

**REPORT OF THE INDEPENDENT AUDITORS
TO
THE FUND MANAGER AND UNIT HOLDERS OF NIBL PRAGATI FUND**

1. We have audited the accompanying financial statements of NIBL Pragati Fund, which comprise the Statement of Financial Position as at 31 Ashad, 2074 (15 July, 2017), Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Unit holders' fund and Statement of Cash Flow for the period from 27 Poush 2073 to 31 Ashad 2074 (11 January 2017 to 15 July, 2017), and a Summary of significant Accounting Policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

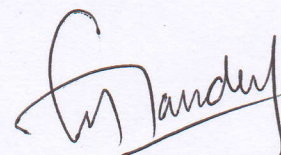
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

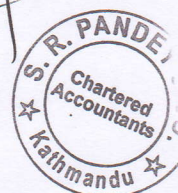
4. In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of NIBL Pragati Fund as at 31 Ashad, 2074 (15 July 2017) and of the results of its financial performance, its cash flows and changes in equity for the period from 27 Poush 2073 to 31 Ashad 2074 (11 January 2017 to 15 July, 2017), in accordance with Nepal Financial Reporting Standards and in compliance with Securities Act 2063, Securities Board Regulations 2064, Mutual Fund Regulation 2067 and Mutual Fund Guidelines, 2069.

Report on Other Legal and Regulatory Requirements

5. On the basis of our examination, we would like to further report that:
- I. The Statement of Financial Position, Statement of Profit or Loss, Statement of Cash Flow, Statement of Changes in Unit holders' fund and attached notes to accounts dealt with by this report are prepared in accordance with Nepal Financial Reporting Standards (NFRS); Securities Act, 2063; Securities Board Regulations, 2064; Mutual Fund Regulations, 2067; Mutual Fund Guidelines, 2069 and are in agreement with the books of account maintained by the scheme.
 - II. The investment in bank deposit has exceeded ten percent of total available investment portfolio except that the fund under the scheme has been invested according to section 36 of the Mutual Fund Regulation 2067.
 - III. During our examination of the books of account of the Scheme, we have not come across any action committed against the interest of Unit holder.
 - IV. The operations of the Scheme were found satisfactory.



CA. S.R. Pandey
Senior Partner



NIBL Pragati Fund

(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Capital Markets Ltd.)

Statement of Financial Position as at 31st Asadh 2074 (15th July, 2017)

NPR

Particulars	Notes	31st Ashad 2074
Assets		
Current Assets		
Cash and Cash Equivalents	V	220,402,618
Loans & Receivables	VI	5,403,829
Financial Assets Held at Fair Value Through Profit or Loss	IV	538,195,156
Total		764,001,603
Liabilities		
Current Liabilities		
Accrued Expenses & Other Payables	III	10,506,238
Liabilities (Excluding Net Assets Attributable to Unitholders)		10,506,238
Unit Holder's Funds		
Net Assets Attributable to Unit Holders		753,495,365
Total		764,001,603

NAV per Share

10.05

Schedules and Explanatory Notes forms integral part of Statement of Position

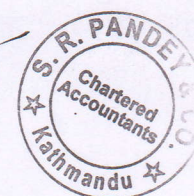
On Behalf of NIBL Capital Markets Limited
(Fund Management Company)

As per our Report of even
date

Shivanth Bahadur Pandé
Chief Executive Officer

Sachin Tibrewal
Director

CA. S. R. Pandey,
Senior Partner
S. R. Pandey & Co.
Chartered Accountants



Mekh Bahadur Thapa
General Manager

Rabindra Bhattarai
Director

Ram Krishna Khatriwada
Director

Sachindha Dhungana
Head - Mutual Funds

Bandana Thapa
Director

Date: 2074/04/31
Place : Kathmandu

NIBL CAPITAL
NIBL Capital Markets Ltd
Kathmandu, Nepal

NIBL MUTUAL FUND
NIBL Pragati Fund

NIBL Pragati Fund

(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Capital Markets Ltd.)

Statement of Profit or Loss

For the Period from 27th Poush 2073 to 31st Asadh 2074 (11th January 2017 to 15th July 2017)

In NPR

Particulars	Notes	FY 2073/74
Income		
Interest Income	VIII	21,210,962
Dividend Income		1,067,171
Net Profit/(Loss) on Redemption of Financial Assets valued through Profit and Loss	VII	(1,019,498)
Other Income		64,013
Total		21,322,649
Expenses and Losses		
Pre-operating expenses		7,893,944
Fund Management fees		5,787,355
Depository Fees		1,929,118
Fund Supervisors Fees		1,157,471
Publication Expenses		102,218
Listing Fees		612,500
Audit Fees		113,000
Bank Charges		10,370
DP Expense		175
NAV Certification fee		22,600
CDS Dematerialisation Registration Fee		132,500
Annual Service Charges on Software		56,500
Other Expenses		277
Impairment of Financial Assets - Tax Deducted on Dividend		9,255
Total expenses		17,827,284
Increase/(Decrease) in Net Assets Attributable to Unitholders		3,495,365

