

R.S. & Associates
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Capital Merchant Banking & Finance Limited

Identification of Financial Statement Audited

We have audited the accompanying financial statements of **Capital Merchant Banking & Finance Limited**, which comprise the Balance Sheet as on 31st Ashadh, 2073 (15th July, 2016) and the related Profit & Loss Account, Cash Flow Statement and Statement of Change in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

The management of Capital Merchant Banking & Finance Limited is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing and relevant practices. Those standards and practices require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes examination on a test basis, evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Opinion

On examination of financial statement as aforesaid, we 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 examination.




- b) In our opinion, proper books of accounts as required by law have been maintained by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are agreement with the books of account.
- c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, although the statements are independently not audited.
- d) Adequate provisions for loan losses have been made by the company.
- e) Nepal Rastra Bank vide its letter dated Magh 17, 2069, has declared the company as a problematic financial institution as per section 86 kha of Nepal Rastra Bank Act 2058 with immediate effect requiring the company to comply with additional NRB directives.
- f) As mentioned in Schedule 4.30 of the financial statements, the company's total capital fund and core capital fund are negative as of Ashadh 31, 2073 (15th July, 2016), which is insufficient as compared to the minimum capital adequacy requirement as prescribed by Nepal Rastra Bank's directives.
- g) In accordance with the details mentioned in notes to accounts (Schedule 4.33) note number 21 of financial statements, various directives of Nepal Rastra Bank, Single Obligor Limit (Directive No. 3), Investment Limit Ratio (Directive No.8) and Deposit Collection Limit Ratio (Directive No.16) are not in the state of the comparison with the ceiling prescribed by Nepal Rastra Bank.

In our opinion and to the best of our information and explanation given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraphs e, f and g, the said financial statements (read in conjunction with attached Notes) present true and fair view, in all material respects, the financial position of the company as at Ashadh 31, 2073 (15th June, 2016) and the results of its operations and its cash flows statement for the year then ended.



CA. Rajendra Mangal Joshi
Partner

Date: 3rd January, 2017
Place: Kathmandu

Capital Merchant Banking & Finance Ltd.

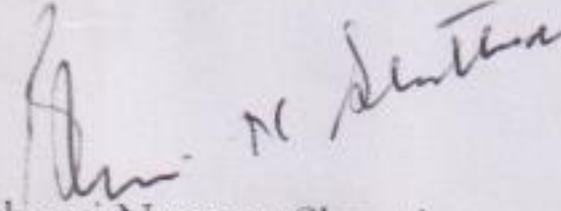
Balance Sheet as on Ashad 31, 2073

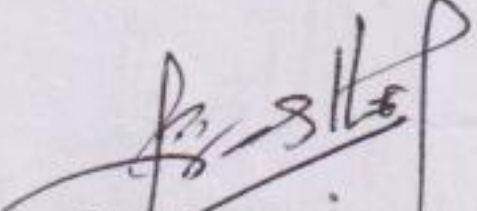
Capital & Liabilities		Schedule	This Year Rs.	Previous Year Rs.
1	Share Capital	4.1	935,069,500	935,069,500
2	Reserves and Funds	4.2	(1,721,621,805)	(1,734,570,689)
3	Debentures and Bonds	4.3	-	-
4	Borrowings	4.4	29,743,000	30,853,000
5	Deposit Liabilities	4.5	435,251,007	440,572,661
6	Bills Payables	4.6	-	-
7	Proposed and Payable Dividend		-	-
8	Income Tax Liabilities		-	-
9	Other Liabilities	4.7	477,915,591	494,578,678
Total Capital Liabilities			156,357,293	166,503,151

Assets		Schedule	This Year Rs.	Previous Year
1	Cash Balance	4.8	427,042	2,000,623
2	Balance with NRB	4.9	3,990,576	3,990,576
3	Balance with Banks/Financial Institutions	4.10	25,902,402	33,246,266
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	86,504,883	89,849,973
8	Non-Banking Assets	4.15	-	-
9	Other Assets	4.16	39,505,389	37,388,712
Total Assets			156,357,293	166,503,151

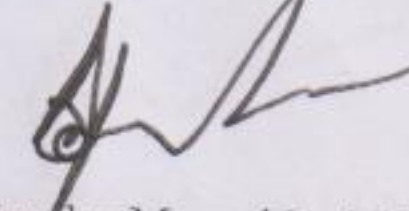
Contingent Liabilities	Schedule	4.17
Directors' Declaration	Schedule	4.29
Statement of Capital Fund	Schedule	4.30
Statement of Risk Weighted Assets	Schedule	4.30 (A)
Principal Indicators	Schedule	4.31
Principle Accounting Policies	Schedule	4.32
Notes to Accounts	Schedule	4.33
Statement of Loan taken by Promotors	Schedule	4.34
Comparision Between Unaudited and Audited Financial	Schedule	4.35
Unaudited Financial Highlights certified by Internal Auditor	Schedule	4.(A)

Schedules 4.1 to 4.17, 4.32, 4.33, 4.34 & 4.35 form integral parts of the Balance Sheet.

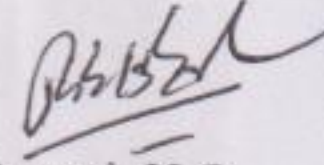

Bhumi Narayan Shrestha
Chairman & Director

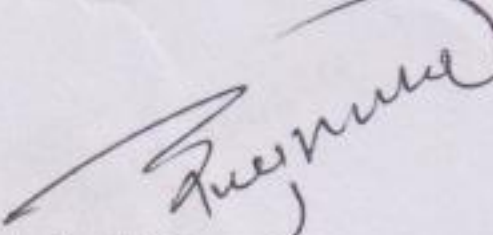

Rabindra Ram Shrestha
Director

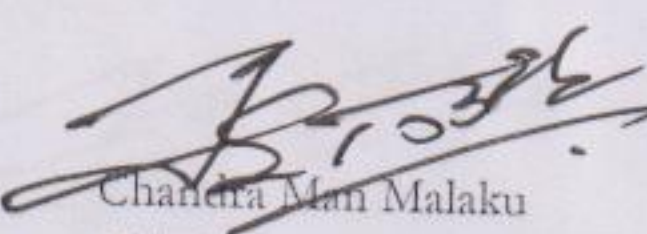
As per our report of even date

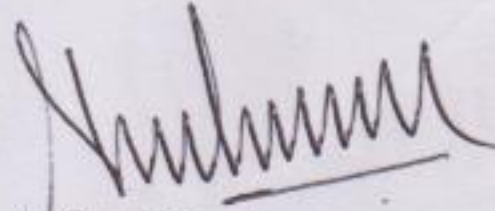

Rajendra Mangal Joshi, FCA
R. S. & Associates
Chartered Accountants




Ramesh K.C.
Director


Ashok Kumar Bhattarai
Director


Chandana Man Malaku
Chief Executive Office


Suni Pradhan
Asst. Officer

Date : 18 Poush, 2073
Place : Kathmandu, Nepal

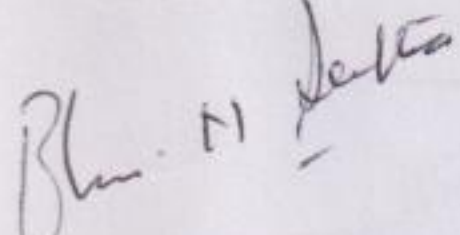
Capital Merchant Banking & Finance Ltd.

