



**Capital Merchant Banking**  
and Finance Limited  
केपिटल मर्चेन्ट बैंकिङ्ग एण्ड फाइनेन्स लिमिटेड

१०औं, ११औं, १२औं, १३औं, १४औं,  
१५औं, १६औं, १७औं, १८औं,  
१९औं, २०औं, २१औं र २२औं  
**बार्षिक साधारण सभा**

Battisputali, Kathmandu, Tel. No.: 01-4471458  
E-mail: [info@cmbfl.com.np](mailto:info@cmbfl.com.np)

## BOARD OF DIRECTORS



**Tilak Bahadur Ranabhat**  
Chairman



**Jagat Raj Khanal**  
Director



**Ranjan Rayamajhi**  
Director



**Nirmal Dahal**  
Director (Public)



**Rajeshwor Shrestha**  
Director (Independent)



**Suni Pradhan**  
Company Secretary



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**क्यापिटल मर्चेन्ट बैकिङ एण्ड फाइनेन्स लिमिटेड**  
**(Capital Merchant Banking and Finance Limited)**  
बत्तिसपुतली, काठमाण्डौ

**दशौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं, उन्नाईसौं, बिसौं, एक्काईसौं  
र बाईसौं वार्षिक साधारण सभा सम्बन्धी सूचना**

**आदरणीय शेयरधनी महानुभावहरू**

यस वित्तीय संस्थाको मिति २०८१ माघ ११ गते बसेको सञ्चालक समितिको ३६७औं बैठकको निर्णय अनुसार दशौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं, उन्नाईसौं, बीसौं, एक्काईसौं र बाईसौं वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा निम्न विषयहरूमा छलफल तथा निर्णय गर्न बस्ने भएकोले शेयरधनी महानुभावहरूको उपस्थितिको लागि अनुरोध गर्दछु।

**साधारण सभा बस्ने मिति, स्थान र समय:**

मिति : वि.स.२०८१ साल फाल्गुण महिना ५ गते (तदनुसार ई. सं. १७ फेब्रुअरी २०२५) सोमवार।

स्थान : ताज प्यालेस ब्याङ्कवेट, गोलफुटार, काठमाण्डौ।

समय : बिहान ९:०० बजे बाट।

**छलफलका विषयहरू:**

**क. सामान्य प्रस्ताव:**

१. वित्तीय संस्थाको दशौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं, उन्नाईसौं, बिसौं, एक्काईसौं र बाईसौं वार्षिक साधारण सभामा (आर्थिक वर्ष २०६७/०६८ देखि आ.व. २०७९/०८० सम्म) सञ्चालक समितिको तर्फबाट अध्यक्षज्यूले प्रस्तुत गर्नु हुने वार्षिक प्रतिवेदन छलफल गरी पारित गर्ने।
२. वित्तीय संस्थाको आ.व.२०६७/०६८, आ.व.२०६८/०६९ र आ.व.२०६९/०७० का लेखा परीक्षक एम.बि.श्रेष्ठ एण्ड कम्पनी, चार्टर्ड एकाउण्टेण्टस् (महेश्वरेन्द्र बहादुर श्रेष्ठ), आ.व.२०७०/०७१ का लेखा परीक्षक गोपाल श्रेष्ठ एण्ड कम्पनी, चार्टर्ड एकाउण्टेण्टस् (गोपाल कुमार श्रेष्ठ), आ.व.२०७१/०७२, आ.व.२०७२/०७३ र आ.व.२०७३/०७४ का लेखा परीक्षक आर.एस.एण्ड चार्टर्ड एकाउण्टेण्टस् (राजेन्द्र मंगल जोशी), आ.व.२०७४/०७५, आ.व. २०७५/०७६ र आ.व. २०७६/०७७ का लेखा परीक्षक वाग्ले एण्ड एशोसिएटस्, चार्टर्ड एकाउण्टेण्टस (हेमन्त कटुवाल), आ.व.२०७७/०७८, आ.व.२०७८/०७९ र आ.व.२०७९/०८० का लेखा परीक्षक विशाल एण्ड एशोसिएटस्, चार्टर्ड एकाउण्टेण्टस् (विशाल बराल), आ.व.२०८०/०८१ का लेखा परीक्षक रिजाल एण्ड एशोसिएटस्, चार्टर्ड एकाउण्टेण्टस (सुवास रिजाल) लाई संस्थाको बाह्य लेखा परीक्षकमा नियुक्त गरिएकोले निजहरूको नियुक्ति तथा पारिश्रमिक अनुमोदन गर्ने प्रस्ताव पारित गर्ने।
३. वित्तीय संस्थाको लेखापरीक्षकको प्रतिवेदन सहितको आ.व. २०६७/०६८, आ.व.२०६८/०६९, आ.व.२०६९/०७०, आ.व.२०७०/०७१, आ.व.२०७१/०७२, आ.व.२०७२/०७३, आ.व.२०७३/०७४, आ.व.२०७४/०७५, आ.व.२०७५/०७६, आ.व.२०७६/०७७, आ.व.२०७७/०७८, आ.व. २०७८/०७९ र आ.व. २०७९/०८० सम्मको वासलात, नाफा-नोक्सान हिसाब तथा नगद प्रवाह विवरण लगायतका वित्तीय विवरणहरू (संलग्न अनुसूचि सहित) छलफल गरी पारित गर्ने।
४. वित्तीय संस्थाको संस्थापक शेयरधनी समुह “क” को तर्फबाट संचालक समितिमा प्रतिनिधित्व गर्ने ३ जना र सर्वसाधारण समुह “ख” को तर्फबाट प्रतिनिधित्व गर्ने २ जना सहित कूल ५ जना सञ्चालकहरूको निर्वाचन गर्ने।

**ख. विशेष प्रस्ताव:**

१. वित्तीय संस्थालाई नेपाल राष्ट्र बैंकबाट समस्याग्रस्त संस्था घोषणा गरे पश्चात वित्तीय संस्थाको संचालक समितिको सदस्यहरूमा भएको हेरफेर/नयाँ संचालक समिति गठन तथा नयाँ गठित संचालक समितिको हैसियतबाट वित्तीय संस्थामा तत्कालिन अवस्थामा भए गरेका सम्पूर्ण काम कारवाहीहरू अनुमोदन गर्ने प्रस्ताव पारित गर्ने।

२. वित्तीय संस्था समस्याग्रस्त घोषणा पश्चात संस्थाले लगानी गरेका कर्जा/ऋण असुल उपर गर्ने सिलसिलामा वित्तीय संस्था र ऋणी तथा जमानीकर्ता पक्षबाट गठित ऋण चुक्ता कार्यदल बीच भएको दुई पक्षीय तथा वित्तीय संस्था, ऋण चुक्ता कार्यदल र राष्ट्रिय समृद्ध आवास विशिष्टीकृत सहकारी संघ बीच भएको त्रिपक्षीय इस्को (ESCROW) सम्झौता अनुमोदन तथा संझौता कार्यान्वयन गर्न संचालक समितिलाई अख्तियारी प्रत्यायोजन गर्ने प्रस्ताव पारित गर्ने ।
३. वित्तीय संस्थाको नाम संशोधन एवं उद्देश्य थप गर्न प्रबन्ध पत्र तथा नियमावलीमा भएको व्यवस्था संशोधन/थप गर्ने प्रस्ताव पारित गर्ने ।
४. क्यापिटल मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेड र अन्य उपयुक्त बैंक वा वित्तीय संस्थाहरू एक आपसमा गाभ्ने गाभिने (Merger) वा प्राप्ति (Acquisition) गर्न गराउन वा उपयुक्त देखिएको अवस्थामा चल अचल सम्पत्ती तथा दायित्व र कारोबारको मूल्याङ्कन गर्न तथा गाभ्ने वा गाभिने तथा प्राप्ति गर्ने सम्बन्धीको आवश्यक प्रकृया अगाडि बढाई प्रारम्भिक तथा अन्तिम सम्झौता गर्न र सो प्रकृया पूरा गर्न आवश्यक पर्ने सम्पूर्ण कार्य गर्नका लागि संचालक समितिलाई अख्तियारी प्रदान गर्ने प्रस्ताव पारित गर्ने ।
५. बैंकको प्रबन्धपत्र/नियमावलीमा पारित गरिएको संशोधन प्रस्तावमा नियमनकारी निकायबाट (जस्तै: कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल राष्ट्र बैंक आदि) कुनै फेरबदल, थपघट गर्न निर्देशन वा सुझाव भएमा सोही बमोजिम गर्न सञ्चालक समिति वा सञ्चालक समितिले तोकेको पदाधिकारीलाई अख्तियारी प्रत्यायोजन गर्ने प्रस्ताव पारित गर्ने ।

ग. विविध:

सञ्चालक समितिको आज्ञाले,  
कम्पनी सचिव

### साधारण सभा सम्बन्धी अन्य जानकारी :

१. मिति २०८१/१०/२२ गते एक दिन वित्तीय संस्थाको शेयर दाखिल खारेज दर्ता बन्द (Book Close) रहने छ । वित्तीय संस्था समस्याग्रस्त घोषणा भई नेपाल स्टक एक्सचेञ्ज लिमिटेडमा शेयर कारोबार रोकका रहेकोले मिति २०८१/१०/२१ गतेसम्म नियमानुसार वित्तीय संस्थाको शेयर रजिष्ट्रार श्री प्रभु क्यापिटल लिमिटेड, कमलादी, काठमाण्डौमा कायम रहेको शेयर नामसारीको लिखतको आधारमा शेयरधनी दर्ता कितावमा कायम शेयरधनीहरूले मात्र सो सभामा भाग लिन, मतदान गर्न सक्ने छन् ।
२. सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूलाई सभा हुने दिन शेयर प्रमाणपत्रमा उल्लिखित परिचय पत्र नम्बर/हितग्राही (DMAT) खाता खोलिएको प्रमाण सहित वित्तीय संस्थाद्वारा जारी गरिएको प्रवेशपत्र साथमा लिई आउन हुन अनुरोध छ । प्रवेशपत्र प्राप्त नगर्नु भएका शेयरधनीले आफ्नो कुनै एक सक्कल शेयर प्रमाणपत्र/हितग्राही (DMAT) खाता खोलिएको प्रमाण तथा परिचय खुल्ने कुनै प्रमाण (जस्तै नागरिकता प्रमाणपत्र वा अन्य कुनै फोटो सहितको परिचयपत्र) साथमा लिई आउनु हुन अनुरोध छ । सभामा भाग लिन प्रत्येक शेयरधनी महानुभावले सभा हुने स्थानमा उपस्थित भई सभास्थलमा रहेको हाजिरी पुस्तिकामा दस्तखत गर्नु पर्ने छ । हाजिरी पुस्तिका बिहान ८:०० बजेदेखि खुल्ला रहने छ ।
३. सभामा भाग लिनका लागि प्रतिनिधी (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनी महानुभावले वित्तीय संस्थाको अर्को एउटा शेयरधनीलाई मात्र प्रतिनिधि नियुक्त गर्न सक्नु हुनेछ । वित्तीय संस्थाको शेयरधनी बाहेक अन्य व्यक्तिलाई दिएको प्रोक्सी र एक भन्दा बढी शेयरधनीलाई आफ्नो शेयर टुक्राई वा नटुक्राई दिएको प्रोक्सी स्वतः बदर हुनेछ । प्रचलित कम्पनी कानूनले तोकेको ढाँचामा प्रतिनिधिपत्र (प्रोक्सी) फाराम भरी सभा शुरू हुनु भन्दा ७२ घण्टा अगावै वित्तीय संस्थाको प्रधान कार्यालय, बत्तीसपुतली, काठमाडौंमा दर्ता गराई सक्नु पर्नेछ ।
४. नाबालक वा मानसिक सन्तुलन ठिक नभएको शेयरधनीको तर्फबाट वित्तीय संस्थाको शेयर लगत दर्ता कितावमा संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन वा प्रतिनिधी तोक्न पाउने छन् ।
५. संयुक्त रूपमा शेयर खरिद गरिएको अवस्थामा शेयरधनीको लगत दर्ता कितावमा पहिलो नाम उल्लेख भएको व्यक्ति अथवा सर्वसम्मतबाट प्रतिनिधी नियुक्त गरिएको एक व्यक्तिले मात्र सभामा भाग लिन र मतदान गर्न पाउनेछन् ।
६. सभामा भाग लिनका लागि प्रतिनिधी नियुक्त गरिसकेपछि सम्बन्धित शेयरधनी आफैले भाग लिन वा प्रतिनिधी फेरवदल गर्न चाहेमा सभा शुरू हुनु भन्दा ४८ घण्टा अगावै सोको लिखित जानकारी वित्तीय संस्थामा दर्ता गरी सक्नु पर्ने छ । अन्यथा प्रतिनिधी फेरवदल हुन सक्ने छैन । तर, सभामा सम्बन्धित शेयरधनी स्वयं उपस्थित हुन आफ्नो परिचय पत्र लिई आएमा शेयरधनीले गरिदिएको अख्तियारनामा स्वतः बदर हुनेछ ।
७. कुनै शेयरधनीले एक भन्दा बढी शेयरधनीलाई प्रतिनिधि नियुक्त गरेको रहेछ भने बदर गरेको अवस्थामा बाहेक त्यस्ता प्रतिनिधि पत्र स्वतः खारेज हुनेछ ।
८. संचालकको निर्वाचन सम्बन्धी कार्यक्रम मिति २०८१/१०/२० गते वित्तीय संस्थाको प्रधान कार्यालय, बत्तीसपुतली, काठमाडौंको सूचना पाटी तथा वित्तीय संस्थाको वेबसाइट [www.cmbfi.com.np](http://www.cmbfi.com.np) मा प्रकाशन गरिने छ ।
९. सुरक्षाको दृष्टिकोणले शेयरधनी महानुभावहरू सभा स्थलमा आउदा भोला/व्याग, पानीका बोतल जस्ता बस्तुहरू नलिई आउनु हुन अनुरोध छ । आवश्यकता अनुसार सुरक्षाकर्मीले शेयरधनी महानुभावहरूलाई आवश्यक जाँच गर्न सक्ने हुँदा सो कार्यमा तहाँको सहयोगको अपेक्षा गरिएको छ ।
१०. अन्य जानकारीका लागि वित्तीय संस्थाको शेयर रजिष्ट्रार श्री प्रभु क्यापिटल लिमिटेड, कमलादी, काठमाण्डौं वा वित्तीय संस्थाको प्रधान कार्यालय, बत्तीसपुतली, काठमाडौंमा कम्पनी सचिवसंग सम्पर्क राख्नु हुन अनुरोध छ ।
११. शेयरधनी महानुभावहरूको जानकारीका लागि वित्तीय संस्थाको संक्षिप्त आर्थिक विवरण यसै सूचना साथ प्रकाशित गरिएको छ । वित्तीय संस्थाको वासलात, नाफा नोक्सान हिसाब, नगद प्रवाह विवरण, संचालक समितिको प्रतिवेदन, लेखा परीक्षकको प्रतिवेदन, वार्षिक साधारण सभामा प्रस्तुत छलफलका विषयहरू सहितको वार्षिक प्रतिवेदन वित्तीय संस्थाको वेब साईटमा प्रकाशित गरिने छ ।

## अध्यक्ष्यको मन्तव्य

क्यापिटल मर्चन्ट बैकिङ एण्ड फाइनेन्स लिमिटेडको संचालक समितिको तर्फबाट वित्तीय संस्थाको १०औं, ११औं, १२औं, १३औं, १४औं, १५औं, १६औं, १७औं, १८औं, १९औं, २०औं, २१औं र २२औं वार्षिक साधारण सभामा उपस्थित हुनुभएका शेयरधनीज्यूहरू, विशिष्ट अतिथिज्यूहरू, पत्रकारज्यूहरू, संस्थाका पदाधिकारी तथा कर्मचारीवर्ग लगायत सभामा उपस्थित सम्पूर्ण महानुभावहरूलाई संचालक समितिको तर्फबाट म हार्दिक स्वागत गर्दछु ।

नेपाल राष्ट्र बैंकबाट मिति २०५८ माघ १७ गते वित्तीय कारोबार गर्न इजाजतपत्र प्राप्त गरी संचालनमा आएको हो । यस वित्तीय संस्थाले आ.व.२०६२/०६३ देखि आ.व.२०६६/०६७ सम्म पाँच वर्ष नियमित रूपमा वित्तीय कारोबार गरी शेयरधनीहरूलाई लाभान्वित समेत बाड्दै आएको थियो । तत्पश्चात संस्थामा संस्थागत सुशासनमा भएका गल्ती र कमजोरीको कारणले नेपाल राष्ट्र बैंकबाट विभिन्न चरणमा फरक फरक कारवाही भोग्दै प्रतिष्ठा लगायत वित्तीय रूपमा ठुलो नोक्सानी व्यहोर्न पुग्यो । नेपाल राष्ट्र बैंकबाट मिति २०६८ श्रावण २४ गते शीघ्र सुधारात्मक कारवाही गरी निक्षेप खाता खोल्ने, कर्जा प्रदान गर्ने लगायतका कारोबारमा रोक लगाएको थियो ।

तत्पश्चात २०६८ आषाढ मसान्तको वित्तीय विवरणको आधारमा गरेको मूल्याङ्कन प्रतिवेदन (Due Diligence Audit – DDA) बाट निष्कृत कर्जा ७३.३१ प्रतिशत, नेटवर्थ रु.१ अर्ब ५३ करोड ऋणात्मक, पूँजिकोष अनुपात करीब ४२.२० प्रतिशतले ऋणात्मक तथा कूल संचित नोक्सानी रु.२ अर्ब ४६ करोड देखिएको र उपरोक्त वित्तीय परिसूचकहरू क्रमशः कमजोर हुँदै गई २०६९ असोज मसान्त सम्ममा निष्कृत कर्जा ९८.२१ प्रतिशत, नेटवर्थ रु.१४१.०३ करोडले ऋणात्मक तथा पूँजिकोष ४३.६२ प्रतिशतले ऋणात्मक देखिन गएको अवस्थामा पुगेको थियो । यस्तो अवस्थालाई नेपाल राष्ट्र बैंकले विगतमा ठुलो परिमाणको कर्जा अपचलन भएको र कर्जाको गुणस्तर अत्यन्त कमजोर भएको अवस्थामा संस्थामा खासै सुधार हुन सक्ने स्थिति नदेखिएकोले वित्तीय क्षेत्रमै प्रणालीगत जोखिम बढ्दै जाने स्थितिको कारण देखाउँदै मिति २०६९ माघ १७ गते सामान्य बैकिङ गतिविधि समेतमा रोक लगाई समस्याग्रस्त वित्तीय संस्था घोषणा गरेको थियो ।

तत्पश्चात संस्थाका आर्थिक कृत्याकलाप ठप्प हुन पुग्यो । संस्थामा रहेका निक्षेपहरू सबै फिर्ता गर्नु पर्ने परिस्थितिको सृजना भयो भने निक्षेप संकलनमा रोक लाग्यो र उठाउन बाँकी कर्जाहरू सबै खराब कर्जामा परिणत भए ।

आदरणीय उपस्थित शेयरधनी महानुभावहरू,

विगत आर्थिक वर्षहरूको वित्तीय विवरणको लेखा परिक्षण भएता पनि नेपाल राष्ट्र बैंकबाट वित्तीय विवरण स्विकृत नभएको कारणले वार्षिक साधारण सभा पनि सम्पन्न हुने अवस्था नै रहेन । आ.व. २०६७/०६८ देखिको कर चुक्ता गर्ने कार्य समेत बाँकी रहेको देखियो । यसै बीच म लगायत साथीहरूको समुहले पुराना संस्थापक शेयरधनीहरूबाट अधिकांश शेयर खरिद गर्न संस्थामा रहेको नेपाल राष्ट्र बैंकको स्विकृत व्यवस्थापन समुहको रोहबरमा मुख्य शेयरधनीहरूसँग सम्झौता गरियो र नेपाल राष्ट्र बैंकमा पूँजी तथा व्यवसायिक योजना बनाई पेश गर्‍यो । सोही योजना अनुसार निक्षेप फिर्ता गर्ने र कर्जा असुलीका कार्य अधि बढाई संस्थालाई सामान्य अवस्थामा ल्याउने तर्फका कार्यहरू गरियो । यी सबै कार्य यहाँहरू सबैबाट प्राप्त सहयोगबाट सम्भव भएको हो ।

वित्तीय संस्थाको आर्थिक वर्ष २०६७/०६८, २०६८/०६९, २०६९/०७०, २०७०/०७१, २०७१/०७२, २०७२/०७३, २०७३/०७४, २०७४/०७५, २०७५/०७६, २०७६/०७७, २०७७/०७८, २०७८/०७९ र २०७९/०८० वाह्य लेखापरिक्षण समेत गराई सकेका छौं । २०८०/०८१ को वाह्य लेखापरिक्षण सम्पन्न हुने चरणमा रहेको छ । लेखा परीक्षण प्रतिवेदनमा लेखा परिक्षकले औल्याएका टिप्पणी उपर सुधारको प्रक्रिया अवलम्बन गरिसकेका छौं ।

नेपाल राष्ट्र बैंकबाट संस्थाको आर्थिक वर्ष २०६७/०६८ देखि आर्थिक वर्ष २०७९/०८० सम्म १३ वर्षको वाह्य लेखापरिक्षण समेत गराई पेश गरेको वित्तीय विवरणहरू स्वीकृति भई वार्षिक साधारण सभा गर्नको लागि आवश्यक प्रक्रिया पुरा भएकोले एक मुष्ट रूपमा साधारण सभा बोलाउन सक्षम भयौं ।

यसरी विगत लामो समयदेखि समस्याग्रस्त वित्तीय संस्थाको रूपमा रहेको यस संस्थाको लेखा परीक्षण कार्य सम्पन्न गरी विगत वर्षहरूको रोकिएको वार्षिक साधारण सभा गर्न सफल भएका छौं । यसरी वित्तीय संस्थाको १०औं, ११औं, १२औं, १३औं, १४औं, १५औं १६औं, १७औं, १८औं, १९औं २०औं, २१औं र २२औं वार्षिक साधारण सभा सम्पन्न पश्चात नियमन निकायहरूमा आवश्यक कागजातहरू पेश गर्ने एवं संस्थाको वित्तीय परिसुचकका अवस्था समेतमा देखिने सुधारलाई प्रष्ट पाउँ आगामी कार्य योजना सहित नेपाल राष्ट्र बैंक समक्ष समस्याग्रस्त संस्थालाई फुकुवा गर्न आवश्यक पहल गर्ने व्यहोरा समेत शेयरधनी महानुभाव समक्ष अवगत गराउन चाहन्छौं ।

संस्थाको सुधार कार्यक्रम अन्तर्गत केहि अत्यावश्यक भौतिक सामाग्रीहरू परिवर्तन गर्ने कार्य प्रारम्भ गरेका छौं । आन्तरिक नियन्त्रण प्रणालीलाई सर्वाङ्गीकरण गर्ने, संचालन जोखिमलाई न्यूनिकरण गर्ने, कर्मचारीहरूलाई तालिम प्रदान गर्ने, नीति तथा प्रडक्ट पेपरहरू बनाउने आदि कार्यहरूलाई उच्च प्राथमिकतामा राखेका छौं । संस्थामा हाल विद्यमान कोर बैकिङ सफ्टवेयर कार्य संचालन र जोखिम व्यवस्थापनलाई पर्याप्त नरहेको पाइएकोले त्यसलाई अद्यावधिक गर्ने कार्य प्रारम्भ गरिने छ ।

मिति २०८१ पौष मसान्त सम्मको अपरिष्कृत वित्तीय विवरण अनुसार निक्षेप करिव रु. २ करोड ६९ लाख र कर्जा रु. ७१ करोड ८७ लाख रहेको छ ।

विद्यमान ऐन, कानून र नियमनकारी निकायले दिएको निर्देशनको अनुपालनाका लागि शुन्य सहनशिलताको नीति अवलम्बन गरिने छ । यस संस्थाको व्यवसायिक क्षमता अभिवृद्धि गर्नका लागि आधुनिक सूचना प्रविधिलाई अवलम्बन गर्दै लैजाने र संस्थाको कर्मचारीहरूलाई विभिन्न समयमा तालिम गोष्ठीमा सहभागि गराई क्षमता अभिवृद्धि गर्दै लगिने छ । निकट भविष्यमा खराब कर्जा असुली र व्यवसाय संचालन एवं विस्तारका लागि तिब्रता दिईने रणनीति बनाईएको छ । त्यसै गरी जोखिम व्यवस्थापन, रिपोर्टिङ र संस्थागत सुशासनलाई प्रमुख प्राथमिकतामा राखि कार्य अगाडि बढाईने छ । संचालकस्तरमा जोखिम व्यवस्थापन समिति, सम्पत्ति शुद्धिकरण निवारण समिति, कर्मचारी सेवा सुविधा समिति तथा लेखा परीक्षण समिति गठन गरि आ-आफ्नो क्षेत्राधिकारका विषयहरूमा उक्त समितिहरूलाई प्रभावकारी भूमिका निर्वाह गराउन लगाईने व्यहोरा पनि जानकारी गराउँदछु ।

यस संस्थाको प्रगति र संबृद्धिका लागि नेपाल राष्ट्र बैंकबाट प्राप्त निर्देशनहरूलाई अक्षरशः पालना गर्ने प्रतिबद्धता व्यक्त गर्दै हार्दिक धन्यवाद ज्ञापन गर्न चाहन्छौं । त्यसै गरी संस्थाको हित तथा प्रगतिको लागि मार्ग निर्देशन गर्ने नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेञ्ज लिमिटेड, सि.डि.एस.एण्ड क्लियरिङ लिमिटेड, शेयर रजिष्ट्रार, सम्पूर्ण सञ्चार जगत, अन्य संघ संस्थाहरू तथा ग्राहकवर्ग प्रति हार्दिक आभार व्यक्त गर्दछौं ।

अन्त्यमा, यस संस्थाले आफ्ना ग्राहकवर्गको हित संरक्षण गरी विश्वसनिय तथा गुणस्तरिय सेवा प्रदान गर्दै संस्थाको प्रगतिमा सदैव कटिबद्ध रहने, शेयरधनीहरूलाई उचित प्रतिफल प्रदान गर्नका लागि सदैव प्रयत्नरत रहने प्रतिबद्धता व्यक्त गर्न चाहन्छौं । यहाँहरू सबैबाट प्राप्त सहयोग र सद्भावका लागि हार्दिक आभार व्यक्त गर्न चाहन्छु । साथै आजको यस सभाको संलग्न विवरणहरू समेतका प्रस्तावहरूको छलफलमा सक्रिय सहभागिता जनाई पारित गरिदिनु हुन समेत हार्दिक अनुरोध गर्दछु ।

धन्यवाद ।

तिलक बहादुर रानाभाट  
अध्यक्ष



## **क्यापिटल मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेड दसौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं, उन्नाईसौं, बीसौं, एक्काईसौं र बाईसौं वार्षिक साधारण सभामा प्रस्तुत संचालक समितिको प्रतिवेदन**

आदरणीय शेयरधनी महानुभावहरू,

यस क्यापिटल मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेडको दसौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं उन्नाईसौं, बीसौं, एक्काईसौं र बाईसौं वार्षिक साधारणसभामा यहाँहरूलाई स्वागत गर्न पाउँदा हामी सञ्चालक समितिका सबै सदस्यहरू हर्षित छौं । कम्पनी ऐन, २०६३ को दफा १०९(४) मा व्यवस्था भए अनुरूप यसै साथ संलग्न लेखापरीक्षण सम्पन्न गरी सञ्चालक समितिबाट पारित भै नेपाल राष्ट्र बैंकबाट समेत स्वीकृत भएको आर्थिक वर्षहरू २०६७/०६८ देखि २०७९/०८० सम्म विगतका १३ आर्थिक वर्षहरूको वासलातहरू, नाफा-नोक्सान हिसाब तथा नगदप्रवाह विवरण र उक्त वित्तीय विवरणहरूसँग सम्बन्धित अनुसूचीहरू तथा उक्त दफामा उल्लेख भएको निम्नानुसारको सञ्चालक समितिको प्रतिवेदन प्रस्तुत गर्दछु ।

क्यापिटल मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेडको वार्षिक प्रतिवेदन : आ.व.२०६७/६८ देखि आ.व.२०७९/०८० सम्म १३ आ.व.को रहेको छ । उक्त आ.व.हरूको लेखापरीक्षकमा आ.व. २०६७/०६८, २०६८/०६९ र २०६९/०७० को लेखापरीक्षण श्री एम.बि. श्रेष्ठ एण्ड कम्पनी चार्टर्ड एकाउण्टेण्ट्स (महेशश्वरेन्द्र बहादुर श्रेष्ठ), आ.व. २०७०/०७१ को लेखापरीक्षण श्री गोपाल श्रेष्ठ एण्ड कम्पनी चार्टर्ड एकाउण्टेण्ट्स (श्री गोपाल कुमार श्रेष्ठ), आ.व.२०७१/०७२, २०७२/०७३ र २०७३/०७४ को लेखापरीक्षण श्री आर.एस.एण्ड एसोसियट्स चार्टर्ड एकाउण्टेण्ट्स (श्री राजेन्द्र मंगल जोशी), आ.व.२०७४/०७५, २०७५/०७६ र २०७६/०७७ को लेखापरीक्षण वाग्ले एण्ड एसोसियट्स चार्टर्ड एकाउण्टेण्ट्स (श्री हेमन्त कटुवाल) तथा आ.व. २०७७/०७८, २०७८/०७९ र २०७९/०८० को लेखापरीक्षण विशाल एण्ड एसोसियट्स चार्टर्ड एकाउण्टेण्ट्स (श्री विशाल बराल) कम्पनीबाट सम्पन्न भएको छ । आ.व.२०८०/०८१ को लेखापरीक्षण गर्न रिजाल एण्ड एसोसियट चार्टर्ड एकाउण्टेण्ट्स (श्री सुबाश रिजाल) को नियुक्ती भएको छ ।

विगत वर्षहरूको कारोबारको सिंहावलोकन :  
संचालन गतिविधिको समिक्षा ।

रकम रु हजारमा

विवरण	आ.व.०६७/०६८	०६८/०६९	०६९/०७०	०७०/०७१	०७१/०७२	०७२/०७३	०७३/०७४
चुक्ता पूँजी	९,३५,०६९	९,३५,०६९	९,३५,०६९	९,३५,०६९	९,३५,०६९	९,३५,०६९	९,३५,०६९
जगेडा तथा कोषहरू	(९,१८,३३१)	(२१,८७,३४८)	(१९,६७,२६८)	(१४,०३,९५०)	(१७,३४,५७१)	(१७,२१,६२२)	(१६,८९,९४३)
निक्षेप दायित्व तथा सापटी	२७,१९,५९१	१३,५५,१३५	१०,०४,८७४	७,२७,३७२	४,४०,५७२	४,३५,२५१	४४,७३३९
कर्जा	३६,३७,०८४	२६,१८,६२३	२३,०६,८१५	२०,१७,७९६	१७,५६,९१९	१७,३१,५१६	१७,००,३७५
जोखिम भारित सम्पत्ती	३९,५४,९०२	३०,८६,२८५	२७,२१,१९१	२७,५५,१०२	१८,६४,५४६	१९,०५,६२१	१८,९५,०६१
संचालन मुनाफा	(१३,५६,७०६)	(११,९१,३९१)	५,६११	(५१,४६४)	१,८५,५७	(२५,७०९)	(१,१५०)
मुनाफा	(९,६१,६९४)	(१२,६९,०१६)	२,१८,६३६	(५,६३,२७७)	२,८५,६४५	१२,९५५	३१,६७९
कर्जा नोक्सानी व्यवस्था	१४,९१,६८३	२६,८६,७९६	२२,९३,९८४	२०,१७,७९६	१७,५६,९१९	१७,३१,५१६	१७,००,३७५

विवरण	आ.व.०७४/०७५	०७५/०७६	०७६/०७७	०७७/०७८	०७८/०७९	०७९/०८०
चुक्ता पूँजी	९,३५,०६९	९,३५,०६९	९,३५,०६९	९,३५,०६९	९,३५,०६९	९,३५,०६९
जगेडा तथा कोषहरू	(१६,७८,६६२)	(१५,७४,८९५)	(१५,७६,८२०)	(१५,८१,६००)	(१२,७८,३७५)	(८,८५,७७६)
निक्षेप दायित्व तथा सापटी	४,०६,२४१	३,४६,२३०	३,४८,०९२	३,४९,२७५	२,९५,६४४	१,४१,७२७
कर्जा	१६,९५,५३६	१५,८८,४८२	१५,८६,५८२	१५,८६,५८२	१२,८३,९०८	७,९७,२६२
जोखिम भारित सम्पत्ती	१८,०३,०४५	१६,९०,२११	१६,८४,४४४	१६,७०,७८१	१४,७६,४९४	१,७८,७६०
संचालन मुनाफा	(११,२३७)	(८,८९५)	(९,६२७)	(१३,९२७)	(६,७८६)	(२,९९३)
मुनाफा	११,२८०	१,०३,७६७	(१,९२५)	(४,७८०)	३,०३,२२४	४,९०,५२८
कर्जा नोक्सानी व्यवस्था	१६,९५,५३६	१५,८८,४८२	१५,८६,५८२	१५,८६,५८२	१२,८३,९०८	७,९७,२६२

(क) आर्थिक वर्ष २०७९/०८० को कारोबारको सिंहावलोकन

(रकम रू हजार मा)

विवरण	आषाढ मसान्त		बृद्धि	
	२०७९/०८०	२०७८/०७९	रकम	प्रतिशत
कुल सम्पत्ति	६३९५९९	६९७९७७	(५८३७८)	(८.३६)
कुल निक्षेप	१४१७२७	२९५६४४	(१५३९१७)	(५२.०६)
कुल कर्जा	७९७२६२	१२८३९०८	(४८६६४६)	(३७.९०)
कुल लगानी	२७	२७	०	०

(रकम रू. हजार मा)

विवरण	आषाढ मसान्त	
	२०७९/०८०	२०७८/०७९
व्याज आम्दानी	१७९६१	८८३५
व्याज खर्च	८५५२	५०८८
खुद व्याज आम्दानी	८६०९	३७४७
अन्य संचालन आम्दानी (कमिशन तथा डिस्काउन्ट आम्दानी समेत)		
कर्मचारी खर्च	७०८७	५२९१
अन्य संचालन खर्च	४५१६	५२४३
संभावित नोक्सानी व्यवस्था		
नोक्सानी व्यवस्था बाट फिर्ता	४८७८३१	३०३८९८
गैरसंचालन आम्दानी	६४१४	५०९७
संचालन मुनाफा	(२९९४)	(६७८७)
कर	७२३	(१०१५)
करपछिको खुद मुनाफा	४९०५२८	३०३२२४

सूचकांकहरू	आषाढ मसान्त	
	२०७९/०८०	२०७८/०७९
पूँजी पर्याप्तता (प्रतिशत)	१७.४५	(२४.६१)
निष्क्रिय कर्जा/कुल कर्जा (प्रतिशत)	१००	१००
कर्जानोक्सानी व्यवस्था/निष्क्रिय कर्जा(प्रतिशत)	१००	१००
प्रति शेयर आम्दानी (रू.)	५२.४६	३२.४३

१. निक्षेप संकलन :

आ.व.२०७९/०८० को सम्ममा संस्थाको कुल निक्षेप रू. १४ करोड १७ लाख रहेको छ, संस्था समस्याग्रस्त अवस्थामा रहेको तथा निक्षेप संकलनमा रोक लगाइएको तथा बाँकी निक्षेपलाई समेत निर्देशन बमोजिम फिर्ता भुक्तानी भइरहेको छ ।

२. कर्जा तथा सापट :

संस्था समस्याग्रस्त अवस्थामा रहेको तथा नयाँ कर्जा लगानी नभई बाँकी रहेको कर्जाहरूलाई नै असुलीका विभिन्न उपायहरू अपनाई केहि कर्जा असुल समेत गरी बाँकी रू. ७९ करोड ७३ लाख खराब कर्जा रहेको तथा उक्त कर्जा असुलीका लागि विभिन्न प्रयासहरू भइरहेको छ ।

३. व्याज आम्दानी :

संस्थाले विभिन्न बैंक तथा वित्तिय संस्थामा राखिएको निक्षेपको व्याज वापत करिव रू. १ करोड ७१ लाख व्याज आम्दानी गरिएको छ ।

**४. व्याज खर्च :**

आ.व. २०७९/०८० मा संस्थाले निक्षेप दायित्व का लागि रू. ८५ लाख ५१ हजार मात्र व्याज खर्च गरिएको छ। जसमा संस्था समस्याग्रस्त अवस्था रहेको बखत कुनै पनि निक्षेप शिर्षकहरूमा व्याजदर परिवर्तन गरिएको छैन।

**५. खुद व्याज आम्दानी :**

आ.व. २०७९/०८० मा संस्थाले कुल रू. ८६ लाख ८ हजार खुद व्याज आम्दानी गरेको छ।

**६. अन्य संचालन आम्दानी :**

आ.व. २०७९/०८० मा संस्थाले कुल रू. ६४ लाख १३ हजार अन्य संचालन आम्दानी गरेको छ।

**७. संचालन खर्च:**

आ.व. २०७९/०८० मा संस्थाको कुल संचालन खर्च रू. १ करोड १६ लाख भएको छ।

**८. संचालन मुनाफा:**

आ.व. २०७८/०७९ मा संस्थाको संचालन घाटा रू. ६७ लाख ८६ हजार रहेकोमा आ.व. २०७९/०८० मा संस्थाको संचालन घाटा रू. २९ लाख ९३ हजार भएको छ।

**९. सम्पूर्ण कारोबार पछिको खुद मुनाफा:**

आ.व. २०७८/०७९ मा संस्थाको सम्पूर्ण कारोबार पछिको खुद मुनाफा रू. ३० करोड ३२ लाख रहेकोमा आ.व. २०७९/०८० मा खुद मुनाफा ६९.७७ प्रतिशतले वृद्धि भई रू. ४९ करोड ५ लाख हुन गएको छ।

**१०. पूँजी कोषको पर्याप्तता :**

आ.व. २०७९/०८० को अन्त्यमा पूँजी कोषको अनुपात १७.४५ प्रतिशत कायम रहेको छ जुन नेपाल राष्ट्र बैंकको निर्देशन बमोजिम कायम गर्नु पर्ने न्यूनतम ११ प्रतिशत भन्दा बढी रहेको छ।

**११. सम्पत्तिको गुणस्तर :**

संस्थाको शत प्रतिशत निष्क्रिय कर्जा रहेको तथा उक्त कर्जाहरू असुलीका लागि विभिन्न प्रयासहरू भइरहेको तथा संस्था समस्याग्रस्त अवस्थाबाट मुक्त हुना साथ नयाँ कर्जा लगानी तथा व्यवसाय बिस्तार गरी निष्क्रिय कर्जाको प्रतिशत कम गर्दै लगिनेछ।

**(ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको बैंकिङ्ग व्यवसाय कारोबारमा परेको असर**

१. राष्ट्रिय परिस्थितिबाट कम्पनीको बैंकिङ्ग व्यवसाय कारोबारमा गर्न सक्ने असर

**कुल आन्तरिक कर्जा**

आर्थिक वर्ष २०८१/८२ को पाँच महिनामा कुल आन्तरिक कर्जा १.६ प्रतिशतले बढेको छ। अघिल्लो वर्षको सोही अवधिमा उक्त कर्जा २.८ प्रतिशतले बढेको थियो। वार्षिक बिन्दुगत आधारमा २०८१ मंसिर मसान्तमा यस्तो कर्जा ४.९ प्रतिशतले बढेको छ।

समीक्षा अवधिमा मौद्रिक क्षेत्रको सरकारमाथिको खुद दाबी १०.८ प्रतिशतले घटेको छ। अघिल्लो वर्षको सोही अवधिमा यस्तो दाबी ३.२ प्रतिशतले घटेको थियो। वार्षिक बिन्दुगत आधारमा २०८१ मंसिर मसान्तमा यस्तो दाबी ४.२ प्रतिशतले घटेको छ। समीक्षा अवधिमा मौद्रिक क्षेत्रको निजी क्षेत्रमाथिको दाबी ४.५ प्रतिशतले बढेको छ।

अघिल्लो वर्षको सोही अवधिमा यस्तो दाबी ३.८ प्रतिशतले बढेको थियो। वार्षिक बिन्दुगत आधारमा २०८१ मंसिर मसान्तमा मौद्रिक क्षेत्रको निजी क्षेत्रमाथिको दाबी ६.८ प्रतिशतले बढेको छ।

**निक्षेप परिचालन**

आर्थिक वर्ष २०८१/८२ को पाँच महिनामा बैंक तथा वित्तीय संस्थाहरूमा रहेको निक्षेप रू. १७२ अर्ब ३२ करोड (२.७ प्रतिशत) ले बढेको छ। अघिल्लो वर्षको सोही अवधिमा यस्तो निक्षेप रू. २६३ अर्ब ७२ करोड (४.६ प्रतिशत) ले बढेको थियो। वार्षिक बिन्दुगत आधारमा २०८१ मंसिर मसान्तमा बैंक तथा वित्तीय संस्थाहरूमा रहेको निक्षेप १०.९ प्रतिशतले बढेको छ।

२०८१ मंसिर मसान्तमा बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेपमा चल्ती, बचत र मुद्दती निक्षेपको अंश क्रमशः ५.३

प्रतिशत, ३३.६ प्रतिशत र ५३.० प्रतिशत रहेको छ । अघिल्लो वर्षको सोही अवधिमा यस्तो अंश क्रमशः ६.३ प्रतिशत, २६.३ प्रतिशत र ६०.७ प्रतिशत रहेको थियो ।

२०८१ मंसिर मसान्तमा बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेपमा संस्थागत निक्षेपको अंश ३५.८ प्रतिशत रहेको छ । २०८० मंसिर मसान्तमा यस्तो निक्षेपको अंश ३६.७ प्रतिशत रहेको थियो।

### कर्जा प्रवाह

आर्थिक वर्ष २०८१/८२ को पाँच महिनामा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जा रु.१७८ अर्ब २९ करोड (३.५ प्रतिशत) ले बढेको छ । अघिल्लो वर्षको सोही अवधिमा यस्तो कर्जा रु.११० अर्ब १ करोड (२.३ प्रतिशत) ले बढेको थियो। बार्षिक बिन्दुगत आधारमा २०८१ मंसिर मसान्तमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रतर्फ प्रवाहित कर्जा ७.० प्रतिशतले बढेको छ ।

२०८१ मंसिर मसान्तमा बैंक तथा वित्तीय संस्थाहरूबाट निजी क्षेत्रमा प्रवाहित कर्जामध्ये गैर-वित्तीय संस्थागत क्षेत्रतर्फ प्रवाह भएको कर्जाको अंश ६४.१ प्रतिशत र व्यक्तिगत तथा घरपरिवार क्षेत्रतर्फ प्रवाह भएको कर्जाको अंश ३५.९ प्रतिशत रहेको छ ।

अघिल्लो वर्षको सोही अवधिमा यस्तो अंश क्रमशः ६३.१ प्रतिशत र ३६.९ प्रतिशत रहेको थियो। समीक्षा अवधिमा निजी क्षेत्रतर्फ प्रवाहित कर्जामध्ये वाणिज्य बैंकहरूको कर्जा प्रवाह ३.६ प्रतिशतले, विकास बैंकहरूको २.७ प्रतिशतले र वित्त कम्पनीहरूको कर्जा प्रवाह ४.३ प्रतिशतले बढेको छ ।

आर्थिक वर्ष २०८१/८२ को पाँच महिनामा बैंक तथा वित्तीय संस्थाहरूको लगानीमा रहेको कर्जामध्ये औद्योगिक उत्पादन क्षेत्रतर्फको कर्जा ५.४ प्रतिशतले, निर्माण क्षेत्रतर्फको कर्जा ३.५ प्रतिशतले, थोक तथा खुद्रा व्यापार क्षेत्रतर्फको कर्जा ३.८ प्रतिशतले, यातायात, संचार तथा सार्वजनिक सेवा क्षेत्रतर्फको कर्जा ३.६ प्रतिशतले, सेवा उद्योग क्षेत्रतर्फको कर्जा ५.० प्रतिशतले र उपभोग्य क्षेत्रतर्फको कर्जा ३.६ प्रतिशतले बढेको छ भने कृषि क्षेत्रतर्फ प्रवाह भएको कर्जा ०.७ प्रतिशतले घटेको छ ।

### वित्तीय पहुँच

बैंकबाट इजाजतप्राप्त बैंक तथा वित्तीय संस्थाहरूको संख्या (लघुवित्त वित्तीय संस्था समेत) २०८१ मंसिर मसान्तमा १०७ रहेको छ । यसमध्ये २० वाणिज्य बैंक, १७ विकास बैंक, १७ वित्त कम्पनी, ५२ लघुवित्त वित्तीय संस्था र १ पूर्वाधार विकास बैंक सञ्चालनमा रहेका छन्। बैंक तथा वित्तीय संस्थाहरू (लघुवित्त वित्तीय संस्था समेत) को शाखा संख्या २०८१ असार मसान्तमा ११,५३० रहेकोमा २०८१ मंसिर मसान्तमा ११,५५० पुगेको छ ।

## **२. अन्तराष्ट्रिय परिस्थितिबाट व्यवसाय कारोबारमा परेको असर**

### वैदेशिक व्यापार

आर्थिक वर्ष २०८१/८२ को पाँच महिनामा कुल वस्तु निर्यात १६.५ प्रतिशतले वृद्धि भई रु.७३ अर्ब ६६ करोड पुगेको छ । अघिल्लो वर्षको सोही अवधिमा यस्तो निर्यातमा ६.१ प्रतिशतले कमी आएको थियो । गन्तव्यका आधारमा भारत र चीनतर्फको निर्यात क्रमशः २३.७ प्रतिशत र ६८.९ प्रतिशतले वृद्धि भएको छ भने अन्य मुलुकतर्फ भएको निर्यातमा १.२ प्रतिशतले कमी आएको छ । वस्तुगत आधारमा सोयाबिन तेल, चिया, पोलिस्टेर यार्न तथा थ्रेड, पार्टिकल बोर्ड, ऊनको गलौँचा लगायतका वस्तुको निर्यात बढेको छ भने पाम तेल, जिक शिट, अदुवा, तयारी पोशाक, जडीबुटी लगायतका वस्तुको निर्यात घटेको छ ।

आर्थिक वर्ष २०८१/८२ को पाँच महिनामा कुल वस्तु व्यापार घाटा १.५ प्रतिशतले वृद्धि भई रु.५८७ अर्ब ८३ करोड पुगेको छ । अघिल्लो वर्षको सोही अवधिमा यस्तो घाटामा ३.१ प्रतिशतले कमी आएको थियो । समीक्षा अवधिमा निर्यात- आयात अनुपात ११.१ प्रतिशत पुगेको छ । अघिल्लो वर्षको सोही अवधिमा यस्तो अनुपात ९.८ प्रतिशत रहेको थियो ।

समीक्षा अवधिमा भारतबाट परिवर्त्य विदेशी मुद्रा भुक्तानी गरी रु.७२ अर्ब ८४ करोड बराबरको वस्तु आयात भएको छ । अघिल्लो वर्षको सोही अवधिमा यस्तो आयात रु.६३ अर्ब ६६ करोड बराबरको भएको थियो ।

### वैदेशिक व्यापारको संरचना

वृहत आर्थिक वर्गीकरण अनुसार आर्थिक वर्ष २०८१/८२ को पाँच महिनामा भएको कुल निर्यातमा मध्यवर्ती तथा अन्तिम

उपभोग्य वस्तुको अनुपात क्रमशः ४४.१ प्रतिशत र ५५.० प्रतिशत रहेको छ भने पुँजीगत वस्तुको अनुपात ०.९ प्रतिशत रहेको छ । अधिल्लो वर्षको सोही अवधिमा भएको कुल निर्यातमा मध्यवर्ती, पुँजीगत तथा अन्तिम उपभोग्य वस्तुको अनुपात क्रमशः ५५.५ प्रतिशत, ०.२६ प्रतिशत र ४४.३ प्रतिशत रहेको थियो । १६. समीक्षा अवधिमा भएको कुल आयातमा मध्यवर्ती वस्तुको अनुपात ४८.८ प्रतिशत, पुँजीगत वस्तुको अनुपात ८.८ प्रतिशत तथा अन्तिम उपभोग्य वस्तुको अनुपात ४२.५ प्रतिशत रहेको छ । अधिल्लो वर्षको सोही अवधिमा यी अनुपातहरू क्रमशः ४९.१ प्रतिशत, ८.६ प्रतिशत र ४२.३ प्रतिशत रहेका थिए ।

#### निर्यात-आयात मूल्य सूचकाङ्क

वार्षिक विन्दुगत आधारमा २०८१ मंसिर महिनामा भन्सार तथ्याङ्कमा आधारित निर्यातको एकाइ मूल्य सूचकाङ्कमा ०.२ प्रतिशतले र आयात मूल्य सूचकाङ्कमा १.८ प्रतिशतले कमी आएको छ ।

#### विप्रेषण आप्रवाह

आर्थिक वर्ष २०८१/८२ को पाँच महिनामा विप्रेषण आप्रवाह ४.४ प्रतिशतले वृद्धि भई रु.६४० अर्ब ४३ करोड पुगेको छ । अधिल्लो वर्षको सोही अवधिमा विप्रेषण आप्रवाह २४.२ प्रतिशतले बढेको थियो । अमेरिकी डलरमा विप्रेषण आप्रवाह २.५ प्रतिशतले वृद्धि भई ४ अर्ब ७३ करोड पुगेको छ ।

अधिल्लो वर्ष यस्तो आप्रवाह २१.१ प्रतिशतले बढेको थियो । समीक्षा अवधिमा खुद द्वितीय आय (खुद ट्रान्सफर) रु ६९९ अर्ब ३४ करोड पुगेको छ । अधिल्लो वर्षको सोही अवधिमा यस्तो आय रु.६६९ अर्ब ७७ करोड रहेको थियो ।

#### घ) भविष्यमा गर्नुपर्ने कार्यको सम्बन्धमा सञ्चालक समितिको धारणा ।

##### सेवा बिस्तार

संस्थाले आफ्ना सेवाग्राहीको माग बमोजिम नयाँ तथा परिमार्जित समयसापेक्ष सेवाहरू सञ्चालनमा ल्याउने तयारी गरिएको छ । ग्राहकको चाहना अनुरूप ग्राहकवर्ग समक्ष नवीनतम, भरपर्दो तथा गुणस्तरीय सेवा प्रदान गर्नका निमित्त प्रविधिमा भइरहेको विकास र व्यापार-व्यवसायमा भएको परिवर्तन अनुरूप आफ्नो जनशक्तिलाई सक्षम बनाउँदै ग्राहकवर्गलाई समयसापेक्ष सेवा प्रदान गर्ने छौं । साथै, संस्थाले ग्राहकहरूको आवश्यकता-अनुरूप नयाँ निक्षेप र कर्जा योजनाहरू तर्जुमा गरी लागू गर्ने तथा बजारमा आउने परिवर्तन अनुरूप व्याजदरमा समसामयिक परिवर्तन गरि सेवा संचालन गर्ने प्रतिबद्धता गरिने छ । कृषि, घरेलु तथा साना उद्योग तथा विपन्न वर्गमा लगानी बढाउन समय सापेक्ष निति तथा नियमहरू तर्जुमा गरिने छ ।

##### प्रविधि विकास

यस संस्थाले सूचना प्रविधिमा आधारित सेवाहरूलाई समयानुकूल स्तरोन्नती गर्दै जानेछ । सूचनाप्रविधिमा आधारित सेवाहरूलाई थप सुरक्षित र भरपर्दो बनाउन आवश्यक लगानीको व्यवस्था गरिने छ । वित्तीय बजारमा उपलब्ध नविनतम सेवाहरूलाई विश्लेषण गरी ग्राहकको चाहना बमोजिमका सेवा र प्रविधिहरू अवलम्बन गरिनेछ । ग्राहकहरूलाई प्रविधिमैत्री बनाउन विभिन्न माध्यमबाट जानकारी प्रदान गर्ने र सचेतना जागृत गर्ने कार्यहरू गरिनेछ । बैंकिङ्ग क्षेत्रमा भित्रिएका E-Banking, SMS Banking, Chip Based ATM Card, Go-AML Software, Assets and Inventory Management System, HR Management System आदिको उपयोग गर्नुको साथै भई रहेका प्रविधिहरूको स्तरोन्नती गर्ने व्यवस्था मिलाइने छ ।

##### शाखा बिस्तार

नेपाल राष्ट्र बैंकबाट समस्याग्रस्त संस्था फुकुवा भए पश्चात वित्तीय संस्थाले कार्य क्षेत्र तथा सञ्जाल बिस्तार तथा व्यवसाय वृद्धि गर्नको लागि संभाव्यताको अध्ययन गरी आवश्यकता अनुसार शाखा बिस्तार गर्ने नीति अवलम्बन गरिने छ । यसरी बिस्तारित शाखा सञ्जालले देशको सुगम क्षेत्रमा मात्र नभई दुर्गम क्षेत्रमा समेत बैंकिङ्ग सुविधाको पहुँच पुग्ने गरी बिस्तार गर्ने नीति अवलम्बन गरिनेछ । आगामि आ.व.मा देशका उपयुक्त स्थानहरूमा शाखा बिस्तारको कार्यलाई बढावा दिइने छ ।

##### संस्थागत सामाजिक उत्तरदायित्व

संस्थागत सामाजिक उत्तरदायित्व बहनअर्न्तगत नेपाल राष्ट्र बैंकबाट जारी भएको परिपत्र बमोजिम खर्च गर्ने सम्बन्धमा यस संस्थाले सामाजिक उत्तरदायित्व खर्च कार्यविधि संचालक समितिबाट पारित गरी सोही कार्यविधि अनुसार विभिन्न किसिमका कार्यक्रमहरू सञ्चालन गरी संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने नीति लिएको छ ।

**ड) औद्योगिक वा व्यवसायिक सम्बन्ध**

यस वित्तीय संस्थाको औद्योगिक तथा व्यवसायिक प्रतिष्ठानहरू, बैंक तथा वित्तीय संस्थाहरू, नेपाल राष्ट्र बैंक, धितोपत्र बोर्ड, नेपाल धितोपत्र विनियम बजार तथा कम्पनी रजिष्ट्रारको कार्यालय लगायत नेपाल सरकारका निकायहरूसँग सुमधूर सम्बन्ध रहि आएको छ। ग्राहक सन्तुष्टि नै संस्थाको मूल लक्ष्य रहेकोले ग्राहक सम्बन्ध सुदृढीकरणमा संस्थाको व्यवस्थापन लगायत सबै कर्मचारीहरू सजग रहेका छन्। यस वित्तीय संस्था र आफ्ना ग्राहकहरू बीच सुमधूर सम्बन्ध कायम रहेको तथा संस्थाको सेवाको गुणस्तर उच्च राख्न मानव संसाधन विकासमा यथेष्ट जोड दिने शेरधनी महानुभावहरूलाई अवगत गराउन चाहन्छौं।

**च) सञ्चालक समितिमा भएको हेरफेर र सोको कारण।**

समीक्षा अवधिमा सञ्चालक समितिमा भएको हेरफेर अनुसार कायम रहेको सञ्चालक समितिको संरचना निम्नानुसार रहेको छ।

१.	श्री तिलक बहादुर रानाभाट	अध्यक्ष	संस्थापक समुह
२.	श्री जगत राज खनाल	सञ्चालक	संस्थापक समुह
३.	श्री रञ्जन रायमाझी	सञ्चालक	संस्थापक समुह
४.	श्री निर्मल दाहाल	सञ्चालक	सर्वसाधारण समुह
५.	श्री राजेश्वर श्रेष्ठ	सञ्चालक	स्वतन्त्र संचालक

साथै, नेपाल राष्ट्र बैंकबाट तोकिएको योग्यता बमोजिमका आधारमा स्वतन्त्र संचालकमा श्री राजेश्वर श्रेष्ठलाई १ कार्यकालको लागि संचालक समितिबाट नियुक्त गरिएको समेत जानकारी गराउदछौं।

**छ) कारोबारलाई असर पार्ने मुख्य कुराहरू।**

संस्थाको कारोबारलाई असर पार्न सक्ने विभिन्न किसिमका जोखिमहरूलाई तल प्रस्तुत गरिएको छ।

१. नेपाल सरकार वा नेपाल राष्ट्र बैंकले बैंक तथा वित्तीय संस्था सम्बन्धी नीतिमा परिवर्तन गर्दा श्रृंखला हुन सक्ने संभावित जोखिमहरू।
२. निक्षेप तथा कर्जा लगानीको ब्याजदरमा हुने परिवर्तनबाट असर गर्ने जोखिमहरू।
३. यथासमयमा कर्जा असुली नभई उत्पन्न हुने जोखिमहरू।
४. देशको आर्थिक अवस्थामा आउने परिवर्तनबाट पर्न सक्ने जोखिमहरू।
५. अन्तर्राष्ट्रिय बजारमा हुने मन्दीबाट नेपाली बजारमा पर्नसक्ने असरबाट हुनसक्ने आर्थिक जोखिमहरू।
६. पूँजीबजारमा आउन सक्ने उतारचढावबाट हुनसक्ने जोखिमहरू।

यी चुनौती र अवसरहरूलाई ध्यानमा राख्दै संस्थाले आफ्नो सेवाको दायरा तथा गुणस्तर वृद्धि गर्दै लैजाने, थप सेवाहरू प्रदान गर्ने तथा नयाँ बजारहरू र नयाँ क्षेत्रहरूमा आफ्नो सेवाहरू विस्तार गर्दै लैजाने रणनीति लिने छ।

अध्यक्ष

**तिलक बहादुर रानाभाट**

मिति: २०८१ माघ ११ गते शुक्रवार

## कम्पनी ऐन, २०६३ को दफा १०५ अनुसारको अतिरिक्त विवरण

- (क) विगत वर्षको कारोबारको सिंहावलोकन :  
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।
- (ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर :  
संस्था समस्याग्रस्त अवस्थामा संस्थाको व्यावसायिक गतिविधिमा उल्लेख्य रूपमा असर परेको छ ।
- (ग) प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा :  
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।
- (घ) कम्पनीको औद्योगिक वा व्यावसायिक सम्बन्ध :  
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।
- (ङ) सञ्चालक समितिमा भएको हेरफेर र सोको कारण :  
सञ्चालक समितिको प्रतिवेदनमा उल्लेख गरिएको ।
- (च) कारोबारलाई असर पार्ने मुख्य कुराहरू :  
सञ्चालक समितिको प्रतिवेदनमा उल्लेख भएका विषय र बुँदामा उल्लेख भए बमोजिम ।
- (छ) लेखापरीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया :  
नियमित कारोबारमा देखिएका सामान्य कैफियतबाहेक प्रचलित कानून उल्लंघन हुने कुनै नकारात्मक कुराहरू लेखापरीक्षण प्रतिवेदनमा उल्लेख भएको छैन । प्राप्त प्रतिक्रिया र सुझावहरूमा सञ्चालक समितिको ध्यानाकर्षण भएको छ र सुधारका निम्ति आवश्यक कदम पनि चालिसकिएको छ ।
- (ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम ।  
गरिएको छैन ।
- (झ) शेयर जफत गरिएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयरको जफत हुनुभन्दा अगावै सो वापतको कम्पनीले प्राप्त गरेको जम्मा रकम त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण ।  
यस अवधिमा वित्तीय संस्थाले कुनै शेयर जफत गरेको छैन ।
- (ञ) विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन ।  
यस वित्तीय संस्थाको सहायक कम्पनी नरहेकोले यस प्रकारको कारोबार रहेको छैन ।
- (ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेका प्रमुख कारोबारहरू र सो अवधिमा कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन ।  
यस वित्तीय संस्थाको कुनै सहायक कम्पनी रहेको छैन । वित्तीय संस्थाले यस आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबार हरूको विवरण यस प्रतिवेदनको बुँदा नं.(क) मा विगत वर्षको आर्थिक कारोबारको सिंहावलोकनअन्तर्गत समावेश गरिएको छ ।
- (ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी ।  
गत वर्षमा कम्पनीका आधारभूत शेयरधनीहरूबाट कम्पनीलाई कुनै प्रकारको जानकारी गराईएको छैन ।
- (ड) विगत आर्थिक वर्षमा कम्पनीका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्व विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी ।  
केहि नभएको

- (ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराईएको जानकारीको व्यहोरा ।  
नेपाल राष्ट्र बैंकले मिति २०६९/१०/१७ मा समस्याग्रस्त घोषणा वित्तीय संस्थासँग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्वार्थको बारेमा जानकारी प्राप्त भएको छैन ।
- (ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अंकित मूल्य तथा त्यसरी शेयर खरिद गरे वापत कम्पनीले भुक्तानी गरेको रकम ।  
वित्तीय संस्थाले आफ्नो शेयर आफै खरिद गरेको छैन ।
- (त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण ।  
वित्तीय संस्थामा आवश्यकताअनुरूपको आन्तरिक नियन्त्रण प्रणाली समयसापेक्ष रूपमा परिमार्जन गर्दै लगिने छ । विभिन्न तहमा सम्पन्न हुने काम-कारवाही एक तह माथिको कर्मचारीहरूबाट परीक्षण हुने व्यवस्था मिलाइने छ । संस्थाका विभिन्न कर्मचारीहरू तथा पदाधिकारीहरूको अख्तियारी सीमा तोकिने छ । विभिन्न कारोबारको प्रकृतिअनुरूप पर्याप्त आन्तरिक नियन्त्रण प्रणाली व्यवस्था गरिने छ । आन्तरिक नियन्त्रण प्रणालीलाई अझ प्रभावकारी बनाउन संस्थामा Compliance Department, Operation Risk Department, Credit Risk Department आदि को व्यवस्था गरिने छ ।  
आन्तरिक नियन्त्रण प्रणाली सहित अन्य कुराहरूको उच्चस्तरबाट रेखदेख गर्न र आफ्नो काम कारवाहीलाई प्रभावकारी रूपमा सञ्चालन गर्न सञ्चालकको संयोजकत्वमा लेखापरीक्षण समिति रहेको छ । साथै, जोखिम व्यवस्थापन समिति, कर्मचारी सेवा सुविधा समिति, सम्पत्ति शुद्धीकरण निवारण सम्बन्धी समिति समेतको व्यवस्था गरिने छ ।  
संस्थाले आफ्ना सबै तहका सबै शाखाका कर्मचारीहरूको क्षमता तथा ज्ञान वृद्धिका लागि सुचारू रूपले विभिन्न तालिम तथा सीप विकासका कार्यक्रमहरू संचालन गराइने छ । उक्त कार्यबाट कर्मचारीहरूको क्षमता तथा ज्ञान वृद्धि गरी संचालनबाट हुने जोखिम न्यूनीकरण गर्ने छ । संस्थाले आफ्नो ग्राहक पहिचान (Know your customer) को मापदण्ड तथा मुद्रा शुद्धीकरण (Anti money laundering) सम्बन्धी नीति, विद्यमान औद्योगिक प्रचलन, प्रचलित कानून तथा नेपाल राष्ट्र बैंकबाट जारी निर्देशनका आधारमा तर्जुमा गरी लागू गरिने छ । साथै संस्थाका विद्यमान नीतिहरूलाई समय सापेक्ष रूपमा परिमार्जन तथा पुर्नलेखन गरी सम्बन्धित निकायबाट स्वीकृत समेत गरी लागू गरिने छ ।
- (थ) विगत आर्थिक वर्षको व्यवस्थापन तथा संचालन खर्चको विवरण ।  
वित्तीय संस्थाको आर्थिक वर्ष २०७९/०८० को व्यवस्थापन खर्च तर्फ कर्मचारी खर्च रु.७०,८७,०८४/- र अन्य सञ्चालन खर्च रु.४५,१५,५३९/- गरी जम्मा व्यवस्थापन तथा सञ्चालन खर्च रु. १,१६,०२,६१५/- भएको छ ।
- (द) लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम-कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सो को विवरण ।  
यस संस्थाको सञ्चालक समितिले कम्पनी ऐन, बैंक तथा वित्तीय संस्था सम्बन्धी ऐन तथा नेपाल राष्ट्र बैंकको निर्देशनको अधीनमा रहि सञ्चालकको संयोजकत्वमा २ सञ्चालक सदस्य र आन्तरिक लेखापरीक्षण विभागका प्रमुख सदस्य सचिव रहने गरी लेखापरीक्षण समिति गठन गरिएको छ ।  
आर्थिक वर्ष २०८०/०८१ मा गठन भएकाले यस समितिको आर्थिक वर्ष २०७९/०८० मा कुनै खर्च रहेको छैन । यस समितिले लेखापरीक्षण सम्बन्धि विषयमा छलफल, निर्णय र निर्देशन गरेको छ ।
- (ध) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीको आधारभूत शेयरधनी वा निजका नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाकी भए सो कुरा ।  
तत्कालिन प्रबन्ध सञ्चालक तथा आधारभूत शेयरधनी पवन कुमार कार्कीका नातेदार र नातेदार संलग्न फर्म, कम्पनी वा संगठित संस्थाले गलत बैंकिङ्ग अभ्यासबाट कर्जा प्रवाह भई २०८१ पौष मसान्तसम्म बाँकी कर्जाको साँवा रु. ७१,३१,५५,३७०/७० र व्याज रु. २,१३,७५,०३,७४४/०९ रहेको छ । यस सम्बन्धमा सम्मानित सर्वोच्च अदालतबाट मुद्दा फैसला भई पूर्ण पाठ आउन बाँकी रहेको छ । साथै, वित्तीय संस्थाका तत्कालिन प्रमुख कार्यकारी अधिकृत दिपक राज शर्माबाट असुल गर्नु पर्ने रु. २२,०३,७६४/०९ रहेको छ ।



(न) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भत्ता तथा सुविधाको रकम ।

वित्तीय संस्थाका सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई आ.व.२०७९/०८० मा भुक्तानी गरिएको पारिश्रमिक तथा भत्ता सुविधाको रकम निम्नानुसार रहेको छ ।

क्र.सं	विवरण	सञ्चालक	प्रमुख कार्यकारी अधिकृत	अन्य कार्यकारी पदाधिकारी
१.	बैठक भत्ता (रु)	३,३७,९७५/-	-	-
२.	तलव (रु)	-	१२,६०,०००/-	-
३.	भत्ता	-	६०,०००/-	-
४.	विदा बापतको भुक्तानी		कर्मचारी सेवा नियमावली अनुरूप	कर्मचारी सेवा नियमावली अनुरूप
५.	दर्शभत्ता	-		
६.	संचयकोष योगदान	-		
७.	बोनस	-	प्रचलित बोनस ऐन अनुरूप	
८.	टेलिफोन, मोबाइल र पत्रपत्रिका	...../-	संस्थासँग भएको करार अनुरूप	कर्मचारी सेवा नियमावली अनुरूप
९.	इन्धन	छैन		
१०.	गाडी सुविधा	छैन	छ	छैन
११.	आवास सुविधा	छैन	छैन	छैन
१२.	बीमा	छैन	छैन	छ

(प) शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम ।

शेयरधनीहरूलाई आ.व.२०६६/०६७ को लाभांश बापतको रकम रु. २,४६,६६०.०३ भुक्तानी गर्न बाँकी रहेको ।

(फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण ।

यस आ.व मा कम्पनि ऐन २०६३ को दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको छैन ।

(ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोवारको विवरण ।

यस वित्तीय संस्थाको कुनै सम्बद्ध कम्पनी छैन ।

(भ) यस ऐन तथा प्रचलित कानून बमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा ।

बिगतमा रहेको संस्थाको विषम परिस्थितिबाट आजको यस अवस्थासम्म ल्याई पुर्याउन सहयोग, सद्भाव, अमूल्य सुझाव तथा मार्गदर्शन दिनुहुने सम्पूर्ण शेयरधनी महानुभावहरू, नेपाल राष्ट्र बैंक, तथा आदरणीय ग्राहकवर्ग तथा समस्त सरोकारवालाहरूप्रति हार्दिक कृतज्ञता सहित यस संस्थाको थप अग्रगमनमा साथ प्राप्त हुने अपेक्षा राख्दै संस्थालाई एक सफल तथा सुशासित वित्तीय संस्थाको रूपमा उभ्याउन निरन्तर लागि रहने प्रतिबद्धता व्यक्त गर्दछौं ।

(म) अन्य आवश्यक कुरा :

नभएको ।

**धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को नियम २६ को उपनियम २ सँग  
सम्बन्धित अनुसूची १५ बमोजिमको वार्षिक विवरण**

१. संचालक समितिको प्रतिवेदन : सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
२. लेखापरीक्षकको प्रतिवेदन : सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
३. लेखापरीक्षण भएका वित्तीय विवरण : सम्बन्धित शीर्षक अन्तर्गत राखिएको ।
४. कानुनी कारवाही सम्बन्धी विवरण :
  - (क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाका विरुद्ध कुनै मुद्दा दायर भएको भए, यस फाइनेन्सको कर्जासँग सम्बन्धित बाहेक अन्य मुद्दा दायर नभएको ।
  - (ख) संगठित संस्थाका संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमका अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए, वित्तीय संस्थाका तत्कालिन प्रबन्ध संचालक र संचालकहरू समेत उपर बैंकिङ्ग कसुर सम्बन्धी मुद्दामा सम्मानित सर्वोच्च अदालतबाट फैसलाको पूर्ण पाठ आउन बाँकी रहेको ।
५. संगठित संस्थाको शेयर कारोबार तथा प्रगतिका विश्लेषण :
  - (क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारण : कारोबार रोक्का रहेको ।
  - (ख) आ.व. २०७९/०८० मा संगठित संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संख्या र कारोबार दिन ।  
समस्याग्रस्त घोषणा भएकोले कारोबार नभएको ।

त्रैमास	अधिकतम मूल्य रु.	न्यूनतम मूल्य रु.	अन्तिम मूल्य रु.	कुल कारोबार दिन	कुल कारोबार संख्या	कुल कारोबार शेयर संख्या
प्रथम त्रैमास						
दोस्रो त्रैमास						
तेस्रो त्रैमास						
चौथो त्रैमास						

नोट : संस्था समस्याग्रस्त अवस्थामा रहेकोले यस आ.व.मा दोस्रो बजारमा शेयर कारोबार स्थगित भएको छ ।

६. समस्या तथा चुनौति
  - (क) आन्तरिक समस्या तथा चुनौती
    - आयको विविधिकरण ।
    - वित्तीय स्रोतको लागतमा वृद्धि ।
    - सक्षम कर्मचारी व्यवस्थापन
  - (ख) बाह्य समस्या र चुनौती
    - बैंक तथा वित्तीय संस्थाको बीच तीव्र प्रतिस्पर्धा ।
    - कर्जाको माग तथा निक्षेप वृद्धिमा सन्तुलन नहुनु ।
    - वित्तीय स्रोतको अभाव ।
    - विगतमा गुमेको शाखामा वृद्धि

ग) रणनीति

- निक्षेप तथा कर्जाको विविधिकरण ।
- आय आर्जन गर्ने नयाँ क्षेत्रहरू विस्तार तथा निक्षेप परिचालनमा जोड ।
- समय सापेक्ष प्रविधिमा आधारित नयाँ सेवाहरूको विकास ।
- पूँजि तथा पूँजि कोष वृद्धि ।
- अझ मजबुद प्रणाली तथा अनुपालना पद्धतीको विकास ।
- शाखा सञ्जालको विस्तार

७. संस्थागत सुशासन

बैंक तथा वित्तीय संस्था सम्बन्धि ऐन, २०७३, नेपाल राष्ट्र बैंकद्वारा जारी गरिएका निर्देशन तथा परिपत्रहरूको पूर्ण रूपमा पालना गरिएको छ । संस्थागत सुशासनलाई सदैव उच्च प्राथमिकतामा राख्दै र संस्थागत सुशासन सम्बन्धी निर्देशन तथा परिपत्रहरूको पूर्णरूपले पालना गरिने छ ।

आन्तरिक नियन्त्रण प्रणाली सहित अन्य कुराहरूको उच्चस्तरबाट रेखदेख गर्न र आफ्नो काम कारवाहीलाई प्रभावकारी रूपमा सञ्चालन गर्न सञ्चालकको संयोजकत्वमा लेखापरीक्षण समिति रहेको छ । साथै, जोखिम व्यवस्थापन समिति, कर्मचारी सेवा सुविधा समिति, सम्पत्ति शुद्धीकरण निवारण सम्बन्धी समिति समेतको व्यवस्था गरिने छ ।

नेपाल राष्ट्र बैंकको निर्देशन, स्थलगत निरीक्षण प्रतिवेदन, आन्तरिक तथा बाह्य लेखापरीक्षण प्रतिवेदनमा औल्याईएका सुझाव तथा निर्देशनहरूलाई यस संस्थाले सदैव पालना गर्दै संस्थागत सुशासनको पूर्ण पालना तथा संस्थालाई अझ सुदृढ बनाउँदै लैजान यस संस्थाको संचालक समिति र व्यवस्थापन प्रतिबद्ध गरिने छ ।

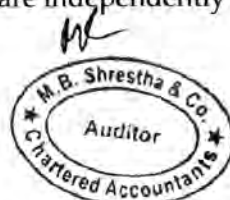
# M.B. SHRESTHA & Co.

