

BISHAL & ASSOCIATES

Chartered Accountants

Budhanilkantha, Kathmandu, Nepal
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☎ 01-5244930, 9851161860

Membership No. : 1385 COP No. : 952
Firm No. : 846 PAN No. : 10611756

INDEPENDENT AUDITOR'S REPORT

To Shareholders,

Capital Merchant Banking & Finance Limited
Kathmandu

Report on the Audit of the Financial Statements

Disclaimer of Opinion

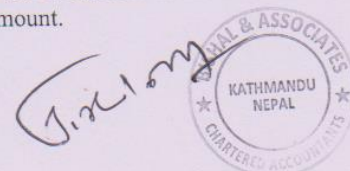
We have audited the accompanying financial statements of Capital Merchant Banking & Finance Limited (the 'Company'), which comprise the balance sheet as at 31 Ashad 2080, income statement, statement of change in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in the basis for disclaimer of opinion on financial statements due to potential interaction of the uncertainties and their possible effects on financial statements.

Basis for disclaimer of Opinion

Basis for disclaimer of opinion are listed below:

1. The Institute of Chartered Accountants of Nepal (ICAN) has mandated the other financial institutions (Class 'B', 'C' and 'D') to implement Nepal Financial Reporting Standards (NFRS) from 2016-17 onwards. Here the financial statements have not been prepared in accordance with Nepal Financial Reporting Standards as issued by The Institute of Chartered Accountants of Nepal.
2. As per the NRB Directives Number 2 (42), preference shall be given to recovery of interest over principal outstanding. Recovery of principal shall start only after the full settlement (recovery) of interest outstanding.
However the finance company has recovered the principal only from the amount collected from borrower. As on 31 Ashad 2080 there was interest receivable of Rs. 2,883,791,193 and the loan principal recovered during the year was Rs 486,646,078.
Since there was no written policy for waiver of interest, organization has provided full rebate on interest receivable.
3. Finance company has been declared as "Problematic Financial Institution" on 17 Magh, 2069 as per Section 86 (Kha) of Nepal Rastra Bank Act, 2058. Company is recovering its bad loans under the terms and conditions prescribed by Escrow Agreement. Escrow agreement is a special type of agreement made on 2078/09/11 with Loan Recovery Task Force (Committee consisting of borrower and their representative to recover the bad loan).
4. Company has released number of collateral mortgaged without fully recovering the interest amount. Company has used the value of collateral based on the valuation report issued by valuator dated March 21, 2021. So we are unable to identify the latest real market value of the collateral released and whether they cover full amount of interest outstanding and principal amount.



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.

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.

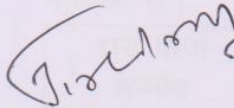


Report on Other Legal and Regulatory Requirements

As per the requirements of section 115 of the Company Act, 2063, 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) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement and other reports comply with Act.
- c) Neither we have come across any of the information about the misappropriation of fund by the directors or any of the representative or Company's staffs during the course of our audit nor have we received any such information from the management.
- d) No accounting fraud has been observed during the course of our audit.
- e) Company needs to comply with provision of formation of Audit Committee, appointment of female director and independent director.

For Bishal & Associates,
Chartered Accountants



Bishal Baral, FCA
Principal

Place: Kathmandu

Date: July 28, 2024

UDIN no: 240728CA01385hp8Lh

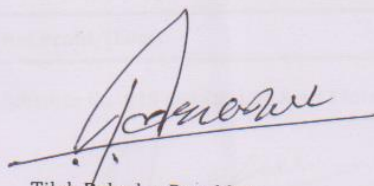
Capital Merchant Banking & Finance Ltd.
Balance Sheet as on 31 Ashad, 2080 (16 July, 2023)

Capital & Liabilities	Schedule	Amount in NPR	
		As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Share Capital	4.1	935,069,500	935,069,500
2. Reserves and Funds	4.2	(885,776,318)	(1,278,375,161)
3. Debentures and Bonds	4.3	-	-
4. Borrowings	4.4	-	17,800,000
5. Deposit Liabilities	4.5	141,726,995	295,644,440
6. Bills Payables	4.6	-	-
7. Proposed and Payable Dividend	4.7	-	-
8. Income Tax Liabilities	4.7	448,578,410	727,838,001
9. Other Liabilities	4.7	-	-
Total Capital and Liabilities		639,598,588	697,976,779
Assets:			
1. Cash Balance	4.8	360,522	90,431
2. Balance with NRB	4.9	9,562,298	3,107,576
3. Balance with Banks/Financial Institutions	4.10	499,234,562	563,896,700
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	78,883,483	79,777,279
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	51,530,723	51,077,793
Total Assets		639,598,588	697,976,779

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.

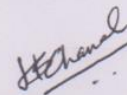
As per our attached report of even date



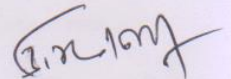
Tilak Bahadur Ranabhat
Chairman



Ranjan Rayamajhi
Director



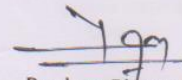
Jagat Raj Khanal
Director



Bishal Baral
Principal

Bishal & Associates
Chartered Accountants

Manoj Singh Bhandari
Director



Pradeep Bhattarai
Chief Executive Officer



Krishna Prasad Timsina
Joint Deputy Operating Officer

Suni Pradhan
Account Head

Date :
Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd.
Profit and Loss Account**

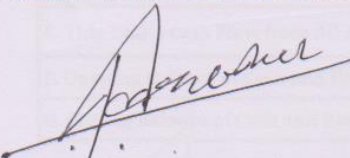
For the period from 1 Shrawan 2079 to 31 Ashad 2080 (July 17, 2022 to July 16, 2023)