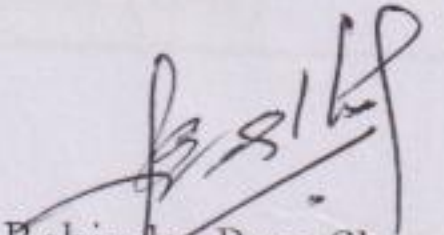
Profit and Loss Account

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

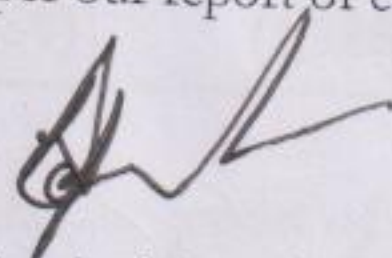
Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	14,300,988	48,775,880
2. Interest Expenses	4.19	5,339,313	11,638,024
Net Interest Income		8,961,675	37,137,856
3. Commission and Discount	4.20	-	-
4. Other Operating Income	4.21	224,463	2,959,079
5. Exchange Fluctuation Income	4.22	-	-
Total Operating Income		9,186,138	40,096,934
6. Employees Expenses	4.23	6,547,866	10,441,562
7. Other Overhead Expenses	4.24	8,011,333	9,834,587
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		(5,373,061)	19,820,785
9. Provision for Possible Losses	4.25	20,335,799	1,263,328
Operating Profit		(25,708,860)	18,557,457
10. Non-operating Income/Expenses	4.26	1,080,000	1,096,291
11. Provision Written-Back	4.27	30,469,491	270,303,022
Profit from Regular Operations		5,840,630	289,956,770
12. Profit/Loss from extra-ordinary activities	4.28	-	-
Net Profit after considering all activities		5,840,630	289,956,770
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		(7,114,253)	4,311,801
This Year's		-	4,960,755
Previous Year's		-	-
Deferred Tax Expense/(Income)		(7,114,253)	(648,954)
Net Profit/(Loss)		12,954,884	285,644,969

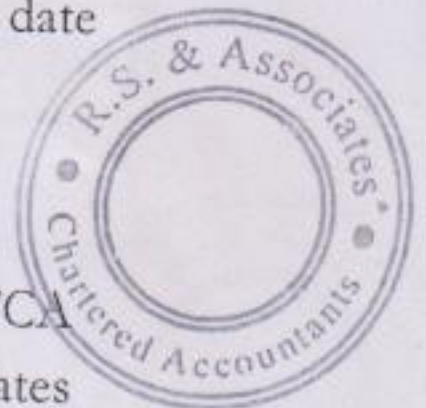
Schedule No. 4.18 to 4.28, 4.32, 4.33, 4.34 & 4.35 form integral part of this Profit and Loss Account.

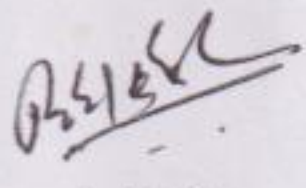

Bhumi Narayan Shrestha
Chairman & Director

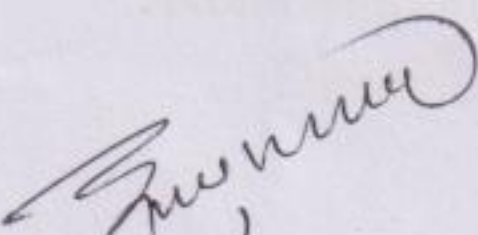

Rabindra Ram Shrestha
Director


As per our report of even date

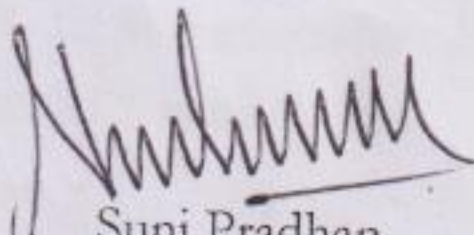

Rajendra Mangal Joshi, FCA
R. S. & Associates
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Ramesh K.C.
Director


Ashok Bhattarai
Director


Chandra Man Malaku
Chief Executive Office


Suni Pradhan
Asst. Officer

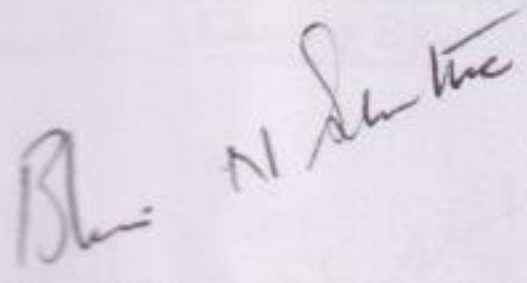
Date : 18 Poush, 2073
Place : Kathmandu, Nepal

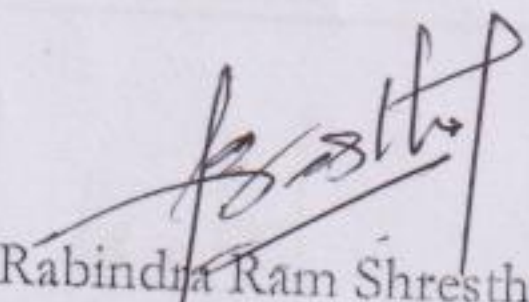
Capital Merchant Banking & Finance Ltd.

Profit and Loss Appropriation Account

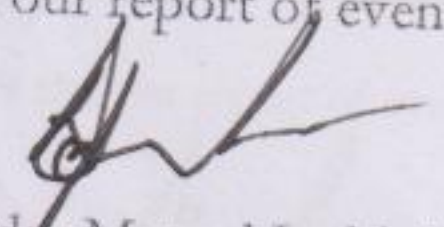
For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

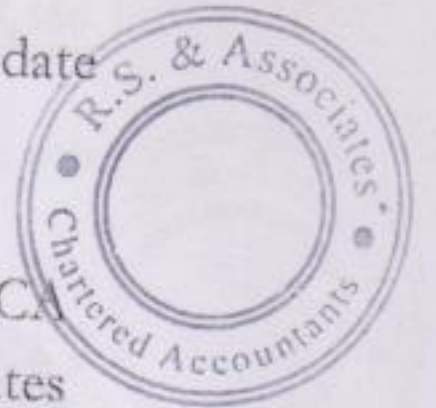
Particulars		Schedules	This Year Rs.	Previous Year Rs.
Income				
1	Accumulated Profit up to the Last Year		(1,988,453,213)	(2,216,314,234)
2	Current Year's Profit		12,954,884	285,644,969
3	Exchange Fluctuation Fund		-	-
Total (A)			(1,975,498,329)	(1,930,669,265)
Expenses				
1	Accumulated Loss up to the Last Year		-	-
2	This Year's Loss		-	-
3	General Reserve		-	-
4	Contingent Reserve		2,590,977	57,128,994
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		7,114,253	648,954
Total (B)			9,705,230	57,777,948
15	Accumulated Profit/(Loss) (A-B)		(1,985,203,559)	(1,988,447,213)

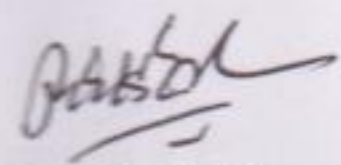

Bhumi Narayan Shrestha
Chairman & Director

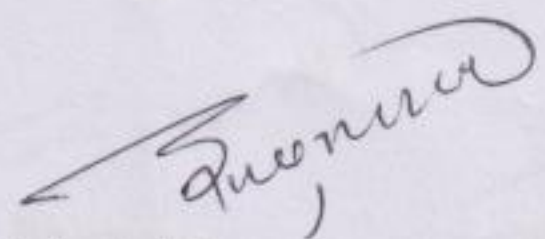

Rabindra Ram Shrestha
Director

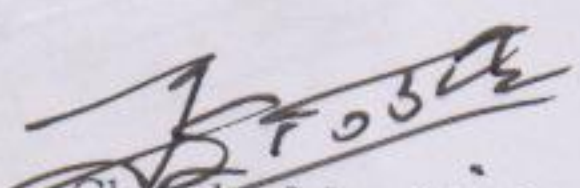
As per our report of even date

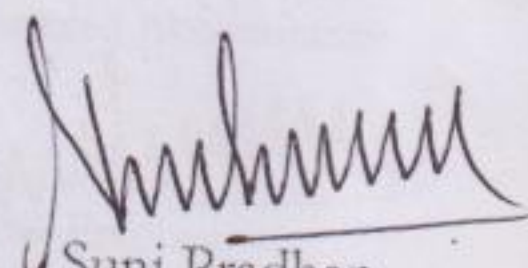

Rajendra Mangal Joshi, FCA
R. S. & Associates
Chartered Accountants




Ramesh K.C.
Director


Ashok Bhattarai
Director


Chandra Man Malaku
Chief Executive Off

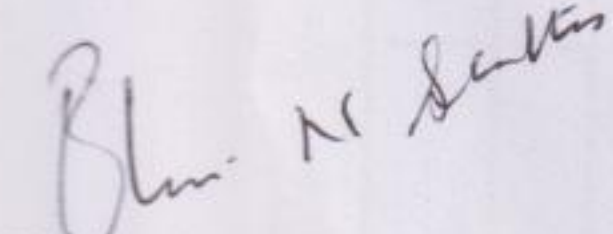

Suni Pradhan
Asst. Officer

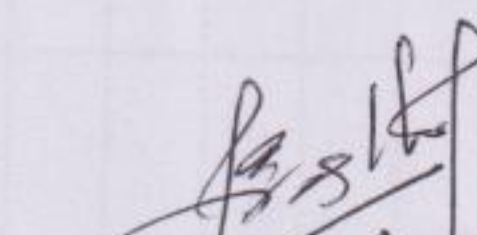
Capital Merchant Banking & Finance Ltd.

