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Chartered Accountants

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Independent Auditor's Report

To the shareholders

Capital Merchant Banking & Finance Limited

Kathmandu

Report on the audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Capital Merchant Banking & Finance Limited ("the Company"), which comprise the balance sheet as at 32 Ashad 2075, and the income statement, statement of changes in equity and cash flows statement for the year then ended, and notes to accounts, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 32 Ashad 2075, and (of) its financial performance and its cash flows for the year then ended.

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

Basis for Qualified Opinion

As reported in Schedule 4.30 of the financial statements, the Company's total capital fund and core capital fund are negative as of 32 Ashad 2075, which is insufficient as compared to the minimum capital adequacy requirements as prescribed by Nepal Rastra Bank's directives.

As reported in point # 22 of Notes to Accounts (Schedule 4.33) of the financial statements, various directives of Nepal Rastra Bank viz, Single Obligor Limit (Directive No. 3), Investment Limit Ratio (Directive No. 8), and Deposit Collection Limit Ratio (Directive No. 16) are not in compliance with the respective ceilings prescribed by Nepal Rastra Bank.

As required by NRB Directive # 6, the Company has to spend minimum 3% of employee expenses of 2073/74 i.e. NPR 146,616.12 (3% of NPR 5,296,747) for staffs training and development expenses in FY 2074/75. But the Company has not spent any amount for training and development of staff during the year. As required by same clause the unspent amount should be transferred to staff training and development fund to be spent in FY 2075/76. However, the Company has not transferred such unspent amount into "staff training and development fund". Again as required by NRB Directive # 6, the Company has to transfer 1% of net profit during the year i.e. NPR 112,804.27 (1% of NPR 11,280,427) to Corporate Social Responsibility (CSR) fund. However, the Company has not transferred such amount to "CSR Fund". The profit of the Company may be overstated by Rs 259,416.39, on account of these non-compliances.

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



ethical responsibilities in accordance with 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 basis for our qualified opinion.

Other information

Management is responsible for the other information. The other information comprises all information in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of 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 judgment and maintain professional skepticism throughout the planning and performance of the audit. We also;

- Identify and assess the risks of material misstatement of the 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 circumstances, 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 disclosure in the financial statement or, if such disclosure 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 cause the Company to cease as a going concern.

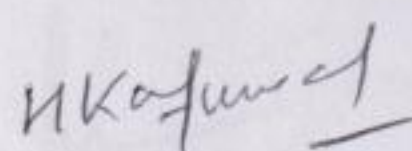
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further report that we have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet, the statements of income and the cash flows, prepared in the format, are materially in agreement with the books of accounts of the Company; and proper books of accounts as required by law have been kept by the Company. Since none of the branches of the Company were in operation, no such returns were received or audited by us.

In our opinion, so far as appeared from our examination of the books and the effects of matter described in *Basis for Qualified Opinion* section of this report, the Company has not maintained adequate capital funds but has made adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.

To the best of our information and according to explanations given to us and from our examination of the books of account of the Company necessary for the purpose of our audit, except for the effect on the financial statements of the matter described in *Basis for Qualified Opinion* section of this report, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company and violated any directives of the Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Company, its depositors and investors.



Hemant Katuwal

Partner

Wagle & Associates

Chartered Accountants

Kathmandu

21 Kartik 2077

UDIN:201108CA00843Qvir1



Capital Merchant Banking & Finance Ltd.
Balance Sheet as on 32 Ashad, 2075 (16 July, 2018)

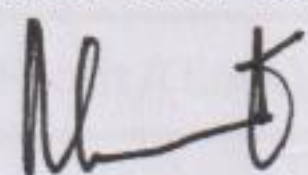
Amount in NPR

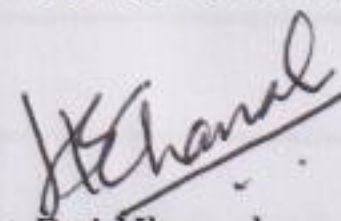
Capital & Liabilities	Schedule	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Share Capital	4.1	935,069,500	935,069,500
2. Reserves and Funds	4.2	(1,678,662,186)	(1,689,942,613)
3. Debentures and Bonds	4.3	-	-
4. Borrowings	4.4	29,500,000	29,743,000
5. Deposit Liabilities	4.5	406,241,339	417,596,395
6. Bills Payables	4.6	-	-
7. Proposed and Payable Dividend		-	-
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	556,221,146	572,052,246
Total Capital and Liabilities		248,369,799	264,518,527
Assets:			
1. Cash Balance	4.8	203,075	97,151
2. Balance with NRB	4.9	1,607,576	4,240,576
3. Balance with Banks/Financial Institutions	4.10	121,075,532	135,755,332
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	83,265,115	84,777,426
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	42,191,501	39,621,041
Total Assets		248,369,799	264,518,527

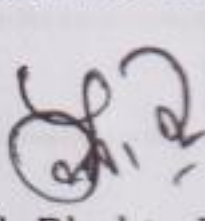
Contingent Liabilities	Schedule	4.17
Directors' Declaration	Schedule	4.29
Statement of Capital Fund	Schedule	4.30
Statement of Risk Weighted Assets	Schedule	4.30(A)
Principal Indicators	Schedule	4.31
Principle Accounting Policies	Schedule	4.32
Notes to Accounts	Schedule	4.33
Statement of Loan taken by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

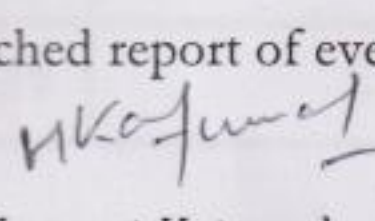
Schedules 4.1 to 4.17, 4.32, 4.33, 4.34 & 4.35 form integral parts of the Balance Sheet.

As per our attached report of even date

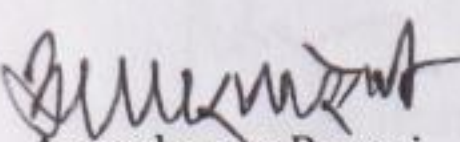

Niranjana Singh Basnet
Chairman


Jagat Raj Khanal
Director

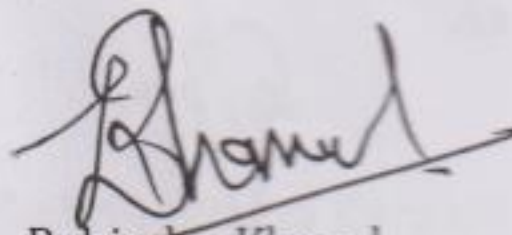

Kailash Bhakta Karanjit
Director

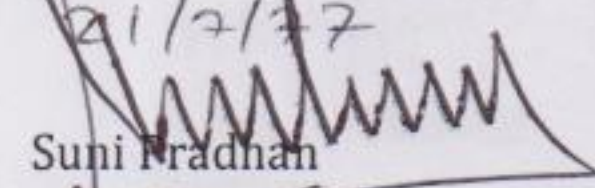

Hemant Katuwal
Partner
Wagle & Associates
Chartered Accountants




Anandaram Regmi
Director


Ranjan Rayamajhi
Director


Rabindra Khanal
Chief Executive Officer


Suni Pradhan
Asst. Officer

Date : 28 Ashwin 2077
Place : Kathmandu, Nepal



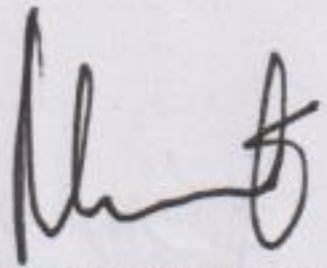
**Capital Merchant Banking & Finance Ltd.
Profit and Loss Account**

For the period from 1 Shrawan 2074 to 32 Ashad 2075 (July 16, 2017 to July 16, 2018)

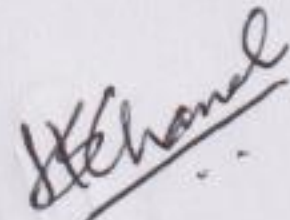
Amount in NPR

Particulars	Schedules	This Year	Previous Year
Interest Income	4.18	5,072,305	14,287,667
Interest Expenses	4.19	5,018,296	5,193,080
Net Interest Income		54,009	9,094,588
Commission and Discount	4.20	-	-
Other Operating Income	4.21	-	60,236
Exchange Fluctuation Income	4.22	-	-
Total Operating Income		54,009	9,154,823
Employees Expenses	4.23	5,335,129	4,887,204
Other Overhead Expenses	4.24	5,956,638	5,184,914
Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		(11,237,758)	(917,295)
Provision for Possible Losses	4.25	-	233,095
Operating Profit		(11,237,758)	(1,150,390)
Non-operating Income/Expenses	4.26	2,577,667	2,007,250
Provision Written-Back	4.27	17,354,128	31,141,238
Profit from Regular Operations		8,694,037	31,998,098
Profit/Loss from extra-ordinary activities	4.28	-	-
Net Profit after considering all activities		8,694,037	31,998,098
Provision For Staff Bonus		-	-
Provision For Income Tax:		(2,586,390)	319,111
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		(2,586,390)	319,111
Net Profit/(Loss)		11,280,427	31,678,987

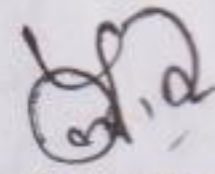
Schedule No. 4.18 to 4.28, 4.32, 4.33, 4.34 & 4.35 form integral part of this Profit and Loss Account.