Amount in NPR

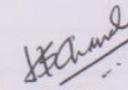
Particulars	Schedules	This Year	Previous Year
Interest Income	4.18	17,160,591	8,835,128
Interest Expenses	4.19	8,551,891	5,087,713
Net Interest Income		8,608,700	3,747,415
Commission and Discount	4.20	-	-
Other Operating Income	4.21	-	-
Exchange Fluctuation Income	4.22	-	-
Total Operating Income		8,608,700	3,747,415
Employees Expenses	4.23	7,087,084	5,291,476
Other Overhead Expenses	4.24	4,515,531	5,242,603
Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		(2,993,914)	(6,786,664)
Provision for Possible Losses	4.25	-	-
Operating Profit		(2,993,914)	(6,786,664)
Non-operating Income/Expenses	4.26	6,413,915	5,096,837
Provision Written-Back	4.27	487,831,093	303,898,440
Profit from Regular Operations		491,251,094	302,208,613
Profit/Loss from extra-ordinary activities	4.28	-	-
Net Profit after considering all activities		491,251,094	302,208,613
Provision For Staff Bonus		-	-
Provision For Income Tax:		723,087	(1,015,732)
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		723,087	(1,015,732)
Net Profit/(Loss)		490,528,007	303,224,345

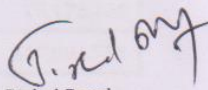
Schedule No. 4.18 to 4.28, 4.32 & 4.33 form integral part of this Profit and Loss Account.

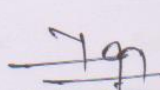
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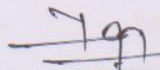

Tilak Bahadur Ranabhat
Chairman



Ranjan Rayamajhi
Director

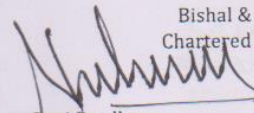

Jagat Raj Khanal
Director


Bishal Baral
Principal
Bishal & Associates
Chartered Accountants


Manoj Singh Bhandari
Director


Pradeep Bhattarai
Chief Executive Officer


Krishna Prasad Timsina
Joint Deputy Operating Officer


Suni Pradhan
Account Head

Date :
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.
Cash Flow Statement

For the period from 1 Shrawan 2079 to 31 Ashad 2080 (July 17, 2022 to July 16, 2023)

Amount in NPR

Particulars	This Year	Previous Year
A. Cash flow from Operating Activities:	(57,929,526)	542,856,206
1. Cash Received	511,405,599	317,830,404
1.1 Interest Income	17,160,591	8,835,128
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	487,831,093	303,898,440
1.5 Other Incomes	6,413,915	5,096,837
2. Cash Payment	53,878,323	14,652,781
2.1 Interest Expenses	43,177,304	5,087,713
2.2 Staff Expenses	7,087,084	5,291,476
2.3 Office Overhead Expenses	3,613,936	4,273,592
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	457,527,276	303,177,624
(Increase)/Decrease of Current Assets	(1,176,017)	3,249,731
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	(1,176,017)	3,249,731
Increase/(Decrease) of Current Liabilities	(514,280,785)	236,428,851
1. Increase/(Decrease) in Deposits Liabilities	(153,917,445)	(53,631,172)
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	(17,800,000)	(7,300,000)
4. Increase/(Decrease) in Other Liabilities	(342,563,340)	297,360,023
B. Cash flow from Investment Activities	(7,799)	(934,203)
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(7,799)	(934,203)
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	-	-
2. Increase/(Decrease) in Share Capital	-	-
3. Increase/(Decrease) in Other Liabilities (Share Premium)	-	-
4. Increase/(Decrease) in Refinance/Facilities From NRB	-	-
D. Income/Expenses from change in Exchange Rate in Cash & Bank Balances	-	-
E. This Year's Cash Flow from All Activities	(57,937,325)	541,922,003
F. Opening Balance of Cash and Bank Balances	567,094,708	25,172,705
G. Closing Balance of Cash and Bank Balances	509,157,382	567,094,708

As per our attached report of even date

Tilak Bahadur Ranabhat
Chairman

Ranjan Rayamajhi
Director

Jagat Raj Khanal
Director

Bishal Baral
Principal
Bishal & Associates
Chartered Accountants

Manoj Singh Bhandari
Director

Pradeep Bhattacharai
Chief Executive Officer

Krishna Prasad Timsina
Joint Deputy Operating Officer

Sunil Pradhan
Account Head

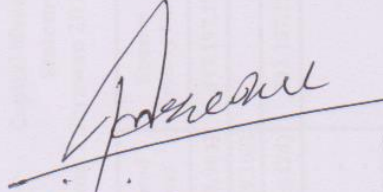
Date:
Place: Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.
Profit and Loss Appropriation Account
For the period from 1 Shrawan 2079 to 31 Ashad 2080 (July 17, 2022 to July 16, 2023)
Amount in NPR

Particulars	This Year	Previous Year
Income		
1. Accumulated Profit up to the Last Year	(1,642,021,963)	(1,883,585,706)
2. Current Year's Profit	490,528,007	303,224,345
3. Adjustment in retained earnings	(97,929,163)	-
Total (A)	(1,249,423,119)	(1,580,361,361)
Expenses		
1. Accumulated Loss up to the Last Year	-	-
2. This Year's Loss	-	-
3. General Reserve	98,105,601.34	60,644,869
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	(723,087)	1,015,732
Total (B)	97,382,514	61,660,601
Accumulated Profit/(Loss) (A-B)	(1,346,805,633)	(1,642,021,963)

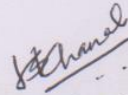
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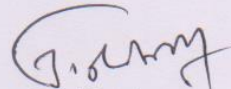
Tilak Bahadur Ranabhat
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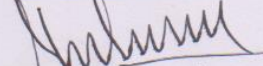


Jagat Raj Khanal
Director



Bishal Baral
Principal

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Manoj Singh Bhandari
Director



Pradeep Bhattarai
Chief Executive Officer



Krishna Prasad Timsina
Joint Deputy Operating Officer

Date :
Place : Kathmandu, Nepal




Capital Merchant Banking & Finance Ltd.