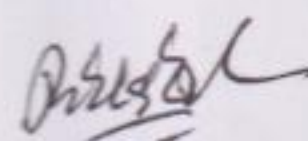
Cash Flow Statement

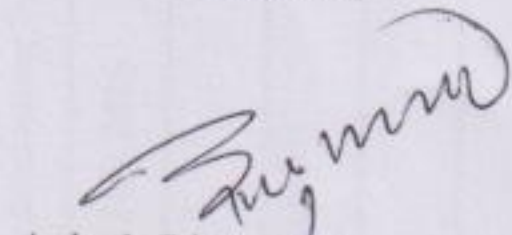
For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

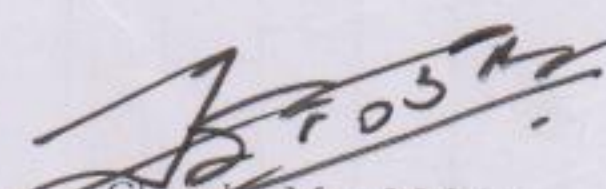
Particulars	This Year Rs.	Previous Year Rs.
(a) Cash flow from Operating Activities		
1 Cash Received	(4,293,061)	20,917,076
1.1 Interest Income	15,605,451	52,831,249
1.2 Commission and Discount Income	14,300,988	48,775,880
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	-	-
2 Cash Payment	1,304,463	4,055,369
2.1 Interest Expenses	19,898,512	31,914,173
2.2 Staff Expenses	5,339,313	11,638,024
2.3 Office Overhead Expenses	6,547,866	10,441,562
2.4 Income Tax Paid	8,011,333	9,834,587
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(7,969,474)	(69,322,083)
(Increase)/Decrease of Current Assets	(2,116,677)	701,506
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	-	668,685
4 (Increase)/Decrease in Other Assets	(2,116,677)	32,822
Increase/(Decrease) of Current Liabilities	(5,852,797)	(70,023,590)
1 Increase/(Decrease) in Deposits Liabilities	(5,321,655)	(286,800,053)
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	(1,110,000)	(6,497,000)
4 Increase/(Decrease) in Other Liabilities	578,858	223,273,463
(b) Cash flow from Investment Activities	3,345,090	4,888,325
1 (Increase)/Decrease in Long-Term Investment	-	-
2 (Increase)/Decrease in Fixed Assets	3,345,090	4,888,325
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	(8,917,446)	(43,516,682)
(f) Opening Balance of Cash and Bank Balances	39,237,466	82,754,148
(g) Closing Balance of Cash and Bank Balances	30,320,020	39,237,466


Bhumi Narayan Shrestha
Chairman & Director

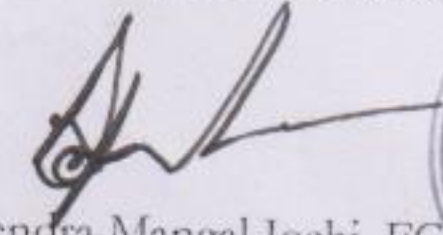

Rabindra Ram Shrestha
Director

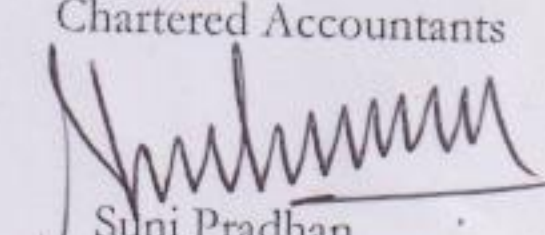

Ramesh K.C.
Director

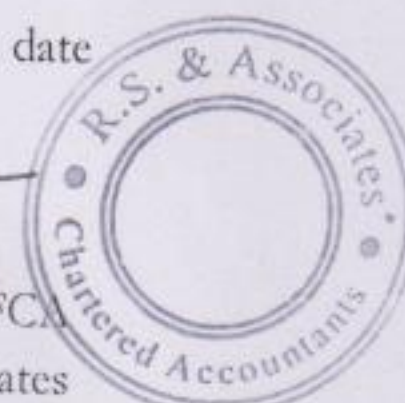

Ashok Bhattarai
Director


Chandra Man Malaku
Chief Executive Office

As per our report of even date


Rajendra Mangal Joshi, FCA
R. S. & Associates


Suni Pradhan
Asst. Officer



Date : 18 Poush, 2073
Place : Kathmandu, Nepal

Capital Merchant Banking & Finance Ltd.

Statement of Changes in Equity
Fiscal Year 2015/16 (2072-73)

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 18 July 2015	935,069,500	(1,988,447,213)	250,616,009	-	-	2,611,560	-	648,954	-	(799,501,189)
Adjustment for Changes in Accounting Policies	-	(6,000)	-	-	-	-	-	-	-	(6,000)
Restated Balance as at 15 July 2016	935,069,500	(1,988,453,213)	250,616,009	-	-	2,611,560	-	648,954	-	(799,507,189)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	-	-	-	-	-	-	-	-	-
General Reserve	-	12,954,884	-	-	-	-	-	-	-	-
Proposed Bonus Share	-	(2,590,977)	2,590,977	-	-	-	-	-	-	12,954,884
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-
Closing Balance	935,069,500	(1,985,203,559)	253,206,986	-	-	2,611,560	-	7,114,253.39	-	(786,552,305)

Bhumi Narayan Shrestha

Bhumi Narayan Shrestha
Chairman & Director

Ramesh K.C.

Ramesh K.C.
Director

Rabindra Ram Shrestha

Rabindra Ram Shrestha
Director

Ashok Bhattarai

Ashok Bhattarai
Director



Rajendra Mangal Joshi
R. S. & Associates
Chartered Accountants

Sunil Pradhan
Sunil Pradhan
Asst. Officer

Ravi Man Malaku

Ravi Man Malaku
Chief Executive Office

Date : 18 Poush, 2073
Place : Kathmandu, Nepal

List of Share Holder's holding 0.5% or more of Paid-Up Share Capital				
S. N.	Name of the Shareholders	No. of Shares	Amount	Percentage
1	Upasana K.C	48,349	4,834,900	0.52%
2	Unnati Corporate Investment	50,304	5,030,400	0.54%
3	Kasturi Investment Company	60,810	6,081,000	0.65%
4	Hemanta Pandit	65,682	6,568,200	0.70%
5	Gorakshya Multi Investment	70,000	7,000,000	0.75%
6	Samuchha Investment Company	79,000	7,900,000	0.84%
7	Chaya Rana Shah	80,030	8,003,000	0.86%
8	Rabi Kiran Dhakal	85,736	8,573,600	0.92%
9	Nilgiri Investment Pvt Ltd	88,963	8,896,300	0.95%
10	Parasparik Investment Company	89,280	8,928,000	0.95%
11	Calculate Builders Pvt Ltd	89,287	8,928,700	0.95%
12	Madan Bahadur Khadka	90,000	9,000,000	0.96%
13	Samyog Housing & Development	90,000	9,000,000	0.96%
14	Beauty Builders Pvt Ltd	90,000	9,000,000	0.96%
15	Bijeswori Awash Bikas	90,232	9,023,200	0.96%
16	B Developers Pvt Ltd	90,442	9,044,200	0.97%
17	Amir Jung Khadka	92,298	9,229,800	0.99%
18	Gobinda Prasad Aryal	103,102	10,310,200	1.10%
19	Gobinda Prasad Aryal	140,000	14,000,000	1.50%
20	Bigyan Prasad Poudel	173,655	17,365,500	1.86%
21	Murari Karki	174,502	17,450,200	1.87%
22	Shreeram Khatri	195,983	19,598,300	2.10%
23	ABC Stock Management	261,500	26,150,000	2.80%
24	Shreeram Khatri	324,000	32,400,000	3.46%
25	Stock Investment & Company	416,357	41,635,700	4.45%
26	Murari Karki	420,545	42,054,500	4.50%
27	Gaurishankar Investment Comapany	760,000	76,000,000	8.13%
28	Amir Jung Khadka	936,233	93,623,300	10.01%
29	Sulav Investment Company	1,074,474	107,447,400	11.49%
30	Paban Kumar Karki	1,377,000	137,700,000	14.73%



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Capital Merchant Banking & Finance Ltd.