Niranjan Singh Basnet
Chairman

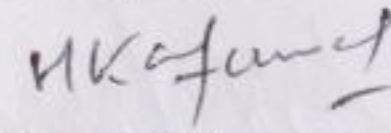


Jagat Raj Khanal
Director



Kailash Bhakta Karanjit
Director

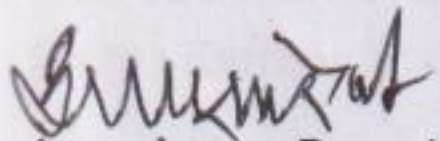
As per our attached report of even date



Hemant Katuwal
Partner



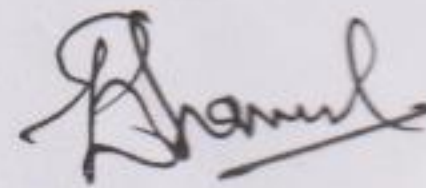
Wagle & Associates
Chartered Accountants



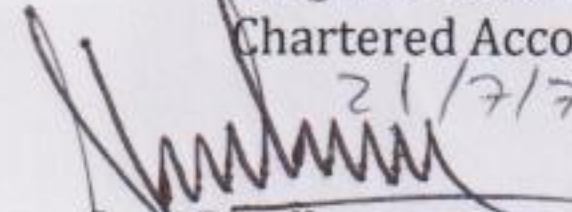
Anandaram Regmi
Director



Ranjan Rayamajhi
Director



Rabindra Khanal
Chief Executive Officer



Suni Pradhan
Asst. Officer

Date : 28 Ashwin 2077
Place : Kathmandu, Nepal



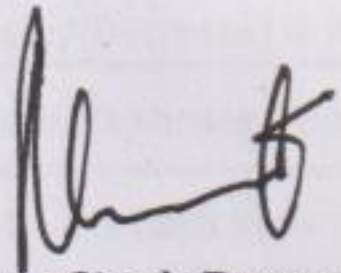
**Capital Merchant Banking & Finance Ltd.
Profit and Loss Appropriation Account**

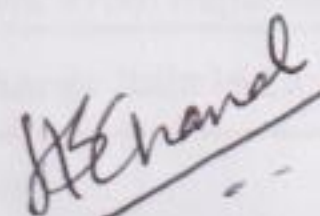
For the period from 1 Shrawan 2074 to 32 Ashad 2075 (July 16, 2017 to July 16, 2018)


Amount in NPR

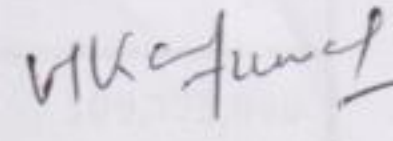
Particulars	This Year	Previous Year
Income		
1. Accumulated Profit up to the Last Year	(1,959,541,053)	(1,985,203,354)
2. Current Year's Profit	11,280,427	31,678,987
3. Exchange Fluctuation Fund	-	-
Total (A)	(1,948,260,626)	(1,953,524,367)
Expenses		
1. Accumulated Loss up to the Last Year	-	-
2. This Year's Loss	-	-
3. General Reserve	2,256,085.35	6,335,797
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	2,586,390	(319,111)
Total (B)	4,842,475	6,016,686
Accumulated Profit/(Loss) (A-B)	(1,953,103,101)	(1,959,541,053)

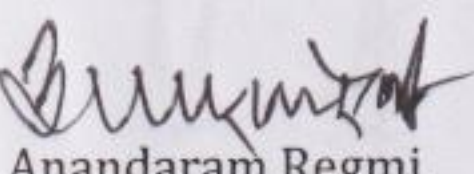
As per our attached report of even date

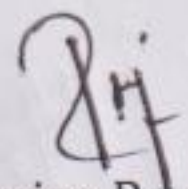

Niranjan Singh Basnet
Chairman

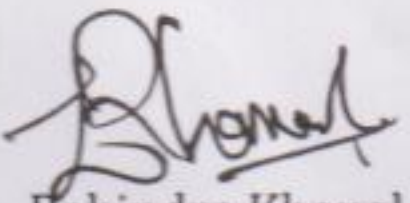

Jagat Raj Khanal
Director

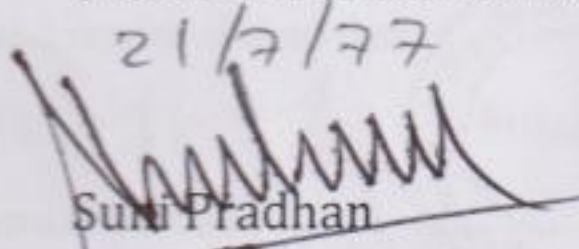

Kailash Bhakta Karanjit
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Director


Rabindra Khanal
Chief Executive Officer


Suni Pradhan
Asst. Officer

Date : 28 Ashwin 2077
Place : Kathmandu, Nepal

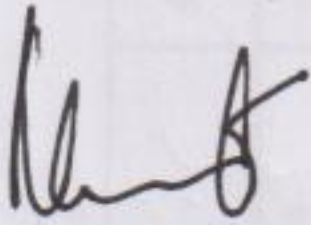


Capital Merchant Banking & Finance Ltd.
Cash Flow Statement

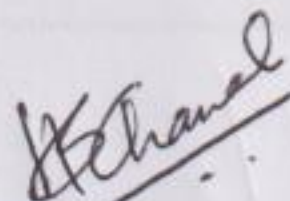
For the period from 1 Shrawan 2074 to 32 Ashad 2075 (July 16, 2017 to July 16, 2018)

Amount in NPR

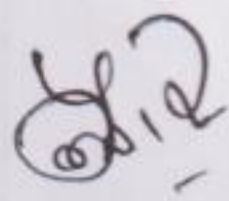
Particulars	This Year	Previous Year
A. Cash flow from Operating Activities:	(17,206,878)	109,785,439
1. Cash Received	25,004,100	16,355,153
1.1 Interest Income	5,072,305	14,287,667
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	17,354,128	-
1.5 Other Incomes	2,577,667	2,067,486
2. Cash Payment	14,797,753	13,525,342
2.1 Interest Expenses	5,018,296	5,193,080
2.2 Staff Expenses	5,335,129	4,887,204
2.3 Office Overhead Expenses	4,444,328	3,445,058
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	10,206,348	2,829,811
(Increase)/Decrease of Current Assets	15,930	(185,580)
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	15,930	(185,580)
Increase/(Decrease) of Current Liabilities	(27,429,156)	107,141,208
1. Increase/(Decrease) in Deposits Liabilities	(11,355,056)	(17,654,612)
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	(243,000)	-
4. Increase/(Decrease) in Other Liabilities	(15,831,100)	124,795,820
B. Cash flow from Investment Activities	-	(12,399)
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	-	(12,399)
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 Bal	-	-
E. This Year's Cash Flow from All Activities	(17,206,878)	109,773,040
F. Opening Balance of Cash and Bank Balances	140,093,060	30,320,020
G. Closing Balance of Cash and Bank Balances	122,886,182	140,093,060



Niranjana Singh Basnet
Chairman

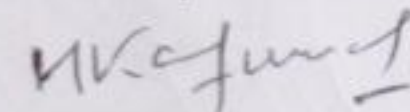


Jagat Raj Khanal
Director



Kailash Bhakta Karanjit
Director

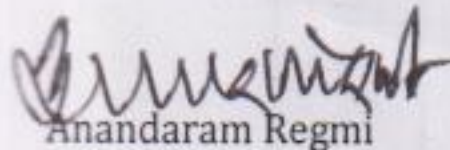
As per our attached report of even date



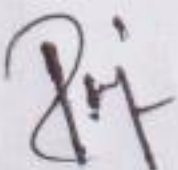
Hemant Katuwal
Partner

Wagle & Associates
Chartered Accountants

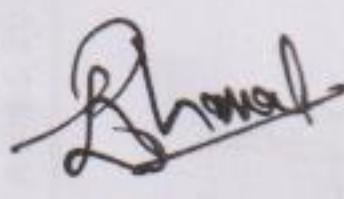




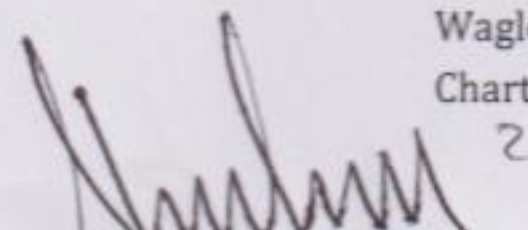
Anandaram Regmi
Director



Ranjan Rayamajhi
Director



Rabindra Khanal
Chief Executive Officer



Suni Pradhan
Asst. Officer

21/7/77

Date : 28 Ashwin 2077
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.