On Behalf of NIBL Capital Markets Limited
(Fund Management Company)

Shivanth Bahadur Pandé
Chief Executive Officer

Sachin Tibrewal
Director

Mekh Bahadur Thapa
General Manager

Rabindra Bhattarai
Director

Sachindha Dhungana
Head - Mutual Funds

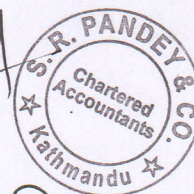
Bandana Thapa
Director

Date: 2074/04/31
Place : Kathmandu

As per our Report of even
date

CA. S. R. Pandey,
Senior Partner
S. R. Pandey & Co.
Chartered Accountants

Ram Krishna Khatiwada
Director



NIBL CAPITAL
NIBL Pragati Fund

NIBL CAPITAL
NIBL Capital Markets Ltd.
Kathmandu, Nepal

NIBL Pragati Fund

(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Capital Markets Ltd.)

Statement of Cash Flows

For the Period from 27th Poush 2073 to 31st Ashad 2074 (11th January 2017 to 15th July 2017)

Particulars	FY 2073/74
A. Cash Flow from Operating Activities	
Surplus/ (Deficit) for the year	3,495,365
Adjustments for:	
Increase/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	2,714,769
Increase/(Decrease) in Liabilities	10,506,238
(Increase)/Decrease in Share	(540,909,925)
(Increase)/Decrease in Other Assets	(5,403,829)
Net cash generated/(used) in Operations (1)	(529,597,382)
B. Cash Flow from Financing Activities	
Increase/(Decrease) in Unit Capital	750,000,000
Dividend Paid during the year (net of tax)	
Net cash generated/(used) in financing (2)	750,000,000
C. Cash Flow from Investing Activities	
Net cash generated/(used) in investing (3)	-
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	220,402,618
Cash and Cash Equivalents at beginning of the year/period	-
Cash and Cash Equivalents at end of period	220,402,618
Components of Cash and Cash Equivalents	
Balance with Banks	220,402,618

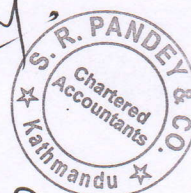
On Behalf of NIBL Capital Markets Limited
(Fund Management Company)

Shivanku
Shivanku Bahadur Pandé
Chief Executive Officer

Sachin Tibrewal
Director

As per our Report of even
date

CA. S. R. Pandey,
Senior Partner
S. R. Pandey & Co.
Chartered Accountants



Mekh Bahadur Thapa
General Manager

Rabindra Bhattarai
Director

Ram Krishna Khatri
Director

Sachindha Dhungana
Head - Mutual Funds

Bandana Thapa
Director

Date: 2074/04/31
Place Kathmandu

NIBL MUTUAL FUND
NIBL Pragati Fund

NIBL CAPITAL
NIBL Capital Markets Ltd
Kathmandu, Nepal

NIBL Pragati Fund
(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Capital Markets Ltd.)

Statement of Changes in Unit Holders' fund

For the Period from 27th Poush 2073 to 31st Ashad 2074 (11 January 2017 to 15 July 2017)

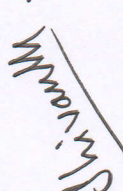
In NPR

Particulars	For the year Ended on 31st Ashad 2074
Units Holders' Fund at the beginning of the Year/Period	750,000,000
Increase in Net Assets Attributable to Unit Holders	3,495,365
Distribution to Unit Holders	-
Units Holders' Fund at the end of the Year/Period	753,495,365

On Behalf of NIBL Capital Markets Limited

(Fund Management Company)