Schedule 4.1

Share Capital and Ownership
As on 31 Ashad 2073 (July 15, 2016)

Particulars	This Year Rs.	Previous Year Rs.
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	This Year		Previous Year	
	%	Share Capital	Share Capital	%
1 National Ownership	100%	935,069,500	935,069,500	100%
1.1 Government of Nepal		-	-	
1.2 "A" Class Licensed Institutions		-	-	
1.3 Other License Institutions		-	-	
1.4 Other Entities/ Organizations		-	-	
1.7 Individuals	49%	458,184,100	458,184,100	49%
1.6 Others	51%	476,885,400	476,885,400	51%
2 Foreign Ownership	-	-	-	-
Total	100	935,069,500	935,069,500	100



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Capital Merchant Banking & Finance Ltd.

Schedule 4.2

Reserve and Surplus

As on 31 Ashad 2073 (July 15, 2016)

Particulars		This Year Rs.	Previous Year Rs.
1	General Reserve Fund	253,206,986	250,616,009
2	Capital Reserve Fund	-	-
3	Capital Redemption Reserve	-	-
4	Capital Adjustment Fund	-	-
5	Other Resevers	10,374,768	3,260,514
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	-	-
5.7	Other Free Reserves	7,763,208	648,954
5.8	Other Reserve Funds	-	-
5.9	Share Premium	-	-
6	Accumulated Profit/(Loss)	2,611,560	2,611,560
7	Exchange Equalization Fund	(1,985,203,559)	(1,988,447,213)
	Total	(1,721,621,805)	(1,734,570,689)



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Schedule 4.3

Capital Merchant Banking & Finance Ltd.

Debentures and Bonds

As on 31 Ashad 2073 (July 15, 2016)

Particulars		This Year Rs.	Previous Year Rs.
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 2073 (July 15, 2016)

Particulars		This Year Rs.	Previous Year Rs.
A.	Local		
1	Nepal Government	-	-
2	Nepal Rastra Bank	-	-
3	Repo Obligation	-	-
4	Inter Bank and Financial Institutions	29,743,000	30,853,000
5	Other Organized Institutions	-	-
6	Others	-	-
Total		29,743,000	30,853,000
B.	Foreign		
1	Banks	-	-
2	Others	-	-
Total		-	-
Total (A+B)		29,743,000	30,853,000



Capital Merchant Banking & Finance Ltd.

Schedule 4.5

Deposits

As on 31 Ashad 2073 (July 15, 2016)

Particulars		This Year Rs.	Previous Year Rs.
1	Non-Interest Bearing Accounts		
A.	Current Deposits		
<i>1.</i>	<i>Local Currency</i>	-	-
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	-	-
<i>2.</i>	<i>Foreign Currency</i>	-	-
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		
<i>1.</i>	<i>Local Currency</i>		
1.1	Financial Institutions	-	-
1.2	Other Organized Institutions	-	-
1.3	Individuals	-	-
<i>2.</i>	<i>Foreign Currency</i>		
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		
<i>1.</i>	<i>Local Currency</i>	22,667,740	23,157,436
1.1	Organized Institutions	22,667,740	23,157,436
1.2	Individuals	5,352	5,352
1.3	Others	22,662,388	23,152,084
<i>2.</i>	<i>Foreign Currency</i>	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
B.	Fixed Deposits		
<i>1.</i>	<i>Local Currency</i>	190,633	801,848
1.1	Organized Institutions	190,633	801,848
1.2	Individuals	140,300	751,991
1.3	Others	50,333	49,857
<i>2.</i>	<i>Foreign Currency</i>	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
C.	Call Deposits		
<i>1.</i>	<i>Local Currency</i>	412,392,634	416,613,378
1.1	"A" Class Licensed Institutions	412,392,634	416,613,378
1.2	Other Licensed Institutions	-	-
1.3	Other Organized Institutions	96,392,357	96,392,357
1.4	Individuals	314,921,993	319,142,736
1.5	Others	1,078,285	1,078,285
<i>2.</i>	<i>Foreign Currency</i>	-	-
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		435,251,007	440,572,661
Total Deposit (1+2)		435,251,007	440,572,661



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Capital Merchant Banking & Finance Ltd.

Schedule 4.6

Bills Payable

As on 31 Ashad 2073 (July 15, 2016)

	Particulars	This Year Rs.	Previous Year Rs.
1	Local Currency	-	-
2	Foreign Currency	-	-
	Total	-	-

Capital Merchant Banking & Finance Ltd.

Schedule 4.7

Other Liabilities

As on 31 Ashad 2073 (July 15, 2016)

	Particulars	This Year Rs.	Previous Year Rs.
1	Pension/Gratuity Fund	1,635,788	1,880,828
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	-	-
9	Branch Adjustment Account	14,953,896	18,088,739
10	Others	-	-
	TDS Payable on interest	6,847,469	7,624,929
	Other TDS Payable	1,043,537	1,145,210
	A/C Payables	150,000	186,828
	FD Nominees	429,161,104	430,239,127
	Provision	24,123,797	35,413,017
	Deferred Tax Liability	-	-
	Total	477,915,591	494,578,678



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Capital Merchant Banking & Finance Ltd.

Schedule 4.8

Cash Balance

As on 31 Ashad 2073 (July 15, 2016)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	427,042	2,000,623
2 Foreign Currency	-	-
Total	427,042	2,000,623

Schedule 4.9

Capital Merchant Banking & Finance Ltd.

Balance with Nepal Rastra Bank

As on 31 Ashad 2073 (July 15, 2016)

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	3,990,576	-	-	-	3,990,576	3,990,576
a) Current Account	3,990,576	-	-	-	3,990,576	3,990,576
b) Other Account	-	-	-	-	-	-



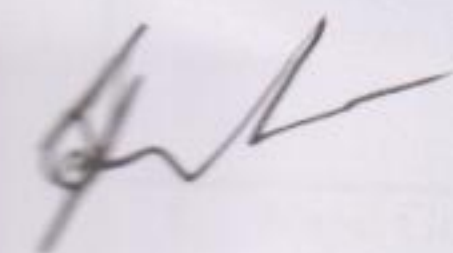
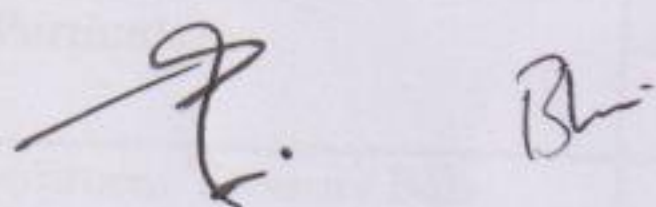
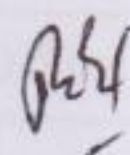
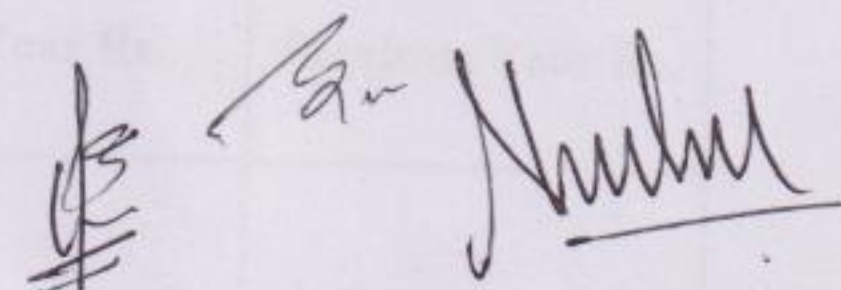
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Capital Merchant Banking & Finance Ltd.

