

# Market Pundit Capital & Merchant Banking Ltd.

**Annual Report for FY 2077/78**

मिति : २०७८ १०६ १२२



**मार्केट पण्डित क्यापिटल एण्ड मर्चेन्ट बैकिङ्ग लि.को चौथो वार्षिक साधारण सभा सम्बन्धी सूचना**

यस कम्पनी मार्केट पण्डित क्यापिटल एण्ड मर्चेन्ट बैकिङ्ग लि.को सञ्चालक समितिको मिति २०७८/०६/१९ गते बसेको बैठकको निर्णय अनुसार कम्पनीको चौथो वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा देहायका प्रस्तावहरू उपर छलफल गरी निर्णय गर्नको लागि कम्पनी ऐन २०६३ को दफा ६७ (२) बमोजिम सम्पूर्ण आदरणीय शेयरधनी महानुभावहरूको जानकारी एवं उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

**सभा बस्ने मिति, समय र स्थान :**

मिति २०७८ कार्तिक महिना १३ गते शनिवार

समय दिउँसो ४ :०० बजे

स्थान कम्पनीको रजिष्टर्ड कार्यालय, ललितपुर.म.न.पा.वडा नं. - १३, ललितपुर

**छलफलका विषय तथा प्रस्तावहरू :**

**१क० सामान्य प्रस्ताव**

- १ सञ्चालक समितिको तर्फ बाट अध्यक्षज्यूको मन्तव्य सहितको आर्थिक वर्ष २०७७/०७८ को वार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने ।
- २ लेखापरीक्षण प्रतिवेदन सहित २०७८ अषाढ मसान्तको वासालत तथा आ.व २०७७/०७८ को नाफा,नोक्सान हिसाब र सोहि अवधिको नाफा नोक्सान बाँडफाँड हिसाब, नगद प्रवाह विवरण लगायत सम्पूर्ण वित्तिय विवरणहरू उपर छलफल गरी पारित गर्ने ।
- ३ सञ्चालक समितिले प्रस्ताव गरे बमोजिम बोनस शेयर तथा नगद लाभांशमा लाग्ने कर प्रयोजन सहित हाल कायम चुक्ता पूँजीको १०.६८ प्रतिशतको दरले हुन आउने रु ५९,८०,८०००र(अक्षरूपी रु उनान्साठी लाख असी हजार आठ सय मात्र ) नगद लाभांश पारित गर्ने ।
- ४ कम्पनी ऐन २०७३ को दफा १११ अनुसार आ.व २०७७/०७८ को लागि लेखापरीक्षकको नियुक्ति गर्ने र निजको पारिश्रमिक निर्धारण गर्न सञ्चालक समितिलाई अख्तियारी दिने ।
- ५ सञ्चालक समिति द्वारा प्रस्तावित आगामी आर्थिक वर्ष २०७८/०७९ को बजेट पारित गर्ने सम्बन्धमा ।
- ६ सञ्चालक समितिले आर्थिक वर्ष २०७७/०७८ मा गरेका काम कारवाही तथा निर्णय अनुमोदन गर्ने सम्बन्धमा ।

**(ख) विशेष प्रस्ताव**

- १ सञ्चालक समितिले प्रस्ताव गरे बमोजिम २०७८ अषाढ मसान्तमा कायम रहेको चुक्ता पूँजीको रु ५,६०,००,०००र( अक्षरूपी रु पाँच करोड साठी लाख मात्र ) को ४२.८६ ५ प्रतिशतले हुने रु २,४०,०१,६००र( अक्षरूपी रु दुई करोड चालीस लाख एक हजार छ सय मात्र ) बराबरको बोनस शेयर लाभांश वितरण गर्ने र सो हद सम्मको जारी पूँजी तथा चुक्ता पूँजी वृद्धि गर्ने प्रस्ताव पारित गर्ने ।
- २ कम्पनीको अधिकृत पूँजी १०,००,००,००० र( अक्षरूपी रु रु दस करोड मात्र ) बाट २५,००,००,०००र( अक्षरूपी रु रु पचिस करोड मात्र )पुर्‍याउन प्रस्ताव पारित गर्ने सम्बन्धमा ।
- ३ कम्पनीको सञ्चालक समितिको चयन, पुनर्गठन तथा कार्यकाल अवधि सम्बन्धमा ।
- ४ सञ्चालकको बैठक भत्ता, सुविधा सम्बन्धमा ।
- ५ यस संस्थाको प्रवन्ध पत्र र नियमावली संशोधन गर्ने सम्बन्धमा ।
- ६ यस संस्थाको प्रवन्ध पत्र र नियमावलीको सञ्चालक समितिको प्रस्तावित संशोधनमा नियमनकारी निकायको निर्देशन बमोजिम कुनै फेरवदल गर्न सुझाव र निर्देशन प्राप्त भए सो बमोजिम आवश्यक संशोधन गर्न संस्थाको सञ्चालक समिति लाई पूर्ण अख्तियारी प्रदान गर्ने सम्बन्धमा ।

**(ग) विविध**

सञ्चालक समितिको आज्ञाले

बिनोद न्यौपाने

कार्यकारी निर्देशक

मार्केट पण्डित क्यापिटल एण्ड मर्चेन्ट बैकिङ्ग लि ।

थप जानकारीको लागि कम्पनीको कार्यालय जावलाखेल, ललितपुरमा सम्पर्क राख्नुहोला । धन्यवाद ।

साधारण सभामा आफ्नो प्रतिनिधि नियुक्त गर्ने निवेदन (प्रोक्सी फारम)

कम्पनी ऐन २०६३ को दफा ७१ को उपदफा (३) संग सम्बन्धित

श्री सञ्चालक समिति

मार्केट पण्डित क्यापिटल एण्ड मर्चेन्ट क.लि.

जावलाखेल, ललितपुर ।

विषय : प्रतिनिधि नियुक्त गरेको बारे ।

महोदय,

.....जिल्ला.....न.पा./गा.पा.वडा नं. ....बस्ने म/हामी .....ले  
त्यस कम्पनीको शेयरधनीको हैसियतले संवत् २०७८ साल कात्तिक महिना १३ गतेको दिन हुने .....वार्षिक  
साधारण सभामा म/हामी स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त  
सभामा मेरो/ हाम्रो तर्फबाट भागलिन तथा मतदान गर्नका लागि  
.....जिल्ला.....न.पा./गा.पा.वडा नं. ....बस्ने त्यस कम्पनीका शेयरधनी  
श्री.....लाई मेरो/ हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु / छौं ।

प्रतिनिधि नियुक्त भएको व्यक्ति :-

हस्ताक्षरको नमुना :

शेयरधनी नं. :

शेयरप्रमाणपत्र नं. :

मिति :

निवेदक

दस्तखत :

नाम :

ठेगाना :

शेयरप्रमाणपत्र नं. :

शेयर संख्या :

द्रष्टव्य : यो निवेदन साधारण सभा हुनु भन्दा कमिमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालयमा पेश  
गरी सक्नु पर्नेछ ।



<b>1. Corporate Information</b>	<b>Page No</b>
• Company Profile .....	6
• Vision, Mission & Core Values .....	8
• Competitive Strength, Financial Goals and Products & Services .....	9-11
<b>2. Goal For The Year</b> .....	<b>12</b>
<b>3. Operating and Financial Review</b>	
• Director's Profile .....	16
• Corporate Governance Information .....	19
• Message from the Chairman .....	20
• Financial Performance and Growth Overview .....	21-23
<b>4. Market Analysis</b>	
• Macroeconomic Outlook .....	25
• Nepal's Economic Outlook .....	28
• Security Market Analysis .....	29
• Sectoral Analysis .....	33
<b>5. Governance</b>	
• Board Structure .....	35
• Board Committee .....	38
• Organizational Structure .....	40
<b>6. Financial Statement</b>	
• Auditor's Report .....	42
• Statement of Financial Position .....	44
• Statement of Profit and Loss .....	45
• Statement of Cashflow .....	46
• Notes to Accounts .....	58
<b>7. Future Business Plan</b> .....	<b>66</b>
<b>8. Employee Profile</b> .....	<b>68</b>
<b>9 Promoter's Message</b> .....	<b>71</b>





# 1. Corporate Information

---

# Company's Profile

Establishment of Market Pundit Capital and Merchant Banking Ltd. dates back to Asadh 15<sup>th</sup> 2075 BS as a Private Ltd., Portfolio Management Company which later got converted to Public Ltd. company on Bhadra 22<sup>nd</sup> 2076 BS. Market Pundit is established with a goal to diversify its business into different arenas of Investment Banking. Currently, it has been managing its core fund during the process of obtaining license to make its significant brand image in the existing industry. It gives us immense pleasure to put ahead the information among the shareholders about the recognition that Market Pundit has been able to achieve in this competitive market in a short span of time.

The operational team of experienced, qualified employees and steward board members who has worked dedicatedly for the growth and achievement of the set targets put forward by the organization. With each passing year company has been able to record its exponential growth on every parameter. However, company thrives to achieve record breaking targets once it comes into full operation as a merchant banker providing its clients with a very competitive and rewarding results in an established industry.

Market Pundit has been able to operate confidently since the inception of the company and despite being a newbie in the industry it has successfully been able to come into break even since the second year of its operation covering all of its cost including initial set up cost. This has enabled the organization to back the confidence with its initial phase of operation to expand its vision for tremendous future growth once it starts acquiring clients after the completion of licensing process.



The licensing process was anticipated to be completed in the year 2020 but as due to the current impact of the worldwide pandemic of covid-19, the regulatory process was put on hold due to frequent lockdowns. However, we are expecting to be a licensed within this year if there are no barriers in the process.



The Board Members of MPCMBL has envisioned growth plans with a very competitive client base in the merchant bank industry and we believe we will easily be able to compete with the overall industry's performance. We have very experienced professional of the industry in the board members with existing market exposure which will help the company expand its client base as per the expectations.

In the dynamic and cultured environment of the work space, Market Pundit has been able to perform with significant growth in the EPS from Rs.5.90 (FY 2076/77) to Rs. 64.18(FY 2077/78). With the current dedication of the organization to deploy the firm's fund in the market to set an exemplary view among its prospective clients to win over their trust, we believe it has achieved satisfactory returns. Market Pundit has steadily started to build a base of strong foundation in the capital market. And it is believed that we will ace over every milestones over the coming years to hold a significant portion of the market share in the merchant bank industry.





## VISION

“To be the most sought-after portfolio management and advisory service.”

## MISSION

“To provide portfolio management and advisory services to the clients as per their needs and requirements.

## Core Values

- Capital Growth
- Safety of principal Amount Invested
- Liquidity
- Marketability of Securities Invested in
- Diversification of Risk
- Consistent Return

## People and Culture

At Market Pundit, qualified and work ethic driven employees are acquired to maintain the corporate culture of company which represents the core values, belief, team work of an organization. We constantly assess performance of our employees and work on overall career development.

## Objective and Goals

Provide PMS Service related to Discretionary and Non-discretionary portfolio management

Advisory services to investors about investments

Training and research program related to investment

Provide service related to private equity management



## Competitive Strength

MPCMBL possess an enviable group of workforce and experts in the investment profession which has enabled it to thrive in such a competitive market. Foundation to our success is number of self-reinforcing competitive strengths within this business. The major competitive strength that we believe is the exceptional talent of the entire Market Pundit team. Our boards have made great reputations in the Market which has enabled us to gain trust among our shareholders. Market Pundit has built a reputation among the public that will help them with the attainment of prospective clients easily. With the knowledge and years on experience of the involved members of the entire team the company has been able to make a differentiation among its competitors.

We operate in the industry where people and the relationship they build are paramount. And with the well-established trust and reputation of MPCMBL in the market, customer acquisition and maintaining a great relationship with the clients will resonate as the strength for the Company.

We also have well diversified and scholar team of employee who has been able to perform with utmost dedication and are of par excellence in their respective domain. With the dynamic background and a challenging environment that all employees are put through has enable each one of them to work effectively and helped in easy attainment of the visions put forward by the board members.

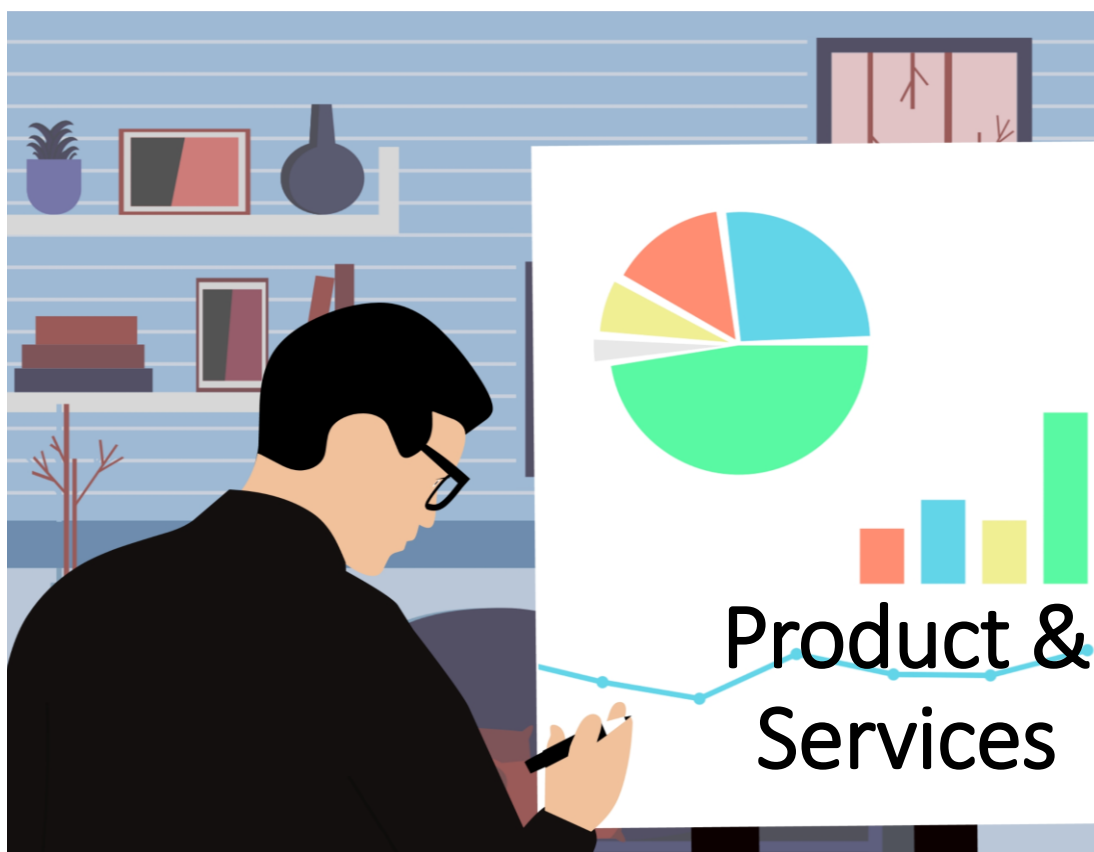




Our agenda is to be one of the major shareholder in the financial capital market and become the bridge between uniformed but willing investors of the capital Market. As the merchant bank we aim to provide with the best economical and viable service with customized service to all of our prospective client taking into the consideration of the fact of the risk appetite and their financial need.

