 |
| b. For This Year | 819,163 | 63,871 | 64,104 | 13,069 | 8,804 | 969,011 | 1,057,266 |
| c. Depreciation on Revaluation/Written Back | - | - | - | - | - | - | - |
| Total Depreciation | 16,811,259 | 11,787,349 | 26,495,225 | 10,039,534 | 6,005,422 | 71,138,790 | 70,169,779 |
| 3 Book Value (WDV*) (1-2) | 15,564,089 | 255,486 | 363,254 | 39,206 | 49,892 | 16,271,927 | 16,306,734 |
| 4 Land | - | - | - | - | - | 56,009,370 | 56,009,370 |
| 5 Capitalization Construction (Pending) | - | - | - | - | - | 7,495,872 | 7,495,872 |
| 6 Leasehold Assets | - | - | - | - | - | - | - |
| Total (3+4+5+6) | 15,564,089 | 255,486 | 363,254 | 39,206 | 50,002 | 79,777,279 | 79,812,086 |



Signature

Signature

Signature

Signature



Capital Merchant Banking & Finance Ltd.
Non-Banking Assets
As on 32 Ashad, 2079 (16 July, 2022)

| Name and Address of Borrower or Party | Date of Accept Non-Banking Assets | Total Amount of Non-Banking Assets Rs. | Loss Provision | | Amount in NPR | |
|---------------------------------------|-----------------------------------|--|----------------|------------|----------------------|----------------------|
| | | | In Percentage | In Amount | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| Irada Builders Pvt. Ltd. KMPC-34 | 2072.05.16 | 20,335,799 | 100% | 20,335,799 | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| | | - | - | - | - | - |
| Grand Total | | 20,335,799 | 100% | 20,335,799 | - | - |

Jimmy



Subin

Prakash
Prakash



Capital Merchant Banking & Finance Ltd.
Other Assets
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Amount in NPR | | |
|---|----------------------|----------------------|----------------------|
| | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 | As on 31 Ashad, 2077 |
| ATM card Stock | - | - | - |
| Income Receivable on Investments | - | - | - |
| Accrued Interest on Loan | 2,727,645,661 | 2,523,655,842 | 2,317,215,332 |
| Less : Interest Suspense Amount | (2,727,645,661) | (2,523,655,842) | (2,317,215,332) |
| Commission Receivable | - | - | - |
| Sundry Debtors | 26,515,110 | 30,014,745 | 29,609,759 |
| Staff Loans and Advances | 141,294 | 101,137 | 80,137 |
| Prepaid Expenses | - | - | - |
| Cash In Transit | - | - | - |
| Other Transit items (including cheques) | - | - | - |
| Drafts Paid without Notice | - | - | - |
| Expenses Not Written off | 477,591 | 477,871 | 477,871 |
| Branch account | (0) | (0) | (0) |
| Deferred Tax Assets | 17,838,084 | 16,822,352 | 13,561,849 |
| Other | 6,105,714 | 5,895,688 | 5,168,406 |
| Total | 51,077,794 | 53,311,793 | 48,898,023 |

Schedule 4.16 (A)
Amount in NPR

| Particulars | As on 32 Ashad, 2079 | | | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
|----------------------------------|----------------------|--------------|-------------------|----------------------|----------------------|
| | Up to 1 Year | 1 to 3 Years | More Than 3 Years | | |
| 1. Accrued Interest on Loan | - | - | - | 2,727,645,661 | 2,523,655,842 |
| 2. Drafts Paid without Notice | - | - | - | - | - |
| 3. Branch Adjustment Account | - | - | - | - | - |
| 4. Local and Foreign Agency A/Cs | - | - | - | - | - |

B. K. M.
M. K. M.



J. M.
A. M.
M. M.



Capital Merchant Banking & Finance Ltd.
Contingent Liabilities
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Amount in NPR | |
|--|----------------------|----------------------|
| | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
| 1. Claims on Institution but not accepted by the Institution | - | - |
| 2. Letters of Credit (Full Amount) | - | - |
| a). Less than 6 months Maturity | - | - |
| b). More than 6 months Maturity | - | - |
| 3. Rediscounted Bills | - | - |
| 4. Unmatured Guarantees/Bonds | - | - |
| a). Bid Bonds | - | - |
| b). Performance Bonds | - | - |
| c). Other Guarantees/Bonds | - | - |
| 5. Unpaid Shares in Investment | - | - |
| 6. Forward Exchange Contract Liabilities | - | - |
| 7. Bills under Collection | - | - |
| 8. Acceptance and Endorsements | - | - |
| 9. Underwriting Commitments | - | - |
| 10. Irrevocable Loan Commitments | - | - |
| 11. Counter Guarantee of Internationally Rated Banks | - | - |
| 12. Advance Payment Guarantee | - | - |
| 13. Financial Guarantee | - | - |
| 14. Contingent Liabilities on Income Tax | - | - |
| 15. Capital Commitment net of Advance Payment | - | - |
| 16. ----- | - | - |
| Total | - | - |



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Capital Merchant Banking & Finance Ltd.
Interest Income
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Amount in NPR | |
|---------------------------------------|------------------|----------------|
| | This Year | Previous Year |
| A. On Loan, Advances and Overdraft | 1,477,047 | - |
| 1. Loans and Advances | 1,477,047 | - |
| 2. Overdraft | - | - |
| B. On Investment | - | - |
| 1. Nepal Government Securities | - | - |
| a. Treasury Bills | - | - |
| b. Development Bonds | - | - |
| c. National Savings Certificates | - | - |
| 2. Foreign Securities | - | - |
| a. | - | - |
| b. | - | - |
| 3. Nepal Rastra Bank Bond | - | - |
| 4. Debenture and Bonds | - | - |
| a. Financial Institutions | - | - |
| b. Other Organizations | - | - |
| 5. On Interbank Placement | - | - |
| a. Bank and Financial Institutions | - | - |
| b. Other Organizations | - | - |
| C. On Agency Balances | - | - |
| 1. Local Banks | - | - |
| 2. Foreign Banks | - | - |
| D. On Money at Call and Short Notice | - | - |
| 1. Local Banks/Financial Institutions | - | - |
| 2. Foreign Banks | - | - |
| E. On Others | 7,358,081 | 241,269 |
| 1. Certificate of Deposits | - | - |
| 2. Inter-Bank Loan | - | - |
| 3. Others-Deposit with other Fis | 7,358,081 | 241,269 |
| Total | 8,835,128 | 241,270 |