Balance with Banks/Financial Institutions

As on 31 Ashad 2073 (July 15, 2016)

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	25,902,402	-	-	-	25,902,402	33,246,266
a) Current Account	62,016				62,016	285,847
b) Other Account	25,840,386				25,840,386	32,960,419
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
Total	25,902,402	-	-	-	25,902,402	33,246,266


Capital Merchant Banking & Finance Ltd.

Schedule 4.11

Money at Call and Short Notice
As on 31 Ashad 2073 (July 15, 2016)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
Total	-	-

Capital Merchant Banking & Finance Ltd.

Schedule 4.12

Investments
As on 31 Ashad 2073 (July 15, 2016)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	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 Insrtitutions 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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Schedule 4.12 (A)

Capital Merchant Banking & Finance Ltd.

Investment in Shares, Debentures and Bonds

As on 31 Ashad 2073 (July 15, 2016)

Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1 Investment in Shares					
1.1 Credit Information Bureau 1,050 Ordinary Shares of Rs 100 Paid up (including 780 bonus shares)	- 27,000	-	-	- 27,000	- 27,000
1.2 Union Finance Co. Ltd. 22 Ordinary Shares of Rs 100 Paid up	2,200 -	2,464	2,200	2,200	2,200
2 Investment in Debentures and Bonds					
2.1 Co. (Pvt. Ltd./Ltd.) % Debentures/Bonds of Rs. each	- -	-	-	-	-
2.2	-	-	-	-	-
2.3	-	-	-	-	-
Total Investment	29,200	2,464	2,200	29,200	29,200
3 Provision for Loss					
3.1 Provision Up to Previous Year	2,200				2,200
3.2 Additions This Year	2,200				2,200
	-				
Total Provision	2,200				2,200
Net Investment	27,000				27,000



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Capital Merchant Banking & Finance Ltd.

Held for Trading

As on 31 Ashad 2073 (July 15, 2016)

Description	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
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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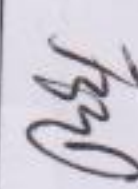
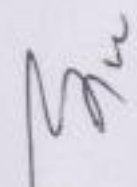




Capital Merchant Banking & Finance Ltd.

Held to Maturity

As on 31 Ashad 2073 (July 15, 2016)

Description	Cost Price	Cumulative Loss Upto This Year	Current Lear Loss	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
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 31 Ashad 2073 (July 15, 2016)

Description	Cost Price	Last Market Price	Current Market Price	Current Year Fund Adjustment Amount	Last Year		Remarks
					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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Capital Merchant Banking & Finance Ltd.

Classification of Loans and Bills Purchased and Provisioning
As on 31 Ashad 2073 (July 15, 2016)

Particulars	Loans						Bills			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Total	Domestic	Foreign	Total			
	Deprived		Others								
	Insured	Uninsured									
1	Performing Loan	-	-	-	-	-	-	-	-	-	
	1.1 Pass Loan	-	-	-	-	-	-	-	-	-	
	1.2 Restructured	-	-	-	-	-	-	-	-	-	
2	Non-Performing Loan	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	
	2.1 Substandard	-	-	-	-	-	-	-	-	-	
	2.2 Doubtful	-	-	-	-	-	-	-	-	-	
	2.3 Bad	-	-	-	-	-	-	-	-	-	
(A)	Total Loan	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	
3	Loan Loss Provision	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	
	3.1 Pass	-	-	-	-	-	-	-	-	-	
	3.2 Restructured	-	-	-	-	-	-	-	-	-	
	3.3 Substandard	-	-	-	-	-	-	-	-	-	
	3.4 Doubtful	-	-	-	-	-	-	-	-	-	
	3.5 Bad	-	-	-	-	-	-	-	-	-	
(B)	Total Provisioning	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	
4	Provisioning up to Previous Year	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	
	4.1 Pass	-	12,000,000	-	-	12,000,000	-	-	12,000,000	2,017,127,109	
	4.2 Restructured	-	-	-	-	-	-	-	-	3,554	
	4.3 Substandard	-	-	-	-	-	-	-	-	-	
	4.4 Doubtful	-	-	-	-	-	-	-	-	-	
	4.5 Bad	-	-	-	-	-	-	-	-	68,611	
(C)	Total Previous Year's Provision	-	12,000,000	-	-	12,000,000	-	-	12,000,000	111,039	
(D)	Written Back From Previous Year	-	12,000,000	-	-	12,000,000	-	-	12,000,000	2,016,943,906	
	Changes in This Year	-	(12,000,000)	-	-	(12,000,000)	-	-	(12,000,000)	2,017,127,109	
	Net Loan (A-B)	-	-	-	-	-	-	-	(25,402,657)	(260,208,371)	



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Capital Merchant Banking & Finance Ltd.

Schedule 4.13 (A)

Loans, Advances and Bills Purchased Security wise
As on 31 Ashad 2073 (July 15, 2016)

	Particulars	This Year Rs.	Previous Year Rs.
(A)	Secured		
1	Movable/Immovable Assets	1,731,516,082	1,756,918,739
2	Guarantee of Local Licensed Institutions	1,728,754,556	1,754,136,835
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	-	-
(B)	Unsecured	2,761,525	2,781,904
	Total	1,731,516,082	1,756,918,739



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Capital Merchant Banking & Finance Ltd.

Fixed Assets

As on 31 Ashad 2073 (July 15, 2016)

Particulars	Assets						This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others			
1								
At Cost								
a. Previous Year Balance	31,332,349	-	-	-	-	-	86,817,869	-
b. Addition This Year	-	12,076,329	26,958,807	10,345,058	6,105,326	-	-	87,944,149
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	218,586	-	-	-	-
e. This Year Written off	-	33,275	252,926	-	19,957	-	524,744	1,002,473
Total Cost (a+b+c-d-e)	31,332,349	12,043,054	26,705,881	10,126,472	6,020,844	86,228,600	86,817,869	123,808
2								
Depreciation								
a. Up to Previous Year	10,463,867	10,825,712	24,697,051	9,680,438	5,539,322	-	61,206,389	58,469,101
b. For This Year	1,043,424	243,244	482,229	104,174	149,498	-	2,022,570	2,737,288
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-	-
Total Depreciation	11,507,291	11,068,956	25,179,280	9,784,612	5,688,820	63,228,959	63,228,959	61,206,389
3								
Book Value (WDV*) (1-2)	19,825,058	974,098	1,526,601	341,860	332,024	22,999,641	22,999,641	25,611,479
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)	19,825,058	974,098	1,526,601	341,860	332,024	86,504,883	86,504,883	89,849,973



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Capital Merchant Banking & Finance Ltd.

Non-Banking Assets

As on 31 Ashad 2073 (July 15, 2016)

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
Irada Builder Pvt.Ltd	16-05-2072	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.

Schedule 4.16

Other Assets

As on 31 Ashad 2073 (July 15, 2016)

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		745,800	745,800
Income Receivable on Investments			
Accrued Interest on Loan	1,692,329,469		1,482,423,745
Less : Interest Suspense Amount	(1,692,329,469)	-	(1,482,423,745)
Commission Receivable			
Sundry Debtors		26,115,140	31,252,189
Staff Loans and Advances		80,137	80,137
Prepaid Expenses		41,499	75,053
Cash in Transit			
Other Transit items (including cheques)			
Drafts Paid without Notice			
Expenses Not Written off		477,871	477,871
Branch account		-	-
Deferred Tax Assets		7,763,208	648,954
Other		4,281,734	4,108,708
Total		39,505,389	37,388,712

Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	-	-	-	1,692,329,469	1,482,423,745
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-
Breakdown has not been available	-	-	-	-	-



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Capital Merchant Banking & Finance Ltd.