At Market Pundit, the major goals set forth is described below:

- Growing and strengthening existing businesses
- Expanding our footprint, to achieve higher market share.
- Diversifying our services and expanding our addressable market, for more durable earnings operating more efficiently, leading to higher margins and returns.
- Future plan to come up with best corporate advisory business for its prospective clients.
- Manage a strong team for market research so as to aid the client acquisition process and build trust factor with suitable studies supporting practical market parameters for better judgements.
- Develop products for investments considering last market base and suitable for diverse range of requirement by clients.



- **A. Market Pundit** is operating with a vision of providing Portfolio Management Service to its potential Clients after the completion of the licensing process. However, to understand the business nature and complexity of work the team is already managing its core fund and has been deploying in the market since the inception of the institution and has been able to earn significant proportion of profit to its initial investments. The initial investment will act as a benchmark for the clients for the comparison of performance to the other competing firms.
- As the new entrants in the business of financial matters of an individual client, understanding the criticality of the profession our management decided to give a comparability factor and gain trust among the prospective clients.
- Currently, Market Pundit has been managing its core capital of Rs. 5.6 crore as of this year 2077/78 with the overall growth of 88.22% as compared to the growth of 14.09% of 2077/76.
- It is projected to acquire client's portfolio of worth 30 Crore as Asset Under Management in the year of licensing which will further increase the profitability of Market Pundit.

## Product Type

### A. Discretionary Portfolio Management Service

The Portfolio manager individually and independently manages the funds and securities of each client in accordance with the needs of clients.

### B. Non-Discretionary Portfolio Management Service

Under the non-discretionary portfolio management service, the portfolio manager manages the fund in accordance with the discretions of the clients.

However, there are plans of further modification to be tailored in the nature of PMS so as to make it suitable to diverse range of client base.



## 2. Goals For The Year

---



To Obtain PMS/Corporate Advisory License

To Obtain AUM of around Rs. 50 Cr.

To Increase EPS by 25 %

Expansion of Office Space

Focus more on Corporate Governance

### 3. Operating and Financial Review





# Market Pundit Capital & Merchant Banking Ltd. Board of Directors



# Director's profile

## **Deepak Muni Bajracharya** *Chairman*

Mr. Bajracharya is an MBA graduate from Tribhuvan University in with more than 26 years of working experience in the field of Finance, Administration, Human Resources, Project Management, and Capital Market. He is also involved in the investment industry, capital market, import, and digital business. Wherein the investment profession, customer satisfaction and wealth maximization are the ultimate goal. Therefore, the involvement of Mr. Bajracharya as a Chairman in Market Pundit is a real value addition.



## **Binod Purush Neupane** *Executive Director*

Mr. Neupane resides in the position of the Executive Director in the Board with more than 16 years of experience in the grounds of operations and management. He holds a Bachelor's Degree in Business Studies From Nepal Commerce Campus and Executive PG in Management from IMT Ghaziabad. He is a successful entrepreneur and currently associated with various sectors of business. He is a versatile personality with a wide range of knowledge base for the management level. With his active involvement and sheer guidance, Market Pundit has been able to efficiently & effectively manage the organization.



## **Umesh Nakarmi** *Director*

Mr. Nakarmi holds a bachelor in Science from Amrit Science College, Kathmandu. He holds the designation of director in the Market Pundit. He is a professional with 26 years of experience in the field of the capital market, import Export, construction, and investment industry. Under his Leadership and involvement both the companies have been able to achieve both wealth and profit maximization. Being one of the crucial member of BOD, market pundit has been able to flourish with the expertise and sincere guidance he has been imparting since the inception of the organization. With such a strong base foundation in the major designations in many companies along with his years and years of prowess in the capital market, he has been a valuable addition in a true sense to the Market Pundit Team.



## **Ratna Kazi Tuladhar**

### ***Director***

Mr. Tuladhar holds a Bachelor in Commerce from Tribhuvan University, Kathmandu. He holds the designation of director in the Market Pundit effective from Shrawan 31<sup>st</sup> 2078 BS.

He worked as an Executive Officer for 34 years. Mr. Tuladhar has demonstrated success in Companies Structuring, Financial Reporting, Admin and HR strengthening while he was at Nepal Film Development Co. Ltd.



## **Sudarshan Muni Bajracharya**

### ***Director***

Mr. Bajracharya is newly appointed director wef. Shrawan 31<sup>st</sup> 2078 BS. in the Market Pundit. He is a MBA graduate from Tribhuvan University, Kathmandu. He is a dynamic, result oriented and dedicated professional with 38 years of commendable experience and in-depth exposure to the entire spectrum of activities involved in Finance & Admin while he was at Nepal Electricity Authority.



**Bishnu Prasad Basyal*****Chief Investment Analyst***

Mr. Basyal is a highly experienced and expert in the capital market with more than 13 years of exposure in the capital markets Industry of India as well as Nepal. He holds the prestigious designation of Charter Financial Analyst (CFA) from ICFAI University, India. He also holds B.A. (ECONOMICS) Panjab University, Chandigarh (U.T.),India. Diploma in Business Finance (ICFAI University, ICFAI University, Dehradun, (Uttaranchal),India). He has special expertise in technical analysis as well which aids as one of the best-suited skills for prompt investment decisions. With the experience in the investment profession he is well informed about the market trends backed with research and analytical skills. He was involved in Mater Capital Services Ltd. Inida as Manager, Research and Advisory, Berkeley Securities Pvt.Ltd. as Sr. Manager, Research and Advisory and Market Pundit Research and Investment Advisory, India as Sr. Researach and Investment Analyst.

**Sanjay Dhakal*****Investment Committee Coordinator***

Mr. Dhakal holds the Proficiency Certificate Level in Business Administration from Shankar Dev Campus, Kathmandu. He is actively involved in the Nepal Capital Market and other entrepreneurship for over 24 years. He has gained a deeper insight into the capital market, investment industry, construction business, and service industry. His expertise and years-long experience have helped Market Pundit to flourish. Top-notch advice from the coordinator is what is required for the prosperous development of an organization as a whole, of which Mr. Dhakal has posed to be a perfect example.





# Corporate Governance Information

The board always acts in the collective interest of the shareholders and becomes aspired for the long term sustainability of the company. The company has complied with all the regulatory requirements as required by the regulatory authorities.

The board sets strategic objectives for the organization, identifies the business objectives and consistently monitors and reviews the management's performance to ensure that the actual performance is in accordance with the annual and long term targets. The Board, may form committees for specific purpose considering the job requirement ascribing specific responsibilities and delegating its authorities and powers to such committees. In FY 2077/78 Market Pundit had formed two board committees: Investment Committee and Accounts & Fund Management Committee which were responsible for taking the informed decisions within their authority and recommend to the board for the achievement of the targeted goals and objectives. There is the proper level of hierarchy in Market Pundit which has fostered healthy working relationship across all levels that ultimately create the working synergy in organization.

In current fiscal year 2077/78, 23 Board meetings are held and all the board members have active participation in the meeting and thoroughly discussed about the achievement of the set goals and objectives and the future long term growth of the organization.





# Message from the Chairman



**Dear Shareholders ,**

I am delighted to welcome all the respected shareholders & officials on behalf of the Board of Directors to the 4<sup>th</sup> Annual General Meeting of Market Pundit Capital & Merchant Banking Ltd (MPCMBL). I gratefully acknowledge your continued trust & support extended to MPCMBL that have bolstered us to progress ahead over the years.

An unpredicted Covid19 health crisis has spread a socio-economic & humanitarian crisis around the world by infecting millions of people & bringing economic activity to a near standstill, as country imposed tight restrictions on physical movement to slow the spread of the virus. The Covid – 19 pandemics has significantly altered the economic outlook of the nation.

Despite the challenges that came our way in FY 2077/78 our proactive approach towards strengthening the organization has helped us to overcome the odds.

MPCMBL generated an 67.77 % Net Profit Margin from the financial activities in the fiscal year 2077/78. The proposed cash dividend & bonus shares for FY 2077/78 is 10.68% and 42.86% respectively. Announcement of cash dividend have significantly increased compared to FY 2076/77 i.e., 4.21 % to 10.68 % & Bonus share is issued for the first time. The strong growth in earnings per share can be witnessed in FY 2077/78, EPS increased from Rs. 5.90 to Rs. 64.18 as on 31<sup>st</sup> Ashad 2078 BS.

We are in process of obtaining a Portfolio Management Service (PMS) license from the Securities Board of Nepal (SEBON). However, due to regulator issues, we are still awaiting the final approval. Hopefully, we will be successful in achieving PMS licenses within FY 2078/79.

The MPCMBL is also developing plans & strategies for adopting the best technology with a view to providing safe & convenient PMS facilities to its customers.

As an organization, we have always believed that our employees are our greatest asset & true brand ambassadors of our culture , core values & we will continuously empower them as they are accountable for the operations at all levels.

I take this opportunity to express my deep sense of gratitude to the shareholders for their continued support & goodwill.

I would also like to thank my fellow board members for their support during the year.

The Board expresses its sincere appreciation for the dedicated services rendered by officers & employees of the MPCMBL at all levels.

Before I conclude, I would like to assure you, that the company has put in place appropriate plans & strategies to bring about the most desirable quality business growth. I seek your continued support & patronage to take the company to new heights. We look forward to continuing this journey along with you to take the MPCMBL to new horizons.

I am excited about our future & look forward to bigger & better things ahead. Lastly, I would like to wish our shareholders “Happy Dipawali & Chhath Parba 2078 and Nepal Sambat 1142.”

DEEPAK MUNI BAJRACHARYA

CHAIRMAN

# Key Financial Highlights

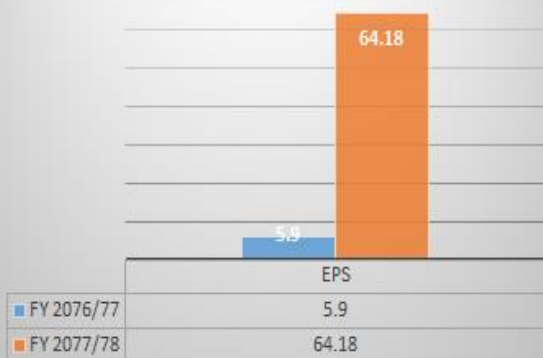
## FY- 2077/78

EPS	Rs.64.18
BVPS	Rs.164.24
ROE	64.18%
ROI	88.17%
Operating Expense	Rs. 63.17 Lakhs
Debt Service Coverage Ratio	6 times
Total Assets	Rs. 11.20 Cr
Total Liabilities	Rs. 2.00 Cr
Profit After Tax	Rs. 3.59 Cr
Total Income	Rs. 5.30 Cr

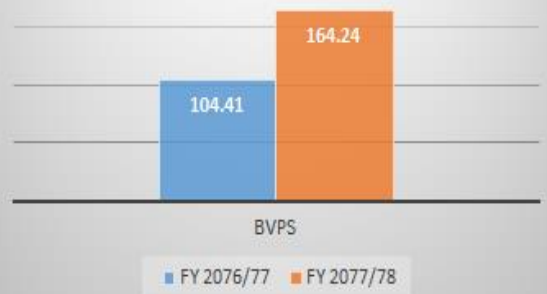
## Financial Growth Overview

	FY 2076/77	FY 2077/78
EPS	Rs. 5.9	Rs. 64.18
BVPS	104.41	164.24
ROE	5.90%	64.18%
ROI	14.09%	88.17%
TOTAL ASSETS	Rs. 60,165,638.3	Rs. 112,066,598.1
TOTAL LIABILITIES	Rs. 1,694,421.14	Rs. 20,094,484.58
PROFIT AFTER TAX	Rs. 3,305,503.2	Rs. 35,938,402.74
OPERATING EXPENSES	Rs. 2,781,081.6	Rs. 6,317,446.01
TOTAL INCOME	Rs. 7,363,709.7	Rs. 53,028,824.23

