

**INDEPENDENT AUDITOR'S REPORT**  
**The Unit Holders of Siddhartha Equity Fund**

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of M/s. Siddhartha Equity Fund, Naxal, Kathmandu, Nepal (hereinafter referred to as "the fund"), which comprises the statement of financial position as at Ashad 31, 2078 [July 15, 2021] and statement of profit or loss, statement of cash flow & statement of changes in equity for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes (hereinafter referred to as "the financial statements").

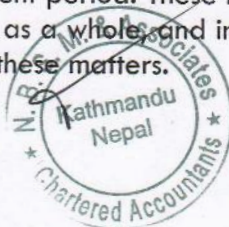
In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the fund as at Ashad 31, 2078 (July 15, 2021) and its financial performance and its cash flows for the year then ended on that date in accordance with Nepal Financial Reporting Standards (NFRS) and comply with the Securities Act 2063; Securities Board Regulations 2064; Mutual Fund Regulations 2067; Mutual Fund Guidelines 2069 and other prevailing laws.

**Basis of Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the fund in accordance with the Institute of Chartered Accountant of Nepal's code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

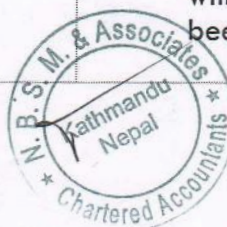
**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Key Audit Matters	Our Audit Approach and Responses
<p><b>1. Investment Valuation</b></p> <p>Investment of mutual fund comprises of investments in listed securities, initial public offerings, debentures and fixed deposits. The classifications, valuations and disclosures of the aforesaid investment shall be done in line with NFRS 9 Financial Instruments; NFRS 13 Fair Value Measurements; NFRS 7 Financial Instruments: Disclosures.</p> <p>In view of significance of amount of investment and complexity involved in valuation and treatment of such investments, we have considered it as key audit matters in our audit.</p>	<p>Our audit approach regarding valuation of investment, impairment, its accounting included:</p> <ol style="list-style-type: none"> <li>We ensured classifications and accounting of investments made by fund and its valuation were in accordance to NFRS 9 and NFRS 13 issued by Accounting Standard Board of Nepal.</li> <li>We ensured the correctness of the valuation of investment valued at amortized costs through sample verification of effective interest rate and amortization schedule.</li> <li>For the investment made on quoted equity instruments, we ensured that fair valuation has been done at the closing transaction rate in NEPSE as on 31.03.2078.</li> <li>In case of Initial Public Offering and Promoter Shares, we ensured valuation has been done as per the policies stated in Significant Accounting Policies "2.9 Valuation of Investments".</li> </ol>
<p><b>2. Compliances</b></p> <p>Mutual Fund requires to comply with the Securities Act 2063, Mutual Fund Regulation 2067, Mutual Fund Guidelines 2069.</p> <p>In view of significance of compliance that needs to be adhered, we have considered as key audit matters in our audit.</p>	<p>Our audit approach regarding compliance with various laws and regulations includes the following among other things::</p> <ol style="list-style-type: none"> <li>Ensured the investment made by the fund in various securities were within the limit of threshold limit prescribed by Mutual Fund Regulations 2067 (fourth amendment).</li> <li>Ensured the fees related to Supervisor, Fund Manager and Depository read with Section 23 of the regulations has been complied with.</li> </ol>





## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund'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 management either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

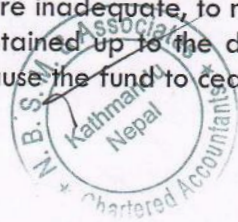
Those charged with governance are responsible for overseeing the fund's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.





- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

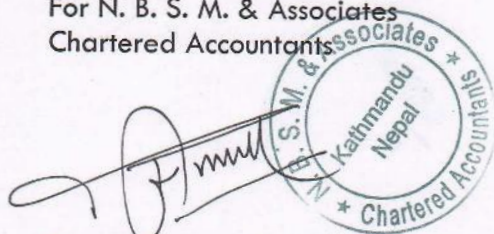
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

We have obtained information and explanations asked for, which, to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account as required by law have been kept by the fund in so far as it appears from our examination of those books of account of the fund. In our opinion statement of financial position, statement of profit or loss, statement of cash flow & statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes have been prepared in accordance with the Securities Act 2063; Securities Board Regulations 2064; Mutual Fund Regulation 2067; Mutual Fund Guidelines 2069 and other prevailing laws and regulations and are in agreement with the books of account maintained by the fund. In our opinion and to the best of information and according to the explanation given to us and from the examination of the books of account of the fund, we have not come across any case where the board of directors, any representatives or any employee of the fund have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the fund.

For N. B. S. M. & Associates  
Chartered Accountants



CA. Nil Bahadur Saru Magar, FCA

Partner

Date: 05/08/2021

Place: Kathmandu, Nepal

UDIN: 210808CA00432LeVWs



**Siddhartha Mutual Fund**  
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

**Siddhartha Equity Fund**  
Fund Manager & Depository: Siddhartha Capital Limited

**Statement of Financial Position**  
As at Ashadh 31, 2078 (July 15, 2021)

ASSETS	Schedule	Current Period NPR	Previous Period NPR
Cash & Cash Equivalents	1	367,175,738	326,357,327
Other Financial Assets	2	24,215,093	1,724,354
Financial Assets at Fair Value through Profit or Loss	3	2,059,259,068	1,149,065,376
Financial Assets at Amortized Cost	4	162,992,000	212,992,000
<b>Total Assets</b>		<b>2,613,641,899</b>	<b>1,690,139,058</b>

CAPITAL AND LIABILITIES	Schedule	Current Period NPR	Previous Period NPR
<b>Liabilities</b>			
Current Liabilities	5	11,626,287	15,356,922
<b>Total Liabilities</b>		<b>11,626,287</b>	<b>15,356,922</b>
<b>Equity</b>			
Unit Holder's Capital	6	1,500,000,000	1,500,000,000
Reserves and Surplus	7	1,102,015,612	174,782,136
<b>Total Equity</b>		<b>2,602,015,612</b>	<b>1,674,782,136</b>
<b>Total Capital &amp; Liabilities</b>		<b>2,613,641,899</b>	<b>1,690,139,058</b>

<b>Net Assets Value (NAV) Per Unit</b>	<b>17.35</b>	<b>11.17</b>
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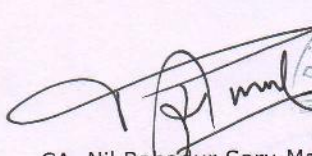
Significant Accounting Policies	12
Notes to Accounts	13


Schedules 1 to 13 form Integral part of Financial Statements

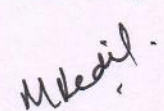
As per Attached Report of even date

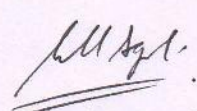
**On Behalf of Siddhartha Capital Limited**  
(Fund Management Company)

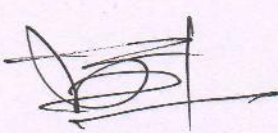
On Behalf on NBSM & Associates

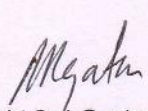
  
CA. Nil Bahadur Saru Magar, FCA  
Partner  
Date: 05/08/2021  
Place: Kathmandu, Nepal