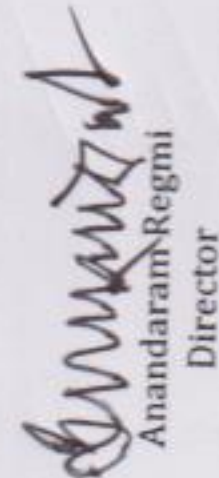
Statement of Changes in Equity

For the period from 1 Shrawan 2074 to 32 Ashad 2075 (July 16, 2017 to July 16, 2018)

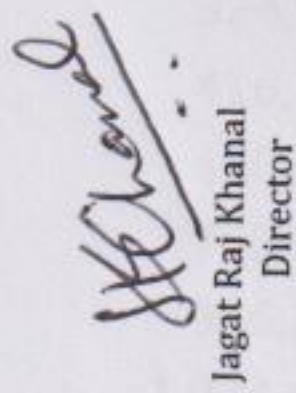
Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Amount in NPR	
										Total Amount	Total Amount
Opening Balance as at 31 Ashad, 2074	935,069,500	(1,959,541,053)	259,542,784	-	-	2,611,560	-	7,444,096	-	(754,873,113)	(754,873,113)
Adjustments for Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at 31 Ashad, 2074	935,069,500	(1,959,541,053)	259,542,784	-	-	2,611,560	-	7,444,096	-	(754,873,113)	(754,873,113)
Adjustment of Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	11,280,427	-	-	-	-	-	-	-	-	-
General Reserve	-	(2,256,085)	2,256,085	-	-	-	-	-	-	-	11,280,427
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(2,586,390)	-	-	-	-	-	2,586,390	-	-	-
Balance as on 32 Ashad, 2075	935,069,500	(1,953,103,101)	261,798,869	-	-	2,611,560	-	10,030,486	-	-	(743,592,686)

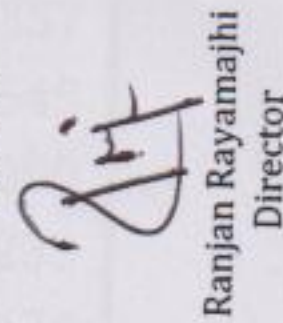
As per our attached report of even date

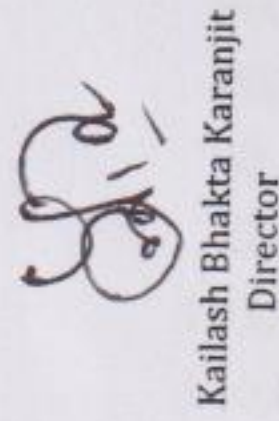

Niranjana Singh Basnet
Chairman

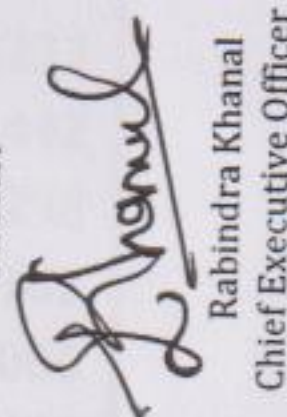

Anandaram Regmi
Director

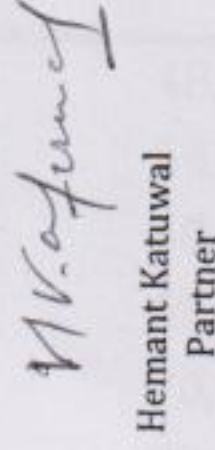
Date : 28 Ashwin 2077
Place : Kathmandu, Nepal

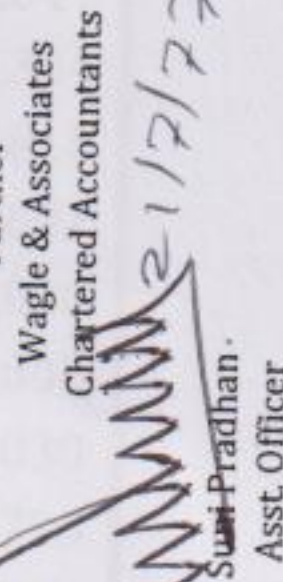

Jagat Raj Khanal
Director


Ranjan Rayamajhi
Director


Kailash Bhakta Karanjit
Director


Rabindra Khanal
Chief Executive Officer


Hemant Katuwal
Partner


Wagle & Associates
Chartered Accountants
Sunit Pradhan
Asst. Officer



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	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%
Total		7,707,764	770,776,400	82.43%



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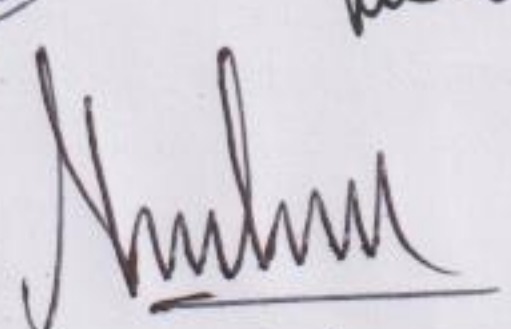

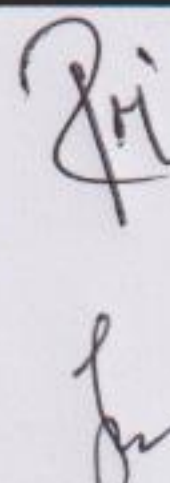

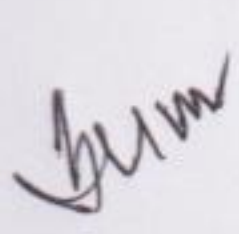

Schedule 4.1

Capital Merchant Banking & Finance Ltd.
Share Capital and Ownership
As on 32 Ashad, 2075 (16 July, 2018)

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Share Capital		
1.1 Authorized Capital	3,000,000,000	3,000,000,000
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		-
c) Redeemable Preference Shares of Rs. each		-
1.2 Issued Capital	2,020,000,000	2,020,000,000
a) 20,200,000 Ordinary Shares of Rs.100 each	2,020,000,000	2,020,000,000
b) Non-redeemable Preference Shares of Rs. each		-
c) Redeemable Preference Shares of Rs. each		-
1.3 Paid up Capital	935,069,500	935,069,500
a) 9,350,695 Ordinary Shares of Rs.100 each	935,069,500	935,069,500
b) Non-redeemable Preference Shares of Rs. each	-	-
c) Redeemable Preference Shares of Rs. each	-	-
1.4 Proposed Bonus Share	-	-
1.5 Calls in Advance	-	-

Particulars	As on 31 Ashad, 2074	
	%	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



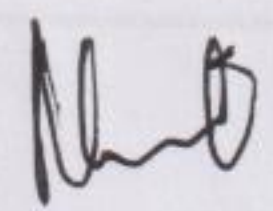
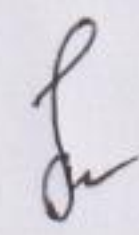
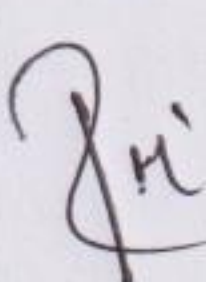
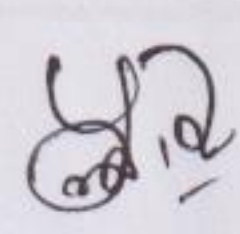
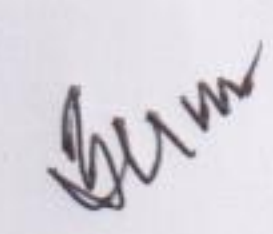
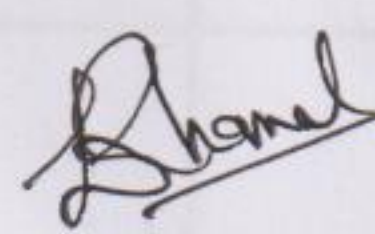


Capital Merchant Banking & Finance Ltd.
Reserve and Surplus
As on 32 Ashad, 2075 (16 July, 2018)

Amount in NPR

Particulars	Amount in NPR	
	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. General Reserve Fund	261,798,869	259,542,784
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Resevers	12,642,046	10,055,656
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	10,030,486	7,444,096
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6. Accumulated Profit/(Loss)	(1,953,103,101)	(1,959,541,053)
7. Exchange Equalization Fund	-	-
Total	(1,678,662,186)	(1,689,942,613)





Capital Merchant Banking & Finance Ltd.
Debentures and Bonds
 As on 32 Ashad, 2075 (16 July, 2018)

Schedule 4.3

Amount in NPR

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
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.

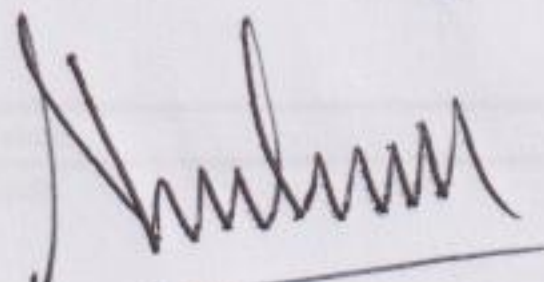
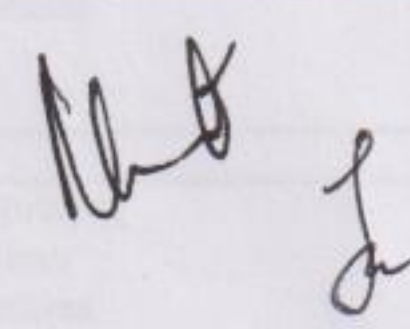
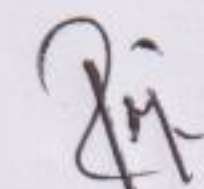
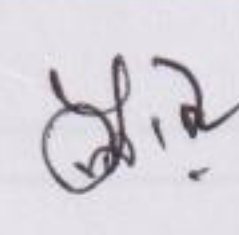
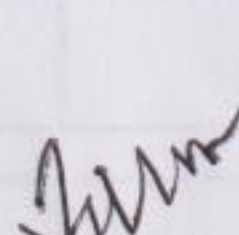
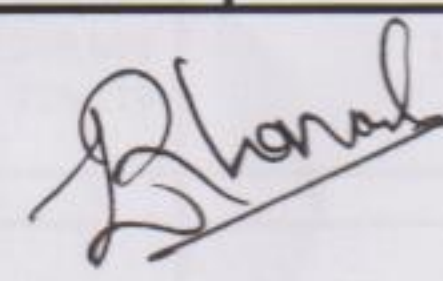
Capital Merchant Banking & Finance Ltd.
Borrowings
 As on 32 Ashad, 2075 (16 July, 2018)