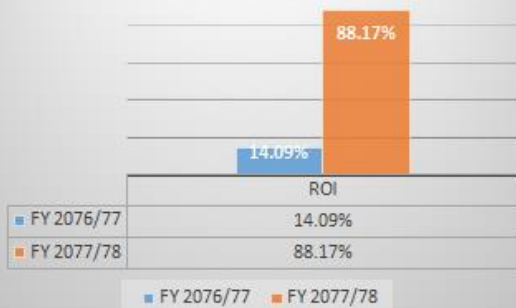
### EPS Growth



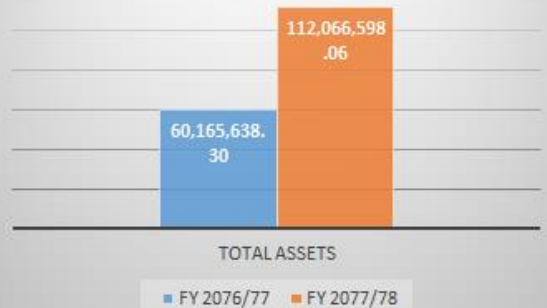
### BVPS Growth



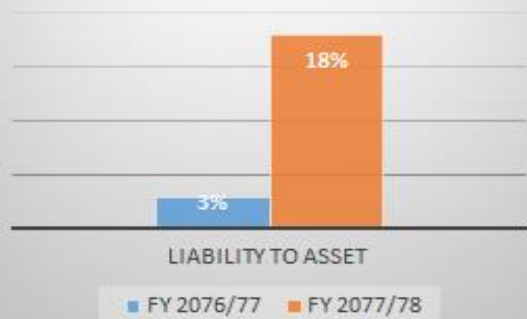
### ROI Growth



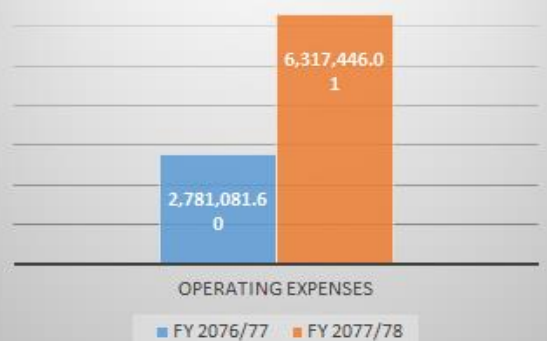
### Total Asset Growth



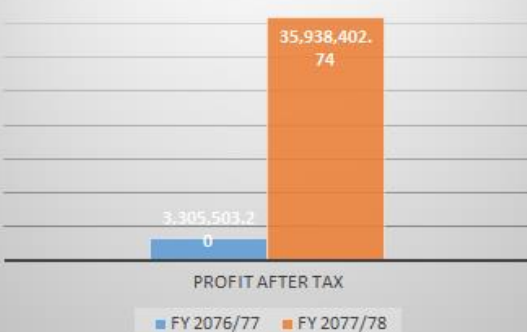
### Liability-Asset Ratio



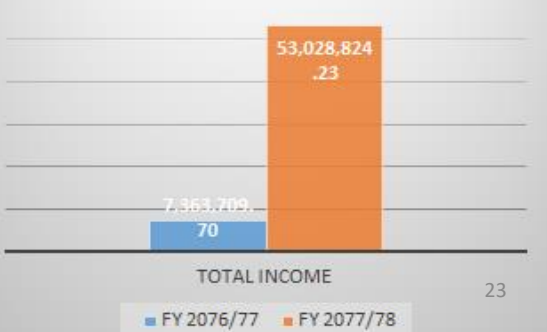
### Operating Expenses



### Profit After Tax



### Total Income



A conceptual image featuring a large magnifying glass with a black frame. A small, stylized figure of a person in a dark suit stands on the top edge of the lens. The background is a solid, light gray. The text '4. Market Analysis' is centered within the lens of the magnifying glass.

## 4. Market Analysis





## Global Economic Outlook

The Global Economy since past two years has been severely affected by the ongoing pandemic of Covid-19 and it is still in the recovery as the pandemic has affected countries globally at different time periods. However, with the vaccine access being emerged along with mostly developed vaccine manufacturing countries being vaccinated to a safe extent and some developing and emerging counties are getting access to the vaccines from the manufacturing countries in slots, the global recover is split into two blocks: those who can look forward to further normalized activities later this year (almost all advance economies) and those that will still face resurgent infections and rising covid death tolls. The recovery, however, is yet not assured even in countries where infections are very low as the virus circulates elsewhere.

The global economy is projected to grow 6% in 2021 and 4.9% in 2022. Most of the economies are expected to recovered from the sudden hit of the pandemic due to pandemic development and changes in policy support. However, the expectations of economy growth in 2022 isn't seen sustainable of the growth of 2021, as recent price pressures for the most part reflect unusual pandemic-related developments and transitory supply-demand mismatches. Inflation is expected to return to its pre-pandemic ranges in most countries in 2022 once these disturbances work their way through prices, though uncertainty remains high.

Economy	2015	2016	2017	2018	2019	2020	2021*	2022*
World	3.4	3.3	3.8	3.5	2.8	-3.2	6	4.9
Advanced Economies	2.2	1.5	2.3	2.1	1.6	-4.6	5.6	4.4
Emerging Market and developing Economies	4.3	4.5	4.8	4.5	3.7	-2.1	6.3	5.2
Middle East and Cental Asia	2.7	4.5	2.6	2.1	1.4	-8.3	6.3	4.2
Emerging and Developing Asia	6.8	6.8	6.7	6.3	5.5	-0.9	7.5	6.4
ASEAN-5	5	5.1	5.5	5.3	4.9	-3.4	4.3	6.3
Emerging and Developing Europe	1	1.9	4.1	3.3	2.1	-2	4.9	3.6
European Union	2.5	2.1	3	2.3	1.7	-6	4.7	4.4
Latin America and Caribbean	0.4	-0.6	1.4	1.1	0	-7	5.8	3.2
Low Income Developing Countries	4.6	3.8	4.8	5.1	5.3	0.2	3.9	5.5

Source-International Monetary Fund-April-2021

During the global impact of covid-19 all the major indices around the world aren't majorly affected in the growth terms, if we consider the major indices around the world, we can see recovery since 2019. However, among these major 5 indices we can see Germany's DAX 30 to be impacted most and has the least percentage change in 2020 and meanwhile the stats of 2021 show China and Japan's indices haven't been able to perform. Whereas, the SENSEX of India has shown the best growth in the past 10 years.

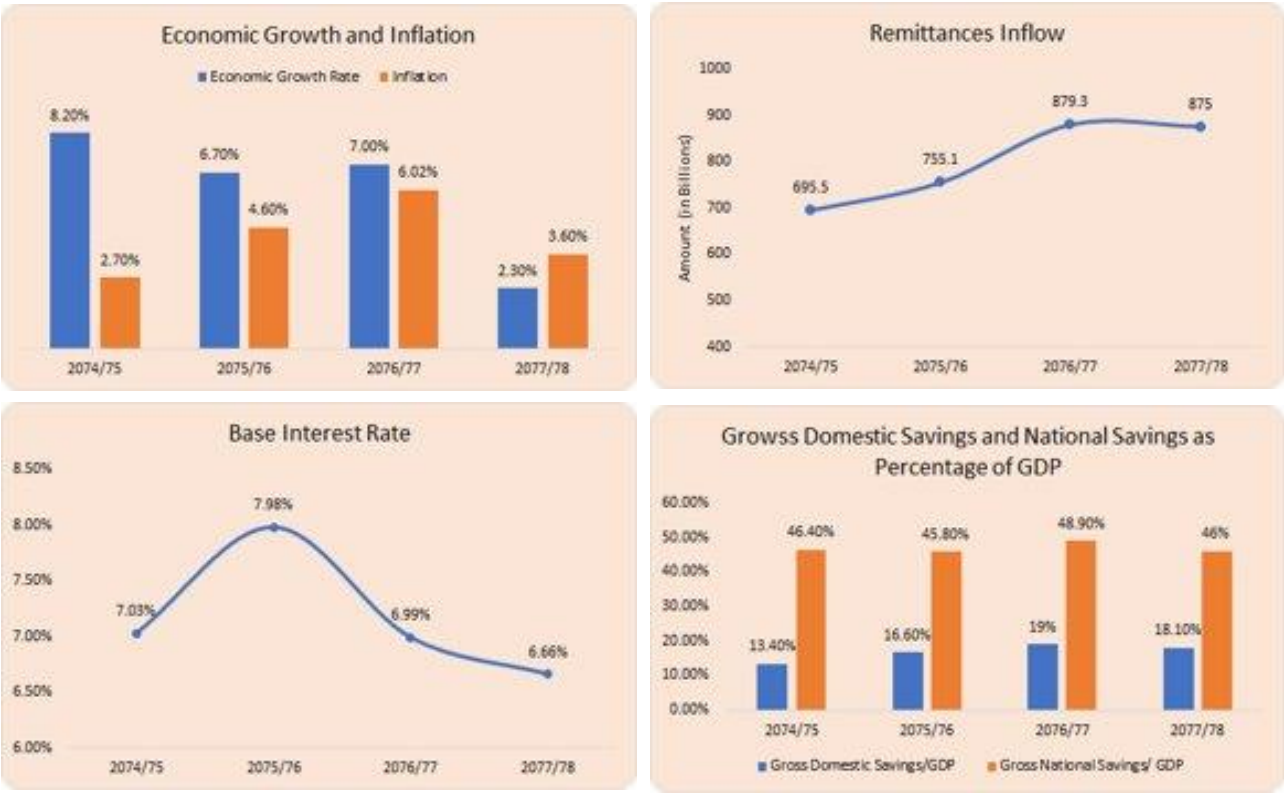
Major Global Indices Cumulative Performance					
	Major Global Indices Cumulative Performance				
Date	S&P500 USA	NIKKEI225 JAPAN	SENSEX INDIA	DAX30 Germany	FTSE CHINA A50 CHINA
2011	0.00%	-17.34%	-25.10%	-14.69%	-17.30%
2012	13.41%	22.94%	25.10%	29.06%	14.60%
2013	29.60%	56.72%	8.50%	25.48%	-11.70%
2014	11.39%	7.12%	29.60%	2.65%	68.80%
2015	-0.73%	9.07%	-5.10%	9.56%	-4.80%
2016	9.54%	0.42%	1.97%	6.87%	-4%
2017	19.42%	19.10%	27.90%	12.51%	35.70%
2018	-6.24%	-12.08%	5.90%	-18.26%	-19.10%
2019	28.88%	18.20%	14.38%	25.48%	42.50%
2020	16.26%	16.01%	15.75%	3.55%	26.50%
2021	20.06%	0.52%	45.55%	15.55%	-16.15%

Source: [www.marketwatch.com](http://www.marketwatch.com)  
<https://www.ftserussell.com/research>  
<https://www.macrotrends.net/>

# NEPAL ECONOMIC OUTLOOK

Due to restriction in economic activities and COVID pandemic, the country has witnessed growth rate of 2.12% which is lowest in last two decade. This growth rate is lower than the growth rate after earthquake of 2071/72. According to Economic Survey of 2077-78, Nepal will achieve growth rate of 4% in coming year if country can control covid spread and its economic damage which is still uncertain and challenging.

Despite the pandemic, majority of the economic indicators were positive during the last year. Nevertheless, travel, tourism, hotel and restaurant, wholesale and retail sector were affected disproportionately in comparison to others. Total investment in year 2076-77 had declined by 30% which is estimated to increase by 18.1% in 2077-78 as per Economic Survey. Similarly, per capita Income in the year 2077/78 will be \$1,191 with increment of 7.8%.



Source: <https://www.nrb.org.np/>

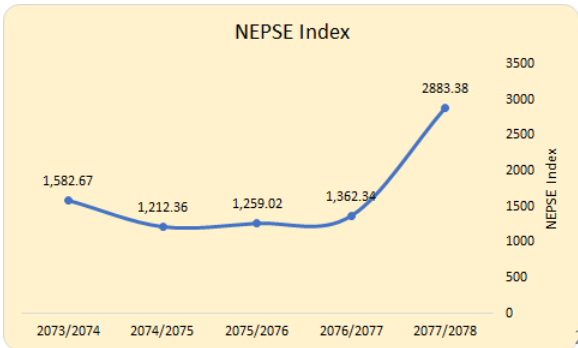
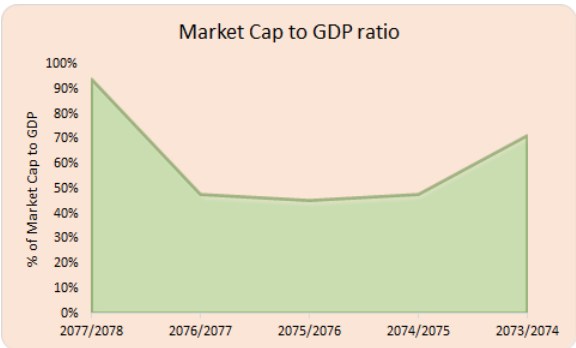
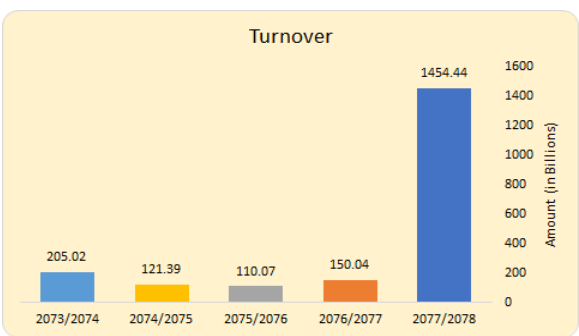
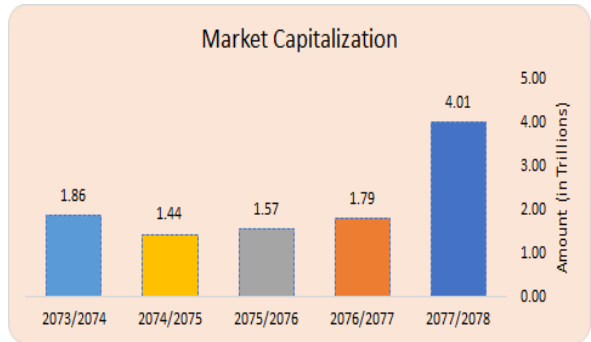


# Securities Market in Nepal

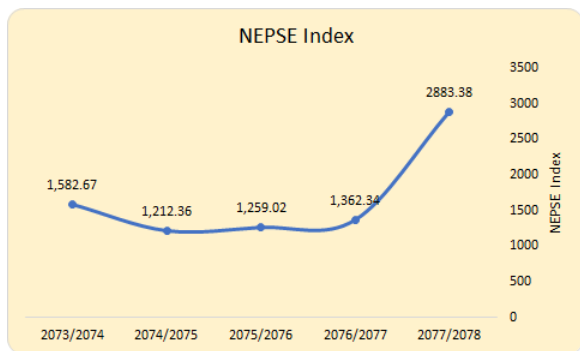
The major information about the securities market in Nepal during the fiscal year 2020/21 are highlighted as follows:

Market Participants in the Securities Markets	Numbers
Licensed Depository Participants	79
Registered Company	207
Registered Mutual Fund	28
Registered Bonds and Debenture	46
Registered Clearing Member	51
Registered DPs in MEROSHARE	79
Registered Bank In C-ASBA	65
Beneficial Owners' Demat Account	4,165,800
No. Of Meroshare Users	3,258,804
No. of Shares in Demat Form	7,272,855,189

Source: <https://cdsc.com.np/>



## NEPSE Index Trend



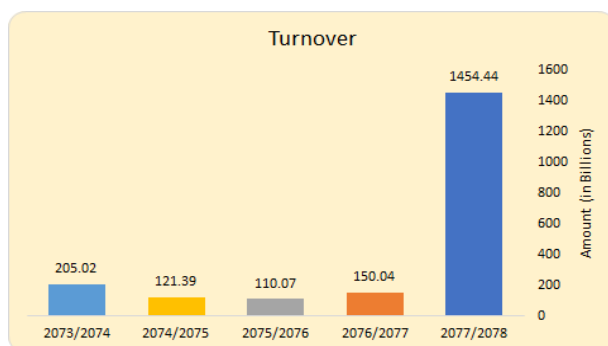
<http://www.nepalstock.com/reports-by-category/7>

Looking at the NEPSE trend, the market has significantly increased from the fiscal year 2076/77 to 2077/78. During the mid July 2021, NEPSE index stood at 2883.41 which has increased by 111.65% that was only 1362.34 during the same time period. During the review period, the NEPSE index stood highest at 3025.83 points on June 14, 2021.