Statement of Changes in Equity

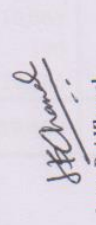
For the period from 1 Shrawan 2079 to 31 Ashad 2080 (July 17, 2022 to July 16, 2023)

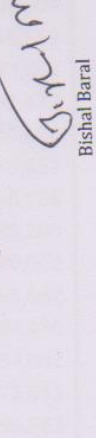
Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 31 Ashad, 2079	935,069,500	(1,642,021,963)	343,197,159	-	-	2,611,560	-	17,838,082	-	(343,305,661)
Adjustments in Retained Earnings	-	(97,929,163)	-	-	-	-	-	-	-	(97,929,163)
Restated Balance as at 31 Ashad, 2079	935,069,500	(1,739,951,125)	343,197,159	-	-	2,611,560	-	17,838,082	-	(441,234,824)
Adjustment of Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	490,528,007	-	-	-	-	-	-	-	490,528,007
Current Year's Net Profit	-	(98,105,601)	98,105,601	-	-	-	-	-	-	-
General Reserve	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	723,087	-	-	-	-	-	(723,087)	-	-
Balance as on 31 Ashad, 2080	935,069,500	(1,346,805,633)	441,302,760	-	-	2,611,560	-	17,114,995	-	49,293,182

As per our attached report of even date

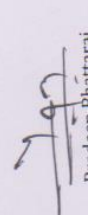

Tilak Bahadur Ranabhat
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Pradeep Bhattarai
Chief Executive Officer


Krishna Prasad Timsina
Joint Deputy Operating Officer


Sujit Pradhan
Account Head

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%



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Capital Merchant Banking & Finance Ltd.
Share Capital and Ownership
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
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		
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	2,020,000,000	2,020,000,000
c) Redeemable Preference Shares of Rs. each		
1.3 Paid up Capital		
a) 9,350,695 Ordinary Shares of Rs.100 each	935,069,500	935,069,500
b) Non-redeemable Preference Shares of Rs. each	935,069,500	935,069,500
c) Redeemable Preference Shares of Rs. each	-	-
1.4 Proposed Bonus Share	-	-
1.5 Calls in Advance	-	-

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



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Capital Merchant Banking & Finance Ltd.
Share Capital and Ownership
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
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		
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	2,020,000,000	2,020,000,000
c) Redeemable Preference Shares of Rs. each		
1.3 Paid up Capital		
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	
	%	Share Capital
1. National Ownership	100%	935,069,500
Government of Nepal		-
"A" Class Licensed Institutions		-
Other License Institutions		-
Other Entities/ Organizations	49%	458,184,100
Individuals	51%	476,885,400
Others		-
2. Foreign Ownership	-	-
Total	100%	935,069,500

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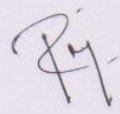



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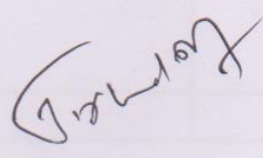


Schedule 4.2

Capital Merchant Banking & Finance Ltd.
Reserve and Surplus
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Amount in NPR	
	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. General Reserve Fund	441,302,760	343,197,159
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Resevers	19,726,555	20,449,642
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	17,114,995	17,838,082
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6. Accumulated Profit/(Loss)	(1,346,805,633)	(1,642,021,963)
7. Exchange Equalization Fund	-	-
Total	(885,776,318)	(1,278,375,161)



Schedule 4.3

Capital Merchant Banking & Finance Ltd.
Debentures and Bonds
As on 31 Ashad, 2080 (16 July, 2023)

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 31 Ashad, 2080 (16 July, 2023)

Amount in NPR

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
A. Local		
Nepal Government	-	-
Nepal Rastra Bank	-	-
Repo Obligation	-	-
Inter Bank and Financial Institutions	-	17,800,000
Other Organized Institutions	-	-
Others	-	-
Total	-	17,800,000
B. Foreign		
Banks	-	-
Others	-	-
Total	-	-
Total (A+B)	-	17,800,000

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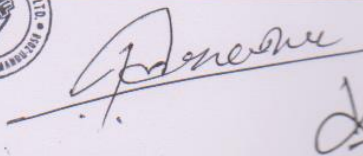
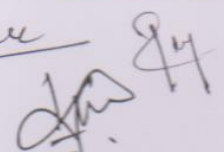
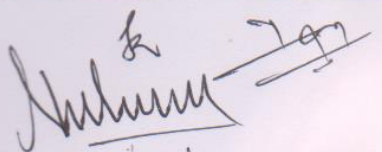
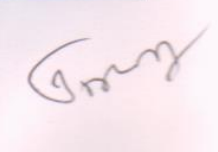


Capital Merchant Banking & Finance Ltd.
Deposits
As on 31 Ashad, 2080 (16 July, 2023)

Amount in NPR

Particulars	Amount in NPR	
	As on 31 Ashad, 2080	As on 32 Ashad, 2079
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	21,948,153	21,768,546
1. Local Currency	21,948,153	21,768,546
1.1 Organized Institutions	-	-
1.2 Individuals	21,948,153	21,768,546
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	119,778,842	273,875,894
1. Local Currency	119,778,842	273,875,894
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	21,561,571	45,858,222
1.3 Other Organized Institutions	97,256,698	227,066,153
1.4 Individuals	960,572	951,519
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	141,726,995	295,644,440
Total Deposit (1+2)	141,726,995	295,644,440

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Schedule 4.6

Capital Merchant Banking & Finance Ltd.
Bills Payable
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Amount in NPR	
	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Local Currency	-	-
2. Foreign Currency	-	-
Total	-	-