Schedule 4.4

Amount in NPR

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
A. Local		
Nepal Government	-	-
Nepal Rastra Bank	-	-
Repo Obligation	-	-
Inter Bank and Financial Institutions	29,500,000	29,743,000
Other Organized Institutions	-	-
Others	-	-
Total	29,500,000	29,743,000
B. Foreign		
Banks	-	-
Others	-	-
Total	-	-
Total (A+B)	29,500,000	29,743,000





Capital Merchant Banking & Finance Ltd.
Deposits
As on 32 Ashad, 2075 (16 July, 2018)

Particulars	Amount in NPR	
	As on 32 Ashad, 2075	As on 31 Ashad, 2074
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		
1. Local Currency	21,586,949	21,807,309
1.1 Organized Institutions	21,586,949	21,807,309
1.2 Individuals	-	5,446
1.3 Others	21,586,949	21,801,863
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
B. Fixed Deposits		50,815
1. Local Currency	-	50,815
1.1 Organized Institutions	-	-
1.2 Individuals	-	50,815
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
C. Call Deposits	384,654,390	395,738,272
1. Local Currency	384,654,390	395,738,272
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	86,389,666	266,697,675
1.3 Other Organized Institutions	297,348,605	128,133,513
1.4 Individuals	916,119	907,084
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	406,241,339	417,596,395
Total Deposit (1+2)	406,241,339	417,596,395



Schedule 4.6

Capital Merchant Banking & Finance Ltd.
Bills Payable
As on 32 Ashad, 2075 (16 July, 2018)

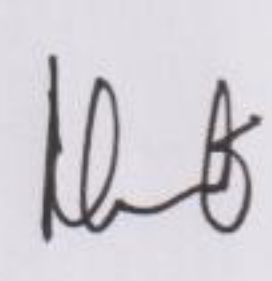
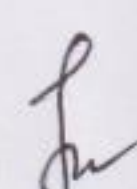

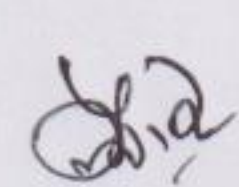
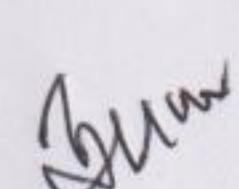
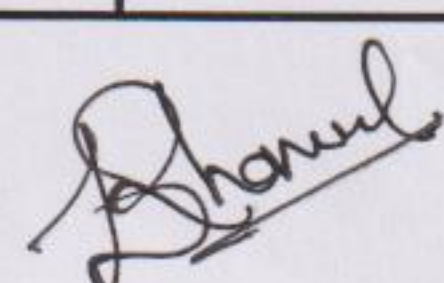
Particulars	Amount in NPR	
	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Local Currency	-	-
2. Foreign Currency	-	-
Total	-	-

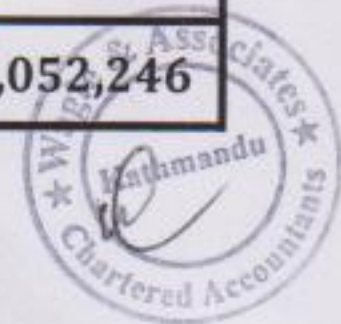
Schedule 4.7

Capital Merchant Banking & Finance Ltd.
Other Liabilities
As on 32 Ashad, 2075 (16 July, 2018)

Particulars	Amount in NPR	
	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Pension/Gratuity Fund	2,616,329	1,929,847
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	112,384,301	112,240,716
9. Branch Adjustment Account	-	-
10. Others	100,000	100,000
11. TDS Payable on interest	5,803,003	5,724,085
12. Other TDS Payable	388,408	479,252
13. A/C Payables	-	-
14. FD Nominees	423,084,792	427,245,718
15. Provision	11,844,314	24,332,629
16. Deferred Tax Liability	-	-
Total	556,221,146	572,052,246





Schedule 4.8

Capital Merchant Banking & Finance Ltd.
Cash Balance
As on 32 Ashad, 2075 (16 July, 2018)

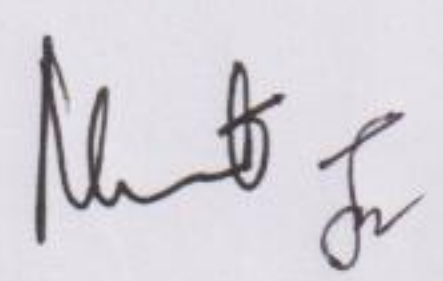
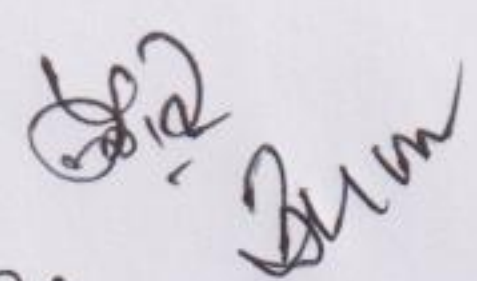

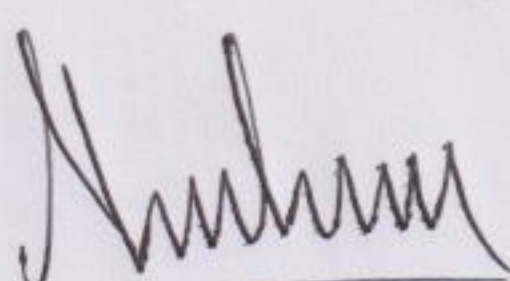
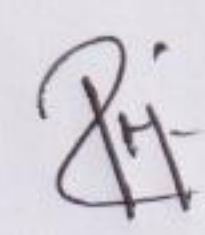
Particulars	Amount in NPR	
	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Local Currency (including coin)	203,075	97,151
2. Foreign Currency	-	-
Total	203,075	97,151

Schedule 4.9

Capital Merchant Banking & Finance Ltd.
Balance with Nepal Rastra Bank
As on 32 Ashad, 2075 (16 July, 2018)

Particulars	Local Currency	Amount in NPR	
		As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Nepal Rastra Bank	1,607,576	1,607,576	4,240,576
a). Current Account	1,607,576	1,607,576	4,240,576
b). Other Account	-	-	-





Capital Merchant Banking & Finance Ltd.
Balance with other Banks/Financial Institutions
As on 32 Ashad, 2075 (16 July, 2018)

Particulars	Local Currency	Foreign Currency			Amount in NPR	
		Indian Currency	Convertible	Total	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Local Licensed Institutions	121,075,532	-	-	-	121,075,532	135,755,332
a). Current Account	199,697				199,697	127,247
b). Other Account	120,875,834				120,875,834	135,628,086
2. Foreign Banks	-	-	-	-	-	-
a). Current Account	-	-	-	-	-	-
b). Other Account	-	-	-	-	-	-
Total	121,075,532	-	-	-	121,075,532	135,755,332



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Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
Capital Investment	29,200	29,200
Debt Investment	29,200	29,200
Equity Investment	29,200	29,200
Other Investment	29,200	29,200
Total	117,000	117,000



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Schedule 4.11

Capital Merchant Banking & Finance Ltd.
Money at Call and Short Notice
As on 32 Ashad, 2075 (16 July, 2018)

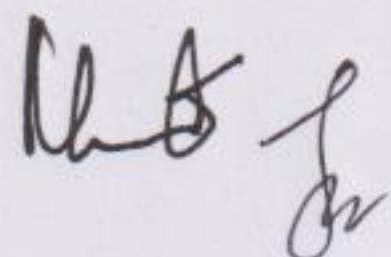
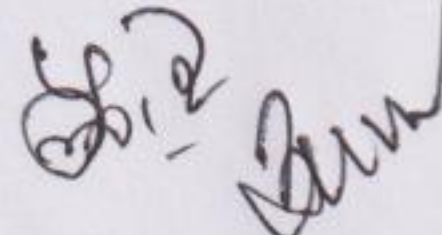
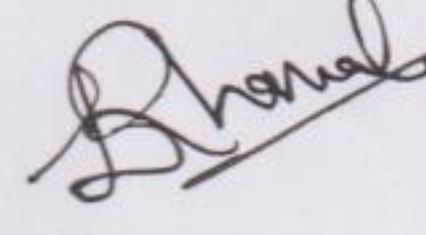
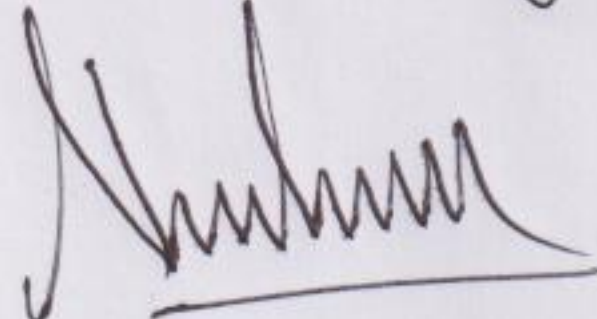
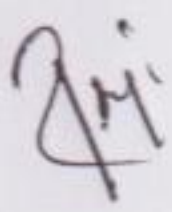
Particulars	Amount in NPR	
	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Local Currency	-	-
2. Foreign Currency	-	-
Total	-	-