Market capitalization was reported at NPR 4,010,957.81 million in July 15, 2021. This shows an increase of 118.53% in comparison in July 16, 2020 that stood at 1,835,428.29 million. The market capitalization stood at all -time high of 4,216,001.61 million in July 14, 2021. Looking at the above chart, we can see that the market capitalization has increased over the years from fiscal year 2074/75 to fiscal year 2077/78.

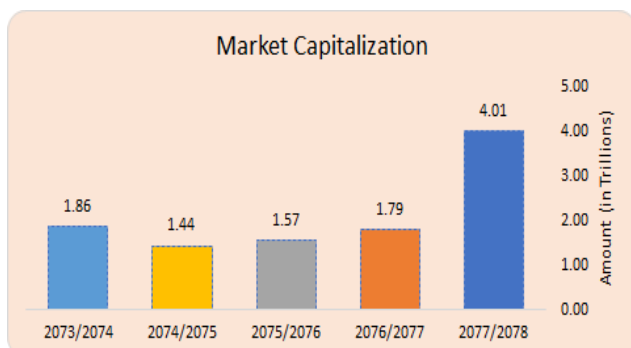
## Turnover

The annual turnover over the past five years on the basis of amount is presented below:



<http://www.nepalstock.com/reports-by-category/7>

## Market Capitalization



<http://www.nepalstock.com/reports-by-category/7>

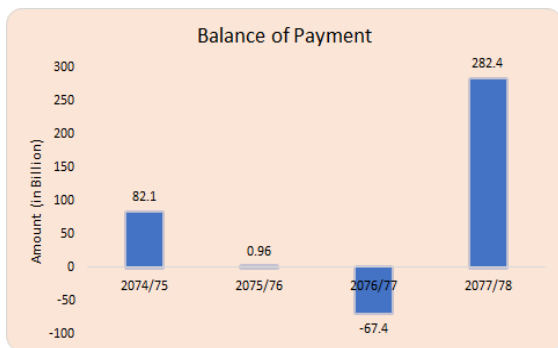
## Listed Companies

The number of listed companies is 252 companies as per the data on NEPSE website which is increased by 23 companies as compared to 229 companies in October end, 2020.

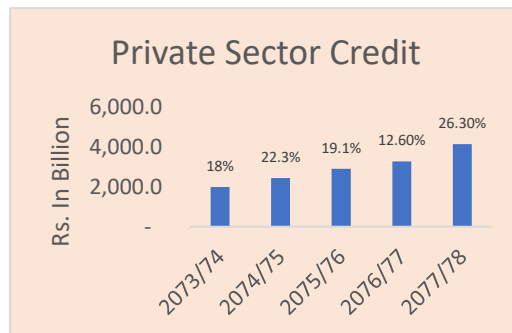
# Primary Market

As per the report published by SEBON on 2078/04/25, there are currently 13 companies that are under preliminary review to get listed in NEPSE for IPO amounting NPR.3,309,427,900. They have submitted the application to Securities Exchange Board of Nepal for the issuance of IPO. Out of them, 7 are hydropower companies, 4 are microfinance companies, 1 is life insurance company and 1 is other company.





Source: <https://www.nrb.org.np/>



Source: <https://www.nrb.org.np/>

The monetary policy has emphasized and encouraged digitization of transactions. The consumer inflation rate for 2077/78 has been maintained at 4.19%. The remittance inflow has increased by 9.8% which increases the liquidity in the Nepalese capital market. The current foreign exchange reserves can sustain the imports for 10.5 months. The base rate of Banks and Financial Institutions has decreased from 8.50% in 2077 to 6.86% in 2078. The credit flow to private sector has increased to 27.3%. Furthermore, the monetary policy provides extension on repayment of loans contributing to increasing liquidity in the market.

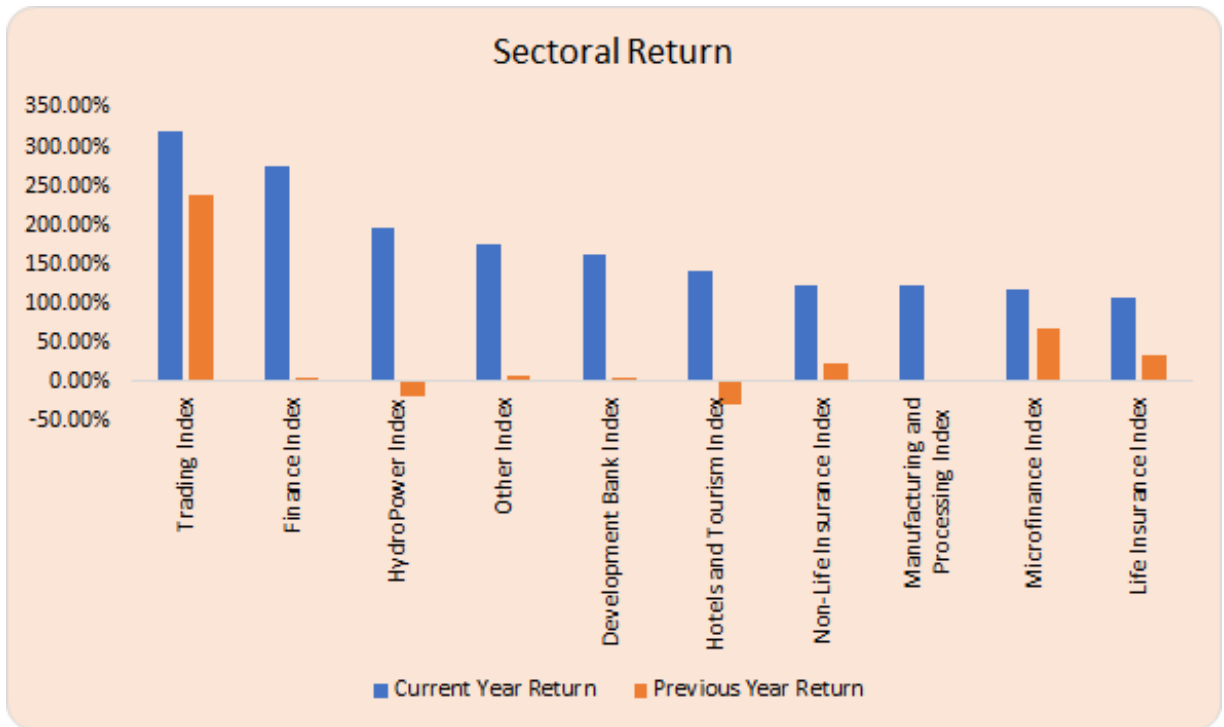
As per Asian Development Bank, as stringent control limitations are relaxed, economic activity in Nepal will increase, with robust remittances fueling development (Asian Development Bank, 2021). As economic activity normalizes and robust remittances support consumption and encourage expansion in industry and services, Nepal is expected to return to growth in 2021. The effects of the COVID-19 epidemic destroyed the economy in the last months of fiscal 2020, causing GDP to shrink. Improved growth is expected as a result of booming agriculture, a projected global economic revival, and a low base effect. The current account deficit is expected to grow as the economy picks up speed, bringing in additional imports. GDP fell by 1.9 percent in fiscal year 2020, reversing 6.7 percent increase in the previous year.

Private consumer expenditure dominated greater spending on the demand side, reflecting the continued large influx of remittances notwithstanding their slightly slower rise. However, private fixed investment, which accounts for a quarter of GDP and is mostly focused on energy and services, fell by 3.0%, while state investment fell by 5.4 percent, owing to procurement and construction delays exacerbated by the COVID-19 crisis (ADB,2021).

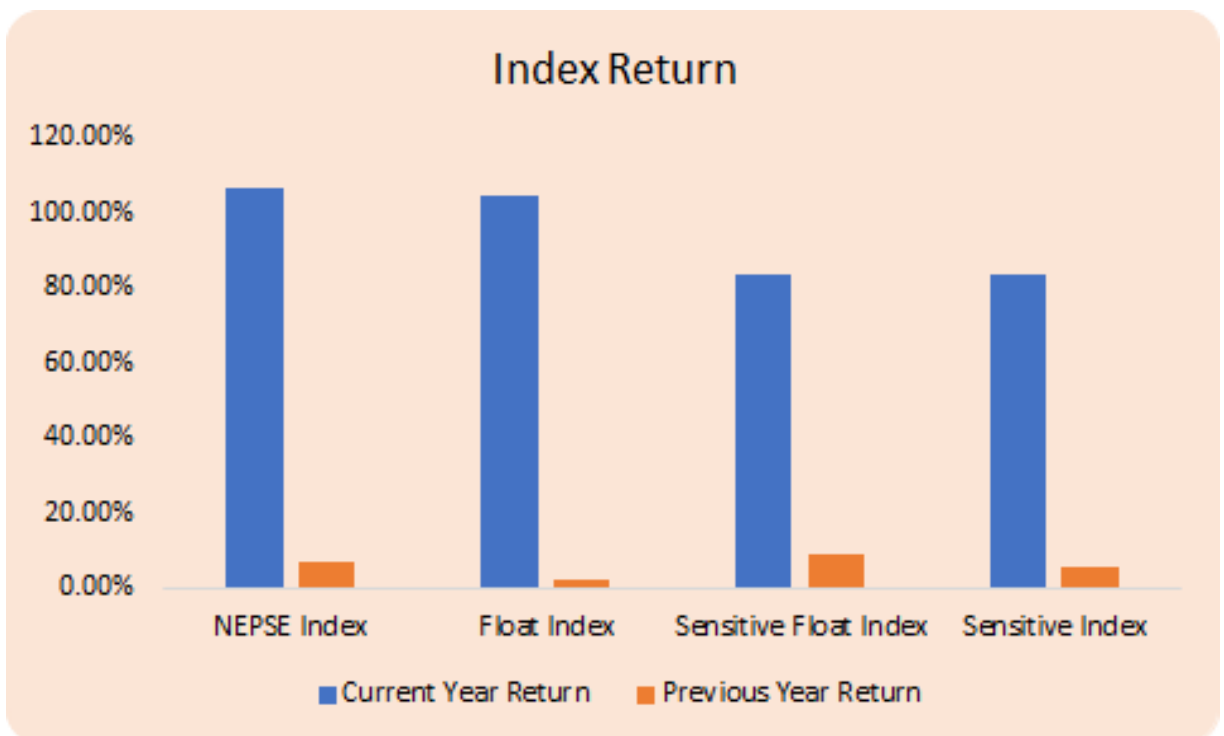
On growing net foreign assets and a small increase in net domestic assets, broad money supply growth increased from 15.8% in FY2019 to 18.1 % in FY2020.



# Sectoral Analysis



Source: <http://www.nepalstock.com/reports-by-category/7>



Source: <http://www.nepalstock.com/reports-by-category/7>



## 5.Governance

---

# Structure of Board

## The Board of Directors

The board consists of 5 members including the Chairman. All of the directors are directly involved in the operation of the organization. The directors are the valuable asset to the organization as all of them are from diverse background and are highly experienced in their area of expertise. With their knowledge and expertise, we have been able to get insight to all the areas affecting the profession directly & indirectly. Their broad perspectives about the industry gives us the benefit of constructive suggestion for the betterment of the performance. The team of directors works for the best interest of the shareholders that is to maximize their wealth. The major objective of the board is to form an opinion on the regular operation schedule and suggest ways to make it more effective and also to provide guidance and suggestions for the long run sustainability of the organization.

Mr. Umesh Nakarmi was elected as Chairman on 22<sup>nd</sup> Bhadra, 2075. However, he resigned from the post of chairman on 25<sup>th</sup> Falgun, 2077. After his resignation, Mr. Deepak Muni Bajracharya was elected as the chairman of Market Pundit on 28<sup>th</sup> Falgun, 2077. Likewise, Mr. Bishnu Prasad Basyal has also resigned from Board of Directors on 29<sup>th</sup> Shrawan, 2078 and currently he is working as operational head of Market Pundit. Mr. Sanjaya Dhakal has also resigned from Board of Directors on 29<sup>th</sup> Shrawan, 2078 and currently, he is associated as the coordinator of Investment Committee.

Similarly, two new board of directors are also appointed on 31<sup>st</sup> Shrawan, 2078. They are Mr. Ratna Kazi Tuladhar and Mr. Sudarshan Muni Bajracharya.

A total of 23 Board Meetings were held during the year with full attendance of each board member.



The structure of the board has been reshuffled. Initially, the board comprised of two committees as:

### **1. Investment Committee:**

The members of this committee are Mr. Sanjaya Dhakal, Mr. Bishnu Prasad Basyal, Mr. Deepak Muni Bajracharya Mr. Kapil Shrestha and Miss Rashmi Shakya. The formation date of this committee is 2<sup>nd</sup> Poush, 2077. Mr Deepak Bajracharya resigned from this committee on 25<sup>th</sup> Falgun, 2077. However, the dissolving date of this committee is 17<sup>th</sup> Shrawan, 2078. This committee was reformed on the same day.