Chartered Accountants  
Sankhamul Road  
New Baneshwar

Tel. : 4781818  
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E-mail: pbsshrestha@wlink.com.np  
G.P.O.Box : 720  
Kathmandu, Nepal.

## TO THE SHAREHOLDERS OF CAPITAL MERCHANT BANKING & FINANCE LIMITED

1. We have audited the accompanying Balance Sheet of Capital Merchant Banking & Finance Limited as on Ashadh 32, 2068 (July 16, 2011) and the related Profit & Loss Account and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in Nepal and the directives issued by the Nepal Rastra Bank (NRB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. On examination of the financial statements as aforesaid, we report that;
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.
  - b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are in agreement with the books of accounts.
  - c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.



Page 1 of 2

4. Nepal Rastra Bank (NRB), vide its letter of Shrawan 24, 2068, has enforced PCA (Prompt Corrective Action) against the company with immediate effect requiring the company to comply with additional NRB directives. This action as aforesaid has been initiated pursuant to the provision of NRB's "Prompt and Corrective Action Bye-Rules 2064"
5. The erstwhile Board of Directors of the company has presently been replaced by new Board of Directors including Managing Director.
6. As mentioned in schedule 4.30 of the financial statements, the company's total Capital Fund and Core Capital stood at insufficient figures as of Ashadh 32, 2068 (July 16, 2011) as against the minimum requirement fixed by Nepal Rastra Bank's unified directives.
7. In accordance with the details mentioned in note # 9 of the financial statements, the existing Loan Loss Provisions have been shortfall by Rs. 1,16,72,86 thousand in total.
8. In our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraph # 7, the said financial statements, read together with the notes attached thereon give a true and fair view of the financial position of the company as of Ashadh 32, 2068 (July 16, 2011) and results of its operations and its cash flows for the year then ended.



Maheswarendra Bahadur Shrestha, FCA  
M.B Shrestha & Co.  
Chartered Accountants

Date: May 08, 2012



**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
**as on Ashad 32, 2068 (July 16, 2011)**

Capital & Liabilities	Schedule	This Year Rs.	Previous Year Rs.
1 Share Capital	4.1	935,069,500	935,069,500
2 Reserves and Funds	4.2	(918,331,652)	43,362,921
3 Debentures and Bonds	4.3	-	-
4 Borrowings	4.4	217,200,000	195,000,000
5 Deposit Liabilities	4.5	2,719,591,584	2,294,677,694
6 Bills Payables	4.6	-	-
7 Proposed and Payable Dividend		-	49,214,184
8 Income Tax Liabilities			6,713,649
9 Other Liabilities	4.7	61,228,338	50,192,267
<b>Total Capital Liabilities</b>		<b>3,014,757,770</b>	<b>3,574,230,215</b>

Assets	Schedule	This Year Rs.	Previous Year Rs.
1 Cash Balance	4.8	7,953,565	18,443,691
2 Balance with NRB	4.9	295,456	139,817,338
3 Balance with Banks/Financial Institutions	4.10	53,756,182	379,199,102
4 Money at Call and Short Notice	4.11	-	-
5 Investments	4.12	200,527,000	245,027,000
6 Loans Advances and Bills Purchase	4.13	2,145,400,447	2,654,096,039
7 Fixed Assets	4.14	168,335,565	117,317,125
8 Non-Banking Assets	4.15	-	-
9 Other Assets	4.16	438,489,555	20,329,920
<b>Total Assets</b>		<b>3,014,757,770</b>	<b>3,574,230,215</b>

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
Comparision Between Unaudited and Audited Financial		Schedule	4.35
Unaudited Financial Highlights certified by Internal Auditor		Schedule	4.(A)

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Mahendra Nath Karmacharya**  
Managing Director

**Ashok Bhattarai**  
Director

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date : 25 Bhaishak, 2069  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Account**  
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	457,228,681	352,382,876
2. Interest Expenses	4.19	343,627,596	210,966,225
<b>Net Interest Income</b>		<b>113,601,085</b>	<b>141,416,651</b>
3. Commission and Discount	4.20	1,490,163	673,459
4. Other Operating Income	4.21	13,298,630	21,411,406
5. Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>128,389,878</b>	<b>163,501,516</b>
6. Employees Expenses	4.23	37,448,220	18,136,123
7. Other Overhead Expenses	4.24	55,172,180	31,183,921
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>35,769,478</b>	<b>114,181,472</b>
9. Provision for Possible Losses	4.25	1,392,475,972	17,182,961
<b>Operating Profit</b>		<b>(1,356,706,494)</b>	<b>96,998,511</b>
10. Non-operating Income/Expenses	4.26	1,484,376	1,576,737
11. Provision Written-Back	4.27	-	16,800
<b>Profit from Regular Operations</b>		<b>(1,355,222,118)</b>	<b>98,592,048</b>
12. Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>(1,355,222,118)</b>	<b>98,592,048</b>
13. Provision For Staff Bonus		-	8,962,913
14. Provision For Income Tax		(393,527,545)	
This Year's		-	27,094,000
Previous Year's		-	-
Deferred Tax Expense/(Income)		(393,527,545)	5,040
<b>Net Profit/(Loss)</b>		<b>(961,694,573)</b>	<b>62,530,095</b>

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Mahendra Nath Karmacharya**  
Managing Director

**Ashok Bhattarai**  
Director

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date : 25 Bhaishak, 2069  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**

**Profit and Loss Appropriation Account**

**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
<b>Income</b>			
1 Accumulated Profit up to the Last Year		3,645,009	2,830,076
2 Current Year's Profit		(961,694,573)	62,530,095
3 Exchange Fluctuation Fund		-	-
<b>Total (A)</b>		<b>(958,049,564)</b>	<b>65,360,171</b>
<b>Expenses</b>			
1 Accumulated Loss up to the Last Year		-	-
2 This Year's Loss		-	-
3 General Reserve		-	12,506,019
4 Contingent Reserve		-	-
5 Institutional Development Fund		-	-
6 Dividend Equalization Fund		-	-
7 Employee Related Reserves Funds		-	-
8 Proposed Dividend		-	49,214,184
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		393,527,545	(5,040)
<b>Total (B)</b>		<b>393,527,545</b>	<b>61,715,163</b>
15 Accumulated Profit/(Loss) (A-B)		(1,351,577,109)	3,645,008

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Mahendra Nath Karmacharya**  
Managing Director

**Ashok Bhattarai**  
Director

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date : 25 Bhaishak, 2069  
Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**

**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(a) Cash flow from Operating Activities</b>	<b>25,874,387</b>	<b>94,806,170</b>
<b>1 Cash Received</b>	<b>473,501,849</b>	<b>374,467,742</b>
1.1 Interest Income	457,228,681	352,382,876
1.2 Commission and Discount Income	1,490,163	673,460
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	14,783,005	21,411,406
<b>2 Cash Payment</b>	<b>447,627,462</b>	<b>279,661,572</b>
2.1 Interest Expenses	343,627,596	210,966,225
2.2 Staff Expenses	41,045,584	24,137,306
2.3 Office Overhead Expenses	38,954,282	23,350,535
2.4 Income Tax Paid	24,000,000	21,207,505
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(434,092,977)	(345,589,461)
<b>(Increase)/Decrease of Current Assets</b>	<b>552,563,502</b>	<b>(782,284,662)</b>
1 (Increase)/Decrease in Money at Call and Short Notice	-	-
2 (Increase)/Decrease in Short-term Investments	44,500,000	(110,000,000)
3 (Increase)/Decrease in Loans and Advances and Bills Purchase	508,695,592	(666,024,465)
4 (Increase)/Decrease in Other Assets	(632,090)	(6,260,197)
<b>Increase/(Decrease) of Current Liabilities</b>	<b>(986,656,479)</b>	<b>436,695,201</b>
1 Increase/(Decrease) in Deposits Liabilities	424,913,890	482,877,895
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	22,200,000	(60,000,000)
4 Increase/(Decrease) in Other Liabilities	(1,433,770,370)	13,817,307
<b>(b) Cash flow from Investment Activities</b>	<b>(67,236,339)</b>	<b>(16,749,375)</b>
1 (Increase)/Decrease in Long-Term Investment	-	79,152
2 (Increase)/Decrease in Fixed Assets	(67,236,339)	(18,377,527)
3 Interest Income From Long-Term Investment	-	-
4 Dividend Income	-	1,549,000
5 Others	-	-
<b>(c) Cash flow from Financing Activities</b>	<b>-</b>	<b>532,156,182</b>
1 Increase/(Decrease) in Long-Term Borrowings (Bonds, Debentures etc.)	-	-
2 Increase/(Decrease) in Share Capital	-	563,653,260
3 Increase/(Decrease) in Other Liabilities (Share Premium)	-	(31,497,078)
4 Increase/(Decrease) in Refinance/Facilities From Nepal Rastra Bank	-	-
<b>(d) Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>(e) This Year's Cash Flow from All Activities</b>	<b>(475,454,929)</b>	<b>264,623,516</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>537,460,131</b>	<b>272,836,615</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>62,005,203</b>	<b>537,460,131</b>

**Bhumi Narayan Shrestha**  
Chairman & Director

**Mahendra Nath Karmacharya**  
Managing Director

**Ashok Bhattarai**  
Director

As per our report of even date

Date : 25 Bhaishak, 2069  
Place : Kathmandu, Nepal

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**  
**Fiscal Year 2010/11 (2067/68)**

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 16 July 2010	935,069,500	3,645,009	37,104,433	-	-	2,611,560	-	1,920	-	978,432,422
Adjustment for Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-
Restated Balance as at 16 July 2011	935,069,500	3,645,009	37,104,433	-	-	2,611,560	-	1,920	-	978,432,422
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	(961,694,573)	-	-	-	-	-	-	-	(961,694,573)
General Reserve	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(393,527,545)	-	-	-	-	-	393,527,545	-	-
Closing Balance	935,069,500	(1,351,577,110)	37,104,433	-	-	2,611,560	-	393,529,465	-	16,737,848

(In Rs.)

As per our report of even date

**Maheswarendra Bdr. Shrestha, FCA**  
 M.B. Shrestha & Co.  
 Chartered Accountants

**Ashok Bhattarai**  
 Director

**Mahendra Nath Karnacharya**  
 Managing Director

**Bhumi Narayan Shrestha**  
 Chairman & Director

Date : 25 Bhaishak, 2069  
 Place : Kathmandu, Nepal

**List of Share Holder's holding 0.5% or more of Paid-Up Share Capital**

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

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
<b>1 Share Capital</b>		
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	This Year		Previous Year	
	%	Share Capital	Share Capital	%
<b>1 National Ownership</b>	<b>100%</b>	<b>935,069,500</b>	<b>935,069,500</b>	<b>100%</b>
1.1 Government of Nepal		-	-	
1.2 "A" Class Licensed Institutions		-	-	
1.3 Other License Institutions		-	-	
1.4 Other Entities/ Organizations	49%	458,184,100	374,027,800	40%
1.7 Individuals	51%	476,885,400	561,041,700	60%
1.6 Others		-	-	
<b>2 Foreign Ownership</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>100</b>	<b>935,069,500</b>	<b>935,069,500</b>	<b>100</b>

Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
1 General Reserve Fund	37,104,433	37,104,433
2 Capital Reserve Fund	-	-
3 Capital Redemption Reserve	-	-
4 Capital Adjustment Fund	-	-
5 Other Resevers	396,141,025	
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	393,529,465	1,920
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6 Accumulated Profit/(Loss)	(1,351,577,110)	3,645,008
7 Exchange Equalization Fund	-	-
<b>Total</b>	<b>(918,331,652)</b>	<b>43,362,921</b>

Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
1. .... Percent Bonds/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding balance of Redemption Reserve Rs.....)	-	-
2. .... Percent Bond/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding Balance of Redemption Reserve Rs. .... each	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Local</b>		
1 Nepal Government	-	-
2 Nepal Rastra Bank	-	-
3 Repo Obligation	-	-
4 Inter Bank and Financial Institutions	217,200,000	195,000,000
5 Other Organized Institutions	-	-
6 Others	-	-
<b>Total</b>	<b>217,200,000</b>	<b>195,000,000</b>
<b>B Foreign</b>	-	-
1 Banks	-	-
2 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>217,200,000</b>	<b>195,000,000</b>

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 32 Ashad 2068**

Particulars		This Year Rs.	Previous Year Rs.
<b>1</b>	<b>Non-Interest Bearing Accounts</b>		
<b>A.</b>	<b>Current Deposits</b>	-	
1.	Local Currency	-	2,857,093
1.1	Nepal Government	-	-
1.2	"A" Class Licensed Institutions	-	-
1.3	Other Licensed Financial Institutions	-	2,381,837
1.4	Other Organized Institutions	-	240,998
1.5	Individuals	-	234,258
1.6	Others	-	-
<b>2.</b>	<b>Foreign Currency</b>	-	-
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>B.</b>	<b>Margin Deposits</b>	-	-
1	Employee Guarantees	-	-
2	Guarantee Margin	-	-
3	Letters of Credit Margin	-	-
<b>C.</b>	<b>Others</b>	-	-
1.	Local Currency	-	-
1.1	Financial Institutions	-	-
1.2	Other Organized Institutions	-	-
1.3	Individuals	-	-
2.	Foreign Currency	-	-
2.1	Financial Institutions	-	-
2.2	Other Organized Institutions	-	-
2.3	Individuals	-	-
	<b>Total of Non-Interest Bearing Accounts</b>	-	<b>2,857,093</b>
<b>2</b>	<b>Interest Bearing Accounts</b>	-	-
<b>A.</b>	<b>Savings Deposits</b>	<b>582,651,052</b>	<b>557,772,306</b>
1.	Local Currency	582,651,052	557,772,306
1.1	Organized Institutions	434,247	149,064
1.2	Individuals	582,216,805	557,623,242
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>B.</b>	<b>Fixed Deposits</b>	<b>1,343,252,051</b>	<b>1,141,537,284</b>
1.	Local Currency	1,343,252,050.95	1,141,537,284
1.1	Organized Institutions	927,625,727	891,853,173
1.2	Individuals	415,626,324	249,684,111
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>C.</b>	<b>Call Deposits</b>	<b>793,688,481</b>	<b>592,511,011</b>
1.	Local Currency	793,688,481	592,511,011
1.1	"A" Class Licensed Institutions	-	5,653
1.2	Other Licensed Institutions	488,265,455	470,616,783
1.3	Other Organized Institutions	222,202,261	66,024,262
1.4	Individuals	83,220,765	55,864,313
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	-	-
<b>D.</b>	<b>Certificate of Deposit</b>	-	-
1.	Organized Institutions	-	-
2.	Individuals	-	-
3.	Others	-	-
	<b>Total of Interest Bearing Accounts</b>	<b>2,719,591,584</b>	<b>2,291,820,601</b>
	<b>Total Deposit (1+2)</b>	<b>2,719,591,584</b>	<b>2,294,677,694</b>

Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
1 Pension/Gratuity Fund	304,059	224,635
2 Employees Provident Fund	-	-
3 Employees Welfare Fund	-	-
4 Provision for Staff Bonus	-	8,962,913
5 Interest Payable on Deposits	24,827,347	25,822,600
6 Interest Payable on Borrowings	322,385	894,658
7 Unearned Discount and Commission	-	-
8 Sundry Creditors	11,161,171	4,336,951
9 Branch Adjustment Account	-	-
10 Others	-	-
TDS Payable on interest	4,728,594	-
Other TDS Payable	1,064,060	-
A/C Payables	676,029	-
FD Nominees	13,851,754	6,998,426
Provision	4,292,940	-
Deferred Tax Liability	-	-
Other Miscellaneous	-	2,952,084
<b>Total</b>	<b>61,228,338</b>	<b>50,192,267</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	7,953,565	18,443,691
2 Foreign Currency	-	-
<b>Total</b>	<b>7,953,565</b>	<b>18,443,691</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
**As on 32 Ashad 2068**

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	295,456	-	-	-	295,456	139,817,338
a) Current Account	295,456	-	-	-	295,456	139,817,338
b) Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Banks/Financial Institutions**  
**As on 32 Ashad 2068**

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	53,756,182	-	-	-	53,756,182	379,199,102
a) Current Account	3,551,293				3,551,293	9,140,412
b) Other Account	50,204,889				50,204,889	370,058,690
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
<b>Total</b>	<b>53,756,182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,756,182</b>	<b>379,199,102</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
**As on 32 Ashad 2068**

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	70,000,000	-	70,000,000	50,000,000
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	20,000,000	-	20,000,000	-
4 Nepal Rastra Bank Bonds	-	-	-	-
5 Foreign Securities	-	-	-	-
6 Local Licensed Institutions	-	-	-	140,000,000
7 Foreign Banks		-	-	-
8 Organized Institutions Shares	29,200	-	29,200	33,400
9 Corporate Bonds and Debentures	-	-	-	-
10 Other Investments	110,500,000	-	110,500,000	55,000,000
Total Investment	200,529,200	-	200,529,200	245,033,400
Provision	2,200	-	2,200	6,400
<b>Net Investment</b>	<b>200,527,000</b>	<b>-</b>	<b>200,527,000</b>	<b>245,027,000</b>



Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 32 Ashad 2068**

	Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1	Investment in Shares					
1.1	Credit Information Bureau	-	-	-	-	-
	270 Ordinary Shares of Rs 100 Paid up	27,000	-	-	27,000	27,000
1.2	Union Finance Co. Ltd.	2,200	3,960	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.)	-	-	-	-	4,200
	..... % .... Debentures/Bonds of Rs. .... each					
2.2	.....	-	-	-	-	-
2.3	.....	-	-	-	-	-
	<b>Total Investment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3	Provision for Loss	-	-	-	-	-
3.1	Provision Up to Previous Year	29,200	3,960	2,200	29,200	33,400
3.2	Additions This Year	2,200				6,400
	<b>Total Provision</b>	<b>6,400</b>				<b>23,200</b>
	<b>Net Investment</b>	<b>(4,200)</b>				<b>(16,800)</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
**As on 32 Ashad 2068**

Description	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	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	-	-	-	-	-	
<b>Total Investment</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
**As on 32 Ashad 2068**

Description	Cost Price	Cumulative Loss Upto This Year	Current Lear Loss	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Governement of Nepal	70,000,000	-	-	-	-	
2. Saving Bonds of Government of Nepal	20,000,000	-	-	-	-	
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	110,527,000	-	-	-	-	
<b>Total Investment</b>	<b>200,527,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
**As on 32 Ashad 2068**

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	Profit/(Loss)	
1. Treasury Bills of Governement 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	29,200	-	-	-	-	
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	-	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 32 Ashad 2068**

Particulars	Loans						Total	Bills Purchased/Discounted			This Year Rs.	Previous Year Rs.
	Domestic			Others	Foreign	Total		Domestic	Foreign	Total		
	Deprived		Uninsured									
	Insured											
1	1	Performing Loan	-	61,703,980	1,994,994,155	-	2,056,698,135	-	-	-	2,056,698,135	2,680,905,090
		1.1 Pass Loan	-	61,703,980	1,994,994,155	-	2,056,698,135	-	-	-	2,056,698,135	2,680,905,090
		1.2 Restructured	-	-	-	-	-	-	-	-	-	-
2		Non-Performing Loan	-	-	1,580,385,722	-	1,580,385,722	-	-	-	1,580,385,722	72,398,387
		2.1 Substandard	-	-	143,343,764	-	143,343,764	-	-	-	143,343,764	-
		2.2 Doubtful	-	-	3,522,941	-	3,522,941	-	-	-	3,522,941	-
		2.3 Bad	-	-	1,433,519,016	-	1,433,519,016	-	-	-	1,433,519,016	72,398,387
(A)		Total Loan	-	61,703,980	3,575,379,877	-	3,637,083,857	-	-	-	3,637,083,857	2,753,303,477
3		Loan Loss Provision	-	617,040	1,491,066,370	-	1,491,683,410	-	-	-	1,491,683,410	99,207,438
		3.1 Pass	-	617,040	19,949,942	-	20,566,981	-	-	-	20,566,981	26,809,051
		3.2 Restructured	-	-	-	-	-	-	-	-	-	-
		3.3 Substandard	-	-	35,835,941	-	35,835,941	-	-	-	35,835,941	-
		3.4 Doubtful	-	-	1,761,471	-	1,761,471	-	-	-	1,761,471	-
		3.5 Bad	-	-	1,433,519,016	-	1,433,519,016	-	-	-	1,433,519,016	72,398,387
(B)		Total Provisioning	-	617,040	1,491,066,370	-	1,491,683,410	-	-	-	1,491,683,410	99,207,438
4		Provisioning up to Previous Year	-	449,970	98,757,468	-	99,207,438	-	-	-	99,207,438	82,024,477
		4.1 Pass	-	449,970	26,359,081	-	26,809,051	-	-	-	26,809,051	20,255,096
		4.2 Restructured	-	-	-	-	-	-	-	-	-	-
		4.3 Substandard	-	-	-	-	-	-	-	-	-	-
		4.4 Doubtful	-	-	-	-	-	-	-	-	-	-
		4.5 Bad	-	-	72,398,387	-	72,398,387	-	-	-	72,398,387	61,769,381
(C)		Total Previous Year's Provision	-	449,970	98,757,468	-	99,207,438.00	-	-	-	99,207,438	82,024,477
(D)		Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-
		Changes in This Year	-	167,070	1,392,308,902	-	1,392,475,972	-	-	-	1,392,475,972	17,182,961
		Net Loan (A-B)	-	61,086,940	2,084,313,507	-	2,145,400,447	-	-	-	2,145,400,447	2,654,096,039

Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
<b>(A) Secured</b>	<b>3,637,083,857</b>	<b>2,753,303,477</b>
1 Movable/Immovable Assets	3,239,175,044	2,633,238,430
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	298,362,372	75,068,020
b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7 Government Bonds	-	-
8 Counter Guarantee	-	-
9 Personal Guarantee	-	-
10 Other Securities	99,546,441	44,997,027
<b>(B) Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,637,083,857</b>	<b>2,753,303,477</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 32 Ashad 2068**

Particulars	Assets					This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	6,208,878	18,815,524	5,599,210.00	4,549,191.00	66,505,152	55,322,744
b. Addition This Year	(0)	23,808,980	21,161,230	8,263,950	2,515,298	55,749,458	11,913,298
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	-	117,254	-	-	117,254	730,890
e. This Year Written off	-	-	35,950	57,236	18,996	112,182	-
<b>Total Cost (a+b+c-d-e)</b>	<b>31,332,349</b>	<b>30,017,858</b>	<b>39,823,549</b>	<b>13,805,924</b>	<b>7,045,493</b>	<b>122,025,173</b>	<b>66,505,152</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	4,362,854	2,866,584	5,751,326	2,645,457.00	1,573,300	17,199,521	10,663,668
b. For This Year	1,348,475	4,562,072	6,860,707	2,231,895.70	1,214,749	16,217,899	7,072,378
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	536,525
<b>Total Depreciation</b>	<b>5,711,329</b>	<b>7,428,656</b>	<b>12,612,033</b>	<b>4,877,353</b>	<b>2,788,049</b>	<b>33,417,420</b>	<b>17,199,521</b>
3 Book Value (WDV*) (1-2)	25,621,020	22,589,202	27,211,516	8,928,571	4,257,445	88,607,754	49,305,631
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	4,229,724	4,229,724
6 Leasehold Assets	-	-	-	-	-	19,488,718	7,772,400
<b>Total (3+4+5+6)</b>	<b>25,621,020</b>	<b>22,589,202</b>	<b>27,211,516</b>	<b>8,928,571</b>	<b>4,257,445</b>	<b>168,335,565</b>	<b>117,317,125</b>

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 32 Ashad 2068**

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Grand Total</b>	-	-	-	-	-	-

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 32 Ashad 2068**

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		1,460,133	512,879
Income Receivable on Investments		682,226	2,351,438
Accrued Interest on Loan	150,463,250	-	16,687,719
Less : Interest Suspense Amount	(150,463,250)	-	(16,687,719)
Commission Receivable		-	-
Sundry Debtors		36,372,580	11,207,309
Staff Loans and Advances		596,893	326,009
Prepaid Expenses		2,180,560	1,065,955
Cash in Transit		-	-
Other Transit items ( including cheques )		-	959,295
Drafts Paid without Notice		-	-
Expenses Not Written off		477,871	-
Branch account		-	-
Deferred Tax Assets		393,529,465	1,920
Other		3,189,826	3,905,115
<b>Total</b>		<b>438,489,555</b>	<b>20,329,920</b>

Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	138,431,616	12,031,634	-	150,463,250	16,687,719
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 32 Ashad 2068**

Particulars		This Year Rs.	Previous Year Rs.
1	Claims on Institution but not accepted by the Institution	-	-
2	Letters of Credit (Full Amount)	-	-
	a) Less than 6 months Maturity	-	-
	b) More than 6 months Maturity	-	-
3	Rediscounted Bills	-	-
4	Unmatured Guarantees/Bonds	1,650,000	-
	a) Bid Bonds	-	-
	b) Performance Bonds	1,650,000	-
	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	-----	-	-
	<b>Total</b>	<b>1,650,000</b>	<b>-</b>

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**

**Interest Income**

**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft	394,256,316	312,059,968
1 Loans and Advances	394,256,316	312,059,968
2 Overdraft	-	-
B. On Investment	6,274,407	930,711
1 Nepal Government Securities	-	-
a. Treasury Bills	5,049,407	930,711
b. Development Bonds	1,225,000	-
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	56,697,958	39,392,197
1 Certificate of Deposits	-	-
2 Inter-Bank Loan	8,607,058	8,171,440
3 Others-Deposit with other Fis	48,090,900	31,220,757
<b>Total</b>	<b>457,228,681</b>	<b>352,382,876</b>



Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**  
**Interest Expenses**  
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars		This Year Rs.	Previous Year Rs.
A.	On Deposit Liabilities	308,004,673	210,966,225
	1 Fixed Deposits	149,959,282	100,018,493
	1.1 Local Currency	149,959,282	100,018,493
	1.2 Foreign Currency	-	-
	2 Savings Deposits	63,404,700	56,432,627
	2.1 Local Currency	63,404,700	56,432,627
	2.2 Foreign Currency	-	-
	3 Call Deposits	94,640,692	24,443,510
	3.1 Local Currency	94,640,692	24,443,510
	3.2 Foreign Currency	-	-
	4 Certificate of Deposits	-	-
B	On Borrowings	35,622,923	30,071,595
	1 Debentures and Bonds	-	-
	2 Loan from Nepal Rastra Bank	-	-
	3 Inter Bank/Financial Institutions Borrowing	35,622,923	30,071,595
	4 Other Corporate Body	-	-
	5 Other Loans	-	-
C	On Others	-	-
	1 .....	-	-
	2 .....	-	-
<b>Total</b>		<b>343,627,596</b>	<b>210,966,225</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**  
**Commission and Discount**  
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars		This Year Rs.	Previous Year Rs.
A	Bills Purchase and Discount	-	-
	1 Local	-	-
	2 Foreign	-	-
B	Commission	201,331	48,067
	1 Letters of Credit	-	-
	2 Guarantee	34,000	-
	3 Collection Fee	-	-
	4 Remittance Fee	152,331	48,067
	5 Credit Cards	15,000.00	-
	6 Share Underwriting/Issues	-	-
	7 Government Transactions	-	-
	8 Agency Commission	-	-
	10 Exchange Income	-	-
C	Others	1,288,831	625,392
<b>Total</b>		<b>1,490,163</b>	<b>673,459</b>

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**  
**Other Operating Income**

**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars	This Year Rs.	Previous Year Rs.
1 Rental on Safe Deposit Lockers	-	-
2 Issue and Renewals of Credit Cards	-	-
3 Issue and Renewals of ATM Cards	178,121	2,700
4 Telex/T.T.	-	-
5 Service Charges	12,521,436	16,820,125
6 Renewal Fees	-	-
7 Others	599,073	4,588,581
<b>Total</b>	<b>13,298,630</b>	<b>21,411,406</b>

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**  
**Exchange Gain/Loss**

**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

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

Schedule 4.23

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

**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	20,948,066	10,624,464
2 Allowances	4,367,270	2,803,952
3 Contribution to Provident Fund	814,447	597,491
4 Training Expenses	159,010	92,950
5 Uniform	592,435	479,422
6 Medical	1,899,458	1,073,183
7 Insurance	817,157	75,055
8 Leave Incashment	1,408,179	859,874
9 Others	6,442,199	1,529,732
<b>Total</b>	<b>37,448,220</b>	<b>18,136,123</b>

**Capital Merchant Banking & Finance Ltd.**
**Other Overhead Expenses**
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars		This Year Rs.	Previous Year Rs.
1	House Rent	6,070,844	2,039,067
2	Electricity and Water	1,660,281	977,823
3	Repair and Maintenance	951,780	327,776
	(a) Building	76,248	5,505
	(b) Vehicles	175,048	170,606
	(c) Others	700,485	151,665
4	Insurance	871,396	509,556
5	Postage, Telex, Telephone, Fax	925,095	476,494
6	Office Equipment, Furniture and Fixture Repair	-	-
7	Traveling Allowances and Expenses	967,695	218,338
8	Stationery and Printing	2,790,217	1,217,337
9	Periodicals and Books	64,704	40,506
10	Advertisements	4,400,285	27,994,900
11	Legal Expenses	75,500	16,600
12	Donations	78,954	24,271
13	Expenses Relating to Board of Directors	514,534	715,837
	(a) Meeting Fees	410,000	700,000
	(b) Other Expenses	104,534	15,837
14	Annual General Meeting Expenses	384,605	461,857
15	Expenses Relating to Audit	109,733	-
	(a) Audit Fees	90,000	90,000
	(b) Other Expenses	19,733	-
16	Commission on Remittances	-	-
17	Depreciation on Fixed Assets	16,217,899	7,072,378
18	Amortization of Preliminary Expenses	-	-
19	Share Issue Expenses	10,429	2,138,340
20	Technical Services Fee	961,888	1,399,578
21	Entertainment	606,012	391,891
22	Written Off Expenses	1,748,265	761,008
23	Security Expenses	4,068,293	1,869,520
24	Credit Guarantee Premium	-	-
25	Commission and Discount	11,774	292,102
26	Others	11,681,996	7,344,152
	26.1 Membership Fee	83,483	31,500
	26.2 Tax & Fines	1,053,993	2,530,470
	26.3 Anniversary Expenses	920,460	73,485
	26.4 Fuel Expenses	1,861,983	760,240
	26.5 Service Charge	7,937	250
	26.6 Gift Expenses	13,152	3,850
	26.7 Branch Extension Expenses	1,103,932	395,010
	26.8 Business Promotion Expenses	379,744	108,830
	26.9 ATM Network Expenses	951,606	1,321,813
	26.6 Share Issue Management	-	-
	26.7 Others	5,305,707	2,118,704
	<b>Total</b>	<b>55,172,180</b>	<b>31,183,921</b>

Schedule 4.25

**Capital Merchant Banking & Finance Ltd.**  
**Provision for Possible Losses**  
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars		This Year Rs.	Previous Year Rs.
1	Increase in Loan Loss Provision	1,392,475,972	17,182,961
2	Increase in Provision for Loss on Investment	-	-
3	Provision Against Non-Banking Assets	-	-
4	Provision Against Other Assets	-	-
<b>Total</b>		<b>1,392,475,972</b>	<b>17,182,961</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**  
**Non-Operating Income/Loss**  
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars		This Year Rs.	Previous Year Rs.
1	Profit (Loss) on Sale of Investment	39,059	62,352
2	Profit (Loss) on Sale of Assets	(54,683)	(34,615)
3	Dividend	-	-
4	Subsidies Received from Nepal Ratra Bank	-	-
	a. Reimbursement of Losses of Specified Branches	-	-
	b. Interest Subsidy	-	-
	c. Exchange Counter	-	-
5	Others	1,500,000	1,549,000
<b>Total Non-Operating Income (Loss)</b>		<b>1,484,376</b>	<b>1,576,737</b>

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**  
**Loss Provisions Written Back**  
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars		This Year Rs.	Previous Year Rs.
1	Loan Loss Provision Written Back	-	-
2	Provision against Non-Banking Assets Written Back	-	-
3	Investment Provision Written Back	-	16,800
4	Provision against Other Assets Written back	-	-
<b>Total</b>		<b>-</b>	<b>16,800</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**  
**Income /Expenses from Extra-ordinary Activities**  
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

Particulars		This Year Rs.	Previous Year Rs.
1	Recovery of write off Loan	-	-
2	Voluntary Retirement Scheme Expenses	-	-
3	Loan Write-Off (4.28) (a)	-	-
4	Other Expenses/Income	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period from July 17, 2010 to July 16, 2011 (Shrawan 01, 2067 to Ashad 32, 2068)**

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 32 Ashad 2068**

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	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 32 Ashad 2068**

Particulars	This Year Rs.	Previous Year Rs.
<b>A) Core Capital</b>	<b>14,538</b>	<b>978,433</b>
1 Paid up Capital	935,070	935,070
2 Proposed Bonus Share	-	-
3 Share Premium	2,612	-
4 Non-Redeemable Preference Share	-	-
5 General Reserve Fund	37,104	37,104
6 Cumulative Profit/(Loss) (up to Previous FY)		
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(1,351,577)	3,645
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	
10 Calls in Advance	-	
11 Other Free Reserves		2,612
12 Deferred Tax Reserve	393,529	2
<b>Less :</b>	<b>2,200</b>	<b>-</b>
- Goodwill	-	-
- Investment in excess of prescribed limit	2,200	-
- 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>B) Supplementary Capital</b>	<b>20,569</b>	<b>26,815</b>
1 Loan Loss Provision on Pass Loans	20,567	26,809
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	2.20	6.00
<b>C) Total Capital Fund (A+B)</b>	<b>35,107</b>	<b>1,005,248</b>
<b>D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets</b>		
Capital Fund (@ 11 Percent)	435,039	322,383
Core Capital (@ 5.5 Percent)	217,520	161,192
Capital Fund Deficit By @ ..... Percent	(399,932)	682,865
Core Capital Deficit By @ ..... Percent	(202,982)	817,241

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 32 Ashad 2068**

Fig. in '000

On-Balance Sheet Assets	Weightage	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	7,954	-	18,444	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	295	-	139,817	-
Investment in Government Securities	0	20,000	-	-	-
Investment in NRB Bonds	0	70,000	-	50,000	-
Fully Secured Loan against own Fixed Deposit Receipt	0	297,247	-	75,068	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	53,756	10,751	519,199	103,840
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	110,500	22,100	-	-
Interbank Lending	20	-	-	55,000	11,000
Investments in Shares, Debentures and Bonds	100	29	29	33	33
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	3,339,836	3,339,836	2,678,235	2,678,235
Fixed Assets	100	168,336	168,336	117,317	117,317
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	412,199	412,199	20,330	20,330
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>4,480,153</b>	<b>3,953,252</b>	<b>3,673,443</b>	<b>2,930,755</b>
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	1,650	1,650	-	-
Irrevocable Loan Commitment	100	-	-	-	-
Contingent Liability in respect of Income Tax	100	-	-	-	-
All other contingent Liabilities	100	-	-	-	-
Unpaid Guarantee Claims	100	-	-	-	-
<b>Total (B)</b>		<b>1,650</b>	<b>1,650</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>4,481,803</b>	<b>3,954,902</b>	<b>3,673,443</b>	<b>2,930,755</b>

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

Particulars		Indicators	FY 2063/64	FY 2064/65	FY 2065/66	FY 2066/67	FY 2067/68
1	Percent of Net Profit/Gross Income	Percent	19.27	18.22	16.06	16.63	(203.10)
2	Earning Per Share	Rs.	16.46	10.55	11.21	6.69	(102.85)
3	Market Value Per Share	Rs.	175.00	1,290	680	216	131
4	Price Earning Ratio	Percent	11.00	122.00	61.00	32.00	(1.27)
5	Dividend (Including Bonus) on Share Capital	Percent	15.83	8.42	-	-	-
6	Cash Dividend on Share Capital	Percent	0.83	0.42	8.42	5.26	-
7	Interest Income/Loan & Advances	Percent	10.78	9.98	10.99	11.33	10.84
8	Staff Expenses/Total Operating Expenses	Percent	31.09	35.34	39.64	36.77	40.43
9	Interest Expenses / Total Deposit and Borrowing	Percent	6.77	6.80	7.96	9.19	11.70
10	Exchange Gain/Total Income	Percent	-	-	-	-	-
11	Staff Bonus/Total Staff Expenses	Percent	108.71	89.83	56.64	49.42	-
12	Net Profit/Loan and Advances	Percent	2.39	2.08	2.01	2.27	(26.44)
13	Net Profit/Total Assets	Percent	2.03	1.77	1.66	1.75	(31.90)
14	Total Credit/Deposit	Percent	104.26	111.61	115.20	119.99	133.74
15	Total Operating Expenses/Total Assets	Percent	0.87	0.81	1.05	1.38	1.83
16	Adequacy of Capital Fund on Risk Weighted Assets						
	a) Core Capital	Percent	15.50	19.98	17.59	33.39	0.37
	b) Supplementary Capital	Percent	0.82	0.88	0.89	0.91	0.52
	c) Total Capital Fund	Percent	16.32	20.87	18.48	34.30	0.89
17	Liquidity (CRR)	Percent	12.37	11.72	13.20	21.59	0.054
18	Non-Performing Loan/Total Credit	Percent	2.820	2.270	2.960	2.63	43.45
19	Weighted Average Interest Rate Spread	Percent	5.12	4.62	4.92	4.92	2.01%
20	Book Net-Worth	Rs.	194,693	390,759	401,463	978,432	16,737,848
21	Total Number of Shares	Nos.	1,610,000	3,461,500	3,740,278	9,350,695	9,350,695
22	Total Staff	Nos.	18	24	57	71	128
23	Others	-	-	-	-	-	-



## Significant Accounting Policies

### Schedule 4.32

#### 1. General Information

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

The Company has been registered with the Office of the Company Registrar on 14 Ashar, 2058, obtained license from Nepal Rastra Bank on 19 Magh 2058 and came into operation with effective from 19 Magh 2058. The Company has listed on Nepal Stock Exchange Limited.

#### 2. Summary of Significant Accounting Policies

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

#### 3. Statement of Compliance

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

#### 4. Basis of Preparation

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

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

#### 5. Interest Income

Interest income on loans and advances is recognised on cash basis as per the Nepal Rastra Bank Directive.

Interest income on Investments is accounted for on accrual basis.

#### 6. Commission Income

All the commission incomes are accounted for on accrual basis.

#### 7. Interest Expense

Interest on deposit liabilities and borrowings is accounted for on accrual basis.

#### 8. Loans and Advances including Bills Purchased

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

#### 9. Staff Loans and Advances

Loans and advances granted to staff are shown under other assets Schedule-4.16.

#### 10. Loan Loss Provision

The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.

#### 11. Write Off

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

#### 12. Investments

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

#### 13. Fixed Assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation and impairment losses.
- Assets with a value less than Rs. 5,000 are charged off as a revenue expense irrespective of its useful life in the year of purchase.
- Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner and rates prescribed by Income Tax Act, 2058.

- d. Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.

**14. Non-Banking Assets**

Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives.

**15. Software Expenses**

Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.

**16. Employee Benefits**

**a. Retirement fund**

Provident fund contribution is recognised as expenses and deposited into the CIT.

**b. Gratuity**

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

**17. 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.

**18. 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.

**19. Income Tax**

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act.

**20. Deferred Tax**

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

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

## Notes to Accounts

### Schedule 4.33

#### 1. Interest Income and Interest Suspense

The interest receivable on loans and advances as at 16 July, 2011 (32 Ashad, 2068) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.

#### 2. Provision for Staff Bonus

Staff bonus has not been provided as bank has negative net profit.

#### 3. Staff Housing Fund

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

#### 4. General Reserve

General Reserves has not been provided as bank has negative net profit.

#### 5. Calls in Arrears

There are no Calls in Arrears at the year end.

#### 6. Unpaid Dividend

The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/67. As on balance sheet date, total dividend payable amounts to Rs. 2,87,915.03.

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

The Company has made investment of Rs. 27,000 in shares of Credit Information Bureau and Rs. 2,200 in the shares of Union Finance. Union Finance has not distributed dividend from since last 3 years.

Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 16 July 2011.

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

Rs'000

Particulars	Amount (Rs.)
Opening Balance	27,53,303
Loans Disbursed	15,02,364
Loans Recovered	6,18,584
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	36,37,084

#### 9. Classification of Loans & Provisioning

Classification of loan as on 32/3/2068 is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	20,56,698
2.	Substandard	1,43,344
3.	Doubtful	3,523
4.	Loss	14,33,519
	<b>Total</b>	<b>36,37,084</b>

Accordingly, Company has provided Rs. 14,91,683.00 thousand loan loss provision thereon. Based on the notice published for auction of loan related mortgaged properties, additional loan loss provision of Rs.11,67,286 thousand needs to be provided resulting total loan loss provision as on 32/03/2068 will be Rs.26,58,969 thousand whose classification of loan is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	9,70,853
2.	Substandard	12,406
3.	Doubtful	3,173
4.	Loss	26,50,652
	<b>Total</b>	<b>36,37,084</b>

Moreover, loan loss provision amounting to Rs.500 thousand is yet to be created on account of guarantee invocation. The implication of this would increase net loss by the same amount.

#### 10. Summary Status of the Deposit Liabilities

Rs'000

Particulars	Current Year NRs.	Previous Year NRs.	Decrease by Rs.
Current Deposit	0	2,857	-2,857
Margin Deposit	0	0	0
Saving Deposit	5,82,651	5,57,772	24,879
Call Deposit	7,93,688	5,92,511	2,01,177
Fixed Deposit	13,43,252	11,41,537	2,01,715
<b>Total</b>	<b>27,19,592</b>	<b>22,94,678</b>	<b>4,24,914</b>

#### 11. Paid up Share Capital

Paid up share capital of the Company has been changed from year to year as follows:

Financial Year	Paid up Share Capital (Rs.)	Remarks
2061/62	70,000,000	Opening Share Capital
2062/63	70,000,000	
2063/64	161,000,000	Public Share & Bonus 91,000,000
2064/65	346,150,000	Public Share & 15% Bonus share
2065/66	374,027,800	Bonus Shares
2066/67	935,069,500	1:1.5 right share
2067/68	935,069,500	

#### 12. Earnings Per Share, share price and share transaction

Earnings per Share is calculated and disclosed as follows:

Particulars	Basic Earnings Per Share	Diluted Earnings Per Share*
Net profit attributable to equity shareholders (Rs.)	-96,16,94,573	-96,16,94,573
Weighted average number of shares outstanding (No.)	9,350,695	9,350,695
Earnings Per Share (Rs.)	-102.85	-102.85

\* Since the Company has not issued preference share and debentures/bonds, basic earnings per share and diluted earnings per share are same.

#### 13. Tax liability reconciliation

Reconciliation of profit as per financial statement is reconciled with taxable profit to compute tax liability as follows:

Particulars	Amount
Profit before tax as per Profit & Loss Account	(1,35,52,22,118)
Add: Adjustments for	
Depreciation & amortization as per books of accounts	1,62,17,899
Provision for Gratuity	14,08,179
Provision for Leave Encashment	42,92,940
Donation	78,954
LLP	13,09,82,9217
Deferred Expenses W/Off	-
Share Issue Management W/Off	-
Pollution Check of Bike	3,600
Standing Liquidity Facility	30,337
Less: Adjustments for	
Depreciation as per Income Tax	1,62,17,899
Deferred Expenses	4,77,871
Share Issue Management	21,89,861
Taxable Profit as per Income tax Act 2058	(4,22,46,624)
Corporate Income Tax @ 30%	

#### 14. Details of Non Banking Assets

The Company has not taken possession of any assets taken as security against the loans and advance.

#### 15. Provision for Gratuity

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation.

#### 16. Provision for Leave Encashment

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs.4292940.00 has been provided for leave encashment under this account.

#### 17. Classification of Assets and Liabilities based on Maturity

Rs in 000

S. N.	PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL
	<b>Assets</b>						
1	Cash Balance	7,954	-	-	-	-	7,954
2	Balance with Banks and Financial Institutions	46,253	-	-	-	-	46,253
3	Investment in foreign Banks	-	-	-	-	-	0
4	Call Money	-	-	-	-	-	0
5	Nepal Government Securities	-	-	-	10,000	80,000	90,000
6	Nepal Rastra Bank Bonds	-	-	-	-	-	0
7	Inter Bank/ Financial Institution Lending	112,500	-	-	-	-	112,500
8	Loans and Advances	-	92,140	146,057	190,977	2,554,254	2,983,428
9	Others	-	-	-	-	-	-
	<b>Total Assets</b>	<b>166,707</b>	<b>92,140</b>	<b>146,057</b>	<b>200,977</b>	<b>2,634,254</b>	<b>3,240,135</b>
	<b>Liabilities</b>						
10	Current Deposits	-	-	-	-	-	-
11	Saving Deposits	1,388,018	-	-	-	-	1,388,018
12	Fixed Deposits	147,334	345,064	462,521	228,859	147,783	1,331,561
13	Debentures	-	-	-	-	-	-
14	Borrowing:	217,200	-	-	-	-	217,200
15	Other Liabilities	-	-	-	-	-	-
	<b>Total Liabilities</b>	<b>1752552</b>	<b>345,064</b>	<b>462,521</b>	<b>228,859</b>	<b>147,783</b>	<b>2,936,779</b>
	Net Financial Assets	-1,585,845	-252,924	-316,464	-27,882	2,486,471	303,356
	<b>Cumulative Total Assets</b>	<b>-1,585,845</b>	<b>-1,838,769</b>	<b>-2,155,233</b>	<b>-2,183,115</b>	<b>303,356</b>	

#### 18. Deferred Tax Assets/ (Liability)

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets	-	-	-
LLP in excess of 5% of lending	1,309,829,217	-	1,309,829,217
Deferred Expenses	-	477,871	(477,871)
Share Issue Management	-	2,189,861	(2,189,861)
Leasehold Assets and Computer Software	-	-	-
Staff Gratuity	304,059	-	304,059
Provision for staff leave	4,292,940	-	4,292,940
Net Temporary Difference			1,311,758,484
Deferred Tax Liability/(Assets) as at Ashad end 2068 @ 30%	-	-	393,527,545
Deferred Tax Liability/(Assets) till Ashad end 2067	-	-	1,920
Deferred Tax Expense/(Income) for current year			393,529,465

Deferred Tax Assets as on Ashad end 2068 (16 July 2011) is Rs.393,529,465 and Rs.393,527,545 has been recognized as deferred tax expenses in Profit and Loss Account in the current year.

19. Presently, the Company has been under PCA (Prompt Corrective Action) as enforced by NRB. The present management, after considering wide range of factors surrounding company's future prosperity, has prepared the financial statement on the going concern assumption albeit presently the company has negative profitability

## 20. Non Adjusting Events after Reporting Period

The composition of both new and the then existing BOD is listed below:

Then existing Board of Directors:

S. No.	Name of Person	Designation
1	Bigyan Prasad Poudel	Chairman
2	Laxman Prasad Poudel	Member
3	Somraj Regmi	Member
4	Sushma K.C.	Member
5	Dambar Bahadur Basnet	Member

New Board of Directors:

S. No.	Name of Person	Designation
1	Bhumi Narayan Shrestha	Chairman
2	Mahendranath Adhikari	Member
3	Ashok Kumar Bhattarai	Member
4	Mahendranath Karmacharya	Managing Director/Professional director

## 21. Income Tax

Provision for income tax has not been made as the bank has negative taxable profit.

22. The financial statements are subject to NRB approval.

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

## 24. Previous Year's Figures

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

Schedule 4.34

**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**  
**As at 32 Ashad 2068 (16 July 2011)**

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

**Capital Merchant Banking & Finance Limited**  
**Computation of Deferred Tax Assets/Liability**  
**As on 32 Ashad 2068**

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets	-	-	-
LLP in excess of 5% of lending	1,309,829,217	-	1,309,829,217
Deferred Expenses		477,871	(477,871)
Share Issue Management		2,189,861	(2,189,861)
Leasehold Assets and Computer Software	-	-	-
Staff Gratuity	304,059	-	304,059
Provision for Staff Leave	4,292,940	-	4,292,940
<b>Net Temporary Difference</b>			<b>1,311,758,483</b>
<b>Deferred Tax Liability/(Assets) as at Ashad end 2068 @ 30%</b>			<b>393,527,545</b>
Deferred Tax Liability/(Assets) till Ashad end 2067			1,920
<b>Deferred Tax Expense/(Income) for current year</b>			<b>393,529,465</b>

**Capital Merchant Banking & Finance Limited**  
**Computation of Taxable Income & Tax**  
**As of 32 Ashad 2068**

Particulars	Amount
Profit before tax as per Profit & Loss Account	(1,355,222,118)
<b>Add: Adjustments for</b>	
Depreciation & amortization as per books of accounts	16,217,899
Provision for Gratuity	1,408,179
Provision for Leave Encashment	4,292,940
Donation	78,954
LLP	1,309,829,217
Deferred Expenses W/off	-
Share Issue Management W/off	-
Pollution Check of Bike	3,600
Standing Liquidity Facility	30,337
<b>Less: Adjustments for</b>	
Depreciation as per Income Tax	16,217,899
Deferred Expenses	477,871
Share Issue Management	2,189,861
Taxable Profit as per Income tax Act 2058	(42,246,624)
Corporate Income Tax @ 30%	-



# M.B. SHRESTHA & CO.

Chartered Accountants  
Sankhamul Road  
New Baneshwar

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Fax No.: 977-1-4781789  
E-mail : pbshrestha@wlink.com.np  
mbsshrestha@gmail.com  
G.P.O. Box : 720  
Kathmandu, Nepal.

## AUDITOR'S REPORT

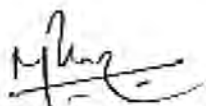
### TO THE SHAREHOLDERS OF CAPITAL MERCHANT BANKING & FINANCE LIMITED

1. We have audited the accompanying Balance Sheet of Capital Merchant Banking & Finance Limited as on Ashadh 31, 2069 (July 15, 2012) and the related Profit & Loss Account and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in Nepal and the directives issued by the Nepal Rastra Bank (NRB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. On examination of the financial statements as aforesaid, we report that;
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.
  - b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are in agreement with the books of accounts.
  - c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.
4. Nepal Rastra Bank (NRB), vide its letter of Shrawan 24, 2068, has enforced PCA (Prompt Corrective Action) against the company with immediate effect requiring the company to comply with additional NRB directives. This action as aforesaid has been initiated pursuant to the provision of NRB's "Prompt and Corrective Action Bye-Rules 2064".

Page 1 of 2



5. The erstwhile Board of Directors of the company has presently been further replaced by new Board of Directors including Chief Executive Officer.
6. As mentioned in schedule 4.30 of the financial statements, the company's total Capital Fund and Core Capital stood at negative figures as of Ashadh 31, 2069 (July 15, 2012), which is insufficient as compared to the minimum requirement fixed by Nepal Rastra Bank's unified directives.
7. In accordance with the details mentioned in note # 19 of the financial statements, the various ceilings like Single Obligor Limit Ratio (Directive No.3) and Investment Limit Ratio (Directive No.8) and Deposit (inclusive of Borrowing) Collection Limit Ratio (Directive No.16) are not in the state of the comparison with the ceilings fixed by Nepal Rastra Bank.
8. In our opinion, adequate provisions for loan losses have been made by the company.
9. In our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraphs # 6 and 7, the said financial statements, read together with the notes attached thereto give a true and fair view of the financial position of the company as of Ashadh 31, 2069 (July 15, 2012) and results of its operations and its cash flows for the year then ended.

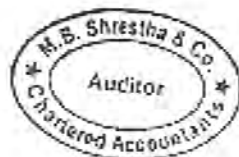


Maheswarendra Bahadur Shrestha, FCA

M.B Shrestha & Co.

Chartered Accountants

Date: Mangsir 26, 2069



**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
**Balance Sheet as on Ashad 31, 2069 (July 15, 2012)**

<b>Capital &amp; Liabilities</b>	<b>Schedule</b>	<b>This Year Rs.</b>	<b>Previous Year Rs.</b>
1 Share Capital	4.1	935,069,500	935,069,500
2 Reserves and Funds	4.2	(2,187,347,930)	(918,331,652)
3 Debentures and Bonds	4.3	-	-
4 Borrowings	4.4	83,795,343	217,200,000
5 Deposit Liabilities	4.5	1,355,135,774	2,719,591,584
6 Bills Payables	4.6	-	-
7 Proposed and Payable Dividend		-	-
8 Income Tax Liabilities			
9 Other Liabilities	4.7	519,931,567	61,228,338
<b>Total Capital Liabilities</b>		<b>706,584,254</b>	<b>3,014,757,770</b>

<b>Assets</b>	<b>Schedule</b>	<b>This Year Rs.</b>	<b>Previous Year Rs.</b>
1 Cash Balance	4.8	7,283,401	7,953,565
2 Balance with NRB	4.9	12,599,308.41	295,456
3 Balance with Banks/Financial Institutions	4.10	106,184,341.90	53,756,182
4 Money at Call and Short Notice	4.11	-	-
5 Investments	4.12	10,027,000	200,527,000
6 Loans Advances and Bills Purchase	4.13	78,309,872	2,145,400,447
7 Fixed Assets	4.14	140,316,103	168,335,565
8 Non-Banking Assets	4.15	-	-
9 Other Assets	4.16	351,864,227	438,489,555
<b>Total Assets</b>		<b>706,584,254</b>	<b>3,014,757,770</b>

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
Comparision Between Unaudited and Audited Financial		Schedule	4.35
Unaudited Financial Highlights certified by Internal Auditor		Schedule	4.(A)

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date :26 Mangshir, 2069  
Place : Kathmandu, Nepal

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

**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	146,134,862	457,228,681
2. Interest Expenses	4.19	221,025,015	343,627,596
<b>Net Interest Income</b>		<b>(74,890,154)</b>	<b>113,601,085</b>
3. Commission and Discount	4.20	44,750	1,490,163
4. Other Operating Income	4.21	39,473	13,298,630
5. Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>(74,805,931)</b>	<b>128,389,878</b>
6. Employees Expenses	4.23	28,139,029	37,448,220
7. Other Overhead Expenses	4.24	39,731,359	55,172,180
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(142,676,319)</b>	<b>35,769,478</b>
9. Provision for Possible Losses	4.25	1,048,715,225	1,392,475,972
<b>Operating Profit</b>		<b>(1,191,391,544)</b>	<b>(1,356,706,494)</b>
10. Non-operating Income/Expenses	4.26	851,024	1,484,376
11. Provision Written-Back	4.27	-	-
<b>Profit from Regular Operations</b>		<b>(1,190,540,520)</b>	<b>(1,355,222,118)</b>
12. Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>(1,190,540,520)</b>	<b>(1,355,222,118)</b>
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		78,475,758	(393,527,545)
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		78,475,758	(393,527,545)
<b>Net Profit/(Loss)</b>		<b>(1,269,016,278)</b>	<b>(961,694,573)</b>

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date :26 Mangshir, 2069  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Appropriation Account**  
**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
<b>Income</b>			
1 Accumulated Profit up to the Last Year		(1,351,577,110)	3,645,009
2 Current Year's Profit		(1,269,016,278)	(961,694,573)
3 Exchange Fluctuation Fund		-	-
<b>Total (A)</b>		<b>(2,620,593,386)</b>	<b>(958,049,564)</b>
<b>Expenses</b>			
1 Accumulated Loss up to the Last Year		-	-
2 This Year's Loss		-	-
3 General Reserve		-	-
4 Contingent Reserve		-	-
5 Institutional Development Fund		-	-
6 Dividend Equalization Fund		-	-
7 Employee Related Reserves Funds		-	-
8 Proposed Dividend		-	-
9 Proposed Issue of Bonus Shares		-	-
10 Special Reserve Fund		-	-
11 Exchange Fluctuation Fund		-	-
12 Capital Redemption Reserve Fund		-	-
13 Capital Adjustment Fund		-	-
14 Deferred Tax Reserve		315,053,707	393,527,545
<b>Total (B)</b>		<b>315,053,707</b>	<b>393,527,545</b>
15 Accumulated Profit/(Loss) (A-B)		(2,935,647,094)	(1,351,577,109)

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date : 26 Mangshir, 2069  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**

**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(a) Cash flow from Operating Activities</b>	<b>(127,798,232)</b>	<b>25,874,387</b>
<b>1 Cash Received</b>	<b>147,070,109</b>	<b>473,501,849</b>
1.1 Interest Income	146,134,862	457,228,681
1.2 Commission and Discount Income	44,750	1,490,163
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	890,497	14,783,005
<b>2 Cash Payment</b>	<b>274,868,341</b>	<b>447,627,462</b>
2.1 Interest Expenses	221,025,015	343,627,596
2.2 Staff Expenses	28,139,029	41,045,584
2.3 Office Overhead Expenses	25,704,296	38,954,282
2.4 Income Tax Paid	-	24,000,000
2.5 Other Expenses		
Cash Flow Before Working Capital Activities	177,867,681	(434,092,977)
<b>(Increase)/Decrease of Current Assets</b>	<b>2,344,215,903</b>	<b>552,563,502</b>
1 (Increase)/Decrease in Money at Call and Short Notice	-	-
2 (Increase)/Decrease in Short-term Investments	190,500,000	44,500,000
3 (Increase)/Decrease in Loans and Advances and Bills Purchase	2,067,090,575	508,695,592
4 (Increase)/Decrease in Other Assets	86,625,328	(632,090)
<b>Increase/(Decrease) of Current Liabilities</b>	<b>(2,166,348,221)</b>	<b>(986,656,479)</b>
1 Increase/(Decrease) in Deposits Liabilities	(1,364,455,810)	424,913,890
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	(133,404,657)	22,200,000
4 Increase/(Decrease) in Other Liabilities	(668,487,754)	(1,433,770,370)
<b>(b) Cash flow from Investment Activities</b>	<b>13,992,399</b>	<b>(67,236,339)</b>
1 (Increase)/Decrease in Long-Term Investment	-	-
2 (Increase)/Decrease in Fixed Assets	13,992,399	(67,236,339)
3 Interest Income From Long-Term Investment	-	-
4 Dividend Income	-	-
5 Others		
<b>(c) Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>(d) Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>(e) This Year's Cash Flow from All Activities</b>	<b>64,061,849</b>	<b>(475,454,929)</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>62,005,204</b>	<b>537,460,131</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>126,067,052</b>	<b>62,005,203</b>

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

As per our report of even date

Date :26 Mangshir, 2069  
Place : Kathmandu, Nepal

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants



**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**  
**Fiscal Year 2011/12 (2068/69)**

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
<b>Opening Balance as at 16 July 2010</b>	935,069,500	(1,351,577,110)	37,104,433	-	-	2,611,560	-	393,529,465	-	16,737,848
Adjustment for Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-
<b>Restated Balance as at 16 July 2011</b>	935,069,500	(1,351,577,110)	37,104,433	-	-	2,611,560	-	393,529,465	-	16,737,848
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	(1,269,016,278)	-	-	-	-	-	-	-	(1,269,016,278)
General Reserve	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	78,475,758	-	-	-	-	-	(78,475,758)	-	-
<b>Closing Balance</b>	935,069,500	(2,542,117,630)	37,104,433	-	-	2,611,560	-	315,053,707	-	(1,252,278,430)

As per our report of even date

<b>Bhumi Narayan Shrestha</b> Chairman & Director	<b>Rabindra Ram Shrestha</b> Director	<b>Ramesh K.C.</b> Director
<b>Ashok Bhattarai</b> Director	<b>Basudev Acharya</b> CEO	<b>Maheswarendra Bdr. Shrestha, FCA</b> M.B. Shrestha & Co. Chartered Accountants

Date : 26 Mangshir, 2069  
Place : Kathmandu, Nepal



**List of Share Holder's holding 0.5% or more of Paid-Up Share Capital**

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



**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 31 Ashad 2069 (15 July 2012)**

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

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
1 General Reserve Fund	37,104,433	37,104,433
2 Capital Reserve Fund	-	-
3 Capital Redemption Reserve	-	-
4 Capital Adjustment Fund	-	-
5 Other Reserves	317,665,267	396,141,025
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	315,053,707	393,529,465
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6 Accumulated Profit/(Loss)	(2,542,117,630)	(1,351,577,110)
7 Exchange Equalization Fund	-	-
<b>Total</b>	<b>(2,187,347,930)</b>	<b>(918,331,652)</b>

Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
1. .... Percent Bonds/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding balance of Redemption Reserve Rs.....)	-	-
2. .... Percent Bond/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding Balance of Redemption Reserve Rs. .... each	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Local</b>		
1 Nepal Government	-	-
2 Nepal Rastra Bank	-	-
3 Repo Obligation	-	-
4 Inter Bank and Financial Institutions	83,795,343	217,200,000
5 Other Organized Institutions	-	-
6 Others	-	-
<b>Total</b>	<b>83,795,343</b>	<b>217,200,000</b>
<b>B Foreign</b>		
1 Banks	-	-
2 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>83,795,343</b>	<b>217,200,000</b>

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars		This Year Rs.	Previous Year Rs.
<b>1</b>	<b>Non-Interest Bearing Accounts</b>		
<b>A.</b>	<b>Current Deposits</b>	-	-
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	-	-
<b>2.</b>	<b>Foreign Currency</b>	-	-
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>B.</b>	<b>Margin Deposits</b>	-	-
1	Employee Guarantees	-	-
2	Guarantee Margin	-	-
3	Letters of Credit Margin	-	-
<b>C.</b>	<b>Others</b>	-	-
1.	Local Currency	-	-
1.1	Financial Institutions	-	-
1.2	Other Organized Institutions	-	-
1.3	Individuals	-	-
2.	Foreign Currency	-	-
2.1	Financial Institutions	-	-
2.2	Other Organized Institutions	-	-
2.3	Individuals	-	-
	<b>Total of Non-Interest Bearing Accounts</b>	-	-
<b>2</b>	<b>Interest Bearing Accounts</b>	-	-
<b>A.</b>	<b>Savings Deposits</b>	<b>511,397,383</b>	<b>582,651,052</b>
1.	Local Currency	511,397,383	582,651,052
1.1	Organized Institutions	154,643	434,247
1.2	Individuals	511,242,740	582,216,805
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>B.</b>	<b>Fixed Deposits</b>	<b>175,094,842</b>	<b>1,343,252,051</b>
1.	Local Currency	175,094,842	1,343,252,051
1.1	Organized Institutions	57,208,752	927,625,727
1.2	Individuals	117,886,090	415,626,324
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>C.</b>	<b>Call Deposits</b>	<b>668,643,549</b>	<b>793,688,481</b>
1.	Local Currency	668,643,549	793,688,481
1.1	"A" Class Licensed Institutions	-	-
1.2	Other Licensed Institutions	569,167,880	488,265,455
1.3	Other Organized Institutions	46,865,200	222,202,261
1.4	Individuals	52,610,469	83,220,765
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	-	-
<b>D.</b>	<b>Certificate of Deposit</b>	-	-
1.	Organized Institutions	-	-
2.	Individuals	-	-
3.	Others	-	-
	<b>Total of Interest Bearing Accounts</b>	<b>1,355,135,774</b>	<b>2,719,591,584</b>
	<b>Total Deposit (1+2)</b>	<b>1,355,135,774</b>	<b>2,719,591,584</b>

Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
1 Pension/Gratuity Fund	108,662	304,059
2 Employees Provident Fund	-	-
3 Employees Welfare Fund	-	-
4 Provision for Staff Bonus	-	-
5 Interest Payable on Deposits	304,819,657	24,827,347
6 Interest Payable on Borrowings	-	322,385
7 Unearned Discount and Commission	-	-
8 Sundry Creditors	23,113,208	11,161,171
9 Branch Adjustment Account	-	-
10 Others	-	-
TDS Payable on interest	12,906,552	4,728,594
Other TDS Payable	1,795,072	1,064,060
A/C Payables	208,646	676,029
FD Nominees	171,138,033	13,851,754
Provision	5,841,738	4,292,940
Deferred Tax Liability	-	-
Other Miscellaneous	-	-
<b>Total</b>	<b>519,931,567</b>	<b>61,228,338</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	7,283,401	7,953,565
2 Foreign Currency	-	-
<b>Total</b>	<b>7,283,401</b>	<b>7,953,565</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	12,599,308	-	-	-	12,599,308	295,456
a) Current Account	12,599,308	-	-	-	12,599,308	295,456
b) Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Banks/Financial Institutions**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	106,184,342	-	-	-	106,184,342	53,756,182
a) Current Account	13,489,420				13,489,420	3,551,293
b) Other Account	92,694,922				92,694,922	50,204,889
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
<b>Total</b>	<b>106,184,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,184,342</b>	<b>53,756,182</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	-	-	-	70,000,000
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	-	-	-	20,000,000
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	10,000,000	-	10,000,000	110,500,000
Total Investment	10,029,200	-	10,029,200	200,529,200
Provision	2,200	-	2,200	2,200
<b>Net Investment</b>	<b>10,027,000</b>	<b>-</b>	<b>10,027,000</b>	<b>200,527,000</b>

Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 31 Ashad 2069 (15 July 2012)**

	Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1	Investment in Shares					
1.1	Credit Information Bureau	-	-	-	-	-
	270 Ordinary Shares of Rs 100 Paid up	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	.....	-	-	-	-	-
	<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
3	Provision for Loss	2,200				2,200
3.1	Provision Up to Previous Year	2,200				6,400
3.2	Additions This Year	-				(4,200)
	<b>Total Provision</b>	<b>2,200</b>				<b>2,200</b>
	<b>Net Investment</b>	<b>27,000</b>				<b>27,000</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
**As on 31 Ashad 2069 (15 July 2012)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	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	-	-	-	-	-	
<b>Total Investment</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
**As on 31 Ashad 2069 (15 July 2012)**

Description	Cost Price	Cumulative Loss Upto This Year	Current Lear Loss	Current Year Profit/ (Loss)	Last Year Profit/ (Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-	
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	10,027,000	-	-	-	-	
<b>Total Investment</b>	<b>10,027,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
**As on 31 Ashad 2069 (15 July 2012)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	29,200	-	-	-	-	
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	-	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



Schedule 4.13

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	Loans					Bills Purchased/Discounted			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Total	Domestic	Foreign	Total		
	Deprived		Others							
	Insured	Uninsured								
1	Performing Loan	-	12,000,000	61,690,745	-	73,690,745	-	-	73,690,745	2,056,698,135
	1.1 Pass Loan	-	12,000,000	61,690,745	-	73,690,745	-	-	73,690,745	2,056,698,135
	1.2 Restructured	-	-	-	-	-	-	-	-	-
2	Non-Performing Loan	-	-	2,544,932,762	-	2,544,932,762	-	-	2,544,932,762	1,580,385,722
	2.1 Substandard	-	-	3,912,676	-	3,912,676	-	-	3,912,676	143,343,764
	2.2 Doubtful	-	-	4,843,056	-	4,843,056	-	-	4,843,056	3,522,941
	2.3 Bad	-	-	2,536,177,031	-	2,536,177,031	-	-	2,536,177,031	1,433,519,016
(A)	Total Loan	-	12,000,000	2,606,623,507	-	2,618,623,507	-	-	2,618,623,507	3,637,083,857
3	Loan Loss Provision	-	120,000	2,686,676,299	-	2,686,796,299	-	-	2,686,796,299	1,491,683,410
	3.1 Pass	-	120,000	9,321,217	-	9,441,217	-	-	9,441,217	20,566,981
	3.2 Restructured	-	-	-	-	-	-	-	-	-
	3.3 Substandard	-	-	3,817,952	-	3,817,952	-	-	3,817,952	35,835,941
	3.4 Doubtful	-	-	4,047,500	-	4,047,500	-	-	4,047,500	1,761,471
	3.5 Bad	-	-	2,669,489,631	-	2,669,489,631	-	-	2,669,489,631	1,433,519,016
(B)	Total Provisioning	-	120,000	2,686,676,299	-	2,686,796,299	-	-	2,686,796,299	1,491,683,410
4	Provisioning up to Previous Year	-	617,040	1,491,066,370	-	1,491,683,410	-	-	1,491,683,410	99,207,438
	4.1 Pass	-	617,040	19,949,942	-	20,566,981	-	-	20,566,981	26,809,051
	4.2 Restructured	-	-	-	-	-	-	-	-	-
	4.3 Substandard	-	-	35,835,941	-	35,835,941	-	-	35,835,941	-
	4.4 Doubtful	-	-	1,761,471	-	1,761,471	-	-	1,761,471	-
	4.5 Bad	-	-	1,433,519,016	-	1,433,519,016	-	-	1,433,519,016	72,398,387
(C)	Total Previous Year's Provision	-	617,040	1,491,066,370	-	1,491,683,409.53	-	-	1,491,683,410	99,207,438
(D)	Written Back From Previous Year	-	-	146,482,664	-	146,482,664	-	-	146,482,664	-
	Changes in This Year	-	(497,040)	1,049,127,265	-	1,048,630,225.41	-	-	1,048,630,225	1,392,475,972
	Net Loan (A-B)	-	11,880,000	66,429,872	-	78,309,872	-	-	78,309,872	2,145,400,447



Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(A) Secured</b>	<b>2,618,623,507</b>	<b>3,637,083,857</b>
1 Movable/Immovable Assets	2,584,010,883	3,239,175,044
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	21,495,076	298,362,372
b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7 Government Bonds	-	-
8 Counter Guarantee	-	-
9 Personal Guarantee	-	-
10 Other Securities	13,117,548	99,546,441
<b>(B) Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,618,623,507</b>	<b>3,637,083,857</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	Assets					This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	30,017,858	39,823,549	13,805,924.06	7,045,493.47	122,025,173	66,505,152
b. Addition This Year	-	-	2,600	-	37,102	39,702	55,749,458
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	12,697,991	671,780	-	23,369	13,393,140	117,254
e. This Year Written off	-	-	-	-	2,744	2,744	112,182
<b>Total Cost (a+b+c-d-e)</b>	<b>31,332,349</b>	<b>17,319,868</b>	<b>39,154,369</b>	<b>13,805,924</b>	<b>7,056,482</b>	<b>108,668,991</b>	<b>122,025,173</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	5,711,329	7,428,656	12,612,033	4,877,352.70	2,788,049	33,417,420	17,199,521
b. For This Year	1,281,051	3,195,431	5,962,541	2,431,937.60	1,156,102	14,027,062	16,217,899
c. Depreciation on Revaluation/Written Back	-	1,165,851	(27,484)	-	11,030	1,149,397	-
<b>Total Depreciation</b>	<b>6,992,380</b>	<b>9,458,237</b>	<b>18,602,058</b>	<b>7,309,290</b>	<b>3,933,120</b>	<b>46,295,085</b>	<b>33,417,420</b>
3 Book Value (WDV*) (1-2)	24,339,969	7,861,631	20,552,311	6,496,634	3,123,362	62,373,906	88,607,754
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	4,295,724	4,229,724
6 Leasehold Assets	-	-	-	-	-	17,637,103	19,488,718
<b>Total (3+4+5+6)</b>	<b>24,339,969</b>	<b>7,861,631</b>	<b>20,552,311</b>	<b>6,496,634</b>	<b>3,123,362</b>	<b>140,316,103</b>	<b>168,335,565</b>

Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 31 Ashad 2069 (15 July 2012)**

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
-	-	85,000	-	85,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Grand Total</b>	<b>-</b>	<b>85,000</b>	<b>-</b>	<b>85,000</b>	<b>-</b>	<b>-</b>

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		1,310,358	1,460,133
Income Receivable on Investments			682,226
Accrued Interest on Loan	561,706,162		150,463,250
Less : Interest Suspense Amount	(561,706,162)	-	(150,463,250)
Commission Receivable			-
Sundry Debtors		31,878,354	36,372,580
Staff Loans and Advances		130,137	596,893
Prepaid Expenses		418,256	2,180,560
Cash in Transit			-
Other Transit items ( including cheques )			-
Drafts Paid without Notice			-
Expenses Not Written off		477,871	477,871
Branch account			-
Deferred Tax Assets		315,053,707	393,529,465
Other		2,595,543	3,189,826
<b>Total</b>		<b>351,864,227</b>	<b>438,489,555</b>

Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	561,706,162	-	-	561,706,162	150,463,250
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars		This Year Rs.	Previous Year Rs.
1	Claims on Institution but not accepted by the Institution	-	-
2	Letters of Credit (Full Amount)	-	-
	a) Less than 6 months Maturity	-	-
	b) More than 6 months Maturity	-	-
3	Rediscounted Bills	-	-
4	Unmatured Guarantees/Bonds	-	1,650,000
	a) Bid Bonds	-	-
	b) Performance Bonds	-	1,650,000
	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	-----	-	-
	<b>Total</b>	<b>-</b>	<b>1,650,000</b>

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**
**Interest Income**
**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft	135,538,033	394,256,316
1 Loans and Advances	135,538,033	394,256,316
2 Overdraft	-	-
B. On Investment	793,526	6,274,407
1 Nepal Government Securities	-	-
a. Treasury Bills	562,046	5,049,407
b. Development Bonds	231,480	1,225,000
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	9,803,302	56,697,958
1 Certificate of Deposits	-	-
2 Inter-Bank Loan	499,485	8,607,058
3 Others-Deposit with other Fis	9,303,818	48,090,900
<b>Total</b>	<b>146,134,862</b>	<b>457,228,681</b>

Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**

**Interest Expenses**

**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars		This Year Rs.	Previous Year Rs.
A.	On Deposit Liabilities	211,113,843	308,004,673
	1 Fixed Deposits	94,681,602	149,959,282
	1.1 Local Currency	94,681,602	149,959,282
	1.2 Foreign Currency	-	-
	2 Savings Deposits	48,855,334	63,404,700
	2.1 Local Currency	48,855,334	63,404,700
	2.2 Foreign Currency	-	-
	3 Call Deposits	67,576,907	94,640,692
	3.1 Local Currency	67,576,907	94,640,692
	3.2 Foreign Currency	-	-
	4 Certificate of Deposits	-	-
B	On Borrowings	9,911,172	35,622,923
	1 Debentures and Bonds	-	-
	2 Loan from Nepal Rastra Bank	-	-
	3 Inter Bank/Financial Institutions Borrowing	9,911,172	35,622,923
	4 Other Corporate Body	-	-
	5 Other Loans	-	-
C	On Others	-	-
	1 .....	-	-
	2 .....	-	-
<b>Total</b>		<b>221,025,015</b>	<b>343,627,596</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**

**Commission and Discount**

**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars		This Year Rs.	Previous Year Rs.
A	Bills Purchase and Discount	-	-
	1 Local	-	-
	2 Foreign	-	-
B	Commission	19,730	201,331
	1 Letters of Credit	-	-
	2 Guarantee	-	34,000
	3 Collection Fee	-	-
	4 Remittance Fee	19,730	152,331
	5 Credit Cards	-	15,000
	6 Share Underwriting/Issues	-	-
	7 Government Transactions	-	-
	8 Agency Commission	-	-
	10 Exchange Income	-	-
C	Others	25,021	1,288,831
<b>Total</b>		<b>44,750</b>	<b>1,490,163</b>

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**  
**Other Operating Income**

**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars	This Year Rs.	Previous Year Rs.
1 Rental on Safe Deposit Lockers	-	-
2 Issue and Renewals of Credit Cards	-	-
3 Issue and Renewals of ATM Cards	-	178,121
4 Telex/T.T.	-	-
5 Service Charges	-	12,521,436
6 Renewal Fees	-	-
7 Others	39,473	599,073
<b>Total</b>	<b>39,473</b>	<b>13,298,630</b>

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**  
**Exchange Gain/Loss**

**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

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

Schedule 4.23

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

**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	17,675,270	20,948,066
2 Allowances	3,592,368	4,367,270
3 Contribution to Provident Fund	876,551	814,447
4 Training Expenses	-	159,010
5 Uniform	1,079,647	592,435
6 Medical	1,315,335	1,899,458
7 Insurance	733,737	817,157
8 Leave Incashment	-	1,408,179
9 Others	2,866,122	6,442,199
<b>Total</b>	<b>28,139,029</b>	<b>37,448,220</b>

**Capital Merchant Banking & Finance Ltd.**

**Other Overhead Expenses**

**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars		This Year Rs.	Previous Year Rs.
1	House Rent	6,648,987	6,070,844
2	Electricity and Water	1,325,556	1,660,281
3	Repair and Maintenance	515,995	951,780
	(a) Building	63,505	76,248
	(b) Vehicles	101,678	175,048
	(c) Others	350,813	700,485
4	Insurance	1,654,166	871,396
5	Postage, Telex, Telephone, Fax	694,976	925,095
6	Office Equipment, Furniture and Fixture Repair	-	-
7	Traveling Allowances and Expenses	101,211	967,695
8	Stationery and Printing	305,179	2,790,217
9	Periodicals and Books	56,244	64,704
10	Advertisements	242,882	4,400,285
11	Legal Expenses	-	75,500
12	Donations	2,851	78,954
13	Expenses Relating to Board of Directors	383,101	514,534
	(a) Meeting Fees	364,500	410,000
	(b) Other Expenses	18,601	104,534
14	Annual General Meeting Expenses	-	384,605
15	Expenses Relating to Audit	106,390	109,733
	(a) Audit Fees	101,700	90,000
	(b) Other Expenses	4,690	19,733
16	Commission on Remittances	-	-
17	Depreciation on Fixed Assets	14,027,063	16,217,899
18	Amortization of Preliminary Expenses	-	-
19	Share Issue Expenses	-	10,429
20	Technical Services Fee	913,375	961,888
21	Entertainment	162,110	606,012
22	Written Off Expenses	1,851,614	1,748,265
23	Security Expenses	5,924,795	4,068,293
24	Credit Guarantee Premium	-	-
25	Commission and Discount	-	11,774
26	Others	4,814,865	11,681,996
	26.1 Membership Fee	137,390	83,483
	26.2 Tax & Fines	1,056,473	1,053,993
	26.3 Anniversary Expenses	-	920,460
	26.4 Fuel Expenses	775,217	1,861,983
	26.5 Service Charge	16,100	7,937
	26.6 Gift Expenses	2,420	13,152
	26.7 Branch Extension Expenses	-	1,103,932
	26.8 Business Promotion Expenses	-	379,744
	26.9 ATM Network Expenses	-	951,606
	26.1 Others	2,827,266	5,305,707
	<b>Total</b>	<b>39,731,359</b>	<b>55,172,180</b>



Schedule 4.25

**Capital Merchant Banking & Finance Ltd.**  
**Provision for Possible Losses**  
**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars		This Year Rs.	Previous Year Rs.
1	Increase in Loan Loss Provision	1,048,630,225	1,392,475,972
2	Increase in Provision for Loss on Investment	-	-
3	Provision Against Non-Banking Assets	85,000	-
4	Provision Against Other Assets	-	-
<b>Total</b>		<b>1,048,715,225</b>	<b>1,392,475,972</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**  
**Non-Operating Income/Loss**  
**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars		This Year Rs.	Previous Year Rs.
1	Profit (Loss) on Sale of Investment	(88,059)	39,059
2	Profit (Loss) on Sale of Assets	291,083	(54,683)
3	Dividend	-	-
4	Subsidies Received from Nepal Ratra Bank	-	-
	a. Reimbursement of Losses of Specified Branches	-	-
	b. Interest Subsidy	-	-
	c. Exchange Counter	-	-
5	Others	648,000	1,500,000
<b>Total Non-Operating Income (Loss)</b>		<b>851,024</b>	<b>1,484,376</b>

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**  
**Loss Provisions Written Back**  
**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars		This Year Rs.	Previous Year Rs.
1	Loan Loss Provision Written Back	-	-
2	Provision against Non-Banking Assets Written Back	-	-
3	Investment Provision Written Back	-	16,800
4	Provision against Other Assets Written back	-	-
<b>Total</b>		<b>-</b>	<b>16,800</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**  
**Income /Expenses from Extra-ordinary Activities**  
**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

Particulars		This Year Rs.	Previous Year Rs.
1	Recovery of write off Loan	-	-
2	Voluntary Retirement Scheme Expenses	-	-
3	Loan Write-Off (4.28) (a)	-	-
4	Other Expenses/Income	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 31 Ashad 2069 (15 July 2012)**

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	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-

Schedule 4.30

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad 2069 (15 July 2012)**

Fig. in '000

Particulars	This Year Rs.	Previous Year Rs.
<b>A) Core Capital</b>	<b>(1,254,478)</b>	<b>16,738</b>
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	37,104	37,104
6 Cumulative Profit/(Loss) (up to Previous FY)		
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(2,542,118)	(1,351,577)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves		
12 Deferred Tax Reserve	315,054	393,529
<b>Less :</b>	<b>2,200</b>	<b>-</b>
- Goodwill	-	-
- Investment in excess of prescribed limit	2,200	2,200
- 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>B) Supplementary Capital</b>	<b>9,443</b>	<b>20,569</b>
1 Loan Loss Provision on Pass Loans	9,441	20,567
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	2.20	2.20
<b>C) Total Capital Fund (A+B)</b>	<b>(1,245,035)</b>	<b>37,307</b>
<b>D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets</b>		
Capital Fund (@ 11 Percent)	339,491	435,039
Core Capital (@ 5.5 Percent)	169,746	217,520
Capital Fund Deficit By @ ..... Percent	(1,584,526)	(399,932)
Core Capital Deficit By @ ..... Percent	(1,424,224)	(202,982)

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad 2069 (15 July 2012)**

Fig. in '000

On-Balance Sheet Assets	Weightage	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	7,283	-	18,444	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	12,599	-	139,817	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	50,000	-
Fully Secured Loan against own Fixed Deposit Receipt	0	21,495	-	75,068	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	106,184	21,237	519,199	103,840
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	10,000	2,000	-	-
Interbank Lending	20	-	-	55,000	11,000
Investments in Shares, Debentures and Bonds	100	29	29	33	33
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	2,597,128	2,597,128	2,678,235	2,678,235
Fixed Assets	100	140,316	140,316	117,317	117,317
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100		-		-
All other Assets (except Advance Income Tax)	100	325,574	325,574	20,330	20,330
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>3,220,610</b>	<b>3,086,285</b>	<b>3,673,443</b>	<b>2,930,755</b>
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>3,220,610</b>	<b>3,086,285</b>	<b>3,673,443</b>	<b>2,930,755</b>

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

Particulars	Indicators	FY 2064/65	FY 2065/66	FY 2066/67	FY 2067/68	FY 2068/69
1 Percent of Net Profit/Gross Income	Percent	18.22	16.06	16.63	(203.10)	(863)
2 Earning Per Share	Rs.	10.55	11.21	6.69	(102.85)	(136)
3 Market Value Per Share	Rs.	1,290	680	216	131	131
4 Price Earning Ratio	Percent	122	61	32	(1.27)	(0.97)
5 Dividend (Including Bonus) on Share Capital	Percent	8.42	-	-	-	-
6 Cash Dividend on Share Capital	Percent	0.42	8.42	5.26	-	-
7 Interest Income/Loan & Advances	Percent	9.98	10.99	11.33	10.84	5.18
8 Staff Expenses/Total Operating Expenses	Percent	35.34	39.64	36.77	40.43	41.46
9 Interest Expenses / Total Deposit and Borrowing	Percent	6.80	7.96	9.19	11.70	15.36
10 Exchange Gain/Total Income	Percent	-	-	-	-	-
11 Staff Bonus/Total Staff Expenses	Percent	89.83	56.64	49.42	-	-
12 Net Profit/Loan and Advances	Percent	2.08	2.01	2.27	(26.44)	(48.46)
13 Net Profit/Total Assets	Percent	1.77	1.66	1.75	(31.90)	(179.60)
14 Total Credit/Deposit	Percent	111.61	115.20	119.99	133.74	193.24
15 Total Operating Expenses/Total Assets	Percent	0.81	1.05	1.38	1.83	5.62
16 Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	19.98	17.59	33.39	0.37	(40.65)
b) Supplementary Capital	Percent	0.88	0.89	0.91	0.52	0.306
c) Total Capital Fund	Percent	20.87	18.48	34.30	0.89	(40.34)
17 Liquidity (CRR)	Percent	11.72	13.20	21.59	0.054	0.85
18 Non-Performing Loan/Total Credit	Percent	2.270	2.960	2.63	43.45	97.19
19 Weighted Average Interest Rate Spread	Percent	4.62	4.92	4.92	2.01%	7.12%
20 Book Net-Worth	Rs.	390,759	401,463	978,432	16,737,848	(1,252,278,430)
21 Total Number of Shares	Nos.	3,461,500	3,740,278	9,350,695	9,350,695	9,350,695
22 Total Staff	Nos.	24	57	71	128	65
23 Others	-	-	-	-	-	-

## Significant Accounting Policies

Schedule 4.32

### 1. General Information

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

The Company has been registered with the Office of the Company Registrar on 14 Ashar, 2058, obtained license from Nepal Rastra Bank on 19 Magh 2058 and came into operation with effective from 19 Magh 2058. The Company has listed on Nepal Stock Exchange Limited.

### 2. Summary of Significant Accounting Policies

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

### 3. Statement of Compliance

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

### 4. Basis of Preparation

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

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

### 5. Interest Income

Interest income on loans and advances is recognised on cash basis as per the Nepal Rastra Bank Directive. Interest income on Investments is accounted for on accrual basis.

### 6. Commission Income

All the commission incomes are accounted for on accrual basis.

### 7. Interest Expense

Interest on deposit liabilities and borrowings is accounted for on accrual basis.

### 8. Loans and Advances including Bills Purchased

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

### 9. Staff Loans and Advances

Loans and advances granted to staff are shown under other assets Schedule-4.16.

### 10. Loan Loss Provision

The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.

### 11. Write Off

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

### 12. Investments

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

### 13. Fixed Assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation and impairment losses.
- Assets with a value less than Rs. 5,000 are charged off as a revenue expense irrespective of its useful life in the year of purchase.
- Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner and rates prescribed by Income Tax Act, 2058.
- Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.

### 14. Non-Banking Assets

Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives.

**15. Software Expenses**

Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.

**16. Employee Benefits**

a. Retirement fund

Provident fund contribution is recognised as expenses and deposited into the CIT.

b. Gratuity

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

**17. 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.

**18. 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.

**19. Income Tax**

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act.

**20. Deferred Tax**

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

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

## Notes to Accounts

Schedule 4.33

### 1. Interest Income and Interest Suspense

The interest receivable on loans and advances as at 15 July, 2012 (31 Ashad, 2069) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.

### 2. Provision for Staff Bonus

Staff bonus has not been provided as bank has negative net profit.

### 3. Staff Housing Fund

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

### 4. General Reserve

General Reserves has not been provided as bank has negative net profit.

### 5. Calls in Arrears

There are no Calls in Arrears at the year end.

### 6. Unpaid Dividend

The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/67. As on balance sheet date, total dividend payable amounts to Rs. 264,215.

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

The Company has made investment of Rs. 27,000 in shares of Credit Information Bureau and Rs. 2,200 in the shares of Union Finance. Union Finance has not distributed dividend from since last 3 years.

Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 15 July 2012.

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

Rs'000

Particulars	Amount (Rs.)
Opening Balance	3,637,084
Loans Disbursed	Nil
Loans Recovered	1,018,460
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	2,618,624

### 9. Classification of Loans & Provisioning

Classification of loan as on 31/3/2069 is as under:

Rs'000

S. N.	Amount (Rs.)
1. Pass	73,691
2. Substandard	3,913
3. Doubtful	4,843
4. Loss	2,536,177
<b>Total</b>	<b>2,618,624</b>

Accordingly, Company has provided Rs. 1,048,630 thousand loan loss provision thereon during a year.

### 10. Summary Status of the Deposit Liabilities

Rs'000

Particulars	Current Year NRs.	Previous Year NRs.	Decrease by Rs.
Current Deposit	0	0	0
Margin Deposit	0	0	0
Saving Deposit	511,397	582,651	71,254
Call Deposit	668,644	793,688	125,044
Fixed Deposit	175,095	1,343,252	1,168,157
<b>Total</b>	<b>1,355,136</b>	<b>2,719,592</b>	<b>1,364,455</b>



#### 11. Paid up Share Capital

Paid up share capital of the Company has been changed from year to year as follows:

Financial Year	Paid up Share Capital (Rs.)	Remarks
2061/62	70,000,000	Opening Share Capital
2062/63	70,000,000	
2063/64	161,000,000	Public Share & Bonus 91,000,000
2064/65	346,150,000	Public Share & 15% Bonus share
2065/66	374,027,800	Bonus Shares
2066/67	935,069,500	1:1.5 right share
2067/68	935,069,500	
2068/69	935,069,500	

#### 12. Earnings Per Share, share price and share transaction

Earnings per Share is calculated and disclosed as follows:

Particulars	Basic Earnings Per Share	Diluted Earnings Per Share*
Net profit attributable to equity shareholders (Rs.)	-1,269,016,278	-1,269,016,278
Weighted average number of shares outstanding (No.)	9,350,695	9,350,695
Earnings Per Share (Rs.)	-135.71	-135.71

\* Since the Company has not issued preference share and debentures/bonds, basic earnings per share and diluted earnings per share are same.

#### 13. Tax liability reconciliation

Reconciliation of profit as per financial statement is reconciled with taxable profit to compute tax liability as follows:

Particulars	Amount
Profit before tax as per Profit & Loss Account	(1,190,540,520)
<b>Add: Adjustments for</b>	
Depreciation & amortization as per books of accounts	14,027,063
Provision for Gratuity	
Provision for Leave Encashment	-
Donation	2,851
LLP	1,048,630,225
Pollution Check of Bike	-
Standing Liquidity Facility	-
<b>Less: Adjustments for</b>	
Depreciation as per Income Tax	14,027,063
Deferred Expenses	
Share Issue Management	
Provision for Leave Encashment	(1,548,798)
Taxable Profit as per Income tax Act 2058	(140,358,645)
<b>Corporate Income Tax @ 30%</b>	-

#### 14. Details of Non Banking Assets

The Company has taken possession of assets amounting to Rs.85,000 taken as security against the loans and advances. The arrears of the vehicle tax for the period of over 5 years on the said bike amounting to Rs.24,500 has been expensed during F.Y. 2069/70.

#### 15. Provision for Gratuity

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation.

#### 16. Provision for Leave Encashment

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs. 3,604,227 has been provided for leave encashment under this account.

## 17. Classification of Assets and Liabilities based on Maturity

Rs in 000

S. N.	PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL
	<b>Assets</b>						
1	Cash Balance	7283.40					7283.40
2	Balance with Banks and Financial Institutions	117536.08					117536.08
3	Investment in foreign Banks						
4	Call Money						
5	Nepal Government Securities						
6	Nepal Rastra Bank Bonds						
7	Inter Bank/ Financial Institution Lending	10000.00					10000.00
8	Loans and Advances	323745.89	80760.05	55929.48	112772.21	2045415.9	2618623.51
9	Others						
	<b>Total Assets</b>	<b>458565.37</b>	<b>80760.05</b>	<b>55929.48</b>	<b>112772.21</b>	<b>2045415.88</b>	<b>2753442.99</b>
	<b>Liabilities</b>						
10	Current Deposits						
11	Saving Deposits	1182869.27					1182869.27
12	Fixed Deposits	28456.92	12267.43	11905.5	18669.5	103795.49	175094.84
13	Debentures						
14	Borrowing:	88795.34					88795.34
15	Other Liabilities	3194127.21					3194127.21
	<b>Total Liabilities</b>	<b>4494248.74</b>	<b>12267.43</b>	<b>11905.50</b>	<b>18669.50</b>	<b>103795.49</b>	<b>4640886.66</b>
	Net Financial Assets	-4035683.37	68492.62	44023.98	94102.71	1941620.39	-1887443.67
	<b>Cumulative Total Assets</b>	<b>-4035683.37</b>	<b>-3967190.75</b>	<b>-3923166.77</b>	<b>-3829064.06</b>	<b>-1887443.67</b>	<b>0.00</b>

## 18. Deferred Tax Assets/ (Liability)

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets	-	-	-
LLP in excess of 5% of lending	1,048,630,225	-	1,048,630,225
Deferred Expenses		-	-
Share Issue Management		-	-
Leasehold Assets and Computer Software	-	-	-
Staff Gratuity		-	-
Provision	1,548,798	-	1,548,798
Net Temporary Difference			1,050,179,024
Deferred Tax Liability/(Assets) as at Ashad end 2069 @ 30%			315,053,707
Deferred Tax Liability/(Assets) till Ashad end 2068			393,529,465
Deferred Tax Expense/(Income) for current year			78,475,758

Deferred Tax Assets as on Ashad end 2069 (15 July 2012) is Rs 315,053,707 and Rs. 78,475,758 has been recognized as deferred tax expenses in Profit and Loss Account in the current year.

## 19. Presently, the Company has been under PCA (Prompt Corrective Action) as enforced by NRB. The present management, after considering wide range of factors surrounding company's future prosperity, has prepared the financial statement on the going concern assumption albeit presently the company has negative Net Worth.

The current year's negative Net Worth has been swelled to Rs.1,252,278 thousand from last year's positive figures of Rs. 16,738 thousand. Due to this, Minimum Capital Adequacy Ratio (Directive No. 1), Deposit Collection Limit Ratio (Directive No.16), Single Obligor Limit Ratio (Directive No.3) and Investment Limit Ratio (Directive No.8) is not in the state of the comparison with the ceiling fixed by Nepal Rastra Bank. Under such circumstances no additional provisions have been created towards risk bearing.

**20. Adjusting Events after Reporting Period**

From Shrawan 1, 2069 to Mansir 20, 2069, depositors have been paid Rs. 231,610,625 and loan of Rs.192,410,521 has been collected during the same time period.

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

The composition of both new and the then existing BOD is listed below:

Then existing Board of Directors:

S. N.	Name of Person	Designation
1	Bhumi Narayan Shrestha	Chairman
2	Mahendranath Adhikari	Member
3	Ashok Kumar Bhattarai	Member
4	Mahendranath Karmacharya	Managing Director/ Professional Director

New Board of Directors:

S. No.	Name of Person	Designation
1	Bhumi Narayan Shrestha	Chairman
2	Rabindra Ram Shrestha	Member
3	Ashok Kumar Bhattarai	Member
4	Ramesh K.C.	Member
5	Basudev Acharya	CEO

**22. Income Tax**

Provision for income tax has not been made as the bank has negative taxable profit.

23. The financial statements are subject to NRB approval.

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

**25. Previous Year's Figures**

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

**Capital Merchant Banking & Finance Ltd.**  
**Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions**  
**For the period from July 17, 2011 to July 15, 2012 (Shrawan 01, 2068 to Ashad 31, 2069)**

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

**Capital Merchant Banking & Finance Limited**  
**Computation of Deferred Tax Assets/Liability**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets	-	-	-
LLP in excess of 5% of lending	1,048,630,225	-	1,048,630,225
Deferred Expenses		-	-
Share Issue Management		-	-
Leasehold Assets and Computer Software	-	-	-
Staff Gratuity		-	-
Provision	1,548,798	-	1,548,798
<b>Net Temporary Difference</b>			<b>1,050,179,024</b>
<b>Deferred Tax Liability/(Assets) as at Ashad end 2069 @ 30%</b>			<b>315,053,707</b>
Deferred Tax Liability/(Assets) till Ashad end 2068			393,529,465
<b>Deferred Tax Expense/(Income) for current year</b>			<b>78,475,758</b>

**Capital Merchant Banking & Finance Limited**  
**Computation of Taxable Income & Tax**  
**As on 31 Ashad 2069 (15 July 2012)**

Particulars	Amount
Profit before tax as per Profit & Loss Account	(1,190,540,520)
<b>Add: Adjustments for</b>	
Depreciation & amortization as per books of accounts	14,027,063
Provision for Gratuity	
Provision for Leave Encashment	-
Donation	2,851
LLP	1,048,630,225
Pollution Check of Bike	-
Standing Liquidity Facility	-
<b>Less: Adjustments for</b>	
Depreciation as per Income Tax	14,027,063
Deferred Expenses	
Share Issue Management	
Provision for Leave Encashment	(1,548,798)
Taxable Profit as per Income tax Act 2058	(140,358,645)
Corporate Income Tax @ 30%	-

# M.B. SHRESTHA & CO.

Chartered Accountants  
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New Baneshwar

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## AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAPITAL MERCHANT BANKING & FINANCE LIMITED

1. We have audited the accompanying Balance Sheet of Capital Merchant Banking & Finance Limited as on Ashadh 31, 2070 (July 15, 2013) and the related Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Nepal Standards on Auditing (NSA) and the directives issued by the Nepal Rastra Bank (NRB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. On examination of the financial statements as aforesaid, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.
  - b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are in agreement with the books of accounts.
  - c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.



4. Nepal Rastra Bank (NRB), vide its letter of Shrawan 24, 2068, has enforced PCA (Prompt Corrective Action) against the company with immediate effect requiring the company to comply with additional NRB directives. This action as aforesaid has been initiated pursuant to the provision of NRB's "Prompt and Corrective Action Bye-Rules 2064"
5. The erstwhile Board of Directors of the company has presently been further replaced by new Board of Directors including Chief Executive Officer.
6. As mentioned in schedule 4.30 of the financial statements, the company's total Capital Fund and Core Capital stood at negative figures as of Ashadh 31, 2070 (July 15, 2013), which is insufficient as compared to the minimum requirement fixed by Nepal Rastra Bank's unified directives.
7. In accordance with the details mentioned in note # 19 of the financial statements, the various ceilings like Single Obligor Limit Ratio (Directive No.3) and Investment Limit Ratio (Directive No.8) and Deposit (inclusive of Borrowing) Collection Limit Ratio (Directive No.16) are not in the state of the comparison with the ceilings fixed by Nepal Rastra Bank.
8. In our opinion, adequate provisions for loan losses have been made by the company.
9. In our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraphs # 6 and 7, the said financial statements, read together with the notes attached thereto give a true and fair view of the financial position of the company as of Ashadh 31, 2070 (July 15, 2013) and results of its operations and its cash flows for the year then ended.

  
Maheswarendra Bahadur Shrestha, FCA  
M.B Shrestha & Co.  
Chartered Accountants

Date: Poush 22, 2070.



**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
**as on Ashad 31, 2070 (July 15, 2013)**

Capital & Liabilities	Schedule	This Year Rs.	Previous Year Rs.
1 Share Capital	4.1	935,069,500	935,069,500
2 Reserves and Funds	4.2	(1,967,268,736)	(2,187,347,930)
3 Debentures and Bonds	4.3	-	-
4 Borrowings	4.4	37,350,000	83,795,343
5 Deposit Liabilities	4.5	1,004,874,118	1,355,135,774
6 Bills Payables	4.6	-	-
7 Proposed and Payable Dividend		-	-
8 Income Tax Liabilities			
9 Other Liabilities	4.7	515,206,044	519,931,567
<b>Total Capital Liabilities</b>		<b>525,230,926</b>	<b>706,584,255</b>

Assets	Schedule	This Year Rs.	Previous Year Rs.
1 Cash Balance	4.8	757,994	7,283,401
2 Balance with NRB	4.9	11,042,348	12,599,308
3 Balance with Banks/Financial Institutions	4.10	68,570,444	106,184,342
4 Money at Call and Short Notice	4.11	-	-
5 Investments	4.12	27,000	10,027,000
6 Loans Advances and Bills Purchase	4.13	12,831,172	78,309,872
7 Fixed Assets	4.14	114,769,524	140,316,103
8 Non-Banking Assets	4.15	-	-
9 Other Assets	4.16	317,232,444	351,864,227
<b>Total Assets</b>		<b>525,230,926</b>	<b>706,584,254</b>

Contingent Liabilities		Schedule	4.17
Directors' Declaration		Schedule	4.29
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Schedules 4.1 to 4.17, 4.32, 4.33, 4.34 & 4.35 form integral parts of the Balance Sheet.

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date : 08 Ashwin, 2070  
Place : Kathmandu, Nepal



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

**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	120,182,266	146,134,862
2. Interest Expenses	4.19	70,627,553	221,025,015
<b>Net Interest Income</b>		<b>49,554,713</b>	<b>(74,890,154)</b>
3. Commission and Discount	4.20	-	44,750
4. Other Operating Income	4.21	196,998	39,473
5. Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>49,751,711</b>	<b>(74,805,931)</b>
6. Employees Expenses	4.23	17,547,155	28,139,029
7. Other Overhead Expenses	4.24	26,593,190	39,731,359
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>5,611,366</b>	<b>(142,676,319)</b>
9. Provision for Possible Losses	4.25	-	1,048,715,225
<b>Operating Profit</b>		<b>5,611,366</b>	<b>(1,191,391,544)</b>
10. Non-operating Income/Expenses	4.26	1,212,455	851,024
11. Provision Written-Back	4.27	246,414,384	-
<b>Profit from Regular Operations</b>		<b>253,238,206</b>	<b>(1,190,540,520)</b>
12. Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>253,238,206</b>	<b>(1,190,540,520)</b>
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		34,602,231	78,475,758
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		34,602,231	78,475,758
<b>Net Profit/(Loss)</b>		<b>218,635,974</b>	<b>(1,269,016,278)</b>

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date : 08 Ashwin, 2070  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**

**Profit and Loss Appropriation Account**

**For the period from July 16, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
<b>Income</b>			
1 Accumulated Profit up to the Last Year		(2,542,117,630)	(1,351,577,110)
2 Current Year's Profit		218,635,974	(1,269,016,278)
3 Exchange Fluctuation Fund		-	-
<b>Total (A)</b>		<b>(2,323,481,655)</b>	<b>(2,620,593,386)</b>
<b>Expenses</b>			
1 Accumulated Loss up to the Last Year		-	-
2 This Year's Loss		-	-
3 General Reserve		43,727,195	-
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		(34,602,231)	315,053,707
<b>Total (B)</b>		<b>9,124,964</b>	<b>315,053,707</b>
15 Accumulated Profit/(Loss) (A-B)		(2,332,606,619)	(2,935,647,094)

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

Date : 08 Ashwin, 2070

Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**

**For the period from July 16, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(a) Cash flow from Operating Activities</b>	<b>15,934,254</b>	<b>(127,798,232)</b>
<b>1 Cash Received</b>	<b>121,591,720</b>	<b>147,070,109</b>
1.1 Interest Income	120,182,266	146,134,862
1.2 Commission and Discount Income	-	44,750
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	1,409,453	890,497
<b>2 Cash Payment</b>	<b>105,657,466</b>	<b>274,868,341</b>
2.1 Interest Expenses	70,627,553	221,025,015
2.2 Staff Expenses	17,547,155	28,139,029
2.3 Office Overhead Expenses	17,482,757	25,704,296
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(79,366,667)	177,867,681
<b>(Increase)/Decrease of Current Assets</b>	<b>110,110,483</b>	<b>2,344,215,903</b>
1 (Increase)/Decrease in Money at Call and Short Notice	-	-
2 (Increase)/Decrease in Short-term Investments	10,000,000	190,500,000
3 (Increase)/Decrease in Loans and Advances and Bills Purchase	65,478,700	2,067,090,575
4 (Increase)/Decrease in Other Assets	34,631,783	86,625,328
<b>Increase/(Decrease) of Current Liabilities</b>	<b>(189,477,150)</b>	<b>(2,166,348,221)</b>
1 Increase/(Decrease) in Deposits Liabilities	(350,261,656)	(1,364,455,810)
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	(46,445,343)	(133,404,657)
4 Increase/(Decrease) in Other Liabilities	207,229,849	(668,487,754)
<b>(b) Cash flow from Investment Activities</b>	<b>17,736,147</b>	<b>13,992,399</b>
1 (Increase)/Decrease in Long-Term Investment	-	-
2 (Increase)/Decrease in Fixed Assets	17,736,147	13,992,399
3 Interest Income From Long-Term Investment	-	-
4 Dividend Income	-	-
5 Others	-	-
<b>(c) Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>(d) Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>(e) This Year's Cash Flow from All Activities</b>	<b>(45,696,266)</b>	<b>64,061,849</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>126,067,052</b>	<b>62,005,204</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>80,370,786</b>	<b>126,067,052</b>

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

As per our report of even date

Date : 08 Ashwin, 2070  
Place : Kathmandu, Nepal

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Maheswarendra Bdr. Shrestha, FCA**  
M.B. Shrestha & Co.  
Chartered Accountants

**Capital Merchant Banking & Finance Ltd**  
**Statement of Changes in Equity**  
**Fiscal Year 2012/13 (2069/70)**

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
<b>Opening Balance as at 16 July 2012</b>	935,069,500	(2,542,117,630)	37,104,433	-	-	2,611,560	-	315,053,707	-	(1,252,278,430)
Adjustment for Changes in Accounting Policies	-	1,443,220	-	-	-	-	-	-	-	1,443,220
<b>Restated Balance as at 16 July 2012</b>	935,069,500	(2,540,674,410)	37,104,433	-	-	2,611,560	-	315,053,707	-	(1,250,835,210)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	218,635,974	-	-	-	-	-	-	-	218,635,974
General Reserve	-	(43,727,195)	43,727,195	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	34,602,231	-	-	-	-	-	(34,602,231)	-	-
<b>Closing Balance</b>	<b>935,069,500</b>	<b>(2,331,163,399)</b>	<b>80,831,628</b>	<b>-</b>	<b>-</b>	<b>2,611,560</b>	<b>-</b>	<b>280,451,476</b>	<b>-</b>	<b>(1,032,199,236)</b>

As per our report of even date

<b>Bhumi Narayan Shrestha</b> Chairman & Director	<b>Rabindra Ram Shrestha</b> Director	<b>Ramesh K.C.</b> Director
<b>Ashok Bhattarai</b> Director	<b>Basudev Acharya</b> CEO	<b>Maheswarendra Bdr. Shrestha, FCA</b> M.B. Shrestha & Co. Chartered Accountants

Date : 08 Ashwin, 2070  
Place : Kathmandu, Nepal

## List of Share Holder's holding 0.5% or more of Paid-Up Share Capital

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

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 31 Ashad 2070 (15 July 2013)**

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

## Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars	This Year Rs.	Previous Year Rs.
1 General Reserve Fund	80,831,628	37,104,433
2 Capital Reserve Fund	-	-
3 Capital Redemption Reserve	-	-
4 Capital Adjustment Fund	-	-
5 Other Reserves	283,063,036	317,665,267
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	280,451,476	315,053,707
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6 Accumulated Profit/(Loss)	(2,331,163,399)	(2,542,117,630)
7 Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,967,268,736)</b>	<b>(2,187,347,930)</b>

## Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars	This Year Rs.	Previous Year Rs.
1. .... Percent Bonds/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding balance of Redemption Reserve Rs.....)	-	-
2. .... Percent Bond/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding Balance of Redemption Reserve Rs. .... each	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

## Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Local</b>		
1 Nepal Government	-	-
2 Nepal Rastra Bank	-	-
3 Repo Obligation	-	-
4 Inter Bank and Financial Institutions	37,350,000	83,795,343
5 Other Organized Institutions	-	-
6 Others	-	-
<b>Total</b>	<b>37,350,000</b>	<b>83,795,343</b>
<b>B Foreign</b>		
1 Banks	-	-
2 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>37,350,000</b>	<b>83,795,343</b>

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars		This Year Rs.	Previous Year Rs.
<b>1</b>	<b>Non-Interest Bearing Accounts</b>		
<b>A.</b>	<b>Current Deposits</b>	-	-
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	-	-
<b>2.</b>	<b>Foreign Currency</b>	-	-
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>B.</b>	<b>Margin Deposits</b>	-	-
1	Employee Guarantees	-	-
2	Guarantee Margin	-	-
3	Letters of Credit Margin	-	-
<b>C.</b>	<b>Others</b>	-	-
1.	Local Currency	-	-
1.1	Financial Institutions	-	-
1.2	Other Organized Institutions	-	-
1.3	Individuals	-	-
2.	Foreign Currency	-	-
2.1	Financial Institutions	-	-
2.2	Other Organized Institutions	-	-
2.3	Individuals	-	-
	<b>Total of Non-Interest Bearing Accounts</b>	-	-
<b>2</b>	<b>Interest Bearing Accounts</b>	-	-
<b>A.</b>	<b>Savings Deposits</b>	<b>368,709,024</b>	<b>511,397,383</b>
1.	Local Currency	368,709,024	511,397,383
1.1	Organized Institutions	63,454	154,643
1.2	Individuals	368,645,570	511,242,740
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>B.</b>	<b>Fixed Deposits</b>	<b>93,114,393</b>	<b>175,094,842</b>
1.	Local Currency	93,114,393	175,094,842
1.1	Organized Institutions	30,858,596	57,208,752
1.2	Individuals	62,255,797	117,886,090
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>C.</b>	<b>Call Deposits</b>	<b>543,050,700</b>	<b>668,643,549</b>
1.	Local Currency	543,050,700	668,643,549
1.1	"A" Class Licensed Institutions	-	-
1.2	Other Licensed Institutions	199,635,369	569,167,880
1.3	Other Organized Institutions	300,126,840	46,865,200
1.4	Individuals	43,288,492	52,610,469
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	-	-
<b>D.</b>	<b>Certificate of Deposit</b>	-	-
1.	Organized Institutions	-	-
2.	Individuals	-	-
3.	Others	-	-
	<b>Total of Interest Bearing Accounts</b>	<b>1,004,874,118</b>	<b>1,355,135,774</b>
	<b>Total Deposit (1+2)</b>	<b>1,004,874,118</b>	<b>1,355,135,774</b>



Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
As on 31 Ashad 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
As on 31 Ashad 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1 Pension/Gratuity Fund	108,662	108,662
2 Employees Provident Fund	-	-
3 Employees Welfare Fund	-	-
4 Provision for Staff Bonus	-	-
5 Interest Payable on Deposits	298,304,436	304,819,657
6 Interest Payable on Borrowings	-	-
7 Unearned Discount and Commission	-	-
8 Sundry Creditors	26,540,256	23,113,208
9 Branch Adjustment Account	-	-
10 Others		
TDS Payable on interest	15,721,078	12,906,552
Other TDS Payable	408,156	1,795,072
A/C Payables	752,435	208,646
FD Nominees	170,650,995	171,138,033
Provision	2,720,026	5,841,738
Deferred Tax Liability	-	-
<b>Total</b>	<b>515,206,044</b>	<b>519,931,567</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
As on 31 Ashad 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	757,994	7,283,401
2 Foreign Currency	-	-
<b>Total</b>	<b>757,994</b>	<b>7,283,401</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
As on 31 Ashad 2070 (15 July 2013)

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	11,042,348	-	-	-	11,042,348	12,599,308
a) Current Account	11,042,348	-	-	-	11,042,348	12,599,308
b) Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Banks/Financial Institutions**  
As on 31 Ashad 2070 (15 July 2013)

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	68,570,444	-	-	-	68,570,444	106,184,342
a) Current Account	640,176				640,176	13,489,420
b) Other Account	67,930,268				67,930,268	92,694,922
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
<b>Total</b>	<b>68,570,444</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,570,444</b>	<b>106,184,342</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
As on 31 Ashad 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
As on 31 Ashad 2070 (15 July 2013)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	-	-	-	-
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	-	-	-	-
4 Nepal Rastra Bank Bonds	-	-	-	-
5 Foreign Securities	-	-	-	-
6 Local Licensed Institutions	-	-	-	-
7 Foreign Banks	-	-	-	-
8 Organized Institutions Shares	29,200	-	29,200	29,200
9 Corporate Bonds and Debentures	-	-	-	-
10 Other Investments	-	-	-	10,000,000
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>29,200</b>	<b>10,029,200</b>
Provision	2,200	-	2,200	2,200
<b>Net Investment</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>10,027,000</b>

Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
As on 31 Ashad 2070 (15 July 2013)

	Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1	Investment in Shares					
1.1	Credit Information Bureau	-	-	-	-	-
	270 Ordinary Shares of Rs 100 Paid up	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	.....	-	-	-	-	-
	<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
3	Provision for Loss	2,200				2,200
3.1	Provision Up to Previous Year	2,200				6,400
3.2	Additions This Year	-				(4,200)
	<b>Total Provision</b>	<b>2,200</b>				<b>2,200</b>
	<b>Net Investment</b>	<b>27,000</b>				<b>27,000</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
As on 31 Ashad 2070 (15 July 2013)

Description	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	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	-	-	-	-	-	
<b>Total Investment</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
**As on 31 Ashad 2070 (15 July 2013)**

Description	Cost Price	Cumulative Loss Up to This Year	Current Lear Loss	Current Year Profit/ (Loss)	Last Year Profit/ (Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-	
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	27,000	-	-	-	-	
<b>Total Investment</b>	<b>27,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
**As on 31 Ashad 2070 (15 July 2013)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	29,200	-	-	-	-	
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	-	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



Schedule 4.13

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars	Loans						Total	Bills Purchased/Discounted			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Total	Domestic		Foreign	Total			
	Deprived		Others									
	Insured	Uninsured										
1	1	Performing Loan	-	-	11,128,394	-	-	11,128,394	-	-	11,128,394	73,690,745
		1.1 Pass Loan	-	-	11,128,394	-	-	11,128,394	-	-	11,128,394	73,690,745
		1.2 Restructured	-	-	-	-	-	-	-	-	-	-
2		Non-Performing Loan	-	12,000,000	2,283,687,028	-	-	2,295,687,028	-	-	2,295,687,028	2,544,932,762
		2.1 Substandard	-	-	707,258	-	-	707,258	-	-	707,258	3,912,676
		2.2 Doubtful	-	-	2,567,236	-	-	2,567,236	-	-	2,567,236	4,843,056
		2.3 Bad	-	12,000,000	2,280,412,534	-	-	2,292,412,534	-	-	2,292,412,534	2,536,177,031
(A)		Total Loan	-	12,000,000	2,294,815,422	-	-	2,306,815,422	-	-	2,306,815,422	2,618,623,507
3		Loan Loss Provision	-	12,000,000	2,281,984,251	-	-	2,293,984,251	-	-	2,293,984,251	2,540,313,635
		3.1 Pass	-	-	111,284	-	-	111,284	-	-	111,284	736,907
		3.2 Restructured	-	-	-	-	-	-	-	-	-	-
		3.3 Substandard	-	-	176,815	-	-	176,815	-	-	176,815	978,169
		3.4 Doubtful	-	-	1,283,618	-	-	1,283,618	-	-	1,283,618	2,421,528
		3.5 Bad	-	12,000,000	2,280,412,534	-	-	2,292,412,534	-	-	2,292,412,534	2,536,177,031
(B)		Total Provisioning	-	12,000,000	2,281,984,251	-	-	2,293,984,251	-	-	2,293,984,251	2,540,313,635
4		Provisioning up to Previous Year	-	120,000	2,540,193,635	-	-	2,540,313,635	-	-	2,540,313,635	1,491,683,410
		4.1 Pass	-	120,000	616,907	-	-	736,907	-	-	736,907	20,566,981
		4.2 Restructured	-	-	-	-	-	-	-	-	-	-
		4.3 Substandard	-	-	978,169	-	-	978,169	-	-	978,169	35,835,941
		4.4 Doubtful	-	-	2,421,528	-	-	2,421,528	-	-	2,421,528	1,761,471
		4.5 Bad	-	-	2,536,177,031	-	-	2,536,177,031	-	-	2,536,177,031	1,433,519,016
(C)		Total Previous Year's Provision	-	120,000	2,540,193,635	-	-	2,540,313,635	-	-	2,540,313,635	1,491,683,410
(D)		Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-
		Changes in This Year	-	11,880,000	(258,209,384)	-	-	(246,329,384)	-	-	(246,329,384)	1,048,630,225
		Net Loan (A-B)	-	-	12,831,172	-	-	12,831,172	-	-	12,831,172	78,309,872

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(A) Secured</b>	<b>2,306,815,422</b>	<b>2,618,623,507</b>
1 Movable/Immovable Assets	2,294,319,641	2,584,010,883
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	5,080,000	21,495,076
b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7 Government Bonds	-	-
8 Counter Guarantee	-	-
9 Personal Guarantee	-	-
10 Other Securities	7,415,781	13,117,548
<b>(B) Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,306,815,422</b>	<b>2,618,623,507</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars	Assets					This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	17,319,868	39,154,369	13,805,924	7,056,482	108,668,991	122,025,173
b. Addition This Year	-	4,032	2,500	-	19,210	25,742	39,702
c. Revaluation/Written Back This Year	-	-	(228,296)	276,647	267,311	315,662	-
d. This Year Sold	-	4,857,704	7,760,836	1,478,594	230,389	14,327,522	13,393,140
e. This Year Written off	-	-	20,589	-	-	20,589	2,744
<b>Total Cost (a+b+c-d-e)</b>	<b>31,332,349</b>	<b>12,466,195</b>	<b>31,147,147</b>	<b>12,603,978</b>	<b>7,112,614</b>	<b>94,662,284</b>	<b>108,668,991</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	6,992,380	9,458,237	18,602,058	7,309,290	3,933,120	46,295,085	33,417,420
b. For This Year	1,216,997	609,959	3,406,180	1,405,650	851,411	7,490,197	14,027,062
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	1,149,397
<b>Total Depreciation</b>	<b>8,209,377</b>	<b>10,068,196</b>	<b>22,008,238</b>	<b>8,714,940</b>	<b>4,784,531</b>	<b>53,785,282</b>	<b>46,295,085</b>
3 Book Value (WDV*) (1-2)	23,122,972	2,398,000	9,138,910	3,889,038	2,328,083	40,877,001	62,373,906
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	4,295,724
6 Leasehold Assets	-	-	-	-	-	10,387,281	17,637,103
<b>Total (3+4+5+6)</b>	<b>23,122,972</b>	<b>2,398,000</b>	<b>9,138,910</b>	<b>3,889,038</b>	<b>2,328,083</b>	<b>114,769,524</b>	<b>140,316,103</b>

Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 31 Ashad 2070 (15 July 2013)**

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Grand Total</b>	-	-	-	-	-	-

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		745,800	1,310,358
Income Receivable on Investments			-
Accrued Interest on Loan	889,468,734		561,706,162
Less : Interest Suspense Amount	(889,468,734)	-	(561,706,162)
Commission Receivable			-
Sundry Debtors		32,200,150	31,878,354
Staff Loans and Advances		80,137	130,137
Prepaid Expenses		243,422	418,256
Cash in Transit			-
Other Transit items ( including cheques )			-
Drafts Paid without Notice			-
Expenses Not Written off		477,871	477,871
Branch account			-
Deferred Tax Assets		280,451,476	315,053,707
Other		3,033,588	2,595,543
<b>Total</b>		<b>317,232,444</b>	<b>351,864,227</b>



Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	889,468,734	-	-	889,468,734	561,706,162
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad 2070 (15 July 2013)**

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

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**  
**Interest Income**

**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft	115,635,997	135,538,033
1 Loans and Advances	115,635,997	135,538,033
2 Overdraft	-	-
B. On Investment	-	793,526
1 Nepal Government Securities	-	-
a. Treasury Bills	-	562,046
b. Development Bonds	-	231,480
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	4,546,269	9,803,302
1 Certificate of Deposits	-	-
2 Inter-Bank Loan	-	499,485
3 Others-Deposit with other Fis	4,546,269	9,303,818
<b>Total</b>	<b>120,182,266</b>	<b>146,134,862</b>

Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**  
**Interest Expenses**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars		This Year Rs.	Previous Year Rs.
A.	On Deposit Liabilities	69,139,533	211,113,843
	1 Fixed Deposits	17,363,546	94,681,602
	1.1 Local Currency	17,363,546	94,681,602
	1.2 Foreign Currency	-	-
	2 Savings Deposits	27,968,270	48,855,334
	2.1 Local Currency	27,968,270	48,855,334
	2.2 Foreign Currency	-	-
	3 Call Deposits	23,807,717	67,576,907
	3.1 Local Currency	23,807,717	67,576,907
	3.2 Foreign Currency	-	-
	4 Certificate of Deposits	-	-
B	On Borrowings	1,488,020	9,911,172
	1 Debentures and Bonds	-	-
	2 Loan from Nepal Rastra Bank	-	-
	3 Inter Bank/Financial Institutions Borrowing	1,488,020	9,911,172
	4 Other Corporate Body	-	-
	5 Other Loans	-	-
C	On Others	-	-
	1 .....	-	-
	2 .....	-	-
<b>Total</b>		<b>70,627,553</b>	<b>221,025,015</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**  
**Commission and Discount**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars		This Year Rs.	Previous Year Rs.
A	Bills Purchase and Discount	-	-
	1 Local	-	-
	2 Foreign	-	-
B	Commission	-	19,730
	1 Letters of Credit	-	-
	2 Guarantee	-	-
	3 Collection Fee	-	-
	4 Remittance Fee	-	19,730
	5 Credit Cards	-	-
	6 Share Underwriting/Issues	-	-
	7 Government Transactions	-	-
	8 Agency Commission	-	-
	10 Exchange Income	-	-
C	Others	-	25,021
<b>Total</b>		<b>-</b>	<b>44,750</b>

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**  
**Other Operating Income**  
For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
1 Rental on Safe Deposit Lockers	-	-
2 Issue and Renewals of Credit Cards	-	-
3 Issue and Renewals of ATM Cards	-	-
4 Telex/T.T.	-	-
5 Service Charges	-	-
6 Renewal Fees	-	-
7 Others	196,998	39,473
<b>Total</b>	<b>196,998</b>	<b>39,473</b>

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**  
**Exchange Gain/Loss**  
For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

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

Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**  
**Employee Expenses**  
For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	11,116,265	17,675,270
2 Allowances	3,733,488	3,592,368
3 Contribution to Provident Fund	695,718	876,551
4 Training Expenses	-	-
5 Uniform	-	1,079,647
6 Medical	833,550	1,315,335
7 Insurance	235,900	733,737
8 Leave Incashment	868,835	-
9 Others	63,400	2,866,122
<b>Total</b>	<b>17,547,155</b>	<b>28,139,029</b>

**Capital Merchant Banking & Finance Ltd.**  
**Other Overhead Expenses**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars	This Year Rs.	Previous Year Rs.
1 House Rent	5,086,673	6,648,987
2 Electricity and Water	1,136,267	1,325,556
3 Repair and Maintenance	1,329,647	515,995
(a) Building	78,583	63,505
(b) Vehicles	122,516	101,678
(c) Others	1,128,548	350,813
4 Insurance	1,128,294	1,654,166
5 Postage, Telex, Telephone, Fax	469,046	694,976
6 Office Equipment, Furniture and Fixture Repair	212,674	-
7 Traveling Allowances and Expenses	285,655	101,211
8 Stationery and Printing	242,906	305,179
9 Periodicals and Books	47,810	56,244
10 Advertisements	-	242,882
11 Legal Expenses	-	-
12 Donations	-	2,851
13 Expenses Relating to Board of Directors	265,085	383,101
(a) Meeting Fees	260,500	364,500
(b) Other Expenses	4,585	18,601
14 Annual General Meeting Expenses	-	-
15 Expenses Relating to Audit	209,573	106,390
(a) Audit Fees	101,700	101,700
(b) Other Expenses	1,935	4,690
c) Tax Audit Fees	105,938	-
16 Commission on Remittances	-	-
17 Depreciation on Fixed Assets	9,110,433	14,027,063
18 Amortization of Preliminary Expenses	-	-
19 Share Issue Expenses	-	-
20 Technical Services Fee	547,500	913,375
21 Entertainment	-	162,110
22 Written Off Expenses	871,311	1,851,614
23 Security Expenses	2,530,110	5,924,795
24 Credit Guarantee Premium	-	-
25 Commission and Discount	-	-
26 Others	3,120,207	4,814,865
26.1 Membership Fee	92,190	137,390
26.2 Tax & Fines	1,075,909	1,056,473
26.3 Anniversary Expenses	-	-
26.4 Fuel Expenses	581,247	775,217
26.5 Service Charge	4,968	16,100
26.6 Gift Expenses	-	2,420
26.7 Branch Extension Expenses	-	-
26.8 Data Connectivity Expenses	1,114,180	-
26.9 Software Maintenance Expenses	66,034	-
26.1 Others	185,679	2,827,266
<b>Total</b>	<b>26,593,190</b>	<b>39,731,359</b>

Schedule 4.25

**Capital Merchant Banking & Finance Ltd.**  
**Provision for Possible Losses**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars		This Year Rs.	Previous Year Rs.
1	Increase in Loan Loss Provision	-	1,048,630,225
2	Increase in Provision for Loss on Investment	-	-
3	Provision Against Non-Banking Assets	-	85,000.00
4	Provision Against Other Assets	-	-
<b>Total</b>		<b>-</b>	<b>1,048,715,225</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**  
**Non-Operating Income/Loss**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars		This Year Rs.	Previous Year Rs.
1	Profit (Loss) on Sale of Investment	-	(88,059)
2	Profit (Loss) on Sale of Assets	831,900	291,083
3	Dividend	-	-
4	Subsidies Received from Nepal Ratra Bank	-	-
	a. Reimbursement of Losses of Specified Branches	-	-
	b. Interest Subsidy	-	-
	c. Exchange Counter	-	-
5	Others	380,556	648,000
<b>Total Non-Operating Income (Loss)</b>		<b>1,212,455</b>	<b>851,024</b>

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**  
**Loss Provisions Written Back**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars		This Year Rs.	Previous Year Rs.
1	Loan Loss Provision Written Back	246,329,384	-
2	Provision against Non-Banking Assets Written Back	85,000	-
3	Investment Provision Written Back	-	-
4	Provision against Other Assets Written back	-	-
<b>Total</b>		<b>246,414,384</b>	<b>-</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**  
**Income /Expenses from Extra-ordinary Activities**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars		This Year Rs.	Previous Year Rs.
1	Recovery of write off Loan	-	-
2	Voluntary Retirement Scheme Expenses	-	-
3	Loan Write-Off (4.28) (a)	-	-
4	Other Expenses/Income	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 31 Ashad 2070 (15 July 2013)**

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	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars	This Year Rs.	Previous Year Rs.
<b>A) Core Capital</b>	<b>(1,034,399)</b>	<b>16,738</b>
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	80,832	37,104
6 Cumulative Profit/(Loss) (up to Previous FY)		
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(2,331,163)	(1,351,577)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves		
12 Deferred Tax Reserve	280,451	393,529
<b>Less :</b>	<b>2,200</b>	<b>-</b>
- Goodwill	-	-
- Investment in excess of prescribed limit	2,200	2,200
- 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>B) Supplementary Capital</b>	<b>113</b>	<b>20,569</b>
1 Loan Loss Provision on Pass Loans	111	20,567
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	2.20	2.20
<b>C) Total Capital Fund (A+B)</b>	<b>(1,034,286)</b>	<b>37,307</b>
<b>D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets</b>		
Capital Fund (@ 11 Percent)	299,331	435,039
Core Capital (@ 5.5 Percent)	149,665	217,520
Capital Fund Deficit By @ ..... Percent	(1,333,617)	(399,932)
Core Capital Deficit By @ ..... Percent	(1,184,065)	(202,982)



**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad 2070 (15 July 2013)**

Fig. in '000

On-Balance Sheet Assets	Weightage	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	758	-	18,444	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	11,042	-	139,817	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	50,000	-
Fully Secured Loan against own Fixed Deposit Receipt	0	5,080	-	75,068	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	68,570	13,714	519,199	103,840
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	-	-	55,000	11,000
Investments in Shares, Debentures and Bonds	100	29	29	33	33
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	2,301,735	2,301,735	2,678,235	2,678,235
Fixed Assets	100	114,770	114,770	117,317	117,317
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	290,942	290,942	20,330	20,330
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>2,792,927</b>	<b>2,721,191</b>	<b>3,673,443</b>	<b>2,930,755</b>
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>2,792,927</b>	<b>2,721,191</b>	<b>3,673,443</b>	<b>2,930,755</b>

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

Particulars	Indicators	FY 2065/66	FY 2066/67	FY 2067/68	FY 2068/69	FY 2069/70
1 Percent of Net Profit/Gross Income	Percent	16.06	16.63	(203.10)	(862.86)	180
2 Earning Per Share	Rs.	11.21	6.69	(102.85)	(135.71)	23
3 Market Value Per Share	Rs.	680	216	131	131	131
4 Price Earning Ratio	Percent	61	32	(1.27)	(0.97)	5.60
5 Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6 Cash Dividend on Share Capital	Percent	8.42	5.26	-	-	-
7 Interest Income/Loan & Advances	Percent	10.99	11.33	10.84	5.18	5.01
8 Staff Expenses/Total Operating Expenses	Percent	39.64	36.77	40.43	41.46	39.75
9 Interest Expenses / Total Deposit and Borrowing	Percent	7.96	9.19	11.70	15.36	6.78
10 Exchange Gain/Total Income	Percent	-	-	-	-	-
11 Staff Bonus/Total Staff Expenses	Percent	56.64	49.42	-	-	-
12 Net Profit/Loan and Advances	Percent	2.01	2.27	(26.44)	(48.46)	9.48
13 Net Profit/Total Assets	Percent	1.66	1.75	(31.90)	(179.60)	41.63
14 Total Credit/Deposit	Percent	115.20	119.99	133.74	193.24	229.56
15 Total Operating Expenses/Total Assets	Percent	1.05	1.38	1.83	5.62	5.06
16 Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	17.59	33.39	0.37	(40.65)	(38.01)
b) Supplementary Capital	Percent	0.89	0.91	0.52	0.31	0.004
c) Total Capital Fund	Percent	18.48	34.30	0.89	(40.34)	(38.01)
17 Liquidity (CRR)	Percent	13.20	21.59	0.054	0.850	0.85
18 Non-Performing Loan/Total Credit	Percent	2.960	2.63	43.45	97.19	99.52
19 Weighted Average Interest Rate Spread	Percent	4.92	4.92	2.01%	7.12%	12.15%
20 Book Net-Worth	Rs.	401,463	978,432	16,737,848	(1,252,278,430)	(1,032,199,236)
21 Total Number of Shares	Nos.	3,740,278	9,350,695	9,350,695	9,350,695	9,350,695
22 Total Staff	Nos.	57	71	128	65	65
23 Others	-	-	-	-	-	-

## Significant Accounting Policies

### Schedule 4.32

#### 1. General Information

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

The Company has been registered with the Office of the Company Registrar on 14 Ashar, 2058, obtained license from Nepal Rastra Bank on 19 Magh 2058 and came into operation with effective from 19 Magh 2058. The Company has listed on Nepal Stock Exchange Limited.

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

#### 2. Summary of Significant Accounting Policies

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

#### 3. Statement of Compliance

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

#### 4. Basis of Preparation

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

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

#### 5. Interest Income

Interest income on loans and advances is recognised on cash basis as per the Nepal Rastra Bank Directive.

Interest income on Investments is accounted for on accrual basis.

#### 6. Commission Income

All the commission incomes are accounted for on accrual basis.

#### 7. Interest Expense

Interest on deposit liabilities and borrowings is accounted for on accrual basis.

#### 8. Loans and Advances including Bills Purchased

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

#### 9. Staff Loans and Advances

Loans and advances granted to staff are shown under other assets Schedule-4.16.

#### 10. Loan Loss Provision

The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.

#### 11. Write Off

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

#### 12. Investments

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

#### 13. Fixed Assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation and impairment losses.
- Assets with a value less than Rs. 5000 are charged off as a revenue expenses irrespective of its useful life in the year of purchase
- Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner and rates

prescribed by Income Tax Act, 2058.

- d. Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.

#### **14. Non-Banking Assets**

Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives.

#### **15. Software Expenses**

Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.