Schedule 4.17

Contingent Liabilities

As on 31 Ashad 2073 (July 15, 2016)

Particulars		This Year Rs.	Previous Year Rs.
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.

Schedule 4.18

Interest Income

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft		
1 Loans and Advances	13,917,495	47,839,504
2 Overdraft	13,917,495	47,839,504
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	-	-
1 Certificate of Deposits	383,493	936,376
2 Inter-Bank Loan	-	-
3 Others-Deposit with other Fis	-	-
	383,493	936,376
Total	14,300,988	48,775,880



Capital Merchant Banking & Finance Ltd.

Schedule 4.19

Interest Expenses

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars	This Year Rs.	Previous Year Rs.
A. On Deposit Liabilities		
1 Fixed Deposits	5,339,313	10,404,109
1.1 Local Currency	957,390	567,616
1.2 Foreign Currency	957,390	567,616
-	-	-
2 Savings Deposits	227,265	2,855,578
2.1 Local Currency	227,265	2,855,578
2.2 Foreign Currency	-	-
3 Call Deposits	4,154,658	6,980,915
3.1 Local Currency	4,154,658	6,980,915
3.2 Foreign Currency	-	-
4 Certificate of Deposits	-	-
B. On Borrowings		
1 Debentures and Bonds	-	1,233,916
2 Loan from Nepal Rastra Bank	-	-
3 Inter Bank/Financial Institutions Borrowing	-	-
4 Other Corporate Body	-	1,233,916
5 Other Loans	-	-
C. On Others		
1	-	-
2	-	-
-	-	-
Total	5,339,313	11,638,024



Schedule 4.20

Capital Merchant Banking & Finance Ltd.

Commission and Discount

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars		This Year Rs.	Previous Year Rs.
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.

Schedule 4.21

Other Operating Income

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars		This Year Rs.	Previous Year Rs.
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		224,463	2,959,079
		224,463	2,959,079

Capital Merchant Banking & Finance Ltd.

Schedule 4.22

Exchange Gain/Loss

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)

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



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Capital Merchant Banking & Finance Ltd.

Schedule 4.23

Employee Expenses

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	3,594,148	6,039,587
2 Allowances	1,619,124	1,881,934
3 Contribution to Provident Fund	249,946	309,933
4 Training Expenses	-	-
5 Uniform	-	-
6 Medical	249,684	324,791
7 Insurance	45,931	80,876
8 Leave Encashment	786,329	1,751,641
9 Others	2,704	52,800
Total	6,547,866	10,441,562



Capital Merchant Banking & Finance Ltd.

Schedule 4.24

Other Overhead Expenses

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars	This Year Rs.	Previous Year Rs.
1 House Rent		
2 Electricity and Water	24,444	629,333
3 Repair and Maintenance	189,694	354,251
(a) Building	153,363	161,053
(b) Vehicles	14,490	24,658
(c) Others	101,820	80,168
4 Insurance	37,053	56,227
5 Postage, Telex, Telephone, Fax	90,510	317,716
6 Office Equipment, Furniture and Fixture Repair	115,460	186,253
7 Traveling Allowances and Expenses	75,251	120,763
8 Stationery and Printing	12,190	10,130
9 Periodicals and Books	19,318	56,219
10 Advertisements	8,700	12,900
11 Legal Expenses	21,922	142,458
12 Donations	15,000	-
13 Expenses Relating to Board of Directors	-	100,000
(a) Meeting Fees	278,828	295,657
(b) Other Expenses	274,000	293,000
14 Annual General Meeting Expenses	4,828	2,657
15 Expenses Relating to Audit	-	-
(a) Audit Fees	208,000	208,000
(b) Other Expenses	101,700	101,700
c) Tax Audit Fees	1,300	1,300
16 Commission on Remittances	105,000	105,000
17 Depreciation on Fixed Assets	-	-
18 Amortization of Preliminary Expenses	2,022,570	2,737,288
19 Share Issue Expenses	-	-
20 Technical Services Fee	-	-
21 Entertainment	369,540	806,077
22 Written Off Expenses	-	-
23 Security Expenses	657,328	1,810,516
24 Credit Guarantee Premium	470,110	716,150
25 Commission and Discount	-	-
26 Others	-	-
26.1 Membership Fee	3,279,106	1,169,823
26.2 Tax & Fines	25,000	55,220
26.3 Anniversary Expenses	2,492,578	75,620
26.4 Fuel Expenses	-	-
26.5 Service Charge	157,324	357,292
26.6 Gift Expenses	240	550
26.7 Branch Extension Expenses	-	-
26.8 Data Connectivity Expenses	-	-
26.9 Software Maintenance Expenses	132,210	317,530
26.10 Fine and Penalties	-	61,020
26.10 Others	357,126	-
Total	114,628	302,590
	8,011,333	9,834,587

Capital Merchant Banking & Finance Ltd.

Schedule 4.25

Provision for Possible Losses

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars	This Year Rs.	Previous Year Rs.
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	20,335,799	1,263,328
Total	20,335,799	1,263,328



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Capital Merchant Banking & Finance Ltd.

Schedule 4.26

Non-Operating Income/Loss

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars	This Year Rs.	Previous Year Rs.
1 Profit (Loss) on Sale of Investment	-	-
2 Profit (Loss) on Sale of Assets	-	91,430
3 Dividend	-	-
4 Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5 Others	1,080,000	1,004,861
Total Non-Operating Income (Loss)	1,080,000	1,096,291

Capital Merchant Banking & Finance Ltd.

Schedule 4.27

Loss Provisions Written Back

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars	This Year Rs.	Previous Year Rs.
1 Loan Loss Provision Written Back	25,402,657	260,208,371
2 Provision against Non-Banking Assets Written Back	-	-
3 Investment Provision Written Back	-	-
4 Provision against Other Assets Written back	5,066,834	10,094,652
Total	30,469,491	270,303,022




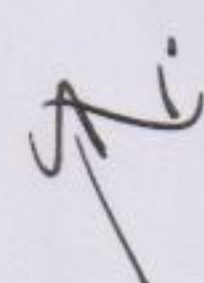

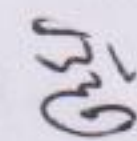
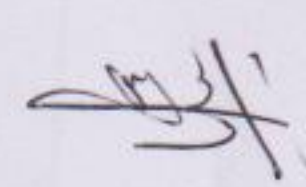

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Capital Merchant Banking & Finance Ltd.

Statement of Loans Written-Off

For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

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	Remarks
1	Working Capital Loan	-	-	-	-	-	-
2	Project Loan	-	-	-	-	-	-
3	Fixed Capital Loan	-	-	-	-	-	-
4	Personal Loan	-	-	-	-	-	-
5	Other Loan	-	-	-	-	-	-
Total Loan		-	-	-	-	-	-



Capital Merchant Banking & Finance Ltd.

Schedule 4.28

Income / Expenses from Extra-ordinary Activities

For the period from July 17, 2015 to July 15, 2016. (Shrawan 01, 2072 to Ashad 31, 2073)

Particulars	This Year Rs.	Previous Year Rs.
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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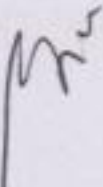
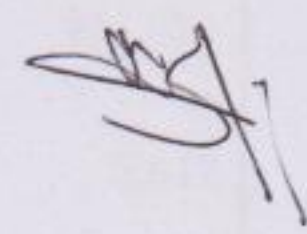



Capital Merchant Banking & Finance Ltd.

Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employee and Shareholders
As on 31 Ashad 2073 (July 15, 2016)

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	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.