### **2. Accounts and Fund Management Committee:**

The formation date of this committee is 16<sup>th</sup> Magh, 2077 and the members include Mr. Deepak Muni Bajracharya, Miss Rashmi Shakya and Miss Sulochana Shrestha. However, Mr. Deepak Muni Bajracharya resigned from this committee on 25<sup>th</sup> Falgun, 2077. The dissolving date of this committee is 17<sup>th</sup> Shrawan, 2078. However, the new committee was formed on the same day.

*Two new committees were reformed on 17<sup>th</sup> Shrawan 2078 so the board consists of the following committees at present.*

**1. Internal Control and Risk management Committee:** The concerned areas that are monitored by this committee are Finance and Accounting Department and Legal and Compliance Department. The coordinator of this committee is Mr. Umesh Nakarmi and the members include Miss Pooja Silwal and Miss Sulochana Shrestha.

**2. Admin and Human Resource Committee:** This committee is responsible to monitor after the Administrative and Human Resource Department. The coordinator of this committee is Mr. Binod Neupane and the members include Miss Pooja Silwal and Miss Saru Khanal.

**3. Investment Committee:** The investment committee looks after the trading and investment department and research and development department. The coordinator of this committee is Mr. Sanjaya Dhakal and the members include Mr. Kapil Shrestha and Mr. Bishnu Prasad Basyal.

Summary of committee meeting is attached below:



### Summary of Meeting Expenses 77/78

S.N	Particulars	Amount	No of Meeting
1	Board Meeting Expenses	401,236	23
2	Investment Meeting Expenses	143,484	23
3	Account and Fund Management Meeting Expenses	23,520	11
	<b>Total</b>	<b>568,240</b>	<b>57</b>



## Appointment of Directors

As per the regulations stated for Board of Director's appointment in section 86 of the Companies' Act, Public companies are entitled to have at least 3 directors along with the requirement of an Independent Director and a Women Director therefore with the vision of being a listed company in the near future so as to comply with the regulations Market Pundit has existing 5 BODs and an Independent Director and a Women Director are in the process of appointment as soon as the procedure of licensing gets completed.

# Functions of Board Committees

Corporate Governance in the system is a very important aspect by which companies are controlled and directed. Board of directors are responsible keep the company's corporate governance in check. In the profession of investment banking the trust of the stakeholders are very much important for the well-being of the company. Therefore, Board members aim to protect the long-term interest of the shareholders of the company by forming the required committees.

Committees appointed by the Board focuses on specific areas and take informed decisions within the framework of delegated authority, and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the committees are placed before the Board for information or for approval. Keeping these things in mind Market Pundit has made approval of two board committees, Investment committee and an Audit Committee.

## **Investment Committee**

Investment committee is formed to delegate its qualified members of the profession to make an informed decisions about the formation and evaluation of the investment strategies and report to the board about the more focused affairs in areas of investment and make special recommendations of the same. Investment committee in one of the crucial part of the organization as the daily operation of the organization will highly depend on the grounds set by the committee. The strategies to deploy the wealth into the investment options available will be formulated within this committee. Therefore understanding the crucial nature of the profession Market pundit team is already making its effort to have a top-nosh investment committee to establish great term trust among its clients.

## **Audit Committee**

As per section 164 of Companies Act, 2074 about formation of Audit committee, it is mandatory for the listed companies to have an audit committee to keep the compliance with the regular accounting standards and also to have a good corporate governance inside the organization. Therefore, our organization is taking hands on step to comply with the stated regulation for the formation of audit committee with the future objective of getting listed on the Securities exchange.

## **Internal Control and Risk Management Committee:**

This committee is formed to identify the need of a strong risk management framework, well defined risk management processes and effective risk assessment and measurement mechanism. This committee is also responsible for providing advice to the Management Board on issues related to the overall risk appetite, aggregate risk position and the risk strategy and keeps the Supervisory Board informed of its activities.

## **Admin and Human Resource Committee:**

This committee is formed to monitor after administration and human resource department. HR committee is basically responsible for creating and monitoring values-based systems and policies to ensure that the organization is following local, state and federal laws and certain best practices relating to its employees and creating an attractive environment for current and prospective employees. They should also be committed to maintain the good brand image of the company along with the public relation by building trust among the public.



# Organizational Structure

Human Capital is of the most valuable asset to the Market Pundit. The management of the human capital is a very important aspect for the efficient operation within the organization. Therefore, even with the existing count of the employee our team has been able to perform extraordinarily. The guidance and supervision of the supervisors of the organization has optimally created a well suited and productive environment for the employee to bring out the best efforts. For the better segregation and assimilation of the different nature of work, different heads as per the suitable expertise required for the works are formed. Currently there are 8 employee working in their respective area of expertise for the attainment of the objectives of the organization.

## Chief Executive officer

- currently this position is void in the organization. However, will be soon recruited after obtaining the license for Merchant Bank.

## HR

- HR team is under the process of formation of in the guidance of Executive Director. Currently which is overlooked by Executive Director himself.

## Finane & Admin

- Finance and Admin staff inside the organization is assigned to overlook and take the responsibility of the financial matters.

## Investment Manager

- Investment Manager in the firm is assigned to make the major investment decisions

## ResearchAnalyst

- Research analyst is liable to make the analytical assesemnt to help the Investment manager.

## Technical Analyst

- Technical Analyst is assigned to make the projections about the market movement based on the Elliott wave analysis.

## Office Manager

- Office Manager is responsible for the smooth day to day operations of the organization and must manager team of administrative and support staff.

## Receptionist

- The person designated as receptionist is majorly responsible for the customer handling relating to their queries and oversee all of the clerical work of the daily operation

## Management Trainee

- The person designated for this position is responsible to assist with the daily data entry management of the organization.

## Office Helper

- The main responsibility of the office helper is to keep in check of the neatness of the office environment and also to keep track of the regular supplies required for the day to day administration of the office





## 6. Financial Statement

---

# Auditor's Report



## HTC & Associates

*Chartered Accountants*

Pako, New Road, Kathmandu  
Near R.B Complex  
+977-1-4266114  
htcassociates.ca@gmail.com  
www.htcassociates.com.np

### Independent Auditors' Report

To the Shareholders of Market Pundit Capital & Merchant Banking Limited.

#### Report on the Audit of Financial Statements

##### Opinion

We have audited the accompanying financial statements of **Market Pundit Capital & Merchant Banking Limited** ("the company"), which comprise the Statement of Financial Position as at Ashad 31, 2078 (July 15, 2021), the statement of profit and loss (including other comprehensive income), the Statement of Change in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid the financial statements presents fairly, in all material respects, the financial position of the Company, as at Ashad 31, 2078 (July 15, 2021) and its financial performance, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards and comply with Company Act, 2063.

##### Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statement section of our report. We are independent of the Company in accordance with the Handbook of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nepal (ICAN), 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 a basis for our opinion.

##### Management's Responsibility for the financial statements

The preparation and fair presentation of these Financial Statements, in accordance with Nepal Accounting Standards, are the responsibility of the company's management. 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 the going concern basis of accounting unless the 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.



### **Auditors' Responsibilities for the Audit of 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 NSA 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.

### **Report on Other Legal and Regulatory Requirements**

Based on our examination, we would like to further report that:

- a. We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Organization so far as appears from our examination of such books;
- c. The Statement of Financial Position, Statement of Profit or Loss (including other Comprehensive Income), the Statement of Change in Equity;
- d. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors of any member there of any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company and;
- e. We have not come across any fraudulence in the accounts, based on our sample examination of the books.

Date: 22<sup>nd</sup> Ashoj 2078.

Kathmandu

UDIN Number: 211008CA00743r9gvk



**For: HTC & Associates**  
Chartered Accountants

*[Signature]*  
**Hom Bahadur Thapa Chhetri**  
Auditor

**MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.**  
**LALITPUR, NEPAL**  
**As at 31st Ashad 2078**  
**STATEMENT OF FINANCIAL POSITION**

	Note	Current Year NRs	Previous Year NRs
<b>Assets</b>			
Cash and Cash Equivalents	1	39,131,128.87	1,564,554.74
Financial Investments - at Amortized Cost (HTM)			-
Financial Investments - at FVTPL (HFT)	2	59,086,865.45	50,004,064.00
Property Plant & Equipment	3	4,546,034.47	1,313,468.85
Intangible Assets	3	333,184.27	330,788.67
Other Assets	4	1,552,733.65	6,482,747.33
Current Tax Assets	5	7,416,651.36	470,014.71
<b>Total Assets</b>		<b>112,066,598.06</b>	<b>60,165,638.30</b>
<b>Liabilities</b>			
Long Term Financial Liabilities	6	1,710,636.96	-
Other Financial Liabilities	7	6,223,288.43	-
Other Liabilities	8	12,160,559.19	1,694,421.14
<b>Total Liabilities</b>		<b>20,094,484.58</b>	<b>1,694,421.14</b>
<b>Equity</b>			
Share Capital	9	56,000,000.00	56,000,000.00
Retained Earnings	10	35,972,112.62	2,471,217.15
<b>Total Equity</b>		<b>91,972,112.62</b>	<b>58,471,217.15</b>
<b>Total Liabilities and Equity</b>		<b>112,066,598.06</b>	<b>60,165,638.30</b>

  
Chairperson  
Deepak Muni Bajracharya

  
Executive Director  
Binod Neupane

For HTC & Associates  
Chartered Accountants

  
Director  
Ratna Kazi Tuladhar

  
Director  
Sudarshan Muni Bajracharya

CA. Hom Bahadur Thapa Chhetri

  
Director  
Umesh Nakarmi



**MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.**  
**LALITPUR, NEPAL**  
**For the Period ended 31st Ashad 2078**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Income	Note	Current Year NRs	Previous Year NRs
Income From Merchant Banking Activity		-	-
Interest Income	11	698,593.17	318,788.81
Other Income	12	579,952.96	492,836.23
Net Gain/(Loss) on Financial Investments Held Through Profit or Loss	13	51,750,278.10	6,552,084.66
<b>Total Income</b>		<b>53,028,824.23</b>	<b>7,363,709.70</b>
<b>Expense</b>			
Personnel Expenses	14	2,521,243.00	1,042,676.63
Interest Expenses	15	465,007.98	167,291.14
Depreciation on Property and Equipment	3	472,088.79	130,610.20
Amortization on Intangible Assets	3	76,704.40	74,881.33
Other Operating Expenses	16	2,782,401.84	1,365,622.30
Impairment Charges		-	-
<b>Total Expenses</b>		<b>6,317,446.01</b>	<b>2,781,081.60</b>
<b>Profit before Tax from Continuing Operations</b>		<b>46,711,378.22</b>	<b>4,582,628.10</b>
Provision for Income Tax	17	11,700,994.86	498,729.28
Less: Deffered Tax Provision	18	(928,019.38)	778,395.62
<b>Profit for the year</b>		<b>35,938,402.74</b>	<b>3,305,503.20</b>
<b>Other Comprehensive Income</b>		-	-
<b>Net profit and other Comprehensive Income for the Year</b>		<b>35,938,402.74</b>	<b>3,305,503.20</b>
<b>Annualized Earning per Share (EPS)</b>		<b>64.18</b>	<b>5.90</b>

  
Chairperson  
Deepak Muni Bajracharya

  
Executive Director  
Binod Neupane

For HTC & Associates  
Chartered Accountants

  
Director  
Ratna Kazi Tuladhar

  
Director  
Sudarshan Muni Bajracharya

  
CA. Hom Bahadur Thapa Chhetri

  
Director  
Umesh Nakarmi





# MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.

LALITPUR, NEPAL

For the Period ended 31st Ashad 2078

## STATEMENT OF CASH FLOW

	Current Year NRs	Previous Year NRs
<b>OPERATING ACTIVITIES</b>		
Net profit before tax	46,711,378.22	4,582,628.10
Add: Depreciation	548,793.19	205,491.53
Add: Interest	465,007.98	167,291.14
Less: Provision for tax	(11,700,994.86)	(498,729.28)
Less: Deferred Tax	928,019.38	(778,395.62)
<b>Change in working capital</b>		
<b>(Increase)/Decrease in Current Assets</b>		
1. (Increase)/Decrease in Investments	(9,162,708.71)	(50,004,064.00)
2. (Increase)/Decrease in Other Financial Assets	-	-
3. (Increase)/Decrease in Other Assets	(2,016,622.97)	(6,952,762.04)
<b>Increase/(Decrease) in Current Liabilities</b>		
1. Increase/(Decrease) in Public Dues	-	-
2. Increase/(Decrease) in Other Financial Liabilities	6,223,288.43	(95,972.94)
3. Increase/(Decrease) in Other Liabilities	10,466,138.05	1,441,400.36
<b>A) Cash Flow from operating activities</b>	<b>42,462,298.72</b>	<b>(51,933,112.75)</b>
<b>INVESTING ACTIVITIES</b>		
1. (Increase)/Decrease in HTM Investments	-	-
2. (Increase)/Decrease in Fixed Assets	(3,783,754.41)	(1,779,869.08)
<b>B) Cash Flow from Investment Activities</b>	<b>(3,783,754.41)</b>	<b>(1,779,869.08)</b>
<b>FINANCING ACTIVITIES</b>		
1. Increase in Share Capital	-	54,700,000.00
2. Share Premium	-	-
3. Payment of Dividend	(2,357,600.00)	-
4. Increase in Long Term Financial Liability	1,710,636.96	-
5. Interest expense	(465,007.98)	(167,291.14)
<b>C) Cash Flow from Financing Activities</b>	<b>(1,111,971.02)</b>	<b>54,532,708.86</b>
<b>D) Net Increase/(Decrease) in Cash and Cash Equivalent</b>	<b>37,566,574.42</b>	<b>819,727.03</b>
<b>E) Cash and Cash Equivalent at the beginning of the year</b>	<b>1,564,554.74</b>	<b>744,828.00</b>
<b>F) Cash and Cash Equivalent at the end of the year</b>	<b>39,131,128.87</b>	<b>1,564,554.74</b>



Chairperson  
Deepak Muni Bajracharya

  
Executive Director  
Binod Neupane

For HTC & Associates  
Chartered Accountants

  
Director  
Ratna Kazi Tuladhar

  
Director  
Sudarsan Muni Bajracharya

CA. Hom Bahadur Thapa Chhetri

  
Director  
Umesh Nakarmi



# MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.

LALITPUR, NEPAL

For the Period ended 31st Ashad 2078

## STATEMENT OF CHANGES IN EQUITY

	Share Capital	Retained Earnings	Other Reserves (Share Premium)	Total Shareholders' Funds
Balance as at July 16, 2019	1,300,000.00	(834,286.05)		
Adjustments				
Issue of Share	54,700,000.00			
Dividend Declared & Paid				
Net Profit for the Year		3,305,503.19		3,305,503.19
Transfers During the Year				
Balance as at July 16, 2020	56,000,000.00	2,471,217.15		58,471,217.15
Adjustments				
Issue of Share		(79,907.26)		(79,907.26)
Dividend Declared & Paid		(2,357,600.00)		(2,357,600.00)
Net Profit for the Year		35,938,402.74		35,938,402.74
Transfers During the Year				
Balance as at July 15, 2021	56,000,000.00	35,972,112.62		91,972,112.62

Chairperson  
Deepak Muni Bajracharya

Executive Director  
Binod Neupane

For HTC & Associates  
Chartered Accountants

Director  
Ratna Kazi Tuladhar

Director  
Sudayshan Muni Bajracharya

CA. Hom Bahadur Thapa Chhetri

Director  
Umesh Nakarmi



MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.  
KATHMANDU, NEPAL  
NOTES TO THE FINANCIAL STATEMENTS

Note 3

2019-20

Amount in Rs.