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Capital Merchant Banking & Finance Ltd.
Interest Expenses

For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

| Particulars | Amount in NPR | |
|--|---------------|---------------|
| | This Year | Previous Year |
| A. On Deposit Liabilities | 4,369,669 | 3,114,185 |
| 1. Fixed Deposits | - | - |
| 1.1 Local Currency | - | - |
| 1.2 Foreign Currency | - | - |
| 2. Savings Deposits | 1,484,316 | 210,396 |
| 2.1 Local Currency | 1,484,316 | 210,396 |
| 2.2 Foreign Currency | - | - |
| 3. Call Deposits | 2,885,353 | 2,903,789 |
| 3.1 Local Currency | 2,885,353 | 2,903,789 |
| 3.2 Foreign Currency | - | - |
| 4. Certificate of Deposits | - | - |
| B. On Borrowings | 718,044 | 776,745 |
| 1. Debentures and Bonds | - | - |
| 2. Loan from Nepal Rastra Bank | - | - |
| 3. Inter Bank/Financial Institutions Borrowing | 718,044 | 776,745 |
| 4. Other Corporate Body | - | - |
| 5. Other Loans | - | - |
| C. On Others | - | - |
| 1. | - | - |
| 2. | - | - |

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Capital Merchant Banking & Finance Ltd.**Commission and Discount****For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)**

Amount in NPR

| Particulars | This Year | Previous Year |
|--------------------------------|-----------|---------------|
| A. Bills Purchase and Discount | - | - |
| 1. Local | - | - |
| 2. Foreign | - | - |
| B. Commission | - | - |
| 1. Letters of Credit | - | - |
| 2. Guarantee | - | - |
| 3. Collection Fee | - | - |
| 4. Remittance Fee | - | - |
| 5. Credit Cards | - | - |
| 6. Share Underwriting/Issues | - | - |
| 7. Government Transactions | - | - |
| 8. Agency Commission | - | - |
| 10. Exchange Income | - | - |
| C. Others | - | - |
| Total | - | - |

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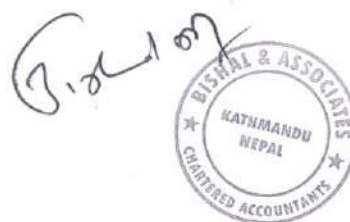


Capital Merchant Banking & Finance Ltd.
Other Operating Income
For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

| Particulars | Amount in NPR | |
|---------------------------------------|---------------|---------------|
| | This Year | Previous Year |
| 1. Rental on Safe Deposit Lockers | - | - |
| 2. Issue and Renewals of Credit Cards | - | - |
| 3. Issue and Renewals of ATM Cards | - | - |
| 4. Telex/T.T. | - | - |
| 5. Service Charges | - | - |
| 6. Renewal Fees | - | - |
| 7. Others | - | - |
| Total | - | - |

Capital Merchant Banking & Finance Ltd.
Exchange Gain/Loss
For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

| Particulars | Amount in NPR | |
|--|---------------|---------------|
| | This Year | Previous Year |
| (A). Revaluation Gain | - | - |
| (B). Trading Gain (Except Exchange Income) | - | - |
| Total Income/(Loss) | - | - |



Capital Merchant Banking & Finance Ltd.
Employee Expenses
As on 32 Ashad, 2079 (16 July, 2022)

| Particulars | Amount in NPR | |
|-----------------------------------|------------------|------------------|
| | This Year | Previous Year |
| 1. Salary | 3,103,016 | 3,193,536 |
| 2. Allowances | 909,438 | 941,428 |
| 3. Contribution to Provident Fund | 202,302 | 211,354 |
| 4. Training Expenses | - | - |
| 5. Uniform | - | - |
| 6. Medical | 195,083 | 204,728 |
| 7. Insurance | 12,349 | 21,969 |
| 8. Leave Encashment | 692,480 | 960,378 |
| 9. Gratuity | 176,808 | 403,217 |
| Total | 5,291,476 | 5,936,610 |

Nishu

Prakash

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M. Prasad



B. C. M.



Capital Merchant Banking & Finance Ltd.