Schedule 4.7

Capital Merchant Banking & Finance Ltd.
Other Liabilities
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Amount in NPR	
	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Pension/Gratuity Fund	5,166,197	3,648,557
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	78,921,221	312,580,635
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	246,660	246,660
12. Others	364,244,332	411,362,149
Total	448,578,410	727,838,001

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Schedule 4.8

Capital Merchant Banking & Finance Ltd.
Cash Balance
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Amount in NPR	
	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Local Currency (including coin)	360,522	90,431
2. Foreign Currency	-	-
Total	360,522	90,431

Schedule 4.9

Capital Merchant Banking & Finance Ltd.
Balance with Nepal Rastra Bank
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Local Currency	Foreign Currency			Amount in NPR	
		Indian Currency	Convertible	Total	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Nepal Rastra Bank	9,562,298	-	-	-	9,562,298	3,107,576
a). Current Account	9,562,298	-	-	-	9,562,298	3,107,576
b). Other Account	-	-	-	-	-	-



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Capital Merchant Banking & Finance Ltd.
Balance with other Banks/Financial Institutions
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Local Currency	Foreign Currency			Amount in NPR	
		Indian Currency	Convertible	Total	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Local Licensed Institutions	499,234,562	-	-	-	499,234,562	563,896,700
a). Current Account	61,000				61,000	17,000
b). Other Account	499,173,562				499,173,562	563,879,699
2. Foreign Banks	-	-	-	-	-	-
a). Current Account	-	-	-	-	-	-
b). Other Account	-	-	-	-	-	-
Total	499,234,562	-	-	-	499,234,562	563,896,700

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Schedule 4.11

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	-	-

Schedule 4.12

Capital Merchant Banking & Finance Ltd.
Investments
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Purpose		As on 31 Ashad, 2080	As on 32 Ashad, 2079
	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

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Capital Merchant Banking & Finance Ltd.
Investment in Shares, Debentures and Bonds
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Cost Price	Market Price	Provision	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Investment in Shares					
1.1. Credit Information Bureau	-	-	-	-	-
3,543.75 Ordinary Shares of Rs 100 Paid up (including 3,273.75 bonus shares)	27,000	-	-	27,000	27,000
1.2. Union Finance Co. Ltd.	2,200	2,464	2,200	2,200	2,200
22 Ordinary Shares of Rs 100 Paid up	-	-	-	-	-
2. Investment in Debentures and Bonds					
2.1. Co. (Pvt. Ltd./Ltd.)	-	-	-	-	-
..... % Debentures/Bonds of Rs.	-	-	-	-	-
2.2.	-	-	-	-	-
2.3.	-	-	-	-	-
Total Investment	29,200	2,464	2,200	29,200	29,200
3. Provision for Loss	2,200			2,200	2,200
3.1. Provision Up to Previous Year	2,200			2,200	2,200
3.2. Additions This Year	-			2,200	2,200
Total Provision	2,200			2,200	2,200
Net Investment	27,000			27,000	27,000

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Capital Merchant Banking & Finance Ltd.
Held for Trading
As on 31 Ashad, 2080 (16 July, 2023)

Schedule 4.12.1

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 31 Ashad, 2080 (16 July, 2023)

Schedule 4.12.2

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	-	-	-	-	-	-

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Capital Merchant Banking & Finance Ltd.
 Available for Sale
 As on 31 Ashad, 2080 (16 July, 2023)

Schedule 4.12.3

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	-	-	-	-

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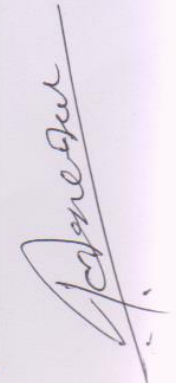
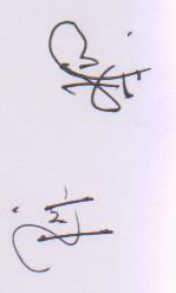
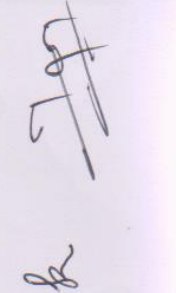



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Capital Merchant Banking & Finance Ltd.
Classification of Loans and Bills Purchased and Provisioning
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Loans						Bills Purchased/Discounted			Amount in NPR	
	Domestic			Foreign	Total	Domestic	Foreign	Total	As on 31 Ashad, 2080		As on 32 Ashad, 2079
	Insured	Deprived	Uninsured								
				Insured	Deprived	Uninsured	Others				
1. Performing Loan	-	-	-	-	-	-	-	-	-	-	
1.1 Pass Loan	-	-	-	-	-	-	-	-	-	-	
1.2 Watchlist	-	-	-	-	-	-	-	-	-	-	
1.3 Restructured	-	-	-	-	-	-	-	-	-	-	
2. Non-Performing Loan	-	-	-	797,262,153	-	797,262,153	-	-	797,262,153	1,283,908,231	
2.1 Substandard	-	-	-	-	-	-	-	-	-	-	
2.2 Doubtful	-	-	-	-	-	-	-	-	-	-	
2.3 Bad	-	-	-	797,262,153	-	797,262,153	-	-	797,262,153	1,283,908,231	
(A). Total Loan	-	-	-	797,262,153	-	797,262,153	-	-	797,262,153	1,283,908,231	
3. Loan Loss Provision	-	-	-	797,262,153	-	797,262,153	-	-	797,262,153	1,283,908,231	
3.1 Pass	-	-	-	-	-	-	-	-	-	-	
3.2 Watchlist	-	-	-	-	-	-	-	-	-	-	
3.2 Restructured	-	-	-	-	-	-	-	-	-	-	
3.3 Substandard	-	-	-	-	-	-	-	-	-	-	
3.4 Doubtful	-	-	-	-	-	-	-	-	-	-	
3.5 Bad	-	-	-	797,262,153	-	797,262,153	-	-	797,262,153	1,283,908,231	
(B). Total Provisioning	-	-	-	797,262,153	-	797,262,153	-	-	797,262,153	1,283,908,231	
4. Provision upto previous year	-	-	-	1,283,908,231	-	1,283,908,231	-	-	1,283,908,231	1,586,581,670	
4.1 Pass	-	-	-	-	-	-	-	-	-	-	
4.2 Watchlist	-	-	-	-	-	-	-	-	-	-	
4.3 Restructured	-	-	-	-	-	-	-	-	-	-	
4.4 Substandard	-	-	-	-	-	-	-	-	-	-	
4.5 Doubtful	-	-	-	-	-	-	-	-	-	-	
4.6 Bad	-	-	-	1,588,481,693	-	1,588,481,693	-	-	1,588,481,693	1,588,481,693	
(C). Total Previous Year's Provision	-	-	-	1,283,908,231	-	1,283,908,231	-	-	1,283,908,231	1,586,581,670	
(D). Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-	
Changes in This Year	-	-	-	(486,646,078)	-	(486,646,078)	-	-	(486,646,078)	-	
Net Loan (A-B)	-	-	-	-	-	-	-	-	-	-	