Block	Particulars	Dep Rate	Opening	Addition			Gross Total Assets	Total Depreciation	Net Assets
				Upto Poush	Upto Chaitra	Upto Ashad			
B	Furniture and Fixtures	10.00%	69,879.98	766,192.00	273,282.10	158,458.00	1,267,812.08	107,107.94	1,160,704.14
B	Computer & Printer	20.00%			176,266.98		176,266.98	23,502.26	152,764.72
C	Vehicles	20.00%					-	-	-
D	Plant & Machinery	15.00%					-	-	-
E	Intangible Assets	20.00%		339,000.00	39,550.00	27,120.00	405,670.00	74,881.33	330,788.67
	<b>Total</b>		<b>69,879.98</b>	<b>1,105,192.00</b>	<b>489,099.08</b>	<b>185,578.00</b>	<b>1,849,748.75</b>	<b>205,491.53</b>	<b>1,644,257.52</b>

2020-21

Amount in Rs.

Block	Particulars	Dep Rate	Opening	Addition			Gross Total Assets	Total Depreciation	Net Assets
				Upto Poush	Upto Chaitra	Upto Ashad			
B	Furniture and Fixtures	10.00%	1,160,704.14	160,654.45	-	-	1,321,358.59	132,135.86	1,189,222.73
B	Computer & Printer	20.00%	152,764.72	302,999.96	491,000.00	-	946,764.68	156,619.60	790,145.07
C	Vehicles	20.00%	-	-	-	2,750,000.00	2,750,000.00	183,333.33	2,566,666.67
E	Intangible Assets	20.00%	330,788.67	-	79,100.00	-	409,888.67	76,704.40	333,184.27
	<b>Total</b>		<b>1,644,257.52</b>	<b>463,654.41</b>	<b>570,100.00</b>	<b>2,750,000.00</b>	<b>1,849,748.75</b>	<b>548,793.19</b>	<b>4,879,218.74</b>

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*



**MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.**

KATHMANDU, NEPAL

**NOTES TO THE FINANCIAL STATEMENTS**

Note 3

2019-20

Amount in Rs.

Block	Particulars	Dep Rate	Opening	Addition			Gross Total Assets	Total Depreciation	Net Assets
				Upto Poush	Upto Chaitra	Upto Ashad			
B	Furniture and Fixtur	25.00%	69,879.98	766,192.00	273,282.10	158,458.00	1,267,812.08	267,769.84	1,000,042.23
B	Computer & Printer	25.00%			176,266.98		176,266.98	29,377.83	146,889.15
C	Vehicles	20.00%					-	-	-
D	Plant & Machinery	15.00%					-	-	-
E	Intangible Assets	20.00%		339,000.00	39,550.00	27,120.00	405,670.00	74,881.33	330,788.67
	<b>Total</b>		<b>69,879.98</b>	<b>1,105,192.00</b>	<b>489,099.08</b>	<b>185,578.00</b>	<b>1,849,748.75</b>	<b>372,029.01</b>	<b>1,477,720.05</b>

2020-21

Amount in Rs.

Block	Particulars	Dep Rate	Opening	Addition			Gross Total Assets	Total Depreciation	Net Assets
				Upto Poush	Upto Chaitra	Upto Ashad			
B	Furniture and Fixtur	20.00%	1,000,042.23	160,654.45	-	-	1,160,696.68	232,139.34	928,557.35
B	Computer & Printer	20.00%	146,889.15	302,999.96	491,000.00	-	940,889.11	155,444.49	785,444.62
C	Vehicles	20.00%	-	-	-	2,750,000.00	2,750,000.00	183,333.33	2,566,666.67
E	Intangible Assets	20.00%	330,788.67	-	79,100.00	-	409,888.67	76,704.40	333,184.27
	<b>Total</b>		<b>1,477,720.05</b>	<b>463,654.41</b>	<b>570,100.00</b>	<b>2,750,000.00</b>	<b>1,849,748.75</b>	<b>647,621.56</b>	<b>4,613,852.90</b>

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*



**MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.**  
LALITPUR, NEPAL  
NOTES TO THE FINANCIAL STATEMENTS

**1. CASH AND CASH EQUIVALENT**

	2077-78 NRs	2076-77 NRs
Cash Balance	21,774.00	722.00
Bank Balance	4,109,354.87	1,563,832.74
Other Fixed Income Instrument	35,000,000.00	-
	<b>39,131,128.87</b>	<b>1,564,554.74</b>

**2. FINANCIAL INVESTMENTS - at FVTPL (HFT)**

	2077-78 NRs	2076-77 NRs
Investment in Quoted Securities	59,086,865.45	50,004,064.00
	<b>59,086,865.45</b>	<b>50,004,064.00</b>

**4. OTHER ASSETS**

	2077-78 NRs	2076-77 NRs
Miscellaneous Assets	50,865.00	-
Accounts Receivables	1,240,154.89	6,482,747.33
Less: Impairment	-	-
Cash Dividend Receivable	112,090.00	-
Deferred Tax Assets	149,623.76	-
	<b>1,552,733.65</b>	<b>-</b>

**5. CURRENT TAX ASSETS**

	2077-78 NRs	2076-77 NRs
Advance Tax	7,416,651.36	470,014.71
	<b>7,416,651.36</b>	<b>470,014.71</b>

**6. LONG TERM FINANCIAL LIABILITIES**

	2077-78 NRs	2076-77 NRs
Auto Loan (Non-Current Portion)	1,710,636.96	-
	<b>1,710,636.96</b>	<b>-</b>

**7. OTHER FINANCIAL LIABILITIES**

	2077-78 NRs	2076-77 NRs
Auto Loan (Current Portion of Non-Current Liability)	339,363.04	-
Short Term Loan	5,883,925.39	-
	<b>6,223,288.43</b>	<b>-</b>



*[Handwritten signature]*



*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*



## 8. OTHER LIABILITIES

	2077-78 NRs	2076-77 NRs
TDS on Salary	7,423.00	-
TDS Payable	47,504.83	7,283.83
Salary Payable	280,504.00	64,871.00
PF Payable	14,402.63	68,758.63
SST Payable	2,883.00	8,292.00
TDS on Audit Fee	600.00	375.00
Audit Fee Payable	44,600.00	27,875.00
Creditors and Accounts Payable	61,646.88	239,840.78
Provision for Income Tax	11,700,994.85	498,729.28
Deffered Tax Liability	-	778,395.62
	<b>12,160,559.19</b>	<b>1,694,421.14</b>

## 9. SHARE CAPITAL

	2077-78 NRs	2076-77 NRs
Authorized Share Capital (10,00,000 No of Share @ Nrs 100 each)	100,000,000.00	100,000,000.00
Issued Share Capital (8,00,000 no. of Share @ Nrs 100 each)	80,000,000.00	80,000,000.00
Ordinary Shares as at 1st Shrawan	56,000,000.00	1,300,000.00
Issue of Share Capital	-	54,700,000.00
	<b>56,000,000.00</b>	<b>56,000,000.00</b>

## 10. RETAINED EARNINGS

	2077-78 NRs	2076-77 NRs
Retained Earnigs at the Beginning of the Year	2,471,217.15	(834,286.05)
Add: Profit for the Year	35,938,402.74	3,305,503.20
Less: Dividend Distributed	(2,357,600.00)	-
Less: Adjustments	(79,907.26)	-
Retained Earning at the End of the Year	35,972,112.62	2,471,217.15
	<b>35,972,112.62</b>	<b>2,471,217.15</b>

## 11. INTEREST INCOME

	2077-78 NRs	2076-77 NRs
Interest Income	698,593.17	318,788.81
	<b>698,593.17</b>	<b>318,788.81</b>



*[Handwritten signature]*



*[Handwritten signature]*

*[Handwritten signature]*

## 12. OTHER INCOME

	2077-78	2076-77
	NRs	NRs
Accrued Cash Dividend	29,743.87	-
Dividend Income	346,025.73	492,836.23
Miscellaneous Income	204,183.36	-
	<u>579,952.96</u>	<u>492,836.23</u>

## 13. NET GAIN/(LOSS) ON FINANCIAL INVESTMENTS HELD THROUGH PROFIT OR LOSS

	2077-78	2076-77
	NRs	NRs
Realized Income from Sale of Securities	51,068,396.61	4,123,970.66
Unrealized Income from Securities HFT	681,881.49	2,428,114.00
	<u>51,750,278.10</u>	<u>6,552,084.66</u>

## 14. PERSONNEL EXPENSES

	2077-78	2076-77
	NRs	NRs
Salary	1,401,715.00	905,214.00
Allowances	985,940.00	101,920.88
Contribution to Provident Fund	133,588.00	35,541.75
	<u>2,521,243.00</u>	<u>1,042,676.63</u>

## 15. INTEREST EXPENSES

	2077-78	2076-77
	NRs	NRs
Interest Expenses	315,007.98	17,291.14
Loan Service Charge	150,000.00	150,000.00
	<u>465,007.98</u>	<u>167,291.14</u>

*[Signature]*



*[Signature]*

*[Signature]*

# 16. OTHER OPERATING EXPENSES

	2077-78 NRs	2076-77 NRs
<b>General Operating Expenses</b>		
Advertisement and Publication	-	93,806.16
Annual General Meeting Expenses	116,893.55	-
Appreciation Expenses	17,329.00	-
Audit Committee Meeting Expenses	23,520.00	-
Audit Fee	45,200.00	28,250.00
Bank Charges	27,066.13	4,085.00
Board Meeting Expenses	401,236.00	-
BOD Refreshment Expenses	19,596.00	-
Business Promotion	-	17,429.00
Cleaning Expenses	41,482.00	17,880.00
Communication and Internet	287,927.16	124,673.14
Company Registration & Renewal Expenses	-	103,600.00
Consultant Fee Expenses	35,295.00	-
Corporate Social Responsibilities	-	15,000.00
Cylinder/Gas Expenses	4,450.00	-
Electricity Expenses	18,031.00	9,076.00
Electronic Items Purchase	5,600.00	-
Fine & Penalty	5,000.00	-
Gift Expenses	19,475.00	-
Insurance Expenses	8,229.00	-
Investment Committee Expenses	143,484.00	-
Legal Expenses	33,900.00	-
Staff Welfare	30,128.00	-
Miscellaneous	20,201.00	-
Newspaper Books and Periodicals	-	1,860.00
Office Expenses	-	5,352.00
Parking Expenses	35,125.00	-
Petrol Reimbursement	6,400.00	-
Picnic Expenses	83,630.00	-
Printing and Stationery	167,397.00	98,462.00
Refreshment Expenses	337,140.00	219,292.00
Registration & Renewal	44,234.00	-
Office Rent	402,000.00	335,000.00
Repair and Maintenance	38,339.00	71,446.00
Server & Hub	135,600.00	101,700.00
Service Charges	5,000.00	-
Software AMC Expenses	84,750.00	-
Share Pledge Charges	-	1,300.00
Trainee Expenses	102,667.00	20,000.00
Training Expenses	12,000.00	-
Transportation	-	69,557.00
Water	24,077.00	27,854.00
	<b>2,782,401.84</b>	<b>1,365,622.30</b>



*[Handwritten signature]*



*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.