Other Overhead Expenses

For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

Amount in NPR

| Particulars | This Year | Previous Year |
|---|------------------|------------------|
| 1. House Rent | - | - |
| 2. Electricity and Water | 276,759 | 268,225 |
| 3. Repair and Maintenance | 85,619 | 216,862 |
| (a). Building | - | - |
| (b). Vehicles | 63,485 | 144,082 |
| (c). Others | 22,135 | 72,780 |
| 4. Insurance | 60,506 | 57,453 |
| 5. Postage, Telex, Telephone, Fax | 13,979 | 11,180 |
| 6. Office Equipment, Furniture and Fixture Repair | - | - |
| 7. Traveling Allowances and Expenses | 61,447 | - |
| 8. Stationery and Printing | 22,616 | 22,747 |
| 9. Periodicals and Books | 6,100 | 7,650 |
| 10. Advertisements | - | - |
| 11. Legal Expenses | - | 1,330 |
| 12. Donations | - | - |
| 13. Expenses Relating to Board of Directors | 300,793 | 163,119 |
| (a). Meeting Fees | 246,000 | 155,000 |
| (b). Other Expenses | 54,793 | 8,119 |
| 14. Annual General Meeting Expenses | - | - |
| 15. Expenses Relating to Audit | 211,875 | 785,570 |
| (a). Audit Fees | 101,700 | 665,570 |
| (b). Other Expenses | 5,175 | 15,000 |
| (c). Tax Audit Fees | 105,000 | 105,000 |
| 16. Commission on Remittances | - | - |
| 17. Depreciation on Fixed Assets | 969,011 | 1,057,266 |
| 18. Amortization of Preliminary Expenses | - | - |
| 19. Share Issue Expenses | 699,577 | - |
| 20. Technical Services Fee | 240,000 | 240,000 |
| 21. Entertainment | - | - |
| 22. Written Off Expenses | - | - |
| 23. Security Expenses | 976,998 | 394,472 |
| 24. Credit Guarantee Premium | - | - |
| 25. Commission and Discount | - | - |
| 26. Others | 1,317,322 | 1,115,270 |
| 26.1. Membership Fee | - | - |
| 26.2. Tax & Fines | 612,588 | 560,854 |
| 26.3. Anniversary Expenses | - | - |
| 26.4. Fuel Expenses | 101,030 | 77,459 |
| 26.5. Service Charge | 41,273 | 729 |
| 26.6. Gift Expenses | - | - |
| 26.7. Branch Extension Expenses | - | - |
| 26.8. Data Connectivity Expenses | 137,905 | 137,905 |
| 26.9. Software Maintenance Expenses | - | - |
| 26.10. Fine and Penalties | 28,700 | - |
| 26.11. Others | 265,951 | 305,236 |
| 26.12. Fixed Assets Written Off | 129,876 | 33,087 |
| Total | 5,242,603 | 4,341,143 |



Capital Merchant Banking & Finance Ltd.
Provision for Possible Losses
For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

Amount in NPR

| Particulars | This Year | Previous Year |
|--|-----------|---------------|
| 1. Increase in Loan Loss Provision | - | - |
| 2. Increase in Provison for Loss on Investment | - | - |
| 3. Provision Against Non-Banking Assets | - | - |
| 4. Provision Against Other Assets | - | - |
| Total | - | - |



Capital Merchant Banking & Finance Ltd.

Non-Operating Income/Loss

For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

Amount in NPR

| Particulars | This Year | Previous Year |
|--|------------------|------------------|
| 1. Profit (Loss) on Sale of Investment | - | - |
| 2. Profit (Loss) on Sale of Assets | - | - |
| 3. Dividend | - | - |
| 4. Subsidies Received from Nepal Ratra Bank | - | - |
| a. Reimbursement of Losses of Specified Branches | - | - |
| b. Interest Subsidy | - | - |
| c. Exchange Counter | - | - |
| Others | 5,096,837 | 3,424,184 |
| Total Non-Operating Income (Loss) | 5,096,837 | 3,424,184 |

Capital Merchant Banking & Finance Ltd.

Loss Provision Written Back

For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

Amount in NPR

| Particulars | This Year | Previous Year |
|--|--------------------|------------------|
| 1. Loan Loss Provision Written Back | 302,673,439 | - |
| 2. Provision against Non-Banking Assets Written Back | - | - |
| 3. Investment Provision Written Back | - | - |
| 4. Provision against Other Assets Written back | 1,225,001 | 2,462,822 |
| Total | 303,898,440 | 2,462,822 |



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Capital Merchant Banking & Finance Ltd.

Statement of Loans Written-Off

For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

| S.N | Types of Loan | Written Off Amount | Type of Security | Basis of Valuation of Collateral | Loan Approved by Name/ Designation | Initiation made for Recovery | Amount in NPR | Remarks |
|--------------|----------------------|--------------------|------------------|----------------------------------|------------------------------------|------------------------------|---------------|---------|
| 1 | Working Capital Loan | - | - | - | - | - | - | - |
| 2 | Project Loan | - | - | - | - | - | - | - |
| 3 | Fixed Capital Loan | - | - | - | - | - | - | - |
| 4 | Personal Loan | - | - | - | - | - | - | - |
| 5 | Other Loan | - | - | - | - | - | - | - |
| Total | | - | - | - | - | - | - | - |



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Capital Merchant Banking & Finance Ltd.
Income /Expenses from Extra-ordinary Activities
For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

| Particulars | Amount in NPR | |
|---|---------------|---------------|
| | This Year | Previous Year |
| 1. Recovery of write off Loan | - | - |
| 2. Voluntary Retirement Scheme Expenses | - | - |
| 3. Loan Write-Off (4.28) (a) | - | - |
| 4. Other Expenses/Income | - | - |
| Total | - | - |



Capital Merchant Banking & Finance Ltd.
Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders
As on 32 Ashad, 2079 (16 July, 2022)

The Statement of amount, included under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and to the individual members of their undivided family or against the guarantee of such persons or to the organizations or companies in which such individuals are managing agent, are as follows :

| Name of Promoter/Director/Chief Executive | Till Last Year's Balance | | This Year Recovery | | This Year Additions | Amount in NPR Balance as of Ashad End | |
|---|--------------------------|----------|--------------------|----------|---------------------|--|----------|
| | Principal | Interest | Principal | Interest | | Principal | Interest |
| (A). Directors | - | - | - | - | - | - | - |
| 1 | - | - | - | - | - | - | - |
| 2 | - | - | - | - | - | - | - |
| (B). Chief Executive | - | - | - | - | - | - | - |
| 1 | - | - | - | - | - | - | - |
| 2 | - | - | - | - | - | - | - |
| (C). Promoters | - | - | - | - | - | - | - |
| 1 | - | - | - | - | - | - | - |
| 2 | - | - | - | - | - | - | - |
| (D). Employees | - | - | - | - | - | - | - |
| 1 | - | - | - | - | - | - | - |
| 2 | - | - | - | - | - | - | - |
| (E). Shareholders | - | - | - | - | - | - | - |
| 1 | - | - | - | - | - | - | - |
| 2 | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - |



Capital Merchant Banking & Finance Ltd.
Statement of Capital Fund
As on 32 Ashad, 2079 (16 July, 2022)

Amount in NPR '000'

| Particulars | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 |
|---|----------------------|----------------------|
| A). Core Capital | (363,344) | (665,552) |
| 1. Paid up Capital | 935,070 | 935,070 |
| 2. Proposed Bonus Share | - | - |
| 3. Share Premium | 2,612 | 2,612 |
| 4. Non-Redeemable Preference Share | - | - |
| 5. General Reserve Fund | 343,197 | 282,552 |
| 6. Cumulative Profit/(Loss) (up to Previous FY) | (1,883,586) | (1,875,545) |
| 7. Current Year Profit/(Loss) as per shown in Balance Sheet | 241,564 | (8,040) |
| 8. Capital Redemption Reserve | - | - |
| 9. Capital Adjustment Reserve | - | - |
| 10. Calls in Advance | - | - |
| 11. Other Free Reserves | - | - |
| 12. Deferred Tax Reserve | 17,838 | 16,822 |
| Less : | 20,038 | 19,022 |
| Goodwill | - | - |
| Investment in excess of prescribed limit | 2,200 | 2,200 |
| Fictitious Assets | 17,838 | 16,822 |
| Investment in securities of companies with financial interest | - | - |
| Acquisition of Land and Building for self use in violation of directive | - | - |
| Investment in Residential housing loan and land development in excess of prescribed limit | - | - |
| Underwriting commitment not sold within prescribed time limit | - | - |
| Loan to person or group of persons restricted by prevailing Act and laws | - | - |
| B). Supplementary Capital | - | - |
| 1. Loan Loss Provision on Pass Loans | - | - |
| 2. Additional Loan Loss Provision | - | - |
| 3. Hybrid Capital Instruments | - | - |
| 4. Unsecured Subordinated Term Debt | - | - |
| 5. Exchange Equalization Reserve | - | - |
| 6. Assets Revaluation Reserve | - | - |
| 7. Investment Adjustment Reserve | - | - |
| C). Total Capital Fund (A+B) | (363,344) | (665,552) |
| D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets: | | |
| Capital Fund (@ 11 Percent) | 162,414 | 183,786 |
| Core Capital (@ 5.5 Percent) | 81,207 | 91,893 |
| Capital Fund Deficit | (525,758) | (849,338) |
| Core Capital Deficit | (444,551) | (757,445) |



Capital Merchant Banking & Finance Ltd.
Table of Risk Weighted Assets Statement
As on 32 Ashad, 2079 (16 July, 2022)

Amount in NPR '000'

| On-Balance Sheet Assets | Risk Weighted (%) | As on 32 Ashad, 2079 | | As on 31 Ashad, 2078 | |
|---|-------------------|----------------------|----------------------|----------------------|----------------------|
| | | Amount | Risk Weighted Assets | Amount | Risk Weighted Assets |
| Cash Balance | 0 | 90 | - | 234 | - |
| Gold (Tradable) | 0 | - | - | - | - |
| Balance with Nepal Rastra Bank | 0 | 3,108 | - | 3,108 | - |
| Investment in Government Securities | 0 | - | - | - | - |
| Investment in NRB Bonds | 0 | - | - | - | - |
| Fully Secured Loan against own Fixed Deposit Receipt | 0 | - | - | - | - |
| Fully Secured Loan against Government Securities | 0 | - | - | - | - |
| Accrued Interest on Saving Bonds | 0 | - | - | - | - |
| Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending | 0 | - | - | - | - |
| Balance with Domestic Banks and Licensed Financial Institutions | 20 | 563,897 | 112,779 | 21,791 | 4,358 |
| Fully Secured FDR Loan against Fixed Deposit Receipt of other Licensed Banks and Financial Institutions | 20 | - | - | - | - |
| Balance with Foreign Banks | 20 | - | - | - | - |
| Money at Call | 20 | - | - | - | - |
| Loan against the guarantee of Internationally Rated Banks | 20 | - | - | - | - |
| Other Investments with Internationally Rated Banks | 20 | - | - | - | - |
| Interbank Lending | 20 | - | - | - | - |
| Investments in Shares, Debentures and Bonds | 100 | 29 | 29 | 29 | 29 |
| Other Investments | 100 | - | - | - | - |
| Loan, Advances and Bills Purchased/Discounted | 100 | 1,283,908 | 1,283,908 | 1,586,582 | 1,586,582 |
| Fixed Assets | 100 | 79,777 | 79,777 | 79,812 | 79,812 |
| Other Interest Receivable (Total Interest receivable less inter receivable on investment less interest Suspense) | 100 | - | - | - | - |
| All other Assets (except Advance Income Tax) | 100 | - | - | - | - |
| Excess Real Estate/Residential Home Loan | 150 | - | - | - | - |
| Total (A) | | 1,930,809 | 1,476,494 | 1,691,555 | 1,670,781 |
| Off Balance Sheet Items: | | | | | |
| Bills Collection | 0 | - | - | - | - |
| Forward Foreign Exchange Contract | 10 | - | - | - | - |
| Letters of Credit with Maturity of less than 6 months (Full Value) | 20 | - | - | - | - |
| Guarantees provided against Counter Guarantee of Internationally Rated Foreign Banks | 20 | - | - | - | - |
| Letters of credit with maturity of more than 6 months (Full Value) | 50 | - | - | - | - |
| Bid Bond, Performance Bond and Underwriting Commitment | 50 | - | - | - | - |
| Credit Sale on the Condition of Re-Purchase | 50 | - | - | - | - |
| Advance Payment Guarantee | 100 | - | - | - | - |
| Financial and Other Guarantee | 100 | - | - | - | - |
| Irrevocable Loan Commitment | 100 | - | - | - | - |
| Contingent Liability in respect of Income Tax | 100 | - | - | - | - |
| All other contingent Liabilities | 100 | - | - | - | - |
| Unpaid Guarantee Claims | 100 | - | - | - | - |
| Total (B) | | - | - | - | - |
| Total Risk Weighted Assets (A+B) | | 1,930,809 | 1,476,494 | 1,691,555 | 1,670,781 |