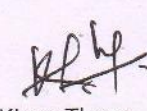



  
Mohit Kedia  
Chairman


  
Rahul Agrawal  
Director

  
Sundar Prasad Kadel  
Director

  
Rishi Raj Gautam  
Independent Director

  
Kiran Thapa  
Independent Director

  
Sandeep Karki  
Officiating CEO

  
Mukti Nath Subedi  
Head, Finance & Operations



**Siddhartha Mutual Fund**  
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

**Siddhartha Equity Fund**  
**Fund Manager & Depository:- Siddhartha Capital Limited**

**Statement of Profit or Loss**  
**For the period from Shrawan 1, 2077 to Ashadh 31, 2078**

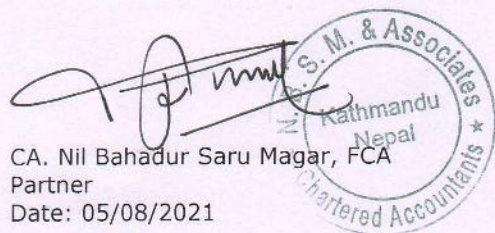
Particular	Schedule	Current Period NPR	Previous Period NPR
<b>1. Income</b>		<b>538,118,637</b>	<b>116,464,783</b>
1.1 Realised Income	8	537,893,450	116,382,372
1.2 Unrealised Income	9	225,187	82,411
<b>2. Expenses</b>		<b>38,843,314</b>	<b>33,718,080</b>
2.1 Annual Regular Expenses	10	38,843,314	33,718,080
<b>Realised Profit / (Loss)</b>		<b>499,275,322</b>	<b>82,746,703</b>
<b>Net Unrealised Gain/(Loss) from Financial Assets Held at Fair Value through Profit or Loss (FVTPL)</b>	11	540,458,154	70,699,802
<b>Net Profit/ (Loss)</b>		<b>1,039,733,476</b>	<b>153,446,505</b>

Schedules 1 to 13 form Integral part of Financial Statements

As per Attached Report of even date

On Behalf on NBSM & Associates

CA. Nil Bahadur Saru Magar, FCA  
Partner  
Date: 05/08/2021



On Behalf of Siddhartha Capital Limited  
(Fund Management Company)

Mohit Kedia  
Chairman

*Mohit Kedia*

Rahul Agrawal  
Director

*Rahul Agrawal*

Sundar Prasad Kadel  
Director

*Sundar Prasad Kadel*

Rishi Raj Gautam  
Independent Director

*Rishi Raj Gautam*

Kiran Thapa  
Independent Director

*Kiran Thapa*

Sandeep Karki  
Officiating CEO

*Sandeep Karki*

Mukti Nath Subedi  
Head, Finance & Operations

*Mukti Nath Subedi*



**Siddhartha Mutual Fund**  
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**

**Statement of Cash Flow**  
**For the period from Shrawan 1, 2077 to Ashadh 31, 2078**

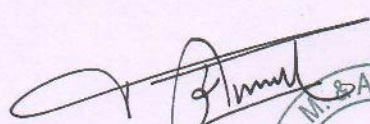
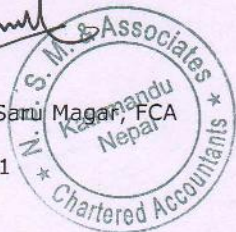
Particulars	Current Period NPR	Previous Period NPR
<b>A. Cash Flows From Operating Activities</b>	<b>103,318,411</b>	<b>23,106,952</b>
<b>1. Cash Receipts</b>	<b>538,118,637</b>	<b>116,464,783</b>
1.1 Interest Income from Financial Asset at Amortized Cost	25,427,032	43,048,392
1.2 Dividend Income from Financial Assets at FVTPL	8,456,116	28,479,354
1.3 Unrealised Dividend Income	225,187	82,411
1.4 Interest Income from Financial Asset at FVTPL	504,002,012	44,846,338
1.5 Other Income	8,289	8,288
<b>2. Cash Payments</b>	<b>38,843,314</b>	<b>33,718,080</b>
2.1 Annual Regular Expenses	38,843,314	33,718,080
<b>Cash Flows before Changes in Working Capital</b>	<b>499,275,322</b>	<b>82,746,703</b>
<b>(Increase)/Decrease in Current Assets &amp; Securities</b>	<b>(392,226,276)</b>	<b>(34,840,947)</b>
<b>Increase/(Decrease) in Current Liabilities</b>	<b>(3,730,635)</b>	<b>(24,798,803)</b>
<b>B. Cash Flows From Investing Activities</b>	<b>50,000,000</b>	<b>(7,492,000)</b>
1. (Increase)/Decrease in Investments	50,000,000	(7,492,000)
<b>C. Cash Flows from Financing Activities</b>	<b>(112,500,000)</b>	<b>(165,000,000)</b>
1. Increase/(Decrease) in Unit Holder's Capital	-	-
2. Dividend Paid	(112,500,000)	(165,000,000)
<b>D. Income/Expenses from changes in exchange rate on Cash and Bank Balances</b>	-	-
<b>E. Prior period adjustment: Bond Interest</b>	-	-
<b>F. Net Cash Flow For The Year from all activities (A+B+C+D)</b>	<b>40,818,411</b>	<b>(149,385,048)</b>
<b>G. Opening Cash and Bank Balance</b>	<b>326,357,327</b>	<b>475,742,375</b>
<b>H. Closing Cash and Bank Balance</b>	<b>367,175,738</b>	<b>326,357,327</b>

Schedules 1 to 13 form Integral part of Financial Statements

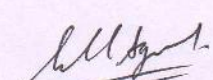
As per Attached Report of even date


On Behalf on NBSM & Associates

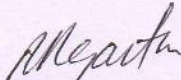
On Behalf of Siddhartha Capital Limited  
(Fund Management Company)

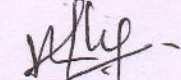
  
CA. Nil Bahadur Sami Magar, FCA  
Partner  
Date: 05/08/2021  


  
Mohit Kedia  
Chairman

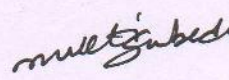
  
Rahul Agrawal  
Director

  
Sundar Prasad Kadel  
Director

  
Rishi Raj Gautam  
Independent Director

  
Kiran Thapa  
Independent Director

  
Sandeep Karki  
Officiating CEO

  
Mukti Nath Subedi  
Head, Finance & Operations



**Siddhartha Mutual Fund**  
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**

**Statement of Changes in Equity**  
**For the period from Shrawan 1, 2077 to Ashadh 31, 2078**

Particulars	Unit Holder's Capital NPR	Realized Profit NPR	Unrealized Profit NPR	Total NPR
<b>Opening Balance</b>	1,500,000,000	84,637,189	90,144,947	1,674,782,136
<b>Adjustments:</b>				
<b>Adjusted Balance as on Ashadh 31, 2077</b>	1,500,000,000	84,637,189	90,144,947	1,674,782,136
Net Profit (Loss) During the year	-	499,275,322	540,458,154	1,039,733,476
Issue of Unit Capital	-	-	-	-
Amount transferred to general Reserve	-	-	-	-
Dividend Paid of Last Year	-	(112,500,000)	-	(112,500,000)
Capital Reserve Fund	-	-	-	-
Unit Advance	-	-	-	-
<b>Balance as at Ashadh 31, 2078</b>	<b>1,500,000,000</b>	<b>471,412,511</b>	<b>630,603,101</b>	<b>2,602,015,612</b>