KATHMANDU, NEPAL

For the Period ended 31st Ashad 2078

Note 17

Particulars	Amount
Interest Income	698,593.17
Net Gain/(Loss) on Financial Investments Held Through Profit or Loss	51,750,278.10
Other Income	579,952.96
Personnel Expenses	2,521,243.00
Interest Expenses	465,007.98
Depreciation	548,793.19
Other Operating Expenses	2,782,401.84
<b>Profit Before Tax</b>	<b>46,711,378.22</b>
Less: Dividend	(375,769.60)
Less: Non- Assessable Income (Income Tax Rebate)	(124,682.32)
Add: Disallowed Expenses	10,000.00
Add: Depreciation as per Books	548,793.19
Less: Depreciation as per Tax	(647,621.56)
Less: Unrealized Gain on Investment	681,881.49
<b>Profit after Adjustments</b>	<b>46,803,979.42</b>
<b>Provision for Tax</b>	<b>11,700,994.86</b>

NOTE 18

Calculation of Deffered Tax

Items	Books of Accounts	Tax Base	Temporary Difference	Deffered Tax Liability (Assets)
WDV of Fixed Assets	4,879,218.74	4,613,852.90	265,365.84	66,341.46
Unrealized Profit of Investments HFT	(863,860.86)	-	(863,860.86)	(215,965.22)
<b>Closing Deferred Tax Assets</b>				<b>(149,623.76)</b>
Less: Opening Deferred Tax Liability				778,395.62
<b>Deferred Tax Expense/(Income)</b>				<b>(928,019.38)</b>

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*



Subschedule

11. Net gain/(loss) on financial investments Held through Profit or loss

Particulars	2077-78
Stock Valued at the Beginning of the Year	NRs 50,004,064.00
<b>Less:</b>	
Over-valuation of Closing Stock last Year	(133,312.00)
<b>Add:</b>	
Shares Purchased During the Year	382,740,582.03
<b>Add:</b>	
Commission Amount on Purchase	1,604,206.20
DP Amount on Purchase	13,650.00
SEBON Commission on Purchase	57,407.70
<b>Less:</b>	
Shares Sold during the Year	428,758,261.00
<b>Less:</b>	
Commission Amount on Sales	1,730,734.16
DP Amount on Sales	13,200.00
SEBON Commission on Sales	64,316.26
<b>Less:</b>	
<b>Stock Valued at the end of the Year</b>	59,086,865.45
	<b>51,750,278.10</b>
Unrealized Gain on Securities Held for Trading	681,881.49
Realized Gain on Securities Held for Trading	51,068,396.61
<b>Net Gain/(Loss) on Financial Investments Held Through Profit or Loss</b>	<b>51,750,278.10</b>

*[Handwritten signatures]*



*[Handwritten signatures]*





# Portfolio Summary Report

## Stock Wise Summary (Unrealized)

Symbol	Stock Name	Qty	Market Rate	Market Value	P/L
CIT	Citizen Investment Trust	170	3,491.00	593,470.00	-127,382.70
CLBSL	Civil Laghubitta Bittiya Sanstha Ltd.	62	1,700.00	105,400.00	105,400.00
FMDBL	First Microfinance Development Bank Limited	1997	823	1,643,531.00	-32,910.56
GBBL	Garima Bikas Bank Limited	3000	544	1,632,000.00	148,050.00
GBIME	Global Ime Bank Limited	4000	441	1,764,000.00	-54,720.00
GILB	Global Ime Laghubitta Bittiya Sanstha Ltd.	795	2,815.00	2,237,925.00	1,545,742.35
GIMES1	Global Ime Samunnat Scheme 1	10000	20.28	202,800.00	90,100.00
HDL	Himalayan Distillery Limited	500	5,512.00	2,756,000.00	40,505.00
ILBS	Infinity Laghubitta Bittiya Sanstha Limited	1000	1,865.00	1,865,000.00	7,120.00
JBBL	Jyoti Bikas Bank Limited	189	478	90,342.00	90,342.00
KLBSL	Kisan Laghubitta Bittiya Sanstha Limited	1100	1,740.00	1,914,000.00	12,474.00
LICN	Life Insurance Company Nepal	700	2,342.00	1,639,400.00	-132,307.00
MLBSL	Mahila Laghubitta Bittiya Sanstha Ltd.	1070	4,870.00	5,210,900.00	-337,895.30
MERO	Mero Microfinance Bittiya Sanstha Limited	338	1,546.00	522,548.00	522,548.00
MPFL	Multipurpose Finance Company Limited	2000	451	902,000.00	219,660.00
NHPC	National Hydro Power Company Limited	10996	310	3,408,760.00	-42,224.64
NIL	Neco Insurance Company Limited	1200	1,348.00	1,617,600.00	-423,000.00
NIFRA	Nepal Infrastructure Bank Limited	3052	492	1,501,584.00	-181,410.88
NRIC	Nepal Re-Insurance Company Limited	3000	1,594.00	4,782,000.00	-558,000.00
NLBBL	Nerude Laghubitta Bikas Bank Limited	1190	1,600.00	1,904,000.00	-27,560.40
NICLBSL	Nic Asia Laghubitta Bittiya Sanstha Limited	1100	1,545.00	1,699,500.00	-241,109.00
NLG	Nlg Insurance Company Limited	2000	1,220.00	2,440,000.00	-220,960.00
PLI	Prabhu Life Insurance Limited	2575	754	1,941,550.00	-92,751.50
PIC	Premier Insurance Company Limited	1431	1,170.00	1,674,270.00	-226,827.81
RHPC	Ridi Hydropower Development Company Limited	8304	576	4,783,104.00	125,639.52
RSDC	Rsdcl Laghubitta Bittiya Sanstha Limited	1993	867	1,727,931.00	-21,683.84
SIC	Sagarmatha Insurance Company Limited	455	1,344.00	611,520.00	-164,691.80
SWBBL	Swabalamban Laghubitta Bittiya Sanstha Limited	810	1,659.00	1,343,790.00	-65,083.50
TRH	Taragaon Regency Hotel	5009	400	2,003,600.00	104,487.74
WOMI	Womi Microfinance Bittiya Sanstha Limited	2328	1,620.00	3,771,360.00	-176,648.64
Subtotal (A)					-115,098.96

## Bonus Share

CIT	Citizen Investment Trust	45	3,491.00	157,095.00	157,095.00
NIL	Neco Insurance Company Limited	186	1,348.00	250,728.00	250,728.00
SABSL	Sabaiko Laghubitta Bittiya Sanstha Limited	177.35	1,815.00	321,890.25	321,890.25
SIC	Bonus Share	50.05	1,344.00	67,267.20	67,267.20
Subtotal (B)					796,980.45

Total Value of Stock (A+B):		59,086,865.45	681,881.49
-----------------------------	--	---------------	------------

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*



**Dividend Announcement**

Fiscal Year	Stock Name	Dividend Type	Div. Value	Market Rate	Amount
2076/77	Citizen Investment Trust	Bonus Share	45	3,491.00	157,095.00
2076/77	Neco Insurance Company Limited	Bonus Share	186	1,348.00	250,728.00
2076/77	Sabaiko Laghubitta Bittiya Sanstha Limited	Bonus Share	177.35	1,815.00	321,890.25
2076/77	Sagarmatha Insurance Company Limited	Bonus Share	50.05	1,344.00	67,267.20
<b>Total Dividend:</b>					<b>796,980.45</b>

*[Handwritten signatures]*



**MARKET PUNDIT CAPITAL & MERCHANT BANKING LTD.**  
**LALITPUR, NEPAL**

**1. General Information**

Market Pundit Capital and Merchant Banking Ltd. is a limited liability company, incorporated and domiciled in Nepal. The registered address of Market Pundit is Jawalakhel -13, Lalitpur, Nepal. It was converted from a private company to a public company on 22<sup>nd</sup> Bhadra 2076 addressing the need of Company's Act, 2063 to perform functions related to stock exchange. Market Pundit Capital and Merchant Banking Ltd. incorporated as a public limited company registered under the Company Act, 2063(2006) with Reg. No. 192635/74/075.

**2. Share - Holding Structure**

The Authorized Capital of the Company is NRs. 10,00,00,000. The Issued Capital of the Company is NRs. 8,00,00,000. The paid-up share capital of the company is NRs. 560, 00,000. All the shares are held by the promoters of the entity itself.

**3. Change in Board Structure**

There has been change in structure of Board of Directors as on the date of signing. Mr. Sudarshan Muni Bajracharya and Mr. Ratna Kazi Tuladhar have been appointed after resignation from Mr. Sanjaya Dhakal and Mr. Bishnu Prasad Basyal.

**4. Principal Activities and Operations**

The entity was majorly involved in management of its Core Fund, using different strategies during the year. Since, it is in the process of obtaining license for commencing Portfolio Management Services (PMS), it focused on fulfilling all legal criteria and other associated activities besides its Core Fund Management.

**5. Summary of activities conducted during the year**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a) Statement of Compliance**

The Financial Statement of the entity which comprises components mentioned above have been prepared in accordance with Nepal Financial Reporting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Companies Act, 2063.

**b) Basis of Measurement**

The Financial Statements of entity have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

Financial assets, held for trading are recorded in Statement of Financial Position at fair value and the changes in the value have been routed through Statement of Profit or Loss. These financial statements cover the reporting period from 1st Shrawan 2077 to 31 Ashad 2078.

**c) Presentation of Financial Statements**

The assets and liabilities of entity presented in the Statement of Financial Position are grouped in an order of liquidity.

The accounting policies have been consistently applied by entity with those of the previous financial year in accordance with Presentation of Financial Statements (NAS 01), except those which had to be changed as a result of application of the new NFRS. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

**d) Functional and Presentation Currency**

The Financial Statements of entity are presented in Nepalese Rupees (NRs), which is the currency of the primary economic environment in which the entity operates. There was no change in Entity's presentation and functional currency during the year under review.



## 6. Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with Nepal Financial Reporting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any further periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect in the Financial Statements are as follows:

### a) Going Concern

The directors have made assessments of entity's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon entity's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

### b) Fair Value of Investments Classified as Held for Trading

Securities which are considered for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. The fair value of securities, those are classified as held for trading are determined from the quoted price in an active market. The profit from fair valuation of investment is transferred to Profit & Loss Account.

## 7. Significant Accounting Policies

### a) Interest Income, Dividend Income and Expenses

Interest income, dividend income and expenses are recognized in profit or loss on an accrual basis when the entity's right or obligation to receive/pay the income and expenses are established.

### b) Provision for bonus

The company has not provisioned for bonus in the financial year FY 2077-78.

### c) Income Tax

Market Pundit has obtained Permanent Account Number (302786741) from Inland Revenue Office, Lalitpur under the provision of Nepal Income Tax Act 2058. Income tax expense comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payables in respect of previous years.

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Income Tax Act. The entity has provisioned tax rate at 25% based on the fact that it has carried out investment activity only. Though, the company has registered as capital merchant banking company under Companies Act, 2063. However, the entity is still in legal process to obtain licence from SEBON for carrying out merchant banking activities.

Further, unrealized gain on market valuation of GILB, has been taken as non-assessable income as the gain has arisen post merger of financial institutions.

### d) Deferred Tax

Deferred tax is recognized based on temporary difference between financial statement's carrying amounts of asset and liabilities and their respective income tax bases. Deferred tax is determined using the tax rates that has been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The carrying amount of deferred tax is reviewed at each reporting date and reduced to the extent of non-recoverability of deferred tax assets.

The deferred tax liabilities (Assets) during the year is as follows:

The bottom of the page features several handwritten signatures and official stamps. From left to right, there are three handwritten signatures. In the center is a circular stamp for 'Market Pundit Capital & Merchant Bank, Lalitpur'. To its right is another handwritten signature. Further right is a circular stamp for 'H.T.C. & ASSOCIATES, Chartered Accountants'. The final element on the right is a large, stylized handwritten signature.

#### Calculation of Deferred Tax

Items	Books of Accounts	Tax Base	Temporary Difference	Deferred Tax liability (Assets)
WDV of Fixed Assets	4,879,218.74	4,613,852.90	265,365.84	66,341.46
Unrealized Profit of Investments HFT	(863,860.86)	-	(863,860.86)	(215,965.22)
Closing Deferred Tax Assets				(149,623.76)
Less: Opening Deferred Tax Liability				778,395.62
Deferred tax expense/(income)				(928,019.38)

#### 8. Financial Investments

The financial investment comprises assets held at fair value through profit and loss, and financial investment at amortized cost.

##### i. Classification

The fund's investments are classified as fair value through profit or loss and loans and receivables. They comprise:

##### Financial Instruments Held for Trading

Financial assets, held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized through profit or loss. This classification includes quoted equity securities held for trading. The dividend income from the quoted equity securities is recorded in the profit or loss.

##### Financial Assets Designated at Fair Value Through Profit or Loss upon Initial Recognition.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in debt and equity instruments.

Financial assets designated at fair value through profit or loss at inception is those that are managed and their performance evaluated on a fair value basis in accordance with the company's documented investment strategy.

##### ii. Recognition / De-recognition

The fund recognizes financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognizes changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognized when the rights to receive cash flows from the investments have expired or the fund has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged or expired.

Realized gains and realized losses on derecognition are determined using the weighted average method and are included in the profit or loss in the period in which they arise as gain on sale of securities. The realized gain is the difference between an instrument's average cost and disposal amount.

##### iii. Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expenses in the Statement of Profit or Loss and other comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the company is the closing price.