Capital Merchant Banking & Finance Ltd.
Principal Indicators
(At least for previous 5 years)

| Particulars | Indicators | FY 2074/75 | FY 2075/76 | FY 2076/77 | FY 2077/78 | FY 2078/79 |
|--|------------|---------------|---------------|---------------|---------------|---------------|
| 1. Percent of Net Profit/Gross Income | Percent | 2,004 | 1,324 | (25) | (130) | 2,176 |
| 2. Earning Per Share | Rs. | 10.91 | 11.10 | (0.21) | (0.51) | 32.43 |
| 3. Market Value Per Share | Rs. | 131 | 131 | 131 | 131 | 131 |
| 4. Price Earning Ratio | Percent | 12.01 | 11.80 | (636.49) | (256.27) | 4.04 |
| 5. Dividend (Including Bonus) on Share Capital | Percent | - | - | - | - | - |
| 6. Cash Dividend on Share Capital | Percent | - | - | - | - | - |
| 7. Interest Income/Loan & Advances | Percent | 0.00 | 0.00 | - | - | 0.12 |
| 8. Staff Expenses/Total Operating Expenses | Percent | 51.03 | 54.85 | 57.55 | 57.76 | 50.23 |
| 9. Interest Expenses / Total Deposit and Borrowing | Percent | 1.21 | 1.31 | 1.17 | 1.11 | 1.72 |
| 10. Exchange Gain/Total Income | Percent | - | - | - | - | - |
| 11. Staff Bonus/Total Staff Expenses | Percent | - | - | - | - | - |
| 12. Net Profit/Loan and Advances | Percent | 6.42 | 6.53 | (0.12) | (0.30) | 23.62 |
| 13. Net Profit/Total Assets | Percent | 45.05 | 45.44 | (0.88) | (3.02) | 43.44 |
| 14. Total Credit/Deposit | Percent | 458.79 | 458.79 | 455.79 | 454.25 | 434.27 |
| 15. Total Operating Expenses/Total Assets | Percent | 1.96 | 1.86 | 1.79 | 2.74 | 0.75 |
| 16. Adequacy of Capital Fund on Risk Weighted Assets | | | | | | |
| a) Core Capital | Percent | (33.07) | (38.69) | (39.03) | (39.83) | (24.61) |
| b) Supplementary Capital | Percent | - | - | - | - | - |
| c) Total Capital Fund | Percent | (33.07) | (38.69) | (39.03) | (39.83) | (24.61) |
| 17. Liquidity (CRR) | Percent | 0.42 | 0.90 | 0.00 | 0.00 | 0.04 |
| 18. Non-Performing Loan/Total Credit | Percent | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 19. Weighted Average Interest Rate Spread | Percent | 7.00% | 7.00% | 1.00% | 1.00% | 1.00% |
| 20. Book Net-Worth | Rs. | (641,578,224) | (639,816,311) | (641,750,102) | (646,530,006) | (343,305,661) |
| 21. Total Number of Shares | Nos. | 9,350,695 | 9,350,695 | 9,350,695 | 9,350,695 | 9,350,695 |
| 22. Total Staff | Nos. | 14 | 14 | 14 | 14 | 13 |
| 23. Others | | | | | | |



Capital Merchant Banking & Finance Limited

Schedule 4.32

Significant Accounting Policies

1. General Information:

Capital Merchant Banking and Finance Limited is a limited liability company domiciled in Nepal. The address of its registered office is at Battisputali, Kathmandu, Nepal.

The company has been registered with The Office of Company Registrar on 14 Ashad, 2058, obtained license from Nepal Rastra Bank on 17 Magh, 2058 and came into operation with effective from 17 Magh, 2058. The company has listed on Nepal Stock Exchange Limited.

Capital Merchant Banking and Finance Limited has been declared as a "Problematic Financial Institution" on 17 Magh, 2069 as per section 86(kha) of Nepal Rastra Bank Act, 2058.

BOD of CMBFL has entered into the agreement for sale of its minimum 32.89% promoter and 31.11% public shares as on 21 Ashoj, 2073.

CMBFL has received the approval from Nepal Rastra Bank to sale 3,085,455.00 number of promoter shares on 19 Kartik, 2074.

Currently, CMBFL has been planning of recovering of loan through sale of its mortgaged collateral.

2. Summary of Significant Accounting Policies:

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period, unless otherwise stated. The financial statements are prepared on historical cost convention except where otherwise stated.

3. Statement of compliance:

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), Bank & Financial Institution Act, 2073 and other requirements of NRB Directives and in conformity with the Companies Act, 2063.

4. Basis of Preparation:

The financial statements are prepared on historical cost basis. The preparation of financial statements is in conformity with GAAP applicable in Nepal. It also requires management to exercise judgement in process of applying the accounting policies.

The company follows accrual basis of accounting for the preparation of financial statements except where otherwise stated. All the formats of financial statements are in accordance with the NRB Directives.

5. Going Concern Assumption:

Though the company has negative net worth amounting to Rs. 343,305,661 the management is of view that the company is a going concern with no intention of ceasing its financial activity for the foreseeable future and hence the "Going Concern" assumption has been applied for the preparation of its financial statements.





6. Interest Income:

Interest income on loans and advances is recognized on cash basis as per the NRB Directives. Interest income on investment is accounted for on accrual basis.

7. Commission Income:

All the commission income is recognized on accrual basis.

8. Interest Expense:

Interest on deposit liabilities and borrowing is recognized on accrual basis.

9. Loans and Advances including Bills purchased:

Loans and advances include the direct finance provided to the customers. These include term loans, consumer loans etc. All credit exposures are subject to regular review and graded according to the level of credit risk and are classified as per the NRB Directives. Loans and Advances are shown net of mandatory provisions according to the NRB Directives.