#### **16. Employee Benefits**

##### **a. Retirement fund**

Provident fund contribution is recognised as expenses and deposited into the CIT.

##### **b. Gratuity**

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

#### **17. 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.

#### **18. 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.

#### **19. Income Tax**

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act.

#### **20. Deferred Tax**

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

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

## Notes to Accounts

### Schedule 4.33

#### 1. Interest Income and Interest Suspense

The interest receivable on loans and advances as at 15 July, 2012 (31 Ashad, 2069) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.

#### 2. Provision for Staff Bonus

Staff bonus has not been provided as Company is in loss.

#### 3. Staff Housing Fund

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

#### 4. General Reserve

General Reserves has been provide @20% of net profit of current year.

#### 5. Calls in Arrears

There are no Calls in Arrears at the year end.

#### 6. Unpaid Dividend

The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/67. As on balance sheet date, total dividend payable amounts to Rs. 264,215.

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

The Company has made investment of Rs. 27,000 in shares of Credit Information Bureau and Rs. 2,200 in the shares of Union Finance. Union Finance has not distributed dividend from since last 3 years.

Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 15 July 2012.

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

Rs'000

Particulars	Amount (Rs.)
Opening Balance	2,618,624
Loans Disbursed	Nil
Loans Recovered	311,808
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	2,306,815

#### 9. Classification of Loans & Provisioning

Classification of loan as on 31/3/2070 is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	11,128
2.	Substandard	707
3.	Doubtful	2,567
4.	Loss	2,292,413
	<b>Total</b>	<b>2,306,815</b>

Accordingly, Company has write back Rs. 246,329 thousand loan loss provision thereon during a year.

#### 10. Summary Status of the Deposit Liabilities

Rs'000

Particulars	Current Year NRs.	Previous Year NRs.	Decrease by Rs.
Current Deposit	0	0	0
Margin Deposit	0	0	0
Saving Deposit	368,709	511,397	142,688
Call Deposit	543,051	668,644	125,593
Fixed Deposit	93,114	175,095	81,981
<b>Total</b>	<b>1,004,874</b>	<b>1,355,136</b>	<b>350,262</b>

# 11. Paid up Share Capital

Paid up share capital of the Company has been changed from year to year as follows:

Financial Year	Paid up Share Capital (RS.)	Remarks
2061/62	70,000,000	Opening Share Capital
2062/63	70,000,000	
2063/64	161,000,000	Public share & Bonus 91,000,000
2064/65	346,150,000	Public Share & 15% bonus share
2065/66	374,027,800	Bonus Share
2066/67	935,069,500	1:1.5 right share
2067/68	935,069,500	
2068/69	935,069,500	

# 12. Earning Per Share, share price and share transaction

Earning per share for the year is calculated and disclosed as follows:

Particulars	Basic Earnings Per Share	Diluted Earnings Per share*
Net profit attributable to equity shareholders (Rs.)	218,635,974	218,635,974
Weighted average number of share outstanding (No.)	9,350,695	9,350,695
Earnings Per Share (Rs.)	23.38	23.38

The company has net profit during a year due to write back of loan loss provision Rs.246,329,384.

\* Since the company has not issued preference share and debentured/bonds, basic earnings per share and diluted earning per share are same.

# 13. Details of Non-Banking Assets

The Company has no non-banking assets in current year. The provision Rs. 85,000 made during last year against the non-banking assets, has been written back as the vehicle has been sold during a year

# 14. Provision for Gratuity

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation.

# 15. Provision for Leave Encashment

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs. 2,720,026 has been provided for leave encashment under this account.

# 16. Classification of Assets and Liabilities based on Maturity

(Rs. in '000)

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
	<b>Assets</b>						
1	Cash Balance	757.99					757.99
2	Balance with Banks & FIs	75,768.55					75,768.55
3	Investment in Foreign Banks						0.00
4	Call Money						0.00
5	Government Securities						0.00
6	Nepal Rastra Bank Bonds						0.00
7	Inter Bank & FI Lending						0.00
8	Loans & Advances	522,303.03	76,687.26	244,691.54	572,498.45	890,635.14	2,306,815.42
9	Others						0.00
	<b>Total Assets</b>	<b>5,998,829.57</b>	<b>76,687.26</b>	<b>244,691.54</b>	<b>572,498.45</b>	<b>890,635.14</b>	<b>2,383,341.96</b>
	<b>Liabilities</b>						
10	Current Deposits						0.00
11	Saving Deposits	915,451.26					915,451.26
12	Fixed Deposits	478,407.57	14,275.44	20,035.66	24,805.74	20,851.72	558,376.12
13	Debentures						0.00
14	Borrowings:	37,350.00	0.00	0.00	0.00	0.00	37,350.00

15	Other Liabilities	2400833.56	0.00	0.00	0.00	0.00	2400833.56
	<b>Total Liabilities</b>	<b>3832042.39</b>	<b>14275.44</b>	<b>20035.66</b>	<b>24805.74</b>	<b>20851.72</b>	<b>3912010.94</b>
	Net Financial Assets	-3233212.82	62411.82	224655.88	547692.71	869783.42	-1528668.98
	<b>Cumulative Total Assets</b>	<b>-3233212.82</b>	<b>-3170801</b>	<b>-2946145.11</b>	<b>-2398452.40</b>	<b>-1528668.98</b>	<b>0.00</b>

#### 17. Deferred Tax Assets/ (Liability)

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets	-	-	-
LLP in excess of 5% of lending	-	-	-
LLP Written Back	-	115,340,771	(115,340,771)
Share Issue Management	-	-	-
Leasehold Assests and computer Software	-	-	-
Staff Gratuity	-	-	-
Provision	-	-	-
Net Temporary Difference	-	-	(115,340,771)
Deferred Tax expenses/(Income)for current year	-	-	34,602,231
Deferred Tax Liability/(Assests) till Ashad end 2069	-	-	315,053,707
Deferred Tax Liability/(Assests) as at Ashad end 2070 @ 30%	-	-	280,451,476

Deferred Tax Assets as on Ashad end 2070 (15 July 2013) is Rs. 280,451,476 and Rs.34,602,231 has been recognized as deferred tax income in Profit and Loss Account in the current year.

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

The current year's negative Net Worth has been swelled to Rs.1,032,199 thousand from last year's negative worth of Rs.1,252,278 thousand. Due to this, Minimum Capital Adequacy Ratio (Directive No. 1), Deposit Collection Limit Ratio (Directive No.16), Single Obligor Limit Ratio (Directive No.3) and Investment Limit Ratio (Directive No.8) is not in the state of the comparison with the ceiling fixed by Nepal Rastra Bank. Under such circumstances no additional provision have been created towards risk bearing.

#### 19. Adjusting Events after Reporting Period

From Shrawan 1, 2070 to Poush 5, 2070 depositors have been paid Rs. 86,949,356.52 and loan of Rs.54,879,328.54 has been collected during the same time period.

#### 20. Non Adjusting Events after Reporting Period

The composition of both new and the then existing BOD is listed below:

Then existing Board of Directors:

S. N.	Name of Person	Designation
1	Bhumi Narayan Shrestha	Chairman
2	Mahendranath Adhikari	Member
3	Ashok Kumar Bhattarai	Member
4	Mahendranath Karmacharya	Managing Director/ Professional Director

New Board of Directors:

S. No.	Name of Person	Designation
1	Bhumi Narayan Shrestha	Chairman
2	Rabindra Ram Shrestha	Member
3	Ashok Kumar Bhattarai	Member
4	Ramesh K.C.	Member
5	Basudev Acharya	CEO

**21. Income Tax**

For tax purpose, self assessment income tax return has been filed upto F.Y. 2068/69. For the current year, filing is due. During the current year, for the tax purpose, taxable income is stood at Rs.4,608,945 after setting off prior period accumulated loss. No provision has been created for this as RS. 26,659,824 is still due to the company on account of advance tax paid till previous year.

22. The financial statements are subject to NRB approval.

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

**24. Previous Year's Figures**

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.



Schedule 4.34

**Capital Merchant Banking & Finance Ltd.**  
**Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

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

**Capital Merchant Banking & Finance Limited**  
**Computation of Deferred Tax Assets/Liability**  
**For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)**

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets	-	-	-
LLP in excess of 5% of lending	-	-	-
LLP Written Back	-	115,340,771	(115,340,771)
Share Issue Management		-	-
Leasehold Assets and Computer Software	-	-	-
Staff Gratuity		-	-
Provision	-	-	-
<b>Net Temporary Difference</b>			<b>(115,340,771)</b>
<b>Deferred Tax Expense/(Income) for current year</b>			<b>34,602,231</b>
Deferred Tax Liability/(Assets) till Ashad end 2069			315,053,707
<b>Deferred Tax Liability/(Assets) as at Ashad end 2070 @ 30%</b>			<b>280,451,476</b>

**Capital Merchant Banking & Finance Limited**  
**Computation of Taxable Income & Tax**  
**As on 31 Ashad 2070 (15 July 2013)**

Particulars	Amount
Profit before tax as per Profit & Loss Account	253,238,206
Less: LLP Written Back	(64,475,192)
<b>Add: Adjustments for</b>	
Depreciation & amortization as per books of accounts	9,110,433
Provision for Gratuity	-
Provision for Leave Encashment	-
Donation	-
LLP	-
Pollution Check of Bike	-
Standing Liquidity Facility	-
<b>Less: Adjustments for</b>	
Depreciation as per Income Tax	9,110,433
Deferred Expenses	
Share Issue Management	
Provision for Leave Encashment	
Taxable Profit as per Income tax Act 2058	188,763,014
<b>Corporate Income Tax @ 30%</b>	<b>56,628,904</b>

# GOPAL KUMAR SHRESTHA

Chartered Accountant

## Independent Auditor's Report To the shareholders of Capital Merchant Banking & Finance Limited

1. We have audited the accompanying Balance Sheet of Capital Merchant Banking and Finance Limited as on Ashadh 32, 2071 (July 16, 2014) and the related Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. On examination of the financial statements as aforesaid, we report that;
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.
  - b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are agreement with the books of account.
  - c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.
5. Nepal Rastra Bank vide its letter of Magh 17, 2069, has declared the Company as a problematic financial institution as per section 86 kha of Nepal Rastra Bank Act 2058 with immediate effect requiring the company to comply with additional NRB directives.




Dev Nagar, Saithu Ganesh Tole, Lalitpur SMC-9 Nepal, Phone – 5261850 Fax: 5261653  
Post Box no. 6252 GPO Kathmandu email: shresthagk101@gmail.com

6. As mentioned in schedule 4.30 of the financial statements, the company's total capital fund and core capital fund stood at negative figures as of Ashadh 32, 2071 (July 16, 2014), which is insufficient as compared to the minimum capital requirement fixed by Nepal Rastra Bank's unified directives.
7. In accordance with the details mentioned in notes to account (Schedule 4.33) note # 23 of financial statements, various directives of Nepal Rastra Bank, Single Obligor Limit Ratio (Directive No. 3) and Investment Limit Ratio (Directive No 8) and Deposit Collection Limit Ratio (Directive No 16) are not in the state of the comparison with the ceiling fixed by Nepal Rastra Bank.
8. Adequate provisions for loan losses have been made by the Company.

*Opinion*

9. In our opinion and to the best of our information and explanation given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraphs # 6 and 7, the said financial statements, read together with the notes attached thereto give a true and fair view of the financial position of the company as of Ashadh 32, 2071 (July 16, 2014) and result of operations and its cash flows for the year then ended in accordance with Nepal Accounting Standard to the extent applicable as per the prevailing law.

  
Gopal Kumar Shrestha  
Gopal Shrestha & Co.  
Chartered Accountant

Date: 2071-9-16  
Place: Lalitpur

**Capital Merchant Banking & Finance Ltd.**  
**Balance Sheet**  
as on Ashad 32, 2071 (July 16, 2014)

Capital & Liabilities	Schedule	This Year Rs.	Previous Year Rs.
1 Share Capital	4.1	935,069,500	935,069,500
2 Reserves and Funds	4.2	(1,403,950,124)	(1,967,268,736)
3 Debentures and Bonds	4.3	-	-
4 Borrowings	4.4	37,350,000	37,350,000
5 Deposit Liabilities	4.5	727,372,714	1,004,874,118
6 Bills Payables	4.6	-	-
7 Proposed and Payable Dividend		-	-
8 Income Tax Liabilities			
9 Other Liabilities	4.7	536,041,827	515,206,044
<b>Total Capital Liabilities</b>		<b>831,883,918</b>	<b>525,230,926</b>

Assets	Schedule	This Year Rs.	Previous Year Rs.
1 Cash Balance	4.8	2,994,124	757,994
2 Balance with NRB	4.9	4,093,576	11,042,348
3 Balance with Banks/Financial Institutions	4.10	75,666,448	68,570,444
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	668,685	12,831,172
7 Fixed Assets	4.14	94,738,296	114,769,524
8 Non-Banking Assets	4.15	-	-
9 Other Assets	4.16	653,695,789	317,232,444
<b>Total Assets</b>		<b>831,883,918</b>	<b>525,230,926</b>

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
Comparision Between Unaudited and Audited Financial		Schedule	4.35
Unaudited Financial Highlights certified by Internal Auditor		Schedule	4.(A)

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Gopal Shrestha, FCA**  
Gopal Shrestha & Co. Chartered  
Accountants

Date : 2071-09-16  
Place : Kathmandu, Nepal

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

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	59,178,970	120,182,266
2. Interest Expenses	4.19	43,457,266	70,627,553
<b>Net Interest Income</b>		<b>15,721,704</b>	<b>49,554,713</b>
3. Commission and Discount	4.20	-	-
4. Other Operating Income	4.21	183,565	196,998
5. Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>15,905,269</b>	<b>49,751,711</b>
6. Employees Expenses	4.23	12,134,867	17,547,155
7. Other Overhead Expenses	4.24	18,113,631	26,593,190
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(14,343,229)</b>	<b>5,611,366</b>
9. Provision for Possible Losses	4.25	37,120,404	-
<b>Operating Profit</b>		<b>(51,463,633)</b>	<b>5,611,366</b>
10. Non-operating Income/Expenses	4.26	2,060,652	1,212,455
11. Provision Written-Back	4.27	276,857,141	246,414,384
<b>Profit from Regular Operations</b>		<b>227,454,160</b>	<b>253,238,206</b>
12. Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>227,454,160</b>	<b>253,238,206</b>
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		(335,822,778)	34,602,231
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		(335,822,778)	34,602,231
<b>Net Profit/(Loss)</b>		<b>563,276,938</b>	<b>218,635,974</b>

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Gopal Shrestha, FCA**  
Gopal Shrestha & Co.  
Chartered Accountant

Date : 2071-09-16  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Appropriation Account**  
**For the period from July 16, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
<b>Income</b>			
1 Accumulated Profit up to the Last Year		(2,331,163,399)	(2,542,117,630)
2 Current Year's Profit		563,276,938	218,635,974
3 Exchange Fluctuation Fund		-	-
<b>Total (A)</b>		<b>(1,767,886,461)</b>	<b>(2,323,481,655)</b>
<b>Expenses</b>			
1 Accumulated Loss up to the Last Year		-	-
2 This Year's Loss		-	-
3 General Reserve		112,655,388	43,727,195
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		335,822,778	(34,602,231)
<b>Total (B)</b>		<b>448,478,166</b>	<b>9,124,964</b>
15 Accumulated Profit/(Loss) (A-B)		(2,216,364,627)	(2,332,606,619)

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Gopal Shrestha, FCA**  
Gopal Shrestha & Co.  
Chartered Accountant

Date : 2071-09-16  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(a) Cash flow from Operating Activities</b>	<b>(2,908,347)</b>	<b>15,934,254</b>
<b>1 Cash Received</b>	<b>61,423,187</b>	<b>121,591,720</b>
1.1 Interest Income	59,178,970	120,182,266
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	2,244,217	1,409,453
<b>2 Cash Payment</b>	<b>64,331,534</b>	<b>105,657,466</b>
2.1 Interest Expenses	43,457,266	70,627,553
2.2 Staff Expenses	12,134,867	17,547,155
2.3 Office Overhead Expenses	8,739,401	17,482,757
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(5,365,289)	(79,366,667)
<b>(Increase)/Decrease of Current Assets</b>	<b>(324,300,858)</b>	<b>110,110,483</b>
1 (Increase)/Decrease in Money at Call and Short Notice	-	-
2 (Increase)/Decrease in Short-term Investments	-	10,000,000
3 (Increase)/Decrease in Loans and Advances and Bills Purchase	12,162,487	65,478,700
4 (Increase)/Decrease in Other Assets	(336,463,345)	34,631,783
<b>Increase/(Decrease) of Current Liabilities</b>	<b>318,935,569</b>	<b>(189,477,150)</b>
1 Increase/(Decrease) in Deposits Liabilities	(277,501,403)	(350,261,656)
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	-	(46,445,343)
4 Increase/(Decrease) in Other Liabilities	596,436,972	207,229,849
<b>(b) Cash flow from Investment Activities</b>	<b>10,656,998</b>	<b>17,736,147</b>
1 (Increase)/Decrease in Long-Term Investment	-	-
2 (Increase)/Decrease in Fixed Assets	10,656,998	17,736,147
3 Interest Income From Long-Term Investment	-	-
4 Dividend Income	-	-
5 Others	-	-
<b>(c) Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>(d) Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>(e) This Year's Cash Flow from All Activities</b>	<b>2,383,362</b>	<b>(45,696,266)</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>80,370,787</b>	<b>126,067,052</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>82,754,149</b>	<b>80,370,786</b>

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

As per our report of even date

Date : 2071-09-16  
Place : Kathmandu, Nepal

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Gopal Shrestha, FCA**  
Gopal Shrestha & Co.  
Chartered Accountants





**Capital Merchant Banking & Finance Ltd**  
**Statement of Changes in Equity**  
**Fiscal Year 2013/14 (2070/71)**

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
<b>Opening Balance as at 16 July 2013</b>	935,069,500	(2,331,163,399)	80,831,628	-	-	2,611,560	-	280,451,476	-	(1,032,199,236)
Adjustment for Changes in Accounting Policies	-	41,674	-	-	-	-	-	-	-	41,674
<b>Restated Balance as at 17 July 2014</b>	935,069,500	(2,331,121,726)	80,831,628	-	-	2,611,560	-	280,451,476	-	(1,032,157,562)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	563,276,938	-	-	-	-	-	-	-	563,276,938
General Reserve	-	(112,655,388)	112,655,388	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(335,822,778)	-	-	-	-	-	335,822,778	-	-
<b>Closing Balance</b>	935,069,500	(2,216,322,953)	193,487,015	-	-	2,611,560	-	616,274,254	-	(468,880,624)

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Basudev Acharya**  
CEO

**Gopal Shrestha, FCA**  
Gopal Shrestha & Co.  
Chartered Accountants

Date : 2071-09-16  
Place : Kathmandu, Nepal

**List of Share Holder's holding 0.5% or more of Paid-Up Share Capital**

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

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 32 Ashad 2071 (16 July 2014)**

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

Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	This Year Rs.	Previous Year Rs.
1 General Reserve Fund	193,487,015	80,831,628
2 Capital Reserve Fund	-	-
3 Capital Redemption Reserve	-	-
4 Capital Adjustment Fund	-	-
5 Other Reserves	618,885,814	283,063,036
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	616,274,254	280,451,476
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6 Accumulated Profit/(Loss)	(2,216,322,953)	(2,331,163,399)
7 Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,403,950,124)</b>	<b>(1,967,268,736)</b>

Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	This Year Rs.	Previous Year Rs.
1. .... Percent Bonds/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding balance of Redemption Reserve Rs.....)	-	-
2. .... Percent Bond/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding Balance of Redemption Reserve Rs. .... each	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Local</b>		
1 Nepal Government	-	-
2 Nepal Rastra Bank	-	-
3 Repo Obligation	-	-
4 Inter Bank and Financial Institutions	37,350,000	37,350,000
5 Other Organized Institutions	-	-
6 Others	-	-
<b>Total</b>	<b>37,350,000</b>	<b>37,350,000</b>
<b>B Foreign</b>		
1 Banks	-	-
2 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>37,350,000</b>	<b>37,350,000</b>

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars		This Year Rs.	Previous Year Rs.
<b>1</b>	<b>Non-Interest Bearing Accounts</b>		
<b>A.</b>	<b>Current Deposits</b>	-	-
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	-	-
<b>2.</b>	<b>Foreign Currency</b>	-	-
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>B.</b>	<b>Margin Deposits</b>	-	-
1	Employee Guarantees	-	-
2	Guarantee Margin	-	-
3	Letters of Credit Margin	-	-
<b>C.</b>	<b>Others</b>	-	-
1.	Local Currency	-	-
1.1	Financial Institutions	-	-
1.2	Other Organized Institutions	-	-
1.3	Individuals	-	-
2.	Foreign Currency	-	-
2.1	Financial Institutions	-	-
2.2	Other Organized Institutions	-	-
2.3	Individuals	-	-
	<b>Total of Non-Interest Bearing Accounts</b>	-	-
<b>2</b>	<b>Interest Bearing Accounts</b>	-	-
<b>A.</b>	<b>Savings Deposits</b>	<b>239,288,336</b>	<b>368,709,024</b>
1.	Local Currency	239,288,336	368,709,024
1.1	Organized Institutions	60,643	63,454
1.2	Individuals	239,227,693	368,645,570
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>B.</b>	<b>Fixed Deposits</b>	<b>12,292,761</b>	<b>93,114,393</b>
1.	Local Currency	12,292,761	93,114,393
1.1	Organized Institutions	5,101,750	30,858,596
1.2	Individuals	7,191,011	62,255,797
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>C.</b>	<b>Call Deposits</b>	<b>475,791,617</b>	<b>543,050,700</b>
1.	Local Currency	475,791,617	543,050,700
1.1	"A" Class Licensed Institutions	-	-
1.2	Other Licensed Institutions	104,495,493	199,635,369
1.3	Other Organized Institutions	350,034,986	300,126,840
1.4	Individuals	21,261,139	43,288,492
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	-	-
<b>D.</b>	<b>Certificate of Deposit</b>	-	-
1.	Organized Institutions	-	-
2.	Individuals	-	-
3.	Others	-	-
	<b>Total of Interest Bearing Accounts</b>	<b>727,372,714</b>	<b>1,004,874,118</b>
	<b>Total Deposit (1+2)</b>	<b>727,372,714</b>	<b>1,004,874,118</b>

Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	This Year Rs.	Previous Year Rs.
1 Pension/Gratuity Fund	108,662	108,662
2 Employees Provident Fund	-	-
3 Employees Welfare Fund	-	-
4 Provision for Staff Bonus	-	-
5 Interest Payable on Deposits	-	298,304,436
6 Interest Payable on Borrowings	-	-
7 Unearned Discount and Commission	-	-
8 Sundry Creditors	49,159,650	26,540,256
9 Branch Adjustment Account	-	-
10 Others		
TDS Payable on interest	12,910,821	15,721,078
Other TDS Payable	499,671	408,156
A/C Payables	965,236	752,435
FD Nominees	470,852,696	170,650,995
Provision	1,545,092	2,720,026
Deferred Tax Liability	-	-
<b>Total</b>	<b>536,041,827</b>	<b>515,206,044</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	2,994,124	757,994
2 Foreign Currency	-	-
<b>Total</b>	<b>2,994,124</b>	<b>757,994</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	4,093,576	-	-	-	4,093,576	11,042,348
a) Current Account	4,093,576	-	-	-	4,093,576	11,042,348
b) Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Banks/Financial Institutions**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	75,666,448	-	-	-	75,666,448	68,570,444
a) Current Account	-	-	-	-	-	640,176
b) Other Account	75,666,448	-	-	-	75,666,448	67,930,268
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
<b>Total</b>	<b>75,666,448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,666,448</b>	<b>68,570,444</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	-	-	-	-
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	-	-	-	-
4 Nepal Rastra Bank Bonds	-	-	-	-
5 Foreign Securities	-	-	-	-
6 Local Licensed Institutions	-	-	-	-
7 Foreign Banks	-	-	-	-
8 Organized 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

Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 32 Ashad 2071 (16 July 2014)**

	Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1	Investment in Shares					
1.1	Credit Information Bureau	-	-	-	-	-
	270 Ordinary Shares of Rs 100 Paid up	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
3.1	Provision Up to Previous Year	2,200				2,200
3.2	Additions This Year	-				-
	Total Provision	2,200				2,200
	Net Investment	27,000				27,000

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
**As on 32 Ashad 2071 (16 July 2014)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	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	-	-	-	-	-	
<b>Total Investment</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
**As on 32 Ashad 2071 (16 July 2014)**

Description	Cost Price	Cumulative Loss Up To This Year	Current Lear Loss	Current Year Profit/ (Loss)	Last Year Profit/ (Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-	
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	27,000	-	-	-	-	
<b>Total Investment</b>	<b>27,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
**As on 32 Ashad 2071 (16 July 2014)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	29,200	-	-	-	-	
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	-	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



Schedule 4.13

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	Loans						Bills Purchased/Discounted			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Total	Domestic	Foreign	Total			
	Deprived		Others								
	Insured	Uninsured									
1	Performing Loan	-	-	355,367	-	355,367	-	-	-	355,367	11,128,394
	1.1 Pass Loan	-	-	355,367	-	355,367	-	-	-	355,367	11,128,394
	1.2 Restructured	-	-	-	-	-	-	-	-	-	-
2	Non-Performing Loan	-	-	2,017,440,427	-	2,017,440,427	-	-	-	2,017,440,427	2,295,687,028
	2.1 Substandard	-	-	274,443	-	274,443	-	-	-	274,443	707,258
	2.2 Doubtful	-	-	222,078	-	222,078	-	-	-	222,078	2,567,236
	2.3 Bad	-	-	2,016,943,906	-	2,016,943,906	-	-	-	2,016,943,906	2,292,412,534
(A)	Total Loan	-	-	2,017,795,794	-	2,017,795,794	-	-	-	2,017,795,794	2,306,815,422
3	Loan Loss Provision	-	-	2,017,127,109	-	2,017,127,109	-	-	-	2,017,127,109	2,293,984,251
	3.1 Pass	-	-	3,554	-	3,554	-	-	-	3,554	111,284
	3.2 Restructured	-	-	-	-	-	-	-	-	-	-
	3.3 Substandard	-	-	68,611	-	68,611	-	-	-	68,611	176,815
	3.4 Doubtful	-	-	111,039	-	111,039	-	-	-	111,039	1,283,618
	3.5 Bad	-	-	2,016,943,906	-	2,016,943,906	-	-	-	2,016,943,906	2,292,412,534
(B)	Total Provisioning	-	-	2,017,127,109	-	2,017,127,109	-	-	-	2,017,127,109	2,293,984,251
4	Provisioning up to Previous Year	-	12,000,000	2,281,984,251	-	2,293,984,251	-	-	-	2,293,984,251	2,540,313,635
	4.1 Pass	-	-	111,284	-	111,284	-	-	-	111,284	736,907
	4.2 Restructured	-	-	-	-	-	-	-	-	-	-
	4.3 Substandard	-	-	176,815	-	176,815	-	-	-	176,815	978,169
	4.4 Doubtful	-	-	1,283,618	-	1,283,618	-	-	-	1,283,618	2,421,528
	4.5 Bad	-	12,000,000	2,280,412,534	-	2,292,412,534	-	-	-	2,292,412,534	2,536,177,031
(C)	Total Previous Year's Provision	-	12,000,000	2,281,984,251	-	2,293,984,251	-	-	-	2,293,984,251	2,540,313,635
(D)	Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-
	Changes in This Year	-	(12,000,000)	(264,857,141)	-	(276,857,141)	-	-	-	(276,857,141)	(246,329,384)
	Net Loan (A-B)	-	-	668,685	-	668,685	-	-	-	668,685	12,831,172

Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(A) Secured</b>	<b>2,017,795,794</b>	<b>2,306,815,422</b>
1 Movable/Immovable Assets	2,014,743,815	2,294,319,641
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	-	5,080,000
b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7 Government Bonds	-	-
8 Counter Guarantee	-	-
9 Personal Guarantee	-	-
10 Other Securities	3,051,979	7,415,781
<b>(B) Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,017,795,794</b>	<b>2,306,815,422</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	Assets					This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	12,466,195	31,147,147	12,603,978	7,112,614	94,662,284	108,668,991
b. Addition This Year	-	-	-	-	29,128	29,128	25,742
c. Revaluation/Written Back This Year	-	-	-	-	-	-	315,662
d. This Year Sold	-	333,351	2,943,193	1,427,457	606,708	5,310,708	14,327,522
e. This Year Written off	-	-	385,446	667,813	383,295	1,436,554	20,589
<b>Total Cost (a+b+c-d-e)</b>	<b>31,332,349</b>	<b>12,132,845</b>	<b>27,818,508</b>	<b>10,508,708</b>	<b>6,151,739</b>	<b>87,944,149</b>	<b>94,662,284</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	8,209,377	10,068,196	22,008,238	8,714,940	4,784,531	53,785,282	46,295,085
b. For This Year	1,156,149	438,862	1,836,998	725,437	521,452	4,678,898	7,490,197
c. Depreciation on Revaluation/Written Back	-	-	-	4,922	-	4,922	-
<b>Total Depreciation</b>	<b>9,365,526</b>	<b>10,507,058</b>	<b>23,845,235</b>	<b>9,445,299</b>	<b>5,305,983</b>	<b>58,459,258</b>	<b>53,785,282</b>
3 Book Value (WDV*) (1-2)	21,966,823	1,625,787	3,973,273	1,063,409	845,756	29,475,048	40,877,001
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	1,758,007	10,387,281
<b>Total (3+4+5+6)</b>	<b>21,966,823</b>	<b>1,625,787</b>	<b>3,973,273</b>	<b>1,063,409</b>	<b>845,756</b>	<b>94,738,296</b>	<b>114,769,524</b>

Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 32 Ashad 2071 (16 July 2014)**

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Grand Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		745,800	745,800
Income Receivable on Investments			
Accrued Interest on Loan	1,260,148,531		889,468,734
Less : Interest Suspense Amount	(1,260,148,531)	-	(889,468,734)
Commission Receivable			
Sundry Debtors		32,965,841	32,200,150
Staff Loans and Advances		80,137	80,137
Prepaid Expenses		136,349	243,422
Cash in Transit			
Other Transit items ( including cheques )			
Drafts Paid without Notice			
Expenses Not Written off		477,871	477,871
Branch account			
Deferred Tax Assets		616,274,254	280,451,476
Other		3,015,538	3,033,588
<b>Total</b>		<b>653,695,789</b>	<b>317,232,444</b>

Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	1,260,148,531	-	-	1,260,148,531	889,468,734
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 32 Ashad 2071 (16 July 2014)**

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

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**  
**Interest Income**

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft	57,748,220	115,635,997
1 Loans and Advances	57,748,220	115,635,997
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	1,430,750	4,546,269
1 Certificate of Deposits	-	-
2 Inter-Bank Loan	-	-
3 Others-Deposit with other Fis	1,430,750	4,546,269
<b>Total</b>	<b>59,178,970</b>	<b>120,182,266</b>

Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**

**Interest Expenses**

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars		This Year Rs.	Previous Year Rs.
A.	On Deposit Liabilities	42,120,363	69,139,533
	1 Fixed Deposits	6,610,520	17,363,546
	1.1 Local Currency	6,610,520	17,363,546
	1.2 Foreign Currency	-	-
	2 Savings Deposits	19,231,441	27,968,270
	2.1 Local Currency	19,231,441	27,968,270
	2.2 Foreign Currency	-	-
	3 Call Deposits	16,278,402	23,807,717
	3.1 Local Currency	16,278,402	23,807,717
	3.2 Foreign Currency	-	-
	4 Certificate of Deposits	-	-
B	On Borrowings	1,336,903	1,488,020
	1 Debentures and Bonds	-	-
	2 Loan from Nepal Rastra Bank	-	-
	3 Inter Bank/Financial Institutions Borrowing	1,336,903	1,488,020
	4 Other Corporate Body	-	-
	5 Other Loans	-	-
C	On Others	-	-
	1 .....	-	-
	2 .....	-	-
<b>Total</b>		<b>43,457,266</b>	<b>70,627,553</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**

**Commission and Discount**

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

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



Schedule 4.21

**Capital Merchant Banking & Finance Ltd.  
Other Operating Income**

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars	This Year Rs.	Previous Year Rs.
1 Rental on Safe Deposit Lockers	-	-
2 Issue and Renewals of Credit Cards	-	-
3 Issue and Renewals of ATM Cards	-	-
4 Telex/T.T.	-	-
5 Service Charges	-	-
6 Renewal Fees	-	-
7 Others	183,565	196,998
<b>Total</b>	<b>183,565</b>	<b>196,998</b>

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.  
Exchange Gain/Loss**

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

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

Schedule 4.23

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

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	7,896,807	11,116,265
2 Allowances	2,352,574	3,733,488
3 Contribution to Provident Fund	476,057	695,718
4 Training Expenses	-	-
5 Uniform	-	-
6 Medical	511,847	833,550
7 Insurance	121,641	235,900
8 Leave Incashment	688,062	868,835
9 Others	87,879	63,400
<b>Total</b>	<b>12,134,867</b>	<b>17,547,155</b>

**Capital Merchant Banking & Finance Ltd.**  
**Other Overhead Expenses**  
**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars	This Year Rs.	Previous Year Rs.
1 House Rent	1,907,141	5,086,673
2 Electricity and Water	675,461	1,136,267
3 Repair and Maintenance	280,820	1,329,647
(a) Building	-	78,583
(b) Vehicles	113,943	122,516
(c) Others	166,877	1,128,548
4 Insurance	484,808	1,128,294
5 Postage, Telex, Telephone, Fax	276,784	469,046
6 Office Equipment, Furniture and Fixture Repair	136,954	212,674
7 Traveling Allowances and Expenses	11,480	285,655
8 Stationery and Printing	59,372	242,906
9 Periodicals and Books	18,810	47,810
10 Advertisements	-	-
11 Legal Expenses	-	-
12 Donations	-	-
13 Expenses Relating to Board of Directors	269,020	265,085
(a) Meeting Fees	268,000	260,500
(b) Other Expenses	1,020	4,585
14 Annual General Meeting Expenses	-	-
15 Expenses Relating to Audit	206,700	209,573
(a) Audit Fees	101,700	101,700
(b) Other Expenses	-	1,935
c) Tax Audit Fees	105,000	105,938
16 Commission on Remittances	-	-
17 Depreciation on Fixed Assets	5,532,129	9,110,433
18 Amortization of Preliminary Expenses	-	-
19 Share Issue Expenses	-	-
20 Technical Services Fee	559,950	547,500
21 Entertainment	-	-
22 Written Off Expenses	3,842,967	871,311
23 Security Expenses	1,450,524	2,530,110
24 Credit Guarantee Premium	-	-
25 Commission and Discount	-	-
26 Others	2,400,710	3,120,207
26.1 Membership Fee	61,530	92,190
26.2 Tax & Fines	937,705	1,075,909
26.3 Anniversary Expenses	-	-
26.4 Fuel Expenses	453,367	581,247
26.5 Service Charge	10,435	4,968
26.6 Gift Expenses	-	-
26.7 Branch Extension Expenses	-	-
26.8 Expenses	668,583	1,114,180
26.9 Software Maintenance Expenses	82,490	66,034
26.1 Others	186,601	185,679
<b>Total</b>	<b>18,113,631</b>	<b>26,593,190</b>

Schedule 4.25

**Capital Merchant Banking & Finance Ltd.  
Provision for Possible Losses**

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars		This Year Rs.	Previous Year Rs.
1	Increase in Loan Loss Provision	-	-
2	Increase in Provision for Loss on Investment	-	-
3	Provision Against Non-Banking Assets	-	-
4	Provision Against Other Assets	37,120,404.17	-
<b>Total</b>		<b>37,120,404</b>	<b>-</b>

Schedule 4.26

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

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars		This Year Rs.	Previous Year Rs.
1	Profit (Loss) on Sale of Investment	-	-
2	Profit (Loss) on Sale of Assets	1,177,985	831,900
3	Dividend	-	-
4	Subsidies Received from Nepal Ratra Bank	-	-
	a. Reimbursement of Losses of Specified Branches	-	-
	b. Interest Subsidy	-	-
	c. Exchange Counter	-	-
5	Others	882,667	380,556
<b>Total Non-Operating Income (Loss)</b>		<b>2,060,652</b>	<b>1,212,455</b>

Schedule 4.27

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

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars		This Year Rs.	Previous Year Rs.
1	Loan Loss Provision Written Back	276,857,141	246,329,384
2	Provision against Non-Banking Assets Written Back	-	85,000
3	Investment Provision Written Back	-	-
4	Provision against Other Assets Written back	-	-
<b>Total</b>		<b>276,857,141</b>	<b>246,414,384</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.  
Income /Expenses from Extra-ordinary Activities**

**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

Particulars		This Year Rs.	Previous Year Rs.
1	Recovery of write off Loan	-	-
2	Voluntary Retirement Scheme Expenses	-	-
3	Loan Write-Off (4.28) (a)	-	-
4	Other Expenses/Income	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**
**Statement of Loans Written-Off**
**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders  
As on 32 Ashad 2071 (16 July 2014)**

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	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-

Schedule 4.30

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 32 Ashad 2071 (16 July 2014)**

Fig. in '000

Particulars	This Year Rs.	Previous Year Rs.
<b>A) Core Capital</b>	<b>(471,081)</b>	<b>(1,034,399)</b>
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	193,487	80,832
6 Cumulative Profit/(Loss) (up to Previous FY)		
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(2,216,323)	(2,331,163)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves		
12 Deferred Tax Reserve	616,274	280,451
Less :	2,200	2,200
- Goodwill	-	-
- Investment in excess of prescribed limit	2,200	2,200
- 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>B) Supplementary Capital</b>	<b>6</b>	<b>113</b>
1 Loan Loss Provision on Pass Loans	3.55	111
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	2.20	2.20
<b>C) Total Capital Fund (A+B)</b>	<b>(471,075)</b>	<b>(1,034,286)</b>
<b>D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets</b>		
Capital Fund (@ 11 Percent)	303,061	299,331
Core Capital (@ 5.5 Percent)	151,531	149,665
Capital Fund Deficit By @ ..... Percent	(774,136)	(1,333,617)
Core Capital Deficit By @ ..... Percent	(622,611)	(1,184,065)

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 32 Ashad 2071 (16 July 2014)**

Fig. in '000

On-Balance Sheet Assets	Weightage	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	2,994	-	758	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	4,094	-	11,042	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	5,080	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	75,666	15,133	68,570	13,714
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	2,017,796	2,017,796	2,301,735	2,301,735
Fixed Assets	100	94,738	94,738	114,770	114,770
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100		-		-
All other Assets (except Advance Income Tax)	100	627,406	627,406	290,942	290,942
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>2,822,723</b>	<b>2,755,102</b>	<b>2,792,927</b>	<b>2,721,191</b>
<b>Off Balance Sheet Items</b>					
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>2,822,723</b>	<b>2,755,102</b>	<b>2,792,927</b>	<b>2,721,191</b>



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

	Particulars	Indicators	FY 2065/66	FY 2066/67	FY 2067/68	FY 2068/69	FY 2069/70	FY 2070/71
1	Percent of Net Profit/Gross Income	Percent	16.06	16.63	(203.10)	(862.86)	180	917
2	Earning Per Share	Rs.	11.21	6.69	(102.85)	(135.71)	23.38	60.24
3	Market Value Per Share	Rs.	680	216	131	131	131	131
4	Price Earning Ratio	Percent	61	32	(1.27)	(0.97)	5.60	2.17
5	Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-	-
6	Cash Dividend on Share Capital	Percent	8.42	5.26	-	-	-	-
7	Interest Income/Loan & Advances	Percent	10.99	11.33	10.84	5.18	5.01	2.86
8	Staff Expenses/Total Operating Expenses	Percent	39.64	36.77	40.43	41.46	39.75	40.12
9	Interest Expenses / Total Deposit and Borrowing	Percent	7.96	9.19	11.70	15.36	6.78	5.68
10	Exchange Gain/Total Income	Percent	-	-	-	-	-	-
11	Staff Bonus/Total Staff Expenses	Percent	56.64	49.42	-	-	-	-
12	Net Profit/Loan and Advances	Percent	2.01	2.27	(26.44)	(48.46)	9.48	27.92
13	Net Profit/Total Assets	Percent	1.66	1.75	(31.90)	(179.60)	41.63	67.71
14	Total Credit/Deposit	Percent	115.20	119.99	133.74	193.24	229.56	277.41
15	Total Operating Expenses/Total Assets	Percent	1.05	1.38	1.83	5.62	5.06	2.18
16	Adequacy of Capital Fund on Risk Weighted Assets							
	a) Core Capital	Percent	17.59	33.39	0.37	(40.65)	(38.01)	5.27
	b) Supplementary Capital	Percent	0.89	0.91	0.52	0.31	0.004	5.445
	c) Total Capital Fund	Percent	18.48	34.30	0.89	(40.34)	(38.01)	10.72
17	Liquidity (CRR)	Percent	13.20	21.59	0.054	0.850	0.75	0.34%
18	Non-Performing Loan/Total Credit	Percent	2.960	2.63	43.45	97.19	99.52	99.98
19	Weighted Average Interest Rate Spread	Percent	4.92	4.92	2.01%	7.12%	10.01%	9.50%
20	Book Net-Worth	Rs.	401,463	978,432	16,737,848	(1,252,278,430)	(1,032,199,236)	(468,880,624)
21	Total Number of Shares	Nos.	3,740,278	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695
22	Total Staff	Nos.	57	71	128	65	48	27
23	Others	-	-	-	-	-	-	-

## Significant Accounting Policies

### Schedule 4.32

#### 1. General Information

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

The Company has been registered with the Office of the Company Registrar on 14 Ashar, 2058, obtained license from Nepal Rastra Bank on 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 Ltd. Has been declared as a “Problematic Financial Institution” on 17 Magh 2069 as per Sec 86(kha) of Nepal Rastra Bank Act, 2058.

#### 2. Summary of Significant Accounting Policies

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

#### 3. Statement of Compliance

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

#### 4. Basis of Preparation

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

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

#### 5. Going Concern Assumption

Though the company has negative net worth amounting to Rs. 1,066,024 thousand, negative capital fund of 49.5%, 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 advance is recognised on cash basis as per the Nepal Rastra Bank Directive.

Interest income on Investments is accounted for on accrual basis.

#### 7. Commission Income

All the commission incomes are accounted for on accrual basis.

#### 8. Interest Expense

Interest on deposit liabilities and borrowings is accounted for on accrual basis.

#### 9. Loans and Advances including Bills Purchased

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

#### 10. Staff Loans and Advances

Loans and advances granted to staff are shown under other assets Schedule-4.16.

#### 11. Loan Loss Provision

The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.

#### 12. Write Off

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

#### 13. Investments

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



#### 14. Fixed Assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation and impairment losses.
- Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner prescribed by Income Tax Act, 2058. For disposing the fixed asset of the company, it would follow the income tax act policy and deduct depreciation up to a day prior to the date of disposal.
- Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.

#### 15. Non-Banking Assets

Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives. However, bank does not have non-banking assets during the year.

#### 16. Accounting policy for non-capitalisation of assets

Assets worth Rs. 5,000 or less are directly charged off as revenue expenditure at the time of purchase.

#### 17. Software Expenses

Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.

#### 18. Employee Benefits

##### a. Retirement fund

Provident fund contribution is recognised as expenses and deposited into the CIT.

##### b. Gratuity

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

#### 19. Stationery Stock

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

#### 20. Provisions, Contingent Liabilities and Contingent Assets

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

#### 21. Income Tax

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act. As there is no taxable income for the current financial year so no provision has been provided.

#### 22. Exchange gain/loss policy

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

#### 23. Deferred Tax

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

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

## Notes to Accounts

### Schedule 4.33

#### 1. Interest Income and Interest Suspense

The interest receivable on loans and advances as at 16 July, 2014 (32 Ashad, 2071) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.

#### 2. Provision for Staff Bonus

Staff bonus has not been provided as bank has negative net profit.

#### 3. Staff Housing Fund

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

#### 4. General Reserve

General Reserves has not been provided as bank has negative net profit.

#### 5. Calls in Arrears

There are no Calls in Arrears at the year end.

#### 6. Unpaid Dividend

The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/067. As on balance sheet date, total dividend payable amounts to Rs. 246,660.03.

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

The Company has made investment of Rs. 27,000 in shares of Credit Information Bureau and Rs. 2,200 in the shares of Union Finance. Union Finance has not distributed dividend from since last 3 years.

Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 16 July 2014.

#### 8. Average Interest rate Spread

The average interest rate in Loans and advances of the company is 12% and the average interest rate of the company in Deposit is 7.62%, hence the average interest rate spread of the company has been derived as 4.38%.

#### 9. Expenses to be written off

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

10. The company has negative capital fund as on Chaitra end 2070 and hence the Single Obligor limit for the company has exceeded the limit as mentioned in the directive prescribed by Nepal Rastra Bank.

11. The company has not borrowed any amount by mortgaging any asset owned by the company.

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

Rs'000

Particulars	Amount (Rs.)
Opening Balance	2,306,815
Loans Disbursed	Nil
Loans Recovered	289,019
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	2,017,796

#### 13. Classification of Loans & Provisioning

Classification of loan as on 32/3/2071 is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	3.55
2.	Substandard	68.61
3.	Doubtful	111.03
4.	Loss	2,016,943.90
	<b>Total</b>	<b>2,017,127.09</b>

Accordingly, Company has provided Rs. 276,857 thousand loan loss provision thereon during a year.

#### 14. Summary Status of the Deposit Liabilities

Rs'000

Particulars	Current Year NRs.	Previous Year NRs.	Decrease by Rs.
Current Deposit	0	0	0
Margin Deposit	0	0	0
Saving Deposit	239,288	368,709	129,420
Call Deposit	475,791	543,051	67,260
Fixed Deposit	12,293	93,114	80,821
<b>Total</b>	<b>727,372</b>	<b>1,004,874</b>	<b>277,501</b>

#### 15. Leasehold asset detail

The opening balance of the leasehold asset for the FY 2070/071 is Rs.10,387,281, Rs.8,629,274 has been amortised during the year and hence the closing balance figure for the year ended Ashadh end, 2071 is Rs.1,758,007.

#### 16. Paid up Share Capital

Paid up share capital of the Company as on Ashad end, 2071 is Rs 935,069,500. There has been no change in the paid up capital from previous year.

#### 17. Details of Non-Banking Assets

The Company has no non-banking assets in current year.

#### 18. Provision for Gratuity

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation.

#### 19. Provision for Leave Encashment

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs.1,545,092 has been provided for leave encashment under this account.

#### 20. Provision on Bank Balance

As the Crystal Finance has been declared as problematic bank so there arises the doubt to recover the bank balance. So, the provision has been made on full amount of bank balance Rs.37,120,404.17 in the financial statement.

#### 21. Classification of Assets and Liabilities based on Maturity

Rs in 000

S. N.	PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL
	<b>Assets</b>						
1	Cash Balance	2994					2994
2	Balance with Banks and Financial Institutions	116880					116880
3	Investment in foreign Banks						
4	Call Money						
5	Government Securities						
6	Nepal Rastra Bank Bonds						
7	Inter Bank/ Financial Institution Lending						
8	Loans and Advances	1345848	123569	205911	45610	296858	2017796
9	Interest Receivable						
10	Reverse Repo						
11	Receivable from other Institutions under Commitment						
12	Payment to be made for facilities under s.no 20,21 &22						
13	Others						
	<b>Total Assets (A)</b>	<b>1465722</b>	<b>123569</b>	<b>205911</b>	<b>45610</b>	<b>296858</b>	<b>2137670</b>
	<b>Liabilities</b>						
14	Current Deposits						
15	Saving Deposits	716014					
16	Fixed Deposits	473291	1140	4993	200	2587	482212
17	Debentures						

18	Borrowing:	37350					37350
	(a)Call/Short Notice						
	(b)Inter-bank/Financial Institutions	37350					37350
	(c)Refinance						
	(d)Others						
19	Other Liabilities and Provisions	2082210					2082210
	(a)Sundry Creditors	49160					49160
	(b)Bills Payable						
	(c)Interest Payable						
	(d)Provisions	2018674					2018674
	(e)Others	14376					14376
20	Payable to other Institutions under Commitment						
21	Unutilized Approved Facilities						
22	Letter of Credit/Guarantee(Net of Margin)						
23	Repo						
24	Payment to be made for facilities under S.No11						
25	Others						
	<b>Total Liabilities(B)</b>	<b>3308865</b>	<b>1140</b>	<b>4993</b>	<b>200</b>	<b>2587</b>	<b>3317785</b>
	Net Financial Assets(A-B)	-1843143	122429	200918	45410	294271	-1180115
	<b>Cumulative Net Financial Assets</b>	<b>-1843143</b>	<b>1720714</b>	<b>1519796</b>	<b>1474385</b>	<b>1180115</b>	<b>0</b>

## 22. Deferred Tax Assets/ (Liability)

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Bank Balance	78,666,448	112,786,852	37,120,404
Loan and Advances	668,685	2,017,795,794	2,017,127,109
Taxable Temporary Difference			2,054,247,513
Tax Rate			30%
Deferred Tax Asset/( Liability)			616,274,254
Deferred Tax (Liability)/Assets till Ashad end 2070			280,451,476
Deferred Tax Income/( Expense) as on Ashad end 2071			335,822,778

Deferred Tax Assets as on Ashad end 2071 (16 July 2014) is Rs.616,274,254 and Rs.335,822,778 has been recognized as deferred tax expenses in Profit and Loss Account in the current year.

23. Presently, the Company has been declared as a “Problematic Financial Institution” as per section 86 (kha) of Nepal Rastra Ban Act. The present management, after considering wide range of factors surrounding company’s future prosperity, has prepared the financial statement on the going concern assumption albeit presently the company has negative Net worth.

The current year’s negative Net Worth has been decreased to Rs.468,880,623 thousand from last year’s negative net worth of Rs.1,032,199 thousand. Due to this, Minimum Capital Adequacy Ratio (Directive No 1), Deposit Collection Limit Ratio (Directive No 16), Single Obligor Limit Ratio (Directive No 3) and Investment Limit Ratio (Directive No 8) is not in the state of the comparison with the ceiling fixed by Nepal Rastra Bank. Under such circumstances no additional provisions have been created toward risk bearing.

## 24. Non Adjusting Events after Reporting Period

There were no such adjusting events after the Balance Sheet date as observed by us.

## 25. Income Tax

For tax purpose, self-assessment income tax return has been filed upto F.Y 2069/070. The financial statements are subject to NRB approval.

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

## 27. Previous Year’s Figures

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

Schedule 4.34

**Capital Merchant Banking & Finance Ltd.**  
**Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions**  
**For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)**

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

**Capital Merchant Banking & Finance Limited**  
**Computation of Deferred Tax Assets/Liability**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	As per books of accounts	Tax Base	Temporary Difference
Bank Balance	75,666,448	112,786,852	37,120,404
Fixed Assets	-	-	-
LLP Written Back	668,685	2,017,795,794	2,017,127,109
Share Issue Management		-	-
Leasehold Assets and Computer Software	-	-	-
Staff Gratuity		-	-
Provision	-	-	-
<b>Net Temporary Difference</b>			<b>2,054,247,513</b>
<b>Deferred Tax Expense/(Income) for current year</b>			<b>616,274,254</b>
Deferred Tax Liability/(Assets) till Ashad end 2070			280,451,476
<b>Deferred Tax Liability/(Assets) as at Ashad end 2070 @ 30%</b>			<b>335,822,778</b>

**Capital Merchant Banking & Finance Limited**  
**Computation of Taxable Income & Tax**  
**As on 32 Ashad 2071 (16 July 2014)**

Particulars	Amount
Profit before tax as per Profit & Loss Account	227,454,160
Less: LLP Written Back	(276,857,141)
<b>Add: Adjustments for</b>	
Depreciation & amortization as per books of accounts	5,532,129
Provision for bank account	37,120,404
Provision for Leave Encashment	-
Donation	-
LLP	-
Pollution Check of Bike	-
Standing Liquidity Facility	-
<b>Less: Adjustments for</b>	
Depreciation as per Income Tax	5,532,129
Deferred Expenses	
Share Issue Management	
Provision for Leave Encashment	
Taxable Profit as per Income tax Act 2058	(12,282,577)
Corporate Income Tax @ 30%	-

**R.S. & Associates**  
Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT**

**To the shareholders of**  
**Capital Merchant Banking & Finance Limited**

**Identification of Financial Statement Audited**

We have audited the accompanying financial statements of **Capital Merchant Banking & Finance Limited**, which comprise the Balance Sheet as on 31<sup>st</sup> Ashadh, 2072 (16<sup>th</sup> July, 2015) and the related Profit & Loss Account, Cash Flow Statement and Statement of Change in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the Financial Statements**

The management of Capital Merchant Banking & Finance Limited is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

**Auditor's Opinion**

On examination of financial statement as aforesaid, we report that;

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.



- b) In our opinion, proper books of accounts as required by law have been maintained by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are agreement with the books of account.
- c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, although the statements are independently not audited.
- d) Adequate provisions for loan losses have been made by the company.
- e) Nepal Rastra Bank vide its letter dated Magh 17, 2069, has declared the company as a problematic financial institution as per section 86 kha of Nepal Rastra Bank Act 2058 with immediate effect requiring the company to comply with additional NRB directives.
- f) As mentioned in Schedule 4.30 of the financial statements, the company's total capital fund and core capital fund are negative as of Ashadh 31, 2072 (16<sup>th</sup> July, 2015), which is insufficient as compared to the minimum capital adequacy requirement as prescribed by Nepal Rastra Bank's directives.
- g) In accordance with the details mentioned in notes to accounts (Schedule 4.33) note number 22 of financial statements, various directives of Nepal Rastra Bank, Single Obligor Limit (Directive No. 3), Investment Limit Ratio (Directive No.8) and Deposit Collection Limit Ratio (Directive No.16) are not in the state of the comparison with the ceiling prescribed by Nepal Rastra Bank.

In our opinion and to the best of our information and explanation given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraphs e, f and g, the said financial statements (read in conjunction with attached Notes) present true and fair view, in all material respects, the financial position of the company as at Ashadh 31, 2072 (16<sup>th</sup> June, 2015) and the results of its operations and its cash flows statement for the year then ended.

  
  
 CA. Rajendra Mangal Joshi  
 Partner

Date: 12<sup>th</sup> January, 2016  
 Place: Kathmandu



**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
**Balance Sheet as on Ashad 31, 2072**

<b>Capital &amp; Liabilities</b>	<b>Schedule</b>	<b>This Year Rs.</b>	<b>Previous Year Rs.</b>
1 Share Capital	4.1	935,069,500	935,069,500
2 Reserves and Funds	4.2	(1,734,570,689)	(1,403,950,123)
3 Debentures and Bonds	4.3	-	-
4 Borrowings	4.4	30,853,000	37,350,000
5 Deposit Liabilities	4.5	440,572,661	727,372,714
6 Bills Payables	4.6	-	-
7 Proposed and Payable Dividend		-	-
8 Income Tax Liabilities		-	-
9 Other Liabilities	4.7	494,578,678	536,041,827
<b>Total Capital Liabilities</b>		<b>166,503,150</b>	<b>831,883,918</b>

<b>Assets</b>	<b>Schedule</b>	<b>This Year Rs.</b>	<b>Previous Year Rs.</b>
1 Cash Balance	4.8	2,000,623	2,994,124
2 Balance with NRB	4.9	3,990,576	4,093,576
3 Balance with Banks/Financial Institutions	4.10	33,246,266	75,666,448
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	-	668,685
7 Fixed Assets	4.14	89,849,971	94,738,296
8 Non-Banking Assets	4.15	-	-
9 Other Assets	4.16	37,388,713	653,695,789
<b>Total Assets</b>		<b>166,503,150</b>	<b>831,883,918</b>

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
Comparision Between Unaudited and Audited Financial		Schedule	4.35
Unaudited Financial Highlights certified by Internal Auditor		Schedule	4.(A)

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Layata Shrestha**  
Account Assistant

**Indira Rajbhandari**  
Officer

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

Date : 28 Poush, 2072  
Place : Kathmandu, Nepal

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

**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	48,775,880	59,178,970
2. Interest Expenses	4.19	11,638,024	43,457,266
<b>Net Interest Income</b>		<b>37,137,856</b>	<b>15,721,704</b>
3. Commission and Discount	4.20	-	-
4. Other Operating Income	4.21	2,959,079	183,565
5. Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>40,096,935</b>	<b>15,905,269</b>
6. Employees Expenses	4.23	10,441,562	12,134,867
7. Other Overhead Expenses	4.24	9,834,587	18,113,631
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>19,820,785</b>	<b>(14,343,229)</b>
9. Provision for Possible Losses	4.25	1,263,328	37,120,404
<b>Operating Profit</b>		<b>18,557,457</b>	<b>(51,463,633)</b>
10. Non-operating Income/Expenses	4.26	1,096,291	2,060,652
11. Provision Written-Back	4.27	270,303,022	276,857,141
<b>Profit from Regular Operations</b>		<b>289,956,770</b>	<b>227,454,160</b>
12. Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>289,956,770</b>	<b>227,454,160</b>
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		4,311,801	(335,822,778)
This Year's		4,960,755	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		(648,954)	(335,822,778)
<b>Net Profit/(Loss)</b>		<b>285,644,969</b>	<b>563,276,939</b>

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Layata Shrestha**  
Account Assistant

**Indira Rajbhandari**  
Officer

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

Date : 28 Poush, 2072

Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Appropriation Account**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
<b>Income</b>			
1 Accumulated Profit up to the Last Year		(2,216,314,234)	(2,331,163,399)
2 Current Year's Profit		285,644,969	563,276,938
3 Exchange Fluctuation Fund		-	-
<b>Total (A)</b>		<b>(1,930,669,264)</b>	<b>(1,767,886,461)</b>
<b>Expenses</b>			
1 Accumulated Loss up to the Last Year		-	-
2 This Year's Loss		-	-
3 General Reserve		57,128,994	112,655,388
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		648,954	335,822,778
<b>Total (B)</b>		<b>57,777,948</b>	<b>448,478,166</b>
15 Accumulated Profit/(Loss) (A-B)		(1,988,447,213)	(2,216,364,627)

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Layata Shrestha**  
Account Assistant

**Indira Rajbhandari**  
Officer

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

Date : 28 Poush, 2072  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**

**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(a) Cash flow from Operating Activities</b>	<b>20,917,076</b>	<b>(2,908,347)</b>
<b>1 Cash Received</b>	<b>52,831,249</b>	<b>61,423,187</b>
1.1 Interest Income	48,775,880	59,178,970
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	4,055,369	2,244,217
<b>2 Cash Payment</b>	<b>31,914,173</b>	<b>64,331,534</b>
2.1 Interest Expenses	11,638,024	43,457,266
2.2 Staff Expenses	10,441,562	12,134,867
2.3 Office Overhead Expenses	9,834,587	8,739,401
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(69,322,083)	(5,365,289)
<b>(Increase)/Decrease of Current Assets</b>	<b>701,506</b>	<b>(324,300,858)</b>
1 (Increase)/Decrease in Money at Call and Short Notice	-	-
2 (Increase)/Decrease in Short-term Investments	-	-
3 (Increase)/Decrease in Loans and Advances and Bills Purchase	668,685	12,162,487
4 (Increase)/Decrease in Other Assets	32,822	(336,463,345)
<b>Increase/(Decrease) of Current Liabilities</b>	<b>(70,023,590)</b>	<b>318,935,569</b>
1 Increase/(Decrease) in Deposits Liabilities	(286,800,053)	(277,501,403)
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	(6,497,000)	-
4 Increase/(Decrease) in Other Liabilities	223,273,463	596,436,972
<b>(b) Cash flow from Investment Activities</b>	<b>4,888,325</b>	<b>10,656,998</b>
1 (Increase)/Decrease in Long-Term Investment	-	-
2 (Increase)/Decrease in Fixed Assets	4,888,325	10,656,998
3 Interest Income From Long-Term Investment	-	-
4 Dividend Income	-	-
5 Others	-	-
<b>(c) Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>(d) Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>(e) This Year's Cash Flow from All Activities</b>	<b>(43,516,682)</b>	<b>2,383,362</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>82,754,148</b>	<b>80,370,787</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>39,237,466</b>	<b>82,754,149</b>

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

As per our report of even date

**Ashok Bhattarai**  
Director

**Layata Shrestha**  
Account Assistant

**Indira Rajbhandari**  
Officer

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

Date : 28 Poush, 2072  
Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd.**  
**Statement of Changes in Equity**  
**Fiscal Year 2014/15 (2071-72)**

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 16 July 2014	935,069,500	(2,216,322,953)	193,487,016	-	-	2,611,560	-	616,274,254	-	(468,880,623)
Adjustment for Changes in Accounting Policies	-	8,719	-	-	-	-	-	-	-	8,719
Restated Balance as at 17 July 2015	935,069,500	(2,216,314,234)	193,487,016	-	-	2,611,560	-	616,274,254	-	(468,871,904)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	285,644,969	-	-	-	-	-	-	-	285,644,969
General Reserve	-	(57,128,994)	57,128,994	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(648,954)	-	-	-	-	-	(615,625,300)	-	(616,274,254)
Closing Balance	935,069,500	(1,988,447,213)	250,616,009	-	-	2,611,560	-	648,954	-	(799,501,189)

**Bhumi Narayan Shrestha** Chairman & Director  
**Rabindra Ram Shrestha** Director  
**Ramesh K.C.** Director

**Ashok Bhattacharai** Director  
**Layata Shrestha** Account Assistant  
**Indira Rajbhandari** Officer  
**Rajendra Mangal Joshi, FCA** R. S. & Associates Chartered Accountants

Date : 28 Poush, 2072  
Place : Kathmandu, Nepal

**List of Share Holder's holding 0.5% or more of Paid-Up Share Capital**

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

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 31 Ashad 2072 (July 16 2015)**

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

Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	This Year Rs.	Previous Year Rs.
1 General Reserve Fund	250,616,009	193,487,016
2 Capital Reserve Fund	-	-
3 Capital Redemption Reserve	-	-
4 Capital Adjustment Fund	-	-
5 Other Reserves	3,260,514	618,885,814
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	648,954	616,274,254
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6 Accumulated Profit/(Loss)	(1,988,447,213)	(2,216,322,953)
7 Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,734,570,689)</b>	<b>(1,403,950,123)</b>

Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	This Year Rs.	Previous Year Rs.
1. .... Percent Bonds/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding balance of Redemption Reserve Rs.....)	-	-
2. .... Percent Bond/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding Balance of Redemption Reserve Rs. .... each	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Local</b>		
1 Nepal Government	-	-
2 Nepal Rastra Bank	-	-
3 Repo Obligation	-	-
4 Inter Bank and Financial Institutions	30,853,000	37,350,000
5 Other Organized Institutions	-	-
6 Others	-	-
<b>Total</b>	<b>30,853,000</b>	<b>37,350,000</b>
<b>B Foreign</b>	-	-
1 Banks	-	-
2 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>30,853,000</b>	<b>37,350,000</b>



**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars		This Year Rs.	Previous Year Rs.
<b>1</b>	<b>Non-Interest Bearing Accounts</b>		
<b>A.</b>	<b>Current Deposits</b>	-	-
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	-	-
<b>2.</b>	<b>Foreign Currency</b>	-	-
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>B.</b>	<b>Margin Deposits</b>	-	-
1	Employee Guarantees	-	-
2	Guarantee Margin	-	-
3	Letters of Credit Margin	-	-
<b>C.</b>	<b>Others</b>	-	-
1.	Local Currency	-	-
1.1	Financial Institutions	-	-
1.2	Other Organized Institutions	-	-
1.3	Individuals	-	-
2.	Foreign Currency	-	-
2.1	Financial Institutions	-	-
2.2	Other Organized Institutions	-	-
2.3	Individuals	-	-
	<b>Total of Non-Interest Bearing Accounts</b>	-	-
<b>2</b>	<b>Interest Bearing Accounts</b>	-	-
<b>A.</b>	<b>Savings Deposits</b>	<b>23,157,436</b>	<b>239,288,336</b>
1.	Local Currency	23,157,436	239,288,336
1.1	Organized Institutions	5,352	60,643
1.2	Individuals	23,152,084	239,227,693
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>B.</b>	<b>Fixed Deposits</b>	<b>801,848</b>	<b>12,292,761</b>
1.	Local Currency	801,848	12,292,761
1.1	Organized Institutions	751,991	5,101,750
1.2	Individuals	49,857	7,191,011
1.3	Others	-	-
2.	Foreign Currency	-	-
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
<b>C.</b>	<b>Call Deposits</b>	<b>416,613,378</b>	<b>475,791,617</b>
1.	Local Currency	416,613,378	475,791,617
1.1	"A" Class Licensed Institutions	-	-
1.2	Other Licensed Institutions	96,392,357	104,495,493
1.3	Other Organized Institutions	319,142,736	350,034,986
1.4	Individuals	1,078,285	21,261,139
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	-	-
<b>D.</b>	<b>Certificate of Deposit</b>	-	-
1.	Organized Institutions	-	-
2.	Individuals	-	-
3.	Others	-	-
	<b>Total of Interest Bearing Accounts</b>	<b>440,572,661</b>	<b>727,372,714</b>
	<b>Total Deposit (1+2)</b>	<b>440,572,661</b>	<b>727,372,714</b>

Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
As on 31 Ashad 2072 (July 16 2015)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
As on 31 Ashad 2072 (July 16 2015)

Particulars	This Year Rs.	Previous Year Rs.
1 Pension/Gratuity Fund	1,880,828	108,662
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	18,088,739	49,159,650
9 Branch Adjustment Account	-	-
10 Others		
TDS Payable on interest	7,624,929	12,910,821
Other TDS Payable	1,145,210	499,671
A/C Payables	186,828	965,236
FD Nominees	430,239,127	470,852,696
Provision	35,413,017	1,545,092
Deferred Tax Liability	-	-
<b>Total</b>	<b>494,578,678</b>	<b>536,041,827</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
As on 31 Ashad 2072 (July 16 2015)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	2,000,623	2,994,124
2 Foreign Currency	-	-
<b>Total</b>	<b>2,000,623</b>	<b>2,994,124</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
As on 31 Ashad 2072 (July 16 2015)

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	3,990,576	-	-	-	3,990,576	4,093,576
a) Current Account	3,990,576	-	-	-	3,990,576	4,093,576
b) Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Banks/Financial Institutions**  
As on 31 Ashad 2072 (July 16 2015)

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	33,246,266	-	-	-	33,246,266	75,666,448
a) Current Account	285,847				285,847	-
b) Other Account	32,960,419				32,960,419	75,666,448
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
<b>Total</b>	<b>33,246,266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,246,266</b>	<b>75,666,448</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
As on 31 Ashad 2072 (July 16 2015)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
As on 31 Ashad 2072 (July 16 2015)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	-	-	-	-
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	-	-	-	-
4 Nepal Rastra Bank Bonds	-	-	-	-
5 Foreign Securities	-	-	-	-
6 Local Licensed Institutions	-	-	-	-
7 Foreign Banks		-	-	-
8 Organized 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
<b>Net Investment</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>

Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1 Investment in Shares					
1.1 Credit Information Bureau	-	-	-	-	-
270 Ordinary Shares of Rs 100 Paid up	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 .....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
3 Provision for Loss	2,200				2,200
3.1 Provision Up to Previous Year	2,200				2,200
3.2 Additions This Year	-				
<b>Total Provision</b>	<b>2,200</b>				<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>				<b>27,000</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
**As on 31 Ashad 2072 (July 16 2015)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	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	-	-	-	-	-	
<b>Total Investment</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
As on 31 Ashad 2072 (July 16 2015)

Description	Cost Price	Cumulative Loss Upto This Year	Current Lear Loss	Current Year Profit/ (Loss)	Last Year Profit/ (Loss)	Remarks
1. Treasury Bills of Governement 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	27,000	-	-	-	-	
<b>Total Investment</b>	<b>27,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
As on 31 Ashad 2072 (July 16 2015)

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	Profit/(Loss)	
1. Treasury Bills of Governement 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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