Schedules 1 to 13 form Integral part of Financial Statements

On Behalf of Siddhartha Capital Limited  
(Fund Management Company)

As per Attached Report of even date

On Behalf on NBSM & Associates



*[Signature]*  
CA. Nil Bahadur Saru Magar  
Partner

Date: 05/08/2021

*[Signature]*

Mohit Kedia  
Chairman

*[Signature]*

Rahul Agrawal  
Director

*[Signature]*

Sundar Prasad Kadel  
Director

*[Signature]*

Kiran Thapa  
Independent Director

*[Signature]*

Mukti Nath Subedi  
Head, Finance & Operations



Sandeep Karki  
Officiating CEO

**Siddhartha**  
**Capital Limited**  
*Investing happiness*

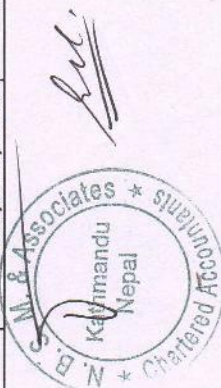


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**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**  
**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule 1: Cash & Cash Equivalents**

Particulars	Local Currency NPR	Foreign Currency in Rs.			Current Period	Previous Period
		INR	Convertible Foreign Currency	Total		
<b>1. Local Licensed Institutions</b>						
<b>a. Call Accounts</b>						
at Siddhartha Bank Limited	367,175,738	-	-	-	367,175,738	326,357,327
at Mahalaxmi Bikas Bank Limited	367,175,738	-	-	-	367,175,738	326,357,327
at Kumari Bank Limited	55,492,876	-	-	-	55,492,876	10,867,160
at Garima Bikas Bank Limited	70,505	-	-	-	70,505	10,092,906
at Civil Bank Limited	141,363	-	-	-	141,363	8,908
at Muktinath Bikas Bank Limited	19,771,880	-	-	-	19,771,880	10,102,543
at Shangri-la Development Bank Limited	239,716	-	-	-	239,716	10,059
at Jyoti Bikas Bank Limited	23,977,654	-	-	-	23,977,654	25,477,522
at Shree Investment and Finance Company Limited	93,841,000	-	-	-	93,841,000	68,772,052
at Shine Resunga Development Bank Limited	20,300,771	-	-	-	20,300,771	81,742,502
at Global IME Bank Limited	114,005,028	-	-	-	114,005,028	118,384,131
at Mega Bank Nepal Limited	34,326,894	-	-	-	34,326,894	580,876
at NIC Asia Bank Limited	52,855	-	-	-	52,855	13,091
	1,398,124	-	-	-	1,398,124	305,578
	3,557,073	-	-	-	3,557,073	-
<b>Total</b>	<b>367,175,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>367,175,738</b>	<b>326,357,327</b>





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(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**  
**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule 2 : Other Financial Assets**

Particulars	Current Period NPR	Previous Period NPR
Amount receivable from Brokers	21,871,991	-
Dividend Income Receivable	312,978	101,354
Interest Income Receivable	149,924	-
IPO/Auction/Right Advance	1,880,200	1,623,000
<b>Total</b>	<b>24,215,093</b>	<b>1,724,354</b>

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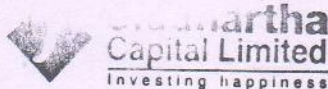
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**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**  
**As at Ashadh 31, 2078 (July 15, 2021)**

Particulars		Symbol	Current Period			Previous Period				
			Stock Qty	Per Unit Price	Value in NPR	Cost in NPR	Stock Qty	Per Unit Price	Value in NPR	Cost in NPR
A	Listed Equities Investments	Symbol	2,544,399		2,038,951,149	1,418,327,379	3,004,728		1,121,870,977	1,041,210,952
1	Adhikhola Lachubbitta Bittiva Sanstha Limited	AKBSL	2,000	100	200,000	200,000	2,000	100	200,000	200,000
2	Agriculture Development Bank Limited	ADBL	10,337	479	4,951,423	3,545,633	72,405	385	27,875,925	28,560,551
3	Asian Life Insurance Co. Limited	ALICL	20,718	1,348	27,927,864	23,296,732	-	-	-	-
4	Bottlers Nepal (Terai) Limited	BNT	2,100	10,262	21,550,200	14,088,008	-	-	-	-
5	Butwal Power Company Limited	BPCL	34,890	506	17,654,340	15,538,100	2,560	6,200	15,872,000	17,173,953
6	CEDB Hydropower Development Company Limited	CHDC	5,771	619	3,572,249	577,100	33,387	359	11,985,933	16,355,754
7	Century Commercial Bank Limited	CCBL	160,703	291	46,764,573	40,543,247	-	-	-	-
8	Chandraoiri Hills Limited	CGH	8	1,505	12,040	800	-	-	-	-
9	Chhimek Lachubbitta Bikas Bank Limited	CBBL	94,577	1,738	164,374,826	143,031,539	-	-	42,957,990	29,779,601
10	Chillime Hydropower Company Limited	CHCL	29,612	687	20,343,444	11,591,634	51,764	398	20,602,072	22,289,798
11	Citizen Bank International Limited	CZBIL	-	-	-	-	25,879	188	4,865,252	5,563,564
12	Citizen Investment Trust	CIT	-	-	-	-	6,956	2,428	16,889,168	9,851,180
13	Civil Bank Limited	CBL	-	-	-	-	56,956	139	7,916,884	8,618,219
14	Deprosk Lachubbitta Bittiva Sanstha Limited	DBBL	2,000	1,686	3,372,000	3,385,122	-	866	-	-
15	Everest Bank Limited	EBL	7,000	738	5,166,000	4,719,636	10,500	675	7,087,500	6,928,832
16	Excel Development Bank Limited	EDBL	-	-	-	-	5,239	298	1,561,222	1,317,159
17	First Micro Finance Development Bank Limited	FMDBL	-	-	-	-	4	555	2,220	1,498
18	Forward Community Microfinance Bittiva Sanstha Ltd.	FOWAD	25	2,770	69,250	43,665	-	-	-	-
19	Gandaki Bikas Bank Limited	GDBL	-	-	-	-	-	206	973,899	973,899
20	Garima Bikas Bank Limited	GBBL	14,534	544	7,906,496	2,917,575	4,721	223	1,381,485	1,203,099
21	Global IME Bank Limited	GBIME	176,292	441	77,744,772	40,060,199	6,195	239	50,039,908	51,723,015
22	Gurans Life Insurance Company Limited	GLICL	27,260	759	20,690,340	17,660,883	209,372	-	-	-
23	Himalayan Bank Limited	HBL	700	524	366,702	354,089	-	-	-	-
24	Himalayan Distillery Limited	HDL	500	5,512	2,756,000	2,056,483	-	-	-	-
25	ICFC Finance Limited	ICFC	9,795	640	6,268,800	1,611,098	-	-	-	-
26	IME General Insurance Limited	IGI	-	-	-	-	8,700	173	1,505,100	1,557,491
27	Jalabidrut Laganii tatha Bikas Co. Limited	HIDCL	-	-	-	-	12,521	439	5,496,719	4,614,295
28	Joshi Hydropower Development Co. Limited	JOSHI	-	-	-	-	112,174	133	14,919,142	17,834,170
29	Jyoti Bikas Bank Limited	JBBL	-	-	-	-	4,357	50	217,850	435,700
30	Kamana Sewa Bikas Bank Limited	KSBL	26,386	580	15,303,880	5,353,740	34	166	5,644	0