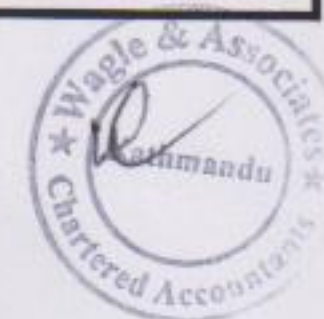
Schedule 4.12

Capital Merchant Banking & Finance Ltd.
Investments
As on 32 Ashad, 2075 (16 July, 2018)

Particulars	Purpose		As on 32 Ashad, 2075	As on 31 Ashad, 2074
	Trading	Other		
1. Nepal Government Treasury Bills	-	-		-
2. Nepal Government Savings Bond	-	-		-
3. Nepal Government Other Securities	-	-		-
4. Nepal Rastra Bank Bonds	-	-		-
5. Foreign Securities	-	-		-
6. Local Licensed Institutions	-	-		-
7. Foreign Banks	-	-		-
8. Organized Institutions Shares	29,200	-	29,200	29,200
9. Corporate Bonds and Debentures	-	-		-
10. Other Investments	-	-		-
Total Investment	29,200	-	29,200	29,200
Provision	2,200	-	2,200	2,200
Net Investment	27,000	-	27,000	27,000




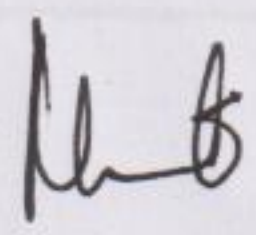
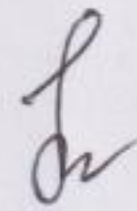
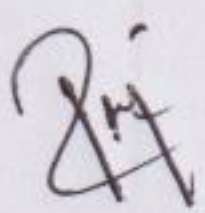
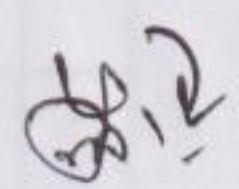
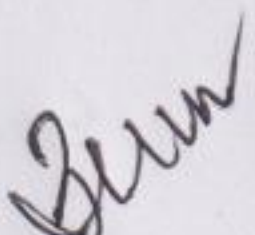
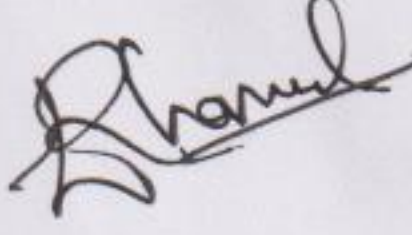








Capital Merchant Banking & Finance Ltd.
Investment in Shares, Debentures and Bonds
As on 32 Ashad, 2075 (16 July, 2018)

Particulars	Cost Price	Market Price	Provision	As on 32 Ashad, 2075	As on 31 Ashad, 2074
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.	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. Each	-	-	-	-	-
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	-			-	-
Total Provision	2,200			2,200	2,200
Net Investment	27,000			27,000	27,000





Capital Merchant Banking & Finance Ltd.
Held for Trading
As on 32 Ashad, 2075 (16 July, 2018)

Description	Amount in NPR				
	Cost Price	Last Market Price	Current Market Price	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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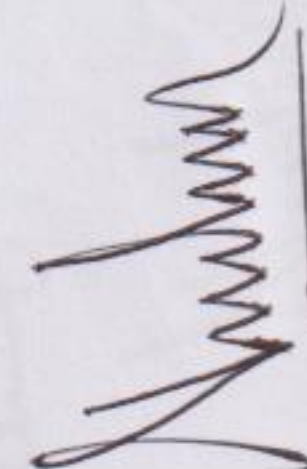



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**Capital Merchant Banking & Finance Ltd.
Held to Maturity
As on 32 Ashad, 2075 (16 July, 2018)**

Description	Cost Price	Cumulative Loss Upto This Year	Current Lear Loss	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	-	-	-	-	-




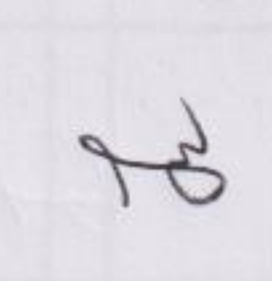





Capital Merchant Banking & Finance Ltd.
 Available for Sale
 As on 32 Ashad, 2075 (16 July, 2018)

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	-	-	-	-



Capital Merchant Banking & Finance Ltd.
Classification of Loans and Bills Purchased and Provisioning
As on 32 Ashad, 2075 (16 July 2018)

Particulars	Loans							Bills Purchased/Discounted			As on 31 Ashad, 2074
	Domestic			Foreign	Total	Domestic	Foreign	Total	As on 32 Ashad, 2075		
	Insured	Deprived	Others								
				Uninsured							
1. Performing Loan	-	-	-	-	-	-	-	-	-	-	-
1.1 Pass Loan	-	-	-	-	-	-	-	-	-	-	-
1.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-
1.3 Restructured	-	-	-	-	-	-	-	-	-	-	-
2. Non-Performing Loan	-	-	1,695,535,902	-	1,695,535,902	-	-	-	1,695,535,902	-	1,700,374,843
2.1 Substandard	-	-	-	-	-	-	-	-	-	-	-
2.2 Doubtful	-	-	-	-	-	-	-	-	-	-	-
2.3 Bad	-	-	1,695,535,902	-	1,695,535,902	-	-	-	1,695,535,902	-	1,700,374,843
(A). Total Loan	-	-	1,695,535,902	-	1,695,535,902	-	-	-	1,695,535,902	-	1,700,374,843
3. Loan Loss Provision	-	-	1,695,535,902	-	1,695,535,902	-	-	-	1,695,535,902	-	1,700,374,843
3.1 Pass	-	-	-	-	-	-	-	-	-	-	-
3.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-
3.2 Restructured	-	-	-	-	-	-	-	-	-	-	-
3.3 Substandard	-	-	-	-	-	-	-	-	-	-	-
3.4 Doubtful	-	-	-	-	-	-	-	-	-	-	-
3.5 Bad	-	-	1,695,535,902	-	1,695,535,902	-	-	-	1,695,535,902	-	1,700,374,843
(B). Total Provisioning	-	-	1,695,535,902	-	1,695,535,902	-	-	-	1,695,535,902	-	1,700,374,843
4. Provision upto previous year	-	-	1,700,374,843	-	1,700,374,843	-	-	-	1,700,374,843	-	1,731,516,082
4.1 Pass	-	-	-	-	-	-	-	-	-	-	-
4.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-
4.3 Restructured	-	-	-	-	-	-	-	-	-	-	-
4.4 Substandard	-	-	-	-	-	-	-	-	-	-	-
4.5 Doubtful	-	-	-	-	-	-	-	-	-	-	-
4.6 Bad	-	-	1,700,374,843	-	1,700,374,843	-	-	-	1,700,374,843	-	1,731,516,082
(C). Total Previous Year's Provision	-	-	1,700,374,843	-	1,700,374,843	-	-	-	1,700,374,843	-	1,731,516,082
(D). Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-	-
Changes in This Year	-	-	(4,838,942)	-	(4,838,942)	-	-	-	(4,838,942)	-	(31,141,238)



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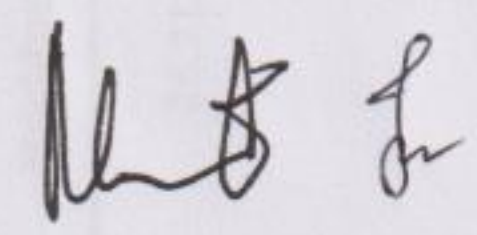
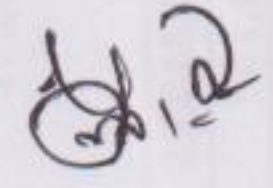
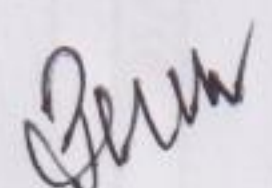





Capital Merchant Banking & Finance Ltd.
Loans, Advances and Bills Purchased Security wise
As on 32 Ashad, 2075 (16 July, 2018)

Amount in NPR

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
(A). Secured	1,695,535,902	1,700,374,843
1. Movable/Immovable Assets	1,692,996,454	1,697,835,396
2. Guarantee of Local Licensed Institutions	-	-
3. Government Guarantee	-	-
4. Internationally Rated Bank Guarantee	-	-
5. Export Documents	-	-
6. Fixed Deposit Receipts	-	-
a) Own Fixed Deposit Receipt	-	-
b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7. Government Bonds	-	-
8. Counter Guarantee	-	-
9. Personal Guarantee	-	-
10. Other Securities	2,539,447	2,539,447
(B). Unsecured	-	-
Total	1,695,535,902	1,700,374,843





Capital Merchant Banking & Finance Ltd.
Fixed Assets
As on 32 Ashad, 2075 (16 July 2018)