Schedule 4.13

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	Loans					Total	Bills Purchased/Discounted			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Total		Domestic	Foreign	Total		
	Deprived		Others								
	Insured	Uninsured									
1	Performing Loan	-	-	-	-	-	-	-	-	-	355,367
	1.1 Pass Loan	-	-	-	-	-	-	-	-	-	355,367
	1.2 Restructured	-	-	-	-	-	-	-	-	-	-
2	Non-Performing Loan	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,017,440,427
	2.1 Substandard	-	-	-	-	-	-	-	-	-	274,443
	2.2 Doubtful	-	-	-	-	-	-	-	-	-	222,078
	2.3 Bad	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,016,943,906
(A)	Total Loan	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,017,795,794
3	Loan Loss Provision	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,017,127,109
	3.1 Pass	-	-	-	-	-	-	-	-	-	3,554
	3.2 Restructured	-	-	-	-	-	-	-	-	-	-
	3.3 Substandard	-	-	-	-	-	-	-	-	-	68,611
	3.4 Doubtful	-	-	-	-	-	-	-	-	-	111,039
	3.5 Bad	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,016,943,906
(B)	Total Provisioning	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,017,127,109
4	Provisioning up to Previous Year	-	12,000,000	2,005,127,109	-	2,017,127,109	-	-	-	2,017,127,109	2,293,984,251
	4.1 Pass	-	-	3,554	-	3,554	-	-	-	3,554	111,284
	4.2 Restructured	-	-	-	-	-	-	-	-	-	-
	4.3 Substandard	-	-	68,611	-	68,611	-	-	-	68,611	176,815
	4.4 Doubtful	-	-	111,039	-	111,039	-	-	-	111,039	1,283,618
	4.5 Bad	-	12,000,000	2,004,943,906	-	2,016,943,906	-	-	-	2,016,943,906	2,292,412,534
(C)	Total Previous Year's Provision	-	12,000,000	2,005,127,109	-	2,017,127,109	-	-	-	2,017,127,109	2,293,984,251
(D)	Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-
	Changes in This Year	-	(12,000,000)	(248,208,371)	-	(260,208,371)	-	-	-	(260,208,371)	(276,857,141)
	Net Loan (A-B)	-	-	-	-	-	-	-	-	-	668,685

Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(A) Secured</b>	<b>1,756,918,739</b>	<b>2,017,795,794</b>
1 Movable/Immovable Assets	1,754,136,835	2,014,743,815
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	2,781,904	3,051,979
<b>(B) Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,756,918,739</b>	<b>2,017,795,794</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	Assets					This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	12,132,845	27,818,508	10,508,708	6,151,739	87,944,149	94,662,284
b. Addition This Year	-	-	-	-	-	-	29,128
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	56,516	743,220	163,650	39,086	1,002,473	5,310,708
e. This Year Written off	-	-	116,481	-	7,327	123,808	1,436,554
<b>Total Cost (a+b+c+d-e)</b>	<b>31,332,349</b>	<b>12,076,329</b>	<b>26,958,807</b>	<b>10,345,058</b>	<b>6,105,326</b>	<b>86,817,869</b>	<b>87,944,149</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	9,365,526	10,507,058	23,845,235	9,445,299	5,305,983	58,469,101	53,785,282
b. For This Year	1,098,341	318,654	851,816	235,139	233,339	2,737,288	4,678,898
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	4,922
<b>Total Depreciation</b>	<b>10,463,867</b>	<b>10,825,712</b>	<b>24,697,051</b>	<b>9,680,438</b>	<b>5,539,322</b>	<b>61,206,389</b>	<b>58,459,258</b>
3 Book Value (WDV*) (1-2)	20,868,482	1,250,617	2,261,756	664,620	566,004	25,611,479	29,475,048
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	733,250	1,758,007
<b>Total (3+4+5+6)</b>	<b>20,868,482</b>	<b>1,250,617</b>	<b>2,261,756</b>	<b>664,620</b>	<b>566,004</b>	<b>89,849,971</b>	<b>94,738,296</b>



Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 31 Ashad 2072 (July 16 2015)**

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Grand Total</b>	-	-	-	-	-	-

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		745,800	745,800
Income Receivable on Investments			
Accrued Interest on Loan	1,482,423,745		1,260,148,531
Less : Interest Suspense Amount	(1,482,423,745)	-	(1,260,148,531)
Commission Receivable			
Sundry Debtors		31,252,189	32,965,841
Staff Loans and Advances		80,137	80,137
Prepaid Expenses		75,053	136,349
Cash in Transit			
Other Transit items ( including cheques )			
Drafts Paid without Notice			
Expenses Not Written off		477,871	477,871
Branch account		-	
Deferred Tax Assets		648,954	616,274,254
Other		4,108,708	3,015,538
<b>Total</b>		<b>37,388,713</b>	<b>653,695,789</b>

Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	-	-	-	1,482,423,745	1,260,148,531
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad 2072 (July 16 2015)**

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

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**  
**Interest Income**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft	47,839,504	57,748,220
1 Loans and Advances	47,839,504	57,748,220
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	936,376	1,430,750
1 Certificate of Deposits	-	-
2 Inter-Bank Loan	-	-
3 Others-Deposit with other Fis	936,376	1,430,750
<b>Total</b>	<b>48,775,880</b>	<b>59,178,970</b>

Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**

**Interest Expenses**

**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars		This Year Rs.	Previous Year Rs.
A.	On Deposit Liabilities	10,404,109	42,120,363
	1 Fixed Deposits	567,616	6,610,520
	1.1 Local Currency	567,616	6,610,520
	1.2 Foreign Currency	-	-
	2 Savings Deposits	2,855,578	19,231,441
	2.1 Local Currency	2,855,578	19,231,441
	2.2 Foreign Currency	-	-
	3 Call Deposits	6,980,915	16,278,402
	3.1 Local Currency	6,980,915	16,278,402
	3.2 Foreign Currency	-	-
	4 Certificate of Deposits	-	-
B	On Borrowings	1,233,916	1,336,903
	1 Debentures and Bonds	-	-
	2 Loan from Nepal Rastra Bank	-	-
	3 Inter Bank/Financial Institutions Borrowing	1,233,916	1,336,903
	4 Other Corporate Body	-	-
	5 Other Loans	-	-
C	On Others	-	-
	1 .....	-	-
	2 .....	-	-
<b>Total</b>		<b>11,638,024</b>	<b>43,457,266</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**

**Commission and Discount**

**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

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

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**
**Other Operating Income**
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars	This Year Rs.	Previous Year Rs.
1 Rental on Safe Deposit Lockers	-	-
2 Issue and Renewals of Credit Cards	-	-
3 Issue and Renewals of ATM Cards	-	-
4 Telex/T.T.	-	-
5 Service Charges	-	-
6 Renewal Fees	-	-
7 Others	2,959,079	183,565
<b>Total</b>	<b>2,959,079</b>	<b>183,565</b>

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**
**Exchange Gain/Loss**
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

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

Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**
**Employee Expenses**
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	6,039,587	7,896,807
2 Allowances	1,881,934	2,352,574
3 Contribution to Provident Fund	309,933	476,057
4 Training Expenses	-	-
5 Uniform	-	-
6 Medical	324,791	511,847
7 Insurance	80,876	121,641
8 Leave Incashment	1,751,641	688,062
9 Others	52,800	87,879
<b>Total</b>	<b>10,441,562</b>	<b>12,134,867</b>

**Capital Merchant Banking & Finance Ltd.**  
**Other Overhead Expenses**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars	This Year Rs.	Previous Year Rs.
1 House Rent	629,333	1,907,141
2 Electricity and Water	354,251	675,461
3 Repair and Maintenance	161,053	280,820
(a) Building	24,658	-
(b) Vehicles	80,168	113,943
(c) Others	56,227	166,877
4 Insurance	317,716	484,808
5 Postage, Telex, Telephone, Fax	186,253	276,784
6 Office Equipment, Furniture and Fixture Repair	120,763	136,954
7 Traveling Allowances and Expenses	10,130	11,480
8 Stationery and Printing	56,219	59,372
9 Periodicals and Books	12,900	18,810
10 Advertisements	142,458	-
11 Legal Expenses	-	-
12 Donations	100,000	-
13 Expenses Relating to Board of Directors	295,657	269,020
(a) Meeting Fees	293,000	268,000
(b) Other Expenses	2,657	1,020
14 Annual General Meeting Expenses	-	-
15 Expenses Relating to Audit	208,000	206,700
(a) Audit Fees	101,700	101,700
(b) Other Expenses	1,300	-
c) Tax Audit Fees	105,000	105,000
16 Commission on Remittances	-	-
17 Depreciation on Fixed Assets	2,737,288	5,532,129
18 Amortization of Preliminary Expenses	-	-
19 Share Issue Expenses	-	-
20 Technical Services Fee	806,077	559,950
21 Entertainment	-	-
22 Written Off Expenses	1,810,516	3,842,967
23 Security Expenses	716,150	1,450,524
24 Credit Guarantee Premium	-	-
25 Commission and Discount	-	-
26 Others	1,169,823	2,400,710
26.1 Membership Fee	55,220	61,530
26.2 Tax & Fines	75,620	937,705
26.3 Anniversary Expenses	-	-
26.4 Fuel Expenses	357,292	453,367
26.5 Service Charge	550	10,435
26.6 Gift Expenses	-	-
26.7 Branch Extension Expenses	-	-
26.8 Data Connectivity Expenses	317,530	668,583
26.9 Software Maintenance Expenses	61,020	82,490
26.1 Others	302,590	186,601
<b>Total</b>	<b>9,834,587</b>	<b>18,113,631</b>

Schedule 4.25

**Capital Merchant Banking & Finance Ltd.**  
**Provision for Possible Losses**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars		This Year Rs.	Previous Year Rs.
1	Increase in Loan Loss Provision	-	-
2	Increase in Provision for Loss on Investment	-	-
3	Provision Against Non-Banking Assets	-	-
4	Provision Against Other Assets	1,263,328	37,120,404
<b>Total</b>		<b>1,263,328</b>	<b>37,120,404</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**  
**Non-Operating Income/Loss**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars		This Year Rs.	Previous Year Rs.
1	Profit (Loss) on Sale of Investment	-	-
2	Profit (Loss) on Sale of Assets	91,430	1,177,985
3	Dividend	-	-
4	Subsidies Received from Nepal Ratra Bank	-	-
	a. Reimbursement of Losses of Specified Branches	-	-
	b. Interest Subsidy	-	-
	c. Exchange Counter	-	-
5	Others	1,004,861	882,667
<b>Total Non-Operating Income (Loss)</b>		<b>1,096,291</b>	<b>2,060,652</b>

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**  
**Loss Provisions Written Back**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars		This Year Rs.	Previous Year Rs.
1	Loan Loss Provision Written Back	260,208,371	276,857,141
2	Provision against Non-Banking Assets Written Back	-	-
3	Investment Provision Written Back	-	-
4	Provision against Other Assets Written back	10,094,652	-
<b>Total</b>		<b>270,303,022</b>	<b>276,857,141</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**  
**Income /Expenses from Extra-ordinary Activities**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

Particulars		This Year Rs.	Previous Year Rs.
1	Recovery of write off Loan	-	-
2	Voluntary Retirement Scheme Expenses	-	-
3	Loan Write-Off (4.28) (a)	-	-
4	Other Expenses/Income	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 31 Ashad 2072 (July 16 2015)**

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	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-



Schedule 4.30

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	This Year Rs.	Previous Year Rs.
<b>A) Core Capital</b>	<b>(801,701)</b>	<b>(471,081)</b>
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	250,616	193,487
6 Cumulative Profit/(Loss) (up to Previous FY)		
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(1,988,447)	(2,216,323)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves		
12 Deferred Tax Reserve	649	616,274
<b>Less :</b>	<b>2,200</b>	<b>2,200</b>
- Goodwill	-	-
- Investment in excess of prescribed limit	2,200	2,200
- 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>B) Supplementary Capital</b>	<b>-</b>	<b>6</b>
1 Loan Loss Provision on Pass Loans	-	3.55
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	-	2.20
<b>C) Total Capital Fund (A+B)</b>	<b>(801,701)</b>	<b>(471,075)</b>
<b>D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets</b>		
Capital Fund (@ 11 Percent)	205,100	303,061
Core Capital (@ 5.5 Percent)	102,550	151,531
Capital Fund Deficit By @ ..... Percent	(1,006,801)	(774,136)
Core Capital Deficit By @ ..... Percent	(904,251)	(622,611)

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad 2072 (July 16 2015)**

Fig. in '000

On-Balance Sheet Assets	Weightage	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	2,001	-	2,994	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,991	-	4,094	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	33,246	6,649	75,666	15,133
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	1,756,919	1,756,919	2,017,796	2,017,796
Fixed Assets	100	89,850	89,850	94,738	94,738
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100		-		-
All other Assets (except Advance Income Tax)	100	11,099	11,099	627,406	627,406
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>1,897,134</b>	<b>1,864,546</b>	<b>2,822,723</b>	<b>2,755,102</b>
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>1,897,134</b>	<b>1,864,546</b>	<b>2,822,723</b>	<b>2,755,102</b>



Schedule 4.31

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

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

## Significant Accounting Policies

Schedule 4.32

### 1. General Information

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

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

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

### 2. Summary of Significant Accounting Policies

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

### 3. Statement of Compliance

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

### 4. Basis of Preparation

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

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

### 5. Going Concern Assumption

Though the company has negative net worth amounting to Rs 799,501,189 negative capital fund of 43%, 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 recognised on cash basis as per the Nepal Rastra Bank Directive. Interest income on Investments is accounted for on accrual basis.

### 7. Commission Income

All the commission incomes are accounted for on accrual basis.

### 8. Interest Expense

Interest on deposit liabilities and borrowings is accounted for on accrual basis.

### 9. Loans and Advances including Bills Purchased

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

### 10. Staff Loans and Advances

Loans and advances granted to staff are shown under other assets Schedule-4.16.

### 11. Loan Loss Provision

The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.

### 12. Write Off

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

### 13. Investments

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

### 14. Fixed Assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation and impairment losses.
- Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner prescribed by Income Tax Act, 2058. For disposing the fixed asset of the company, it would follow the income tax act policy and deduct depreciation up to a day prior to the date of disposal.

- c. Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.

**15. Non-Banking Assets**

Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives. However, bank does not have non-banking assets during the year.

**16. Accounting policy for non-capitalisation of assets**

Assets worth Rs 5,000 or less are directly charged off as revenue expenditure at the time of purchase.

**17. Software Expenses**

Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.

**18. Employee Benefits**

**a. Retirement fund**

Provident fund contribution is recognised as expenses and deposited into the CIT.

**b. Gratuity**

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

**19. Stationery Stock**

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

**20. Provisions, Contingent Liabilities and Contingent Assets**

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

**21. Income Tax**

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act.

**22. Exchange gain/loss policy**

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

**23. Deferred Tax**

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

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

## Notes to Accounts

Schedule 4.33

### 1. Interest Income and Interest Suspense

The interest receivable on loans and advances as at 16 July, 2015 (31 Ashad, 2072) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.

### 2. Provision for Staff Bonus

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

### 3. Staff Housing Fund

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

### 4. General Reserve

As required by Bank and Financial institution Act 2063, 20% of profit during the year of Rs. 57,128,994 has been transfer to General Reserves through the profit and loss appropriation a/c.

### 5. Calls in Arrears

There are no Calls in Arrears at the year end.

### 6. Unpaid Dividend

The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/67. As on balance sheet date, total dividend payable amounts to Rs. 246,660.03.

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

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

Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 16 July 2015.

### 8. Average Interest rate Spread

The average interest rate spread of the financial institution is 7.36%

### 9. Expenses to be written off

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

10. The company has negative capital fund as on Chaitra end, 2071 and hence the Single Obligor limit for the company has exceeded the limit as mentioned in the directive prescribed by Nepal Rastra Bank.

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

		Rs'000
Particulars	Amount (Rs.)	
Opening Balance	2,017,796	
Loans Disbursed	Nil	
Loans Recovered	260,877	
Principal Written off	Nil	
Interest Written off	Nil	
Closing Outstanding	1,756,919	

### 12. Classification of Loans & Provisioning

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

		Rs'000
S. N.	Category	Amount (Rs.)
1.	Pass	0
2.	Substandard	0
3.	Doubtful	0
4.	Loss	1,756,919
	<b>Total</b>	<b>1,756,919</b>

Accordingly, Company has write back Rs. 260,208 thousand loan loss provision thereon during a year.

### 13. Summary Status of the Deposit Liabilities

Rs'000

Particulars	Current Year NRs.	Previous Year NRs.	Decrease by Rs.
Current Deposit	0	0	0
Margin Deposit	0	0	0
Saving Deposit	23,157	239,288	216,131
Call Deposit	416,613	475,791	59,178
Fixed Deposit	802	12,293	11,491
<b>Total</b>	<b>440,572</b>	<b>727,372</b>	<b>286,800</b>

### 14. Leasehold asset detail

The opening balance of the leasehold asset for the FY 2071/72 is Rs 1,758,007, the closing balance figure for the year ended Ashadh end, 2072 is Rs 733,250. During the year company has written off Rs. 706,892 leasehold assets.

### 15. Paid up Share Capital

Paid up share capital of the Company as on Ashadh end, 2072 is Rs 935,069,500. There has been no change in the paid up capital from previous year.

### 16. Details of Non-Banking Assets

The Company has no non-banking assets in current year.

### 17. Provision for Gratuity

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation. Company has practice of depositing gratuity amount to CIT, in the previous year net of amount of deposit to CIT and gratuity payable amount are shown under the head provision for gratuity but from this financial year it has been shown separately under the head other assets and other liabilities.

During the financial year NRs. 229,491 has been charged to Profit and loss account for the additional provision required as on Ashadh end 2072 after setting off the interest received from CIT for the financial year 2070/71.

### 18. Provision for Leave Encashment

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs. 2,163,181 has been provided for leave encashment under this account.

### 19. Provision on Bank Balance

As the Crystal Finance has been declared as problematic financial institution, the provision has been made on full amount of bank balance Rs. 37,120,404.17 in F.Y. 2070/71. The recovery from the stated bank has been recognized as income under the head 'Provision against other assets Written Back' under Schedule 4.27 amounting to Rs. 10,094,652 in current year. Similarly, World Merchant Banking & Finance Ltd has also been declared as problematic financial institution so 100 % provision on the balance outstanding as on Ashadh end 2072 of Rs.1,193,727.76 are provided during the year.

## 20. Classification of Assets and Liabilities based on Maturity

(Rs. in '000)

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
	<b>Assets</b>						
1	Cash Balance	2,000.62					2000.62
2	Balance with Banks & FIs	35,489.91					35489.91
3	Investment in Foreign Banks						0.00
4	Call Money						0.00
5	Government Securities						0.00
6	Nepal Rastra Bank Bonds						0.00
7	Inter Bank & FI Lending						0.00
8	Loans & Advances	1,541,769.25	54,114.95	161,034.54		0.00	1756918.74
9	Interest Receivable						0.00
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						0.00
	<b>Total Assets (A)</b>	<b>1579259.79</b>	<b>54114.95</b>	<b>161034.54</b>	<b>0.00</b>	<b>0.00</b>	<b>1794409.27</b>
	<b>Liabilities</b>						
14	Current Deposits						0.00
15	Saving Deposits	439,820.67					439820.67
16	Fixed Deposits	430239.12	611.69		0.00	140.30	430991.11
17	Debentures						0.00
18	Borrowings:	30853.00	0.00	0.00	0.00	0.00	30853.00
	(a) Call/Short Notice						0.00
	(b) Inter-bank/Financial Institutions	30853.00					30853.00
	(c) Refinance						0.00
	(d) Others						0.00
19	Other Liabilities and Provisions	1852494.57	0.00	0.00	0.00	0.00	1852494.57
	(a) Sundry Creditors	14770.07					14770.07
	(b) Bills Payable						0.00
	(c) Interest Payable						0.00
	(d) Provisions	1837724.50					1837724.50
	(e) Others	0.00					0.00
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
	<b>Total Liabilities (B)</b>	<b>2753407.36</b>	<b>611.69</b>	<b>0.00</b>	<b>0.00</b>	<b>140.30</b>	<b>2754159.35</b>
	<b>Net Financial Assets (A-B)</b>	<b>-1174147.57</b>	<b>53503.26</b>	<b>161034.54</b>	<b>0.00</b>	<b>-140.30</b>	<b>-959750.08</b>
	<b>Cumulative Net Financial Assets</b>	<b>-1174147.57</b>	<b>-1120644.31</b>	<b>-959609.78</b>	<b>-959609.78</b>	<b>-959750.08</b>	<b>0.00</b>



## 21. Deferred Tax Assets/ (Liability)

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets			
Leasehold Assets			
Provision for leave	2,163,181	-	2,163,181
Net Temporary Difference			2,163,181
Deferred Tax Assets/(Liabilities) as at Ashad end 2072 @ 30%			648,954

Deferred Tax Assets as on Ashad end 2072 (16 July 2015) is Rs. 648,954 and same amount has been recognized as deferred tax income in Profit and Loss Account in the current year.

The opening Deferred Tax Assets amounts to Rs. 616,274,254 and corresponding amount of Deferred Tax Reserve has been nullified. The Deferred Tax Asset for the current year has been accrued due to provision for leave and same has been calculated and recognized in financial statement for the current fiscal year.

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

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

## 23. Non Adjusting Events after Reporting Period

- Loan of Janak Basnet has been already been closed but the property of Janak Basnet is still in rokka. So he has filed case against the bank in Supreme Court and notice from the court has been received by bank on 2072/09/05.
- The financial institution has recognized the Non Banking Assets of Rs. 20,335,799.26 in 2071/72.

## 24. Income Tax

For tax purpose, self assessment income tax return has been filed upto F.Y. 2070/71.

CMBL has completed the re-assessment of income tax by Inland Revenue Department (IRD) as on 19/06/2072 for the financial year 2067/68. For the financial year 2071/72 Rs. 4,718,055 has been provided as income tax provision after setting off previous reassessed losses.

25. Company has availed interbank borrowing from Century bank Ltd. of NRs. 30,853,000 as on Ashad End 2072. Borrowing from Century bank is secured by mortgage of Land and Building Kitta no. 174,95,94 of Area 0-0-3-0, 0-2-1-0 and 0-7-1-1 respectively and owned in its own name Kitta no. 93 Area 0-6-0-3 Located at Battisputali, Kathmandu.

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

## 27. Previous Year's Figures

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

**Capital Merchant Banking & Finance Ltd.**  
**Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions**  
**For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)**

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

**Capital Merchant Banking & Finance Limited**  
**Computation of Deferred Tax Assets/Liability**  
**As on 31 Ashad 2072 (July 16 2015)**

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets			
Leasehold Assets			
Provision for leave	2,163,181	-	2,163,181
<b>Net Temporary Difference</b>			<b>2,163,181</b>
<b>Deferred Tax Assets/(Liabilities) as at Ashad end 2072 @ 30%</b>			<b>648,954</b>

**Capital Merchant Banking & Finance Limited**  
**Computation of Taxable Income & Tax**  
**F.Y. 2071/72**

Particulars	Amount
Profit before tax as per Profit & Loss Account	289,956,770
Less: LLP Written Back	(270,303,022)
Less: INCOME FROM INVESTMENT	(19,950)
<b>Add: Adjustments for</b>	
Depreciation & amortization as per books of accounts	2,737,288
Provision for bank account	1,263,328
Provision for Leave Encashment	872,539
Donation	-
LLP	-
Pollution Check of Bike	-
Standing Liquidity Facility	-
<b>Less: Adjustments for</b>	
Depreciation as per Income Tax	2,737,288
Deferred Expenses	
Provision for Leave Encashment	-
Taxable Profit as per Income tax Act 2058	21,769,665
Profit/(Loss) upto 2070/71	(5,233,814)
Accumulated Profit/(Loss) upto 2071/72	16,535,851
Corporate Income Tax @ 30%	4,960,755

**R.S. & Associates**  
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT**

**To the shareholders of**  
**Capital Merchant Banking & Finance Limited**

**Identification of Financial Statement Audited**

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

**Management Responsibility for the Financial Statements**

The management of Capital Merchant Banking & Finance Limited is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

**Auditor's Opinion**

On examination of financial statement as aforesaid, we report that;

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.



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

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




CA. Rajendra Mangal Joshi  
Partner

Date: 3<sup>rd</sup> January, 2017  
Place: Kathmandu

**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
**Balance Sheet as on Ashad 31, 2073**

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

Assets	Schedule	This Year Rs.	Previous Year Rs.
1 Cash Balance	4.8	427,042	2,000,623
2 Balance with NRB	4.9	3,990,576	3,990,576
3 Balance with Banks/Financial Institutions	4.10	25,902,402	33,246,266
4 Money at Call and Short Notice	4.11	-	-
5 Investments	4.12	27,000	27,000
6 Loans Advances and Bills Purchase	4.13	-	-
7 Fixed Assets	4.14	86,504,883	89,849,973
8 Non-Banking Assets	4.15	-	-
9 Other Assets	4.16	39,505,389	37,388,712
<b>Total Assets</b>		<b>156,357,293</b>	<b>166,503,151</b>

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
Comparision Between Unaudited and Audited Financial	Schedule	4.35
Unaudited Financial Highlights certified by Internal Auditor	Schedule	4.(A)

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Chandra Man Maleku**  
Chief Executive Office

**Suni Pradhan**  
Asst. Officer

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

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

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

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

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Chandra Man Maleku**  
Chief Executive Office

**Suni Pradhan**  
Asst. Officer

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

Date : 18 Poush, 2073  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**

**Profit and Loss Appropriation Account**

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

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Bhattarai**  
Director

**Chandra Man Maleku**  
Chief Executive Office

**Suni Pradhan**  
Asst. Officer

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

Date : 18 Poush, 2073  
Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd**
**Cash Flow Statement**
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

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

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

As per our report of even date

**Ashok Bhattarai**  
Director

**Chandra Man Maleku**  
Chief Executive Office

**Suni Pradhan**  
Asst. Officer

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

Date : 18 Poush, 2073

Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd.**  
**Statement of Changes in Equity**  
**Fiscal Year 2015/16 (2072-73)**

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 18 July 2015	935,069,500	(1,988,447,213)	250,616,009	-	-	2,611,560	-	648,954	-	(799,501,189)
Adjustment for Changes in Accounting Policies	-	(6,000)		-	-	-	-	-	-	(6,000)
Restated Balance as at 15 July 2016	935,069,500	(1,988,453,213)	250,616,009	-	-	2,611,560	-	648,954	-	(799,507,189)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	12,954,884	-	-	-	-	-	-	-	12,954,884
General Reserve	-	(2,590,977)	2,590,977	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(7,114,253)	-	-	-	-	-	7,114,253.39	-	-
Closing Balance	935,069,500	(1,985,203,559)	253,206,986	-	-	2,611,560	-	7,763,208	-	(786,552,305)

**Bhumi Narayan Shrestha**      **Rabindra Ram Shrestha**      **Ramesh K. C.**  
Chairman & Director      Director      Director

**Ashok Bhattarai**      **Chandra Man Maleku**      **Suni Pradhan**      **Rajendra Mangal Joshi, FCA**  
Director      Chief Executive Office      Asst. Officer      R. S. & Associates  
Chartered Accountants

Date : 18 Poush, 2073  
Place : Kathmandu, Nepal

**List of Share Holder's holding 0.5% or more of Paid-Up Share Capital**

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

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 31 Ashad 2073 (July 15, 2016)**

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

Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad 2073 (July 15, 2016)**

Particulars	This Year Rs.	Previous Year Rs.
1 General Reserve Fund	253,206,986	250,616,009
2 Capital Reserve Fund	-	-
3 Capital Redemption Reserve	-	-
4 Capital Adjustment Fund	-	-
5 Other Reserves	10,374,768	3,260,514
5.1 Contingent Reserve	-	-
5.2 Institution Development Fund	-	-
5.3 Dividend Equalization Fund	-	-
5.4 Special Reserve Fund	-	-
5.5 Assets Revaluation Reserve	-	-
5.6 Deferred Tax Reserve	7,763,208	648,954
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6 Accumulated Profit/(Loss)	(1,985,203,559)	(1,988,447,213)
7 Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,721,621,805)</b>	<b>(1,734,570,689)</b>

Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad 2073 (July 15, 2016)**

Particulars	This Year Rs.	Previous Year Rs.
1. .... Percent Bonds/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding balance of Redemption Reserve Rs.....)	-	-
2. .... Percent Bond/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding Balance of Redemption Reserve Rs. .... each	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad 2073 (July 15, 2016)**

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

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad 2073 (July 15, 2016)**

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

Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
As on 31 Ashad 2073 (July 15, 2016)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
As on 31 Ashad 2073 (July 15, 2016)

Particulars	This Year Rs.	Previous Year Rs.
1 Pension/Gratuity Fund	1,635,788	1,880,828
2 Employees Provident Fund	-	-
3 Employees Welfare Fund	-	-
4 Provision for Staff Bonus	-	-
5 Interest Payable on Deposits	-	-
6 Interest Payable on Borrowings	-	-
7 Unearned Discount and Commission	-	-
8 Sundry Creditors	14,953,896	18,088,739
9 Branch Adjustment Account	-	-
10 Others		
TDS Payable on interest	6,847,469	7,624,929
Other TDS Payable	1,043,537	1,145,210
A/C Payables	150,000	186,828
FD Nominees	429,161,104	430,239,127
Provision	24,123,797	35,413,017
Deferred Tax Liability	-	-
<b>Total</b>	<b>477,915,591</b>	<b>494,578,678</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
As on 31 Ashad 2073 (July 15, 2016)

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

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
 As on 31 Ashad 2073 (July 15, 2016)

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

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Banks/Financial Institutions**  
 As on 31 Ashad 2073 (July 15, 2016)

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

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
 As on 31 Ashad 2073 (July 15, 2016)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
 As on 31 Ashad 2073 (July 15, 2016)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	-	-	-	-
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	-	-	-	-
4 Nepal Rastra Bank Bonds	-	-	-	-
5 Foreign Securities	-	-	-	-
6 Local Licensed Institutions	-	-	-	-
7 Foreign Banks		-	-	-
8 Organized Institutions Shares	29,200	-	29,200	29,200
9 Corporate Bonds and Debentures	-	-	-	-
10 Other Investments	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>29,200</b>	<b>29,200</b>
<b>Provision</b>	<b>2,200</b>	<b>-</b>	<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>



Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
As on 31 Ashad 2073 (July 15, 2016)

Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1 Investment in Shares					
1.1 Credit Information Bureau	-	-	-	-	-
270 Ordinary Shares of Rs 100 Paid up	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 .....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
3 Provision for Loss	2,200				2,200
3.1 Provision Up to Previous Year	2,200				2,200
3.2 Additions This Year	-				
<b>Total Provision</b>	<b>2,200</b>				<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>				<b>27,000</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
As on 31 Ashad 2073 (July 15, 2016)

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

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
**As on 31 Ashad 2073 (July 15, 2016)**

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

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
**As on 31 Ashad 2073 (July 15, 2016)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year Fund Adjustment Amount	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad 2073 (July 15, 2016)**



Particulars	Loans						Bills Purchased/Discounted			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Total	Domestic	Foreign	Total			
	Deprived		Others								
	Insured	Uninsured									
1	Performing Loan	-	-	-	-	-	-	-	-	-	-
	1.1 Pass Loan	-	-	-	-	-	-	-	-	-	-
	1.2 Restructured	-	-	-	-	-	-	-	-	-	-
2	Non-Performing Loan	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
	2.1 Substandard	-	-	-	-	-	-	-	-	-	-
	2.2 Doubtful	-	-	-	-	-	-	-	-	-	-
	2.3 Bad	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
(A)	Total Loan	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
3	Loan Loss Provision	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
	3.1 Pass	-	-	-	-	-	-	-	-	-	-
	3.2 Restructured	-	-	-	-	-	-	-	-	-	-
	3.3 Substandard	-	-	-	-	-	-	-	-	-	-
	3.4 Doubtful	-	-	-	-	-	-	-	-	-	-
	3.5 Bad	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
(B)	Total Provisioning	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
4	Provisioning up to Previous Year	-	12,000,000	1,744,918,739	-	1,756,918,739	-	-	1,756,918,739	2,017,127,109	-
	4.1 Pass	-	-	-	-	-	-	-	-	3,554	-
	4.2 Restructured	-	-	-	-	-	-	-	-	-	-
	4.3 Substandard	-	-	-	-	-	-	-	-	68,611	-
	4.4 Doubtful	-	-	-	-	-	-	-	-	111,039	-
	4.5 Bad	-	12,000,000	1,744,918,739	-	1,756,918,739	-	-	1,756,918,739	2,016,943,906	-
(C)	Total Previous Year's Provision	-	12,000,000	1,744,918,739	-	1,756,918,739	-	-	1,756,918,739	2,017,127,109	-
(D)	Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-
	Changes in This Year	-	(12,000,000)	(13,402,657)	-	(25,402,657)	-	-	(25,402,657)	(260,208,371)	-
	Net Loan (A-B)	-	-	-	-	-	-	-	-	-	-

Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 31 Ashad 2073 (July 15, 2016)**

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



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 31 Ashad 2073 (July 15, 2016)**

Particulars	Assets					This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	12,076,329	26,958,807	10,345,058	6,105,326	86,817,869	87,944,149
b. Addition This Year	-	-	-	-	-	-	-
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	33,275	252,926	218,586	19,957	524,744	1,002,473
e. This Year Written off	-	-	-	-	64,525	64,525	123,808
<b>Total Cost (a+b+c-d-e)</b>	<b>31,332,349</b>	<b>12,043,054</b>	<b>26,705,881</b>	<b>10,126,472</b>	<b>6,020,844</b>	<b>86,228,600</b>	<b>86,817,869</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	10,463,867	10,825,712	24,697,051	9,680,438	5,539,322	61,206,389	58,469,101
b. For This Year	1,043,424	243,244	482,229	104,174	149,498	2,022,570	2,737,288
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>11,507,291</b>	<b>11,068,956</b>	<b>25,179,280</b>	<b>9,784,612</b>	<b>5,688,820</b>	<b>63,228,959</b>	<b>61,206,389</b>
3 Book Value (WDV*) (1-2)	19,825,058	974,098	1,526,601	341,860	332,024	22,999,641	25,611,479
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	-	733,250
<b>Total (3+4+5+6)</b>	<b>19,825,058</b>	<b>974,098</b>	<b>1,526,601</b>	<b>341,860</b>	<b>332,024</b>	<b>86,504,883</b>	<b>89,849,973</b>

Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 31 Ashad 2073 (July 15, 2016)**

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
Irada Builder Pvt.Ltd	16-05-2072	20,335,799	100%	20,335,799	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Grand Total</b>	<b>-</b>	<b>20,335,799</b>	<b>100%</b>	<b>20,335,799</b>	<b>-</b>	<b>-</b>

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad 2073 (July 15, 2016)**

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

Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	-	-	-	1,692,329,469	1,482,423,745
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad 2073 (July 15, 2016)**

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

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**  
**Interest Income**

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

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



Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**  
**Interest Expenses**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

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

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**  
**Commission and Discount**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

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

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**

**Other Operating Income**

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

Particulars	This Year Rs.	Previous Year Rs.
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	224,463	2,959,079
<b>Total</b>	<b>224,463</b>	<b>2,959,079</b>

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**

**Exchange Gain/Loss**

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

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

Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**

**Employee Expenses**

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

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

**Capital Merchant Banking & Finance Ltd.**  
**Other Overhead Expenses**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

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

Schedule 4.25

**Capital Merchant Banking & Finance Ltd.**  
**Provision for Possible Losses**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

Particulars	This Year Rs.	Previous Year Rs.
1 Increase in Loan Loss Provision	-	-
2 Increase in Provision for Loss on Investment	-	-
3 Provision Against Non-Banking Assets	-	-
4 Provision Against Other Assets	20,335,799	1,263,328
<b>Total</b>	<b>20,335,799</b>	<b>1,263,328</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**  
**Non-Operating Income/Loss**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

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

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**  
**Loss Provisions Written Back**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

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

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**  
**Income /Expenses from Extra-ordinary Activities**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

Particulars	This Year Rs.	Previous Year Rs.
1 Recovery of write off Loan	-	-
2 Voluntary Retirement Scheme Expenses	-	-
3 Loan Write-Off (4.28) (a)	-	-
4 Other Expenses/Income	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 31 Ashad 2073 (July 15, 2016)**

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

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

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad 2073 (July 15, 2016)**

Fig. in '000

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

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad 2073 (July 15, 2016)**

Fig. in '000

On-Balance Sheet Assets	Weightage	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	427	-	2,001	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,991	-	3,991	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	25,902	5,180	33,246	6,649
Fully Secured FDR Loan against Fixed Deposit Receipt of other Licensed Banks and Financial Institutions	20	-	-	-	-
Balance with Foreign Banks	20	-	-	-	-
Money at Call	20	-	-	-	-
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	1,731,516	1,731,516	1,756,919	1,756,919
Fixed Assets	100	86,505	86,505	89,850	89,850
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100		-		-
All other Assets (except Advance Income Tax)	100	82,390	82,390	11,099	11,099
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>1,930,760</b>	<b>1,905,621</b>	<b>1,897,134</b>	<b>1,864,546</b>
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>1,930,760</b>	<b>1,905,621</b>	<b>1,897,134</b>	<b>1,864,546</b>



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

	Particulars	Indicators	FY 2066/67	FY 2067/68	FY 2068/69	FY 2069/70	FY 2070/71	FY 2071/72	FY 2072/73
1	Percent of Net Profit/Gross Income	Percent	16.63	(203.10)	(862.86)	179.81	917	541	83
2	Earning Per Share	Rs.	6.69	(102.85)	(135.71)	23.38	60.24	30.55	1.39
3	Market Value Per Share	Rs.	216	131	131	131	131	131	131
4	Price Earning Ratio	Percent	32	(1)	(0.97)	5.60	2.17	4.29	94.55
5	Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-	-	-
6	Cash Dividend on Share Capital	Percent	5.26	-	-	-	-	-	-
7	Interest Income/Loan & Advances	Percent	11.33	10.84	5.18	5.01	2.86	2.72	0.80
8	Staff Expenses/Total Operating Expenses	Percent	36.77	40.43	41.46	39.75	40.12	51.50	44.97
9	Interest Expenses / Total Deposit and Borrowing	Percent	9.19	11.70	15.36	6.78	5.68	2.47	1.15
10	Exchange Gain/Total Income	Percent	-	-	-	-	-	-	-
11	Staff Bonus/Total Staff Expenses	Percent	49.42	-	-	-	-	-	-
12	Net Profit/Loan and Advances	Percent	2.27	(26.44)	(48.46)	9.48	27.92	16.26	0.75
13	Net Profit/Total Assets	Percent	1.75	(31.90)	(179.60)	41.63	67.71	171.56	8.29
14	Total Credit/Deposit	Percent	119.99	133.74	193.24	229.56	277.41	398.78	397.82
15	Total Operating Expenses/Total Assets	Percent	1.38	1.83	5.62	5.06	2.18	5.91	5.12
16	Adequacy of Capital Fund on Risk Weighted Assets								
	a) Core Capital	Percent	33.39	0.37	(40.65)	(38.01)	5.27	(43.00)	(41.39)
	b) Supplementary Capital	Percent	0.91	0.52	0.31	0.00	5.445	-	-
	c) Total Capital Fund	Percent	34.30	0.89	(40.34)	(38.01)	10.72	(43.00)	(41.39)
17	Liquidity (CRR)	Percent	21.59	0.05	0.850	0.750	0.340	0.01	0.46%
18	Non-Performing Loan/Total Credit	Percent	2.630	43.45	97.19	99.52	99.98	100.00	100.00
19	Weighted Average Interest Rate Spread	Percent	4.92	0.02	7.12%	10.01%	4.38%	7.36%	7.00%
20	Book Net-Worth	Rs.	978,432	16,737,848	(1,252,278,430)	(1,032,199,236)	(468,880,623)	(799,501,189)	(786,552,305)
21	Total Number of Shares	Nos.	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695
22	Total Staff	Nos.	71	128	65	48	27	23	15
23	Others	-	-	-	-	-	-	-	-



## Significant Accounting Policies

### Schedule 4.32

#### 1. General Information

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

The Company has been registered with the Office of the Company Registrar on 14 Ashar, 2058, obtained license from Nepal Rastra Bank on 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 Ltd has been declared as a “problematic financial institution” on 17 Magh 2069 as per Sec 86(kha) of Nepal Rastra Bank Act, 2058.

#### 2. Summary of Significant Accounting Policies

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

#### 3. Statement of Compliance

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

#### 4. Basis of Preparation

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

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

#### 5. Going Concern Assumption

Though the company has negative net worth amounting to Rs 786,552,305 negative capital fund of 41.39%, the management is of view that the company is a going concern with no intention of ceasing its financial activity for the foreseeable future and hence the “going concern” assumption has been applied for the preparation of its financial statements.

#### 6. Interest Income

Interest income on loans and advances is recognised on cash basis as per the Nepal Rastra Bank Directive.

Interest income on Investments is accounted for on accrual basis.

#### 7. Commission Income

All the commission incomes are accounted for on accrual basis.

#### 8. Interest Expense

Interest on deposit liabilities and borrowings is accounted for on accrual basis.

#### 9. Loans and Advances including Bills Purchased

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

#### 10. Staff Loans and Advances

Loans and advances granted to staff are shown under other assets Schedule-4.16.

#### 11. Loan Loss Provision

The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.

#### 12. Write Off

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

#### 13. Investments

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

#### 14. Fixed Assets and Depreciation

- a. Fixed assets are stated at cost less accumulated depreciation and impairment losses.
- b. Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner prescribed by Income Tax Act, 2058. For disposing the fixed asset of the company, it would follow the income tax act policy and deduct depreciation up to a day prior to the date of disposal.
- c. Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.

#### 15. Non-Banking Assets

Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives. However, bank does not have non-banking assets during the year.

#### 16. Accounting policy for non-capitalisation of assets

Assets worth Rs 5,000 or less are directly charged off as revenue expenditure at the time of purchase.

#### 17. Software Expenses

Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.

#### 18. Employee Benefits

##### a. Retirement fund

Provident fund contribution is recognised as expenses and deposited into the CIT.

##### b. Gratuity

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

#### 19. Stationery Stock

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

#### 20. Provisions, Contingent Liabilities and Contingent Assets

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

#### 21. Income Tax

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act.

#### 22. Exchange gain/loss policy

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

#### 23. Deferred Tax

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

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

## Notes to Accounts

### Schedule 4.33

#### 1. Interest Income and Interest Suspense

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

#### 2. Provision for Staff Bonus

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

#### 3. Staff Housing Fund

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

#### 4. General Reserve

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

#### 5. Calls in Arrears

There are no Calls in Arrears at the year end.

#### 6. Unpaid Dividend

The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/067. As on balance sheet date, total dividend payable amounts to Rs. 246,660.03.

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

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

Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 15 July 2016.

#### 8. Average Interest rate Spread

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

#### 9. Expenses to be written off

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

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

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

Rs'000

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

#### 12. Classification of Loans & Provisioning

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

Rs'000

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

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

### 13. Summary Status of the Deposit Liabilities

Rs'000

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

### 14. Leasehold asset detail

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

### 15. Paid up Share Capital

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

### 16. Details of Non-Banking Assets

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

Opening Balance	Nil
Booked during the year	20,335,799.26
Sales During the year	Nil
Closing Balance	20,335,799.26
Provision	20,335,799.26
Net Closing Balance	Nil

### 17. Provision for Gratuity

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation. Company has practice of depositing gratuity amount to CIT and outstanding balances relating to the gratuity has been shown separately under the head other assets and other liabilities.

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

### 18. Provision for Leave Encashment

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

### 19. Provision on Bank Balance

As the Crystal Finance has been declared as problematic financial institution, the provision has been made on full amount of bank balance Rs.23,222,246.62 the recovery from the stated financial institution has been recognize as income under the head 'Provision against other assets Written Back' under Schedule 4.27 amounting to Rs.3,873,106.36 in current year. Similarly, World Merchant Banking & Finance Ltd has also been declared as problematic financial institution so 100 % provision has made by the company up to previous year and during the financial year full balance outstanding has been recovered and company has recognized such provision as income under the head 'Provision against other assets Written Back' under schedule 4.27 amounting Rs.1,193,727.76 during the year .

(Rs. 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	427.04					427.04
2	Balance with Banks & FIs	29,892.98					29,892.98
3	Investment in Foreign Banks						0.00
4	Call Money						0.00
5	Government Securities						0.00
6	Nepal Rastra Bank Bonds						0.00
7	Inter Bank & FI Lending						0.00
8	Loans & Advances	173,151.61	346,303.22	346,303.22	-	865,758.04	1,731,516.08
9	Interest Receivable						0.00
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	10,446.06	5,223.03			10,446.06	26,115.14
	<b>Total Assets (A)</b>	<b>213,917.68</b>	<b>351,526.24</b>	<b>346,303.22</b>	<b>-</b>	<b>876,204.10</b>	<b>1,787,951.24</b>
	Liabilities						
14	Current Deposits	412,392.63					412,392.63
15	Saving Deposits	22,667.74					22,667.74
16	Fixed Deposits	429,211.44	00.00	140.30	0.00		429,351.74
17	Debentures						0.00
18	Borrowings:	29,743	0.00	0.00	0.00	0.00	29,743
	(a) Call/Short Notice						0.00
	(b) Inter-bank/Financial Institutions	29,743					29,743
	(c) Refinance						0.00
	(d) Others						0.00
19	Other Liabilities and Provisions	47,118.70	0.00	0.00	0.00	0.00	47,118.70
	(a) Sundry Creditors	14,953.90					14,953.90
	(b) Bills Payable	8,041.01					8,041.01
	(c) Interest Payable						0.00
	(d) Provisions	24,123.80					24,123.80
	(e) Others						0
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
	<b>Total Liabilities (B)</b>	<b>941,133.51</b>	<b>-</b>	<b>140.30</b>	<b>0.00</b>		<b>941,273.81</b>
	Net Financial Assets (A-B)	(727,215.83)	351,526.24	346,162.92	0.00	876,204.10	846,677.43
	Cumulative Net Financial Assets	(727,215.83)	(375,689.58)	(29,526.67)	(29,526.67)	846,677.43	00

## 20. Deferred Tax Assets/ (Liability)

Deferred tax assets and liabilities have been computed as follows:

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

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

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

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

## 22. Non Adjusting Events after Reporting Period

BOD of CMBFL has entered into the agreement for sale of its minimum 32.89% prompter and 31.11% public share as on 21 ashoj, 2073 .

## 23. Income Tax

For tax purpose, self-assessment income tax return has been filed up to F.Y. 2071/072. CMBL has completed the re-assessment of income tax by Inland Revenue Department (IRD) as on 19/06/2072 for the financial year 2067/068. For the financial year 2072/073 Rs. Nil has been provided as income tax provision since during the year company is in taxable loss by Rs 24,975,809.

24. Company has availed interbank borrowing from Century bank Ltd. of NRs.29,743,000 as on Ashad end 2073. Borrowing from Century bank is secured by mortgage of Land and Building Kitta no. 174, 95, 94 of Area 0-0-3-0, 0-2-1-0 and 0-7-1-1 respectively and owned in its own name Kitta no. 93 Area 0-6-0-3 Located at Battisputali, Kathmandu.

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

## 26. Previous Year's Figures

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

Schedule 4.34

**Capital Merchant Banking & Finance Ltd.**  
**Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions**  
**For the period from July 17, 2015 to July 15, 2016 (Shrawan 01, 2072 to Ashad 32, 2073)**

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

**Capital Merchant Banking & Finance Limited**  
**Computation of Deferred Tax Assets/Liability**  
**As on 31 Ashad 2073 (July 15, 2016)**

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

**R.S. & Associates**  
Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT**

**To the shareholders of**

**Capital Merchant Banking & Finance Limited**

**Identification of Financial Statement Audited**

We have audited the accompanying financial statements of **Capital Merchant Banking & Finance Limited**, which comprise the Balance Sheet as on 31<sup>st</sup> Ashadh, 2074 (15<sup>th</sup> July, 2017) and the related Profit & Loss Account, Cash Flow Statement and Statement of Change in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the Financial Statements**

The management of Capital Merchant Banking & Finance Limited is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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





## Auditor's Opinion

On examination of financial statement as aforesaid, we report that;

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.
- b) In our opinion, proper books of accounts as required by law have been maintained by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are agreement with the books of account.
- c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, although the statements are independently not audited.
- d) Adequate provisions for loan losses have been made by the company.
- e) Nepal Rastra Bank vide its letter dated Magh 17, 2069, has declared the company as a problematic financial institution as per section 86 kha of Nepal Rastra Bank Act 2058 with immediate effect requiring the company to comply with additional NRB directives.
- f) As mentioned in Schedule 4.30 of the financial statements, the company's total capital fund and core capital fund are negative as of Ashadh 31, 2074 (15<sup>th</sup> July, 2017), which is insufficient as compared to the minimum capital adequacy requirement as prescribed by Nepal Rastra Bank's directives.
- g) In accordance with the details mentioned in notes to accounts (Schedule 4.33) note number 22 of financial statements, various directives of Nepal Rastra Bank, Single Obligor Limit (Directive No. 3), Investment Limit Ratio (Directive No.8) and Deposit Collection Limit Ratio (Directive No.16) are not in the state of the comparison with the ceiling prescribed by Nepal Rastra Bank.
- h) As required by NRB circular number 10/2073/74, CMBL has to spend minimum 3% of employee expenses of 2072/73 i.e. Nrs. 196,436 (3% of Nrs. 6,547,866) for the staffs training and development expenses in FY 2073/74. But CMBL has not spent any amount for the training and development of staff during the year. As required by same circular the unspent amount should be transfer to the staff training and development fund to be spendable in FY 2074/75. But CMBL has not transferred such unspent amount into the "staff training and development fund". Again, as required by NRB circular number 11/2073/74, CMBL has to transfer 1% of net profit during the year i.e. Nrs.316,790 (1% of Nrs. 31,678,987) to Corporate Social Responsibility (CSR) fund. But CMBL has not transferred such amount to "CSR Fund". Due to these non compliances company's profit has been overstated by Nrs. 513,226.



In our opinion and to the best of our information and explanation given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraphs e, f, g and h, the said financial statements (read in conjunction with attached Notes) present true and fair view, in all material respects, the financial position of the company as at Ashadh 31, 2074 (15<sup>th</sup> June, 2017) and the results of its operations and its cash flows statement for the year then ended. The financial statement has not been prepared as per Nepal Financial Reporting Standards as issued by Institute of Chartered Accountants of Nepal so opinion on same has not been made.



CA. Rajendra Mangal Joshi  
Partner



Date: 11<sup>th</sup> January, 2018  
Place: Kathmandu

**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
as on Ashad 31, 2074

Capital & Liabilities	Schedule	This Year Rs.	Previous Year Rs.
1 Share Capital	4.1	935,069,500	935,069,500
2 Reserves and Funds	4.2	(1,689,942,614)	(1,721,621,805)
3 Debentures and Bonds	4.3	-	-
4 Borrowings	4.4	29,743,000	29,743,000
5 Deposit Liabilities	4.5	417,596,395	435,251,007
6 Bills Payables	4.6	-	-
7 Proposed and Payable Dividend		-	-
8 Income Tax Liabilities		-	-
9 Other Liabilities	4.7	572,052,246	477,915,591
<b>Total Capital Liabilities</b>		<b>264,518,527</b>	<b>156,357,293</b>

Assets	Schedule	This Year Rs.	Previous Year Rs.
1 Cash Balance	4.8	97,151	427,042
2 Balance with NRB	4.9	4,240,576	3,990,576
3 Balance with Banks/Financial Institutions	4.10	135,755,332	25,902,402
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	84,777,426	86,504,883
8 Non-Banking Assets	4.15	-	-
9 Other Assets	4.16	39,621,041	39,505,389
<b>Total Assets</b>		<b>264,518,527</b>	<b>156,357,293</b>

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
Comparision Between Unaudited and Audited Financial	Schedule	4.35
Unaudited Financial Highlights certified by Internal Auditor	Schedule	4.(A)

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Kumar Bhattarai**  
Director

**Rabindra Khanal**  
Chief Executive Officer

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

Date : 2074

Place : Kathmandu, Nepal

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

**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	14,287,667	14,300,988
2. Interest Expenses	4.19	5,193,080	5,339,313
<b>Net Interest Income</b>		<b>9,094,588</b>	<b>8,961,675</b>
3. Commission and Discount	4.20	-	-
4. Other Operating Income	4.21	60,236	224,463
5. Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>9,154,823</b>	<b>9,186,138</b>
6. Employees Expenses	4.23	4,887,204	6,547,866
7. Other Overhead Expenses	4.24	5,184,914	8,011,333
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(917,295)</b>	<b>(5,373,061)</b>
9. Provision for Possible Losses	4.25	233,095	20,335,799
<b>Operating Profit</b>		<b>(1,150,390)</b>	<b>(25,708,860)</b>
10. Non-operating Income/Expenses	4.26	2,007,250	1,080,000
11. Provision Written-Back	4.27	31,141,238	30,469,491
<b>Profit from Regular Operations</b>		<b>31,998,098</b>	<b>5,840,630</b>
12. Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>31,998,098</b>	<b>5,840,630</b>
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		319,112	(7,114,253)
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		319,112	(7,114,253)
<b>Net Profit/(Loss)</b>		<b>31,678,987</b>	<b>12,954,884</b>

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

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Kumar Bhattarai**  
Director

**Rabindra Khanal**  
Chief Executive Officer

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

Date : 2074

Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Appropriation Account**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
<b>Income</b>			
1 Accumulated Profit up to the Last Year		(1,985,203,354)	(1,988,453,213)
2 Current Year's Profit		31,678,987	12,954,884
3 Exchange Fluctuation Fund		-	-
<b>Total (A)</b>		<b>(1,953,524,368)</b>	<b>(1,975,498,329)</b>
<b>Expenses</b>			
1 Accumulated Loss up to the Last Year		-	-
2 This Year's Loss		-	-
3 General Reserve		6,335,797.37	2,590,977
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		(319,112)	7,114,253
<b>Total (B)</b>		<b>6,016,686</b>	<b>9,705,230</b>
15 Accumulated Profit/(Loss) (A-B)		(1,959,541,053)	(1,985,203,559)

As per our report of even date

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Kumar Bhattarai**  
Director

**Rabindra Khanal**  
Chief Executive Officer

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

Date : 2074  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**

**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(a) Cash flow from Operating Activities</b>	<b>2,829,811</b>	<b>(4,293,061)</b>
<b>1 Cash Received</b>	<b>16,355,153</b>	<b>15,605,451</b>
1.1 Interest Income	14,287,667	14,300,988
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	2,067,486	1,304,463
<b>2 Cash Payment</b>	<b>13,525,342</b>	<b>19,898,512</b>
2.1 Interest Expenses	5,193,080	5,339,313
2.2 Staff Expenses	4,887,204	6,547,866
2.3 Office Overhead Expenses	3,445,058	8,011,333
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	106,955,628	(7,969,474)
<b>(Increase)/Decrease of Current Assets</b>	<b>(115,651)</b>	<b>(2,116,677)</b>
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	(115,651)	(2,116,677)
<b>Increase/(Decrease) of Current Liabilities</b>	<b>107,071,279</b>	<b>(5,852,797)</b>
1 Increase/(Decrease) in Deposits Liabilities	(17,654,612)	(5,321,655)
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	-	(1,110,000)
4 Increase/(Decrease) in Other Liabilities	124,725,891	578,858
<b>(b) Cash flow from Investment Activities</b>	<b>(12,399)</b>	<b>3,345,090</b>
1 (Increase)/Decrease in Long-Term Investment	-	-
2 (Increase)/Decrease in Fixed Assets	(12,399)	3,345,090
3 Interest Income From Long-Term Investment	-	-
4 Dividend Income	-	-
5 Others	-	-
<b>(c) Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>(d) Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>(e) This Year's Cash Flow from All Activities</b>	<b>109,773,040</b>	<b>(8,917,446)</b>
<b>(f) Opening Balance of Cash and Bank Balances</b>	<b>30,320,020</b>	<b>39,237,466</b>
<b>(g) Closing Balance of Cash and Bank Balances</b>	<b>140,093,060</b>	<b>30,320,020</b>

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

As per our report of even date

**Ashok Kumar Bhattarai**  
Director

**Rabindra Khanal**  
Chief Executive Officer

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

Date : 2074

Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd.**  
**Statement of Changes in Equity**  
**Fiscal Year 2016/17 (2073-74)**

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 16 July 2016	935,069,500	(1,985,203,559)	253,206,986	-	-	2,611,560	-	7,763,208	-	(786,552,305)
Adjustment for Changes in Accounting Policies	-	205	-	-	-	-	-	-	-	205
Restated Balance as at 15 July 2016	935,069,500	(1,985,203,354)	253,206,986	-	-	2,611,560	-	7,763,208	-	(786,552,100)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	31,678,987	-	-	-	-	-	-	-	31,678,987
General Reserve	-	(6,335,797)	6,335,797	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	319,112	-	-	-	-	-	(319,111.55)	-	-
Closing Balance	935,069,500	(1,959,541,053)	259,542,784	-	-	2,611,560	-	7,444,096	-	(754,873,114)

**Bhumi Narayan Shrestha**  
Chairman & Director

**Rabindra Ram Shrestha**  
Director

**Ramesh K.C.**  
Director

**Ashok Kumar Bhattarai**  
Director

**Rabindra Khanal**  
Chief Executive Officer

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

Date : 2074

Place : Kathmandu, Nepal

**List of Share Holder's holding 0.5% or more of Paid-Up Share Capital**

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



Schedule 4.1

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 31 Ashad 2074 (July 15, 2017)**

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

Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars	This Year Rs.	Previous Year Rs.
1 General Reserve Fund	259,542,784	253,206,986
2 Capital Reserve Fund	-	-
3 Capital Redemption Reserve	-	-
4 Capital Adjustment Fund	-	-
5 Other Resevers	10,055,656	10,374,768
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	7,444,096	7,763,208
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6 Accumulated Profit/(Loss)	(1,959,541,053)	(1,985,203,559)
7 Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,689,942,614)</b>	<b>(1,721,621,805)</b>

Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars	This Year Rs.	Previous Year Rs.
1. .... Percent Bonds/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding balance of Redemption Reserve Rs.....)	-	-
2. .... Percent Bond/Debentures of Rs. .... each	-	-
Issued on ..... and Matured on .....	-	-
(Outstanding Balance of Redemption Reserve Rs. .... each	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad 2074 (July 15, 2017)**

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

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars	This Year Rs.	Previous Year Rs.
<b>1 Non-Interest Bearing Accounts</b>		
<b>A. Current Deposits</b>	-	-
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>B. Margin Deposits</b>	-	-
1. Employee Guarantees	-	-
2. Guarantee Margin	-	-
3. Letters of Credit Margin	-	-
<b>C. Others</b>	-	-
1. Local Currency	-	-
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	-
1.3 Individuals	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
<b>Total of Non-Interest Bearing Accounts</b>	-	-
<b>2 Interest Bearing Accounts</b>		
<b>A. Savings Deposits</b>	<b>21,807,309</b>	<b>22,667,740</b>
1. Local Currency	21,807,309	22,667,740
1.1 Organized Institutions	5,446	5,352
1.2 Individuals	21,801,863	22,662,388
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
<b>B. Fixed Deposits</b>	<b>50,815</b>	<b>190,633</b>
1. Local Currency	50,815	190,633
1.1 Organized Institutions	-	140,300
1.2 Individuals	50,815	50,333
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
<b>C. Call Deposits</b>	<b>395,738,272</b>	<b>412,392,634</b>
1. Local Currency	395,738,272	412,392,634
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	266,697,675	96,392,357
1.3 Other Organized Institutions	128,133,513	314,921,993
1.4 Individuals	907,084	1,078,285
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	-	-
<b>D. Certificate of Deposit</b>	-	-
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
<b>Total of Interest Bearing Accounts</b>	<b>417,596,395</b>	<b>435,251,007</b>
<b>Total Deposit (1+2)</b>	<b>417,596,395</b>	<b>435,251,007</b>

Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
As on 31 Ashad 2074 (July 15, 2017)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
As on 31 Ashad 2074 (July 15, 2017)

Particulars	This Year Rs.	Previous Year Rs.
1 Pension/Gratuity Fund	1,929,847	1,635,788
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	112,240,716	14,953,896
9 Branch Adjustment Account	-	-
10 Others		
TDS Payable on interest	5,724,085	6,847,469
Other TDS Payable	579,252	1,043,537
A/C Payables	-	150,000
FD Nominees	427,245,718	429,161,104
Provision	24,332,629	24,123,797
Deferred Tax Liability	-	-
<b>Total</b>	<b>572,052,246</b>	<b>477,915,591</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
As on 31 Ashad 2074 (July 15, 2017)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	97,151	427,042
2 Foreign Currency	-	-
<b>Total</b>	<b>97,151</b>	<b>427,042</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
As on 31 Ashad 2074 (July 15, 2017)

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	4,240,576	-	-	-	4,240,576	3,990,576
a) Current Account	4,240,576	-	-	-	4,240,576	3,990,576
b) Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Banks/Financial Institutions**  
As on 31 Ashad 2074 (July 15, 2017)

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	135,755,332	-	-	-	135,755,332	25,902,402
a) Current Account	127,247				127,247	62,016
b) Other Account	135,628,086				135,628,086	25,840,386
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
<b>Total</b>	<b>135,755,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,755,332</b>	<b>25,902,402</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
As on 31 Ashad 2074 (July 15, 2017)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
As on 31 Ashad 2074 (July 15, 2017)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	-	-	-	-
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	-	-	-	-
4 Nepal Rastra Bank Bonds	-	-	-	-
5 Foreign Securities	-	-	-	-
6 Local Licensed Institutions	-	-	-	-
7 Foreign Banks		-	-	-
8 Organized 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
<b>Net Investment</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>

Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1 Investment in Shares					
1.1 Credit Information Bureau	-	-	-	-	-
270 Ordinary Shares of Rs 100 Paid up	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 .....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
3 Provision for Loss	2,200				2,200
3.1 Provision Up to Previous Year	2,200				2,200
3.2 Additions This Year	-				
<b>Total Provision</b>	<b>2,200</b>				<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>				<b>27,000</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
**As on 31 Ashad 2074 (July 15, 2017)**

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

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
**As on 31 Ashad 2074 (July 15, 2017)**

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

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
**As on 31 Ashad 2074 (July 15, 2017)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	



Schedule 4.13

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars	Loans					Total	Bills Purchased/Discounted			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Domestic		Foreign	Total			
	Deprived		Others								
	Insured	Uninsured									
1	Performing Loan	-	-	-	-	-	-	-	-	-	-
	1.1 Pass Loan	-	-	-	-	-	-	-	-	-	-
	1.2 Restructured	-	-	-	-	-	-	-	-	-	-
2	Non-Performing Loan	-	-	1,700,374,843	-	1,700,374,843	-	-	1,700,374,843	1,731,516,082	-
	2.1 Substandard	-	-	-	-	-	-	-	-	-	-
	2.2 Doubtful	-	-	-	-	-	-	-	-	-	-
	2.3 Bad	-	-	1,700,374,843	-	1,700,374,843	-	-	1,700,374,843	1,731,516,082	-
(A)	Total Loan	-	-	1,700,374,843	-	1,700,374,843	-	-	1,700,374,843	1,731,516,082	-
3	Loan Loss Provision	-	-	1,700,374,843	-	1,700,374,843	-	-	1,700,374,843	1,731,516,082	-
	3.1 Pass	-	-	-	-	-	-	-	-	-	-
	3.2 Restructured	-	-	-	-	-	-	-	-	-	-
	3.3 Substandard	-	-	-	-	-	-	-	-	-	-
	3.4 Doubtful	-	-	-	-	-	-	-	-	-	-
	3.5 Bad	-	-	1,700,374,843	-	1,700,374,843	-	-	1,700,374,843	1,731,516,082	-
(B)	Total Provisioning	-	-	1,700,374,843	-	1,700,374,843	-	-	1,700,374,843	1,731,516,082	-
4	Provisioning up to Previous Year	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
	4.1 Pass	-	-	-	-	-	-	-	-	-	-
	4.2 Restructured	-	-	-	-	-	-	-	-	-	-
	4.3 Substandard	-	-	-	-	-	-	-	-	-	-
	4.4 Doubtful	-	-	-	-	-	-	-	-	-	-
	4.5 Bad	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
(C)	Total Previous Year's Provision	-	-	1,731,516,082	-	1,731,516,082	-	-	1,731,516,082	1,756,918,739	-
(D)	Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-
	Changes in This Year	-	-	(31,141,238)	-	(31,141,238)	-	-	(31,141,238)	(25,402,657)	-
	Net Loan (A-B)	-	-	-	-	-	-	-	-	-	-



Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars	This Year Rs.	Previous Year Rs.
<b>(A) Secured</b>	<b>1,700,374,843</b>	<b>1,731,516,082</b>
1 Movable/Immovable Assets	1,697,835,396	1,728,754,556
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	2,761,525
<b>(B) Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,700,374,843</b>	<b>1,731,516,082</b>

Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars	Assets					This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	12,043,054	26,705,881	10,126,472	6,020,844	86,228,600	86,817,869
b. Addition This Year	-	-	12,399	-	-	-	-
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	-	-	-	524,744
e. This Year Written off	-	-	-	-	-	-	64,525
<b>Total Cost (a+b+c-d-e)</b>	<b>31,332,349</b>	<b>12,043,054</b>	<b>26,718,281</b>	<b>10,126,472</b>	<b>6,020,844</b>	<b>86,240,999</b>	<b>86,228,600</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	11,507,291	11,068,956	25,179,280	9,784,612	5,688,820	63,228,959	61,206,389
b. For This Year	991,253	194,595	363,753	78,131	112,124	1,739,856	2,022,570
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>12,498,544</b>	<b>11,263,551</b>	<b>25,543,033</b>	<b>9,862,743</b>	<b>5,800,944</b>	<b>64,968,815</b>	<b>63,228,959</b>
3 Book Value (WDV*) (1-2)	18,833,805	779,503	1,175,247	263,729	219,900	21,272,185	22,999,641
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	-	-
<b>Total (3+4+5+6)</b>	<b>18,833,805</b>	<b>779,503</b>	<b>1,175,247</b>	<b>263,729</b>	<b>219,900</b>	<b>84,777,426</b>	<b>86,504,883</b>

Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 31 Ashad 2074 (July 15, 2017)**

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
Irada Builder Pvt.Ltd	16-05-2072	20,335,799	100%	20,335,799	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Grand Total</b>	<b>-</b>	<b>20,335,799</b>	<b>100%</b>	<b>20,335,799</b>	<b>-</b>	<b>-</b>

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars		This Year Rs.	Previous Year Rs.	2071-72
ATM card Stock		745,800	745,800	745,800
Income Receivable on Investments		-	-	-
Accrued Interest on Loan	1,903,512,148	-	-	1,482,423,745
Less : Interest Suspense Amount	1,903,512,148	-	-	(1,482,423,745)
Commission Receivable		-	-	-
Sundry Debtors		26,689,337	26,115,140	31,252,189
Staff Loans and Advances		108,137	80,137	80,137
Prepaid Expenses		12,233	41,499	75,053
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		7,444,096	7,763,208	648,954
Other		4,143,566	4,281,734	4,108,708
<b>Total</b>		<b>39,621,041</b>	<b>39,505,389</b>	<b>37,388,712</b>

Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	-	-	-	1,903,512,148	1,692,329,469
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad 2074 (July 15, 2017)**

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

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**  
**Interest Income**

**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft	12,398,891	13,917,495
1 Loans and Advances	12,398,891	13,917,495
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	1,888,776	383,493
1 Certificate of Deposits	-	-
2 Inter-Bank Loan	-	-
3 Others-Deposit with other Fis	1,888,776	383,493
<b>Total</b>	<b>14,287,667</b>	<b>14,300,988</b>

Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**
**Interest Expenses**
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars		This Year Rs.	Previous Year Rs.
A.	On Deposit Liabilities	4,303,234	5,339,313
	1 Fixed Deposits	10,394	957,390
	1.1 Local Currency	10394.44	957,390
	1.2 Foreign Currency	-	-
	2 Savings Deposits	282,883	227,265
	2.1 Local Currency	282882.92	227,265
	2.2 Foreign Currency	-	-
	3 Call Deposits	4,009,957	4,154,658
	3.1 Local Currency	4009956.93	4,154,658
	3.2 Foreign Currency	-	-
	4 Certificate of Deposits	-	-
B	On Borrowings	889,845	-
	1 Debentures and Bonds	-	-
	2 Loan from Nepal Rastra Bank	-	-
	3 Inter Bank/Financial Institutions Borrowing	889,845	-
	4 Other Corporate Body	-	-
	5 Other Loans	-	-
C	On Others	-	-
	1 .....	-	-
	2 .....	-	-
<b>Total</b>		<b>5,193,080</b>	<b>5,339,313</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**
**Commission and Discount**
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

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

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**  
**Other Operating Income**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars	This Year Rs.	Previous Year Rs.
1 Rental on Safe Deposit Lockers	-	-
2 Issue and Renewals of Credit Cards	-	-
3 Issue and Renewals of ATM Cards	-	-
4 Telex/T.T.	-	-
5 Service Charges	-	-
6 Renewal Fees	-	-
7 Others	60,236	224,463
<b>Total</b>	<b>60,236</b>	<b>224,463</b>

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**  
**Exchange Gain/Loss**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

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

Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**  
**Employee Expenses**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	2,829,538	3,594,148
2 Allowances	1,294,803	1,619,124
3 Contribution to Provident Fund	185,028	249,946
4 Training Expenses	-	-
5 Uniform	-	-
6 Medical	183,173	249,684
7 Insurance	21,280	45,931
8 Leave Incashment	373,383	786,329
9 Others	-	2,704
<b>Total</b>	<b>4,887,204</b>	<b>6,547,866</b>

**Capital Merchant Banking & Finance Ltd.**  
**Other Overhead Expenses**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars	This Year Rs.	Previous Year Rs.
1 House Rent	-	24,444
2 Electricity and Water	190,681	189,694
3 Repair and Maintenance	367,140	153,363
(a) Building	297,534	14,490
(b) Vehicles	45,606	101,820
(c) Others	24,000	37,053
4 Insurance	94,139	90,510
5 Postage, Telex, Telephone, Fax	76,117	115,460
6 Office Equipment, Furniture and Fixture Repair	154,286	75,251
7 Traveling Allowances and Expenses	-	12,190
8 Stationery and Printing	22,914	19,318
9 Periodicals and Books	-	8,700
10 Advertisements	4,746	21,922
11 Legal Expenses	-	15,000
12 Donations	-	-
13 Expenses Relating to Board of Directors	201,564	278,828
(a) Meeting Fees	198,000	274,000
(b) Other Expenses	3,564	4,828
14 Annual General Meeting Expenses	-	-
15 Expenses Relating to Audit	212,265	208,000
(a) Audit Fees	101,700	101,700
(b) Other Expenses	5,565	1,300
c) Tax Audit Fees	105,000	105,000
16 Commission on Remittances	-	-
17 Depreciation on Fixed Assets	1,739,856	2,022,570
18 Amortization of Preliminary Expenses	-	-
19 Share Issue Expenses	-	-
20 Technical Services Fee	431,666	369,540
21 Entertainment	-	-
22 Written Off Expenses	-	657,328
23 Security Expenses	193,366	470,110
24 Credit Guarantee Premium	-	-
25 Commission and Discount	-	-
26 Others	1,496,174	3,279,106
26.1 Membership Fee	25,000	25,000
26.2 Tax & Fines	1,166,382	2,492,578
26.3 Anniversary Expenses	-	-
26.4 Fuel Expenses	182,233	157,324
26.5 Service Charge	270	240
26.6 Gift Expenses	-	-
26.7 Branch Extension Expenses	-	-
26.8 Data Connectivity Expenses	122,040	132,210
26.9 Software Maintenance Expenses	-	-
26.10 Fine and Penalties	-	357,126
26.10 Others	250	114,628
<b>Total</b>	<b>5,184,914</b>	<b>8,011,333</b>



Schedule 4.25

**Capital Merchant Banking & Finance Ltd.**  
**Provision for Possible Losses**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars		This Year Rs.	Previous Year Rs.
1	Increase in Loan Loss Provision	-	-
2	Increase in Provision for Loss on Investment	-	-
3	Provision Against Non-Banking Assets	-	20,335,799
4	Provision Against Other Assets	233,095	-
	<b>Total</b>	<b>233,095</b>	<b>20,335,799</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**  
**Non-Operating Income/Loss**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars		This Year Rs.	Previous Year Rs.
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	-	-
5	Others	2,007,250	1,080,000
	<b>Total Non-Operating Income (Loss)</b>	<b>2,007,250</b>	<b>1,080,000</b>

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**  
**Loss Provisions Written Back**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars		This Year Rs.	Previous Year Rs.
1	Loan Loss Provision Written Back	31,141,238	25,402,657
2	Provision against Non-Banking Assets Written Back	-	-
3	Investment Provision Written Back	-	-
4	Provision against Other Assets Written back	-	5,066,834
	<b>Total</b>	<b>31,141,238</b>	<b>30,469,491</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**  
**Income /Expenses from Extra-ordinary Activities**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

Particulars		This Year Rs.	Previous Year Rs.
1	Recovery of write off Loan	-	-
2	Voluntary Retirement Scheme Expenses	-	-
3	Loan Write-Off (4.28) (a)	-	-
4	Other Expenses/Income	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 31 Ashad 2074 (July 15, 2017)**

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	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

Schedule 4.30

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad 2074 (July 15, 2017)**

Fig. in '000

Particulars	This Year Rs.	Previous Year Rs.
<b>A) Core Capital</b>	<b>(764,517)</b>	<b>(788,752)</b>
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	259,543	253,207
6 Cumulative Profit/(Loss) (up to Previous FY)		
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(1,959,541)	(1,985,204)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves		
12 Deferred Tax Reserve	7,444	7,763
Less :	9,644	2,200
Goodwill	-	-
Investment in excess of prescribed limit	2,200	2,200
Deferred Tax Assets	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>B) Supplementary Capital</b>	<b>-</b>	<b>-</b>
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	-	-
<b>C) Total Capital Fund (A+B)</b>	<b>(764,517)</b>	<b>(788,752)</b>
<b>D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets</b>		
Capital Fund (@ 11 Percent)	208,457	209,618
Core Capital (@ 5.5 Percent)	104,228	104,809
Capital Fund Deficit By @ 51.34 Percent	(972,974)	(998,371)
Core Capital Deficit By @ 45.84 Percent	(868,746)	(893,561)

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad 2074 (July 15, 2017)**

Fig. in '000

On-Balance Sheet Assets	Weightage	This Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	97	-	427	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	4,241	-	3,991	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	135,755	27,151	25,902	5,180
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	1,700,375	1,700,375	1,731,516	1,731,516
Fixed Assets	100	84,777	84,777	86,505	86,505
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	82,390	82,390
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>2,008,003</b>	<b>1,895,061</b>	<b>1,930,760</b>	<b>1,905,621</b>
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>2,008,003</b>	<b>1,895,061</b>	<b>1,930,760</b>	<b>1,905,621</b>

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



**Capital Merchant Banking**  
and Finance Limited  
कैपिटल मर्चेंट बैंकिंग एण्ड फाइनेंस लिमिटेड

Particulars	Indicators	FY 2069/70	FY 2070/71	FY 2071/72	FY 2072/73	FY 2073/74
1 Percent of Net Profit/Gross Income	Percent	179.81	917	541	83	194
2 Earning Per Share	Rs.	23.38	60.24	30.55	1.39	3.39
3 Market Value Per Share	Rs.	131	131	131	131	131
4 Price Earning Ratio	Percent	5.60	2.17	4.29	94.55	38.67
5 Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6 Cash Dividend on Share Capital	Percent	-	-	-	-	-
7 Interest Income/Loan & Advances	Percent	5.01	2.86	2.72	0.80	0.73
8 Staff Expenses/Total Operating Expenses	Percent	39.75	40.12	51.50	44.97	48.52
9 Interest Expenses / Total Deposit and Borrowing	Percent	6.78	5.68	2.47	1.15	1.16
10 Exchange Gain/Total Income	Percent	-	-	-	-	-
11 Staff Bonus/Total Staff Expenses	Percent	-	-	-	-	-
12 Net Profit/Loan and Advances	Percent	9.48	27.92	16.26	0.75	1.86
13 Net Profit/Total Assets	Percent	41.63	67.71	171.56	8.29	11.98
14 Total Credit/Deposit	Percent	229.56	277.41	398.78	397.82	407.18
15 Total Operating Expenses/Total Assets	Percent	5.06	2.18	5.91	5.12	1.96
16 Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	(38.01)	5.27	(43.00)	(41.39)	(40.34)
b) Supplementary Capital	Percent	0.00	5.445	-	-	-
c) Total Capital Fund	Percent	(38.01)	10.72	(43.00)	(41.39)	(40.34)
17 Liquidity (CRR)	Percent	0.750	0.340	0.01	0.46%	0.50%
18 Non-Performing Loan/Total Credit	Percent	99.52	99.98	100.00	100.00	100.00
19 Weighted Average Interest Rate Spread	Percent	10.01%	4.38%	7.36%	7.00%	7.00%
20 Book Net-Worth	Rs.	(1,032,199,236)	(468,880,623)	(799,501,189)	(786,552,305)	(754,873,114)
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.	48	27	23	15	14
23 Others	-	-	-	-	-	-

## Significant Accounting Policies

Schedule 4.32

### 1. General Information

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

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

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

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

### 2. Summary of Significant Accounting Policies

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

### 3. Statement of Compliance

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

### 4. Basis of Preparation

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

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

### 5. Going Concern Assumption

Though the company has negative net worth amounting to Rs 7,54,873 negative capital fund of 40.34%, 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 recognised on cash basis as per the Nepal Rastra Bank Directive.