*[Signature]*

**S. M. & Associates \***  
Kathmandu  
Nepal  
Chartered Accountants

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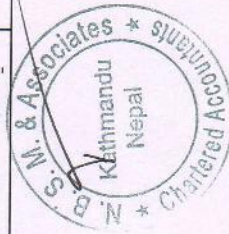


**Siddhartha Mutual Fund**  
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**  
**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule 3 : Financial Assets at Fair Value through Profit/Loss**

Particulars	Symbol	Current Period			Cost in NPR	Previous Period		
		Stock Qty	Per Unit Price	Value in NPR		Stock Qty	Per Unit Price	Value in NPR
31 Kumari Bank Limited	KBL	-	-	-	-	46,218	186	8,596,548
32 Laxmi Lachubitta Bittiva Sanstha Limited	LLBS	-	-	-	-	197	1,214	239,158
33 Life Insurance Co. Nepal Limited	LICN	34,279	2,342	80,281,418	51,760,694	5,771	1,330	7,675,430
34 Lumbini Bikas Bank Ltd.	LBBL	20,000	585	11,700,000	12,086,344	-	-	-
35 Machhapuchhre Bank Limited	MBL	20,926	385	8,056,510	4,673,894	260,412	220	57,290,640
36 Mahuli Samudavik Lachubitta Bittiva Sanstha Limited	MSLB	-	-	-	-	1,060	931	986,330
37 Mega Bank Nepal Limited	MEGA	-	-	-	-	103,275	208	21,481,200
38 Mountain Energy Nepal Limited	MEN	4,473	890	3,980,970	447,300	-	-	-
39 Miteri Development Bank Limited	MDB	3,647	586	2,137,142	716,774	21,464	307	6,589,448
40 Mountain Hydro Nepal Limited	MHNL	-	-	-	-	13,160	79	1,039,640
41 Muktinath Bikas Bank Limited	MNBBL	41,625	657	27,347,625	10,775,024	32,015	312	9,988,680
42 Nabil Bank Limited	NABIL	68,773	1,359	93,462,507	47,250,218	65,372	765	50,009,580
43 National Life Insurance Co. Limited	NLIL	87,616	1,151	100,846,016	102,706,545	34,711	662	22,978,682
44 National Microfinance Bittiva Sanstha Limited	NMFBS	375	3,603	1,351,125	614,604	-	-	-
45 Neco Insurance Co. Limited	NIL	39,535	1,348	53,293,180	39,291,307	21,391	607	12,984,337
46 Nepal Bank Limited	NBL	196,212	443	86,921,916	45,612,259	329,874	249	82,138,626
47 Nepal Doorsanchar Company Limited	NTC	57,999	1,314	76,210,686	47,902,570	98,234	655	64,343,270
48 Nepal Investment Bank Limited (Promotor Share)	NIBPO	132,215	401	53,064,490	50,630,235	98,385	363	35,713,755
49 Nepal Life Insurance Co. Limited	NLIC	40,911	1,919	78,508,209	57,447,990	33,979	1,260	42,813,540
50 Nepal Reinsurance Company Limited	NRIC	23,028	1,594	36,706,632	6,882,929	39,628	504	19,972,512
51 Nepal SBI Bank Limited	SBI	-	-	-	-	5,550	435	2,414,250
52 Nerude Lachubitta Bikas Bank Limited	NLBBL	20,470	1,600	32,752,000	34,561,603	-	-	-
53 NIC Asia Bank Limited	NICA	156,672	994	155,731,968	94,654,761	90,858	553	50,244,474
54 NIC ASIA Lachubitta Bittiva Sanstha Limited	NICLBSL	5,843	1,545	9,027,435	618,900	10,809	532	5,750,388
55 Nirdhan Uthhan Lachubitta Bittiva Sanstha Limited	NUBL	69,341	1,600	110,945,600	95,946,805	25,704	1,015	26,089,560
56 NLG Insurance Company Limited	NLG	-	-	-	-	11,537	657	7,579,809



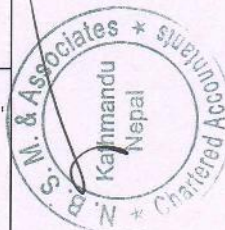


**Siddhartha Mutual Fund**  
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**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**  
**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule 3 : Financial Assets at Fair Value through Profit/Loss**

	Particulars	Symbol	Current Period			Cost in NPR	Stock Qty	Per Unit Price	Previous Period		
			Stock Qty	Per Unit Price	Value in NPR				Value in NPR	Per Unit Price	Cost in NPR
57	NMB Bank Limited	NMB	100,050	440	44,022,000	34,337,310	138,656	397	55,046,432	397	36,944,699
58	NMB Microfinance Bittiva Sanstha Limited	NMBMF	-	-	-	-	-	-	-	-	38,813
59	Oriental Hotels Limited	OHL	4,075	654	2,665,050	1,995,308	71	808	57,368	808	6,530,250
60	Prabhu Bank Limited	PRVU	219,977	457	100,529,489	63,825,062	12,075	329	3,972,675	329	42,796,021
61	Premier Insurance Co. Limited	PIC	29,628	1,170	34,664,760	39,761,046	192,655	230	44,310,650	230	-
62	Prime Commercial Bank Limited	PCBL	135,415	479	64,863,785	42,222,377	-	-	-	-	31,010,121
63	Prime Life Insurance Co. Limited	PLIC	4,361	954	4,160,394	4,382,500	13,661	531	7,253,991	531	6,198,074
64	Prudential Insurance Co. Limited	PICL	-	-	-	-	3,916	493	1,930,588	493	3,222,167
65	Radhi Bidvut Co. Limited	RADHI	-	-	-	-	931	179	166,649	179	150,740
66	Rasuwagadhi Hydropower Co. Limited	RHPL	-	-	-	-	21,105	150	3,165,750	150	2,534,086
67	RMDC Lachubitta Bittiva Sanstha Limited	RMDC	24,877	1,373	34,156,121	24,961,991	19,586	701	13,729,786	701	10,782,851
68	RSDC Lachubitta Bittiva Sanstha Limited	RSDC	-	-	-	-	66	542	35,772	542	37,241
69	Sabaiko Lachubitta Bittiva Sanstha Limited	SABSL	-	-	-	-	344	832	286,208	832	30,448
70	Sagarmatha Insurance Co. Limited	SIC	618	1,344	830,592	402,169	12,471	700	3,519,600	700	3,823,161
71	Sahavogi Bikas Bank Limited	SBSLJ	-	-	-	-	-	214	2,667,466	214	2,667,466
72	Samai Lachubitta Bittiva Sanstha Limited	SAMAJ	195	100	19,500	19,500	-	-	-	-	-
73	Samata Microfinance Bittiva Sanstha Limited	SMATA	25	1,655	41,375	8,915	20	777	15,537	777	8,491
74	Sana Kisan Bikas Bank Limited	SKBBL	17,988	1,640	29,500,320	14,952,299	29,989	1,301	39,015,689	1,301	23,322,347
75	Sanima Bank Limited	SANIMA	216,714	485	105,106,290	67,797,809	120,461	330	39,752,130	330	37,067,222
76	Sanima Mai Hydropower Limited	SHPC	-	-	-	-	2,603	223	580,469	223	547,573
77	Shikhar Insurance Co. Limited	SICL	38,875	1,952	75,884,000	31,490,682	32,288	1,019	32,901,472	1,019	32,175,726
78	Shine Resunda Development Bank Limited	SHINE	29,737	447	13,292,439	5,762,439	48,182	222	10,696,337	222	10,536,168
79	Shree Investment Finance Co. Limited	SIFC	4,619	489	2,258,691	693,995	3,000	159	477,000	159	494,826
80	Soaltee Hotel Limited	SHL	6,000	262	1,572,000	1,168,688	20,004	154	3,080,616	154	4,114,925
81	Standard Chartered Bank Limited	SCB	31,757	590	18,736,630	19,312,908	11,651	645	7,514,895	645	6,906,141
82	Sunrise Bank Limited	SRBL	-	-	-	-	118,456	234	27,718,704	234	27,393,306
83	Surva Life Insurance Company Limited	SLICL	22,991	922	21,197,702	19,313,746	-	-	-	-	-
84	Survodava Lachubitta Bittiva Sanstha Limited	SLBS	-	-	-	-	1,946	1,044	2,031,624	1,044	1,430,742
85	Swabalamban Lachubitta Bittiva Sanstha Limited	SWBBL	7,127	1,659	11,823,693	4,607,869	10,953	1,233	13,505,049	1,233	7,772,317
86	Swadeshi Lachubitta Bittiva Sanstha Limited	SDESI	-	-	-	-	82	926	75,932	926	44,687
87	Uniliver Nepal Limited	UNL	222	19,395	4,305,690	6,154,726	222	18,800	4,173,600	18,800	6,154,726
88	Universal Power Co. Limited	UPCL	-	-	-	-	44,987	70	3,149,090	70	4,498,700
89	Unnati Microfinance Bittiva Sanstha Limited	UMB	-	-	-	-	521	248	129,083	248	129,083