As per our Report of even
date


Shivanth Bahadur Pandé
Chief Executive Officer

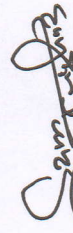

Sachin Tibrewal
Director



CA. S. R. Pandey,
Senior Partner
S. R. Pandey & Co.
Chartered Accountants


Mekh Bahadur Thapa
General Manager


Rabindra Bhattarai
Director


Ram Krishna Khatriwada
Director


Sachindha Dhungana
Head - Mutual Funds


Bandana Thapa
Director

NIBL CAPITAL
NIBL Capital Markets Ltd
Kathmandu Nepal

NIBL MUTUAL FUND
NIBL Pragati Fund

Date: 2074/04/31
Place Kathmandu

Significant Accounting Policies and Notes to the Accounts as on 31st Ashad 2074

A. Overview

Fund:	NIBL Pragati Fund
Scheme:	NIBL Pragati Fund
Fund Sponsor:	Nepal Investment Bank Ltd. (NIBL) (Licensed by NRB as Class A bank)
Fund Management:	NIBL Capital Markets Ltd. (A subsidiary of Nepal Investment Bank Ltd.)
Fund Supervisors:	Mr. Madhukar Samsher J.B.R Dr. Shambhu Ram Simkhada Dr. Bimal Koirala Dr. Durgesh Man Singh CA. Jitendra Bahadur Rajbhandari
Total Units of Scheme:	75,000,000 (Seventy five million units)
Total Unit Capital:	NPR 750,000,000 (NPR Seven hundred fifty Million)
Scheme type:	Close-ended

NIBL Pragati Fund (the Scheme) under NIBL Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as a closed-end, diversified investment scheme. The objective of the Fund is to diligently manage the fund with the aim to achieve high return for unit holders, growth of both capital and income from investment in shares and fixed income securities and conservation of capital. The Scheme commenced its operation on 27 Poush 2073 (Scheme allotment date) B.S. with maturity period of 7 years (i.e. 26 Poush 2080 B.S.) It was listed in NEPSE on 6th Chaitra, 2073. The Scheme's Financial Statements were approved by the Board of Directors of the NIBL Capital Markets Limited on 31 Shrawan 2074 being the Fund Management and Depository Company. Similarly, the Fund Supervisors' consent on the approved Financial Statements has also been duly obtained.

Nepal Investment Bank Ltd. (NIBL) is the Fund Sponsor and NIBL Capital Markets Ltd (NIBL Capital), a subsidiary of NIBL duly licensed by Securities Board of Nepal (SEBON), has been appointed as the Fund Manager of the Scheme by the Sponsor after obtaining due approval from SEBON. Further, the Fund Manager is also providing Depository services to the unit holders of the Scheme in line with the prevailing regulations on mutual fund.

NIBL MUTUAL FUND
NIBL Pragati Fund

NIBL CAPITAL
NIBL Capital Markets Ltd
Kathmandu, Nepal



1. The capital structure of the Scheme is as follows:

Holder	Status	No. of Units	Holding Amount @ 10 Each	Holding (%)
Nepal Investment Bank	Fund Sponsor	10,250,000	102,500,000	13.66
NIBL Capital Markets Ltd	Fund Manager / Depository	1,000,000	10,000,000	1.34
General Public		63,750,000	637,500,000	85
Total		75,000,000	750,000,000	100

2. Net Asset Value (NAV) per unit

The Fund Manager calculates the NAV per unit of the Scheme by deducting the Schemes' liabilities over market value of the total investment and other assets such as interest and dividend receivable, bank balances divided by total number of scheme units on a weekly basis in accordance with the prevailing regulations/guidelines on mutual funds and publishes the same on its official website: www.niblcapiatal.com every week. The said information is also shared with the Fund Supervisors and the Board members of the Fund Manager. Further, the NAV and Income Statement as at end of every Nepali calendar month is published on a national daily newspaper and uploaded on the website of the Fund Manager with prior notification of the same forwarded to the Fund Supervisors & SEBON in writing.

3. Net Assets Attributable to Unit Holders

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund. The Fund considers its net assets attributable to unit holders as capital (which includes unit capital, realized and unrealized gain), notwithstanding net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily changes in Market Price of Share at Nepal Stock Exchange.

4. Taxation

Income Tax Act, 2058 has not specifically envisaged corporate tax liability on Mutual Fund Scheme. Finance Ordinance, 2071 amended the Income Tax Act, 2058 removing the requirement of withholding tax on interest, dividend income and gain on disposal of investments of Scheme. Accordingly Mutual Fund Scheme is not considered as taxable entity and thus exempted from corporation tax and TDS (Tax deductible at source) on any of its income.

NIBL MUTUAL FUND
NIBL Pragati Fund

NIBL CAPITAL
NIBL Capital Markets Ltd
Kathmandu, Nepal

B SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS:**Statement of Compliance**

The Financial Statements have been prepared in compliance with Securities Act, 2063; Mutual Fund Regulations, 2067 and Mutual Fund Guidelines, 2069.

Compliance with Nepal Financial Reporting Standards (NFRS)

These Financial Statements have been prepared in compliance Nepal Financial Reporting Standards (NFRS) which are applicable from FY 2073/74.

Accounting convention

The Financial Statements are prepared and presented under the historical cost convention and on the accrual basis in conformity with Nepal Financial Reporting Standards.

Use of Judgments and Estimates:

In preparing the financial statements management has made judgments and estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses. The actual figure may differ from such estimates.

The changes in underlying assumptions are reviewed ongoing basis and revisions to such estimates are recognized prospectively.