Schedule 4.30

Statement of Capital Fund
As on 31 Ashad 2073 (July 15, 2016)

Fig. in '000

Particulars	This Year Rs.	Previous Year Rs.
A) Core Capital		
1 Paid up Capital	(788,752)	(801,701)
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)	253,207	250,616
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(1,985,204)	(1,988,447)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves	-	-
12 Deferred Tax Reserve	-	-
Less :	7,763	649
- Goodwill	2,200	2,200
- Investment in excess of prescribed limit	-	-
- Fictitious Assets	2,200	2,200
- 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)	(788,752)	(801,701)
D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets		
Capital Fund (@ 11 Percent)	209,618	205,100
Core Capital (@ 5.5 Percent)	104,809	102,550
Capital Fund Deficit By @ 52.39 Percent	(998,371)	(1,006,801)
Core Capital Deficit By @ 46.89 Percent	(893,561)	(904,251)



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Capital Merchant Banking & Finance Ltd.

Table of Risk Weighted Assets Statement

As on 31 Ashad 2073 (July 15, 2016)

Fig. in '000

On-Balance Sheet Assets	Weight age	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Balance	0	427	-	2,001	-
Asset (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,991	-	3,991	-
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		-	-	-	-
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	25,902	5,180	33,246	6,649
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	-	-	-	-
Loans against the guarantee of Internationally Rated Banks	20	-	-	-	-
Other Investments with Internationally Rated Banks	20	-	-	-	-
Bank Lending	20	-	-	-	-
Investments in Shares, Debentures and Bonds	100	29	29	29	29
Other Investments	100	-	-	-	-
Loans, Advances and Bills Purchased/Discounted	100	1,731,516	1,731,516	1,756,919	1,756,919
Fixed Assets	100	86,505	86,505	89,850	89,850
Other Interest Receivable (Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	82,390	82,390	11,099	11,099
Access Real Estate/Residential Home Loan	150	-	-	-	-
Total (A)		1,930,760	1,905,621	1,897,134	1,864,546
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 Licensed Foreign Banks	20	-	-	-	-
Letters of credit with maturity of more than 6 months (Full Value)	50	-	-	-	-
Stand 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	-	-	-	-
Revocable 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		1,930,760	1,905,621	1,897,134	1,864,546



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Capital Merchant Banking & Finance Ltd.

Principal Indicators
(At least for previous 5 years)

Particulars	Indicators	FY 2066/67	FY 2067/68	FY 2068/69	FY 2069/70	FY 2070/71	FY 2071/72
1 Percent of Net Profit/Gross Income	Percent	16.63	(203.10)	(862.86)	179.81	917	541
2 Earning Per Share	Rs.	6.69	(102.85)	(135.71)	23.38	60.24	30.55
3 Market Value Per Share	Rs.	216	131	131	131	131	131
4 Price Earning Ratio	Percent	32	(1)	(0.97)	5.60	2.17	4.29
5 Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-	-
6 Cash Dividend on Share Capital	Percent	5.26	-	-	-	-	-
7 Interest Income/Loan & Advances	Percent	11.33	10.84	5.18	5.01	2.86	2.72
8 Staff Expenses/Total Operating Expenses	Percent	36.77	40.43	41.46	39.75	40.12	51.50
9 Interest Expenses / Total Deposit and Borrowing	Percent	9.19	11.70	15.36	6.78	5.68	2.47
10 Exchange Gain/Total Income	Percent	-	-	-	-	-	-
11 Staff Bonus/Total Staff Expenses	Percent	49.42	-	-	-	-	-
12 Net Profit/Loan and Advances	Percent	2.27	(26.44)	(48.46)	9.48	27.92	16.26
13 Net Profit/Total Assets	Percent	1.75	(31.90)	(179.60)	41.63	67.71	171.56
14 Total Credit/Deposit	Percent	119.99	133.74	193.24	229.56	277.41	398.78
15 Total Operating Expenses/Total Assets	Percent	1.38	1.83	5.62	5.06	2.18	5.91
16 Adequacy of Capital Fund on Risk Weighted Assets							
a) Core Capital	Percent	33.39	0.37	(40.65)	(38.01)	5.27	(43.00)
b) Supplementary Capital	Percent	0.91	0.52	0.31	0.00	5.445	-
c) Total Capital Fund	Percent	34.30	0.89	(40.34)	(38.01)	10.72	(43.00)
17 Liquidity (CRR)	Percent	21.59	0.05	0.850	0.750	0.340	0.01
18 Non-Performing Loan/Total Credit	Percent	2.630	43.45	97.19	99.52	99.98	100.00
19 Weighted Average Interest Rate Spread	Percent	4.92	0.02	7.12%	10.01%	4.38%	7.36%
20 Book Net-Worth	Rs.	978,432	16,737,848	(1,252,278,430)	(1,032,199,236)	(468,880,623)	(799,501,189)
21 Total Number of Shares	Nos.	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695
22 Total Staff	Nos.	71	128	65	48	27	23
23 Others	-	-	-	-	-	-	-



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Significant Accounting Policies

Schedule 4.32

1. General Information

Capital Merchant Banking & 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 the Company Registrar on 14 Ashar, 2058, obtained license from Nepal Rastra Bank on 17Magh 2058 and came into operation with effective from 17Magh 2058. The Company has listed on Nepal Stock Exchange Limited.

Capital Merchant Banking and Finance Ltd has been declared as a "problematic financial institution" on 17 Magh 2069 as per Sec 86(kha) of Nepal Rastra Bank Act, 2058.

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 has been prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), Bank and Financial Institutions Act, 2063 ("BAFIA") and other requirements of NRB Directives and in conformity with the Companies Act, 2063.

4. Basis of Preparation

Financial Statements are prepared on the 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 system of accounting for the preparation of financial statements except where otherwise stated. All the formats of the financial statements are in accordance with the NRB Directives.

5. Going Concern Assumption

Though the company has negative net worth amounting to Rs 786,552,305 negative capital fund of 41.39%, 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 recognised on cash basis as per the Nepal Rastra Bank Directive.
Interest income on Investments is accounted for on accrual basis.
7. **Commission Income**
All the commission incomes are accounted for on accrual basis.
8. **Interest Expense**
Interest on deposit liabilities and borrowings is accounted for on accrual basis.
9. **Loans and Advances including Bills Purchased**
Loans and advances include direct finance provided to the customers. These include term loans, consumer loans etc. All credit exposures are subject to regular review and are graded according to the level of credit risk and are classified as per 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 other assets Schedule-4.16.
11. **Loan Loss Provision**
The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank 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.
14. **Fixed Assets and Depreciation**
 - a. Fixed assets are stated at cost less accumulated depreciation and impairment losses.
 - b. Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner prescribed by Income Tax Act, 2058. For disposing the fixed asset of the company, it would follow the income tax act policy and deduct depreciation up to a day prior to the date of disposal.
 - c. Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.



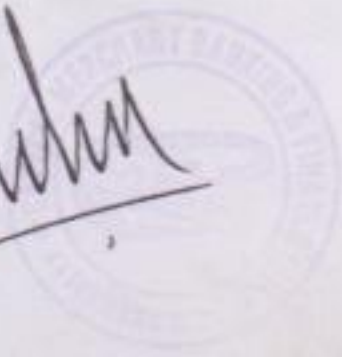
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15. **Non-Banking Assets**
Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives and provision also made as per NRB directives.
16. **Accounting policy for non-capitalisation of assets**
Assets worth Rs 5,000 or less are directly charged off as revenue expenditure at the time of purchase.
17. **Software Expenses**
Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.
18. **Employee Benefits**
a. Retirement fund
Provident fund contribution is recognised as expenses and deposited into the CIT.
b. Gratuity
Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.
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 to be read with relevant Finance Act.



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22. **Exchange gain/loss policy**

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

23. **Deferred Tax**

Deferred taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences 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 recognised to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.



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Notes to Accounts

Schedule 4.33

1. **Interest Income and Interest Suspense**

The interest receivable on loans and advances as at 15 July, 2016 (31 Ashad, 2073) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.

2. **Provision for Staff Bonus**

Provision for the staff bonus has not been provided as per payment of Bonus Act 2030 since NRB through its PCA letter dated 9th August, 2011 restricts payment of bonus to staffs.

3. **Staff Housing Fund**

No staff housing fund has been created by the Company as required under the Labour Act, 2048.

4. **General Reserve**

As required by Bank and Financial institution Act 2063, 20% of profit during the year of Rs. 2,590,977 has been transfer to General Reserves through the profit and loss appropriation a/c.