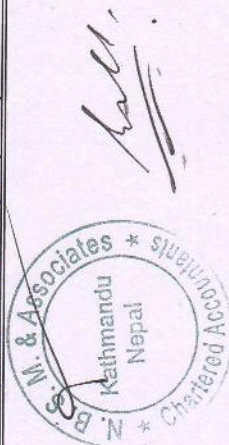


**Siddhartha Mutual Fund**  
(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)

**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**  
**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule 3 : Financial Assets at Fair Value through Profit/Loss**

Particulars		Symbol	Current Period			Previous Period					
			Stock Qty	Per Unit Price	Value in NPR	Cost in NPR	Stock Qty	Per Unit Price	Value in NPR	Cost in NPR	
B	Investments in IPO yet to be Listed		19,122		6,323,641	1,912,200	8,427		1,597,859	842,700	
		1	AJOD Insurance Limited	-	-	-	-	6,818	176	1,200,854	681,800
		2	Jeevan Bikas Ladhubitta Bittva Sanstha Limited	4,183	1,006	4,208,935	418,300	-	-	-	-
		3	Mailung Khola Jal Vidhyut Company Limited	1,446	120	173,896	144,600	-	-	-	-
		4	Manakamana Smart Ladhubitta Sanstha Limited	823	513	422,438	82,300	-	-	-	-
		5	Sadhana Ladhubitta Bittva Sanstha Limited	-	-	-	-	1,609	247	397,005	160,900
6	Union Life Insurance Company Limited		12,670	120	1,518,373	1,267,000	-	-	-	-	
C	Right/Bonus Shares yet to be Listed		11,183		13,984,278	8,416,388	30,000		25,596,540	16,866,776	
		1	Citizen Investment Trust	-	-	-	-	1,530	2,428	3,714,840	2,166,806
		2	Deprosc Ladhubitta Bittva Sanstha Limited	-	-	-	-	1,925	866	1,667,050	1,040,607
		3	Excel Development Bank Limited	-	-	-	-	896	298	267,008	225,267
		4	Forward Community Microfinance Bittva Sanstha Ltd.	6	2,770	16,620	10,480	-	-	-	-
		5	Mahuli Samudavik Ladhubitta Bittva Sanstha Limited	-	-	-	-	212	931	197,266	171,769
		6	Miteri Development Bank Limited	2,349	586	1,376,514	461,668	-	-	-	-
		7	Neco Insurance Co. Ltd.	6,438	1,348	8,678,424	6,398,316	-	-	-	-
		8	Nirdhan Uthnan Ladhubitta Bittva Sanstha Limited	-	-	-	-	4,466	1,015	4,532,990	3,249,410
		9	NMB Ladhubitta Bittva Sanstha Limited	-	-	-	-	9	808	7,272	4,920
		10	Prabhu Insurance Limited	-	-	-	-	695	475	330,125	250,465
		11	Sagarmatha Insurance Co. Limited	166	1,344	223,104	108,026	-	-	-	-
		12	Samata Ladhubitta Bittva Sanstha Limited	-	-	-	-	1	777	777	425
		13	Sana Kisan Ladhubitta Bittva Sanstha Limited	-	-	-	-	6,408	1,301	8,336,808	4,983,481
		14	Shine Resunqa Development Bank Limited	-	-	-	-	7,227	222	1,604,461	1,580,435
		15	Soaltee Hotel Limited	-	-	-	-	3,001	154	462,154	617,321
16	Swabalamban Ladhubitta Bittva Sanstha Limited		2,224	1,659	3,689,616	1,437,898	3,630	1,233	4,475,790	2,575,871	
Grand Total			2,574,704		2,059,259,068	1,428,655,966	3,043,155		1,149,065,376	1,058,920,428	





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**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule 4: Financial Assets at Amortized Cost**

Particulars	Current Period NPR	Previous Period NPR
Investment in Fixed Deposits	100,000,000	150,000,000
Investment in Bond and Debenture	62,992,000	62,992,000
<b>Total</b>	<b>162,992,000</b>	<b>212,992,000</b>

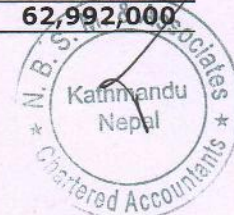
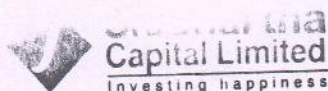
**Schedule 4(A): Investment in Fixed Deposits**

Particulars	Current Period NPR	Previous Period NPR
Jyoti Bikas Bank Limited	-	50,000,000
Shine Resunga Development Bank Limited	-	20,000,000
Shangrila Development Bank Limited	-	80,000,000
Mega Bank Nepal Limited	100,000,000	-
<b>Total</b>	<b>100,000,000</b>	<b>150,000,000</b>