Equities and liabilities**I. Unit Capital**

The unit capital of Fund are as follows

		<i>In NPR</i>
S.N.	Particulars	Ashad End 2074
1	Unit Capital Other	637,500,000
2	Unit Seed Capital Account (Nepal Investment Bank)	102,500,000
3	Unit Seed Capital Account (NIBL Capital)	10,000,000
	Total	750,000,000

II. Net gain/Loss from financial assets held at fair value through profit or loss:

Net gain /loss from financial assets held at fair value through profit or loss is as follow:

		<i>In NPR</i>
S.N.	Particulars	Ashad End 2074
1	Accumulated Profit/ (Loss)	
	1.1. Realized Profit / (Loss)	6,210,134
	1.2. Unrealized Profit /(loss)	(2,714,769)
	Total	3,495,365

III. Accrued Expenses and Other Payables:

The details of current liabilities and provisions for the period are as follows:

S.N.	Particulars	In NPR
		Ashad End 2074
1	Payable to NIBL Capital	7,649,646
2	Reporting Expenses Payables	12,131
3	Audit Fee Payable	111,500
4	Reporting Expenses Payable	32,294
5	TDS Liability	2,348
6	Provision for Realizable Tax on Dividend	9,255
7	Brokers Payable	1,549,966
8	Supervisor Fee Payable	1,139,099
	Total	10,506,238

Liabilities are recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of present obligation and the amount at which the settlement will take place can be measured reliably.

Provisions for realizable tax on dividend is recognized at their cost and is a liabilities of uncertain timing. The liability is recognized as there exists uncertainty of their recoverability.

Financial Instruments

The Fund's principal financial assets comprise assets held at fair value through profit and loss, loans and receivables and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. The Funds' principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with NFRS 39; Financial Instruments: Recognition and Measurement, the Fund's interest receivables are classified as 'loans and receivables'. Equity securities / debentures are classified as fair value through profit and loss. The amount attributable to unit holders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortized cost.

a) Classification

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

- Financial instruments measured at fair value through profit or loss**

These Financial assets 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 when right to received is established.

- Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market.

b) 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 right 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. The realised gain is the difference between an instrument's weighted average cost and disposal amount.

c) Measurement

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

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed 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 Fund is the closing price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques.

Further details on how the fair values of financial instruments are determined are disclosed in Measurement of financial asset/liabilities at fair value.

Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortized using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognized on a financial asset carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair market value of those positions.

The management of these risks is carried out by the NIBL Capital Markets Limited, the fund management company. The fund supervisors provide principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure and mitigate different types of risk to which it is exposed.

Market risk

a. Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position as at fair value through profit or loss and loans and receivables. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company.

All of the Fund's equity investments in companies are listed in NEPSE. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Management Company.

Investment Threshold

As per the Mutual Fund Regulation, 2067 investment in bank deposit cannot be made more than 10% of total fund size of the scheme. However, in order to manage the surplus fund and generate certain yield, the Scheme has deposited the surplus cash in call accounts.

b. Foreign exchange rate risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in NPR.

c. Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates.

Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model.

Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. However, there is no investment in debt securities.

Credit risk on cash and cash equivalents, other receivable balances.

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis. The Fund can maximize the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

Sector	Market Value	Cost	Performance	Proportion
BANKS	266,757,635	280,603,874	-4.93%	49.57%
DEVELOPMENT BANKS	39,932,678	35,653,779	12.00%	7.42%
HOTELS	3,270,000	3,315,370	-1.37%	0.61%
HYDRO	18,735,570	15,795,656	18.61%	3.48%
INSURANCE COMPANIES	122,645,078	131,701,467	-6.88%	22.79%
OTHERS	24,278,393	23,887,855	1.63%	4.51%
MICROFINANCE	62,575,802	49,951,902	25.27%	11.63%
Total	538,195,156	540,909,903	-0.50%	100.00%

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market or can be readily disposed.

The Fund's listed securities are considered readily realizable, as all are listed on the Nepal Stock Exchange.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a daily basis.

Measurement of Financial Assets/Liabilities at fair value

The Fund measures and recognizes the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value
- Financial assets / liabilities held for trading

NFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

i. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is 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 Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from NEPSE and are traded frequently.

ii. Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques.

Equities which are listed but no transactions are made within last 30 days is valued at 180 days Average Market price provided by NEPSE and Equities which are listed but no transactions are made within last 180 days is valued at last traded price of the stock at NEPSE considering it as level two input.

The Fair value of IPO Investments after allotment till listing, is valued applying the valuation model as specified below:

- I) 50% of the Latest Net worth Published by the Company.
- II) 50% based on the Earnings Capitalization, based on the projections of the company by considering latest interest rate of the Government Bonds after applicable tax deductions as discount factor which is considered as level 3 input.