Interest income on Investments is accounted for on accrual basis.

### 7. Commission Income

All the commission incomes are accounted for on accrual basis.

### 8. Interest Expense

Interest on deposit liabilities and borrowings is accounted for on accrual basis.

### 9. Loans and Advances including Bills Purchased

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

### 10. Staff Loans and Advances

Loans and advances granted to staff are shown under other assets Schedule-4.16.

### 11. Loan Loss Provision

The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.

### 12. Write Off

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

### 13. Investments

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

### 14. Fixed Assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation and impairment losses.
- Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner prescribed by Income Tax Act, 2058. For disposing the fixed asset of the company, it would follow the income tax act policy and deduct depreciation up to a day prior to the date of disposal.
- Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.

### 15. Non-Banking Assets

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

### 16. Accounting policy for non-capitalisation of assets

Assets worth Rs 5,000 or less are directly charged off as revenue expenditure at the time of purchase.

### 17. Software Expenses

Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.

### 18. Employee Benefits

#### a. Retirement fund

Provident fund contribution is recognised as expenses and deposited into the CIT.

#### b. Gratuity

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

### 19. Stationery Stock

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

### 20. Provisions, Contingent Liabilities and Contingent Assets

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

### 21. Income Tax

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act.

### 22. Exchange gain/loss policy

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

### 23. Deferred Tax

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

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

## Notes to Accounts

### Schedule 4.33

#### 1. Interest Income and Interest Suspense

The interest receivable on loans and advances as at 15 July, 2017 (31 Ashad, 2074) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.

#### 2. Provision for Staff Bonus

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

#### 3. Staff Housing Fund

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

#### 4. General Reserve

As required by Bank and Financial institution Act 2063, 20% of profit during the year of Rs. 63,35,797 has been transfer to General Reserves through the profit and loss appropriation a/c.

#### 5. Calls in Arrears

There are no Calls in Arrears at the year end.

#### 6. Unpaid Dividend

The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/67. As on balance sheet date, total dividend payable amounts to Rs. 2,46,660.03.

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

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

Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 15 July 2017.

#### 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 under the head expenses to be written off. The amount had been carried forward from previous year end.

10. The company has negative capital fund as on Chaitra end, 2073 and hence the Single Obligor limit for the company has exceeded the limit as mentioned in the directive prescribed by Nepal Rastra Bank.

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

Rs'000

Particulars	Amount (Rs.)
Opening Balance	1,731,516
Loans Disbursed	Nil
Loans Recovered	31,141
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	1,700,375

#### 12. Classification of Loans & Provisioning

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

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	0
2.	Substandard	0
3.	Doubtful	0
4.	Loss	1,700,375
	<b>Total</b>	<b>1,700,375</b>

Accordingly, Company has write back Rs. 31,141 thousand loan loss provision thereon during a year.



### 13. Summary Status of the Deposit Liabilities

Rs'000

Particulars	Current Year NRs.	Previous Year NRs.	Decrease by Rs.
Current Deposit	0	0	0
Margin Deposit	0	0	0
Saving Deposit	21,807	22,718	911
Call Deposit	395,738	412,393	16,655
Fixed Deposit	51	140	89
<b>Total</b>	<b>417,596</b>	<b>435,251</b>	<b>17,655</b>

### 14. Leasehold asset detail

The closing balance figure for the year ended Ashadh end, 2074 is Rs Nil.

### 15. Paid up Share Capital

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

### 16. Details of Non-Banking Assets

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

Opening Balance	20,335,799.26
Booked During the Year	Nil
Sales During the year	Nil
Closing Balance	20,335,799.26
Provision	20,335,799.26
Net Closing Balance	Nil

### 17. Provision for Gratuity

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation. Company has practice of depositing gratuity amount to CIT and outstanding balances relating to the gratuity has been shown separately under the head other assets and other liabilities.

During the financial year NRs. 432,226.66 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 Employee Service Regulation and accordingly Rs. 877,286.79 has been provided for leave encashment under this account.

### 19. Provision on Bank Balance

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

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

S.N.	Particulars	1-90 Days	91-180 Days	181-270 Days	271-365 Days	Over 1 Year	Total Amount
	<b>Assets</b>						
1	Cash Balance	468.81					468.81
2	Balance with Banks & FIs	85592.41					85592.41
3	Investment in Foreign Banks						
4	Call Money						
5	Government Securities						
6	Nepal Rastra Bank Bonds						
7	Inter Bank & FI Lending						
8	Loans & Advances	1707638.17					1707638.17
9	Interest Receivable	1792093.19					1792093.19
10	Reverse Repo						
11	Receivables from other Institutions under Commitment						
12	Payment to be made for facilities under s.no 20,21 & 22						
13	Others	137153.60					137153.60
	<b>Total Assets (A)</b>	<b>3722946.18</b>					<b>3722946.18</b>
	<b>Liabilities</b>						
14	Current Deposits	399995.73					399995.73
15	Saving Deposits	22710.69					22710.69
16	Fixed Deposits	427598.53					427598.53
17	Debentures						
18	Borrowings:	29743.00					29743.00
	(a) Call/Short Notice						
	(b) Inter-bank/Financial Institutions	29743.00					29743.00
	(c) Refinance						
	(d) Others						
19	Other Liabilities and Provisions	3611299.61					3611299.61
	(a) Sundry Creditors	55279.93					55279.93
	(b) Bills Payable	6689.11					6689.11
	(c) Interest Payable	1792093.19					1792093.19
	(d) Provisions	1756367.91					1756367.91
	(e) Others	869.47					869.47
20	Payable to other institutions under Commitment						
21	Unutilized Approved Facilities						
22	Letter of Credit/Guarantee (Net of Margin)						
23	Repo						
24	Payment to be made for facilities under S.No 11						
25	Others						
	<b>Total Liabilities (B)</b>	<b>4491347.56</b>					<b>4491347.56</b>
	<b>Net Financial Assets (A-B)</b>	<b>-768401.38</b>					<b>-768401.38</b>
	<b>Cumulative Net Financial Assets</b>	<b>-768401.38</b>	<b>-768401.38</b>	<b>-768401.38</b>	<b>-768401.38</b>	<b>-768401.38</b>	

## 21. Deferred Tax Assets/ (Liability)

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets			
Leasehold Assets			
Provision for leave	877,287	-	877,287
Taxable loss		(23,936,367)	23,936,367
<b>Net Temporary Difference</b>			<b>24,813,654</b>
<b>Deferred Tax Assets/(Liabilities) as at Ashad end 2074 @ 30%</b>			<b>7,444,096</b>
Deferred Tax Assets/(Liabilities) till Ashad end 2073			7,763,208
<b>Deferred Tax Expense/(Income) for current year</b>			<b>319,112</b>

Deferred Tax Assets as on Ashad end 2074 (15 July 2017) is Rs. 7,444,096 and an decreased in Deferred Tax Assets by Rs.319,112 has been recognized as deferred tax expenses in Profit and Loss Account in the current year.

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

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

## 23. Non Adjusting Events after Reporting Period

No such events reported.

## 24. Income Tax

For tax purpose, self assessment income tax return has been filed upto F.Y. 2072/73.

CMBL has completed the re-assessment of income tax by Inland Revenue Department (IRD) as on 19/06/2072 for the financial year 2067/68. For the financial year 2073/74 Rs. Nil has been provided as income tax provision since company has carry forwarded taxable loss of FY 2072/73 of Rs.24,975,809 is available for set-off.

25. Company has availed interbank borrowing from Century bank Ltd. of NRs. 29,743,000 as on Ashad End 2073. Borrowing from Century bank is secured by mortgage of Land and Building Kitta no. 174,95,94 of Area 0-0-3-0, 0-2-1-0 and 0-7-1-1 respectively and owned in its own name Kitta no. 93 Area 0-6-0-3 Located at Battisputali, Kathmandu.

## 26. Regarding the minimum paid up capital required

Company has already fulfilled the minimum capital required by the NRB as on Ashadh end 2074.

Particulars	Amounts
Minimum paid up capital required	800,000,000
Paid –up capital of the company as on Ashadh end 2074	935,069,500

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

## 28. Previous Year's Figures

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

**Capital Merchant Banking & Finance Ltd.**  
**Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions**  
**For the period from July 16, 2016 to July 15, 2017 (Shrawan 01, 2073 to Ashad 31, 2074)**

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

**Capital Merchant Banking & Finance Limited**  
**Computation of Deferred Tax Assets/Liability**  
**As on 31 Ashad 2074 (July 15, 2017)**

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets			
Leasehold Assets			
Provision for leave	877,287	-	877,287
Taxable loss		(23,936,367)	23,936,367
<b>Net Temporary Difference</b>			<b>24,813,654</b>
<b>Deferred Tax Assets/(Liabilities) as at Ashad end 2074 @ 30%</b>			<b>7,444,096</b>
Deferred Tax Assets/(Liabilities) till Ashad end 2073			7,763,208
<b>Deferred Tax Expense/(Income) for current year</b>			<b>319,112</b>

**Capital Merchant Banking & Finance Limited**  
**Computation of Taxable Income & Tax**  
**F.Y. 2073/74**

Particulars	Amount
Profit before tax as per Profit & Loss Account	31,998,098
Less: LLP Written Back	(31,141,238)
Less: Income from Investment	(26,250)
<b>Add: Adjustments for</b>	
Depreciation & amortization as per books of accounts	1,739,856
Provision for NBA account	-
Leave Encashment Expenses	373,383
Donation	-
LLP	-
Pollution Check of Bike	-
Standing Liquidity Facility	-
Fine & Penalty	-
Provision for other assets	233,095
<b>Written off of Fixed assets</b>	-
Less: Adjustments for	
Depreciation as per Income Tax	1,739,856
Deferred Expenses	
Provision for Leave Encashment	397,646
NBA Provision	-
Taxable Profit as per Income tax Act 2058	1,039,442
Profit/(Loss) upto 2072/73	(24,975,809)
Accumulated Profit/(Loss) upto 2073/74	(23,936,367)
<b>Corporate Income Tax @ 30%</b>	-

**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.

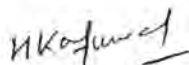
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **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
<b>Total Capital Liabilities</b>		<b>248,369,799</b>	<b>264,518,527</b>

Assets	Schedule	This Year Rs.	Previous Year Rs.
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
<b>Total Assets</b>		<b>248,369,799</b>	<b>264,518,527</b>

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 report of even date

Niranjan 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)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
Interest Income	4.18	5,072,305	14,287,667
Interest Expenses	4.19	5,018,296	5,193,080
<b>Net Interest Income</b>		<b>54,009</b>	<b>9,094,588</b>
Commission and Discount	4.20	-	-
Other Operating Income	4.21	-	60,236
Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>54,009</b>	<b>9,154,823</b>
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	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(11,237,758)</b>	<b>(917,295)</b>
Provision for Possible Losses	4.25	-	233,095
<b>Operating Profit</b>		<b>(11,237,758)</b>	<b>(1,150,390)</b>
Non-operating Income/Expenses	4.26	2,577,667	2,007,250
Provision Written-Back	4.27	17,354,128	31,141,238
<b>Profit from Regular Operations</b>		<b>8,694,037</b>	<b>31,998,098</b>
Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>8,694,037</b>	<b>31,998,098</b>
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
<b>Net Profit/(Loss)</b>		<b>11,280,427</b>	<b>31,678,987</b>

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

As per our report of even date

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

Particulars	This Year Rs.	Previous Year Rs.
<b>Income</b>		
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	-	-
<b>Total (A)</b>	<b>(1,948,260,626)</b>	<b>(1,953,524,367)</b>
<b>Expenses</b>		
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)
<b>Total (B)</b>	<b>4,842,475</b>	<b>6,016,686</b>
Accumulated Profit/(Loss) (A-B)	(1,953,103,101)	(1,959,541,053)

As per our report of even date

Niranjan 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**  
**Cash Flow Statement**

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

Particulars	This Year Rs.	Previous Year Rs.
<b>A. Cash flow from Operating Activities:</b>	<b>(17,206,878)</b>	<b>109,785,439</b>
<b>1. Cash Received</b>	<b>25,004,100</b>	<b>16,355,153</b>
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
<b>2. Cash Payment</b>	<b>14,797,753</b>	<b>13,525,342</b>
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
<b>(Increase)/Decrease of Current Assets</b>	<b>15,930</b>	<b>(185,580)</b>
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)
<b>Increase/(Decrease) of Current Liabilities</b>	<b>(27,429,156)</b>	<b>107,141,208</b>
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>B. Cash flow from Investment Activities</b>	<b>-</b>	<b>(12,399)</b>
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	-	-
<b>C. Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>D. Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>E. This Year's Cash Flow from All Activities</b>	<b>(17,206,878)</b>	<b>109,773,040</b>
<b>F. Opening Balance of Cash and Bank Balances</b>	<b>140,093,060</b>	<b>30,320,020</b>
<b>G. Closing Balance of Cash and Bank Balances</b>	<b>122,886,182</b>	<b>140,093,060</b>

Niranjan Singh Basnet  
Chairman

Jagat Raj Khanal  
Director

Kailash Bhakta Karanjit  
Director

Anandaram Regmi  
Director

Ranjan Rayamajhi  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

As per our report of even date  
Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

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)

Amount in NPR

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

Niranjan 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.**  
**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%
	<b>Total</b>	<b>7,707,764</b>	<b>770,776,400</b>	<b>82.43%</b>

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

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

Particulars	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	-	-
<b>Total</b>	<b>(1,678,662,186)</b>	<b>(1,689,942,613)</b>

Schedule 4.3

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

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. .... each	-	-
3. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

Schedule 4.4

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

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



**Capital Merchant Banking & Finance Ltd.**
**Deposits**

As on 32 Ashad, 2075 (16 July, 2018)

Amount in NPR

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
<b>1. Non-Interest Bearing Accounts:</b>		
<b>A. Current Deposits</b>	-	-
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>B. Margin Deposits</b>	-	-
1 Employee Guarantees	-	-
2 Guarantee Margin	-	-
3 Letters of Credit Margin	-	-
<b>C. Others</b>	-	-
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	-	-
<b>Total of Non-Interest Bearing Accounts</b>	-	-
<b>2 Interest Bearing Accounts:</b>		
<b>A. Savings Deposits</b>	<b>21,586,949</b>	<b>21,807,309</b>
1. Local Currency	21,586,949	21,807,309
1.1 Organized Institutions	-	5,446
1.2 Individuals	21,586,949	21,801,863
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
<b>B. Fixed Deposits</b>	<b>-</b>	<b>50,815</b>
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	-	-
<b>C. Call Deposits</b>	<b>384,654,390</b>	<b>395,738,272</b>
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	-	-
<b>D. Certificate of Deposit</b>	<b>-</b>	<b>-</b>
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
<b>Total of Interest Bearing Accounts</b>	<b>406,241,339</b>	<b>417,596,395</b>
<b>Total Deposit (1+2)</b>	<b>406,241,339</b>	<b>417,596,395</b>

Schedule 4.6

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

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1 Local Currency	-	-
2 Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

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

Particulars	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
TDS Payable on interest	5,803,003	5,724,085
Other TDS Payable	388,408	479,252
A/C Payables	-	-
FD Nominees	423,084,792	427,245,718
Provision	11,844,314	24,332,629
Deferred Tax Liability	-	-
<b>Total</b>	<b>556,221,146</b>	<b>572,052,246</b>

Schedule 4.8

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

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1 Local Currency (including coin)	203,075	97,151
2 Foreign Currency	-	-
<b>Total</b>	<b>203,075</b>	<b>97,151</b>

Schedule 4.9

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

Amount in NPR

Particulars	Local Currency	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	-	-	-

Schedule 4.10

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

Particulars	Local Currency	Foreign Currency			As on 32 Ashad, 2075	As on 31 Ashad, 2074
		Indian Currency	Convertible	Total		
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	-	-	-	-	-	-
<b>Total</b>	<b>121,075,532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,075,532</b>	<b>135,755,332</b>

Schedule 4.11

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

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

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	-	-		-
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>29,200</b>	<b>29,200</b>
<b>Provision</b>	<b>2,200</b>	<b>-</b>	<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>

Schedule 4.12 (A)

**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 .....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
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	-				
<b>Total Provision</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>			<b>27,000</b>	<b>27,000</b>

Schedule 4.12.1

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

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

Schedule 4.12.2

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

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

Schedule 4.12.3

**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	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	

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

Amount in NPR

Particulars	Loans					Bills Purchased/Discounted			As on 32 Ashad, 2075	As on 31 Ashad, 2074
	Domestic			Foreign	Total	Domestic	Foreign	Total		
	Deprived		Others							
	Insured	Uninsured								
1. Performing Loan	-	-	-	-	-	-	-	-	-	-
1.1 Pass Loan	-	-	-	-	-	-	-	-	-	-
1.2 Watchlist	-	-	-	-	-	-	-	-	-	-
1.3 Restructured	-	-	-	-	-	-	-	-	-	-
2. Non-Performing Loan	-	-	1,695,535,902	-	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)
Net Loan (A-B)	-	-	-	-	-	-	-	-	-	-

Schedule 4.13 (A)

**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
<b>(A). Secured</b>	<b>1,695,535,902</b>	<b>1,700,374,843</b>
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>(B). Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,695,535,902</b>	<b>1,700,374,843</b>



Schedule 4.14

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

Amount in NPR

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	6,020,844	86,241,000	86,228,600
b. Addition This Year	-	-	-	-	-	-	12,399
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	-	-	-	-
e. This Year Written off	-	-	-	-	-	-	-
<b>Total Cost (a+b+c-d-e)</b>	<b>31,332,349</b>	<b>12,043,054</b>	<b>26,718,281</b>	<b>10,126,472</b>	<b>6,020,844</b>	<b>86,241,000</b>	<b>86,228,600</b>
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	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>13,440,234</b>	<b>11,419,451</b>	<b>25,816,841</b>	<b>9,921,552</b>	<b>5,883,159</b>	<b>66,481,237</b>	<b>64,968,815</b>
3 Book Value (WDV*) (1-2)	17,892,115	623,602	901,440	204,920	137,686	19,759,763	21,272,185
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	-	-
<b>Total (3+4+5+6)</b>	<b>17,892,115</b>	<b>623,602</b>	<b>901,440</b>	<b>204,920</b>	<b>137,686</b>	<b>83,265,115</b>	<b>84,777,426</b>



Schedule 4.15

**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 Assets	Total Amount of Non-Banking Assets Rs.	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	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>Grand Total</b>		<b>20,335,799</b>	<b>100%</b>	<b>20,335,799</b>	<b>-</b>	<b>-</b>

Schedule 4.16

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

Amount in NPR

Particulars	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
<b>Total</b>	<b>42,191,501</b>	<b>39,621,041</b>	<b>39,505,389</b>

Schedule 4.16 (A)

Amount in NPR

Particulars	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	-	-	-

Schedule 4.17

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

Amount in NPR

Particulars	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. -----	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.18

**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
<b>Total</b>	<b>5,072,305</b>	<b>14,287,667</b>

Schedule 4.19

**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. ....	-	-
<b>Total</b>	<b>5,018,296</b>	<b>5,193,080</b>

Schedule 4.20

**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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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 Rs.	Previous Year Rs.
1 Rental on Safe Deposit Lockers	-	-
2 Issue and Renewals of Credit Cards	-	-
3 Issue and Renewals of ATM Cards	-	-
4 Telex/T.T.	-	-
5 Service Charges	-	-
6 Renewal Fees	-	-
7 Others	-	60,236
<b>Total</b>	<b>-</b>	<b>60,236</b>

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 Rs.	Previous Year Rs.
(A) Revaluation Gain	-	-
(B) Trading Gain (Except Exchange Income)	-	-
<b>Total Income/(Loss)</b>	<b>-</b>	<b>-</b>

Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**  
**Employee Expenses**  
**For the period on 32 Ashad, 2075 (16 July 2017 to 16 July 2018)**

Amount in NPR

Particulars	This Year Rs.	Previous Year Rs.
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
<b>Total</b>	<b>5,335,129</b>	<b>4,887,204</b>

**Capital Merchant Banking & Finance Ltd.**

**Other Overhead 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. 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
<b>Total</b>	<b>5,956,638</b>	<b>5,184,914</b>

**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
<b>Total</b>	<b>-</b>	<b>233,095</b>

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
<b>Total Non-Operating Income (Loss)</b>	<b>2,577,667</b>	<b>2,007,250</b>

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	-
<b>Total</b>	<b>17,354,128</b>	<b>31,141,238</b>

Schedule 4.28

**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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**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)**

Amount in NPR

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees 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 :

Amount in NPR

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



Schedule 4.30

**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
<b>A). Core Capital</b>	<b>(755,823)</b>	<b>(764,517)</b>
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	-	-
12. Deferred Tax Reserve	10,030	7,444
<b>Less :</b>	<b>12,230</b>	<b>9,644</b>
Goodwill	-	-
Investment in excess of prescribed limit	2,200	2,200
Fictitious Assets	10,030	7,444
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>B). Supplementary Capital</b>	<b>-</b>	<b>-</b>
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	-	-
<b>C). Total Capital Fund (A+B)</b>	<b>(755,823)</b>	<b>(764,517)</b>
<b>D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:</b>		
<b>Capital Fund (@ 11 Percent)</b>	<b>198,335</b>	<b>208,457</b>
<b>Core Capital (@ 5.5 Percent)</b>	<b>99,167</b>	<b>104,228</b>
<b>Capital Fund Deficit By @ 53 Percent</b>	<b>(954,158)</b>	<b>(972,974)</b>
<b>Core Capital Deficit By @ 47 Percent</b>	<b>(854,991)</b>	<b>(868,745)</b>

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

Amount in NPR '000'

On-Balance Sheet Assets	Risk Weighted (%)	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	-	-	-	-
<b>Total (A)</b>		<b>1,901,716</b>	<b>1,803,045</b>	<b>2,008,003</b>	<b>1,895,061</b>
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets (A+B)</b>		<b>1,901,716</b>	<b>1,803,045</b>	<b>2,008,003</b>	<b>1,895,061</b>



Schedule 4.31

**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						

## 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.

#### 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.

### 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.

### 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.
- 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
	<b>Total</b>	<b>1,695,535.90</b>

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
<b>Total</b>	<b>406,241.34</b>	<b>417,596.40</b>	<b>11,355.06</b>

## 14) Leasehold assets detail:

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

## 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.

**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
	<b>Assets</b>						
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
	<b>Total Assets (A)</b>	<b>3,971,350.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,971,350.52</b>
	<b>Liabilities</b>						
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
	(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
	<b>Total Liabilities (B)</b>	<b>1,254,846.14</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,254,846.14</b>
	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)

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.

**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	10,000,000	172,886	
2	Amir Jung Khadka	92,298	0.99%	Siddhartha Bank Ltd		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	17,530,712	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		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

**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 31 Ashad 2076, 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 31 Ashad 2076, 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 31 Ashad 2076, 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 2074/75 i.e. NPR 160,053 (3% of NPR 5,335,129) for staffs training and development expenses in FY 2075/76. 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 2076/77. 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 1,037,761 (1% of NPR 103,767,103) 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 1,197,814, 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



ICAN's Handbook of The Code of Ethics for Professional Accountants, and we have fulfilled our other 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.

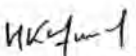
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **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

20 Chaitra 2077

UDIN: 210412CA00843BP5i3





**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
**as on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Capital & Liabilities	Schedule	As on 31 Ashad, 2076	As on 32 Ashad, 2075
1. Share Capital	4.1	935,069,500	935,069,500
2. Reserves and Funds	4.2	(1,574,895,084)	(1,678,662,186)
3. Debentures and Bonds	4.3	-	-
4. Borrowings	4.4	27,700,000	29,500,000
5. Deposit Liabilities	4.5	346,230,581	406,241,339
6. Bills Payables	4.6	-	-
7. Proposed and Payable Dividend		-	-
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	494,244,547	556,221,146
<b>Total Capital and Liabilities</b>		<b>228,349,544</b>	<b>248,369,799</b>
<b>Assets:</b>			
1. Cash Balance	4.8	135,153	203,075
2. Balance with NRB	4.9	3,107,576	1,607,576
3. Balance with Banks/Financial Institutions	4.10	97,855,223	121,075,532
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	82,128,858	83,265,115
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	45,095,734	42,191,501
<b>Total Assets</b>		<b>228,349,544</b>	<b>248,369,799</b>

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

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

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

Date : 2077/12/04  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Account**  
**For the period from 1 Shrawan 2075 to 31 Ashad 2076 (July 17, 2018 to July 16, 2019)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
Interest Income	4.18	5,020,949	5,072,305
Interest Expenses	4.19	4,531,900	5,018,296
<b>Net Interest Income</b>		<b>489,049</b>	<b>54,009</b>
Commission and Discount	4.20	-	-
Other Operating Income	4.21	-	-
Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>489,049</b>	<b>54,009</b>
Employees Expenses	4.23	5,147,083	5,335,129
Other Overhead Expenses	4.24	4,237,324	5,956,638
Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(8,895,358)</b>	<b>(11,237,758)</b>
Provision for Possible Losses	4.25	-	-
<b>Operating Profit</b>		<b>(8,895,358)</b>	<b>(11,237,758)</b>
Non-operating Income/Expenses	4.26	2,817,835	2,577,667
Provision Written-Back	4.27	107,939,534	17,354,128
<b>Profit from Regular Operations</b>		<b>101,862,010</b>	<b>8,694,037</b>
Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>101,862,010</b>	<b>8,694,037</b>
Provision For Staff Bonus		-	-
Provision For Income Tax:		(1,905,093)	(2,586,390)
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		(1,905,093)	(2,586,390)
<b>Net Profit/(Loss)</b>		<b>103,767,103</b>	<b>11,280,427</b>

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

As per our report of even date

Niranjana Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

Date : 2077/12/04  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Appropriation Account**  
**For the period from 1 Shrawan 2075 to 31 Ashad 2076 (July 17, 2018 to July 16, 2019)**

Particulars	This Year	Previous Year
<b>Income</b>		
1. Accumulated Profit up to the Last Year	(1,953,103,101)	(1,959,541,053)
2. Current Year's Profit	103,767,103	11,280,427
3. Exchange Fluctuation Fund	-	-
<b>Total (A)</b>	<b>(1,849,335,998)</b>	<b>(1,948,260,626)</b>
<b>Expenses</b>		
1. Accumulated Loss up to the Last Year	-	-
2. This Year's Loss	-	-
3. General Reserve	20,753,420.64	2,256,085
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employee Related Reserves Funds	-	-
8. Proposed Dividend	-	-
9. Proposed Issue of Bonus Shares	-	-
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	-	-
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Deferred Tax Reserve	1,905,093	2,586,390
<b>Total (B)</b>	<b>22,658,514</b>	<b>4,842,475</b>
<b>Accumulated Profit/(Loss) (A-B)</b>	<b>(1,871,994,512)</b>	<b>(1,953,103,101)</b>

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

Date : 2077/12/04  
Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd**
**Cash Flow Statement**
**For the period from 1 Shrawan 2075 to 31 Ashad 2076 (July 17, 2018 to July 16, 2019)**

Amount in NPR

Particulars	This Year	Previous Year
<b>A. Cash flow from Operating Activities:</b>	<b>(21,527,878)</b>	<b>(17,206,878)</b>
<b>1. Cash Received</b>	<b>115,778,317</b>	<b>25,004,100</b>
1.1 Interest Income	5,020,949	5,072,305
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	107,939,534	17,354,128
1.5 Other Incomes	2,817,835	2,577,667
<b>2. Cash Payment</b>	<b>12,519,698</b>	<b>14,797,753</b>
2.1 Interest Expenses	4,531,900	5,018,296
2.2 Staff Expenses	5,147,083	5,335,129
2.3 Office Overhead Expenses	2,840,715	4,444,328
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	103,258,619	10,206,348
(Increase)/Decrease of Current Assets	(999,141)	15,930
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	(999,141)	15,930
Increase/(Decrease) of Current Liabilities	(123,787,357)	(27,429,156)
1. Increase/(Decrease) in Deposits Liabilities	(60,010,758)	(11,355,056)
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	(1,800,000)	(243,000)
4. Increase/(Decrease) in Other Liabilities	(61,976,599)	(15,831,100)
<b>B. Cash flow from Investment Activities</b>	<b>(260,352)</b>	<b>-</b>
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(260,352)	-
3. Interest Income From Long-Term Investment	-	-
4. Dividend Income	-	-
5. Others	-	-
<b>C. Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>D. Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>E. This Year's Cash Flow from All Activities</b>	<b>(21,788,230)</b>	<b>(17,206,878)</b>
<b>F. Opening Balance of Cash and Bank Balances</b>	<b>122,886,182</b>	<b>140,093,060</b>
<b>G. Closing Balance of Cash and Bank Balances</b>	<b>101,097,952</b>	<b>122,886,182</b>

As per our report of even date

 Niranjana Singh Basnet  
 Chairman

 Ranjan Rayamajhi  
 Director

 Jagat Raj Khanal  
 Director

 Hemant Katuwal  
 Partner  
 Wagle & Associates  
 Chartered Accountants

 Ananda Ram Regmi  
 Director

 Kailash Bhakta Karanjit  
 Director

 Rabindra Khanal  
 Chief Executive Officer

 Suni Pradhan  
 Asst. Officer

Date : 2077/12/04

Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd.**

**Statement of Changes in Equity**

For the period from 1 Shrawan 2075 to 31 Ashad 2076 (July 17, 2018 to July 16, 2019)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 32 Ashad, 2075	935,069,500	(1,953,103,101)	261,798,869	-	-	2,611,560	-	10,030,486	-	(743,592,686)
Adjustments for Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-
Restated Balance as at 32 Ashad, 2075	935,069,500	(1,953,103,101)	261,798,869	-	-	2,611,560	-	10,030,485	-	(743,592,686)
Adjustment of Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	103,767,103	-	-	-	-	-	-	-	103,767,103
General Reserve	-	(20,753,421)	20,753,421	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(1,905,093)	-	-	-	-	-	1,905,093	-	-
Balance as on 31 Ashad, 2076	935,069,500	(1,871,994,512)	282,552,290	-	-	2,611,560	-	11,935,578	-	(639,825,583.91)

Amount in NPR

As per our report of even date

Niranjana Singh Basnet Chairman	Ranjan Rayamajhi Director	Jagat Raj Khanal Director	Hemant Katuwal Partner
Ananda Ram Regmi Director	Kailash Bhakta Karanjit Director	Rabindra Khanal Chief Executive Officer	Wagle & Associates Chartered Accountants
		Sunil Pradhan Asst. Officer	

Date : 2077/12/04  
Place : Kathmandu, Nepal

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

Amount in NPR

S. N.	Name of the Shareholders	No. of Shares	Amount (Rs.)	Percentage
1	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%
<b>Total</b>		<b>7,707,764</b>	<b>770,776,400</b>	<b>82.43%</b>

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Particulars	As on 32 Ashad, 2075	As on 31 Ashad, 2074
<b>1 Share Capital</b>		
<b>1.1 Authorized Capital</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>
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		-
<b>1.2 Issued Capital</b>	<b>2,020,000,000</b>	<b>2,020,000,000</b>
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		-
<b>1.3 Paid up Capital</b>	<b>935,069,500</b>	<b>935,069,500</b>
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	-	-
<b>1.4 Proposed Bonus Share</b>	-	-
<b>1.5 Calls in Advance</b>	-	-

Particulars	As on 31 Ashad, 2076		As on 32 Ashad, 2075	
	%	Share Capital	%	Share Capital
1. National Ownership	100%	935,069,500	100%	935,069,500
Government of Nepal		-		-
"A" Class Licensed Institutions		-		-
Other License Institutions		-		-
Other Entities/ Organizations	49%	458,184,100	49%	458,184,100
Individuals	51%	476,885,400	51%	476,885,400
Others		-		-
2. Foreign Ownership	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>935,069,500</b>	<b>100%</b>	<b>935,069,500</b>

## Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
1. General Reserve Fund	282,552,290	261,798,869
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserves	14,547,138	12,642,046
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	11,935,578	10,030,486
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6. Accumulated Profit/(Loss)	(1,871,994,512)	(1,953,103,101)
7. Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,574,895,084)</b>	<b>(1,678,662,186)</b>

## Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
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. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

## Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
<b>A. Local</b>		
Nepal Government	-	-
Nepal Rastra Bank	-	-
Repo Obligation	-	-
Inter Bank and Financial Institutions	27,700,000	29,500,000
Other Organized Institutions	-	-
Others	-	-
<b>Total</b>	<b>27,700,000</b>	<b>29,500,000</b>
<b>B. Foreign</b>	-	-
Banks	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>27,700,000</b>	<b>29,500,000</b>

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
<b>1. Non-Interest Bearing Accounts:</b>		
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	-	-
<b>2 Interest Bearing Accounts:</b>		
A. Savings Deposits	21,236,566	21,586,949
1. Local Currency	21,236,566	21,586,949
1.1 Organized Institutions	-	-
1.2 Individuals	21,236,566	21,586,949
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
B. Fixed Deposits	-	-
1. Local Currency	-	-
1.1 Organized Institutions	-	-
1.2 Individuals	-	-
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
C. Call Deposits	324,994,015	384,654,390
1. Local Currency	324,994,015	384,654,390
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	52,094,290	86,389,666
1.3 Other Organized Institutions	271,974,879	297,348,605
1.4 Individuals	924,846	916,119
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	-	-
<b>Total of Interest Bearing Accounts</b>	<b>346,230,581</b>	<b>406,241,339</b>
<b>Total Deposit (1+2)</b>	<b>346,230,581</b>	<b>406,241,339</b>

Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
1. Local Currency	-	-
2. Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
1. Pension/Gratuity Fund	2,977,266	2,616,329
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	74,866,672	112,137,641
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability		
11. Dividend Payable	246,660	246,660
12. Others	416,153,950	441,220,516
<b>Total</b>	<b>494,244,547</b>	<b>556,221,146</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
1. Local Currency (including coin)	135,153	203,075
2. Foreign Currency	-	-
<b>Total</b>	<b>135,153</b>	<b>203,075</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	Local Currency	Foreign Currency			As on 31 Ashad, 2076	As on 32 Ashad, 2075
		Indian Currency	Convertible	Total		
1. Nepal Rastra Bank	3,107,576	-	-	-	3,107,576	1,607,576
a). Current Account	3,107,576	-	-	-	3,107,576	1,607,576
b). Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with other Banks/Financial Institutions**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	Local Currency	Foreign Currency			As on Ashad 2076	As on Ashad 2075
		Indian Currency	Convertible	Total		
<b>1. Local Licensed Institutions</b>	<b>97,855,223</b>	-	-	-	<b>97,855,223</b>	<b>121,075,532</b>
a). Current Account	19,754				19,754	199,697
b). Other Account	97,835,469				97,835,469	120,875,834
<b>2. Foreign Banks</b>	-	-	-	-	-	
a). Current Account	-	-	-	-	-	
b). Other Account	-	-	-	-	-	
<b>Total</b>	<b>97,855,223</b>	-	-	-	<b>97,855,223</b>	<b>121,075,532</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	-	-

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Particulars		Purpose		As on 31 Ashad, 2076	As on 32 Ashad, 2075
		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	-	-		-
	<b>Total Investment</b>	<b>29,200</b>	-	<b>29,200</b>	<b>29,200</b>
	<b>Provision</b>	<b>2,200</b>	-	<b>2,200</b>	<b>2,200</b>
	<b>Net Investment</b>	<b>27,000</b>	-	<b>27,000</b>	<b>27,000</b>



Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Particulars	Cost Price	Market Price	Provision	As on 31 Ashad, 2076	As on 32 Ashad, 2075
<b>1. Investment in Shares</b>					
1.1. Credit Information Bureau	-	-	-	-	-
3,543.75 Ordinary Shares of Rs 100 Paid up (including 3,273.75 bonus shares)	27,000	-	-	27,000	27,000
1.2. Union Finance Co. Ltd.	2,200	2,464	2,200	2,200	2,200
22 Ordinary Shares of Rs 100 Paid up	-	-	-	-	-
<b>2. Investment in Debentures and Bonds</b>					
2.1. .... Co. (Pvt. Ltd./Ltd.)	-	-	-	-	-
..... % ... Debentures/Bonds of Rs. .... each	-	-	-	-	-
2.2. ....	-	-	-	-	-
2.3. ....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
<b>3. Provision for Loss</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
3.1. Provision Up to Previous Year	2,200			2,200	2,200
3.2. Additions This Year	-				
<b>Total Provision</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>			<b>27,000</b>	<b>27,000</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
**As on 31 Ashad, 2076 (16 July, 2019)**

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

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
 As on 31 Ashad, 2076 (16 July, 2019)

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

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
 As on 31 Ashad, 2076 (16 July, 2019)

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Particulars	Loans						Bills Purchased/Discounted			As on 31 Ashad, 2076	As on 32 Ashad, 2075	Amount in NPR
	Domestic			Foreign	Total	Domestic	Foreign	Total				
	Deprived		Others									
	Insured	Uninsured										
1. Performing Loan	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Pass Loan	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Restructured	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-Performing Loan	-	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	1,695,535,902	1,695,535,902	1,695,535,902
2.1 Substandard	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Bad	-	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	1,695,535,902	1,695,535,902	1,695,535,902
(A). Total Loan	-	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	1,695,535,902	1,695,535,902	1,695,535,902
3. Loan Loss Provision	-	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	1,695,535,902	1,695,535,902	1,695,535,902
3.1 Pass	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Restructured	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Substandard	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
3.5 Bad	-	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	1,695,535,902	1,695,535,902	1,695,535,902
(B). Total Provisioning	-	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	1,695,535,902	1,695,535,902	1,695,535,902
4. Provision upto previous year	-	-	1,695,535,902	-	1,695,535,902	-	1,695,535,902	-	1,695,535,902	1,700,374,843	1,700,374,843	1,700,374,843
4.1 Pass	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-	-
4.3 Restructured	-	-	-	-	-	-	-	-	-	-	-	-
4.4 Substandard	-	-	-	-	-	-	-	-	-	-	-	-
4.5 Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
4.6 Bad	-	-	1,695,535,902	-	1,695,535,902	-	1,695,535,902	-	1,695,535,902	1,700,374,843	1,700,374,843	1,700,374,843
(C). Total Previous Year's Provision	-	-	1,695,535,902	-	1,695,535,902	-	1,695,535,902	-	1,695,535,902	1,700,374,843	1,700,374,843	1,700,374,843
(D). Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-	-	-
Changes in This Year	-	-	(107,054,209)	-	(107,054,209)	-	(107,054,209)	-	(107,054,209)	(4,838,942)	(4,838,942)	(4,838,942)
Net Loan (A-B)	-	-	-	-	-	-	-	-	-	-	-	-



Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR		
Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
<b>(A). Secured</b>	<b>1,588,481,693</b>	<b>1,695,535,902</b>
1. Movable/Immovable Assets	1,586,006,904	1,692,996,454
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	2,474,789	2,539,447
<b>(B). Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,588,481,693</b>	<b>1,695,535,902</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**

**As on 31 Ashad, 2076 (16 July, 2019)**

	Particulars	Assets					As on 31 Ashad, 2076	As on 32 Ashad, 2075
		Building	Vehicles	Machinery	Office Equipment	Others		
1	At Cost	31,332,349	12,043,054	26,718,281	10,126,472	6,020,844	86,241,000	86,241,000
	a. Previous Year Balance	-	-	260,352	-	-	260,352	-
	b. Addition This Year	-	-	-	-	-	-	-
	c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
	d. This Year Sold	-	-	-	-	-	-	-
	e. This Year Written off	31,332,349	12,043,054	26,978,633	10,126,472	6,020,844	86,501,352	86,241,000
	<b>Total Cost (a+b+c-d-e)</b>	-	-	-	-	-	-	-
2	Depreciation	13,440,234	11,419,451	25,816,841	9,921,552	5,883,159	66,481,237	66,481,237
	a. Up to Previous Year	894,606	124,541	270,444	43,949	63,070	1,396,609	1,512,310
	b. For This Year	-	-	-	-	-	-	-
	c. Depreciation on Revaluation/Written Back	14,334,840	11,543,992	26,087,286	9,965,500	5,946,228	67,877,846	67,993,547
	<b>Total Depreciation</b>	<b>16,997,509</b>	<b>499,061</b>	<b>891,347</b>	<b>160,972</b>	<b>74,616</b>	<b>18,623,505</b>	<b>19,759,763</b>
3	Book Value (WDV*) (1-2)	-	-	-	-	-	56,009,370	56,009,370
4	Land	-	-	-	-	-	7,495,872	7,495,872
5	Capitalization Construction (Pending Capitalization)	-	-	-	-	-	-	-
6	Leasehold Assets	16,997,509	499,061	891,347	160,972	74,616	82,128,858	83,265,115
	<b>Total (3+4+5+6)</b>	<b>17,892,115</b>	<b>623,602</b>	<b>901,440</b>	<b>204,920</b>	<b>137,686</b>	<b>83,265,115</b>	<b>84,777,426</b>

Amount in NPR

Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		As on 31 Ashad, 2076	As on 32 Ashad, 2075
			In Percentage	In Amount		
Irada Builders Pvt. Ltd. KMPC-34	2072.05.16	20,335,799	100%	20,335,799	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>Grand Total</b>		<b>20,335,799</b>	<b>100%</b>	<b>20,335,799</b>	<b>-</b>	<b>-</b>

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075	As on 31 Ashad, 2074
ATM card Stock	-	-	745,800
Income Receivable on Investments	-	-	-
Accrued Interest on Loan	2,017,614,130	2,125,733,267	-
Less : Interest Suspense Amount	(2,017,614,130)	(2,125,733,267)	-
Commission Receivable	-	-	-
Sundry Debtors	28,313,008	27,068,837	26,689,337
Staff Loans and Advances	96,777	126,337	108,137
Prepaid Expenses	10,358	-	12,233
Cash in Transit	-	-	-
Other Transit items ( including cheques )	-	-	-
Drafts Paid without Notice	-	-	-
Expenses Not Written off	477,871	477,871	477,871
Branch account	(0)	-	-
Deferred Tax Assets	11,935,579	10,030,486	7,444,096
Other	4,262,141	4,487,970	4,143,566
<b>Total</b>	<b>45,095,734</b>	<b>42,191,501</b>	<b>39,621,041</b>

Schedule 4.16 (A)

Amount in NPR

Particulars	As on 31 Ashad, 2076			As on 31 Ashad, 2076	As on 32 Ashad, 2075
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1. Accrued Interest on Loan	-	-	-	2,017,614,130	1,903,512,148
2. Drafts Paid without Notice	-	-	-	-	-
3. Branch Adjustment Account	-	-	-	-	-
4. Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
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. -----	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Capital Merchant Banking & Finance Ltd.**  
**Interest Income**  
**As on 31 Ashad, 2076 (16 July, 2019)**

**Amount in NPR**

Particulars	This Year	Previous Year
A. On Loan, Advances and Overdraft	39,598	537,660
1. Loans and Advances	39,598	537,660
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	4,981,351	4,534,644
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others-Deposit with other Fis	4,981,351	4,534,644
<b>Total</b>	<b>5,020,949</b>	<b>5,072,305</b>



Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**  
**Interest Expenses**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

Amount in NPR

Particulars	This Year	Previous Year
A. On Deposit Liabilities	3,678,914	4,132,466
1. Fixed Deposits	-	-
1.1 Local Currency	-	-
1.2 Foreign Currency	-	-
2. Savings Deposits	225,221	215,352
2.1 Local Currency	225,221	215,352
2.2 Foreign Currency	-	-
3. Call Deposits	3,453,693	3,917,114
3.1 Local Currency	3,453,693	3,917,114
3.2 Foreign Currency	-	-
4. Certificate of Deposits	-	-
B. On Borrowings	852,986	885,831
1. Debentures and Bonds	-	-
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank/Financial Institutions Borrowing	852,986	885,831
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
1. ....	-	-
2. ....	-	-
<b>Total</b>	<b>4,531,900</b>	<b>5,018,296</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**  
**Commission and Discount**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**  
**Other Operating Income**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

Amount in NPR

Particulars	This Year Rs.	Previous Year Rs.
1 Rental on Safe Deposit Lockers	-	-
2 Issue and Renewals of Credit Cards	-	-
3 Issue and Renewals of ATM Cards	-	-
4 Telex/T.T.	-	-
5 Service Charges	-	-
6 Renewal Fees	-	-
7 Others	-	60,236
<b>Total</b>	-	<b>60,236</b>

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**  
**Exchange Gain/Loss**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

Amount in NPR

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

Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**  
**Employee Expenses**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	3,047,616	2,981,528
2 Allowances	938,268	909,044
3 Contribution to Provident Fund	196,762	189,653
4 Training Expenses	-	-
5 Uniform	-	-
6 Medical	192,568	186,644
7 Insurance	12,349	17,024
8 Leave Encashment	398,585	364,754
9 Gratuity	360,936	686,482
<b>Total</b>	<b>5,147,083</b>	<b>5,335,129</b>

Schedule 4.24

**Capital Merchant Banking & Finance Ltd.**
**Other Overhead Expenses**
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

Amount in NPR

Particulars	This Year	Previous Year
1. House Rent	-	-
2. Electricity and Water	425,847	143,391
3. Repair and Maintenance	118,566	88,784
(a). Building	-	-
(b). Vehicles	65,842	63,000
(c). Others	52,723	25,785
4. Insurance	73,379	69,855
5. Postage, Telex, Telephone, Fax	17,301	29,485
6. Office Equipment, Furniture and Fixture Repair	-	-
7. Traveling Allowances and Expenses	-	-
8. Stationery and Printing	102,260	953,685
9. Periodicals and Books	5,900	6,300
10. Advertisements	-	-
11. Legal Expenses	420	-
12. Donations	-	-
13. Expenses Relating to Board of Directors	153,990	68,530
(a). Meeting Fees	140,500	65,050
(b). Other Expenses	13,490	3,480
14. Annual General Meeting Expenses	-	-
15. Expenses Relating to Audit	211,520	210,050
(a). Audit Fees	101,700	101,700
(b). Other Expenses	4,820	3,350
(c) Tax Audit Fees	105,000	105,000
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	1,396,609	1,512,310
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	-	627,274
20. Technical Services Fee	240,000	256,667
21. Entertainment	-	-
22. Written Off Expenses	-	-
23. Security Expenses	252,818	192,909
24. Credit Guarantee Premium	-	-
25. Commission and Discount	-	-
26. Others	1,238,713	1,797,396
26.1. Membership Fee	-	25,000
26.2. Tax & Fines	723,331	1,423,517
26.3. Anniversary Expenses	-	-
26.4. Fuel Expenses	97,888	80,936
26.5. Service Charge	180	1,135
26.6. Gift Expenses	-	-
26.7. Branch Extension Expenses	-	-
26.8. Data Connectivity Expenses	138,847	122,040
26.9. Software Maintenance Expenses	82,860	-
26.10. Fine and Penalties	-	-
26.11. Others	195,608	144,768
<b>Total</b>	<b>4,237,324</b>	<b>5,956,638</b>

**Capital Merchant Banking & Finance Ltd.**  
**Provision for Possible Losses**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

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
<b>Total</b>	<b>-</b>	<b>233,095</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**  
**Non-Operating Income/Loss**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

Amount in NPR

Particulars	This Year	Previous Year
1. Profit (Loss) on Sale of Investment	-	-
2. Profit (Loss) on Sale of Assets	-	-
3. Dividend	59,038	-
4. Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
Others	2,758,797	2,577,667
<b>Total Non-Operating Income (Loss)</b>	<b>2,817,835</b>	<b>2,577,667</b>

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**  
**Loss Provision Written Back**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

Amount in NPR

Particulars	This Year	Previous Year
1. Loan Loss Provision Written Back	107,054,209	4,838,942
2. Provision against Non-Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written back	885,325	12,515,186
<b>Total</b>	<b>107,939,534</b>	<b>17,354,128</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**  
**Income /Expenses from Extra-ordinary Activities**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

Amount in NPR

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 31 Ashad, 2076 (16 July, 2019)**

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

Amount in NPR

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

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR '000'

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
<b>A). Core Capital</b>	<b>(653,961)</b>	<b>(755,823)</b>
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	282,552	261,799
6. Cumulative Profit/(Loss) (up to Previous FY)	(1,953,103)	(1,959,541)
7. Current Year Profit/(Loss) as per shown in Balance Sheet	81,109	6,438
8. Capital Redemption Reserve	-	-
9. Capital Adjustment Reserve	-	-
10. Calls in Advance	-	-
11. Other Free Reserves	-	-
12. Deferred Tax Reserve	11,936	10,030
Less :	14,136	12,230
Goodwill		
Investment in excess of prescribed limit	2,200	2,200
Fictitious Assets	11,936	10,030
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>B). Supplementary Capital</b>	<b>-</b>	<b>-</b>
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	-	-
<b>C). Total Capital Fund (A+B)</b>	<b>(653,961)</b>	<b>(755,823)</b>
<b>D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:</b>		
Capital Fund (@ 11 Percent)	185,923	198,335
Core Capital (@ 5.5 Percent)	92,962	99,167
Capital Fund Deficit By @ 48 Percent	(839,884)	(954,158)
Core Capital Deficit By @ 43 Percent	(746,923)	(854,991)

Schedule 4.30 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad, 2076 (16 July, 2019)**

Amount in NPR '000'

On-Balance Sheet Assets	Risk Weighted (%)	As on 31 Ashad, 2076		As on 32 Ashad, 2075	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	135	-	203	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,108	-	1,608	-
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	97,855	19,571	121,076	19,086
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	1,588,482	1,588,482	1,695,536	1,695,536
Fixed Assets	100	82,129	82,129	83,265	83,265
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	-	-	-	-
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>1,771,738</b>	<b>1,690,211</b>	<b>1,901,716</b>	<b>1,797,916</b>
<b>Off Balance Sheet Items:</b>			-		-
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets (A+B)</b>		<b>1,771,738</b>	<b>1,690,211</b>	<b>1,901,716</b>	<b>1,797,916</b>

Schedule 4.31

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

Particulars	Indicators	FY 2071/72	FY 2072/73	FY 2073/74	FY 2074/75	FY 2075/76
1. Percent of Net Profit/Gross Income	Percent	917	541	83	147	1,324
2. Earning Per Share	Rs.	60.24	30.55	1.39	1.21	11.10
3. Market Value Per Share	Rs.	131	131	131	131	131
4. Price Earning Ratio	Percent	2.17	4.29	94.55	108.59	11.80
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	0.03	0.00
8. Staff Expenses/Total Operating Expenses	Percent	40.12	51.50	44.97	47.25	54.85
9. Interest Expenses / Total Deposit and Borrowing	Percent	5.68	2.47	1.15	1.15	1.31
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	0.67	6.53
13. Net Profit/Total Assets	Percent	67.71	171.56	8.29	4.54	45.44
14. Total Credit/Deposit	Percent	277.41	398.78	397.82	417.37	458.79
15. Total Operating Expenses/Total Assets	Percent	2.18	5.91	5.12	2.40	1.86
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	5.27	(43.00)	(41.39)	(42.04)	(38.69)
b) Supplementary Capital	Percent	5.445	-	-	-	-
c) Total Capital Fund	Percent	10.72	(43.00)	(41.39)	(42.04)	(38.69)
17. Liquidity (CRR)	Percent	0.34	0.01	0.46	0.50	0.90
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)	(743,592,686)	(639,825,584)
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						



## 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.

CMBFL has utilized the amount received from the sale and transfer of shares to settle the loan of the borrowers.

#### 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 Unified Directive 2074.

#### 5. Going Concern Assumption:

Though the company has negative net worth amounting to Rs. (639,825,584), the management is of view that the company is a going concern with no intention of ceasing its financial activity for the foreseeable future and hence the “Going Concern” assumption has been applied for the preparation of its financial statements.

#### 6. Interest Income:

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

#### 7. Commission Income:

All the commission income is recognized on accrual basis.

#### 8. Interest Expense:

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

#### 9. Loans and Advances including Bills purchased:

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

#### 10. Staff Loans and Advances:

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

#### 11. Loan Loss Provision:

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

**12. Write Off:**

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

**13. Investments:**

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

**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.

**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.

**Notes to Accounts**
**1) Interest Income and Interest Suspense:**

The interest receivable on loans and advances as on 31 Ashad, 2076 (16 July, 2019) 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. 20,707,493 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 31 Ashad, 2076 (16 July 2019).

**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 Ashad end 2076 and hence the Single Obligor Limit of the company has exceeded the limit as mentioned in the NRB Directives.

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

Particulars	Amount in NPR '000'
Opening Balance	1,695,535.90
Loan Disbursed	Nil
Loan recovered	(107,054.51)
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	1,588,481.39

**12) Classification of Loans & Provisioning:**

Classification of loan as on 31 Ashad, 2076 is as under:

S.N	Category	Amount in NPR '000'
1	Pass	Nil
2	Watchlist	Nil
3	Re-structured	Nil
4	Substandard	Nil
5	Doubtful	Nil
6	Bad	1,588,481.39
	Total	1,588,481.39

Accordingly, Company has written back Rs. 107,054.51 thousand loan loss provision during the year.

### 13) Summary Status of the Deposit Liabilities:

Amount in NPR '000'

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075	Decreased by
Saving Deposits	21,236.57	21,586.95	350.38
Fixed Deposits	-	-	-
Call Deposits	324,994.02	384,654.39	59,660.37
<b>Total</b>	<b>346,230.58</b>	<b>406,241.34</b>	<b>60,010.76</b>

### 14) Leasehold assets detail:

The closing balance as on 31 Ashad, 2076 is Nil.

### 15) Paid-up Share Capital :

Paid-up Share Capital of the company as on 31 Ashad, 2076 is Rs. 935,069,500.00. There has been no change in the paid-up share capital from previous year.

### 16) Detail of Non-Banking Assets:

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

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

### 17) Provision for Gratuity:

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

During the year Rs. 360,936 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. 947,221.87 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. 10,107,276 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. 885,325 in current year.

**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
	<b>Assets</b>						
1	Cash Balance	140.38					140.38
2	Balance with Banks & FIs	124,246.55					124,246.55
3	Investment in Foreign Banks	-					-
4	Call Money	-					-
5	Government Securities	-					-
6	Nepal Rastra Bank Bonds	-					-
7	Inter Bank & FI Lending	-					-
8	Loans & Advances	1,695,535.90					1,695,535.90
9	Interest Receivable	2,068,609.20					2,068,609.20
10	Reverse Repo						-
11	Receivables from other Institutions under Commitment						-
12	Payment to be made for facilities under s.no 20,21 & 22						-
13	Others	40,235.95					40,235.95
	<b>Total Assets (A)</b>	<b>3,928,767.97</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,928,767.97</b>
	<b>Liabilities</b>						
14	Current Deposits	386,766.32					386,766.32
15	Saving Deposits	21,953.92					21,953.92
16	Fixed Deposits	423,084.79					423,084.79
17	Debentures	-					-
18	Borrowings:	275,000.00	0.00	0.00	0.00	0.00	275,000.00
	(a) Call/Short Notice						-
	(b) Inter-bank/Financial Institutions	275,000.00					275,000.00
	(c) Refinance						-
	(d) Others						-
19	Other Liabilities and Provisions	1,869,451.96	0.00	0.00	0.00	0.00	1,869,451.96
	(a) Sundry Creditors	111,819.07					111,819.07
	(b) Bills Payable	-					-
	(c) Interest Payable						-
	(d) Provisions	1,751,469.29					1,751,469.29
	(e) Others	6,163.60					6,163.60
20	Payable to other institutions under Commitment						-
21	Unutilized Approved Facilities						-
22	Letter of Credit/Guarantee (Net of Margin)						-
23	Repo						-
24	Payment to be made for facilities under S.No 11						-
25	Others						-
	<b>Total Liabilities (B)</b>	<b>2,976,256.99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,976,256.99</b>
	Net Financial Assets (A-B)	952,510.98	-	-	-	-	952,510.98
	Cumulative Net Financial Assets	952,510.98	952,510.98	952,510.98	952,510.98	952,510.98	-

**21) Deferred Tax Assets:**

Deferred Tax Assets and Liabilities have been computed as follows:

Particulars	As per Book	Tax Base	Temporary Difference
Fixed Assets	82,128,858	82,159,766	30,908
Provision for Leave	947,221		947,221
Taxable Loss		(38,807,132)	38,807,132
Net Temporary Difference			39,785,262
Deferred Tax Assets/(Liabilities) as on 31 Ashad, 2076 @ 30%			11,935,579
Deferred Tax Assets/(Liabilities) as on 32 Ashad, 2075 @ 30%			10,030,486
Deferred Tax Expense/(Income) for the current year			(1,905,092)

Deferred Tax Assets as on 31 Ashad, 2076 is Rs. 11,935,579 and increased in Deferred Tax Assets by Rs. 1,905,092 has been recognized as deferred tax income in Profit and Loss Account in the current year.

**22) 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.

**23) Events after the reporting period:**

No such events reported.

**24) Income Tax:**

For tax purpose, self-assessment income tax return has been filed upto financial year 2074/75. 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 2075/76 Rs. Nil has been provided as Income Tax provision since company has carried forward tax loss of financial year 2074/75 Rs. 32,744,542.32, which is available for set-off.

**25) Interbank Borrowing:**

The company has availed interbank borrowing from Century Bank Ltd. for Rs. 27,700,000.00 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.