Particulars	Assets					As on 32 Ashad, 2075	As on 31 Ashad, 2074
	Building	Vehicles	Machinery	Office Equipment	Others		
1							
At Cost							
a. Previous Year Balance	31,332,349	12,043,054	26,718,281	10,126,472	-	86,241,000	86,228,600
b. Addition This Year	-	-	-	-	6,020,844	-	12,399
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	-	-	-	-
e. This Year Written off	-	-	-	-	-	-	-
Total Cost (a+b+c-d-e)	31,332,349	12,043,054	26,718,281	10,126,472	6,020,844	86,241,000	86,228,600
2							
Depreciation							
a. Up to Previous Year	12,498,544	11,263,775	25,543,033	9,862,743	5,800,832	64,968,927	63,228,959
b. For This Year	941,690	155,676	273,808	58,809	82,327	1,512,310	1,739,856
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-
Total Depreciation	13,440,234	11,419,451	25,816,841	9,921,552	5,883,159	66,481,237	64,968,815
3	17,892,115	623,602	901,440	204,920	137,686	19,759,763	21,272,185
4						56,009,370	56,009,370
Capitalization Construction (Pending)	-	-	-	-	-	7,495,872	7,495,872
Leasehold Assets	-	-	-	-	-	-	-
Total (3+4+5+6)	17,892,115	623,602	901,440	204,920	137,686	83,265,115	84,777,426



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Capital Merchant Banking & Finance Ltd.
Non-Banking Assets
As on 32 Ashad, 2075 (16 July, 2018)

Amount in NPR

Name and Address of Borrower or Party	Date of Accept Non-Banking	Total Amount of Non-Banking Assets	Loss Provision		32 Ashad, 2075	As on 31 Ashad, 2074
			In Percentage	In Amount		
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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Particulars	As on 31 Ashad 2075	As on 32 Ashad 2075	As on 31 Ashad 2074
1. Assets		20,335,799	1,000,000
2. Liabilities			
3. Assets less Liabilities			
4. Total			



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Capital Merchant Banking & Finance Ltd.
Other Assets
As on 32 Ashad, 2075 (16 July, 2018)

Particulars	Amount in NPR		
	As on 32 Ashad, 2075	As on 31 Ashad, 2074	As on 31 Ashad, 2073
ATM card Stock	-	745,800	745,800
Income Receivable on Investments	-	-	-
Accrued Interest on Loan	2,125,733,267	-	-
Less : Interest Suspense Amount	(2,125,733,267)	-	-
Commission Receivable	-	-	-
Sundry Debtors	27,068,837	26,689,337	26,115,140
Staff Loans and Advances	126,337	108,137	80,137
Prepaid Expenses	-	12,233	41,499
Cash in Transit	-	-	-
Other Transit items (including cheques)	-	-	-
Drafts Paid without Notice	-	-	-
Expenses Not Written off	477,871	477,871	477,871
Branch account	-	-	-
Deferred Tax Assets	10,030,486	7,444,096	7,763,208
Other	4,487,970	4,143,566	4,281,734
Total	42,191,501	39,621,041	39,505,389

Schedule 4.16 (A)

Particulars	Amount in NPR		
	As on 32 Ashad, 2075 More Than 3 Years	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Accrued Interest on Loan	-	2,125,733,267	1,903,512,148
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 32 Ashad, 2075 (16 July, 2018)

Particulars	Amount in NPR	
	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1. Claims on Institution but not accepted by the Institution	-	-
2. Letters of Credit (Full Amount)	-	-
a). Less than 6 months Maturity	-	-
b). More than 6 months Maturity	-	-
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	-	-
a). Bid Bonds	-	-
b). Performance Bonds	-	-
c). Other Guarantees/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	-	-
7. Bills under Collection	-	-
8. Acceptance and Endorsements	-	-
9. Underwriting Commitments	-	-
10. Irrevocable Loan Commitments	-	-
11. Counter Guarantee of Internationally Rated Banks	-	-
12. Advance Payment Guarantee	-	-
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax	-	-
15. Capital Commitment net of Advance Payment	-	-
16. -----	-	-
Total	-	-



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Capital Merchant Banking & Finance Ltd.

Interest Income

For the period ended on 32 Ashad, 2075 (16 July, 2017 to 16 July, 2018)

Amount in NPR

Particulars	This Year	Previous Year
A. On Loan, Advances and Overdraft	537,660	12,398,891
1. Loans and Advances	537,660	12,398,891
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	4,534,644	1,888,776
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others-Deposit with other Fis	4,534,644	1,888,776
Total	5,072,305	14,287,667



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Capital Merchant Banking & Finance Ltd.
Interest Expenses

For the period ended on 32 Ashad, 2075 (16 July, 2017 to 16 July, 2018)

Amount in NPR

Particulars	This Year	Previous Year
A. On Deposit Liabilities	4,132,466	4,303,234
1. Fixed Deposits	-	10,394
1.1 Local Currency	-	10,394
1.2 Foreign Currency	-	-
2. Savings Deposits	215,352	282,883
2.1 Local Currency	215,352	282,883
2.2 Foreign Currency	-	-
3. Call Deposits	3,917,114	4,009,957
3.1 Local Currency	3,917,114	4,009,957
3.2 Foreign Currency	-	-
4. Certificate of Deposits	-	-
B. On Borrowings	885,831	889,845
1. Debentures and Bonds	-	-
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank/Financial Institutions Borrowing	885,831	889,845
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
1.	-	-
2.	-	-
Total	5,018,296	5,193,080



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**Capital Merchant Banking & Finance Ltd.
Commission and Discount**

For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

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 on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

Amount in NPR

Particulars	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	-	60,236
Total	-	60,236

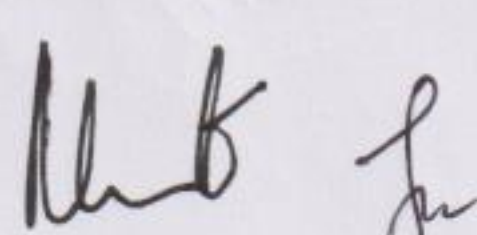
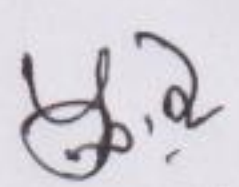
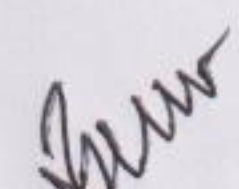

Schedule 4.22


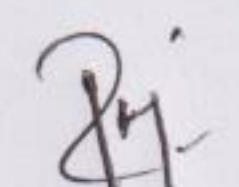
Capital Merchant Banking & Finance Ltd.
Exchange Gain/Loss
For the period on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

Amount in NPR

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





**Capital Merchant Banking & Finance Ltd.
Employee Expenses**

For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

Amount in NPR

Particulars	This Year	Previous Year
1. Salary	2,981,528	2,829,538
2. Allowances	909,044	862,576
3. Contribution to Provident Fund	189,653	185,028
4. Training Expenses	-	-
5. Uniform	-	-
6. Medical	186,644	183,173
7. Insurance	17,024	21,280
8. Leave Encashment	364,754	373,383
9. Gratuity	686,482	432,227
Total	5,335,129	4,887,204



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Capital Merchant Banking & Finance Ltd.

Other Overhead Expenses

For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

Particulars	Amount in NPR	
	This Year	Previous Year
1. House Rent	-	-
2. Electricity and Water	143,391	190,681
3. Repair and Maintenance	88,784	367,140
(a). Building	-	297,534
(b). Vehicles	63,000	45,606
(c). Others	25,785	24,000
4. Insurance	69,855	94,139
5. Postage, Telex, Telephone, Fax	29,485	76,117
6. Office Equipment, Furniture and Fixture Repair	-	154,286
7. Traveling Allowances and Expenses	-	-
8. Stationery and Printing	953,685	22,914
9. Periodicals and Books	6,300	-
10. Advertisements	-	4,746
11. Legal Expenses	-	-
12. Donations	-	-
13. Expenses Relating to Board of Directors	68,530	201,564
(a). Meeting Fees	65,050	198,000
(b). Other Expenses	3,480	3,564
14. Annual General Meeting Expenses	-	-
15. Expenses Relating to Audit	210,050	212,265
(a). Audit Fees	101,700	101,700
(b). Other Expenses	3,350	5,565
(c). Tax Audit Fees	105,000	105,000
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	1,512,310	1,739,856
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	627,274	-
20. Technical Services Fee	256,667	431,666
21. Entertainment	-	-
22. Written Off Expenses	-	-
23. Security Expenses	192,909	193,366
24. Credit Guarantee Premium	-	-
25. Commission and Discount	-	-
26. Others	1,797,396	1,496,174
26.1. Membership Fee	25,000	25,000
26.2. Tax & Fines	1,423,517	1,166,382
26.3. Anniversary Expenses	-	-
26.4. Fuel Expenses	80,936	182,233
26.5. Service Charge	1,135	270
26.6. Gift Expenses	-	-
26.7. Branch Extension Expenses	-	-
26.8. Data Connectivity Expenses	122,040	122,040
26.9. Software Maintenance Expenses	-	-
26.10. Fine and Penalties	-	-
26.11. Others	144,768	250
Total	5,956,638	5,184,914



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Capital Merchant Banking & Finance Ltd.
Provision for Possible Losses

For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

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	-	233,095
Total	-	233,095



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Particulars	This Year	Previous Year
Loan Loss Provision Written Back	4,28,942	31,191,738
Provision Against Non-Banking Assets Written Back	-	-
Investment Provision Written Back	1,33,186	-
Provision against Other Assets Written Back	-	-
Total	5,62,128	31,191,738



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Schedule 4.26

**Capital Merchant Banking & Finance Ltd.
Non-Operating Income/Loss**

For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

Amount in NPR

Particulars	This Year	Previous Year
1. Profit (Loss) on Sale of Investment	-	-
2. Profit (Loss) on Sale of Assets	-	-
3. Dividend	-	-
4. Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
Others	2,577,667	2,007,250
Total Non-Operating Income (Loss)	2,577,667	2,007,250

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.
Loss Provision Written Back**

For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

Amount in NPR

Particulars	This Year	Previous Year
1. Loan Loss Provision Written Back	4,838,942	31,141,238
2. Provision against Non-Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written back	12,515,186	-
Total	17,354,128	31,141,238



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B. M.