10. Staff Loans and Advances:

Loans and Advances granted to staff are shown under account head of Other Assets Schedule-4.16.

11. Loan Loss Provision:

The provision for possible losses for loans advances are provided at the rates between 1% to 100% according to classification of such risk assets as per NRB Directives.

12. Write Off:

During this period, the company has not written off any amount of loans and advances.

13. Investments:

Investments are classified as held for trading, held to maturity and available for sale as per their nature.

14. Fixed Assets and Depreciation:

- A. Fixed Assets are stated at cost less accumulated depreciation and impairment losses.
- B. Depreciation is computed on written down value method and charged to Profit & Loss Account as the manner prescribed by Income Tax Act, 2058. For disposing the fixed assets of the company, it would follow the provision of Income Tax Act, 2058 and deduct depreciation upto a day prior to the date of disposal.
- C. Lease hold improvement has been capitalized at cost and amortized over the lease periods. The amount of amortization is charged to Profit & Loss Account.

15. Non-Banking Assets:

Non-Banking Assets is valued in accordance with the NRB Directives and provision is also made as per NRB Directives.

16. Accounting Policy for Non-Capitalization of Assets:



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Assets worth less than Rs. 5,000.00 are directly charged off as revenue expenditure at the time of purchase as per Finance and Administration Policy of CMBFL.

17. Software Expenses:

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and other cost incurred at the point of use. The costs are amortized applying WDV method.

18. Employee Benefits:

A. Retirement Fund:

Provident Fund contribution is recognized as expenses and deposited into the CIT.

B. Gratuity:

Gratuity liability of staff is accrued only after completion of fixed period of full-time employment with the company in accordance with the Human Resource Policy.

19. Stationery Stock:

Stationery Stock at the year end is accounted for at cost. For the purpose of valuation of the same FIFO method has been applied.

20. Provisions, Contingent Liabilities and Contingent Assets:

The company creates a provision when there is a present obligation of the entity arising from past events, the settlements of which is expected to result in an outflow from the entity of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a present obligation that may or may not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made in the financial statement.

21. Income Tax:

Provision for Income Tax will be calculated in accordance with the provision of Income Tax Act, 2058.

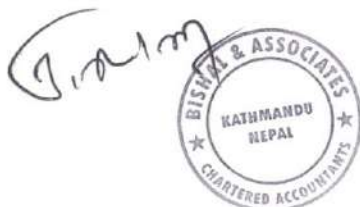
22. Exchange Gain/Loss:

The Financial Institution has not transacted any other foreign currency during the year. So, there has been no exchange gain/loss to the company due to foreign exchange transaction.

23. Deferred Tax:

Deferred Tax is accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary difference between the financial statement's carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date.

Deferred tax assets arising from temporary difference and unused tax losses are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.



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Capital Merchant Banking & Finance Limited

Schedule 4.33

Notes to Accounts

1) Interest Income and Interest Suspense:

The interest receivable on loans and advances as on 32 Ashad, 2079 (16 July, 2022) has been transferred to interest suspense account as interest income can be recognized only when realized in cash as per NRB Directives.

2) Provision for Staff Bonus:

Provision for Staff Bonus has not been provided as per Bonus Act, 2030 since NRB through its PCA letter dated 09 August, 2011 restricts payment of bonus to staff.

3) Staff Housing Fund:

N/A

4) General Reserve:

During FY 2078/79, CMBFL has earned net profit of Rs.303,224,345, hence Rs. 60,644,869 has been transferred to General Reserve during the year.

5) Calls in Arrears:

There are no Calls in Arrears at the year end.

6) Unpaid Dividend:

The company has declared a cash dividend at 5.26% of paid-up capital in FY-2066/67. As on Balance Sheet date, total dividend payable amounts to Rs. 246,660.03.

7) Investment in Share Capital of other Corporate body:

The company has made investment of Rs. 27,000.00 in shares of Credit Information Centre and Rs. 2,200.00 in the shares of Union Finance.

Book value of shares not listed in Nepal Stock Exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate body at the Balance Sheet date as on 32 Ashad, 2079 (16 July, 2022).

8) Average interest rate spread:

The average interest rate spread of the financial institution is 1%.

9) Expenses to be written off:

The company has Rs. 477,591.30 under the head expenses to be written off. The amount has been carried forward from previous year end.

10) Single Obligor Limit:

The company has negative capital fund as on Ashad end 2079 and hence the Single Obligor Limit of the company has exceeded the limit as mentioned in the NRB Directives.

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[Circular stamp: BISHAL & ASSOCIATES, KATHMANDU, NEPAL, CHARTERED ACCOUNTANTS]

[Circular stamp: CAPITAL MERCHANT BANKING & FINANCE LTD., MBF, KATHMANDU, NEPAL]

11) Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written Off:

Amount in NPR '000'

| Particulars | Amount in NPR '000' |
|-----------------------|---------------------|
| Opening Balance | 1,586,581.670 |
| Loan Disbursed | Nil |
| Loan recovered | 302,673.439 |
| Principal Written off | Nil |
| Interest Written off | Nil |
| Closing Outstanding | 1,283,908.231 |

12) Classification of Loans & Provisioning:

Classification of loan as on 32 Ashad, 2079 is as under :

| S.N. | Category | Amount in NPR '000' |
|------|---------------|----------------------|
| 1 | Pass | Nil |
| 2 | Watchlist | Nil |
| 3 | Re-structured | Nil |
| 4 | Substandard | Nil |
| 5 | Doubtful | Nil |
| 6 | Bad | 1,283,908.231 |
| | Total | 1,283,908.231 |

13) Summary Status of the Deposit Liabilities:

Amount in NPR '000'

| Particulars | As on 32 Ashad, 2079 | As on 31 Ashad, 2078 | Increased by |
|-----------------|----------------------|----------------------|--------------------|
| Saving Deposits | 21,788.55 | 21,577.58 | 210.96 |
| Fixed Deposits | - | - | - |
| Call Deposits | 273,875.89 | 327,698.02 | (53,822.13) |
| Total | 295,644.44 | 349,275.612 | (53,611.17) |



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14) Leasehold assets detail:

The closing balance as on 32 Ashad, 2079 is Nil.