Schedule 4.13 (A)

Capital Merchant Banking & Finance Ltd.
Loans, Advances and Bills Purchased Security wise
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Amount in NPR	
	As on 31 Ashad, 2080	As on 32 Ashad, 2079
(A). Secured		
1. Movable/Immovable Assets	797,262,153	1,283,908,231
2. Guarantee of Local Licensed Institutions	794,992,816	1,281,638,895
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	2,269,336
(B). Unsecured	-	-
Total	797,262,153	1,283,908,231

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Capital Merchant Banking & Finance Ltd.

Fixed Assets

As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Assets						As on 31 Ashad, 2080	As on 32 Ashad, 2079
	Building	Vehicles	Machinery	Office Equipment	Others			
1 At Cost								
a. Previous Year Balance	32,375,349	12,042,835	26,858,478	10,078,741	6,055,314	87,410,717	86,476,514	
b. Addition This Year	-	7,799	-	-	-	7,799	1,107,371	
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-	
d. This Year Sold	-	-	-	-	-	-	-	
e. This Year Written off	-	-	-	-	-	-	173,167	
Total Cost (a+b+c-d-e)	32,375,349	12,050,634	26,858,478	10,078,741	6,055,314	87,418,516	86,476,514	
2 Depreciation								
a. Up to Previous Year	16,811,259	11,787,349	26,495,225	10,039,534	6,005,422	71,138,790	70,169,779	
b. For This Year	778,204	51,617	54,488	9,802	7,484	901,595	969,011	
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-	
Total Depreciation	17,589,464	11,838,966	26,549,713	10,049,336	6,012,906	72,040,385	71,138,790	
3 Book Value (WDV*) (1-2)	14,785,885	211,668	308,766	29,405	42,408	15,378,131	16,271,927	
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)	14,785,885	211,668	308,766	29,405	42,518	78,883,483	79,777,279	

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Capital Merchant Banking & Finance Ltd.
 Non-Banking Assets
 As on 31 Ashad, 2080 (16 July, 2023)

Schedule 4.15

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 %	In Amount	As on 31 Ashad, 2080	As on 32 Ashad, 2079
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	-	-

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Capital Merchant Banking & Finance Ltd.
Other Assets
As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Amount in NPR		
	As on 31 Ashad, 2080	As on 32 Ashad, 2079	As on 31 Ashad, 2078
ATM card Stock	-	-	-
Income Receivable on Investments	-	-	-
Accrued Interest on Loan	2,883,791,193	2,727,645,661	2,523,655,842
Less : Interest Suspense Amount	(2,883,791,193)	(2,727,645,661)	(2,523,655,842)
Commission Receivable	-	-	-
Sundry Debtors	27,486,200.68	26,515,110	30,014,745
Staff Loans and Advances	269,137	141,294	101,137
Prepaid Expenses	14,612	-	-
Cash in Transit	-	-	-
Other Transit items (including cheques)	-	-	-
Drafts Paid without Notice	-	-	-
Expenses Not Written off	477,591	477,591	477,871
Branch account	(0)	(0)	(0)
Deferred Tax Assets	17,114,997	17,838,084	16,822,352
Other	6,168,184	6,105,714	5,895,688
Total	51,530,723	51,077,793	53,311,793

Schedule 4.16 (A)
Amount in NPR

Particulars	As on 32 Ashad, 2079	As on 32 Ashad, 2079	As on 31 Ashad, 2078
	More Than 3 Years		
1. Accrued Interest on Loan	-	2,883,791,193	2,523,655,842
2. Drafts Paid without Notice	-	-	-
3. Branch Adjustment Account	-	-	-
4. Local and Foreign Agency A/Cs	-	-	-

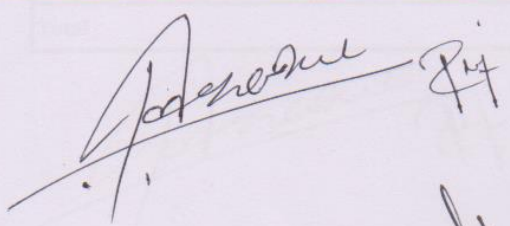






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Capital Merchant Banking & Finance Ltd.
Contingent Liabilities
As on 31 Ashad, 2080 (16 July, 2023)

Amount in NPR

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
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	-	-



Capital Merchant Banking & Finance Ltd.
Interest Income
As on 31 Ashad, 2080 (16 July, 2023)

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	17,160,591	7,358,081
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others-Deposit with other Fis	17,160,591	7,358,081
Total	17,160,591	8,835,128

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Capital Merchant Banking & Finance Ltd.