IV. Financial Assets Held at Fair Value Through Profit or Loss:

Comparative investment in Listed Shares

S.N.	Name	2073-74		
		Unit	Value per unit	Value Amount
	LISTED			
1	Himalayan Bank Limited	21,775	886	19,292,650
2	Bank Of Kathmandu Limited	26,009	462	12,016,158
3	Machhapuchhre Bank Limited	25,729	360	9,262,440
4	Siddhartha Bank Limited	24,130	485	11,703,050
5	Prime Commercial Bank Limited	28,290	421	11,910,090
6	Citizens Bank International Limited	28,390	403	11,441,170
7	Sunrise Bank Limited	22,294	396	8,828,424
8	Sanima Bank Limited	32,374	431	13,953,194
9	NIC ASIA Bank Limited	21,260	445	9,460,700
10	Nepal Bank Limited	33,623	364	12,238,772
11	NABIL Bank Limited	23,568	1,130	26,631,840
12	GLOBAL IME Bank Limited	25,570	388	9,921,160
13	Nepal SBI Bank Limited	17,406	925	16,100,550
14	Nepal Bangladesh Bank Limited	30,140	402	12,116,280
17	Agricultural Bank Limited	26,141	435	11,371,335
18	Century Commercial Bank Limited	6,570	290	1,905,300
19	Deprosc Development Bank Limited	4,652	1,285	5,977,820
20	Everest Bank Limited	16,190	1,353	21,905,070
21	Mega Bank Limited	20,000	458	9,160,000
22	Standard Chartered Bank Limited	1,630	2,295	3,740,850
23	Shine Resunga Development Bank	5,788	425	2,459,900
24	Garima Bikash Bank Ltd.	21,734	296	6,433,264
25	Mukthinath Bikash Bank Limited	14,568	971	14,145,528
26	Kailash Bikash Bank Ltd.	17,000	327	5,559,000
27	Shangrila Development Bank Ltd.	3,859	390	1,505,010
28	Swabalamban Bikash Bank Ltd.	3,664	1,809	6,628,176
29	Oriental Hotels Limited.	5,000	654	3,270,000
30	Sanima Mai Hydropower Ltd.	5,041	1,168	5,887,888
31	Chilime Hydropower Company Ltd.	2,683	798	2,141,034
32	Butawal Power Company Ltd.	12,583	620	7,801,460
33	United Modi Hydropower Ltd.	6,161	341	2,100,901
34	Chhyangdi Hydropower Ltd.	2,003	91	181,512
35	Asian Life Insurance Ltd.	18,967	1,458	27,653,886
36	Himalayan General Insurance Company Ltd.	7,800	745	5,811,000
37	Lumbini General Insurance Company Ltd.	3,727	930	3,466,110
38	Siddhartha Insurance Ordinary Share	17,384	1,500	26,076,000
39	NLG Insurance	10,570	1,485	15,696,450
40	Nepal Life Insurance Company Ltd.	5,909	2,148	12,692,532
41	National Life Insurance Company Ltd.	11,182	2,300	25,718,600
42	Shikhar Insurance Company Ltd.	2,000	1,941	3,882,000
43	Nepal Doorsanchar Company Ltd.	27,215	675	18,370,125

NIBL Pragati Fund

Fund Sponsored by Nepal Investment Bank Ltd and Fund Managed by NIBL Capital Markets Ltd

44	NMB Sulav Fund -1	72,289	13	903,613
45	Siddhartha Equity Oriented Scheme	249,900	12	2,963,814
46	Nabil Balance Fund-1	103,596	20	2,040,841
47	Rural Microfinance Development Centre Ltd.	13,269	775	10,283,475
48	Sana Kisan Bikas Bank Ltd(SKBBL)	9,773	1,502	14,679,046
49	Chhimek Laghubitta Bikas Bank Limited(CBBL)	9,802	1,525	14,948,050
50	Nirdhan Utthan Bank Limited (NUBL)	2,254	1,963	4,424,602
51	Forward Community Microfinance Bittiya Sanstha Ltd. (FOWAD)	2,143	3,221	6,902,603
52	Samata Microfinance Bittiya Sanstha Ltd.(SMATA)	339	403	136,617
53	Nerude Laghubita Bikas Bank Limited(NLBBL)	7,000	1,285	8,995,000
Sub-Total (A)				511,871,870
UNLISTED				
1	CZBIL Right share	2,653	403	1,069,159
2	NBB - Right share	12,175	402	4,894,350
3	NBL - Right share	6,916	364	2,517,424
4	SBI - Right shares	6,363	925	5,885,775
5	LBL - Ordinary unlisted	4,175	390	1,628,250
6	SRBL - Right shares	6,689	396	2,648,844
7	SADBL - Unlisted	620	390	241,800
8	GBBL - Right Auction	10,000	296	2,960,000
9	Himalayan Power Partner Limited - IPO	8,609	72	622,775
10	SIL - Right share	1,099	1,500	1,648,500
11	Swadeshi Laghubitta-IPO	1,072	608	651,958
12	Mahuli Laghubitta - IPO	429	2,051	880,059
13	NLBBL-Right Auction	354	1,285	454,890
14	Mahuli - Ordinary unlisted	107	2,051	219,502
Sub-Total (B)				26,323,286
Grand Total				538,195,156