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S. D.



Capital Merchant Banking & Finance Ltd.
Statement of Loans Written-Off
For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

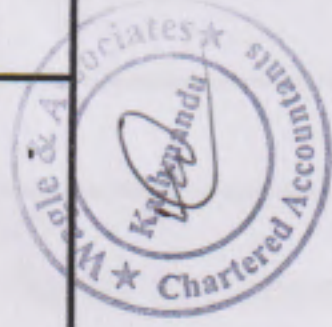
S.N	Types of Loan	Written Off Amount	Type of Security	Basis of Valuation of Collateral	Loan Approved by Name/ Designation	Initiation made for Recovery	Amount in NPR	Remarks
1	Working Capital Loan	-	-	-	-	-	-	-
2	Project Loan	-	-	-	-	-	-	-
3	Fixed Capital Loan	-	-	-	-	-	-	-
4	Personal Loan	-	-	-	-	-	-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



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 S.D.
 S.M.

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 Shambhu

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 Nishu




Capital Merchant Banking & Finance Ltd.
Income /Expenses from Extra-ordinary Activities
For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

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	-	-










Capital Merchant Banking & Finance Ltd.
Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employee and Shareholders
As on 32 Ashad, 2075 (16 July, 2018)

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	-	-	-	-	-	-	-



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Capital Merchant Banking & Finance Ltd.
Statement of Capital Fund
As on 32 Ashad, 2075 (16 July 2018)

Amount in NPR '000'

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
A). Core Capital	(755,823)	(764,517)
1. Paid up Capital	935,070	935,070
2. Proposed Bonus Share	-	-
3. Share Premium	2,612	2,612
4. Non-Redeemable Preference Share	-	-
5. General Reserve Fund	261,799	259,543
6. Cumulative Profit/(Loss) (up to Previous FY)	(1,959,541)	-
7. Current Year Profit/(Loss) as per shown in Balance Sheet	6,438	(1,959,541)
8. Capital Redemption Reserve	-	-
9. Capital Adjustment Reserve	-	-
10. Calls in Advance	-	-
11. Other Free Reserves	10,030	7,444
12. Deferred Tax Reserve	12,230	9,644
Less :		
Goodwill	2,200	2,200
Investment in excess of prescribed limit	10,030	7,444
Fictitious Assets	-	-
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)	(755,823)	(764,517)
D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:		
Capital Fund (@ 11 Percent)	198,335	208,457
Core Capital (@ 5.5 Percent)	99,167	104,228
Capital Fund Deficit By @ 53 Percent	(954,158)	(972,974)
Core Capital Deficit By @ 47 Percent	(854,991)	(868,745)



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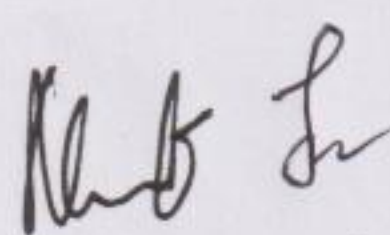
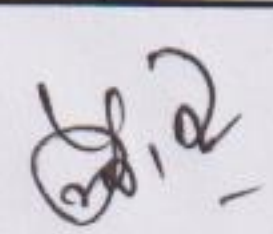
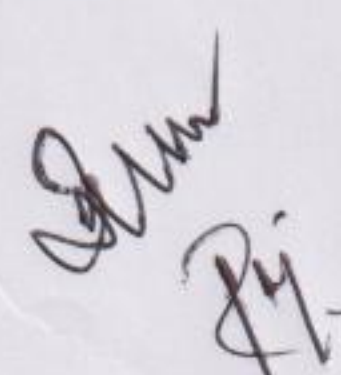
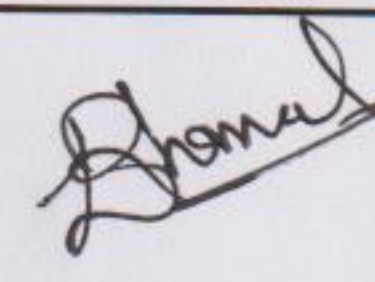
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Capital Merchant Banking & Finance Ltd.
Table of Risk Weighted Assets Statement
As on 32 Ashad, 2075 (16 July 2018)

On-Balance Sheet Assets	Risk Weighted (%)	Amount in NPR '000'			
		As on 32 Ashad, 2075		As on 31 Ashad, 2074	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	203	-	97	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	1,608	-	4,241	-
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	121,076	24,215	135,755	27,151
Fully Secured FDR Loan against Fixed Deposit Receipt of other Licensed Banks and Financial Institutions	20	-	-	-	-
Balance with Foreign Banks	20	-	-	-	-
Money at Call	20	-	-	-	-
Loan against the guarantee of Internationally Rated Banks	20	-	-	-	-
Other Investments with Internationally Rated Banks	20	-	-	-	-
Interbank Lending	20	-	-	-	-
Investments in Shares, Debentures and Bonds	100	29	29	29	29
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	1,695,536	1,695,536	1,700,375	1,700,375
Fixed Assets	100	83,265	83,265	84,777	84,777
Other Interest Receivable (Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	-	-	82,729	82,729
Excess Real Estate/Residential Home Loan	150	-	-	-	-
Total (A)		1,901,716	1,803,045	2,008,003	1,895,061
Off Balance Sheet Items:					
Bills Collection	0	-	-	-	-
Forward Foreign Exchange Contract	10	-	-	-	-
Letters of Credit with Maturity of less than 6 months (Full Value)	20	-	-	-	-
Guarantees provided against Counter Guarantee of Internationally Rated Foreign Banks	20	-	-	-	-
Letters of credit with maturity of more than 6 months (Full Value)	50	-	-	-	-
Bid Bond, Performance Bond and Underwriting Commitment	50	-	-	-	-
Credit Sale on the Condition of Re-Purchase	50	-	-	-	-
Advance Payment Guarantee	100	-	-	-	-
Financial and Other Guarantee	100	-	-	-	-
Irrevocable Loan Commitment	100	-	-	-	-
Contingent Liability in respect of Income Tax	100	-	-	-	-
All other contingent Liabilities	100	-	-	-	-
Unpaid Guarantee Claims	100	-	-	-	-
Total (B)		-	-	-	-
Total Risk Weighted Assets (A+B)		1,901,716	1,803,045	2,008,003	1,895,061





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

Particulars	Indicators	FY 2070/71	FY 2071/72	FY 2072/73	FY 2073/74	FY 2074/75
1. Percent of Net Profit/Gross Income	Percent	917	541	83	194	147
2. Earning Per Share	Rs.	60.24	30.55	1.39	3.39	1.21
3. Market Value Per Share	Rs.	131	131	131	131	131
4. Price Earning Ratio	Percent	2.17	4.29	94.55	38.67	108.59
5. Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6. Cash Dividend on Share Capital	Percent	-	-	-	-	-
7. Interest Income/Loan & Advances	Percent	2.86	2.72	0.80	0.73	0.03
8. Staff Expenses/Total Operating Expenses	Percent	40.12	51.50	44.97	48.52	47.25
9. Interest Expenses / Total Deposit and Borrowing	Percent	5.68	2.47	1.15	1.16	1.24
10. Exchange Gain/Total Income	Percent	-	-	-	-	-
11. Staff Bonus/Total Staff Expenses	Percent	-	-	-	-	-
12. Net Profit/Loan and Advances	Percent	27.92	16.26	0.75	1.86	0.67
13. Net Profit/Total Assets	Percent	67.71	171.56	8.29	11.98	4.54
14. Total Credit/Deposit	Percent	277.41	398.78	397.82	407.18	417.37
15. Total Operating Expenses/Total Assets	Percent	2.18	5.91	5.12	1.96	2.40
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	5.27	(43.00)	(41.39)	(40.34)	(41.92)
b) Supplementary Capital	Percent	5.445	-	-	-	-
c) Total Capital Fund	Percent	10.72	(43.00)	(41.39)	(40.34)	(41.92)
17. Liquidity (CRR)	Percent	0.34	0.01	0.46	0.50	0.19
18. Non-Performing Loan/Total Credit	Percent	99.98	100.00	100.00	100.00	100.00
19. Weighted Average Interest Rate Spread	Percent	4.38%	7.36%	7.00%	7.00%	7.00%
20. Book Net-Worth	Rs.	(468,880,623)	(799,501,189)	(786,552,305)	(754,873,113)	(743,592,686)
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.	27	23	15	14	14
23. Others						



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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.

2. Summary of Significant Accounting Policies:

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

3. Statement of compliance:

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

4. Basis of Preparation:

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

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

5. Going Concern Assumption:

Though the company has negative net worth amounting to Rs. 743,881,928.65, the management is of view that the company is a going concern with no intention of ceasing its financial activity for the foreseeable future and hence the "Going Concern" assumption has been applied for the preparation of its financial statements.