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 percent of Paid up capital in F.Y. 2066/67. As on balance sheet date, total dividend payable amounts to Rs. 246,660.03.

7. **Investment in Share Capital of other Corporate**

The Company has made investment of Rs. 27,000 in shares of Credit Information Bureau and Rs. 2,200 in the shares of Union Finance.

Book value of shares not listed in 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 entity at the Balance Sheet date i.e. 15 July 2016.

8. **Average Interest rate Spread**

The average interest rate spread of the financial institution is 7%



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9. **Expenses to be written off**

The company has Rs 477,871 under the head expenses to be written off. The amount had been carried forward from previous year end.

10. The company has negative capital fund as on Chaitra end, 2072 and hence the Single Obligor limit for the company has exceeded the limit as mentioned in the directive prescribed by Nepal Rastra Bank.

11. **Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written-off:**

Rs'000

Particulars	Amount (Rs.)
Opening Balance	1,756,919
Loans Disbursed	Nil
Loans Recovered	25,403
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	1,731,516

12. **Classification of Loans & Provisioning**

Classification of loan as on 31/3/2072 is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	0
2.	Substandard	0
3.	Doubtful	0
4.	Loss	1,731,516
Total		1,731,516

Accordingly, Company has write back Rs. 25,403 thousand loan loss provision thereon during a year.

13. **Summary Status of the Deposit Liabilities**

Rs'000

Particulars	Current Year	Previous Year	Decrease by Rs.
	NRs.	NRs.	
Current Deposit	0	0	0
Margin Deposit	0	0	0
Saving Deposit	22,718	23,157	439
Call Deposit	412,393	416,613	4,220
Fixed Deposit	140	802	662
Total	435,251	440,572	5321



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14. **Leasehold asset detail**

The opening balance of the leasehold asset for the FY 2072/73 is Rs 733,250, the closing balance figure for the year ended Ashadh end, 2073 is Rs Nil. During the year company has written of Rs.507,993.95 leasehold assets.

15. **Paid up Share Capital**

Paid up share capital of the Company as on Ashadh end, 2073 is Rs 935,069,500. There has been no change in the paid up capital from previous year.

16. **Details of Non-Banking Assets**

During the financial year company has booked Non Banking Assets of Nrs 20,335,799.26 by transferring the mortgaged land of Irada Builders Pvt Ltd. in the name of company. Company has been provided 100% provision to NBA as per the NRB Directives. During the financial year balances relating to the Non Banking Assets are as follows:

Opening Balance	Nil
Booked During the Year	20,335,799.26
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 Employee Service Regulation. Company has practice of depositing gratuity amount to CIT and outstanding balances relating to the gratuity has been shown separately under the head other assets and other liabilities.

During the financial year NRs. 286,120 has been charged to Profit and loss account for the additional provision required as on Ashadh end 2073 after setting off the interest received of NRs.92,053.57 from CIT for the financial year 2071/72.

18. **Provision for Leave Encashment**

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs. 901,550 has been provided for leave encashment under this account.

19. **Provision on Bank Balance**

As the Crystal Finance has been declared as problematic financial institution, the provision has been made on full amount of balance Rs. 23,222,246.62. The recovery



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from the stated Financial Institution has been recognized as income under the head 'Provision against other assets Written Back' under Schedule 4.27 amounting to Rs. 3,873,106.36 in current year. Similarly, World Merchant Banking & Finance Ltd has also been declared as problematic financial institution on which 100 % provision has been made by the company upto previous year and during the financial year full balance outstanding has been recovered and company has recognized such provision as income under the head 'Provision against other assets Written Back' under Schedule 4.27 amounting to Rs. 1,193,727.76 during the year.

Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
Cash Balance	427.04					427.04
Balance with Banks & FIs	29,892.98					29,892.98
Investment in Foreign Banks	-					-
Call Money	-					-
Government Securities	-					-
Nepal Rastra Bank Bonds	-					-
Inter Bank & FI Lending	-					-
Loans & Advances	173,151.61	346,303.22	346,303.22		865,758.04	1,731,516.08
Interest Receivable						
Reverse Repo						
Receivables from other Institutions under Commitment						
Payment to be made for facilities under s.no 20,21 & 22						
Others	10,446.06	5,223.03			10,446.06	26,115.14
Total Assets (A)	213,917.68	351,526.24	346,303.22	-	876,204.10	1,787,951.24
Current Deposits	412,392.63					412,392.63
Saving Deposits	22,667.74					22,718.07
Fixed Deposits	429,211.44		140.30			429,351.74
Debentures						
Borrowings:	29,743.00	-	-	-	-	29,743.00
(a) Call/Short Notice						
(b) Inter-bank/Financial Institutions	29,743.00					29,743.00
(c) Refinance						
(d) Others						
Other Liabilities and Provisions	47,118.70	-	-	-	-	3,494,800.95
(a) Sundry Creditors	14,953.90					14,962.23
(b) Bills Payable	8,041.01					8,041.34
(c) Interest Payable	-					-
(d) Provisions	24,123.80					
						1,779,467.91



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(e) Others						1,692,329.47
Payable to other institutions under Commitment						-
Unutilized Approved Facilities						-
Letter of Credit/Guarantee (Net of Margin)						-
Repo						-
Payment to be made for facilities under S.No 11						-
Others						-
Total Liabilities (B)	941,133.51	-	140.30	-	-	941,273.81
Net Financial Assets (A-B)	(727,215.83)	351,526.24	346,162.92	-	876,204.10	846,677.43
Cumulative Net Financial Assets	(727,215.83)	(375,689.58)	(29,526.67)	(29,526.67)	846,677.43	-

20. **Deferred Tax Assets/ (Liability)**

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets			
Leasehold Assets			
Provision for leave	901,550	-	901,550
Accumulated Tax Loss		(24,975,809)	24,975,809
Net Temporary Difference			25,877,359
Deferred Tax Assets/(Liabilities) as at Ashad end 2072 @ 30%			7,763,208

Deferred Tax Assets as on Ashad end 2073 (15 July 2016) is Rs. 7,763,208 and an increase in Deferred Tax Assets by Rs.7,114,253 has been recognized as deferred tax income in Profit and Loss Account in the current year.

21. Presently, the Company has been declared as a "Problematic Financial institution" as per Section 86(kha) of Nepal Rastra Bank Act. The present management, after considering wide range of factors surrounding company's future prosperity, has prepared the financial statement on the going concern assumption albeit presently the company has negative Net Worth.

Due to the negative core capital, Minimum Capital Adequacy Ratio (Directive No. 1), Deposit Collection Limit Ratio (Directive No.16), Single Obligor Limit Ratio



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(Directive No.3) and Investment Limit Ratio (Directive No.8) is not in the state of the comparison with the ceiling fixed by Nepal Rastra Bank.

22. **Non Adjusting Events after Reporting Period**

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

23. **Income Tax**

For tax purpose, self assessment income tax return has been filed upto F.Y. 2071/72. CMBL 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 2072/73 Rs. Nil has been provided as income tax provision since during the year company is in taxable loss by Rs.24,975,809.

24. Company has availed interbank borrowing from Century bank Ltd. of NRs. 29,743,000 as on Ashad End 2073. Borrowing from Century bank is secured by mortgage of Land and 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. The financial statements are presented in Nepalese Rupees, rounded to the nearest Rupee.

26. **Previous Year's Figures**

Previous year's figures are grouped or regrouped wherever 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 from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 31, 2073)

S. N.	Name of Promoters/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							

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Capital Merchant Banking & Finance Limited
Computation of Deferred Tax Assets/Liability

As on 31 Ashad 2073 (July 15, 2016)

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets			
Leaschold Assets			
Provision for leave			
Taxable loss	901,550	-	901,550
Net Temporary Difference		(24,975,809)	24,975,809
Deferred Tax Assets/(Liabilities) as at Ashad end 2072 @ 30%			25,877,359
Deferred Tax Assets/(Liabilities) till Ashad end 2072			7,763,208
Deferred Tax Expense/(Income) for current year			648,954
			(7,114,253)