V. Cash and Cash equivalent:

Cash and cash equivalent for the purpose of the statement of cash flow comprises

**31st Ashad
2074**

Cash at Bank

220,402,618

Cash in Hand

-

Total**220,402,618**

Cash and cash equivalent assets' fair value equals to the book value as such assets. It comprises call balance in the banks and financial institutions. They are available as and when the balance is called from the bank. The interest income on such balance are recognized daily on accrual basis based on the deal rate with the bank. The intrinsic rate and the coupon rate does not differ as the rates are changed based on the market rate.

VI. Loans and Receivables:

The fair value of other current assets are not materially different to their carrying values.

In NPR

S.N.	Particulars	Ashad End 2074
1	Dividend Income Receivable	11,254
2	SBL Right	723,900
3	IPO Application Refund Receivable	4,666,384
4	TDS Receivables	2,291
	Total Amount	5,403,829

Investment Income

- Interest income is recognized in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/ (losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2.3.
- The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.
- Dividend income is recognized on the ex-dividend date net of withholding tax.

Expenses and Service Fees

All Expenses are accounted on accrual basis. Following Fees incurred by the Scheme:

- Fund Management Fees: 1.50% of Net Assets Value (NAV) *
- Depository Fees: 0.50% of NAV *
- Fund Supervisor Fees: 0.30% of NAV *

* NAV for this purpose is computed on the basis of half yearly average of weekly NAV or NAV of end of Half year, whichever is lower. The fee is booked half yearly at the end of the first and second half of the financial year (at the end of Poush and Ashadh).

Employees related expenses:

There is no current and future employee related expenses and liabilities as the fund is managed by NIBL Capital markets Limited.

Fund Management, Depository and Supervisor Fee

Total Fund Management, Depository and Fund Supervisor Fees is calculated and recognized as per the mutual Fund Regulation, 2069. The total fees charged for full period 1st Shrawan 2073 - 31 Ashad 2074) are as follows:-

In NPR

Fund Management Fee	Depository Fee	Supervisor Fee
5,787,355	1,929,118	1,157,471

VII.**Net gain /loss from revaluation of financial assets held at fair value through profit and loss**

	For the Year Ended on 31st Ashad 2074
Net Realised (losses)/Gains on financial Assets at Fair Value Through Profit or loss (see note a)	1,695,271
Net Unrealised losses on financial assets at Fair Value Through Profit or Loss (see note b)	(2,714,769)

Net Loss on financial Assets at Fair Value through Profit or Loss (1,019,498)

Net Realized Gains on Financial Assets at Fair value through Profit or Loss	
(a) (Losses)/Gains on disposal of equity securities	1,695,271

(Note b)

S.N.	Name	2073-74			
		Unit	Value per unit	Value Amount	Total Cost
	LISTED				
1	Himalayan Bank Limited	21,775	886	19,292,650	20,639,989
2	Bank Of Kathmandu Limited	26,009	462	12,016,158	12,476,855
3	Machhapuchhre Bank Limited	25,729	360	9,262,440	10,697,484
4	Siddhartha Bank Limited	24,130	485	11,703,050	15,381,119
5	Prime Commercial Bank Limited	28,290	421	11,910,090	11,798,521
6	Citizens Bank International Limited	28,390	403	11,441,170	12,529,105
7	Sunrise Bank Limited	22,294	396	8,828,424	10,452,311
8	Sanima Bank Limited	32,374	431	13,953,194	13,236,008
9	NIC ASIA Bank Limited	21,260	445	9,460,700	9,883,807
10	Nepal Bank Limited	33,623	364	12,238,772	14,192,338
11	NABIL Bank Limited	23,568	1,130	26,631,840	25,460,074
12	GLOBAL IME Bank Limited	25,570	388	9,921,160	9,421,469
13	Nepal SBI Bank Limited	17,406	925	16,100,550	22,301,482

NIBL Pragati Fund

Fund Sponsored by Nepal Investment Bank Ltd and Fund Managed by NIBL Capital Markets Ltd