The comparative details of financial assets held for trading is as follows:

*[Signature]*

*[Signature]*



*[Signature]*

*[Signature]*

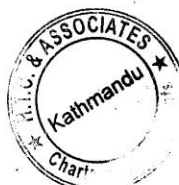
*[Signature]*





# Investments in Quoted Securities

S.N.	Particulars	2077-78	2076-77
1	Citizen Investment Trust	593,470.00	
2	Bank Of Kathmandu Ltd.		1,018,350.00
3	Century Commercial Bank Limited		792,000.00
4	Civil Bank Limited		834,000.00
5	Everest Bank Limited		4,681,125.00
6	Civil Laghubitta Bittiya Sanstha Ltd.	105,400.00	
7	First Microfinance Development Bank Limited	1,643,531.00	
8	Garima Bikas Bank Limited	1,632,000.00	520,036.00
9	Global Ime Bank Limited	1,764,000.00	836,500.00
10	Laxmi Bank Limited		2,574,880.00
11	Machhapuchhre Bank Limited		2,168,540.00
12	Mahalaxmi Bikas Bank Limited		893,772.00
13	Muktinath Bikas Bank Limited		1,111,656.00
14	Global Ime Laghubitta Bittiya Sanstha Ltd.	2,237,925.00	
15	Nabil Bank Limited		4,632,840.00
16	Nepal Bangladesh Bank Limited		3,289,660.00
17	Nepal Investment Bank Limited		5,129,331.00
18	Global Ime Samunnat Scheme 1	202,800.00	
19	Himalayan Distillery Limited	2,756,000.00	
20	Infinity Laghubitta Bittiya Sanstha Limited	1,865,000.00	
21	Jyoti Bikas Bank Limited	90,342.00	
22	Kisan Laghubitta Bittiya Sanstha Limited	1,914,000.00	
23	Life Insurance Company Nepal	1,639,400.00	
24	Mahila Laghubitta Bittiya Sanstha Ltd.	5,210,900.00	
25	Mero Microfinance Bittiya Sanstha Limited	522,548.00	
26	Multipurpose Finance Company Limited	902,000.00	
27	National Hydro Power Company Limited	3,408,760.00	
28	Neco Insurance Company Limited	1,617,600.00	
29	Nepal Infrastructure Bank Limited	1,501,584.00	
30	Nepal Life Insurance Company Limited		1,134,000.00
31	Nepal Re-Insurance Company Limited	4,782,000.00	685,440.00
32	Nepal SBI Bank Limited		3,961,545.00
33	Nerude Laghubita Bikas Bank Limited	1,904,000.00	
34	NIC Asia Bank Limited		2,765,000.00
35	Nic Asia Laghubitta Bittiya Sanstha Limited	1,699,500.00	
36	NLG Insurance Company Limited	2,440,000.00	
37	NMB Microfinance Bittiya Sanstha Limited		323,200.00
38	Prabhu Life Insurance Limited	1,941,550.00	
39	Premier Insurance Company Limited	1,674,270.00	
40	Ridi Hydropower Development Company	4,783,104.00	
41	RSDC Laghubitta Bittiya Sanstha Limited	1,727,931.00	
42	Sagarmatha Insurance Company Limited	611,520.00	133,000.00
43	Sanima Bank Limited		2,869,350.00
44	Shivam Cements Limited		4,127,994.00
45	Standard Chartered Bank Limited		5,521,845.00
46	Swabalamban Laghubitta Bittiya Sanstha	1,343,790.00	
47	Taragon Regency Hotel	2,003,600.00	
48	Womi Microfinance Bittiya Sanstha Limited	3,771,360.00	
	<b>Bonus Share</b>		
49	Citizen Investment Trust	157,095.00	
50	Neco Insurance Company Limited	250,728.00	
51	Sabaiko Laghubitta Bittiya Sanstha Limited	321,890.25	
34	Sagarmatha Insurance Company Limited	67,267.20	
	<b>TOTAL</b>	<b>59,086,865.45</b>	<b>50,004,064.00</b>



Unrealized Gain/(loss) on Financial Investments - HFT for the year is as follows:

Name of the Company	Units	Total Book Value on Ashad end 78	MV as on Ashad end 78	Gain/(Loss) on Ashad end 78
Citizen Investment Trust	170	720,852.70	593,470	(127,382.70)
Civil Laghubitta Bittiya Sanstha Ltd.	62	-	105,400	105,400.00
First Microfinance Development Bank Limited	1,997	1,676,441.56	1,643,531	(32,910.56)
Garima Bikas Bank Limited	3,000	1,483,950.00	1,632,000	148,050.00
Global Ime Bank Limited	4,000	1,818,720.00	1,764,000	(54,720.00)
Global Ime Laghubitta Bittiya Sanstha Ltd.	795	692,182.65	2,237,925	1,545,742.35
Global Ime Samunnat Scheme 1	10,000	112,700.00	202,800	90,100.00
Himalayan Distillery Limited	500	2,715,495.00	2,756,000	40,505.00
Infinity Laghubitta Bittiya Sanstha Limited	1,000	1,857,880.00	1,865,000	7,120.00
Jyoti Bikas Bank Limited	189	-	90,342	90,342.00
Kisan Laghubitta Bittiya Sanstha Limited	1,100	1,901,526.00	1,914,000	12,474.00
Life Insurance Company Nepal	700	1,771,707.00	1,639,400	(132,307.00)
Mahila Laghubitta Bittiya Sanstha Ltd.	1,070	5,548,795.30	5,210,900	(337,895.30)
Mero Microfinance Bittiya Sanstha Limited	338	-	522,548	522,548.00
Multipurpose Finance Company Limited	2,000	682,340.00	902,000	219,660.00
National Hydro Power Company Limited	10,996	3,450,984.64	3,408,760	(42,224.64)
Neco Insurance Company Limited	1,200	2,040,600.00	1,617,600	(423,000.00)
Nepal Infrastructure Bank Limited	3,052	1,682,994.88	1,501,584	(181,410.88)
Nepal Re-Insurance Company Limited	3,000	5,340,000.00	4,782,000	(558,000.00)
Nerude Laghubitta Bikas Bank Limited	1,190	1,931,560.40	1,904,000	(27,560.40)
NIC Asia Laghubitta Bittiya Sanstha Limited	1,100	1,940,609.00	1,699,500	(241,109.00)
NLG Insurance Company Limited	2,000	2,660,960.00	2,440,000	(220,960.00)
Prabhu Life Insurance Limited	2,575	2,034,301.50	1,941,550	(92,751.50)
Premier Insurance Company Limited	1,431	1,901,097.81	1,674,270	(226,827.81)
Ridi Hydropower Development Company	8,304	4,657,464.48	4,783,104	125,639.52
RSDC Laghubitta Bittiya Sanstha Limited	1,993	1,749,614.84	1,727,931	(21,683.84)
Sagarmatha Insurance Company Limited	455	776,211.80	611,520	(164,691.80)
Swabalamban Laghubitta Bittiya Sanstha	810	1,408,873.50	1,343,790	(65,083.50)
Taragon Regency Hotel	5,009	1,899,112.26	2,003,600	104,487.74
Womi Microfinance Bittiya Sanstha Limited	2,328	3,948,008.64	3,771,360	(176,648.64)
<b>Bonus Share</b>			-	-
Citizen Investment Trust	45	-	157,095	157,095.00
Neco Insurance Company Limited	186	-	250,728	250,728.00
Sabaiko Laghubitta Bittiya Sanstha Limited	177	-	321,890	321,890.25
Sagarmatha Insurance Company Limited	50	-	67,267	67,267.20
<b>TOTAL</b>		<b>58,404,984</b>	<b>59,086,865</b>	<b>681,881</b>

*[Handwritten signatures]*

*[Handwritten signature]*

*[Handwritten signature]*



#### 8. Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one year period. In this fiscal year NRs 37,83,754.41 has been added to fixed assets which includes, furniture and fixture, printer and laptops & softwares. A separate record is maintained for control of property and equipment.

#### Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item or property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

#### Subsequent Costs

Subsequent expenditure is capitalized only when it is possible that the future economic benefits of the expenditure will flow to the entity. Ongoing repairs and maintenance are expensed as incurred.

#### Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method of depreciation over their estimated useful lives, and is generally recognized in profit or loss.

The management of the company has estimated the useful life of the assets particularly, Furniture & Fixtures, Computer Equipment, Vehicles and Intangible Assets to be equivalent to 10, 5, 5 and 5 years respectively.

S/No	Particulars	Dep Rate	Opening	Upto Poush	Upto Chaitra	Upto Ashad	Total Depreciation	Net Assets
B	Furniture and Fixtures	10%	1,160,704.14	160,654.45	-	-	132,135.86	1,189,222.73
B	Computer & Printer	20%	152,764.72	302,999.96	491,000.00	-	156,619.60	790,145.07
C	Vehicles	20%	-	-	-	2,750,000.00	183,333.33	2,566,666.67
E	Intangible Assets	20%	330,788.67	-	79,100.00	-	76,704.40	333,184.27
	Total		1,644,257.52	463,654.41	570,100.00	2,750,000.00	548,793.19	4,879,218.74



## 9. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. The details of bank balance are as follows:

Particulars	2077-78	2076-77
Cash-in-Hand	21,774.00	722
Civil Bank Ltd. (Current Account)	-	1,781.49
Civil Bank Ltd. (Call Account)	702,497.04	275,909.28
Mega Bank Nepal Ltd. (Current Account)	922.34	3,089.73
Mega Bank Nepal Ltd. (Overdraft)	-	-10,630.87
Prabhu Bank Ltd. (Call Account)	-	93,060.26
Prabhu Bank Ltd. (Current Account)	2,326,001.34	10,000.00
Prime Commercial Bank Ltd. (Current Account)	280,961.69	19,782.10
Prime Commercial Bank Ltd. (Call Account)	-	1,000,000.00
Nepal SBI Bank Ltd. (Current Account)	514,927.26	170,840.75
Sanima Bank Ltd. (Current Account)	284,045.20	0.00
<b>TOTAL</b>	<b>4,131,128.87</b>	<b>1,564,554.74</b>

## 10. Subsequent Events

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date the Financial Statements are authorized for issue. All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in the Financial Statements.

## 11. Comparative Information

The comparative information is re-classified where ever necessary to conform with the current year's classification in order to provide a better presentation and has been reclassified where ever necessary.

*[Handwritten signatures and stamps]*

*[Circular stamp: Marked Pundit Capital & Merchant Bank Ltd. Lalitpur]*

*[Circular stamp: H.T.C. & ASSOCIATES Kathmandu Chartered Accountants]*



## 7. Future Business Plan



# Five Year Business Plans



Market Pundit Capital and Merchant Banking Ltd. is one of the emerging merchant banking co. of Nepal. As we are able to place our mark in the industry within short span of time through our dedication , extraordinary financial performance and effective operations.

We are able to achieve our goals and objectives in the past years because of our thorough strategic planning and implementation of same. And we are committed to generate value and maximize wealth by continuing our performance in upcoming years as well to achieve the organization both short term and long-term goals. Below mentioned are some of the long-term goals we wanted to achieve within our plan timeline and we are committed enough to materialize our plans into action .

- At the end of 5 years, We aim to make our paid up capital of Rs. 50 Cr. Further, In FY 79/80 we are confident to increase our current paid up capital from 5.6 Cr to 35 Cr., where 70 % ie 25 Cr. shareholding belongs to promoters and balance will be issue in form of IPO via book building method.
- In terms of Asset Under Management, We aim to increase it by Rs. 80 Cr till FY 79/80.
- Market Pundit is willing to shift office from rented space to Own Property till the end of 5 year at prime location.
- We assure to provide maximum return to our shareholders every year. In regard with that, we aim to issue Cash dividend of 10 % and Bonus of 50% to be maintained each year.
- To operate as full fledge Merchant Banker after fulfilling Capital requirement and to provide additional services such as Underwriting, Issue Management, Corporate Advisory, IPO/FPO Issuance, Share Registrar.
- We aim to be a no 1 Portfolio Management Company in next 5 years in terms of asset management size, return to shareholders.





## 8. Employees Profile

## **Rashmi Shakya:**



She is designated as Senior Manager- Investment and she looks over Finance and Research Department at Market Pundit Capital and Merchant Banking Limited since 1.8 months. Ms. Shakya is a qualified Chartered Accountant from Institute of Chartered Accountant of India. She also holds bachelor in Commerce(Account & Finance) from Indira Gandhi University, Delhi. She has more than 3.5 years of experience in domain of Financial Reporting, Internal/Statutory Audit, IFC Review, SOP Design and Review, Tax Consultancy and Risk Management etc.

## **Pooja Silwal :**



She is currently the head of Administration and Human Resource Department. She has been involved at Market Pundit Capital and Merchant Banking Limited since 1.7 years. She is a BBA graduate with distinction from Campion College. She has been previously engaged as Admin and Enrollment Lead in CG Education.

## **Kapil Shrestha :**



He is currently the Fund Manager under trading department at Market Pundit Capital and Merchant Banking Limited. He is pursuing Bachelors in Civil Engineering from Thapathali Engineering College. He has been actively engaged in Nepalese market since 2072. Likewise, he has done Elliott Wave Analysis from Growth School of Investment and Management.



### **Sulochana Shrestha :**

She is currently the Finance Officer at Market Pundit Capital and Merchant Banking Limited since 1.5 years. She has done MBA from Quest International College, Lalitpur. She is previously engaged as the Accountant and Admin in Brilliant Books and Distributors Pvt. Ltd and has also worked as a management intern in Laxmi Capital Market limited for the period of 10 weeks.



### **Sanjeev Sunuwar :**

He is currently engaged as the trader under the trading department since 10 months at Market Pundit Capital and Merchant Banking Limited. He is currently pursuing Bachelors from Nepal Academy of Tourism and Hotel Management. He was previously engaged as an elite worker in Cloud Factory.



### **Saru Khanal :**

She is the front desk officer of Market Pundit Capital and Merchant Banking Limited. She has been engaged at Market Pundit since 1.75 years. She is currently pursuing Bachelors in Pashupati Multiple Campus.

**Sneha Kapuri :**

She is currently the Research Analyst under Research Department at Market Pundit Capital and Merchant Banking Limited. She has completed BBA from Institute of Engineering and Management, Kolkata. Likewise, she is currently pursuing CFA level 1 candidate. She has been working at Market Pundit since 28<sup>th</sup> September, 2020 till date. She has done academic internship at NIC Asia Bank. Similarly, she has done Elliott Wave Analysis from Growth School of Investment and Management.

**Rita Gaire :**

She joined our company on Bhadra 2078 and currently working as a Management Trainee at Market Pundit Capital and Merchant Banking Limited. She has completed her BBA from Citizens College and currently pursuing MBA at Excel Business College.

**Ramesh Bajgai**

Mr. Bajgai is working as a office helper since 2 years at Market Pundit Capital and Merchant Banking Ltd. He take cares of office cleanliness, kitchen operation, serves visitors and visit banks etc. He also has 4-5 years of experience at hotel in India.

Since the establishment of the Market Pundit Capital and Merchant banking limited, we are very thankful and pleased with the performance of the growth it has achieved in a short span of time. We are very much thankful for the Board Members and the employee team to have taken their duties responsibly. They have all helped the entire panel of promoter to build the trust towards the organization and also has helped envisioned goal to come to reality. And we will hope that the process will continue and Market Pundit will ace all milestones put ahead of them and each year will mark the progress as compared to its last year's performance.

 (218)  Is  Pooja  Pooja  Pooja  
      
    

Hassan ~~Yusuf~~  
 Bina ~~Yusuf~~  
 Bashra  
 Umar  
 Zuhair  
 Hassan  
 Zuhair  
 Zuhair

## 71





Contact Us:

Jawlakhel-13, Lalitpur

Phone no- 01-5455991

Email ID- [info@marketpunditcapital.com](mailto:info@marketpunditcapital.com)

Website- [www.marketpunditcapital.com](http://www.marketpunditcapital.com)