Interest Expenses

For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

Particulars	Amount in NPR	
	This Year	Previous Year
A. On Deposit Liabilities		
1. Fixed Deposits	8,359,759	4,369,669
1.1 Local Currency	-	-
1.2 Foreign Currency	-	-
2. Savings Deposits	-	-
2.1 Local Currency	214,082	1,484,316
2.2 Foreign Currency	214,082	1,484,316
3. Call Deposits	-	-
3.1 Local Currency	8,145,677	2,885,353
3.2 Foreign Currency	8,145,677	2,885,353
4. Certificate of Deposits	-	-
B. On Borrowings		
1. Debentures and Bonds	192,131	718,044
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank/Financial Institutions Borrowing	-	-
4. Other Corporate Body	192,131	718,044
5. Other Loans	-	-
C. On Others		
1.	-	-
2.	-	-
Total	8,551,891	5,087,713

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Capital Merchant Banking & Finance Ltd.
Commission and Discount

For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

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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Schedule 4.21

Capital Merchant Banking & Finance Ltd.
Other Operating Income

For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

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	-	-

Schedule 4.22

Capital Merchant Banking & Finance Ltd.
Exchange Gain/Loss

For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

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

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Capital Merchant Banking & Finance Ltd.
Employee Expenses
As on 31 Ashad, 2080 (16 July, 2023)

Amount in NPR

Particulars	This Year	Previous Year
1. Salary	3,424,745	3,103,016
2. Allowances	1,088,770	909,438
3. Contribution to Provident Fund	218,724	202,302
4. Training Expenses	-	-
5. Uniform	-	-
6. Medical	206,570	195,083
7. Insurance	12,349	12,349
8. Leave Encashment	618,284	692,480
9. Gratuity	1,517,641	176,808
Total	7,087,084	5,291,476

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Capital Merchant Banking & Finance Ltd.
Other Overhead Expenses

For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

Amount in NPR

Particulars	This Year	Previous Year
1. House Rent	-	-
2. Electricity and Water	252,366	276,759
3. Repair and Maintenance	60,700	85,619
(a). Building	-	-
(b). Vehicles	39,520	63,485
(c). Others	21,180	22,135
4. Insurance	25,552	60,506
5. Postage, Telex, Telephone, Fax	30,255	13,979
6. Office Equipment, Furniture and Fixture Repair	-	-
7. Traveling Allowances and Expenses	-	61,447
8. Stationery and Printing	16,997	22,616
9. Periodicals and Books	3,400	6,100
10. Advertisements	-	-
11. Legal Expenses	-	-
12. Donations	-	-
13. Expenses Relating to Board of Directors	337,975	300,793
(a). Meeting Fees	292,000	246,000
(b). Other Expenses	45,975	54,793
14. Annual General Meeting Expenses	-	-
15. Expenses Relating to Audit	210,675	211,875
(a). Audit Fees	101,700	101,700
(b). Other Expenses	3,975	5,175
(c). Tax Audit Fees	105,000	105,000
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	901,595	969,011
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	179,940	699,577
20. Technical Services Fee	251,300	240,000
21. Entertainment	-	-
22. Written Off Expenses	-	-
23. Security Expenses	902,418	976,998
24. Credit Guarantee Premium	-	-
25. Commission and Discount	-	-
26. Others	1,342,358	1,317,322
26.1. Membership Fee	-	-
26.2. Tax & Fines	612,315	612,588
26.3. Anniversary Expenses	-	-
26.4. Fuel Expenses	112,873	101,030
26.5. Service Charge	59,717	41,273
26.6. Gift Expenses	-	-
26.7. Branch Extension Expenses	-	-
26.8. Data Connectivity Expenses	134,244	137,905
26.9. Software Maintenance Expenses	-	-
26.10. Fine and Penalties	-	28,700
26.11. Others	423,209	265,951
26.12. Fixed Assets Written Off	-	129,876
Total	4,515,531	5,242,603

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Capital Merchant Banking & Finance Ltd.
Provision for Possible Losses
For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

Amount in NPR

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

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Schedule 4.26

Capital Merchant Banking & Finance Ltd.
Non-Operating Income/Loss
For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

Amount in NPR

Particulars	This Year	Previous Year
1. Profit (Loss) on Sale of Investment	-	-
2. Profit (Loss) on Sale of Assets	-	-
3. Dividend	44,300	-
4. Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
Others	6,369,615	5,096,837
Total Non-Operating Income (Loss)	6,413,915	5,096,837

Schedule 4.27

Capital Merchant Banking & Finance Ltd.
Loss Provision Written Back
For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

Amount in NPR

Particulars	This Year	Previous Year
1. Loan Loss Provision Written Back	486,646,078	302,673,439
2. Provision against Non-Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written back	1,185,015	1,225,001
Total	487,831,093	303,898,440



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Capital Merchant Banking & Finance Ltd.
Statement of Loans Written-Off
For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

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		-	-	-	-	-	-	-








Capital Merchant Banking & Finance Ltd.
Income /Expenses from Extra-ordinary Activities
For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

Amount in NPR

Particulars	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	-	-

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Capital Merchant Banking & Finance Ltd.
Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders
As on 31 Ashad, 2080 (16 July, 2023)

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	-	-	-	-	-	-	-

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Capital Merchant Banking & Finance Ltd.
Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders
As on 31 Ashad, 2080 (16 July, 2023)

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 :

Amount in NPR

Name of Promoter/Director/Chief Executive	Till Last Year's Balance		This Year Recovery		This Year Additions	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	-	-	-	-	-	-	-