14	Nepal Bangladesh Bank Limited	30,140	402	12,116,280	17,229,648
17	Agricultural Bank Limited	26,141	435	11,371,335	12,180,466
18	Century Commercial Bank Limited	6,570	290	1,905,300	2,483,887
19	Deprosc Development Bank Limited	4,652	1,285	5,977,820	6,804,226
20	Everest Bank Limited	16,190	1,353	21,905,070	29,347,895
21	Mega Bank Limited	20,000	458	9,160,000	8,320,000
22	Standard Chartered Bank Limited	1,630	2,295	3,740,850	2,102,700
23	Shine Resunga Development Bank	5,788	425	2,459,900	2,178,102
24	Garima Bikash Bank Limited	21,734	296	6,433,264	6,362,749
25	Mukhtinath Bikash Bank Limited	14,568	971	14,145,528	9,869,486
26	Kailash Bikash Bank Limited	17,000	327	5,559,000	6,063,595
27	Shangrila Development Bank Limited	3,859	390	1,505,010	1,175,198
28	Swabalamban Bikash Bank Limited	3,664	1,809	6,628,176	7,134,658
29	Oriental Hotels Limited	5,000	654	3,270,000	3,315,370
30	Sanima Mai Hydropower Limited	5,041	1,168	5,887,888	5,032,363
31	Chilime Hydropower Company Limited	2,683	798	2,141,034	2,079,708
32	Butwal Power Company Limited	12,583	620	7,801,460	7,006,288
33	United Modi Hydropower Limited	6,161	341	2,100,901	616,100
34	Chhyangdi Hydropower Limited	2,003	90.62	181,512	200,300
35	Asian Life Insurance Limited	18,967	1,458	27,653,886	28,439,080
36	Himalayan General Insurance Company Limited	7,800	745	5,811,000	12,618,489
37	Lumbini General Insurance Company Limited	3,727	930	3,466,110	5,862,523
38	Siddhartha Insurance Ordinary Share	17,384	1,500	26,076,000	26,379,870
39	NLG Insurance	10,570	1,485	15,696,450	16,738,653
40	Nepal Life Insurance Company Limited	5,909	2,148	12,692,532	10,766,622
41	National Life Insurance Company Limited	11,182	2,300	25,718,600	26,858,124
42	Shikhar Insurance company Limited	2,000	1,941	3,882,000	3,928,207
43	Nepal Doorsanchar Company Limited	27,215	675	18,370,125	18,009,648
44	NMB Sulav Fund -1	72,289	12.50	903,613	904,974
45	Siddhartha Equity Oriented Scheme	249,900	11.86	2,963,814	2,973,623
46	Nabil Balance Fund-1	103,596	19.70	2,040,841	1,999,611
47	Rural Microfinance Development Centre Limited	13,269	775	10,283,475	9,484,840
48	Sana Kisan Bikas Bank	9,773	1,502	14,679,046	11,694,599

NIBL Pragati Fund

Fund Sponsored by Nepal Investment Bank Ltd and Fund Managed by NIBL Capital Markets Ltd

	Ltd(SKBBL)				
49	Chhimek Laghubitta Bikas Bank Limited(CBBL)	9,802	1,525	14,948,050	15,278,567
50	Nirdhan Utthan Bank Limited(NUBL)	2,254	1,963	4,424,602	3,842,827
51	Forward Community Microfinance Bittiya Sanstha Limited(FOWAD)	2,143	3,221	6,902,603	214,300
52	Samata Microfinance Bittiya Sanstha Limited(SMATA)	339	403	136,617	33,900
53	Nerude Laghubita Bikas Bank Limited (NLBBL)	7,000	1,285	8,995,000	8,830,924
	Sub-Total (A)			511,871,870	533,017,570
	UNLISTED				
1	Citizen Bank Limited-Right share	2,653	403	1,069,159	265,300
2	Nepal Bangladesh Bank Limited - Right share	12,175	402	4,894,350	1,217,500
3	Nepal Bangladesh Bank Limited - Right share	6,916	364	2,517,424	691,600
4	State Bank of India - Right shares	6,363	925	5,885,775	636,300
5	Laxmi Bank Limited - Ordinary unlisted	4,175	390	1,628,250	-
6	Sunrise Bank Limited - Right shares	6,689	396	2,648,844	668,900
7	Shangila Development Bank Limited	620	390	241,800	-
8	Garima Bikash Bank Limited - Right Auction	10,000	296	2,960,000	2,870,000
9	Himalayan Power Partner Limited - IPO	8,609	72	622,775	860,900
10	Siddhartha Insurance Limited - Right share	1,099	1,500	1,648,500	109,900
11	Swadeshi Laghubitta-IPO	1,072	608	651,958	107,200
12	Mahuli Laghubitta - IPO	429	2,051	880,059	42,900
13	Nerude Laghubitta Bikash Bank Limited-Right Auction	354	1,285	454,890	421,855
14	Mahuli - Ordinary unlisted	107	2,051	219,502	-
	Sub-Total (B)			26,323,286	7,892,355
	Grand Total			538,195,156	540,909,925
	Un-realised Gain / (Loss)				(2,714,769)
	Less: Previous year Un-realised gain/(loss)				-
	Un-realised Gain / (Loss) This Year				(2,714,769)