6. Interest Income:

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



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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.

14. Fixed Assets and Depreciation:

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

15. Non-Banking Assets:

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

16. Accounting Policy for Non-Capitalization of Assets:

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.



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18. Employee Benefits:

A. Retirement Fund:

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

B. Gratuity:

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

19. Stationery Stock:

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

20. Provisions, Contingent Liabilities and Contingent Assets:

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

21. Income Tax:

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

22. Exchange Gain/Loss:

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

23. Deferred Tax:

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

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



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Capital Merchant Banking & Finance Limited

Schedule 4.33

Notes to Accounts

1) Interest Income and Interest Suspense:

The interest receivable on loans and advances as on 32 Ashad, 2075 (16 July, 2018) 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:

No Staff Housing Fund has been created by the Company as required under the Labour Act, 2074.

4) General Reserve:

As required by Bank & Financial Institution Act, 2073 20% of profit during the year of Rs. 2,256,085 has been transferred to General Reserve through the profit and loss appropriation account.

5) Calls in Arrears:

There are no Calls in Arrears at the year end.

6) Unpaid Dividend:

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

7) Investment in Share Capital of other Corporate body:

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

Book value of shares not listed in Nepal Stock Exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate body at the Balance Sheet date as on 32 Ashad, 2075 (16 July 2018).

8) Average interest rate spread:

The average interest rate spread of the Financial institution is 7%.

9) Expenses to be written off:

The company has Rs. 477,871.06 under the head expenses to be written off. The amount has been carried forward from previous year end.

10) Single Obligor Limit:

The company has negative capital fund as on Chaitra end 2074 and hence the Single Obligor Limit of the company has exceeded the limit as mentioned in the NRB Directives.



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

Amount in NPR '000'

Particulars	Amount in NPR '000'
Opening Balance	1,700,374.84
Loan Disbursed	-
Loan recovered	(4,838.94)
Principal Written off	-
Interest Written off	-
Closing Outstanding	1,695,535.90

12) Classification of Loans & Provisioning:

Amount in NPR '000'

Classification of loan as on 32 Ashad, 2075 is as under:

S.N	Category	Amount in NPR '000'
1	Pass	-
2	Watchlist	-
3	Re-structured	-
4	Substandard	-
5	Doubtful	-
6	Bad	1,695,535.90
	Total	1,695,535.90

Accordingly, Company has written back Rs. 4838.94 thousand loan loss provision during the year.

13) Summary Status of the Deposit Liabilities:

Amount in NPR '000'

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074	Decreased by
Saving Deposits	21,586.95	21,807.31	220.36
Fixed Deposits	0.00	50.81	50.81
Call Deposits	384,654.39	395,738.27	11,083.88
Total	406,241.34	417,596.40	11,355.06

14) Leasehold assets detail:

The closing balance as on 32 Ashad, 2075 is Nil.



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15) Paid-up Share Capital:

Paid-up Share Capital of the company as on 32 Ashad, 2075 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	-
Sales during the year	-
Closing Balance	20,335,799.26
Provision	20,335,799.26
Net Closing Balance	-

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. 686,482 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. 904,158 has been provided for leave encashment under this account head.

19) Provision for Bank Balance:

As the Crystal Finance has been declared as problematic financial institution, the provision has been made with full amount of Rs. 10,940,155.90. The recovery 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. 12,515,185.90 in current year.



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20) NRB Reporting:

As reported to NRB reporting number 5.1 cumulative net financial assets position are presented below:

Amount in '000

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
Assets							
1	Cash Balance	203.08					203.08
2	Balance with Banks & FIs	122,683.11					122,683.11
3	Investment in Foreign Banks	0.00					0.00
4	Call Money	0.00					0.00
5	Government Securities	0.00					0.00
6	Nepal Rastra Bank Bonds	0.00					0.00
7	Inter Bank & FI Lending	0.00					0.00
8	Loans & Advances	1,695,535.90					1,695,535.90
9	Interest Receivable	2,125,733.26					2,125,733.26
10	Reverse Repo						0.00
11	Receivables from other Institutions under Commitment						0.00
12	Payment to be made for facilities under s.no 20,21 & 22						0.00
13	Others	27,195.17					27,195.17
	Total Assets (A)	3,971,350.52	0.00	0.00	0.00	0.00	3,971,350.52
Liabilities							
14	Current Deposits	384,654.39					384,654.39
15	Saving Deposits	21,586.95					21,586.95
16	Fixed Deposits	423084.79					423084.79
17	Debentures	0.00					0.00
18	Borrowings:	295,000.00	0.00	0.00	0.00	0.00	295,000.00
	(a) Call/Short Notice						0.00
	(b) Inter-bank/Financial Institutions	295,000.00					295,000.00
	(c) Refinance						0.00
	(d) Others						0.00
19	Other Liabilities and Provisions	130,520.01	0.00	0.00	0.00	0.00	130,520.01



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S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
	(a) Sundry Creditors	112,384.30					112,384.30
	(b) Bills Payable	0.00					0.00
	(c) Interest Payable						0.00
	(d) Provisions	11,844.31					11,844.31
	(e) Others	6,291.40					6,291.40
20	Payable to other institutions under Commitment						0.00
21	Unutilized Approved Facilities						0.00
22	Letter of Credit/Guarantee (Net of Margin)						0.00
23	Repo						0.00
24	Payment to be made for facilities under S.No 11						0.00
25	Others						0.00
	Total Liabilities (B)	1,254,846.14	0.00	0.00	0.00	0.00	1,254,846.14
	Net Financial Assets (A-B)	2,716,504.38	0.00	0.00	0.00	0.00	2,716,504.38
	Cumulative Net Financial Assets	2,716,504.38	0.00	0.00	0.00	0.00	2,716,504.38

Deferred Tax Assets:

Deferred Tax Assets and Liabilities have been computed as follows:

Particulars	As per Book	Tax Base	Temporary Difference
Fixed Assets	83,265,115	83,284,463	19,348
Provision for Leave	904,158		904,158
Taxable Loss		(32,511,447)	32,511,447
Net Temporary Difference			33,434,953
Deferred Tax Assets/(Liabilities) as on 32 Ashad, 2075 @ 30%			10,030,486
Deferred Tax Assets/(Liabilities) as on 31 Ashad, 2074 @ 30%			7,444,096
Deferred Tax Expense/(Income) for the current year			(2,586,390)



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Deferred Tax Assets as on 32 Ashad, 2075 is Rs. 10,030,486 and increased in Deferred Tax Assets by Rs. 2,586,390 has been recognized as deferred tax income in Profit and Loss Account in the current year.

21) Going Concern Assumption:

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

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

22) Events after the reporting period:

No such events reported.

23) Income Tax:

For tax purpose, self-assessment income tax return has been filed upto financial year 2073/74. 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 2074/75 Rs. Nil has been provided as Income Tax provision since company has carried forward tax loss of financial year 2073/74 Rs. 23,936,367.14, which is available for set-off.

24) Interbank Borrowing:

The company has availed interbank borrowing from Century Bank Ltd. for Rs. 29,500,000.00 as on 32 Ashad, 2075. Borrowing from Century Bank is secured by mortgage of Land & Building Kitta No. 174, 95, 94 of Area 0-0-3-0, 0-2-1-0, and 0-7-1-1 respectively and owned in its own name Kitta No. 93 Area 0-6-0-3 located at Battisputali, Kathmandu.

25) Minimum Paid-up Capital:

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

Particulars	Amount (Rs.)
Minimum Paid-up Capital	800,000,000.00
Paid-up Capital of CMBFL as on 32 Ashad, 2075	935,069,500.00

26) Reporting Currency:

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

27) Group/Re-Group:

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



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Capital Merchant Banking & Finance Ltd.

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

For the period ended on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)

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	Stock Investment & Management Co. Pvt Ltd	172,886	1.85%	Siddhartha Bank Ltd		172,886	
2	Amir Jung Khadka	92,298	0.99%	Siddhartha Bank Ltd	10,000,000	92,298	
3	Bijeshwori Awash Bikash Co. Pvt Ltd	90,232	0.96%	Progressive Finance Ltd	6,444,986	90,232	
4	Shreeram K.C.	119,607	1.28%	Progressive Finance Ltd	2,498,462	119,607	
5	Shreeram K.C.	139,793	1.49%	Reliance Finance Ltd	3,706,011	139,793	
6	Amir Jung Khadka	185,380	1.98%	Nepal Investment Bank Ltd		185,380	
7	Farsideted Builders Pvt Ltd	27,000	0.29%	Nepal Investment Bank Ltd		27,000	
8	Sushoban Developers Pvt Ltd	16,000	0.17%	Nepal Investment Bank Ltd		16,000	
9	Ramba K.C.	20,000	0.21%	Nepal Investment Bank Ltd		20,000	
10	Sparkal Dry Cleaners	30,000	0.32%	Nepal Investment Bank Ltd	17,530,712	30,000	
11	Garima Multi Investment & Trading Pvt Ltd	8,500	0.09%	Nepal Investment Bank Ltd		8,500	
12	Rajendra Thapa	15,000	0.16%	Nepal Investment Bank Ltd		15,000	
13	Sulav Investment Company Pvt Ltd	744,896	7.97%	Nepal Investment Bank Ltd	57,216,433	744,896	
					97,396,604		

Note: Details not available



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