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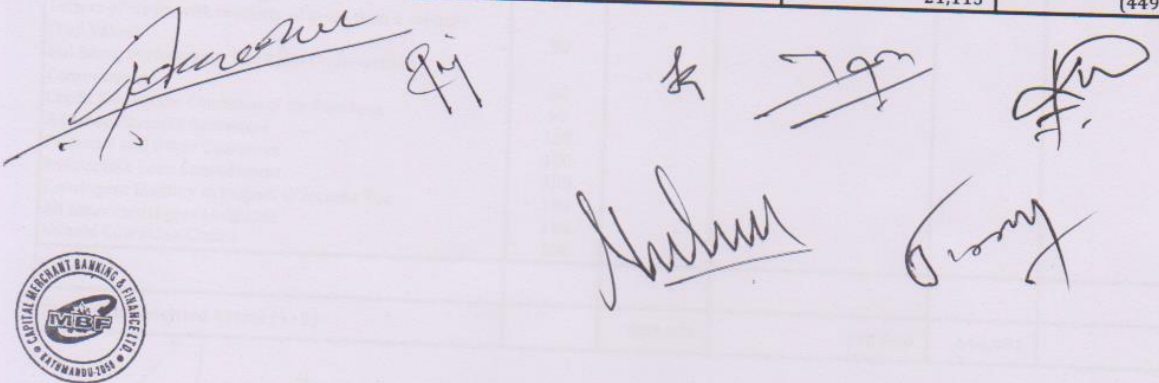
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Capital Merchant Banking & Finance Ltd.
Statement of Capital Fund
As on 31 Ashad, 2080 (16 July, 2023)

Schedule 4.30

Particulars	Amount in NPR '000'	
	As on 31 Ashad, 2080	As on 32 Ashad, 2079
A). Core Capital		
1. Paid up Capital	32,176	(361,146)
2. Proposed Bonus Share	935,070	935,070
3. Share Premium	-	-
4. Non-Redeemable Preference Share	2,612	2,612
5. General Reserve Fund	-	-
6. Cumulative Profit/(Loss) (up to Previous FY)	441,303	343,197
7. Current Year Profit/(Loss) as per shown in Balance Sheet	(1,739,951)	(1,883,586)
8. Capital Redemption Reserve	393,145	241,564
9. Capital Adjustment Reserve	-	-
10. Calls in Advance	-	-
11. Other Free Reserves	-	-
12. Deferred Tax Reserve	-	-
Less :	17,115	17,838
Goodwill	17,117	17,840
Investment in excess of prescribed limit	-	-
Fictitious Assets	2	2
Investment in securities of companies with financial interest	17,115	17,838
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)		
D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:		
Capital Fund (@ 10 Percent)		
Core Capital (@ 6 Percent)	18,438	162,414
Capital Fund Surplus/ (Deficit)	11,063	88,590
Core Capital Surplus/ (Deficit)	13,738	(523,560)
	21,113	(449,736)





Capital Merchant Banking & Finance Ltd.
Table of Risk Weighted Assets Statement
As on 31 Ashad, 2080 (16 July, 2023)

Amount in NPR '000'

On-Balance Sheet Assets	Risk Weighted (%)	As on 31 Ashad, 2080		As on 32 Ashad, 2079	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	361	-	90	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	9,562	-	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	499,235	99,847	563,897	112,779
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	-	-	-	-
Fixed Assets	100	78,883	78,883	79,777	79,777
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)		588,070	178,760	646,901	192,586
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)		588,070	178,760	646,901	192,586



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RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

As on 31 Ashad, 2080 (16 July, 2023)

Particulars	Current Year		
	2078/79	2077/78	2076/77
Net Interest Income	3,747		
Commission and Discount Income			
Other Operating Income			
Exchange Fluctuation Income			
Gross income (a)	3,747	-	-
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	562.11		
Capital Requirement for operational risk (d) (average of c)			562
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure [f=(d×e)]			5,621.12

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

Schedule 4.31

Particulars	Indicators	FY 2075/76	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80
1. Percent of Net Profit/Gross Income	Percent	1,324	(25)	(130)	2,176	2,081
2. Earning Per Share	Rs.	11.10	(0.21)	(0.51)	32.43	52.46
3. Market Value Per Share	Rs.	131	131	131	131	131
4. Price Earning Ratio	Percent	11.80	(636.49)	(256.27)	4.04	2.50
5. Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6. Cash Dividend on Share Capital	Percent	-	-	-	-	-
7. Interest Income/Loan & Advances	Percent	0.00	-	-	0.12	-
8. Staff Expenses/Total Operating Expenses	Percent	54.85	57.55	57.76	50.23	61.08
9. Interest Expenses / Total Deposit and Borrowing	Percent	1.31	1.17	1.11	1.72	6.03
10. Exchange Gain/Total Income	Percent	-	-	-	-	-
11. Staff Bonus/Total Staff Expenses	Percent	-	-	-	-	-
12. Net Profit/Loan and Advances	Percent	6.53	(0.12)	(0.30)	23.62	61.53
13. Net Profit/Total Assets	Percent	45.44	(0.88)	(3.02)	43.44	76.69
14. Total Credit/Deposit	Percent	458.79	455.79	454.25	434.27	562.53
15. Total Operating Expenses/Total Assets	Percent	1.86	1.79	2.74	0.75	0.71
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	(38.69)	(39.03)	(39.83)	(24.61)	17.45
b) Supplementary Capital	Percent	-	-	-	-	-
c) Total Capital Fund	Percent	(38.69)	(39.03)	(39.83)	(24.61)	17.45
17. Liquidity (CRR)	Percent	0.90	0.00	0.00	0.00	0.022
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%	1.00%	1.00%	1.00%	1.00%
20. Book Net-Worth	Rs.	(639,816,311)	(641,750,102)	(646,530,006)	(343,305,661)	49,293,182
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						

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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 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

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							
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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 judgments 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 significant accumulated loss amounting to Rs. 1,346,805,633 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.