**Schedule 4(B): Investment in Bond & Debenture**

Particulars	Current Period NPR	Previous Period NPR
11% Nic Asia Debenture 2082/83	50,000,000	50,000,000
10% NMB Debenture 2085	2,500,000	2,500,000
10% Sunrise Debenture 2080	1,000,000	1,000,000
10.5% NIB Debenture 2082	1,000,000	1,000,000
10.25% NBBL Debenture 2085	1,000,000	1,000,000
10% Himalayan Debenture 2083	1,000,000	1,000,000
10.25% Sunrise Debenture 2083	2,500,000	2,500,000
10.35% ADBL Debenture 2083	1,307,000	1,307,000
12% ICFC Debenture 2083	400,000	400,000
12% Goodwill Debenture 2083	833,000	833,000
10% Nepal SBI Debenture 2086	500,000	500,000
10.25% Citizen Debenture 2086	952,000	952,000
<b>Total</b>	<b>62,992,000</b>	<b>62,992,000</b>

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**Siddhartha Mutual Fund**  
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**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule 5: Current Liabilities**

Particulars	Current Period NPR	Previous Period NPR
TDS Payables	225,442	329,279
Fund Management, Depository and Supervisor fee Payable	11,284,708	7,101,359
Others		
Audit Fee Payable	83,625	83,625
Provision for Reporting Expenses	27,204	27,204
Provision for Audit Expenses	5,000	3,000
Provision for Doubtful Dividend	163	-
Sundry Payables	145	7,812,455
<b>Total</b>	<b>11,626,287</b>	<b>15,356,922</b>

**Schedule 6: Unit Capital**

Particulars	Current Period NPR	Previous Period NPR
Seed Capital	225,000,000	225,000,000
Capital Raised from General Public	1,275,000,000	1,275,000,000
<b>Total</b>	<b>1,500,000,000</b>	<b>1,500,000,000</b>

**Schedule 7: Reserves and Surplus**

Particulars	Current Period NPR	Previous Period NPR
<b>1. General Reserve Fund</b>	-	-
<b>2. Capital Reserve Fund</b>	-	-
<b>3. Other Reserves and Fund</b>	-	-
3.1. Other Free Reserves	-	-
3.2. Other Reserve Funds	-	-
<b>4. Accumulated Profit/ Loss</b>	<b>1,102,015,612</b>	<b>174,782,136</b>
4.1. Realised Profit / Loss	471,412,511	84,637,189
4.2. Unrealised Profit / Loss	630,603,101	90,144,947
<b>Total</b>	<b>1,102,015,612</b>	<b>174,782,136</b>

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As at Ashadh 31, 2078 (July 15, 2021)

**Schedule 8: Realised Income**

Particulars	Current Period NPR	Previous Period NPR
Interest Income from Financial Asset at Amortized Cost	25,427,032	43,048,392
Dividend Income from Financial Assets at Fair value through Profit or Loss	8,456,116	28,479,354
Net Gain/Loss from Financial Assets at Fair value through Profit or Loss	504,002,012	44,846,338
Other Income	8,289	8,288
<b>Total</b>	<b>537,893,450</b>	<b>116,382,372</b>

**Schedule 9: Unrealised Income**

Particulars	Current Period NPR	Previous Period NPR
Dividend Income Accrued	225,187	82,411
<b>Total</b>	<b>225,187</b>	<b>82,411</b>

**Schedule 10: Annual Regular Expenses**

Particulars	Current Period NPR	Previous Period NPR
NEPSE Listing Renewal Fee	50,000	50,000
CDS Annual Fee	150,000	150,000
Credit Rating Expenses	-	93,225
AMC of Software	20,000	20,000
Reporting Expenses	141,732	158,260
Scheme Audit Fee	84,750	84,750
Fund Management & Depository Fee	36,884,750	31,494,522
Fund Supervisor Fee	1,395,403	1,569,643
Other Expenses	26,279	7,280
PCS Software AMC Charge	90,400	90,400
<b>Total</b>	<b>38,843,314</b>	<b>33,718,080</b>

**Schedule 11: Net Unrealised Gain/(Loss) from Financial Assets Held at Fair Value through Profit or Loss (FVTPL)**

Particulars	Current Period NPR	Previous Period NPR
1. Secondary Market Value Appreciation of Listed Equities	620,623,771	80,660,025
2. Appreciation on Investments in IPO yet to be Listed	4,411,441	755,159
3. Appreciation on Right/Bonus Shares Yet to be Listed	5,567,890	8,729,764
Less: Unrealised income upto previous year	90,144,948	19,445,145
<b>Total</b>	<b>540,458,154</b>	<b>70,699,802</b>

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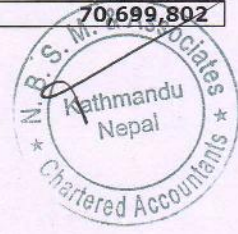
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**Siddhartha Equity Fund**  
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**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule: 12 - Significant Accounting Policies**

**1. Overview of the Scheme**

Siddhartha Mutual Fund is the first Mutual Fund in Nepal registered with Securities Board of Nepal (SEBON) as per Mutual Fund Regulations, 2010. Siddhartha Bank Limited (SBL) is the Fund Sponsor and Siddhartha Capital Limited (SCL), a subsidiary of SBL is the Fund Manager and Depository of the fund.

As the fund manager and depository, SCL shall ensure management of the schemes operated under Siddhartha Mutual Fund along with its depository functions. The registered office of SCL is situated at Narayanchaur Naxal, Kathmandu.

There are five Fund Supervisors of Siddhartha Mutual Fund as per Mutual Fund Regulations, 2010, namely, Dr. Ram Krishna Timilsina, Mr. Radha Krishna Poudel, Mr. Pratap Prasad Pradhan, Mr. Bishow Prakash Pandit & Mr. Surya Prasad Bhandari.

The third scheme of the Siddhartha Mutual Fund, Siddhartha Equity Fund (SEF) started its operation from Kartik 23, 2074 (November 9, 2017). SEF is a close end scheme with base fund size of NPR. 1,500 million and maturity period of 10 years (i.e. Kartik 23, 2074 – Kartik 22, 2084). It was listed in NEPSE on Poush 02, 2074 with stock symbol SEF.

The Scheme's Financial Statements for FY 2077/78 were approved by the Board of Directors (BoD) of SCL, being the Fund Management and Depository Company for the Siddhartha Mutual Fund by BOD meeting dated August 05, 2021.

**2. Basis of Preparation of Financial Statement and Significant Accounting Policies**

The principle accounting policies are adopted in preparation of financial statements have been consistently applied unless otherwise stated.

**2.1 Statement of Compliance**

The Financial Statements 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 to the extent applicable and in compliance with the requirements of Securities Act, 2063; Mutual Fund Regulations, 2010; and Mutual Fund Guidelines, 2012.

**2.2 Basis of Preparation**

The Financial Statements are presented in Nepalese Rupees, rounded to the nearest Rupee and is the functional and presentation currency of the fund. The management has prepared the financial statement on an orderly realization basis. The Financial Statements are in conformity with Nepal Financial Reporting Standards (NFRS) i.e. the financial statements are prepared on the basis of fair value measurement of assets and liabilities.

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### 2.3 Net Asset Value (NAV)

The Net Asset Value (NAV) calculation is done on the basis of market value of the total investment plus other current assets and deducting the same by the current liabilities in compliance with Mutual Fund Regulation and Guidelines. The Net Asset Value is calculated on per unit basis in weekly and monthly periods and the same is published on SCL website: [www.siddharthacapital.com](http://www.siddharthacapital.com). Net Assets value (NAV) includes unit capital, realized gain and unrealized gain. The total value of NAV is reflected as Equity in statement of financial position.