**26) Minimum Paid-up Capital:**

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

Particulars	Amount (Rs.)
Minimum Paid-up Capital	800,000,000.00
Paid-up Capital of CMBFL as on 31 Ashad, 2076	935,069,500.00

**27) Reporting Currency:**

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

**28) Group/Re-Group:**

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

Schedule 4.34

**Capital Merchant Banking & Finance Ltd.**

**Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions  
For the period ended on 31 Ashad, 2076 (17 July, 2018 to 16 July, 2019)**

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

**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 31 Ashad 2077, 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 31 Ashad 2077, 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 31 Ashad 2077, 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 2075/76 i.e. NPR 154,412 (3% of NPR 5,147,083) for staffs training and development expenses in FY 2076/77. 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 2077/78. However, the Company has not transferred such unspent amount into "staff training and development fund". The profit of the Company may be overstated by Rs 154,512, 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 ICAN's Handbook of The Code of Ethics for Professional Accountants, and we have fulfilled our other 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 determined 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 Katiwal  
Partner



Wagle & Associates  
Chartered Accountants

Kathmandu

20 Chaitra 2077

UDIN: 210412CA0084309JKU

**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
as on 31 Ashad, 2077 (15 July, 2020)

Amount in NPR

Capital & Liabilities	Schedule	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Share Capital	4.1	935,069,500	935,069,500
2. Reserves and Funds	4.2	(1,576,819,602)	(1,574,895,084)
3. Debentures and Bonds	4.3	-	-
4. Borrowings	4.4	26,700,000	27,700,000
5. Deposit Liabilities	4.5	348,092,307	346,230,581
6. Bills Payables	4.6	-	-
7. Proposed and Payable Dividend		-	-
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	485,135,585	494,244,547
<b>Total Capital and Liabilities</b>		<b>218,177,790</b>	<b>228,349,544</b>
<b>Assets:</b>			
1. Cash Balance	4.8	141,330	135,153
2. Balance with NRB	4.9	3,107,576	3,107,576
3. Balance with Banks/Financial Institutions	4.10	85,101,422	97,855,223
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	80,902,439	82,128,858
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	48,898,023	45,095,734
<b>Total Assets</b>		<b>218,177,790</b>	<b>228,349,544</b>

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

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

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

Date : 2077/12/04  
Place : Kathmandu, Nepal

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

**For the period from 1 Shrawan 2076 to 31 Ashad 2077 (July 17, 2019 to July 15, 2020)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
Interest Income	4.18	3,666,283	5,020,949
Interest Expenses	4.19	4,079,025	4,531,900
<b>Net Interest Income</b>		<b>(412,742)</b>	<b>489,049</b>
Commission and Discount	4.20	-	-
Other Operating Income	4.21	-	-
Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>(412,742)</b>	<b>489,049</b>
Employees Expenses	4.23	5,303,161	5,147,083
Other Overhead Expenses	4.24	3,911,556	4,237,324
Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(9,627,460)</b>	<b>(8,895,358)</b>
Provision for Possible Losses	4.25	-	-
<b>Operating Profit</b>		<b>(9,627,460)</b>	<b>(8,895,358)</b>
Non-operating Income/Expenses	4.26	4,176,649	2,817,835
Provision Written-Back	4.27	1,900,023	107,939,534
<b>Profit from Regular Operations</b>		<b>(3,550,788)</b>	<b>101,862,010</b>
Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>(3,550,788)</b>	<b>101,862,010</b>
Provision For Staff Bonus		-	-
Provision For Income Tax:		(1,626,271)	(1,905,093)
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		(1,626,271)	(1,905,093)
<b>Net Profit/(Loss)</b>		<b>(1,924,517)</b>	<b>103,767,103</b>

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

As per our report of even date

Nirajan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

Date : 2077/12/04  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Appropriation Account**  
**For the period from 1 Shrawan 2076 to 31 Ashad 2077 (July 17, 2019 to July 15, 2020)**

Particulars	This Year	Previous Year
<b>Income</b>		
1. Accumulated Profit up to the Last Year	(1,871,994,512)	(1,953,103,101)
2. Current Year's Profit	(1,924,517)	103,767,103
3. Exchange Fluctuation Fund	-	-
<b>Total (A)</b>	<b>(1,873,919,029)</b>	<b>(1,849,335,998)</b>
<b>Expenses</b>		
1. Accumulated Loss up to the Last Year	-	-
2. This Year's Loss	-	-
3. General Reserve		20,753,421
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employee Related Reserves Funds	-	-
8. Proposed Dividend	-	-
9. Proposed Issue of Bonus Shares	-	-
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	-	-
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Deferred Tax Reserve	1,626,271	1,905,093
<b>Total (B)</b>	<b>1,626,271</b>	<b>22,658,514</b>
<b>Accumulated Profit/(Loss) (A-B)</b>	<b>(1,875,545,300)</b>	<b>(1,871,994,512)</b>

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

Date : 2077/12/04  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**

**For the period from 1 Shrawan 2076 to 31 Ashad 2077 (July 17, 2019 to July 15, 2020)**

Amount in NPR

Particulars	This Year	Previous Year
<b>A. Cash flow from Operating Activities:</b>	<b>(12,739,375)</b>	<b>(21,527,878)</b>
<b>1. Cash Received</b>	<b>9,742,955</b>	<b>115,778,317</b>
1.1 Interest Income	3,666,283	5,020,949
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	1,900,023	107,939,534
1.5 Other Incomes	4,176,649	2,817,835
<b>2. Cash Payment</b>	<b>12,059,076</b>	<b>12,519,698</b>
2.1 Interest Expenses	4,079,025	4,531,900
2.2 Staff Expenses	5,303,161	5,147,083
2.3 Office Overhead Expenses	2,676,889	2,840,715
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(2,316,121)	103,258,619
(Increase)/Decrease of Current Assets	(2,176,018)	(999,141)
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	(2,176,018)	(999,141)
Increase/(Decrease) of Current Liabilities	(8,247,236)	(123,787,357)
1. Increase/(Decrease) in Deposits Liabilities	1,861,726	(60,010,758)
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	(1,000,000)	(1,800,000)
4. Increase/(Decrease) in Other Liabilities	(9,108,962)	(61,976,599)
<b>B. Cash flow from Investment Activities</b>	<b>(8,249)</b>	<b>(260,352)</b>
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(8,249)	(260,352)
3. Interest Income From Long-Term Investment	-	-
4. Dividend Income	-	-
5. Others	-	-
<b>C. Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>D. Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>E. This Year's Cash Flow from All Activities</b>	<b>(12,747,624)</b>	<b>(21,788,230)</b>
<b>F. Opening Balance of Cash and Bank Balances</b>	<b>101,097,952</b>	<b>122,886,182</b>
<b>G. Closing Balance of Cash and Bank Balances</b>	<b>88,350,328</b>	<b>101,097,952</b>

As per our report of even date

Nirajan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Date : 2077/12/04

Place : Kathmandu, Nepal





**Capital Merchant Banking & Finance Ltd.**

**Statement of Changes in Equity**

For the period from 1 Shrawan 2076 to 31 Ashad 2077 (July 17, 2019 to July 15, 2020)

Amount in NPR

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
<b>Opening Balance as at 31 Ashad, 2076</b>	935,069,500	(1,871,994,512)	282,552,290	-	-	2,611,560	-	11,935,578	-	(639,825,584)
Adjustments for Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-
<b>Restated Balance as at 31 Ashad, 2076</b>	935,069,500	(1,871,994,512)	282,552,290	-	-	2,611,560	-	11,935,577	-	(639,825,584)
Adjustment of Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	(1,924,517)	-	-	-	-	-	-	-	(1,924,517)
General Reserve	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(1,626,271)	-	-	-	-	-	1,626,271	-	-
<b>Balance as on 31 Ashad, 2077</b>	935,069,500	(1,875,545,300)	282,552,290	-	-	2,611,560	-	13,561,848	-	(641,750,101.91701)

As per our report of even date

Niranjana Singh Basnet Chairman	Ranjan Rayamajhi Director	Jagat Raj Khanal Director	Hemant Katuwal Partner
Ananda Ram Regmi Director	Kailash Bhakta Karanjit Director	Rabindra Khanal Chief Executive Officer	Wagle & Associates Chartered Accountants
		Sunil Pradhan Asst. Officer	

Date : 2077/12/04  
Place : Kathmandu, Nepal

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

Amount in NPR

S. N.	Name of the Shareholders	No. of Shares	Amount (Rs.)	Percentage
1	Chiranjibi Thapa	912,864	91,286,400	9.76%
2	Ranjan Rayamajhi	584,232	58,423,200	6.25%
3	Himalayan Builders & Engineers Pvt.Ltd.	1,168,603	116,860,300	11.50%
4	Tilak Bahadur Ranabhat	1,168,550	116,855,000	11.50%
5	Niranjan Singh Basnet	233,892	23,389,200	2.50%
6	Guru Prasad Timilsina	467,423	46,742,300	5.00%
7	Hom Prasad Niroula	467,420	46,742,000	5.00%
8	Prawal Jung Pande	1,168,552	116,855,200	11.50%
9	Ravi Kiran Dhakal	85,736	8,573,600	0.92%
10	Parasparik Investment Company	89,280	8,928,000	0.95%
11	Gorakshya Multi Investment	70,000	7,000,000	0.75%
12	Hemanta Pandit	65,682	6,568,200	0.70%
13	Chaya Rana Shah	85,430	8,543,000	1.77%
14	Upasana K.C	54,002	5,400,200	0.58%
15	Bigyan Prasad Poudel	173,655	17,365,500	1.86%
16	Pawan Kumar Karki	1,396,365	139,636,500	14.94%
17	Laxman Prasad Poudel	26,171	2,617,100	0.28%
18	Binaya Kumar Gupta	34,173	3,417,300	0.37%
19	Manoj Khanal	16,863	1,686,300	0.18%
20	Dambar Bahadur KC	100	10,000	0.00%
21	Kalyani Shrestha	20505	2050500	0.28%
	<b>Total</b>	<b>8,289,498</b>	<b>828,949,800</b>	<b>86.59%</b>



Schedule 4.1

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Particulars	As on 31 Ashad, 2076	As on 32 Ashad, 2075
<b>1 Share Capital</b>		
<b>1.1 Authorized Capital</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>
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		-
<b>1.2 Issued Capital</b>	<b>2,020,000,000</b>	<b>2,020,000,000</b>
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		-
<b>1.3 Paid up Capital</b>	<b>935,069,500</b>	<b>935,069,500</b>
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	-	-
<b>1.4 Proposed Bonus Share</b>	-	-
<b>1.5 Calls in Advance</b>	-	-

Particulars	As on 31 Ashad, 2077		As on 31 Ashad, 2076	
	%	Share Capital	%	Share Capital
<b>1. National Ownership</b>	<b>100%</b>	<b>935,069,500</b>	<b>100%</b>	<b>935,069,500</b>
Government of Nepal		-		-
"A" Class Licensed Institutions		-		-
Other License Institutions		-		-
Other Entities/ Organizations	49%	458,184,100	49%	458,184,100
Individuals	51%	476,885,400	51%	476,885,400
Others		-		-
<b>2. Foreign Ownership</b>	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>935,069,500</b>	<b>100%</b>	<b>935,069,500</b>

Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. General Reserve Fund	282,552,290	282,552,290
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserves	16,173,408	14,547,138
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	13,561,848	11,935,578
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6. Accumulated Profit/(Loss)	(1,875,545,300)	(1,871,994,512)
7. Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,576,819,602)</b>	<b>(1,574,895,084)</b>

Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
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. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
<b>A. Local</b>		
Nepal Government	-	-
Nepal Rastra Bank	-	-
Repo Obligation	-	-
Inter Bank and Financial Institutions	26,700,000	27,700,000
Other Organized Institutions	-	-
Others	-	-
<b>Total</b>	<b>26,700,000</b>	<b>27,700,000</b>
<b>B. Foreign</b>	-	-
Banks	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>26,700,000</b>	<b>27,700,000</b>

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Particulars	Amount in NPR	
	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Non-Interest Bearing Accounts:		
A. Current Deposits	-	-
1. Local Currency	-	-
1.1 Nepal Government	-	-
1.2 "A" Class Licensed Institutions	-	-
1.3 Other Licensed Financial Institutions	-	-
1.4 Other Organized Institutions	-	-
1.5 Individuals	-	-
1.6 Others	-	-
2. Foreign Currency	-	-
2.1 Nepal Government	-	-
2.2 "A" Class Licensed Institutions	-	-
2.3 Other Licensed Financial Institutions	-	-
2.4 Other Organized Institutions	-	-
2.5 Individuals	-	-
2.6 Others	-	-
B. Margin Deposits	-	-
1 Employee Guarantees	-	-
2 Guarantee Margin	-	-
3 Letters of Credit Margin	-	-
C. Others	-	-
1. Local Currency	-	-
2 Financial Institutions	-	-
3 Other Organized Institutions	-	-
4 Individuals	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
Total of Non-Interest Bearing Accounts	-	-
2 Interest Bearing Accounts:		
A. Savings Deposits	21,395,737	21,236,566
1. Local Currency	21,395,737	21,236,566
1.1 Organized Institutions	-	-
1.2 Individuals	21,395,737	21,236,566
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
B. Fixed Deposits	-	-
1. Local Currency	-	-
1.1 Organized Institutions	-	-
1.2 Individuals	-	-
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
C. Call Deposits	326,696,570	324,994,015
1. Local Currency	326,696,570	324,994,015
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	51,974,255	52,094,290
1.3 Other Organized Institutions	273,788,666	271,974,879
1.4 Individuals	933,649	924,846
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	-	-
<b>Total of Interest Bearing Accounts</b>	<b>348,092,307</b>	<b>346,230,581</b>
<b>Total Deposit (1+2)</b>	<b>348,092,307</b>	<b>346,230,581</b>

Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Local Currency	-	-
2. Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Pension/Gratuity Fund	3,358,399	2,977,266
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	65,688,355	74,866,672
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	246,660	246,660
12. Others	415,842,171	416,153,950
<b>Total</b>	<b>485,135,585</b>	<b>494,244,547</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Local Currency (including coin)	141,330	135,153
2. Foreign Currency	-	-
<b>Total</b>	<b>141,330</b>	<b>135,153</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	Local Currency	Foreign Currency			As on 31 Ashad, 2077	As on 31 Ashad, 2076
		Indian Currency	Convertible	Total		
1. Nepal Rastra Bank	3,107,576	-	-	-	3,107,576	3,107,576
a). Current Account	3,107,576	-	-	-	3,107,576	3,107,576
b). Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with other Banks/Financial Institutions**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	Local Currency	Foreign Currency			As on 31 Ashad, 2077	As on 31 Ashad, 2076
		Indian Currency	Convertible	Total		
<b>1. Local Licensed Institutions</b>	<b>85,101,422</b>	-	-	-	<b>85,101,422</b>	<b>97,855,223</b>
a). Current Account	60,165,096				60,165,096	19,754
b). Other Account	24,936,326				24,936,326	97,835,469
<b>2. Foreign Banks</b>	-	-	-	-	-	-
a). Current Account	-	-	-	-	-	-
b). Other Account	-	-	-	-	-	-
<b>Total</b>	<b>85,101,422</b>	-	-	-	<b>85,101,422</b>	<b>97,855,223</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	-	-

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Particulars		Purpose		As on 31 Ashad, 2077	As on 31 Ashad, 2076
		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	-	-		-
	<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>29,200</b>	<b>29,200</b>
	<b>Provision</b>	<b>2,200</b>	<b>-</b>	<b>2,200</b>	<b>2,200</b>
	<b>Net Investment</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>

Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Particulars	Cost Price	Market Price	Provision	As on 31 Ashad, 2077	As on 31 Ashad, 2076
<b>1. Investment in Shares</b>					
1.1. Credit Information Bureau	-	-	-	-	-
3,543.75 Ordinary Shares of Rs 100 Paid up (including 3,273.75 bonus shares)	27,000	-	-	27,000	27,000
1.2. Union Finance Co. Ltd.	2,200	2,464	2,200	2,200	2,200
22 Ordinary Shares of Rs 100 Paid up	-	-	-	-	-
<b>2. Investment in Debentures and Bonds</b>				-	
2.1. .... Co. (Pvt. Ltd./Ltd.)	-	-	-	-	-
..... % ... Debentures/Bonds of Rs. .... each	-	-	-	-	-
2.2. ....	-	-	-	-	-
2.3. ....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
<b>3. Provision for Loss</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
3.1. Provision Up to Previous Year	2,200			2,200	2,200
3.2. Additions This Year	-				
<b>Total Provision</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>			<b>27,000</b>	<b>27,000</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
**As on 31 Ashad, 2077 (15 July, 2020)**

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

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
As on 31 Ashad, 2077 (15 July, 2020)

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

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
As on 31 Ashad, 2077 (15 July, 2020)

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	



Schedule 4.13

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Particulars	Loans					Bills Purchased/Discounted			As on 31 Ashad, 2077	As on 31 Ashad, 2076	Amount in NPR
	Domestic		Others	Total	Domestic	Foreign	Total				
	Deprived										
	Insured	Uninsured									
	1.1 Performing Loan	-						-			
1.1.1 Pass Loan	-	-	-	-	-	-	-	-	-		
1.2 Watchlist	-	-	-	-	-	-	-	-	-		
1.3 Restructured	-	-	-	-	-	-	-	-	-		
2. Non-Performing Loan	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,588,481,693	
2.1 Substandard	-	-	-	-	-	-	-	-	-	-	
2.2 Doubtful	-	-	-	-	-	-	-	-	-	-	
2.3 Bad	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,588,481,693	
(A). Total Loan	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,588,481,693	
3. Loan Loss Provision	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,588,481,693	
3.1 Pass	-	-	-	-	-	-	-	-	-	-	
3.2 Watchlist	-	-	-	-	-	-	-	-	-	-	
3.2 Restructured	-	-	-	-	-	-	-	-	-	-	
3.3 Substandard	-	-	-	-	-	-	-	-	-	-	
3.4 Doubtful	-	-	-	-	-	-	-	-	-	-	
3.5 Bad	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,588,481,693	
(B). Total Provisioning	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,588,481,693	
4. Provision upto previous year	-	-	1,588,481,693	-	1,588,481,693	-	-	-	1,588,481,693	1,695,535,902	
4.1 Pass	-	-	-	-	-	-	-	-	-	-	
4.2 Watchlist	-	-	-	-	-	-	-	-	-	-	
4.3 Restructured	-	-	-	-	-	-	-	-	-	-	
4.4 Substandard	-	-	-	-	-	-	-	-	-	-	
4.5 Doubtful	-	-	-	-	-	-	-	-	-	-	
4.6 Bad	-	-	1,588,481,693	-	1,588,481,693	-	-	-	1,588,481,693	1,695,535,902	
(C). Total Previous Year's Provision	-	-	1,588,481,693	-	1,588,481,693	-	-	-	1,588,481,693	1,695,535,902	
(D). Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-	
Changes in This Year	-	-	(1,900,023)	-	(1,900,023)	-	-	-	(1,900,023)	(107,054,209)	
Net Loan (A-B)	-	-	-	-	-	-	-	-	-	-	

Amount in NPR



Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR		
Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
<b>(A). Secured</b>	<b>1,586,581,670</b>	<b>1,588,481,693</b>
1. Movable/Immovable Assets	1,584,106,881	1,586,006,904
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	2,474,789	2,474,789
<b>(B). Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,586,581,670</b>	<b>1,588,481,693</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	Assets					As on 31 Ashad, 2077	As on 31 Ashad, 2076
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	12,043,054	26,978,633	10,126,472	6,020,844	86,501,352	86,241,000
b. Addition This Year	-	-	8,249	-	-	8,249	260,352
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	-	-	-	-
e. This Year Written off	-	-	-	-	-	-	-
<b>Total Cost (a+b+c+d-e)</b>	<b>31,332,349</b>	<b>12,043,054</b>	<b>26,986,882</b>	<b>10,126,472</b>	<b>6,020,844</b>	<b>86,509,601</b>	<b>86,501,352</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	14,334,840	11,543,992	26,087,286	9,965,500	5,946,228	67,877,846	66,481,237
b. For This Year	849,875	99,633	204,895	32,961	47,302	1,234,667	1,396,609
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>15,184,715</b>	<b>11,643,625</b>	<b>26,292,181</b>	<b>9,998,462</b>	<b>5,993,531</b>	<b>69,112,513</b>	<b>67,877,846</b>
3 Book Value (WDV*) (1-2)	16,147,634	399,429	694,701	128,010	27,314	17,397,087	18,623,505
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	-	-
<b>Total (3+4+5+6)</b>	<b>16,147,634</b>	<b>399,429</b>	<b>694,701</b>	<b>128,010</b>	<b>27,314</b>	<b>80,902,439</b>	<b>82,128,858</b>

Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		As on 31 Ashad, 2077	As on 31 Ashad, 2076
			In Percentage	In Amount		
Irada Builders Pvt. Ltd. KMPC-34	2072.05.16	20,335,799	100%	20,335,799	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>Grand Total</b>		<b>20,335,799</b>	<b>100%</b>	<b>20,335,799</b>	<b>-</b>	<b>-</b>

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076	As on 32 Ashad, 2075
ATM card Stock	-	-	-
Income Receivable on Investments	-	-	-
Accrued Interest on Loan	2,317,215,332	2,017,614,130	2,125,733,267
Less : Interest Suspense Amount	(2,317,215,332)	(2,017,614,130)	(2,125,733,267)
Commission Receivable	-	-	-
Sundry Debtors	29,609,759	28,313,008	27,068,837
Staff Loans and Advances	80,137	96,777	126,337
Prepaid Expenses	-	10,358	-
Cash in Transit	-	-	-
Other Transit items ( including cheques )	-	-	-
Drafts Paid without Notice	-	-	-
Expenses Not Written off	477,871	477,871	477,871
Branch account	(0)	(0)	-
Deferred Tax Assets	13,561,849	11,935,579	10,030,486
Other	5,168,406	4,262,141	4,487,970
<b>Total</b>	<b>48,898,023</b>	<b>45,095,734</b>	<b>42,191,501</b>

Schedule 4.16 (A)

Amount in NPR

Particulars	As on 31 Ashad, 2077			As on 31 Ashad, 2077	As on 31 Ashad, 2076
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1. Accrued Interest on Loan	-	-	-	2,317,215,332	2,017,614,130
2. Drafts Paid without Notice	-	-	-	-	-
3. Branch Adjustment Account	-	-	-	-	-
4. Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
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. -----	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**  
**Interest Income**  
**As on 31 Ashad, 2077 (15 July, 2020)**

**Amount in NPR**

<b>Particulars</b>	<b>This Year</b>	<b>Previous Year</b>
A. On Loan, Advances and Overdraft	-	39,598
1. Loans and Advances	-	39,598
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	3,666,282	4,981,351
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others-Deposit with other Fis	3,666,282	4,981,351
<b>Total</b>	<b>3,666,283</b>	<b>5,020,949</b>

Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**  
**Interest Expenses**  
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

Amount in NPR

Particulars	This Year	Previous Year
A. On Deposit Liabilities	3,224,617	3,678,914
1. Fixed Deposits	-	-
1.1 Local Currency	-	-
1.2 Foreign Currency	-	-
2. Savings Deposits	208,810	225,221
2.1 Local Currency	208,810	225,221
2.2 Foreign Currency	-	-
3. Call Deposits	3,015,807	3,453,693
3.1 Local Currency	3,015,807	3,453,693
3.2 Foreign Currency	-	-
4. Certificate of Deposits	-	-
B. On Borrowings	854,408	852,986
1. Debentures and Bonds	-	-
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank/Financial Institutions Borrowing	854,408	852,986
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
1. ....	-	-
2. ....	-	-
<b>Total</b>	<b>4,079,025</b>	<b>4,531,900</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**  
**Commission and Discount**  
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**  
**Other Operating Income**  
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

Amount in NPR

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

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**  
**Exchange Gain/Loss**  
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

Amount in NPR

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

Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**  
**Employee Expenses**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	3,119,664	3,047,616
2 Allowances	935,472	938,268
3 Contribution to Provident Fund	203,966	196,762
4 Training Expenses	-	-
5 Uniform	-	-
6 Medical	198,572	192,568
7 Insurance	12,349	12,349
8 Leave Encashment	452,005	398,585
9 Gratuity	381,133	360,936
<b>Total</b>	<b>5,303,161</b>	<b>5,147,083</b>

**Capital Merchant Banking & Finance Ltd.**

**Other Overhead Expenses**

**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

Amount in NPR

Particulars	This Year	Previous Year
1. House Rent	-	-
2. Electricity and Water	245,800	425,847
3. Repair and Maintenance	102,272	118,566
(a). Building	-	-
(b). Vehicles	96,570	65,842
(c). Others	5,702	52,723
4. Insurance	68,510	73,379
5. Postage, Telex, Telephone, Fax	13,450	17,301
6. Office Equipment, Furniture and Fixture Repair	-	-
7. Traveling Allowances and Expenses	-	-
8. Stationery and Printing	15,375	102,260
9. Periodicals and Books	3,400	5,900
10. Advertisements	-	-
11. Legal Expenses	380	420
12. Donations	-	-
13. Expenses Relating to Board of Directors	51,250	153,990
(a) Meeting Fees	47,000	140,500
(b) Other Expenses	4,250	13,490
14. Annual General Meeting Expenses	-	-
15. Expenses Relating to Audit	206,700	211,520
(a) Audit Fees	101,700	101,700
(b) Other Expenses	-	4,820
(c) Tax Audit Fees	105,000	105,000
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	1,234,667	1,396,609
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	-	-
20. Technical Services Fee	240,000	240,000
21. Entertainment	-	-
22. Written Off Expenses	-	-
23. Security Expenses	257,527	252,818
24. Credit Guarantee Premium	-	-
25. Commission and Discount	-	-
26. Others	1,472,225	1,238,713
26.1. Membership Fee	-	-
26.2. Tax & Fines	950,070	723,331
26.3. Anniversary Expenses	-	-
26.4. Fuel Expenses	68,737	97,888
26.5. Service Charge	690	180
26.6. Gift Expenses	-	-
26.7. Branch Extension Expenses	-	-
26.8. Data Connectivity Expenses	148,264	138,847
26.9. Software Maintenance Expenses	-	82,860
26.10. Fine and Penalties	-	-
26.11. Others	304,464	195,608
<b>Total</b>	<b>3,911,556</b>	<b>4,237,324</b>



**Capital Merchant Banking & Finance Ltd.**

Schedule 4.25

**Provision for Possible Losses**
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**
**Non-Operating Income/Loss**
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

Amount in NPR

Particulars	This Year	Previous Year
1. Profit (Loss) on Sale of Investment	-	-
2. Profit (Loss) on Sale of Assets	-	-
3. Dividend	-	59,038
4. Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
Others	4,176,649	2,758,797
<b>Total Non-Operating Income (Loss)</b>	<b>4,176,649</b>	<b>2,817,835</b>

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**
**Loss Provision Written Back**
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

Amount in NPR

Particulars	This Year	Previous Year
1. Loan Loss Provision Written Back	1,900,023	107,054,209
2. Provision against Non-Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written back	-	885,325
<b>Total</b>	<b>1,900,023</b>	<b>107,939,534</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**
**Income /Expenses from Extra-ordinary Activities**
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

Amount in NPR

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 31 Ashad, 2077 (15 July, 2020)**

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

Amount in NPR

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

Schedule 4.30

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR '000'

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
<b>A). Core Capital</b>	<b>(657,512)</b>	<b>(653,961)</b>
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	282,552	282,554
6. Cumulative Profit/(Loss) (up to Previous FY)	(1,871,995)	(1,953,103)
7. Current Year Profit/(Loss) as per shown in Balance Sheet	(3,551)	81,107
8. Capital Redemption Reserve	-	-
9. Capital Adjustment Reserve	-	-
10. Calls in Advance	-	-
11. Other Free Reserves	-	-
12. Deferred Tax Reserve	13,562	11,945
Less :	15,762	14,145
Goodwill		
Investment in excess of prescribed limit	2,200	2,200
Fictitious Assets	13,562	11,945
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>B). Supplementary Capital</b>	<b>-</b>	<b>-</b>
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	-	-
<b>C). Total Capital Fund (A+B)</b>	<b>(657,512)</b>	<b>(653,961)</b>
<b>D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:</b>		
Capital Fund (@ 11 Percent)	185,289	185,923
Core Capital (@ 5.5 Percent)	92,644	92,962
Capital Fund Deficit By @ 48 Percent	(842,801)	(839,884)
Core Capital Deficit By @ 43 Percent	(750,156)	(746,923)

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR '000'

On-Balance Sheet Assets	Risk Weighted (%)	As on 31 Ashad, 2077		As on 31 Ashad, 2076	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	141	-	135	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,108	-	3,108	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds	0	-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	84,652	16,930	97,855	19,571
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	1,586,582	1,586,582	1,588,482	1,588,482
Fixed Assets	100	80,902	80,902	82,129	82,129
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	-	-	-	-
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>1,755,415</b>	<b>1,684,444</b>	<b>1,771,738</b>	<b>1,690,211</b>
<b>Off Balance Sheet Items:</b>			-		-
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets (A+B)</b>		<b>1,755,415</b>	<b>1,684,444</b>	<b>1,771,738</b>	<b>1,690,211</b>



Schedule 4.31

**Capital Merchant Banking & Finance Ltd.**

**Principal Indicators**

(At least for previous 5 years)

Particulars	Indicators	FY 2072/73	FY 2073/74	FY 2074/75	FY 2075/76	FY 2076/77
1. Percent of Net Profit/Gross Income	Percent	541	83	2,004	1,324	(25)
2. Earning Per Share	Rs.	30.55	1.39	10.91	11.10	(0.21)
3. Market Value Per Share	Rs.	131	131	131	131	131
4. Price Earning Ratio	Percent	4.29	94.55	12.01	11.80	(636.49)
5. Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6. Cash Dividend on Share Capital	Percent	-	-	-	-	-
7. Interest Income/Loan & Advances	Percent	2.72	0.80	0.00	0.00	-
8. Staff Expenses/Total Operating Expenses	Percent	51.50	44.97	51.03	54.85	57.55
9. Interest Expenses / Total Deposit and Borrowing	Percent	2.47	1.15	1.21	1.31	1.17
10. Exchange Gain/Total Income	Percent	-	-	-	-	-
11. Staff Bonus/Total Staff Expenses	Percent	-	-	-	-	-
12. Net Profit/Loan and Advances	Percent	16.26	0.75	6.42	6.53	(0.12)
13. Net Profit/Total Assets	Percent	171.56	8.29	45.05	45.44	(0.88)
14. Total Credit/Deposit	Percent	398.78	397.82	458.79	458.79	455.79
15. Total Operating Expenses/Total Assets	Percent	5.91	5.12	1.96	1.86	1.79
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	(43.00)	(41.39)	(33.07)	(38.69)	(39.03)
b) Supplementary Capital	Percent	-	-	-	-	-
c) Total Capital Fund	Percent	(43.00)	(41.39)	(33.07)	(38.69)	(39.03)
17. Liquidity (CRR)	Percent	0.01	0.46	0.42	0.90	0.004
18. Non-Performing Loan/Total Credit	Percent	100.00	100.00	100.00	100.00	100.00
19. Weighted Average Interest Rate Spread	Percent	7.36%	7.00%	7.00%	7.00%	1.00%
20. Book Net-Worth	Rs.	(799,501,189)	(786,552,305)	(641,578,224)	(639,816,311)	(641,750,102)
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.	23	15	14	14	14
23. Others						

## Schedule 4.32

### Significant Accounting Policies

#### 1. General Information:

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

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

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

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

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

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

#### 2. Summary of Significant Accounting Policies:

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

#### 3. Statement of compliance:

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

#### 4. Basis of Preparation:

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

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

#### 5. Going Concern Assumption:

Though the company has negative net worth amounting to Rs. 641,750,102, the management is of view that the company is a going concern with no intention of ceasing its financial activity for the foreseeable future and hence the “Going Concern” assumption has been applied for the preparation of its financial statements.

#### 6. Interest Income:

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

#### 7. Commission Income:

All the commission income is recognized on accrual basis.

#### 8. Interest Expense:

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

#### 9. Loans and Advances including Bills purchased:

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

#### 10. Staff Loans and Advances:

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

#### 11. Loan Loss Provision:

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

#### 12. Write Off:

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

### 13. Investments:

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

### 14. Fixed Assets and Depreciation:

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

### 15. Non-Banking Assets:

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

### 16. Accounting Policy for Non-Capitalization of Assets:

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

### 17. Software Expenses:

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

### 18. Employee Benefits:

#### A. Retirement Fund:

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

#### B. Gratuity:

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

### 19. Stationery Stock:

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

### 20. Provisions, Contingent Liabilities and Contingent Assets:

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

### 21. Income Tax:

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

### 22. Exchange Gain/Loss:

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

### 23. Deferred Tax:

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

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

### Schedule 4.33

### Notes to Accounts

**1) Interest Income and Interest Suspense:**

The interest receivable on loans and advances as on 31 Ashad, 2077 (15 July, 2020) has been transferred to interest suspense account as interest income can be recognized only when realized in cash as per NRB Directives.

**2) Provision for Staff Bonus:**

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

**3) Staff Housing Fund:**

N/A

**4) General Reserve:**

During FY 2076/77, CMBFL has not earned any net profit, hence no additional amount has been transferred to General Reserve during the year.

**5) Calls in Arrears:**

There are no Calls in Arrears at the year end.

**6) Unpaid Dividend:**

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

**7) Investment in Share Capital of other Corporate body:**

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

Book value of shares not listed in Nepal Stock Exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate body at the Balance Sheet date as on 31 Ashad, 2077 (15 July, 2020).

**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 2076 and hence the Single Obligor Limit of the company has exceeded the limit as mentioned in the NRB Directives.

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

Particulars	Amount in NPR '000'
Opening Balance	1,588,481.693
Loan Disbursed	Nil
Loan recovered	(1,900.02)
Principal Written off	(1,900.02)
Interest Written off	Nil
Closing Outstanding	1,586,581,670

**12) Classification of Loans & Provisioning:**

Classification of loan as on 31 Ashad, 2077 is as under :

S.N	Category	Amount in NPR '000'
1	Pass	Nil
2	Watchlist	Nil
3	Re-structured	Nil
4	Substandard	Nil
5	Doubtful	Nil
6	Bad	1,586,581,670
	<b>Total</b>	<b>1,586,581,670</b>

Accordingly, Company has written back Rs. 1,900.02 thousand loan loss provision during the year.



**13) Summary Status of the Deposit Liabilities:**

Amount in NPR '000'

Particulars	As on 31 Ashad, 2077	As on 32 Ashad, 2076	Increased by
Saving Deposits	21,395.74	21,236.57	159.17
Fixed Deposits	-	-	-
Call Deposits	326,696.57	324,994.02	1,702.55
<b>Total</b>	<b>348,092.31</b>	<b>346,230.58</b>	<b>1,861.73</b>

**14) Leasehold assets detail:**

The closing balance as on 31 Ashad, 2077 is Nil.

**15) Paid-up Share Capital:**

Paid-up Share Capital of the company as on 31 Ashad, 2077 is Rs. 935,069,500.00. There has been no change in the paid-up share capital from previous year.

**16) Detail of Non-Banking Assets:**

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

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

**17) Provision for Gratuity:**

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

During the year Rs. 381,133 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. 10, 28,761.31 have been provided for leave encashment under this account head.

**19) Provision for Bank Balance:**

As the Crystal Finance has been declared as problematic financial institution, the provision has been made with full amount of Rs. 10,208,943.10. No any recovery has been made from the stated financial institution in current year.

## 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
	<b>Assets</b>						
1	Cash Balance	141					141
2	Balance with Banks & FIs	85,101					85,101
3	Investment in Foreign Banks	-					-
4	Call Money	-					-
5	Government Securities	-					-
6	Nepal Rastra Bank Bonds	3,108					3,108
7	Inter Bank & FI Lending	-					-
8	Loans & Advances	1,586,582					1,586,582
9	Interest Receivable	2,317,215					2,317,215
10	Reverse Repo						-
11	Receivables from other Institutions under Commitment						-
12	Payment to be made for facilities under s.no 20,21 & 22						-
13	Others	-					-
	<b>Total Assets (A)</b>	<b>3,992,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,992,147</b>
	<b>Liabilities</b>						
14	Current Deposits	724,981					724,981
15	Saving Deposits	21,396					21,396
16	Fixed Deposits	-					-
17	Debentures	-					-
18	Borrowings:	26,700	-	-	-	-	26,700
	(a) Call/Short Notice						-
	(b) Inter-bank/Financial Institutions	26,700					26,700
	(c) Refinance						-
	(d) Others						-
19	Other Liabilities and Provisions	4,015,561	-	-	-	-	4,015,561
	(a) Sundry Creditors	65,734					65,734
	(b) Bills Payable	-					-
	(c) Interest Payable	2,317,215					2,317,215
	(d) Provisions	1,632,612					1,632,612
	(e) Others	-					-
20	Payable to other institutions under Commitment						-
21	Unutilized Approved Facilities						-
22	Letter of Credit/Guarantee (Net of Margin)						-
23	Repo						-
24	Payment to be made for facilities under S.No 11						-
25	Others						-
	<b>Total Liabilities (B)</b>	<b>4,788,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,788,638</b>
	Net Financial Assets (A-B)	(796,491)	-	-	-	-	(796,491)
	Cumulative Net Financial Assets	(796,491)	(796,491)	(796,491)	(796,491)	(796,491)	-

**21) Deferred Tax Assets:**

Deferred Tax Assets and Liabilities have been computed as follows:

Particulars	As per Book	Tax Base	Temporary Difference
Fixed Assets	80,902,439.32	80,971,049.32	68,609.99
Provision for Leave	1,028,761.31	-	1,028,761.31
Taxable Loss		(44,108,793.49)	44,108,793.49
Net Temporary Difference			45,206,164.79
Deferred Tax Assets/(Liabilities) as on 31 Ashad, 2077 (15 July, 2020) 30%			13,561,849.44
Deferred Tax Assets/(Liabilities) as on 31 Ashad, 2076 @ 30%			11,935,578.80
Deferred Tax Expense/(Income) for the current year			(1,626,270.64)

Deferred Tax Assets as on 31 Ashad, 2077 is Rs. 13,561,849.44 and increased in Deferred Tax Assets by Rs. 1,626,270.64 has been recognized as deferred tax income in Profit and Loss Account in the current year.

**22) 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.

**23) Events after the reporting period:**

No such events reported.

**24) Income Tax:**

For tax purpose, self-assessment income tax return has been filed upto financial year 2074/75. 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 2076/77 Rs. Nil has been provided as Income Tax provision since company has carried forward tax loss of financial year 2075/76 Rs. 38,807,132.67 which is available for set-off.

**25) Interbank Borrowing:**

The company has availed interbank borrowing from Century Bank Ltd. for Rs. 26,700,000.00 as on 31 Ashad, 2077. 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.

**26) Minimum Paid-up Capital:**

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

Particulars	Amount (Rs.)
Minimum Paid-up Capital	800,000,000.00
Paid-up Capital of CMBFL as on 31 Ashad, 2077	935,069,500.00

**27) Reporting Currency:**

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

**28) Group/Re-Group:**

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

**Capital Merchant Banking & Finance Ltd.**

Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions  
For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

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

# BISHAL & ASSOCIATES

## Chartered Accountants

Budhanilkantha, Kathmandu, Nepal  
■ ca.bishalbaral@gmail.com  
☎ 01-5244930, 9851161860

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

### INDEPENDENT AUDITOR'S REPORT

To Shareholders,

**Capital Merchant Banking & Finance Limited**  
**Kathmandu**

#### Report on the Audit of the Financial Statements

##### Qualified Opinion

We have audited the accompanying financial statements of Capital Merchant Banking & Finance Limited (the 'Company'), which comprise the balance sheet as at 31 Ashad 2078, income statement, statement of change in equity and statements of cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion section of our report*, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 Ashad 2078, 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 31 Ashad 2078, which is insufficient as compared to the minimum capital adequacy requirements as prescribed by Nepal Rastra Bank's directives.

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

As required by NRB Directive, CMBFL has to spend minimum 3% of employee expenses of 2076/77 i.e. NPR 159,100.80 (3% of NPR 5,303,161) for staffs training and development expenses in FY 2077/78. But CMBFL has not spent any amount for training and development of staff during the year. As required by same clause the unspent amount should be transferred to staff training and development fund to be spent in FY 2077/78. However, CMBFL has not transferred such unspent amount into "staff training and development fund". The profit of the company may be overstated by Rs. 159,100.80, 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 ICAN's Handbook of code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's handbook of The Code of Ethics For Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

**Auditor's Responsibilities for the Audit the Financial Statements**

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

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

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

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



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

#### **Report on Other Legal and Regulatory Requirements**

As per the requirements of section 115 of the Company Act, 2063, we further report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion the Company has kept proper books of account as required by law so far, as appears from our examinations of those books.
- The financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanation given to us, the financial statement the said balance sheet, income statement and cash flow statement, read together with the notes forming part of accounts give the information required by the Company Act 2063 in the manner so required and give a true and fair view:
  - In the case of balance sheet, of the state of affairs of the Company as at 31 Ashad 2078; and
  - In the case of income statement, of the results of operations of the Company for the year ended on 31 Ashad 2078; and
  - In the case of the cash flow statement, of cash inflow and outflow of Company for the year ended on that date.
- Neither we have come across any of the information about the misappropriation of fund by the directors or any of the representative or Company's staffs during the course of our audit nor have we received any such information from the management.
- No accounting fraud has been observed during the course of our audit.

For Bishal & Associates,  
Chartered Accountants

Bishal Baral, CA  
Principal





**Capital Merchant Banking & Finance Ltd**  
**Balance Sheet**  
**as on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Capital & Liabilities	Schedule	As on 31 Ashad, 2078	As on 31 Ashad, 2077
1. Share Capital	4.1	935,069,500	935,069,500
2. Reserves and Funds	4.2	(1,581,599,506)	(1,576,819,602)
3. Debentures and Bonds	4.3	-	-
4. Borrowings	4.4	25,100,000	26,700,000
5. Deposit Liabilities	4.5	349,275,612	348,092,307
6. Bills Payables	4.6	-	-
7. Proposed and Payable Dividend		-	-
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	430,477,978	485,135,585
<b>Total Capital and Liabilities</b>		<b>158,323,584</b>	<b>218,177,790</b>
<b>Assets:</b>			
1. Cash Balance	4.8	233,628	141,330
2. Balance with NRB	4.9	3,107,576	3,107,576
3. Balance with Banks/Financial Institutions	4.10	21,831,501	85,101,422
4. Money at Call and Short Notice	4.11	-	-
5. Investments	4.12	27,000	27,000
6. Loans Advances and Bills Purchase	4.13	-	-
7. Fixed Assets	4.14	79,812,086	80,902,439
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	53,311,793	48,898,023
<b>Total Assets</b>		<b>158,323,584</b>	<b>218,177,790</b>

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

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

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Chiranjibi Thapa  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Date :  
Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Account**  
**For the period from 1 Shrawan 2077 to 31 Ashad 2078 (July 16, 2020 to July 15, 2021)**

Particulars	Schedules	This Year Rs.	Previous Year Rs.
Interest Income	4.18	241,270	3,666,283
Interest Expenses	4.19	3,890,930	4,079,025
<b>Net Interest Income</b>		<b>(3,649,660)</b>	<b>(412,742)</b>
Commission and Discount	4.20	-	-
Other Operating Income	4.21	-	-
Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>(3,649,660)</b>	<b>(412,742)</b>
Employees Expenses	4.23	5,936,610	5,303,161
Other Overhead Expenses	4.24	4,341,143	3,911,556
Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(13,927,413)</b>	<b>(9,627,460)</b>
Provision for Possible Losses	4.25	-	-
<b>Operating Profit</b>		<b>(13,927,413)</b>	<b>(8,895,358)</b>
Non-operating Income/Expenses	4.26	3,424,184	4,176,649
Provision Written-Back	4.27	2,462,822	1,900,023
<b>Profit from Regular Operations</b>		<b>(8,040,407)</b>	<b>(3,550,788)</b>
Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>(8,040,407)</b>	<b>(3,550,788)</b>
Provision For Staff Bonus		-	-
Provision For Income Tax:		(3,260,503)	(1,626,271)
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		(3,260,503)	(1,626,271)
<b>Net Profit/(Loss)</b>		<b>(4,779,904)</b>	<b>(1,924,517)</b>

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

As per our report of even date

Nirajan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Chiranjibi Thapa  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Date :

Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Appropriation Account**  
**For the period from 1 Shrawan 2077 to 31 Ashad 2078 (July 16, 2020 to July 15, 2021)**

Particulars	This Year	Previous Year
<b>Income</b>		
1. Accumulated Profit up to the Last Year	(1,875,545,300)	(1,871,994,512)
2. Current Year's Profit	(4,779,904)	(1,924,517)
3. Exchange Fluctuation Fund	-	-
<b>Total (A)</b>	<b>(1,880,325,204)</b>	<b>(1,873,919,029)</b>
<b>Expenses</b>		
1. Accumulated Loss up to the Last Year	-	-
2. This Year's Loss	-	-
3. General Reserve	-	-
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employee Related Reserves Funds	-	-
8. Proposed Dividend	-	-
9. Proposed Issue of Bonus Shares	-	-
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	-	-
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Deferred Tax Reserve	3,260,503	1,626,271
<b>Total (B)</b>	<b>3,260,503</b>	<b>1,626,271</b>
<b>Accumulated Profit/(Loss) (A-B)</b>	<b>(1,883,585,706)</b>	<b>(1,875,545,300)</b>

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Chiranjibi Thapa  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Date :  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**
**Cash Flow Statement**
**For the period from 1 Shrawan 2077 to 31 Ashad 2078 (July 16, 2020 to July 15, 2021)**

Amount in NPR

Particulars	This Year	Previous Year
<b>A. Cash flow from Operating Activities:</b>	<b>(63,210,710)</b>	<b>(12,739,375)</b>
<b>1. Cash Received</b>	<b>6,128,276</b>	<b>9,742,955</b>
1.1 Interest Income	241,270	3,666,283
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	2,462,822	1,900,023
1.5 Other Incomes	3,424,184	4,176,649
<b>2. Cash Payment</b>	<b>13,111,417</b>	<b>12,059,076</b>
2.1 Interest Expenses	3,890,930	4,079,025
2.2 Staff Expenses	5,936,610	5,303,161
2.3 Office Overhead Expenses	3,283,877	2,676,889
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(6,983,141)	(2,316,121)
(Increase)/Decrease of Current Assets	(1,153,267)	(2,176,018)
1. (Increase)/Decrease in Money at Call and Short Notice	-	-
2. (Increase)/Decrease in Short-term Investments	-	-
3. (Increase)/Decrease in Loans and Advances and Bills Purchase	-	-
4. (Increase)/Decrease in Other Assets	(1,153,267)	(2,176,018)
Increase/(Decrease) of Current Liabilities	(55,074,302)	(8,247,236)
1. Increase/(Decrease) in Deposits Liabilities	1,183,305	1,861,726
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	(1,600,000)	(1,000,000)
4. Increase/(Decrease) in Other Liabilities	(54,657,607)	(9,108,962)
<b>B. Cash flow from Investment Activities</b>	<b>33,087</b>	<b>(8,249)</b>
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	33,087	(8,249)
3. Interest Income From Long-Term Investment	-	-
4. Dividend Income	-	-
5. Others	-	-
<b>C. Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
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	-	-
<b>D. Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	<b>-</b>	<b>-</b>
<b>E. This Year's Cash Flow from All Activities</b>	<b>(63,177,623)</b>	<b>(12,747,624)</b>
<b>F. Opening Balance of Cash and Bank Balances</b>	<b>88,350,328</b>	<b>101,097,952</b>
<b>G. Closing Balance of Cash and Bank Balances</b>	<b>25,172,705</b>	<b>88,350,328</b>

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants

Date : 2077/12/04

Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd.**

**Statement of Changes in Equity**

For the period from 1 Shrawan 2077 to 31 Ashad 2078 (July 16, 2020 to July 15, 2021)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 31 Ashad, 2077	935,069,500	(1,875,545,300)	282,552,290	-	-	2,611,560	-	13,561,848	-	(641,750,102)
Adjustments for Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-
Restated Balance as at 31 Ashad, 2077	935,069,500	(1,875,545,300)	282,552,290	-	-	2,611,560	-	13,561,848	-	(641,750,102)
Adjustment of Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	(4,779,904)	-	-	-	-	-	-	-	(4,779,904)
General Reserve	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(3,260,503)	-	-	-	-	-	3,260,503	-	-
Balance as on 31 Ashad, 2078	935,069,500	(1,883,585,706)	282,552,290	-	-	2,611,560	-	16,822,351	-	(646,530,006)

As per our report of even date

Niranjana Singh Basnet Chairman	Ranjana Rayamajhi Director	Jagat Raj Khanal Director	Bishal Baral Partner
Chiranjibi Thapa Director	Rabindra Khanal Chief Executive Officer	Suni Pradhan Asst. Officer	Bishal & Associates Chartered Accountants

Date :  
Place : Kathmandu, Nepal

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

Amount in NPR

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

**Capital Merchant Banking & Finance Ltd.**  
**Share Capital and Ownership**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Particulars	As on 31 Ashad, 2078	As on 32 Ashad, 2077
<b>1 Share Capital</b>		
<b>1.1 Authorized Capital</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>
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		-
<b>1.2 Issued Capital</b>	<b>2,020,000,000</b>	<b>2,020,000,000</b>
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		-
<b>1.3 Paid up Capital</b>	<b>935,069,500</b>	<b>935,069,500</b>
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	-	-
<b>1.4 Proposed Bonus Share</b>	-	-
<b>1.5 Calls in Advance</b>	-	-

Particulars	As on 31 Ashad, 2078		As on 31 Ashad, 2077	
	%	Share Capital	%	Share Capital
<b>1. National Ownership</b>	<b>100%</b>	<b>935,069,500</b>	<b>100%</b>	<b>935,069,500</b>
Government of Nepal		-		-
"A" Class Licensed Institutions		-		-
Other License Institutions		-		-
Other Entities/ Organizations	49%	458,184,100	49%	458,184,100
Individuals	51%	476,885,400	51%	476,885,400
Others		-		-
<b>2. Foreign Ownership</b>	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>935,069,500</b>	<b>100%</b>	<b>935,069,500</b>

## Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
1. General Reserve Fund	282,552,290	282,552,290
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserves	19,433,911	16,173,408
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	16,822,351	13,561,848
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6. Accumulated Profit/(Loss)	(1,883,585,706)	(1,875,545,300)
7. Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,581,599,506)</b>	<b>(1,576,819,602)</b>

## Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
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. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

## Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
<b>A. Local</b>		
Nepal Government	-	-
Nepal Rastra Bank	-	-
Repo Obligation	-	-
Inter Bank and Financial Institutions	25,100,000	26,700,000
Other Organized Institutions	-	-
Others	-	-
<b>Total</b>	<b>25,100,000</b>	<b>26,700,000</b>
<b>B. Foreign</b>	-	-
Banks	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>25,100,000</b>	<b>26,700,000</b>

**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Particulars	Amount in NPR	
	As on 31 Ashad, 2078	As on 31 Ashad, 2077
1. Non-Interest Bearing Accounts:		
A. Current Deposits	-	-
1. Local Currency	-	-
1.1 Nepal Government	-	-
1.2 "A" Class Licensed Institutions	-	-
1.3 Other Licensed Financial Institutions	-	-
1.4 Other Organized Institutions	-	-
1.5 Individuals	-	-
1.6 Others	-	-
2. Foreign Currency	-	-
2.1 Nepal Government	-	-
2.2 "A" Class Licensed Institutions	-	-
2.3 Other Licensed Financial Institutions	-	-
2.4 Other Organized Institutions	-	-
2.5 Individuals	-	-
2.6 Others	-	-
B. Margin Deposits	-	-
1 Employee Guarantees	-	-
2 Guarantee Margin	-	-
3 Letters of Credit Margin	-	-
C. Others	-	-
1. Local Currency	-	-
2 Financial Institutions	-	-
3 Other Organized Institutions	-	-
4 Individuals	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
Total of Non-Interest Bearing Accounts	-	-
2 Interest Bearing Accounts:		
A. Savings Deposits	21,577,587	21,395,737
1. Local Currency	21,577,587	21,395,737
1.1 Organized Institutions	-	-
1.2 Individuals	21,577,587	21,395,737
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
B. Fixed Deposits	-	-
1. Local Currency	-	-
1.1 Organized Institutions	-	-
1.2 Individuals	-	-
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
C. Call Deposits	327,698,026	326,696,570
1. Local Currency	327,698,026	326,696,570
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	51,770,797	51,974,255
1.3 Other Organized Institutions	274,984,700	273,788,666
1.4 Individuals	942,529	933,649
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	-	-
<b>Total of Interest Bearing Accounts</b>	<b>349,275,612</b>	<b>348,092,307</b>
<b>Total Deposit (1+2)</b>	<b>349,275,612</b>	<b>348,092,307</b>



Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
1. Local Currency	-	-
2. Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
1. Pension/Gratuity Fund	3,761,615	3,358,399
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	12,248,059	65,688,355
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	246,660	246,660
12. Others	414,221,644	415,842,171
<b>Total</b>	<b>430,477,978</b>	<b>485,135,585</b>

Schedule 4.8

**Capital Merchant Banking & Finance Ltd.**  
**Cash Balance**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
1. Local Currency (including coin)	233,628	141,330
2. Foreign Currency	-	-
<b>Total</b>	<b>233,628</b>	<b>141,330</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	Local Currency	Foreign Currency			As on 31 Ashad, 2078	As on 31 Ashad, 2077
		Indian Currency	Convertible	Total		
1. Nepal Rastra Bank	3,107,576	-	-	-	3,107,576	3,107,576
a). Current Account	3,107,576	-	-	-	3,107,576	3,107,576
b). Other Account	-	-	-	-	-	-

Schedule 4.10

**Capital Merchant Banking & Finance Ltd.**  
**Balance with other Banks/Financial Institutions**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	Local Currency	Foreign Currency			As on 31 Ashad, 2078	As on 31 Ashad, 2077
		Indian Currency	Convertible	Total		
<b>1. Local Licensed Institutions</b>	<b>21,831,501</b>	-	-	-	<b>21,831,501</b>	<b>85,101,422</b>
a). Current Account	68,826				68,826	60,165,096
b). Other Account	21,762,674				21,762,674	24,936,326
<b>2. Foreign Banks</b>	-	-	-	-	-	-
a). Current Account	-	-	-	-	-	-
b). Other Account	-	-	-	-	-	-
<b>Total</b>	<b>21,831,501</b>	-	-	-	<b>21,831,501</b>	<b>85,101,422</b>

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	-	-

Schedule 4.12

**Capital Merchant Banking & Finance Ltd.**  
**Investments**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Particulars		Purpose		As on 31 Ashad, 2078	As on 31 Ashad, 2077
		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	-	-		-
	<b>Total Investment</b>	<b>29,200</b>	-	<b>29,200</b>	<b>29,200</b>
	<b>Provision</b>	<b>2,200</b>	-	<b>2,200</b>	<b>2,200</b>
	<b>Net Investment</b>	<b>27,000</b>	-	<b>27,000</b>	<b>27,000</b>

Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Particulars	Cost Price	Market Price	Provision	As on 31 Ashad, 2078	As on 31 Ashad, 2077
<b>1. Investment in Shares</b>					
1.1. Credit Information Bureau	-	-	-	-	-
3,543.75 Ordinary Shares of Rs 100 Paid up (including 3,273.75 bonus shares)	27,000	-	-	27,000	27,000
1.2. Union Finance Co. Ltd.	2,200	2,464	2,200	2,200	2,200
22 Ordinary Shares of Rs 100 Paid up	-	-	-	-	-
<b>2. Investment in Debentures and Bonds</b>					
2.1. .... Co. (Pvt. Ltd./Ltd.)	-	-	-	-	-
..... % ... Debentures/Bonds of Rs. .... each	-	-	-	-	-
2.2. ....	-	-	-	-	-
2.3. ....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
<b>3. Provision for Loss</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
3.1. Provision Up to Previous Year	2,200			2,200	2,200
3.2. Additions This Year	-				
<b>Total Provision</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>			<b>27,000</b>	<b>27,000</b>

Schedule 4.12.1

**Capital Merchant Banking & Finance Ltd.**  
**Held for Trading**  
**As on 31 Ashad, 2078 (15 July, 2021)**

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

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**  
**As on 31 Ashad, 2078 (15 July, 2021)**

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

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	

**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPP										
Particulars	Loans					Bills Purchased/Discounted			As on 31 Ashad, 2078	As on 31 Ashad, 2077
	Domestic			Foreign	Total	Domestic	Foreign	Total		
	Deprived		Others							
	Insured	Uninsured								
1. Performing Loan	-	-	-	-	-	-	-	-	-	-
1.1 Pass Loan	-	-	-	-	-	-	-	-	-	-
1.2 Watchlist	-	-	-	-	-	-	-	-	-	-
1.3 Restructured	-	-	-	-	-	-	-	-	-	-
2. Non-Performing Loan	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,586,581,670
2.1 Substandard	-	-	-	-	-	-	-	-	-	-
2.2 Doubtful	-	-	-	-	-	-	-	-	-	-
2.3 Bad	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,586,581,670
(A). Total Loan	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,586,581,670
3. Loan Loss Provision	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,586,581,670
3.1 Pass	-	-	-	-	-	-	-	-	-	-
3.2 Watchlist	-	-	-	-	-	-	-	-	-	-
3.2 Restructured	-	-	-	-	-	-	-	-	-	-
3.3 Substandard	-	-	-	-	-	-	-	-	-	-
3.4 Doubtful	-	-	-	-	-	-	-	-	-	-
3.5 Bad	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,586,581,670
(B). Total Provisioning	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,586,581,670
4. Provision upto previous year	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,588,481,693
4.1 Pass	-	-	-	-	-	-	-	-	-	-
4.2 Watchlist	-	-	-	-	-	-	-	-	-	-
4.3 Restructured	-	-	-	-	-	-	-	-	-	-
4.4 Substandard	-	-	-	-	-	-	-	-	-	-
4.5 Doubtful	-	-	-	-	-	-	-	-	-	-
4.6 Bad	-	-	1,588,481,693	-	1,588,481,693	-	-	-	1,588,481,693	1,588,481,693
(C). Total Previous Year's Provision	-	-	1,586,581,670	-	1,586,581,670	-	-	-	1,586,581,670	1,588,481,693
(D). Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-
Changes in This Year	-	-	-	-	-	-	-	-	-	(1,900,023)
Net Loan (A-B)	-	-	-	-	-	-	-	-	-	-

Amount in NPR



Schedule 4.13 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Loans, Advances and Bills Purchased Security wise**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR		
Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
<b>(A). Secured</b>	<b>1,586,581,670</b>	<b>1,586,581,670</b>
1. Movable/Immovable Assets	1,584,106,881	1,584,106,881
2. Guarantee of Local Licensed Institutions	-	-
3. Government Guarantee	-	-
4. Internationally Rated Bank Guarantee	-	-
5. Export Documents	-	-
6. Fixed Deposit Receipts	-	-
a) Own Fixed Deposit Receipt	-	-
b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7. Government Bonds	-	-
8. Counter Guarantee	-	-
9. Personal Guarantee	-	-
10. Other Securities	2,474,789	2,474,789
<b>(B). Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,586,581,670</b>	<b>1,586,581,670</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**  
**Fixed Assets**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	Assets					As on 31 Ashad, 2078	As on 31 Ashad, 2077
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	12,043,054	26,986,882	10,126,472	6,020,844	86,509,601	86,501,352
b. Addition This Year	-	-	-	-	-	-	8,249
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	-	-	-	-
e. This Year Written off	-	219	-	21,327	11,542	33,087	-
<b>Total Cost (a+b+c+d-e)</b>	<b>31,332,349</b>	<b>12,042,835</b>	<b>26,986,882</b>	<b>10,105,145</b>	<b>6,009,303</b>	<b>86,476,514</b>	<b>86,509,601</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	15,184,715	11,643,625	26,292,181	9,998,462	5,993,531	69,112,513	69,112,513
b. For This Year	807,382	79,853	138,940	28,004	3,087	1,057,266	1,234,667
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>15,992,097</b>	<b>11,723,478</b>	<b>26,431,121</b>	<b>10,026,465</b>	<b>5,996,618</b>	<b>70,169,779</b>	<b>69,112,513</b>
3 Book Value (WDV*) (1-2)	15,340,252	319,357	555,761	78,680	12,685	16,306,734	17,397,087
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	-	-
<b>Total (3+4+5+6)</b>	<b>15,340,252</b>	<b>319,357</b>	<b>555,761</b>	<b>78,680</b>	<b>12,685</b>	<b>79,812,086</b>	<b>80,902,439</b>

Schedule 4.15

**Capital Merchant Banking & Finance Ltd.**  
**Non-Banking Assets**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		As on 31 Ashad, 2078	As on 31 Ashad, 2077
			In Percentage	In Amount		
Irada Builders Pvt. Ltd. KMPC-34	2072.05.16	20,335,799	100%	20,335,799	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>Grand Total</b>		<b>20,335,799</b>	<b>100%</b>	<b>20,335,799</b>	<b>-</b>	<b>-</b>

Schedule 4.16

**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077	As on 31 Ashad, 2076
ATM card Stock	-	-	-
Income Receivable on Investments	-	-	-
Accrued Interest on Loan	2,523,655,842	2,317,215,332	2,017,614,130
Less : Interest Suspense Amount	(2,523,655,842)	(2,317,215,332)	(2,017,614,130)
Commission Receivable	-	-	-
Sundry Debtors	30,014,745	29,609,759	28,313,008
Staff Loans and Advances	101,137	80,137	96,777
Prepaid Expenses	-	-	10,358
Cash in Transit	-	-	-
Other Transit items ( including cheques )	-	-	-
Drafts Paid without Notice	-	-	-
Expenses Not Written off	477,871	477,871	477,871
Branch account	(0)	(0)	(0)
Deferred Tax Assets	16,822,352	13,561,849	11,935,579
Other	5,895,688	5,168,406	4,262,141
<b>Total</b>	<b>53,311,793</b>	<b>48,898,023</b>	<b>45,095,734</b>



Schedule 4.16 (A)

Amount in NPR

Particulars	As on 31 Ashad, 2078			As on 31 Ashad, 2078	As on 31 Ashad, 2077
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1. Accrued Interest on Loan	-	-	-	2,523,655,842	2,017,614,130
2. Drafts Paid without Notice	-	-	-	-	-
3. Branch Adjustment Account	-	-	-	-	-
4. Local and Foreign Agency A/Cs	-	-	-	-	-

Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
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. -----	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.18

**Capital Merchant Banking & Finance Ltd.**  
**Interest Income**  
**As on 31 Ashad, 2078 (15 July, 2021)**

**Amount in NPR**

Particulars	This Year	Previous Year
A. On Loan, Advances and Overdraft	-	-
1. Loans and Advances	-	-
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	241,269	3,666,282
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others-Deposit with other Fis	241,269	3,666,282
<b>Total</b>	<b>241,270</b>	<b>5,020,949</b>

Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**  
**Interest Expenses**  
**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

Amount in NPR

Particulars	This Year	Previous Year
A. On Deposit Liabilities	3,114,185	3,224,617
1. Fixed Deposits	-	-
1.1 Local Currency	-	-
1.2 Foreign Currency	-	-
2. Savings Deposits	210,396	208,810
2.1 Local Currency	210,396	208,810
2.2 Foreign Currency	-	-
3. Call Deposits	2,903,789	3,015,807
3.1 Local Currency	2,903,789	3,015,807
3.2 Foreign Currency	-	-
4. Certificate of Deposits	-	-
B. On Borrowings	776,745	854,408
1. Debentures and Bonds	-	-
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank/Financial Institutions Borrowing	776,745	854,408
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
1. ....	-	-
2. ....	-	-
<b>Total</b>	<b>3,890,930</b>	<b>4,079,025</b>

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**  
**Commission and Discount**  
**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.21

**Capital Merchant Banking & Finance Ltd.**  
**Other Operating Income**  
**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

Amount in NPR

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

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**  
**Exchange Gain/Loss**  
**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

Amount in NPR

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

Schedule 4.23

**Capital Merchant Banking & Finance Ltd.**  
**Employee Expenses**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR

Particulars	This Year Rs.	Previous Year Rs.
1 Salary	3,193,536	3,119,664
2 Allowances	941,428	935,472
3 Contribution to Provident Fund	211,354	203,966
4 Training Expenses	-	-
5 Uniform	-	-
6 Medical	204,728	198,572
7 Insurance	21,969	12,349
8 Leave Encashment	960,378	452,005
9 Gratuity	403,217	381,133
<b>Total</b>	<b>5,936,610</b>	<b>5,303,161</b>

Schedule 4.24

**Capital Merchant Banking & Finance Ltd.**  
**Other Overhead Expenses**  
**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

Amount in NPR

Particulars	This Year	Previous Year
1. House Rent	-	-
2. Electricity and Water	268,225	245,800
3. Repair and Maintenance	216,862	102,272
(a) Building	-	-
(b) Vehicles	144,082	96,570
(c) Others	72,780	5,702
4. Insurance	57,453	68,510
5. Postage, Telex, Telephone, Fax	11,180	13,450
6. Office Equipment, Furniture and Fixture Repair	-	-
7. Traveling Allowances and Expenses	-	-
8. Stationery and Printing	22,747	15,375
9. Periodicals and Books	7,650	3,400
10. Advertisements	-	-
11. Legal Expenses	1,330	380
12. Donations	-	-
13. Expenses Relating to Board of Directors	163,119	51,250
(a) Meeting Fees	155,000	47,000
(b) Other Expenses	8,119	4,250
14. Annual General Meeting Expenses	-	-
15. Expenses Relating to Audit	785,570	206,700
(a) Audit Fees	665,570	101,700
(b) Other Expenses	15,000	-
(c) Tax Audit Fees	105,000	105,000
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	1,057,266	1,234,667
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	-	-
20. Technical Services Fee	240,000	240,000
21. Entertainment	-	-
22. Written Off Expenses	-	-
23. Security Expenses	394,472	257,527
24. Credit Guarantee Premium	-	-
25. Commission and Discount	-	-
26. Others	1,115,270	1,472,225
26.1. Membership Fee	-	-
26.2. Tax & Fines	560,854	950,070
26.3. Anniversary Expenses	-	-
26.4. Fuel Expenses	77,459	68,737
26.5. Service Charge	729	690
26.6. Gift Expenses	-	-
26.7. Branch Extension Expenses	-	-
26.8. Data Connectivity Expenses	137,905	148,264
26.9. Software Maintenance Expenses	-	-
26.10. Fine and Penalties	-	-
26.11. Others	305,236	304,464
26.12. Fixed Assets Written Off	33,087	-
<b>Total</b>	<b>4,341,143</b>	<b>3,911,556</b>

**Capital Merchant Banking & Finance Ltd.**

Schedule 4.25

**Provision for Possible Losses**

**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**

**Non-Operating Income/Loss**

**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

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	3,424,184	4,176,649
<b>Total Non-Operating Income (Loss)</b>	<b>3,424,184</b>	<b>4,176,649</b>

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**

**Loss Provision Written Back**

**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

Amount in NPR

Particulars	This Year	Previous Year
1. Loan Loss Provision Written Back	-	1,900,023
2. Provision against Non-Banking Assets Written Back	-	-
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written back	2,462,822	-
<b>Total</b>	<b>2,462,822</b>	<b>1,900,023</b>

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**

**Income /Expenses from Extra-ordinary Activities**

**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)**

Amount in NPR

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

Schedule 4.29

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders**  
**As on 31 Ashad, 2078 (15 July, 2021)**

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

Amount in NPR

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

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR '000'

Particulars	As on 31 Ashad, 2078	As on 31 Ashad, 2077
<b>A). Core Capital</b>	<b>(665,552)</b>	<b>(653,961)</b>
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	282,552	282,552
6. Cumulative Profit/(Loss) (up to Previous FY)	(1,875,545)	(1,871,995)
7. Current Year Profit/(Loss) as per shown in Balance Sheet	(8,040)	(3,551)
8. Capital Redemption Reserve	-	-
9. Capital Adjustment Reserve	-	-
10. Calls in Advance	-	-
11. Other Free Reserves	-	-
12. Deferred Tax Reserve	16,822	13,562
Less :	19,022	15,762
Goodwill		
Investment in excess of prescribed limit	2,200	2,200
Fictitious Assets	16,822	13,562
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>B). Supplementary Capital</b>	<b>-</b>	<b>-</b>
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	-	-
<b>C). Total Capital Fund (A+B)</b>	<b>(665,552)</b>	<b>(657,512)</b>
<b>D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:</b>		
Capital Fund (@ 11 Percent)	183,786	185,289
Core Capital (@ 5.5 Percent)	91,893	92,644
Capital Fund Deficit	(849,338)	(842,801)
Core Capital Deficit	(757,445)	(750,156)



Schedule 4.30 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad, 2078 (15 July, 2021)**

Amount in NPR '000'

On-Balance Sheet Assets	Risk Weighted (%)	As on 31 Ashad, 2078		As on 31 Ashad, 2077	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	234	-	141	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,108	-	3,108	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds	0	-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	21,791	4,358	84,652	16,930
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	1,586,582	1,586,582	1,586,582	1,586,582
Fixed Assets	100	79,812	79,812	80,902	80,902
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	-	-	-	-
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>1,691,555</b>	<b>1,670,781</b>	<b>1,755,415</b>	<b>1,684,444</b>
<b>Off Balance Sheet Items:</b>			-		-
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets (A+B)</b>		<b>1,691,555</b>	<b>1,670,781</b>	<b>1,755,415</b>	<b>1,684,444</b>



Schedule 4.31

**Capital Merchant Banking & Finance Ltd.**

**Principal Indicators**

(At least for previous 5 years)

Particulars	Indicators	FY 2073/74	FY 2074/75	FY 2075/76	FY 2076/77	FY 2077/78
1. Percent of Net Profit/Gross Income	Percent	83	2,004	1,324	(25)	(130)
2. Earning Per Share	Rs.	1.39	10.91	11.10	(0.21)	(0.51)
3. Market Value Per Share	Rs.	131	131	131	131	131
4. Price Earning Ratio	Percent	94.55	12.01	11.80	(636.49)	(256.27)
5. Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6. Cash Dividend on Share Capital	Percent	-	-	-	-	-
7. Interest Income/Loan & Advances	Percent	0.80	0.00	0.00	-	-
8. Staff Expenses/Total Operating Expenses	Percent	44.97	51.03	54.85	57.55	57.76
9. Interest Expenses / Total Deposit and Borrowing	Percent	1.15	1.21	1.31	1.17	1.11
10. Exchange Gain/Total Income	Percent	-	-	-	-	-
11. Staff Bonus/Total Staff Expenses	Percent	-	-	-	-	-
12. Net Profit/Loan and Advances	Percent	0.75	6.42	6.53	(0.12)	(0.30)
13. Net Profit/Total Assets	Percent	8.29	45.05	45.44	(0.88)	(3.02)
14. Total Credit/Deposit	Percent	397.82	458.79	458.79	455.79	454.25
15. Total Operating Expenses/Total Assets	Percent	5.12	1.96	1.86	1.79	2.74
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	(41.39)	(33.07)	(38.69)	(39.03)	(39.83)
b) Supplementary Capital	Percent	-	-	-	-	-
c) Total Capital Fund	Percent	(41.39)	(33.07)	(38.69)	(39.03)	(39.83)
17. Liquidity (CRR)	Percent	0.46	0.42	0.90	0.00	0.004
18. Non-Performing Loan/Total Credit	Percent	100.00	100.00	100.00	100.00	100.00
19. Weighted Average Interest Rate Spread	Percent	7.00%	7.00%	7.00%	1.00%	1.00%
20. Book Net-Worth	Rs.	(786,552,305)	(641,578,224)	(639,816,311)	(641,750,102)	(646,530,006)
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.	15	14	14	14	14
23. Others						

## Schedule 4.32

### Significant Accounting Policies

#### 1. General Information:

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

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

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

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

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

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

#### 2. Summary of Significant Accounting Policies:

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

#### 3. Statement of compliance:

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

#### 4. Basis of Preparation:

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

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

#### 5. Going Concern Assumption:

Though the company has negative net worth amounting to Rs. 646,530,006 the management is of view that the company is a going concern with no intention of ceasing its financial activity for the foreseeable future and hence the “Going Concern” assumption has been applied for the preparation of its financial statements.