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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:

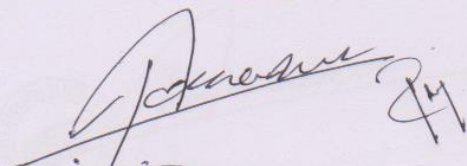

Investments are classified as held for trading, held to maturity and available for sale as per their nature.

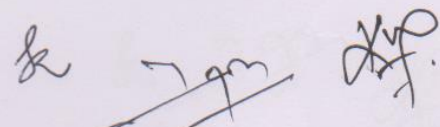
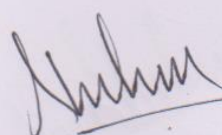
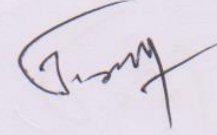
14. Fixed Assets and Depreciation:

- 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.

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.

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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.

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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.



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16. Accounting Policy for Non-Capitalization of Assets:

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.

Finance company has deposit liabilities towards the Citizen Investment Trust (CIT) since 2010. After declaration of "Problematic Financial Institution" on 17 Magh, 2069, finance company paid the interest amount on partial basis. The negotiation of interest rate between finance company and CIT is going on as on date of financial year end. If the claim of CIT is valid there would be additional interest liability of Rs. 56,848,606.32.

Also, company has liability towards Nepal Rastra Bank (Bikash Kosh) of Rs. 110,046,178.4 in the account head of FD Nominee and interest has not been booked on financial statements.

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.



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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 31 Ashad, 2080 (16 July, 2023) 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 2079/80, CMBFL has earned net profit of Rs.490,528,007, hence Rs. 98,105,601.34 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 31 Ashad, 2080 (16 July, 2023).

8) Average interest rate spread:

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

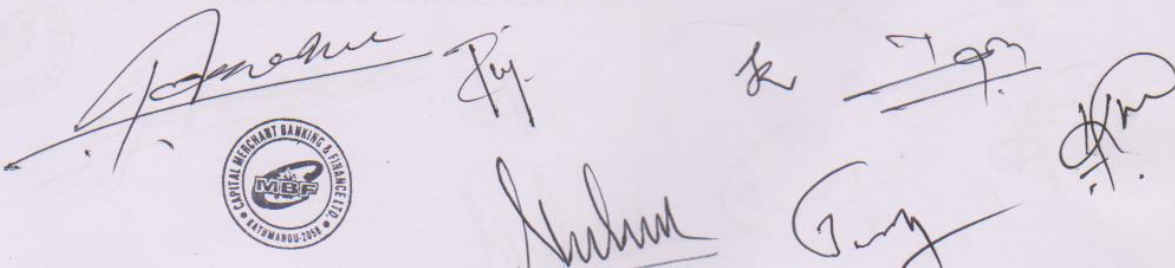
9) Expenses to be written off:

There was no expenses written off during the period.

10) Single Obligor Limit:

The Company has core capital of Rs. 32,176,000 and single obligor limit is Rs. 8,044,000. Number of loan files has outstanding loan amount exceeding the SOL.

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



Particulars	Amount in NPR '000'
Opening Balance	1,283,908.231
Loan Disbursed	Nil
Loan recovered	486,646,078
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	797,262,152.6

12) Classification of Loans & Provisioning:

Classification of loan as on 31 Ashad, 2080 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	797,262,152.6
	Total	797,262,152.6

13) Summary Status of the Deposit Liabilities:

Amount in NPR '000'

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079	Increased by
Saving Deposits	21,948.15	21,768.54	179.61
Fixed Deposits	-	-	-
Call Deposits	119,778.84	273,875.89	(154,097.05)
Total	1,417,269.95	295,644.44	(153,917.44)

14) Leasehold assets detail:

The closing balance as on 31 Ashad, 2080 is Nil.



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15) Paid-up Share Capital:

Paid-up Share Capital of the company as on 31 Ashad , 2080 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. 1,517,641 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. 618,284 have been provided for leave encashment under this account head during the year.

19) Provision for Bank Balance:

As the Crystal Finance has been declared as problematic financial institution, the provision has been provided of Rs. 5,370,618.21.

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20) Deferred Tax Assets:

Deferred Tax Assets and Liabilities have been computed as follows:

Particulars	As per Accounts	Tax Base	Temporary Difference
Fixed Assets	78,883,483.01	78,904,391.10	20,908.08
Provision for Leave	5,166,197.19	-	5,166,197.19
Taxable Loss		(51,862,885.28)	(51,862,885.28)
Net Temporary Difference			57,049,990.5
Deferred Tax Asset/ (Liability) as at 2080/03/31			17,114,997.17
Deferred Tax Asset/ (Liability) as at 2079/03/32			17,838,084.47
Deferred Tax Expenses/ (Income) for the year			723,087.30

Deferred Tax Assets as on 31 Ashad, 2080 is Rs. 17,114,997.17 and increased in Deferred Tax Assets by Rs. 723,087.30 has been recognized as deferred tax expenses 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 huge accumulated loss.

Due to the 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 up to 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 2079/80 Rs. Nil has been provided as Income Tax provision. The reversal of provision for loan loss write off amounting Rs. 486,646,078 has not been included in income for tax computation purpose.

24) Interbank Borrowing:

The company has no outstanding interbank borrowing.



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 31 Ashad, 2080	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.

28) Prior Period interest :

Company has long outstanding deposit from corporates such as CIT. There were partial payments of interest in previous fiscal years. Company has calculated the interest @ 4% for the matured FD opened in 2010 up to Ashar End 2080. Total amount of interest calculated is of Rs. 69,703,749.55 of which current year portion of Rs. 6,400,000 is charged to profit and loss account and remaining portion, (of past fiscal year) Rs. 63,303,749.55 is adjusted to opening retained earnings.

Similarly interest amounting to Rs. 34,625,413 is paid to Nepal Rastra Bank is also adjusted to retained earnings since it was of past fiscal years.

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