### 2.4 Cash & Cash Equivalents

Cash and Cash Equivalents include cash in hand, balances with banks and money at call and at short notice. These are subject to insignificant risk of changes in their fair value. The detail of cash balance on various financial institutions are listed below:

S.No	Particulars	Balance (NPR.)
1	Siddhartha Bank Limited	55,492,876
2	Mahalaxmi Bikas Bank Limited	70,505
3	Kumari Bank Limited	141,363
4	Garima Bikas Bank Limited	19,771,880
5	Civil Bank Limited	239,716
6	Muktinath Bikas Bank Limited	23,977,654
7	Shangri-la Development Bank Limited	93,841,000
8	Jyoti Bikas Bank Limited	20,300,771
9	Shree Investment and Finance Company Limited	114,005,028
10	Shine Resunga Development Bank Limited	34,326,894
11	Global IME Bank Limited	52,855
12	Mega Bank Nepal Limited	1,398,124
13	NIC Asia Bank Limited	3,557,073
<b>Total</b>		<b>367,175,738</b>

### 2.5 Financial Instruments

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

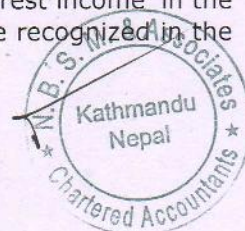
In accordance with NFRS-9; Financial Instruments: Recognition and Measurement, the Fund's advance and dividend receivables are classified as 'Other Financial Assets'. Equity securities are classified as fair value through profit and loss. Debentures and Fixed Deposits are classified as assets measured at amortized cost. The amount attributable to unit holders is classified as equity and payables are designated as 'other financial liabilities' at amortized cost.

#### a. Classification

##### i. Financial Assets measured at amortized cost

Held to Maturity Financial Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities which the fund has the intention and ability to hold to maturity. After the initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate, less impairment. The amortization is included in 'realized interest income' in the Statement of Profit or Loss. The losses arising from impairment of such investments are recognized in the Statement of Profit or Loss.

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## Receivables

Receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. Receivables mainly represent payment made for applying right shares and dividend receivable from investment.

### ii. Financial instruments classified as fair value through profit or loss

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.

#### b. Recognition / De- recognition

All financial assets and liabilities are initially recognized on the trade date, i.e. the date on which the fund becomes a party to the contractual provisions of the instrument. This includes 'regular way trade'. Regular way trade means purchases or sales of financial assets that required delivery of assets within the time frame generally established by regulation or convention in the market place.

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

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

Cost of purchase of instruments includes transaction cost on such purchases, while disposal value is calculated net of transaction cost involved on such disposal.

#### c. Measurement

##### i. Financial Assets measured at amortized cost

The asset is measured at the amount recognized at the initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. 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.

##### ii. 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 including transaction costs of financial assets.

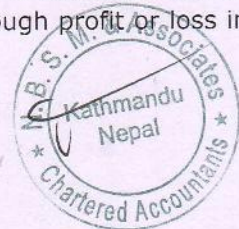
Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are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

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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 Note 2.9.

#### **d. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **2.6 Realized Income**

Realized income includes income from interest from bank deposits with national level financial institutions and capital gain and dividend income from Investments made on securities and other incomes.

a. Dividend income is recognized as realized when the accrued dividend income is received in the bank account.

b. Profit or loss on sale of investments is recognized on trade date. The cost of investments sold is determined on "weighted average cost basis".

c. Interest on interest bearing and other fixed income investments is recognized as and when such accrued interest income is received in the bank account.

d. Other income of miscellaneous nature is accounted for when it is probable that the economic benefits associated with the transaction will flow to the entity.

### **2.7 Unrealized Income**

Unrealized incomes are the income that are booked based upon the valuation gain from the investments made on securities, both on secondary market as well as on primary market. Unrealized appreciation/depreciation, on marking the investments is recognized on the balance sheet date and accordingly reckoned for determination of net surplus/deficit for the period. Also, the following income is recognized as unrealized as stated:

a. Dividend income is recognized as unrealized when right to receive is established. Once the dividend amount is received in bank account, unrealized dividend income is transferred to realized income.

b. Interest on interest bearing accounts (call accounts) and other fixed income investments (Fixed Deposit and Debenture) is recognized on a day-to-day basis as it is earned. Interest on call accounts is booked based on the interest rates provided by the bank on a regular interval as and when changed. On purchase of fixed income investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered.

These incomes are directly credited to the Unrealized Profit/ (Loss) as a fund which shall not be used for return distribution and related purpose.

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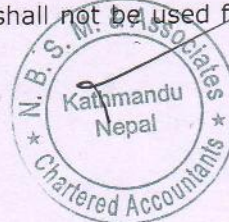
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## 2.8 Expenses

All expenses are accounted on an accrual basis.

## 2.9 Valuation of Investments

The investments are stated as per the provisions stated on the Mutual Fund regulations and guidelines and valuation policy set out by Siddhartha Mutual Fund, Investment Policy. Accordingly, investments have been valued as follows:

- a. Investments are accounted for on trade date and off-market transactions including acquisitions through private placement/ private treaty are accounted when scheme obtains the enforceable obligation/right.
- b. Cost of investments includes brokerage, transaction charges, and any other charge customarily included in the broker's note.
- c. After the allotment of Right Shares, such shares are booked as unlisted shares till the date of listing and are valued at Market Price.
- d. After the approval of Bonus Shares by AGM, such shares are booked as unlisted shares till the date of listing and are valued at Market Price.
- e. Equities which are traded frequently are valued at closing market price which shall not be earlier of 30 days or more.
- f. Equities which are not traded frequently (i.e. which are listed but not transacted for more than 30 days) are valued at 180 days closing average price as provided by NEPSE. In case where 180 days closing average price is not found in NEPSE, then price is taken at lower of cost of acquisition or par value of stock.

In case of Promoter Share, valuation is done at at closing market price which shall not be earlier of 30 days or more. In case promotor shares are not traded frequently (i.e. which are listed but not transacted for more than 30 days) then valuation is done at 180 days closing average price as provided by NEPSE. Further, if promotor shares' 180 days closing average price is not found in NEPSE, then price is taken at 50% of the publicly traded share price.

Similarly, in case of trading halt of the script due to merger & acquisition, valuation is done at at closing market price which shall not be earlier of 30 days or more. In case such shares are not traded more than 30 days, then valuation is done at 180 days closing average price as provided by NEPSE. Valuation shall be done at cost of acquisition, in case of trading halt for more than 180 days.

g. IPO/Right investment are valued as advance for application amount till allotment at exact amount applied for. After allotment till listing, IPO investment are valued using valuation model which is sum of 50% of latest net worth published by the company and 50% based on the earning capitalization, based on the projections of the company by considering latest interest rate of the government bonds after applicable tax deductions as discount factors.

h. Bonds, Debentures, Treasury Bills are valued at cost for acquisition of such instruments considering all the accrued interest/ income for the period.

i. Bank Deposit is valued considering all the accrued interest for the period.

j. Other market instruments/investments are valued at cost of acquisition.