#### 6. Interest Income:

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

#### 7. Commission Income:

All the commission income is recognized on accrual basis.

#### 8. Interest Expense:

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

#### 9. Loans and Advances including Bills purchased:

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

#### 10. Staff Loans and Advances:

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

#### 11. Loan Loss Provision:

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

#### 12. Write Off:

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

**13. Investments:**

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

**14. Fixed Assets and Depreciation:**

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

**15. Non-Banking Assets:**

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

**16. Accounting Policy for Non-Capitalization of Assets:**

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

**17. Software Expenses:**

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

**18. Employee Benefits:**

**A. Retirement Fund:**

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

**B. Gratuity:**

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

**19. Stationery Stock:**

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

**20. Provisions, Contingent Liabilities and Contingent Assets:**

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

**21. Income Tax:**

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

**22. Exchange Gain/Loss:**

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

**23. Deferred Tax:**

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

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

### Schedule 4.33

### Notes to Accounts

**1) Interest Income and Interest Suspense:**

The interest receivable on loans and advances as on 31 Ashad, 2078 (15 July, 2021) has been transferred to interest suspense account as interest income can be recognized only when realized in cash as per NRB Directives.

**2) Provision for Staff Bonus:**

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

**3) Staff Housing Fund:**

N/A

**4) General Reserve:**

During FY 2077/78, CMBFL has not earned any net profit, hence no additional amount has been transferred to General Reserve during the year.

**5) Calls in Arrears:**

There are no Calls in Arrears at the year end.

**6) Unpaid Dividend:**

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

**7) Investment in Share Capital of other Corporate body:**

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

Book value of shares not listed in Nepal Stock Exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate body at the Balance Sheet date as on 31 Ashad, 2078 (15 July, 2021).

**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 Ashad end 2078 and hence the Single Obligor Limit of the company has exceeded the limit as mentioned in the NRB Directives.

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

Particulars	Amount in NPR '000'
Opening Balance	1,588,481.693
Loan Disbursed	Nil
Loan recovered	Nil
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	1,586,581,670

**12) Classification of Loans & Provisioning:**

Classification of loan as on 31 Ashad, 2078 is as under :

S.N	Category	Amount in NPR '000'
1	Pass	Nil
2	Watchlist	Nil
3	Re-structured	Nil
4	Substandard	Nil
5	Doubtful	Nil
6	Bad	1,586,581,670
	<b>Total</b>	<b>1,586,581,670</b>

**13) Summary Status of the Deposit Liabilities:**

Amount in NPR '000'

Particulars	As on 31 Ashad, 2078	As on 32 Ashad, 2077	Increased by
Saving Deposits	21,577.587	21,395.74	181.85
Fixed Deposits	-	-	-
Call Deposits	327,698.026	326,696.57	1,001.456
<b>Total</b>	<b>349,275.612</b>	<b>348,092.31</b>	<b>1,183.305</b>

**14) Leasehold assets detail:**

The closing balance as on 31 Ashad, 2078 is Nil.

**15) Paid-up Share Capital:**

Paid-up Share Capital of the company as on 31 Ashad, 2078 is Rs. 935,069,500.00. There has been no change in the paid-up share capital from previous year.

**16) Detail of Non-Banking Assets:**

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

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

**17) Provision for Gratuity:**

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

During the year Rs. 403,217 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. 14, 18,973.76 have been provided for leave encashment under this account head.

**19) Provision for Bank Balance:**

As the Crystal Finance has been declared as problematic financial institution, the provision has been made with full amount of Rs. 77,46,120.91.

**20) Deferred Tax Assets:**

Deferred Tax Assets and Liabilities have been computed as follows:

Particulars	As per Book	Tax Base	Temporary Difference
Fixed Assets	79,812,086	79,974,573.33	162,487.33
Provision for Leave	1,418,973.76	-	1,418,973.76
Taxable Loss		(54,493,046.23)	54,493,046.23
Net Temporary Difference			56,074,507.02
Deferred Tax Assets/(Liabilities) as on 31 Ashad, 2078 (15 July, 2021) @ 30%			16,822,352.11
Deferred Tax Assets/(Liabilities) as on 31 Ashad, 2077 @ 30%			13,561,849.44
Deferred Tax Expense/(Income) for the current year			(3,260,502.67)

Deferred Tax Assets as on 31 Ashad, 2078 is Rs. 16,822,352.11 and increased in Deferred Tax Assets by Rs. 3,260,503 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 2074/75. 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 2077/78 Rs. Nil has been provided as Income Tax provision since company has carried forward tax loss of financial year 2076/77 Rs. 44,108,793.49 which is available for set-off.

**24) Interbank Borrowing:**

The company has availed interbank borrowing from Century Bank Ltd. for Rs. 25,100,000.00 as on 31 Ashad, 2078. 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 31 Ashad, 2078	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.

**Capital Merchant Banking & Finance Ltd.**

Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions  
For the period ended on 31 Ashad, 2078 (16 July, 2020 to 15 July, 2021)

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



# BISHAL & ASSOCIATES

## Chartered Accountants

Budhanilkantha, Kathmandu, Nepal  
■ ca.bishalbaral@gmail.com  
☎ 01-5244930, 9851161860

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

### INDEPENDENT AUDITOR'S REPORT

To Shareholders,

**Capital Merchant Banking & Finance Limited**  
Kathmandu

#### Report on the Audit of the Financial Statements

##### Qualified Opinion

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

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

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

##### Basis for Qualified Opinion

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

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

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

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



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

#### **Key Audit Matter**

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

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

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

#### **Auditor's Responsibilities for the Audit the Financial Statements**

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

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

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

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



The image shows a handwritten signature in black ink over a circular professional stamp. The stamp contains the text "BISHAL & ASSOCIATES" at the top, "KATHMANDU NEPAL" in the center, and "CHARTERED ACCOUNTANTS" at the bottom, flanked by two small stars.

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

#### **Report on Other Legal and Regulatory Requirements**

We further report that:

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

For Bishal & Associates,  
Chartered Accountants



Bishal Baral, CA  
Principal

Place: Kathmandu

Date: 13 January 2023

UDIN no: 230113CA01385d1MTm

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

Amount in NPR

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

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

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

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Chiranjibi Thapa  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Date :  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Account**  
**For the period from 1 Shrawan 2078 to 32 Ashad 2079 (July 16, 2021 to July 16, 2022)**

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

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

As per our report of even date

Nirajan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Chiranjibi Thapa  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Date :

Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Profit and Loss Appropriation Account**  
**For the period from 1 Shrawan 2078 to 32 Ashad 2079 (July 16, 2021 to July 16, 2022)**

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

As per our report of even date

Niranjana Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Chiranjibi Thapa  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Date :  
Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**
**Cash Flow Statement**
**For the period from 1 Shrawan 2078 to 32 Ashad 2079 (July 16, 2021 to July 16, 2022)**

Amount in NPR

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

As per our report of even date

Niranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Hemant Katuwal  
Partner

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Suni Pradhan  
Asst. Officer

Wagle & Associates  
Chartered Accountants

Date : 2077/12/04

Place : Kathmandu, Nepal





**Capital Merchant Banking & Finance Ltd.**

**Statement of Changes in Equity**

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

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

As per our report of even date

Niranjana Singh Basnet Chairman	Ranjan Rayamajhi Director	Jagat Raj Khanal Director	Bishal Baral Partner
Chiranjibi Thapa Director	Rabindra Khanal Chief Executive Officer	Suni Pradhan Asst. Officer	Bishal & Associates Chartered Accountants

Date :  
Place : Kathmandu, Nepal



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

Amount in NPR

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

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

Particulars	As on 32 Ashad, 2079	As on 31 Ashad, 2078
<b>1 Share Capital</b>		
<b>1.1 Authorized Capital</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>
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		-
<b>1.2 Issued Capital</b>	<b>2,020,000,000</b>	<b>2,020,000,000</b>
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		-
<b>1.3 Paid up Capital</b>	<b>935,069,500</b>	<b>935,069,500</b>
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	-	-
<b>1.4 Proposed Bonus Share</b>	-	-
<b>1.5 Calls in Advance</b>	-	-

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

## Schedule 4.2

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

Amount in NPR

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

## Schedule 4.3

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

Amount in NPR

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

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

## Schedule 4.4

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

Amount in NPR

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

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

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

Schedule 4.6

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

Amount in NPR

Particulars	As on 32 Ashad, 2079	As on 31 Ashad, 2078
1. Local Currency	-	-
2. Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

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

Amount in NPR

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

Schedule 4.8

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

Amount in NPR

Particulars	As on 32 Ashad, 2079	As on 31 Ashad, 2078
1. Local Currency (including coin)	90,431	141,330
2. Foreign Currency	-	-
<b>Total</b>	<b>90,431</b>	<b>141,330</b>

Schedule 4.9

**Capital Merchant Banking & Finance Ltd.**  
**Balance with Nepal Rastra Bank**  
**As on 32 Ashad, 2079 (16 July, 2022)**

Amount in NPR

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

Schedule 4.10

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

Amount in NPR

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

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
**As on 32 Ashad, 2079 (16 July, 2022)**

Particulars	As on 32 Ashad, 2079	As on 31 Ashad, 2078
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	-	-

Schedule 4.12

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

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

Schedule 4.12 (A)

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

Particulars	Cost Price	Market Price	Provision	As on 32 Ashad, 2079	As on 31 Ashad, 2078
<b>1. Investment in Shares</b>					
1.1. Credit Information Bureau	-	-	-	-	-
3,543.75 Ordinary Shares of Rs 100 Paid up (including 3,273.75 bonus shares)	27,000	-	-	27,000	27,000
1.2. Union Finance Co. Ltd.	2,200	2,464	2,200	2,200	2,200
22 Ordinary Shares of Rs 100 Paid up	-	-	-	-	-
<b>2. Investment in Debentures and Bonds</b>					
2.1. .... Co. (Pvt. Ltd./Ltd.)	-	-	-	-	-
..... % ..... Debentures/Bonds of Rs. .... each	-	-	-	-	-
2.2. ....	-	-	-	-	-
2.3. ....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
<b>3. Provision for Loss</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
3.1. Provision Up to Previous Year	2,200			2,200	2,200
3.2. Additions This Year	-				
<b>Total Provision</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>			<b>27,000</b>	<b>27,000</b>

Schedule 4.12.1

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

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

Schedule 4.12.2

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

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

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**

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

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	





Schedule 4.13

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

Particulars	Loans						Bills Purchased/Discounted			As on 32 Ashad, 2079	As on 31 Ashad, 2078	Amount in NPR
	Domestic			Foreign	Total	Domestic	Foreign	Total				
	Deprived		Others									
	Insured	Uninsured										
1. Performing Loan	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Pass Loan	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Restructured	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-Performing Loan	-	-	1,283,908,231	-	1,283,908,231	-	1,283,908,231	-	-	1,283,908,231	1,586,581,670	1,586,581,670
2.1 Substandard	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Bad	-	-	1,283,908,231	-	1,283,908,231	-	1,283,908,231	-	-	1,283,908,231	1,586,581,670	1,586,581,670
(A). Total Loan	-	-	1,283,908,231	-	1,283,908,231	-	1,283,908,231	-	-	1,283,908,231	1,586,581,670	1,586,581,670
3. Loan Loss Provision	-	-	1,283,908,231	-	1,283,908,231	-	1,283,908,231	-	-	1,283,908,231	1,586,581,670	1,586,581,670
3.1 Pass	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Restructured	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Substandard	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
3.5 Bad	-	-	1,283,908,231	-	1,283,908,231	-	1,283,908,231	-	-	1,283,908,231	1,586,581,670	1,586,581,670
(B). Total Provisioning	-	-	1,283,908,231	-	1,283,908,231	-	1,283,908,231	-	-	1,283,908,231	1,586,581,670	1,586,581,670
4. Provision upto previous year	-	-	1,586,581,670	-	1,586,581,670	-	1,586,581,670	-	-	1,586,581,670	1,586,581,670	1,586,581,670
4.1 Pass	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Watchlist	-	-	-	-	-	-	-	-	-	-	-	-
4.3 Restructured	-	-	-	-	-	-	-	-	-	-	-	-
4.4 Substandard	-	-	-	-	-	-	-	-	-	-	-	-
4.5 Doubtful	-	-	-	-	-	-	-	-	-	-	-	-
4.6 Bad	-	-	1,588,481,693	-	1,588,481,693	-	1,588,481,693	-	-	1,588,481,693	1,588,481,693	1,588,481,693
(C). Total Previous Year's Provision	-	-	1,586,581,670	-	1,586,581,670	-	1,586,581,670	-	-	1,586,581,670	1,586,581,670	1,586,581,670
(D). Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-	-	-
Changes in This Year	-	-	(302,673,439)	-	(302,673,439)	-	(302,673,439)	-	-	(302,673,439)	-	-
Net Loan (A-B)	-	-	-	-	-	-	-	-	-	-	-	-

Amount in NPR

Schedule 4.13 (A)

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

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



Schedule 4.14

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

Amount in NPR

Particulars	Assets					As on 32 Ashad, 2079	As on 31 Ashad, 2078
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	31,332,349	12,042,835	26,986,882	10,105,145	6,009,303	86,476,514	86,509,601
b. Addition This Year	1,043,000	-	11,200	-	53,171	1,107,371	-
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	-	-	-	-
e. This Year Written off	-	-	139,604	26,405	7,159	173,167	33,087
<b>Total Cost (a+b+c-d-e)</b>	<b>32,375,349</b>	<b>12,042,835</b>	<b>26,858,478</b>	<b>10,078,741</b>	<b>6,055,314</b>	<b>87,410,717</b>	<b>86,476,514</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	15,992,097	11,723,478	26,431,121	10,026,465	5,996,618	70,169,779	69,112,513
b. For This Year	819,163	63,871	64,104	13,069	8,804	969,011	1,057,266
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>16,811,259</b>	<b>11,787,349</b>	<b>26,495,225</b>	<b>10,039,534</b>	<b>6,005,422</b>	<b>71,138,790</b>	<b>70,169,779</b>
3 Book Value (WDV*) (1-2)	15,564,089	255,486	363,254	39,206	49,892	16,271,927	16,306,734
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	-	-
<b>Total (3+4+5+6)</b>	<b>15,564,089</b>	<b>255,486</b>	<b>363,254</b>	<b>39,206</b>	<b>50,002</b>	<b>79,777,279</b>	<b>79,812,086</b>

Schedule 4.15

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

Amount in NPR

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

Schedule 4.16

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

Amount in NPR

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

Schedule 4.16 (A)

Amount in NPR

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

Schedule 4.17

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

Amount in NPR

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

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

**Amount in NPR**

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

Schedule 4.19

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

Amount in NPR

Particulars	This Year	Previous Year
A. On Deposit Liabilities	4,369,669	3,114,185
1. Fixed Deposits	-	-
1.1 Local Currency	-	-
1.2 Foreign Currency	-	-
2. Savings Deposits	1,484,316	210,396
2.1 Local Currency	1,484,316	210,396
2.2 Foreign Currency	-	-
3. Call Deposits	2,885,353	2,903,789
3.1 Local Currency	2,885,353	2,903,789
3.2 Foreign Currency	-	-
4. Certificate of Deposits	-	-
B. On Borrowings	718,044	776,745
1. Debentures and Bonds	-	-
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank/Financial Institutions Borrowing	718,044	776,745
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
1. ....	-	-
2. ....	-	-
<b>Total</b>	<b>5,087,713</b>	<b>3,890,930</b>

Schedule 4.20

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

Amount in NPR

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

Schedule 4.21

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

Amount in NPR

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

Schedule 4.22

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

Amount in NPR

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

Schedule 4.23

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

Amount in NPR

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



Schedule 4.24

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

Amount in NPR

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

**Capital Merchant Banking & Finance Ltd.**

Schedule 4.25

**Provision for Possible Losses**

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

Amount in NPR

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

Schedule 4.26

**Capital Merchant Banking & Finance Ltd.**

**Non-Operating Income/Loss**

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

Amount in NPR

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

Schedule 4.27

**Capital Merchant Banking & Finance Ltd.**

**Loss Provision Written Back**

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

Amount in NPR

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

Schedule 4.28

**Capital Merchant Banking & Finance Ltd.**

**Income /Expenses from Extra-ordinary Activities**

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

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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.28 (a)

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Loans Written-Off**  
**For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)**

Amount in NPR

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

Schedule 4.29

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

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

Amount in NPR

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

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

Amount in NPR '000'

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

Schedule 4.30 (A)

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

Amount in NPR '000'

On-Balance Sheet Assets	"Risk Weighted (%)"	As on 32 Ashad, 2079		As on 31 Ashad, 2078	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	90	-	234	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,108	-	3,108	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds	0	-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	563,897	112,779	21,791	4,358
Fully Secured FDR Loan against Fixed Deposit Receipt of other Licensed Banks and Financial Institutions	20	-	-	-	-
Balance with Foreign Banks	20	-	-	-	-
Money at Call	20	-	-	-	-
Loan against the guarantee of Internationally Rated Banks	20	-	-	-	-
Other Investments with Internationally Rated Banks	20	-	-	-	-
Interbank Lending	20	-	-	-	-
Investments in Shares, Debentures and Bonds	100	29	29	29	29
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	1,283,908	1,283,908	1,586,582	1,586,582
Fixed Assets	100	79,777	79,777	79,812	79,812
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	-	-	-	-
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>1,930,809</b>	<b>1,476,494</b>	<b>1,691,555</b>	<b>1,670,781</b>
<b>Off Balance Sheet Items:</b>			-		-
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets (A+B)</b>		<b>1,930,809</b>	<b>1,476,494</b>	<b>1,691,555</b>	<b>1,670,781</b>



Schedule 4.31

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

Particulars	Indicators	FY 2074/75	FY 2075/76	FY 2076/77	FY 2077/78	FY 2078/79
1. Percent of Net Profit/Gross Income	Percent	2.004	1,324	(25)	(130)	2,176
2. Earning Per Share	Rs.	10.91	11.10	(0.21)	(0.51)	32.43
3. Market Value Per Share	Rs.	131	131	131	131	131
4. Price Earning Ratio	Percent	12.01	11.80	(636.49)	(256.27)	4.04
5. Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6. Cash Dividend on Share Capital	Percent	-	-	-	-	-
7. Interest Income/Loan & Advances	Percent	0.00	0.00	-	-	0.12
8. Staff Expenses/Total Operating Expenses	Percent	51.03	54.85	57.55	57.76	50.23
9. Interest Expenses / Total Deposit and Borrowing	Percent	1.21	1.31	1.17	1.11	1.72
10. Exchange Gain/Total Income	Percent	-	-	-	-	-
11. Staff Bonus/Total Staff Expenses	Percent	-	-	-	-	-
12. Net Profit/Loan and Advances	Percent	6.42	6.53	(0.12)	(0.30)	23.62
13. Net Profit/Total Assets	Percent	45.05	45.44	(0.88)	(3.02)	43.44
14. Total Credit/Deposit	Percent	458.79	458.79	455.79	454.25	434.27
15. Total Operating Expenses/Total Assets	Percent	1.96	1.86	1.79	2.74	0.75
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	(33.07)	(38.69)	(39.03)	(39.83)	(24.61)
b) Supplementary Capital	Percent	-	-	-	-	-
c) Total Capital Fund	Percent	(33.07)	(38.69)	(39.03)	(39.83)	(24.61)
17. Liquidity (CRR)	Percent	0.42	0.90	0.00	0.00	0.004
18. Non-Performing Loan/Total Credit	Percent	100.00	100.00	100.00	100.00	100.00
19. Weighted Average Interest Rate Spread	Percent	7.00%	7.00%	1.00%	1.00%	1.00%
20. Book Net-Worth	Rs.	(641,578,224)	(639,816,311)	(641,750,102)	(646,530,006)	(343,305,661)
21. Total Number of Shares	Nos.	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695
22. Total Staff	Nos.	14	14	14	14	13
23. Others						

## Schedule 4.32

### Significant Accounting Policies

#### 1. General Information:

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

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

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

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

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

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

#### 2. Summary of Significant Accounting Policies:

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

#### 3. Statement of compliance:

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

#### 4. Basis of Preparation:

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

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

#### 5. Going Concern Assumption:

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

#### 6. Interest Income:

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

#### 7. Commission Income:

All the commission income is recognized on accrual basis.

#### 8. Interest Expense:

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

#### 9. Loans and Advances including Bills purchased:

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

#### 10. Staff Loans and Advances:

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

#### 11. Loan Loss Provision:

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

- 12. Write Off:**  
During this period, the company has not written off any amount of loans and advances.
- 13. Investments:**  
Investments are classified as held for trading, held to maturity and available for sale as per their nature.
- 14. Fixed Assets and Depreciation:**
  - A. Fixed Assets are stated at cost less accumulated depreciation and impairment losses.
  - B. Depreciation is computed on written down value method and charged to Profit & Loss Account as the manner prescribed by Income Tax Act, 2058. For disposing the fixed assets of the company, it would follow the provision of Income Tax Act, 2058 and deduct depreciation upto a day prior to the date of disposal.
  - C. Lease hold improvement has been capitalized at cost and amortized over the lease periods. The amount of amortization is charged to Profit & Loss Account.
- 15. Non-Banking Assets:**  
Non-Banking Assets is valued in accordance with the NRB Directives and provision is also made as per NRB Directives.
- 16. Accounting Policy for Non-Capitalization of Assets:**  
Assets worth less than Rs. 5,000.00 are directly charged off as revenue expenditure at the time of purchase as per Finance and Administration Policy of CMBFL.
- 17. Software Expenses:**  
Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and other cost incurred at the point of use. The costs are amortized applying WDV method.
- 18. Employee Benefits:**
  - A. Retirement Fund:**  
Provident Fund contribution is recognized as expenses and deposited into the CIT.
  - B. Gratuity:**  
Gratuity liability of staff is accrued only after completion of fixed period of full-time employment with the company in accordance with the Human Resource Policy.
- 19. Stationery Stock:**  
Stationery Stock at the year end is accounted for at cost. For the purpose of valuation of the same FIFO method has been applied.
- 20. Provisions, Contingent Liabilities and Contingent Assets:**  
The company creates a provision when there is a present obligation of the entity arising from past events, the settlements of which is expected to result in an outflow from the entity of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a present obligation that may or may not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made in the financial statement.
- 21. Income Tax:**  
Provision for Income Tax will be calculated in accordance with the provision of Income Tax Act, 2058.
- 22. Exchange Gain/Loss:**  
The Financial Institution has not transacted any other foreign currency during the year. So, there has been no exchange gain/loss to the company due to foreign exchange transaction.
- 23. Deferred Tax:**  
Deferred Tax is accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary difference between the financial statement's carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date.  
  
Deferred tax assets arising from temporary difference and unused tax losses are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.



### Schedule 4.33

### Notes to Accounts

**1) Interest Income and Interest Suspense:**

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

**2) Provision for Staff Bonus:**

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

**3) Staff Housing Fund:**

N/A

**4) General Reserve:**

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

**5) Calls in Arrears:**

There are no Calls in Arrears at the year end.

**6) Unpaid Dividend:**

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

**7) Investment in Share Capital of other Corporate body:**

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

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

**8) Average interest rate spread:**

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

**9) Expenses to be written off:**

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

**10) Single Obligor Limit:**

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

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

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

**12) Classification of Loans & Provisioning:**

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

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

**13) Summary Status of the Deposit Liabilities:**

Amount in NPR '000'

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

**14) Leasehold assets detail:**

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

**15) Paid-up Share Capital:**

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

**16) Detail of Non-Banking Assets:**

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

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

**17) Provision for Gratuity:**

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

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

**18) Provision for Leave Encashment:**

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

**19) Provision for Bank Balance:**

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

**20) Deferred Tax Assets:**

Deferred Tax Assets and Liabilities have been computed as follows:

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

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

**21) Going Concern Assumption:**

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

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

**22) Events after the reporting period:**

No such events reported.

**23) Income Tax:**

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

**24) Interbank Borrowing:**

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

**25) Minimum Paid-up Capital:**

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

Particulars	Amount (Rs.)
Minimum Paid-up Capital	800,000,000.00
Paid-up Capital of CMBFL as on 32 Ashad, 2079	935,069,500.00

**26) Reporting Currency:**

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

**27) Group/Re-Group:**

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

Schedule 4.34

**Capital Merchant Banking & Finance Ltd.**

Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions  
For the period ended on 32 Ashad, 2079 (16 July, 2021 to 16 July, 2022)

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

# BISHAL & ASSOCIATES

## Chartered Accountants

Budhanilkantha, Kathmandu, Nepal  
■ ca.bishalbaral@gmail.com  
☎ 01-5244930, 9851161860

Membership No. : 1385 COP No. : 952  
Firm No. : 848 PAN No. : 106111758

### INDEPENDENT AUDITOR'S REPORT

To Shareholders,

**Capital Merchant Banking & Finance Limited**  
**Kathmandu**

### Report on the Audit of the Financial Statements

#### Disclaimer of Opinion

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

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

#### Basis for disclaimer of Opinion

Basis for disclaimer of opinion are listed below:

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



We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ICAN's Handbook of code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's handbook of The Code of Ethics For Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those Charged with Governance for the Financial Statements.**

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

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

**Auditor's Responsibilities for the Audit the Financial Statements**

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

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

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

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



**Report on Other Legal and Regulatory Requirements**

As per the requirements of section 115 of the Company Act, 2063, we further report that:

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

For Bishal & Associates,  
*Chartered Accountants*

  
Bishal Baral, FCA  
Principal



Place: Kathmandu

Date: July 28, 2024

UDIN no: 240728CA01385hp8Lh

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

Amount in NPR

Capital & Liabilities	Schedule	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Share Capital	4.1	935,069,500	935,069,500
2. Reserves and Funds	4.2	(885,776,318)	(1,278,375,161)
3. Debentures and Bonds	4.3	-	-
4. Borrowings	4.4	-	17,800,000
5. Deposit Liabilities	4.5	141,726,995	295,644,440
6. Bills Payables	4.6	-	-
7. Proposed and Payable Dividend		-	-
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	448,578,410	727,838,001
<b>Total Capital and Liabilities</b>		<b>639,598,588</b>	<b>697,976,779</b>
<b>Assets:</b>			
1. Cash Balance	4.8	360,522	90,431
2. Balance with NRB	4.9	9,562,298	3,107,576
3. Balance with Banks/Financial Institutions	4.10	499,234,562	563,896,700
4. Money at Call and Short Notice	4.11	-	-
5. Investments	4.12	27,000	27,000
6. Loans Advances and Bills Purchase	4.13	-	-
7. Fixed Assets	4.14	78,883,483	79,777,279
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	51,530,723	51,077,793
<b>Total Assets</b>		<b>639,598,588</b>	<b>697,976,779</b>

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

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

As per our report of even date

Tilak Bahadur Ranabhat  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Manoj Singh Bhandari  
Director

Pradeep Bhattarai  
Chief Executive Officer

Krishna Prasad Timsina  
Joint Deputy Operating Officer

Suni Pradhan  
Asst. Officer

Date :

Place : Kathmandu, Nepal



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

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

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

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

As per our report of even date

Tilak Bahadur Ranabhat  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Manoj Singh Bhandari  
Director

Pradeep Bhattarai  
Chief Executive Officer

Krishna Prasad Timsina  
Joint Deputy Operating Officer

Suni Pradhan  
Asst. Officer

Date :

Place : Kathmandu, Nepal



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

Particulars	This Year	Previous Year
<b>Income</b>		
1. Accumulated Profit up to the Last Year	(1,642,021,963)	(1,883,585,706)
2. Current Year's Profit	490,528,007	303,224,345
3. Adjustment in retained earnings	(97,929,163)	-
<b>Total (A)</b>	<b>(1,249,423,119)</b>	<b>(1,580,361,361)</b>
<b>Expenses</b>		
1. Accumulated Loss up to the Last Year	-	-
2. This Year's Loss	-	-
3. General Reserve	98,105,601.34	60,644,869
4. Contingent Reserve	-	-
5. Institutional Development Fund	-	-
6. Dividend Equalization Fund	-	-
7. Employee Related Reserves Funds	-	-
8. Proposed Dividend	-	-
9. Proposed Issue of Bonus Shares	-	-
10. Special Reserve Fund	-	-
11. Exchange Fluctuation Fund	-	-
12. Capital Redemption Reserve Fund	-	-
13. Capital Adjustment Fund	-	-
14. Deferred Tax Reserve	(723,087)	1,015,732
<b>Total (B)</b>	<b>97,382,514</b>	<b>61,660,601</b>
<b>Accumulated Profit/(Loss) (A-B)</b>	<b>(1,346,805,633)</b>	<b>(1,642,021,963)</b>

As per our report of even date

Tilak Bahadur Ranabhat  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Manoj Singh Bhandari  
Director

Pradeep Bhattarai  
Chief Executive Officer

Krishna Prasad Timsina  
Joint Deputy Operating Officer

Suni Pradhan  
Asst. Officer

Date :

Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd**  
**Cash Flow Statement**

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

Amount in NPR

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

As per our report of even date

Tilak Bahadur Ranabhat  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Bishal Baral  
Partner  
Bishal & Associates  
Chartered Accountants

Manoj Singh Bhandari  
Director

Pradeep Bhattarai  
Chief Executive Officer

Krishna Prasad Timsina  
Joint Deputy Operating Officer

Suni Pradhan  
Asst. Officer

Date :

Place : Kathmandu, Nepal



**Capital Merchant Banking & Finance Ltd.**

**Statement of Changes in Equity**

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

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

As per our report of even date

Tilak Bahadur Ranabhat Chairman	Ranjan Rayamajhi Director	Jagat Raj Khanal Director	Bishal Baral Partner Bishal & Associates Chartered Accountants
Manoj Singh Bhandari Director	Pradeep Bhattarai Chief Executive Officer	Krishna Prasad Timsina Joint Deputy Operating Officer	Suni Pradhan Asst. Officer

Date :

Place : Kathmandu, Nepal

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

Amount in NPR

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

Schedule 4.1

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

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
<b>1 Share Capital</b>		
<b>1.1 Authorized Capital</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>
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		-
<b>1.2 Issued Capital</b>	<b>2,020,000,000</b>	<b>2,020,000,000</b>
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		-
<b>1.3 Paid up Capital</b>	<b>935,069,500</b>	<b>935,069,500</b>
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	-	-
<b>1.4 Proposed Bonus Share</b>	-	-
<b>1.5 Calls in Advance</b>	-	-

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

## Schedule 4.2

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

Amount in NPR

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. General Reserve Fund	441,302,760	343,197,159
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Resevers	19,726,555	20,449,642
5.1 Contingent Reserve	-	-
5.2 Institution Development Fund	-	-
5.3 Dividend Equalization Fund	-	-
5.4 Special Reserve Fund	-	-
5.5 Assets Revaluation Reserve	-	-
5.6 Deferred Tax Reserve	17,114,995	17,838,082
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6. Accumulated Profit/(Loss)	(1,346,805,633)	(1,642,021,963)
7. Exchange Equalization Fund	-	-
<b>Total</b>	<b>(885,776,318)</b>	<b>(1,278,375,161)</b>

## Schedule 4.3

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

Amount in NPR

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
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. ....	-	-
<b>Total (1+2+3)</b>	<b>-</b>	<b>-</b>

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

## Schedule 4.4

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

Amount in NPR

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

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

Particulars	Amount in NPR	
	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Non-Interest Bearing Accounts:		
A. Current Deposits	-	-
1. Local Currency	-	-
1.1 Nepal Government	-	-
1.2 "A" Class Licensed Institutions	-	-
1.3 Other Licensed Financial Institutions	-	-
1.4 Other Organized Institutions	-	-
1.5 Individuals	-	-
1.6 Others	-	-
2. Foreign Currency	-	-
2.1 Nepal Government	-	-
2.2 "A" Class Licensed Institutions	-	-
2.3 Other Licensed Financial Institutions	-	-
2.4 Other Organized Institutions	-	-
2.5 Individuals	-	-
2.6 Others	-	-
B. Margin Deposits	-	-
1 Employee Guarantees	-	-
2 Guarantee Margin	-	-
3 Letters of Credit Margin	-	-
C. Others	-	-
1. Local Currency	-	-
2 Financial Institutions	-	-
3 Other Organized Institutions	-	-
4 Individuals	-	-
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
Total of Non-Interest Bearing Accounts	-	-
2 Interest Bearing Accounts:		
A. Savings Deposits	21,948,153	21,768,546
1. Local Currency	21,948,153	21,768,546
1.1 Organized Institutions	-	-
1.2 Individuals	21,948,153	21,768,546
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
B. Fixed Deposits	-	-
1. Local Currency	-	-
1.1 Organized Institutions	-	-
1.2 Individuals	-	-
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
C. Call Deposits	119,778,842	273,875,894
1. Local Currency	119,778,842	273,875,894
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Institutions	21,561,571	45,858,222
1.3 Other Organized Institutions	97,256,698	227,066,153
1.4 Individuals	960,572	951,519
1.5 Others	-	-
2. Foreign Currency	-	-
2.1 "A" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions	-	-
2.3 Other Organized Institutions	-	-
2.4 Individuals	-	-
2.5 Others	-	-
D. Certificate of Deposit	-	-
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
<b>Total of Interest Bearing Accounts</b>	<b>141,726,995</b>	<b>295,644,440</b>
<b>Total Deposit (1+2)</b>	<b>141,726,995</b>	<b>295,644,440</b>

Schedule 4.6

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

Amount in NPR

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Local Currency	-	-
2. Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

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

Amount in NPR

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Pension/Gratuity Fund	5,166,197	3,648,557
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	-	-
4. Provision for Staff Bonus	-	-
5. Interest Payable on Deposits	-	-
6. Interest Payable on Borrowings	-	-
7. Unearned Discount and Commission	-	-
8. Sundry Creditors	78,921,221	312,580,635
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	246,660	246,660
12. Others	364,244,332	411,362,149
<b>Total</b>	<b>448,578,410</b>	<b>727,838,001</b>

Schedule 4.8

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

Amount in NPR

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Local Currency (including coin)	360,522	90,431
2. Foreign Currency	-	-
<b>Total</b>	<b>360,522</b>	<b>90,431</b>



Schedule 4.9

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

Amount in NPR

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

Schedule 4.10

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

Amount in NPR

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

Schedule 4.11

**Capital Merchant Banking & Finance Ltd.**  
**Money at Call and Short Notice**  
**As on 31 Ashad, 2080 (16 July, 2023)**

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.12

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

Particulars		Purpose		As on 31 Ashad, 2080	As on 32 Ashad, 2079
		Trading	Other		
1	Nepal Government Treasury Bills	-	-		-
2	Nepal Government Savings Bond	-	-		-
3	Nepal Government Other Securities	-	-		-
4	Nepal Rastra Bank Bonds	-	-		-
5	Foreign Securities	-	-		-
6	Local Licensed Institutions	-	-		-
7	Foreign Banks		-		-
8	Organized Institutions Shares	29,200	-	29,200	29,200
9	Corporate Bonds and Debentures	-	-		-
10	Other Investments	-	-		-
	<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>29,200</b>	<b>29,200</b>
	<b>Provision</b>	<b>2,200</b>	<b>-</b>	<b>2,200</b>	<b>2,200</b>
	<b>Net Investment</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>

Schedule 4.12 (A)

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

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

Schedule 4.12.1

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

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

Schedule 4.12.2

**Capital Merchant Banking & Finance Ltd.**  
**Held to Maturity**

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

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

Schedule 4.12.3

**Capital Merchant Banking & Finance Ltd.**  
**Available for Sale**

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

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	



Schedule 4.13

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

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

Schedule 4.13 (A)

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

Amount in NPR		
Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
<b>(A). Secured</b>	<b>797,262,153</b>	<b>1,283,908,231</b>
1. Movable/Immovable Assets	794,992,816	1,281,638,895
2. Guarantee of Local Licensed Institutions	-	-
3. Government Guarantee	-	-
4. Internationally Rated Bank Guarantee	-	-
5. Export Documents	-	-
6. Fixed Deposit Receipts	-	-
a) Own Fixed Deposit Receipt	-	-
b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7. Government Bonds	-	-
8. Counter Guarantee	-	-
9. Personal Guarantee	-	-
10. Other Securities	2,269,336	2,269,336
<b>(B). Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>797,262,153</b>	<b>1,283,908,231</b>



Schedule 4.14

**Capital Merchant Banking & Finance Ltd.**

**Fixed Assets**

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

Amount in NPR

Particulars	Assets					As on 31 Ashad, 2080	As on 32 Ashad, 2079
	Building	Vehicles	Machinery	Office Equipment	Others		
1 At Cost	-	-	-	-	-	-	-
a. Previous Year Balance	32,375,349	12,042,835	26,858,478	10,078,741	6,055,314	87,410,717	86,476,514
b. Addition This Year	-	7,799	-	-	-	7,799	1,107,371
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	-	-	-	-
e. This Year Written off	-	-	-	-	-	-	173,167
<b>Total Cost (a+b+c-d-e)</b>	<b>32,375,349</b>	<b>12,050,634</b>	<b>26,858,478</b>	<b>10,078,741</b>	<b>6,055,314</b>	<b>87,418,516</b>	<b>86,476,514</b>
2 Depreciation	-	-	-	-	-	-	-
a. Up to Previous Year	16,811,259	11,787,349	26,495,225	10,039,534	6,005,422	71,138,790	70,169,779
b. For This Year	778,204	51,617	54,488	9,802	7,484	901,595	969,011
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>17,589,464</b>	<b>11,838,966</b>	<b>26,549,713</b>	<b>10,049,336</b>	<b>6,012,906</b>	<b>72,040,385</b>	<b>71,138,790</b>
3 Book Value (WDV*) (1-2)	14,785,885	211,668	308,766	29,405	42,408	15,378,131	16,271,927
4 Land	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending Capitalization)	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	-	-
<b>Total (3+4+5+6)</b>	<b>14,785,885</b>	<b>211,668</b>	<b>308,766</b>	<b>29,405</b>	<b>42,518</b>	<b>78,883,483</b>	<b>79,777,279</b>

Schedule 4.15

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

Amount in NPR

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		As on 31 Ashad, 2080	As on 32 Ashad, 2079
			In %	In Amount		
Irada Builders Pvt. Ltd. KMPC-34	2072.05.16	20,335,799	100%	20,335,799	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>Grand Total</b>		<b>20,335,799</b>	<b>100%</b>	<b>20,335,799</b>	<b>-</b>	<b>-</b>

Schedule 4.16

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

Amount in NPR

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

Schedule 4.16 (A)

Amount in NPR

Particulars	As on 32 Ashad, 2080	As on 32 Ashad, 2080	As on 31 Ashad, 2079
	More Than 3 Years		
1. Accrued Interest on Loan	-	2,883,791,193	2,523,655,842
2. Drafts Paid without Notice	-	-	-
3. Branch Adjustment Account	-	-	-
4. Local and Foreign Agency A/Cs	-	-	-

Schedule 4.17

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

Amount in NPR

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
1. Claims on Institution but not accepted by the Institution	-	-
2. Letters of Credit (Full Amount)	-	-
a). Less than 6 months Maturity	-	-
b). More than 6 months Maturity	-	-
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	-	-
a). Bid Bonds	-	-
b). Performance Bonds	-	-
c). Other Guarantees/Bonds	-	-
5. Unpaid Shares in Investment	-	-
6. Forward Exchange Contract Liabilities	-	-
7. Bills under Collection	-	-
8. Acceptance and Endorsements	-	-
9. Underwriting Commitments	-	-
10. Irrevocable Loan Commitments	-	-
11. Counter Guarantee of Internationally Rated Banks	-	-
12. Advance Payment Guarantee	-	-
13. Financial Guarantee	-	-
14. Contingent Liabilities on Income Tax	-	-
15. Capital Commitment net of Advance Payment	-	-
16. -----	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



Schedule 4.18

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

Amount in NPR

Particulars	This Year	Previous Year
A. On Loan, Advances and Overdraft	-	1,477,047
1. Loans and Advances	-	1,477,047
2. Overdraft	-	-
B. On Investment	-	-
1. Nepal Government Securities	-	-
a. Treasury Bills	-	-
b. Development Bonds	-	-
c. National Savings Certificates	-	-
2. Foreign Securities	-	-
a. ....	-	-
b. ....	-	-
3. Nepal Rastra Bank Bond	-	-
4. Debenture and Bonds	-	-
a. Financial Institutions	-	-
b. Other Organizations	-	-
5. On Interbank Placement	-	-
a. Bank and Financial Institutions		
b. Other Organizations	-	-
C. On Agency Balances	-	-
1. Local Banks	-	-
2. Foreign Banks	-	-
D. On Money at Call and Short Notice	-	-
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	-	-
E. On Others	17,160,591	7,358,081
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others-Deposit with other Fis	17,160,591	7,358,081
<b>Total</b>	<b>17,160,591</b>	<b>8,835,128</b>

Schedule 4.19

**Capital Merchant Banking & Finance Ltd.**  
**Interest Expenses**  
**For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)**

Amount in NPR

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

Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**  
**Commission and Discount**  
**For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)**

Amount in NPR

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

Schedule 4.21

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

Amount in NPR

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

Schedule 4.22

**Capital Merchant Banking & Finance Ltd.**  
**Exchange Gain/Loss**  
**For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)**

Amount in NPR

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

Schedule 4.23

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

Amount in NPR

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

**Capital Merchant Banking & Finance Ltd.**  
**Other Overhead Expenses**  
**For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)**

Amount in NPR

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

**Capital Merchant Banking & Finance Ltd.**

Schedule 4.25

**Provision for Possible Losses**
**For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)**

Amount in NPR

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

Schedule 4.26

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

Amount in NPR

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

Schedule 4.27

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

Amount in NPR

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

Schedule 4.28

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

Amount in NPR

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

Schedule 4.28 (a)

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

Amount in NPR

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

Schedule 4.29

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

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

Amount in NPR

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

Schedule 4.30

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

Amount in NPR '000'

Particulars	As on 31 Ashad, 2080	As on 32 Ashad, 2079
<b>A). Core Capital</b>	<b>32,176</b>	<b>(361,146)</b>
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	441,303	343,197
6. Cumulative Profit/(Loss) (up to Previous FY)	(1,739,951)	(1,883,586)
7. Current Year Profit/(Loss) as per shown in Balance Sheet	393,145	241,564
8. Capital Redemption Reserve	-	-
9. Capital Adjustment Reserve	-	-
10. Calls in Advance	-	-
11. Other Free Reserves	-	-
12. Deferred Tax Reserve	17,115	17,838
Less :	17,117	17,840
Goodwill		
Investment in excess of prescribed limit	2	2
Fictitious Assets	17,115	17,838
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>B). Supplementary Capital</b>	<b>-</b>	<b>-</b>
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	-	-
<b>C). Total Capital Fund (A+B)</b>	<b>32,176</b>	<b>(361,146)</b>
<b>D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:</b>		
Capital Fund (@ 10 Percent)	18,438	162,414
Core Capital (@ 6 Percent)	11,063	88,590
Capital Fund Surplus/ (Deficit)	13,738	(523,560)
Core Capital Surplus/ (Deficit)	21,113	(449,736)

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

Amount in NPR '000'

On-Balance Sheet Assets	Risk Weighted (%)	As on 31 Ashad, 2080		As on 32 Ashad, 2079	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	361	-	90	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	9,562	-	3,108	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds	0	-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	499,235	99,847	563,897	112,779
Fully Secured FDR Loan against Fixed Deposit Receipt of other Licensed Banks and Financial Institutions	20	-	-	-	-
Balance with Foreign Banks	20	-	-	-	-
Money at Call	20	-	-	-	-
Loan against the guarantee of Internationally Rated Banks	20	-	-	-	-
Other Investments with Internationally Rated Banks	20	-	-	-	-
Interbank Lending	20	-	-	-	-
Investments in Shares, Debentures and Bonds	100	29	29	29	29
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	-	-	-	-
Fixed Assets	100	78,883	78,883	79,777	79,777
Other Interest Receivable ( Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	-	-	-	-
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>588,070</b>	<b>178,760</b>	<b>646,901</b>	<b>192,586</b>
<b>Off Balance Sheet Items:</b>					
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets (A+B)</b>		<b>588,070</b>	<b>178,760</b>	<b>646,901</b>	<b>192,586</b>





**RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK**

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

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



Schedule 4.31

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

Particulars	Indicators	FY 2075/76	FY 2076/77	FY 2077/78	FY 2078/79	FY 2079/80
1. Percent of Net Profit/Gross Income	Percent	1,324	(25)	(130)	2,176	2,081
2. Earning Per Share	Rs.	11.10	(0.21)	(0.51)	32.43	52.46
3. Market Value Per Share	Rs.	131	131	131	131	131
4. Price Earning Ratio	Percent	11.80	(636.49)	(256.27)	4.04	2.50
5. Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6. Cash Dividend on Share Capital	Percent	-	-	-	-	-
7. Interest Income/Loan & Advances	Percent	0.00	-	-	0.12	-
8. Staff Expenses/Total Operating Expenses	Percent	54.85	57.55	57.76	50.23	61.08
9. Interest Expenses / Total Deposit and Borrowing	Percent	1.31	1.17	1.11	1.72	6.03
10. Exchange Gain/Total Income	Percent	-	-	-	-	-
11. Staff Bonus/Total Staff Expenses	Percent	-	-	-	-	-
12. Net Profit/Loan and Advances	Percent	6.53	(0.12)	(0.30)	23.62	61.53
13. Net Profit/Total Assets	Percent	45.44	(0.88)	(3.02)	43.44	76.69
14. Total Credit/Deposit	Percent	458.79	455.79	454.25	434.27	562.53
15. Total Operating Expenses/Total Assets	Percent	1.86	1.79	2.74	0.75	0.71
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	(38.69)	(39.03)	(39.83)	(24.61)	17.45
b) Supplementary Capital	Percent	-	-	-	-	-
c) Total Capital Fund	Percent	(38.69)	(39.03)	(39.83)	(24.61)	17.45
17. Liquidity (CRR)	Percent	0.90	0.00	0.00	0.00	0.022
18. Non-Performing Loan/Total Credit	Percent	100.00	100.00	100.00	100.00	100.00
19. Weighted Average Interest Rate Spread	Percent	7.00%	1.00%	1.00%	1.00%	1.00%
20. Book Net-Worth	Rs.	(639,816,311)	(641,750,102)	(646,530,006)	(343,305,661)	49,293,182
21. Total Number of Shares	Nos.	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695
22. Total Staff	Nos.	14	14	14	14	13
23. Others						

### Significant Accounting Policies

#### 1. General Information:

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

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

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

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

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

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

#### 2. Summary of Significant Accounting Policies:

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

#### 3. Statement of compliance:

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

#### 4. Basis of Preparation:

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

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

#### 5. Going Concern Assumption:

Though the company has significant accumulated loss amounting to Rs. 1,346,805,633 the management is of view that the company is a going concern with no intention of ceasing its financial activity for the foreseeable future and hence the “Going Concern” assumption has been applied for the preparation of its financial statements.

#### 6. Interest Income:

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

#### 7. Commission Income:

All the commission income is recognized on accrual basis.

#### 8. Interest Expense:

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

#### 9. Loans and Advances including Bills purchased:

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

#### 10. Staff Loans and Advances:

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

#### 11. Loan Loss Provision:

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

#### 12. Write Off:

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

### 13. Investments:

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

### 14. Fixed Assets and Depreciation:

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

### 15. Non-Banking Assets:

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

### 16. Accounting Policy for Non-Capitalization of Assets:

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

### 17. Software Expenses:

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

### 18. Employee Benefits:

#### A. Retirement Fund:

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

#### B. Gratuity:

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

### 19. Stationery Stock:

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

### 20. Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

### 21. Income Tax:

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

### 22. Exchange Gain/Loss:

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

### 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.

### Notes to Accounts

**1) Interest Income and Interest Suspense:**

The interest receivable on loans and advances as on 31 Ashad, 2080 (16 July, 2023) has been transferred to interest suspense account as interest income can be recognized only when realized in cash as per NRB Directives.

**2) Provision for Staff Bonus:**

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

**3) Staff Housing Fund:**

N/A

**4) General Reserve:**

During FY 2079/80, CMBFL has earned net profit of Rs.490,528,007.00 hence, Rs.98,105,601.34 has been transferred to General Reserve during the year.

**5) Calls in Arrears:**

There are no Calls in Arrears at the year end.

**6) Unpaid Dividend:**

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

**7) Investment in Share Capital of other Corporate body:**

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

Book value of shares not listed in Nepal Stock Exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate body at the Balance Sheet date as on 31 Ashad, 2080 (16 July, 2023).

**8) Average interest rate spread:**

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

**9) Expenses to be written off:**

There was no expenses written off during the period.

**10) Single Obligor Limit:**

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

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

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

**12) Classification of Loans & Provisioning:**

Classification of loan as on 31 Ashad, 2080 is as under:

S.N	Category	Amount in NPR '000'
1	Pass	Nil
2	Watchlist	Nil
3	Re-structured	Nil
4	Substandard	Nil
5	Doubtful	Nil
6	Bad	797,262,152.6
	<b>Total</b>	<b>797,262,152.6</b>

**13) Summary Status of the Deposit Liabilities:**

Amount in NPR '000'

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

**14) Leasehold assets detail:**

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

**15) Paid-up Share Capital:**

Paid-up Share Capital of the company as on 31 Ashad, 2080 is Rs.935,069,500.00. There has been no change in the paid-up share capital from previous year.

**16) Detail of Non-Banking Assets:**

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

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

**17) Provision for Gratuity:**

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

During the year Rs.1,517,641 has been charged to Profit and Loss Account as gratuity expenses.

**18) Provision for Leave Encashment:**

The company has provided provision for Leave Encashment as per the Human Resource Policy Rs. 618,284 have been provided for leave encashment under this account head during the year.

**19) Provision for Bank Balance:**

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

**20) Deferred Tax Assets:**

Deferred Tax Assets and Liabilities have been computed as follows:

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

Deferred Tax Assets as on 31 Ashad, 2080 is Rs. 17,114,997.17 and increased in Deferred Tax Assets by Rs. 723,087.30 has been recognized as deferred tax expenses in Profit and Loss Account in the current year.

**21) Going Concern Assumption:**

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

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

**22) Events after the reporting period:**

No such events reported.

**23) Income Tax:**

For tax purpose, self-assessment income tax return has been filed up to financial year 2077/78. CMBFL has completed the re-assessment of income tax by Inland Revenue Department (IRD) as on 19.06.2072 for the financial year 2067/68. For the financial year 2079/80 Rs. Nil has been provided as Income Tax provision. The reversal of provision for loan loss write off amounting Rs. 486,646,078 has not been included in income for tax computation purpose.

**24) Interbank Borrowing:**

The company has no outstanding interbank borrowing.

**25) Minimum Paid-up Capital:**

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

Particulars	Amount (Rs.)
Minimum Paid-up Capital	800,000,000.00
Paid-up Capital of CMBFL as on 31 Ashad, 2080	935,069,500.00

**26) Reporting Currency:**

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

**27) Group/Re-Group:**

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

**28) Prior Period Interest :**

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

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

Schedule 4.34

**Capital Merchant Banking & Finance Ltd.**

**Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions**  
For the period ended on 31 Ashad, 2080 (17 July, 2022 to 16 July, 2023)

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



**नेपाल राष्ट्र बैंक**  
**वित्तीय संस्था सुपरिवेक्षण विभाग**

पत्रसंख्या : वि.सं.सु.वि./०८१/८२ च.नं.१८५

श्री क्यापिटल मार्केट बैंक एण्ड फाइनेन्स लिमिटेड  
बत्तीसपुतली, काठमाडौं ।



केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं  
फोन नं. ०१५७१९६९०  
फैक्स नं. ०१-५७१९६४४/५७१९६४९  
E-mail: nrbfsd@nrb.org.np  
Web: www.nrb.org.np  
पोस्ट बक्स नं. ७३

मिति : २०८१/०९/०५

**विषय: आ.व. २०६७/६८ देखि आ.व. २०७९/८० सम्मका १३ आर्थिक वर्षहरूका वार्षिक वित्तीय विवरणहरू प्रकाशन गर्न सहमति प्रदान गरिएको सम्बन्धमा ।**

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०६७/६८, आ.व.२०६८/६९, आ.व.२०६९/७०, आ.व.२०७०/७१, आ.व.२०७१/७२, आ.व.२०७२/७३, आ.व.२०७३/७४, आ.व.२०७४/७५, आ.व.२०७५/७६, आ.व.२०७६/७७, आ.व.२०७७/७८, आ.व.२०७८/७९ र आ.व.२०७९/८० सम्मका १३ आर्थिक वर्षहरूका लेखापरीक्षण भएको वित्तीय विवरणहरू उपरोक्त वर्षहरूको लागि संयुक्त रूपले सम्पन्न गरिने आगामी वार्षिक साधारण सभा प्रयोजनका लागि प्रकाशन गर्ने स्वीकृति माग गरी पेश हुन आएको सन्दर्भमा देहाय बमोजिमका निर्देशनहरू शेरधनीहरूको जानकारीका लागि त्यस संस्थाले प्रकाशित गर्ने उपरोक्त वर्षहरूको संयुक्त वार्षिक प्रतिवेदनको छुट्टै पानामा उल्लेख गरी पूर्ण रूपमा कार्यान्वयन गर्नुपर्ने शर्त सहित पेश हुन आएका सो १३ आर्थिक वर्षहरूका लेखापरीक्षण भएको वार्षिक वित्तीय विवरणहरू, नाफा वा नोक्सानको विवरणहरू, विस्तृत आयको विवरणहरू (Statements of Comprehensive Income), नगद प्रवाह विवरणहरू, इक्विटीमा भएको परिवर्तनको विवरणहरू, सोसँग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदनहरू लगायतका वार्षिक वित्तीय विवरणहरू संयुक्त वार्षिक साधारण सभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

- (१) संस्थाले हालसम्म प्रचलित नेपाल वित्तीय प्रतिवेदनमान बमोजिम वित्तीय विवरण तयार गरेको नपाइएकोले आगामी आ.व.२०८०/८१ को वित्तीय विवरण अनिवार्य रूपमा नेपाल वित्तीय प्रतिवेदनमान (Nepal Financial Reporting Standard) बमोजिम तयार गरी यस बैंक समक्ष पेश गर्नुहुन ।
- (२) आगामी दिनमा कानुनी व्यवस्था बमोजिम समयमै साधारणसभा सम्पन्न गर्ने तर्फ सजक रहनु हुन ।
- (३) हालको सञ्चालक समितिलाई पूर्णता दिनुहुन तथा सञ्चालक-स्तरीय समितिहरू गठन गरी संस्थागत सुशासन तथा Oversight लाई प्रभावकारी बनाउनुहुन ।
- (४) खराब कर्जा असुलीलाई प्रभावकारी बनाउनुहुन तथा खराब ऋणीहरूलाई अविलम्ब कालोसूचीमा समावेश गर्नुहुन ।
- (५) Sundry Debtors/Sundry Creditors खातामा रहेका रकमहरूको अविलम्ब हिसाब मिलान गरी जानकारी गराउनु हुन ।
- (६) कर्जा व्यवस्थापन, सूचना प्रविधि, सञ्चालन जोखिम लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कौशल्यतहरू पुनः नदोहोरिने व्यवस्था मिलाउनु हुन ।

भवदीय,

(विष्णु कुमार विश्वकर्मा)  
उप निर्देशक

**बोधार्थ:**

- श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।  
श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई ।  
श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, समस्याग्रस्त संस्था रिजोलुशन इकाई ।





## क्यापिटल मर्चेन्ट बैंकिङ्ग एण्ड फाइनेन्स लिमिटेड

"class 'c' financial institution licensed by NRB"

पत्र संख्या : ४९/२०८१/०८२

मिति: २०८१/१०/१०

श्रीमान् कार्यकारी निर्देशक ज्यू,  
नेपाल राष्ट्र बैंक  
वित्तीय संस्था सुपरिवेक्षण विभाग  
बालुवाटार, काठमाडौं ।

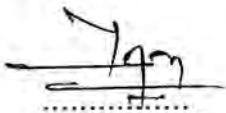
विषय: वित्तीय विवरण प्रकाशन स्वीकृतिका लागि दिइएको निर्देशनको प्रत्युत्तर सम्बन्धमा ।

महोदय,

तहाँको मिति २०८१/०९/०५ पत्रसंख्या: वि.सं.सु.वि./०८१/०८२ च.नं.१८५ बमोजिम यस संस्थाको आ.ब.२०७६/२०७८ देखि आ.ब.२०७९/२०८० सम्मका १३ आर्थिक वर्षहरूका वित्तीय विवरण, संलग्न अनुसूचीहरू र लेखापरीक्षण प्रतिवेदन सहितको विवरण वार्षिक साधारणसभा प्रयोजन र वित्तीय विवरण प्रकाशनको स्वीकृति प्राप्त भएकोमा उक्त पत्रको निर्देशनहरूको सम्बन्धमा हालसम्मको सुधार र निम्नानुसार गरिने व्यहोरा संचालक समितिको निर्णयानुसार तहाँको जानकारीको लागि अनुरोध गर्दछु ।

१. आ.ब. २०८०/२०८१ को वित्तीय विवरण नेपाल वित्तीय प्रतिवेदनमान बमोजिम तयार गरी तहाँ समक्ष पेश गर्ने छौं ।
२. आगामी दिनमा कानूनी व्यवस्था बमोजिम समयमा नै साधारणसभा सम्पन्न गर्ने छौं ।
३. आगामी साधारणसभाबाट संचालक समितिको निर्वाचन गरी पूर्णता दिईने छ । साथै, संचालक स्तरिय समितिहरू गठन गरी संस्थागत सुशासन र Oversight लाई प्रभावकारी बनाईने छ ।
४. खराब कर्जा असुलीलाई थप प्रभावकारी बनाई खराब ऋणीलाई कालो सूचीमा समावेश गर्ने कार्य गर्ने छौं ।
५. पुराना सण्डी डेटर्स/सण्डी क्रेडिटर्स खाता रहेका रकमहरूको आवश्यक हिसाब मिलान गर्ने छौं ।
६. संस्था संचालनका विभिन्न विषयमा आन्तरीक लेखा परिक्षक, बाह्य लेखापरीक्षक र तहाँबाट औल्याएका क्वालिफायरहरूको सुधार, पुनः नदोहीरिने व्यवस्था र तहाँको निर्देशनहरूको अक्षरशः पालना गर्ने छौं ।

भवदीय,



(प्रदीप भट्टराई)

प्रमुख कार्यकारी अधिकृत



बत्तीसपुतली, काठमाण्डौ, फोन नं.: ४-४७१४५८, ४-४९००५५

फ्याक्स: ४-४९६३२९ ईमेल: info@cmbfl.com.np



(दशौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं, उन्नाईसौं, बीसौं, एक्काईसौं र बाईसौं  
बार्षिक साधारण सभाको विशेष प्रस्ताव नं. ३ संग सम्बन्धित)

## क्यापिटल मर्चेण्ट बैकिङ एण्ड फाइनेन्स लिमिटेड बत्तीसपुतली, काठमाण्डौं

दशौं दशौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं, उन्नाईसौं, बीसौं, एक्काईसौं र बाईसौं  
बार्षिक साधारण सभामा  
स्वीकृतको लागि प्रस्तावित प्रबन्धपत्र संशोधनको तीन महले

विशेष प्रस्ताव नं. ३ संग सम्बद्ध प्रबन्धपत्रमा नाम संशोधन, उद्देश्य प्राप्त गर्न गरिने कार्यहरु थप गर्न प्रस्तावित विवरण			
प्रबन्ध पत्रको सम्बद्ध दफा	हालको व्यवस्था	संशोधित/थप व्यवस्था	संशोधन गर्नु पर्ने कारण र औचित्य
दफा १	कम्पनीको नाम: कम्पनीको नाम देहाय बमोजिम हुनेछ ।  यस वित्तीय संस्थाको नाम “क्यापिटल मर्चेण्ट बैकिङ एण्ड फाइनेन्स लिमिटेड” हुनेछ र यस लाई अंग्रेजीमा 'Capital Merchant Banking and Finance Limited' भनिनेछ ।	कम्पनीको नाम: कम्पनीको नाम देहाय बमोजिम हुनेछ ।  यस वित्तीय संस्थाको नाम “अन्नपूर्ण बैकिङ एण्ड फाइनेन्स लिमिटेड” हुनेछ र यस लाई अंग्रेजीमा 'Annapurna Banking and Finance Limited' भनिनेछ ।	व्यवसाय पुनः संचालनको लागि नाम परिवर्तन गर्न अपरिहार्य हुन गएकोले ।
दफा ४	वित्तीय संस्थाको उद्देश्य प्राप्त गर्न गरिने कार्य: व्यवस्था नभएको	वित्तीय संस्थाको उद्देश्य प्राप्त गर्न गरिने कार्यहरु: (र) समाशोधन गृह (Clearing House) को सदस्य भई सो सम्बन्धी कार्य गर्ने । (ल) नेपाल राष्ट्र बैंकले तोकेको शर्तको अधिनमा रही ए.टी.एम. (Automatic Teller Machine) सेवा संचालन गर्ने । (व) नेपाल राष्ट्र बैंकले तोकेको शर्तको अधिनमा रही लकर (Locker) सेवा संचालन गर्ने । (स) नेपाल राष्ट्र बैंकले तोकेको शर्तको अधिनमा रही ईलेक्ट्रोनिक माध्यमबाट हुने बैकिङ (E-Banking), मोबाईल बैकिङ सेवा प्रदान गर्ने । (ष) नेपाल राष्ट्र बैंकबाट ईजाजत प्राप्त गरी ईनवार्ड रेमिटान्स (Inward Remittance), को कारोबार गर्ने । (ह) ईजाजत प्राप्त निकायको स्वीकृति लिई शेयरसंग सम्बन्धित कार्य गर्ने ।	व्यवसायलाई विस्तार गर्न थप व्यवस्था गर्न आवश्यक भएकोले ।

(दशौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं, उन्नाईसौं, बीसौं, एक्काईसौं र बाईसौं  
बार्षिक साधारण सभाको विशेष प्रस्ताव नं. ३ संग सम्बन्धित)

## क्यापिटल मर्चेण्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेड बत्तीसपुतली, काठमाण्डौ ।

दशौं दशौं, एघारौं, बाह्रौं, तेह्रौं, चौधौं, पन्ध्रौं, सोह्रौं, सत्रौं, अठारौं, उन्नाईसौं, बीसौं, एक्काईसौं र बाईसौं  
बार्षिक साधारण सभामा  
स्वीकृतको लागि प्रस्तावित नियमावली संशोधनको तीन महले

विशेष प्रस्ताव नं. ३ संग सम्बद्ध नियमावलीमा संशोधन गर्न प्रस्तावित विवरण			
नियमावलीको सम्बद्ध नियम	हालको व्यवस्था	संशोधित व्यवस्था	संशोधन गर्नु पर्ने कारण र औचित्य
नियम १	कम्पनीको नाम: कम्पनीको नाम देहाय बमोजिम हुनेछ ।  यस वित्तीय संस्थाको नाम “क्यापिटल मर्चेण्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेड” हुनेछ र यस लाई अंग्रेजीमा "Capital Merchant Banking and Finance Limited" भनिनेछ ।	कम्पनीको नाम: कम्पनीको नाम देहाय बमोजिम हुनेछ ।  यस वित्तीय संस्थाको नाम “अन्नपूर्ण बैकिङ्ग एण्ड फाइनेन्स लिमिटेड” हुनेछ र यस लाई अंग्रेजीमा "Annapurna Banking and Finance Limited" भनिनेछ ।	व्यवसाय पुनः संचालनको लागि नाम परिवर्तन गर्न अपरिहार्य हुन गएकोले ।



## नोट तथा टिपोट

## प्रतिनिधि (प्रोक्सी) फाराम

श्री संचालक समिति

क्यापिटल मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेड

बत्तिसपुतली, काठमाण्डौ

### बिषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला ..... म.न.पा./उप.म.न.पा./न.पा./गा.पा. .... वडा नं.....  
बस्ने म/हामी .....ले त्यस वित्तीय संस्थाको शेयरवालाको हैसियतले मिति २०८१/११/०५  
गते सोमवारका दिन हुन गईरहेको १०औं, ११औं, १२औं, १३औं, १४औं, १५औं, १६औं, १७औं, १८औं, १९औं, २०औं, २१औं र २२  
औं वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा  
मतदान गर्नका लागि..... जिल्ला ..... म.न.पा./उप.म.न.पा./न.पा./गा.पा. वडा नं.....बस्ने  
त्यस संस्थाको शेयरवाला श्री.....लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी  
पठाएको छु/छौं ।

प्रतिनिधिको

दस्तखतः

नामः

हितग्राहि खाता नं.:

निवेदकको

दस्तखतः

नाम :

ठेगाना :

शेयर धनी नं.:

हितग्राहि खाता नं.:

शेयर संख्या:

मिति :

## क्यापिटल मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेड

### प्रवेश-पत्र

शेयरधनीको नाम :

शेयरधनी नं./हितग्राहि खाता नं.:

शेयर संख्या :

क्यापिटल मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेडको मिति २०८१/११/०५ सोमवारका दिन हुने १०औं, ११औं, १२औं, १३औं,  
१४औं, १५औं, १६औं, १७औं, १८औं, १९औं, २०औं, २१औं र २२औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश  
पत्र ।

शेयरधनीको हस्ताक्षर: .....

कम्पनी सचिव: .....

द्रष्टव्यः यो निवेदन साधारण सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै संस्थाको केन्द्रीय कार्यालयमा पेश गरिसक्नु पर्नेछ । एक  
भन्दा बढी प्रोक्सीको नाम उल्लेख गरेमा प्रोक्सी रद्द गरिनेछ ।



## Executive Management Team



**Pradeep Bhattarai**  
Chief Executive Officer



**Krishna Pd. Timsina**  
Joint Deputy Operating Officer

## CMBFL Team





**Capital Merchant Banking**  
and Finance Limited  
कॅपिटल मर्चेंट बैंकिङ्ग एण्ड फाइनेन्स लिमिटेड