VIII. Interest income from financial assets not held at fair value through profit and loss account:
In NPR

S.N.	Particulars	Ashad End 2074
1	Interest income on Money at call and short notice	21,210,962
	Total Amount	21,210,962

Related Party Transactions

Related Parties:

- I. Fund Sponsor: Nepal Investment Bank Limited.
- II. Fund Manger and Depository: NIBL Capital Markets Ltd, a subsidiary of the Sponsor.
- III. Shareholders holding substantial interest in the Fund Manager:
 - Nepal Investment Bank Limited
- IV. Subsidiaries of Major Shareholders of Fund Manager with whom the Fund transacted:
 - None

The Scheme has entered into transactions with related parties which are required to be disclosed in accordance with Accounting Standard – on 'Related Party Disclosures'.

- a. Unit Holding of Nepal Investment Bank Ltd (Fund Sponsor) amounts to NPR 102,500,000 (at par value of NPR 10 per unit)
- b. Unit Holding of NIBL Capital Markets Ltd (Fund Management) amounts to NPR 10,000,000 (at par value of NPR 10 per unit)
- c. NIBL Pragati Fund have earned interest amounting to 1,561,692 (NPR One Million Five Hundred Sixty One Thousand Six Hundred and Ninety Two only) from Nepal Investment Bank Limited.
- d. Fund Management and Depository Fee incurred by NIBL Pragati Fund during the year amounts to Nrs.7,716,474 (NPR. Seven Million Seven Hundred Sixteen Thousand Four Hundred and Seventy Four only). The amount is payable to NIBL Capital Markets Limited.
- e. Fund management and depository fee payable by NIBL Pragati Fund to NIBL Capital markets Limited NPR. 7,593,993 (Seven Million Five Hundred Ninety Three Thousand Nine Hundred and Ninety Three only).
- f. The Scheme has a call account bank balance of NPR 4,574,316 (NPR Four Million Five Hundred and Seventy Four Thousand Three Hundred and Sixteen only) as on Balance Sheet date with the Fund Sponsor - Nepal Investment Bank Ltd.
- g. Depository Fee for transaction expenses NPR. 175 (One hundred seventy five rupees only) has been paid to NIBL Capital during the year.

Contingent Liability

There is no contingent liability in respect of underwriting commitments, uncalled liability on partly paid shares and other commitments.

NIBL CAPITAL

NIBL Capital Markets Ltd

Page 15 of 16
Kathmandu, Nepal

NIBL MUTUAL FUND
NIBL Pragati Fund

PANDEY

NIBL Pragati Fund

Fund Sponsored by Nepal Investment Bank Ltd and Fund Managed by NIBL Capital Markets Ltd

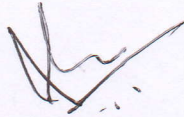
Reporting

The Fund Manager has been reporting its Fund Management Activities to its Board and the Fund Supervisor on regular basis while the statutory reports are also forwarded in line with the prevailing regulations/guidelines on mutual funds.

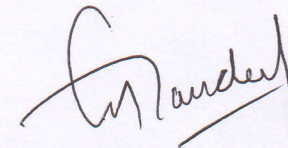
On Behalf of NIBL Capital Markets Limited (Fund Management Company)



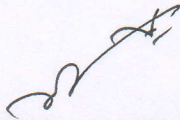
Shivanth Bahadur Pandé
Chief Executive Officer



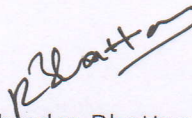
Sachin Tibrewal
Director



C.A. S. R. Pandey
Senior Partner
S. R. Pandey & Co.,
Chartered Accountants



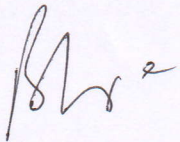
Mekh Bahadur Thapa
General Manager



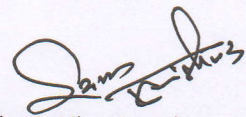
Rabindra Bhattarai
Director



Sachindra Dhungana
Head - Mutual Funds



Bandana Thapa
Director



Ram Krishna Khatiwada
Director

Date: 31 Shrawan 2074
Place: Kathmandu

NIBL CAPITAL
NIBL Capital Markets Ltd
Kathmandu, Nepal

NIBL MUTUAL FUND
NIBL Pragati Fund