## 2.10 Provisions

Provisions are created when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

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**Siddhartha Mutual Fund**  
**(A Mutual Fund Registered by Siddhartha Bank Limited under Mutual Fund Regulations, 2010)**

**Siddhartha Equity Fund**  
**Fund Manager & Depository: Siddhartha Capital Limited**  
**As at Ashadh 31, 2078 (July 15, 2021)**

**Schedule: 13 - Notes to the Accounts**

**1 Unit Capital**

Unit Ownership Detail	%	Unit Capital
1.1 Seed Unit Capital	15	225,000,000
1.2 Other Unit holders	85	1,275,000,000
<b>Total</b>	<b>100</b>	<b>1,500,000,000</b>

**2 Reserve and Surplus**

Reserve and Surplus comprises of net realized income of NPR. 471,412,511 (NPR. Four Hundred Seventy-One Million Four Hundred Twelve Thousand and Five Hundred Eleven Only) and net unrealized income of NPR. 630,603,101 (NPR. Six Hundred Thirty Million Six Hundred Three Thousand One Hundred One Only).

**3 Income Tax**

Income Tax Act 2058 has prescribed Mutual Funds as non-taxable entity and thus TDS has not been deducted on its income. Similarly, corporate tax has not been provisioned or deposited. TDS are filed manually or through Siddhartha Capital Limited.

**4 Compliance relating to Investment Threshold**

Investment Threshold of Mutual Fund Regulations, 2010 has been complied throughout the fiscal year and as on Ashad End 2078.

**5 IPO valuation**

During the valuation of IPO, interest rate of government bonds after the deduction of applicable tax has been considered. The interest rates announced for and settled after auction of such bonds is not considered in IPO Valuation as the rates are very low.

**6 Use of estimates**

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**7 Fair value measurement**

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

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period:

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

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- (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.

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.

The Fund values its investments in accordance with the accounting policies set out in note 2.9 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

### 8 Fund Management, Depository and Supervisor Fee

Fund management, depository and Supervisor Fee are calculated and recognized as per the Mutual Fund Regulation 2010 (amended). The fund management and depository fee has been calculated at the rate of 1.50% and 0.20% p.a. respectively for FY 2077/78. The total fees charged are as follows:

Fund Management Fee	Depository Fee	Supervisor Fee
NPR. 32,545,368	NPR. 4,339,382	NPR. 1,395,403

### 9 Reconciliation Status

The Bank Account has duly been reconciled.

### 10 Summary of concentration of Sectoral Investment including IPO/Bonus/Right Share:

Sector	Investment for FY 2077/78		% Investment for FY 2076/77
	Amount	%	%
Commercial Banks	865,489,055	42.03%	53.23%
Development Banks	79,064,096	3.84%	3.11%
Finance Companies	8,527,491	0.41%	0.17%
Hotels	4,249,090	0.21%	0.65%
Hydro Power	45,724,899	2.22%	4.86%
Life Insurance	335,130,316	16.27%	7.02%
Manufacturing and Processing	28,611,890	1.39%	1.74%
Microfinance	405,970,853	19.71%	14.34%
Mutual Funds	-	0.00%	0.00%
Non-life Insurance	173,574,060	8.43%	5.74%
Others	112,917,318	5.48%	9.13%
<b>Total</b>	<b>2,059,259,068</b>	<b>100%</b>	<b>100%</b>

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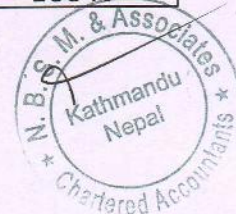
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### 11 Net Assets Attributable to Unit Holders (Equity)

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.

NAV as on the reporting date is 17.35.

### 12 Distributions

The distributions to Unit holders are recognized in statement of changes in equity.

### 13 Related Party Transaction: Related Parties

- a. Fund Sponsor: Siddhartha Bank Limited
- b. Fund Manger and Depository: Siddhartha Capital Limited, a subsidiary of the sponsor.
- c. Fund Supervisors:
  - i. Dr. Ram Krishna Timilsina
  - ii. Mr. Radha Krishna Poudel
  - iii. Mr. Pratap Prasad Pradhan
  - iv. Mr. Bishwo Prakash Pandit
  - v. Mr. Surya Prasad Bhandari
- d. Shareholders holding substantial interest in the Fund Management Company:
  - i. Siddhartha Bank Limited
- e. Subsidiaries of Major Shareholders of Fund Management Company with whom transacted
  - i. None
- f. Key Management Personnel
  - i. 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'.

The transactions entered into during the year with the related parties are as under:

- i. Unit Holding of Siddhartha Bank Limited amounts to NRs. 150,000,000 (NRR. One Hundred Fifty Million Only).
- ii. Siddhartha Equity Fund have earned interest amounting to NPR. 355,954 (NPR. Three Hundred Fifty-Five Thousand Nine Hundred Fifty-Four Only) from Siddhartha Bank Limited.
- iii. Fund Management and Depository Fee incurred by Siddhartha Equity Fund to Siddhartha Capital Limited amounts to NPR. 36,884,750 (NPR. Thirty-Six Million Eight Hundred Eighty Four Thousand Seven Hundred Fifty Only).
- iv. Supervisor Fee incurred by Siddhartha Equity Fund to Fund Supervisors amounts to NPR. 1,395,403 (NPR. One Million Three Hundred Ninety-Five Thousand Four Hundred Three Only).

Detail of transaction is as below:

Name	Amount (NPR.)
Dr. Ram Krishna Timilsina	332,239
Mr. Radha Krishna Poudel	265,791
Mr. Pratap Prasad Pradhan	265,791
Mr. Bishwo Prakash Pandit	265,791
Mr. Surya Prasad Bhandari	265,791
<b>Total</b>	<b>1,395,403</b>

Other small transactions are considered insignificant and hence are not disclosed.





#### 14 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.

#### 15 Contingent Liability


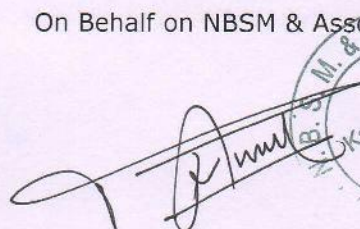
There is no Contingent liability in respect of Underwriting Commitments, Uncalled liability on partly paid shares and other commitments.

#### 16 Proposed Dividend and Distribution

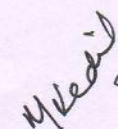
The Board of Directors of the fund management company, Siddhartha Capital Limited, held on August 05 2021 has proposed 30% dividend (including tax) on unit capital of the fund amounting to NPR. 450,000,000 (NPR. Four Hundred Fifty Million Only) from net realized gain up to F/Y 2077/78.

#### On Behalf of Siddhartha Capital Limited (Fund Management Company)

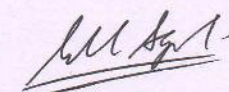
On Behalf on NBSM & Associates




CA. Nil Bahadur Saru Magar, FCA  
Partner  
Date: 05/08/2021  
Place: Kathmandu, Nepal



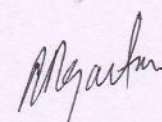
Mohit Kedia  
Chairman



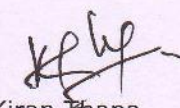
Rahul Agrawal  
Director



Sundar Prasad Kadel  
Director



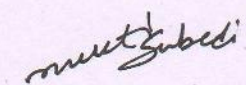
Rishi Raj Gautam  
Independent Director



Kiran Thapa  
Independent Director



Sandeep Karki  
Officiating CEO



Mukti Nath Subedi  
Head, Finance & Operations