15) Paid-up Share Capital:

Paid-up Share Capital of the company as on 32 Ashad , 2079 is Rs. 935,069,500.00. There has been no change in the paid-up share capital from previous year.

16) Detail of Non-Banking Assets:

During the financial year 2072/73 company has booked Non-Banking Assets of Rs. 20,335,799.26 by transferring the mortgaged land of Irada Builders Pvt. Ltd. in the name of company. The Company has not booked any Non-Banking assets during the year. The company has been provided 100% provision to NBA as per NRB Directives. During the financial year balance relating to Non-Banking Assets are as follows:

| Particulars | Amount (Rs.) |
|------------------------|---------------|
| Opening Balance | 20,335,799.26 |
| Booked during the year | Nil |
| Sales during the year | Nil |
| Closing Balance | 20,335,799.26 |
| Provision | 20,335,799.26 |
| Net Closing Balance | Nil |

17) Provision for Gratuity:

The company has provided for future payment of gratuity liability in full as per Human Resource Policy. The company has practice of depositing gratuity amount to CIT and outstanding balance relating to the gratuity has been shown separately under the head other assets and other liabilities.

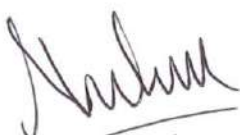
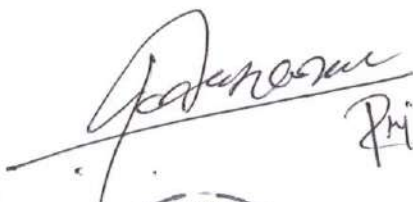

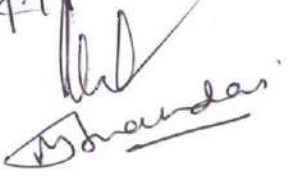


During the year Rs. 176,808 has been charged to Profit and Loss Account as gratuity expenses.

18) Provision for Leave Encashment:

The company has provided provision for Leave Encashment as per the Human Resource Policy Rs. 1,395,130.53 have been provided for leave encashment under this account head.

19) Provision for Bank Balance:

As the Crystal Finance has been declared as problematic financial institution, the provision has been made with full amount of Rs. 6,555,632.92.

20) Deferred Tax Assets:

Deferred Tax Assets and Liabilities have been computed as follows:

| Particulars | As per Book | Tax Base | Temporary Difference |
|--|---------------|-----------------|----------------------|
| Fixed Assets | 79,777,278.70 | 79,991,575.86 | 214,297.17 |
| Provision for Leave | 3,648,556.50 | - | 3,648,556.50 |
| Taxable Loss | | (55,597,427.88) | 55,597,427.88 |
| Net Temporary Difference | | | 59,460,281.55 |
| Deferred Tax Asset/ (Liability) as at Ashad end 2079 | | | 17,838,084.47 |
| Deferred Tax Asset/ (Liability) as at Ashad end 2078 | | | 16,822,352.11 |
| Deferred Tax Expenses/ (Income) for the year | | | (1,015,732.36) |

Deferred Tax Assets as on 32 Ashad, 2079 is Rs. 17,838,084.47 and increased in Deferred Tax Assets by Rs. 1,015,732.36 has been recognized as deferred tax income in Profit and Loss Account in the current year.

21) Going Concern Assumption:

Presently, the company has been declared as "Problematic Financial Institution" as per Section 86 (Kha) of Nepal Rastra Bank Act, 2058. The present management, after considering wide range of factors surrounding company's future prosperity, has prepared the financial statements on Going Concern Assumption albeit presently the company has negative Net Worth.

Due to the negative core capital, Minimum Capital Adequacy Ratio (Directive No. 1), Single Obligor Limit Ratio (Directive No. 3), Investment Ratio (Directive No. 8) and Deposit Collection Limit Ratio (Directive No. 16) are not in the state of the comparison with the ceiling fixed by NRB Directives.

22) Events after the reporting period:

No such events reported.

23) Income Tax:

For tax purpose, self-assessment income tax return has been filed upto financial year 2077/78. CMBFL has completed the re-assessment of income tax by Inland Revenue Department (IRD) as on 19.06.2072 for the financial year 2067/68. For the financial year 2078/79 Rs. Nil has been provided as Income Tax provision. The reversal of provision for loan loss write off amounting Rs. 3,02,673,439 has not been included in income for tax computation purpose.



24) Interbank Borrowing:

The company has availed interbank borrowing from Century Bank Ltd. for Rs. 17,800,000.00 as on 32 Ashad, 2079. Borrowing from Century Bank is secured by mortgage of Land & Building Kitta No. 174, 95, 94 of Area 0-0-3-0, 0-2-1-0, and 0-7-1-1 respectively and owned in its own name Kitta No. 93 Area 0-6-0-3 located at Battisputali, Kathmandu.

25) Minimum Paid-up Capital:

The company has already fulfilled the minimum capital requirement as per NRB Directives.

| Particulars | Amount (Rs.) |
|---|----------------|
| Minimum Paid-up Capital | 800,000.000.00 |
| Paid-up Capital of CMBFL as on 32 Ashad, 2079 | 935,069,500.00 |

26) Reporting Currency:

The financial statements are presented in Nepalese Rupees, rounded to the nearest Rupee.

27) Group/Re-Group:

The previous year's figures are grouped or re-grouped whenever necessary in order to facilitate comparison.

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Capital Merchant Banking & Finance Ltd.

Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions

For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

| S. N. | Name of Promoter/Promoter Group Shareholders | Share in the name of Promoter | | | Loan Details | | | | Remarks |
|-------|--|-------------------------------|-------------------------------------|--|---|-------------|--|--|---------|
| | | Total Number of Shares | Percentage to total Paid up Capital | | Name of Lending Banks /Financial Institutions | Loan Amount | Number of Shares pledged as collateral | | |
| 1 | | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |
| 11 | | | | | | | | | |
| 12 | | | | | | | | | |
| 13 | | | | | | | | | |



क्यापिटल मर्चेन्ट बैंकिंग एण्ड फाइनेन्स लिमिटेड

आ. वा. २०७८/७९ को कर लेखापरीक्षणसंग सम्बन्धित टिप्पणीहरू

- कम्पनीको आ. व. २०७८/७९ को आय विवरण तथा सो संग संलग्न अनुसूचीहरू प्रतिको उत्तरदायित्व बैंकको व्यवस्थापनमा रहेको छ। हाम्रो उत्तरदायित्व आयकर ऐन, २०५८को दफा ८१ बमोजिम बैंकले राखेका कागजातहरूको आधारमा उक्त विवरणहरूले कारोवारको यथार्थ चित्रण गरेको प्रमाणित गर्नु हो।
- गत वर्षसम्मको मिलान गर्न बाँकी अग्रिम कर रु २०,५८९,२४१।९९ आ. व. २०७८/७९ मा अल्या सारिएको छ।
- आयकर ऐन, २०५८को दफा १६ अनुसार व्यवसायको आय आर्जन गर्न सो वर्षमा स्वामित्व भएको र प्रयोग गरिएको ह्रास योग्य सम्पत्तिको मर्मत वा सुधार गर्दा भएको खर्च कट्टी गर्दा सो आय वर्षको अन्त्यमा रहेको सम्पत्तिको समुहको ह्रास आधार रकमको सात प्रतिशतसम्म कट्टी गर्न सकिने प्रावधान रहेकोमा कम्पनीले गरेको मर्मत वा सुधार खर्च रकम निम्न बमोजिम कट्टी गरिएको छ।

| ह्रास योग्य सम्पत्ति | ह्रास आधार रकम | मर्मत वा सुधार खर्च रकम | सात प्रतिशतले हुने रकम | कट्टी गरिएको रकम |
|--|----------------|-------------------------|------------------------|------------------|
| समुह 'ख' | ७७५,८६६।६० | २२,१३४।५० | ५४,३१०।६६ | २२,१३४।५० |
| समुह 'ग' | ३१९,३५६।९९ | ६३,४८४।८३ | २२,३५४।९८ | २२,३५४।९८ |
| आयकर ऐन, २०५८को दफा १६ अनुसार जम्मा कट्टी हुने रकम | | | | ४४,४८९।४८ |

- आयकर ऐन, २०५८को दफा ५९को उपदफा १ क बमोजिम नेपाल राष्ट्र बैंकले तोकेको मापदण्डको अधीनमा रही बैंकिंग व्यवसाय संचालन गर्ने निकायको जोखिम व्यहोर्ने कोषमा राखेको असूल हुन बाँकी ऋण तथा गैर बैंकिंग सम्पत्ति रकमको बढीमा ५ प्रतिशत सम्मको रकमलाई खर्चको रूपमा कट्टी गर्ने प्रावधान रहेको छ। आ. व. २०७८/७९ मा जोखिम व्यहोर्ने कोष रकम रु ३०२,६७३,४३९।- फिर्ता गरिएको छ। साथै, आ. व. २०६९/७० मा सो आ. व. भन्दा पहिलेको आ. व. सम्म दावि खर्च रु १८१,८५४,१९३।- आम्दानि जनाइएकोले र सो आ. व. पछि जोखिम व्यहोर्ने कोषको रूपमा खर्च कट्टी रकम, आ. व. २०७२/७३ मा गैर बैंकिंग सम्पत्तिको जोखिम व्यहोर्ने कोष रकम रु २०,३३५,७९९।- रहेको र सो रकम ५ प्रतिशत सम्मको रकमलाई खर्चको रूपमा कट्टी गर्ने प्रावधान भित्रै रहने भएकोले आ. व. २०७८/७९ मा जोखिम व्यहोर्ने कोष रकम फिर्तालाई यस आ. व. मा आम्दानी जनाइएको छैन।



२ आयमा समावेश गर्नु पर्ने अन्य रकमहरूको विवरण: (महल २ को सि नं १६)

| विवरण | रकम रु |
|---|------------|
| कमिशन र डिस्काउन्ट (अनुसूची ४.२० वित्तीय विवरण) | ० |
| अन्य आय (अनुसूची ४.२१ वित्तीय विवरण) | ८८,३५,१२८ |
| गैर संचालन आय (अनुसूची ४.२६ वित्तीय विवरण) | ५०,९६,८३७ |
| जम्मा | १३,९३१,९६४ |

३ अन्य खर्च विवरण अनुसार छ (महल २ को सि नं २५)

| विवरण | रकम रु |
|--|------------|
| कर्मचारी खर्च (अनुसूची ४.२३ वित्तीय विवरण) | ५,२९१,४७६ |
| न्यून: संचित विदा व्यवस्था | (६९२,४८०) |
| जोड: संचित विदा भुक्तानी | १५८,९५२ |
| कार्यालय खर्च (अनुसूची ४.२४ वित्तीय विवरण) | ५,२४२,६०३ |
| न्यून: मर्मत सम्भार खर्च (छुट्टै हिसाब गरिएको) | (८५,६१९) |
| न्यून: ह्रास खर्च (छुट्टै हिसाब गरिएको) | (९,६९,०१०) |
| न्यून: स्थिर सम्पती अपलेखन | (१२९,८७६) |
| अन्य खर्च | (५२,१५०) |
| जम्मा | ८,९३५,१३३ |

विशाल बराल

विशाल एण्ड एसोसिएट्स

चार्टर्ड एकाउण्टेण्ट्स

मिति : २०७९/०९/२९

