SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

"Surakshan Bhawan" Bhagawati Marg Naxal,Tel:4512367, www.salico.com.np

Quarterly Financial Results for 2nd Quarter,F.Y 2081/82

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on Quarter Ended Poush 2081

Fig in NPR.

Particulars	**Unaudited At the end of this Quarter**	**Unaudited At the end of Immediate Previous Year**
Assets:		
Goodwill & Intangible Assets	157,311,512	157,441,541
Property and Equipment	225,925,926	227,855,231
Investment Properties	112,262,350	112,576,632
Deferred Tax Assets	19,149,882	28,364,552
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	6,698,328,368	6,413,393,248
Loans	10,711,786	10,658,216
Reinsurance Assets	7,000,398,731	5,060,362,527
Current Tax Assets	221,277,558	184,807,175
Insurance Receivables	1,332,990,559	1,057,059,185
Other Assets	1,527,351,161	1,148,066,187
Other Financial Assets	238,426,193	375,089,450
Cash and Cash Equivalent	517,369,922	486,597,150
Total Assets	**18,061,503,946**	**15,262,271,094**
Equity:		
Share Capital	2,622,638,200	2,622,638,200
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Special Reserve	2,550,477,445	2,550,477,445
Catastrophe Reserves	197,877,171	194,584,482
Retained Earnings	639,748,252	579,738,475
Other Equity	419,510,389	400,411,453
Total Equity	**6,430,251,455**	**6,347,850,054**
Liabilities:		
Provisions	97,688,602	90,554,589
Gross Insurance Contract Liabilities	9,211,487,014	6,904,746,633
Deferred Tax Liabilities	-	-
Insurance Payable	1,567,946,166	1,296,882,459
Current Tax Liabilities	-	-
Borrowings	-	-
Other Liabilities	547,273,821	393,520,829
Other Financial Liabilities	206,856,888	228,716,530
Total Liabilities	**11,631,252,491**	**8,914,421,040**
Total Equity and Liabilities	**18,061,503,946**	**15,262,271,094**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the Quarter Ended Poush 2081

Fig in NPR.

Particulars	Unaudited Current Year		Unaudited Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	1,057,387,703	1,835,451,255	1,322,844,853	1,914,880,034
Premiums Ceded	(650,078,226)	(1,116,325,607)	(893,083,561)	(1,118,940,702)
Net Earned Premiums	**407,309,477**	**719,125,649**	**429,761,292**	**795,939,333**
Commission Income	135,729,847	288,937,924	94,077,019	218,162,159
Other Direct Income	16,221,755	16,839,904	5,659,805	6,144,039
Income from Investments & Loans	93,260,751	208,446,181	76,221,089	206,350,997
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/ (Losses)	182,551	79,151,513	5,739,640	5,739,640
Other Income	1,076,050	1,541,962	7,110,013	7,110,013
Total Income	**653,780,433**	**1,314,043,132**	**618,568,858**	**1,239,446,180**
Expenses:				
Gross Claims Paid	1,084,602,091	1,533,815,491	461,244,008	1,399,090,364
Claims Ceded	(496,594,106)	(692,426,223)	(250,845,078)	(834,007,480)
Gross Change in Contract Liabilities	(1,205,197,259)	1,588,553,736	(99,634,929)	(91,938,802)
Change in Contract Liabities Ceded to Reinsurers	905,756,706	(1,593,192,552)	119,209,378	117,721,666
Net Claims Incurred	**288,567,432**	**836,750,451**	**229,973,379**	**590,865,748**
Commission Expenses	9,244,365	20,108,723	9,698,631	19,705,007
Service Fees	2,864,799	8,178,515	3,417,179	8,612,586
Other Direct Expenes	892,864	2,956,141	1,795,159	3,417,383
Employee Benefits Expenses	119,659,143	262,305,362	120,046,853	253,514,375
Depreciation and Amortization Expenses	9,187,714	20,135,553	13,552,744	17,436,699
Impairment Losses	-	-	-	-
Other Operating Expenses	35,019,819	62,215,736	33,023,132	54,751,663
Finance Cost	4,757,597	7,315,836	1,650,256	4,222,756
Total Expenses	**470,193,734**	**1,219,966,319**	**413,157,333**	**952,526,218**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	183,586,698	94,076,813	**205,411,524**	**286,919,963**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	**183,586,698**	**94,076,813**	**205,411,524**	**286,919,963**
Income Tax Expenses	28,223,044	28,223,044	61,623,458	86,075,989
Net Profit/(Loss) For The Year	**155,363,654**	**65,853,769**	**143,788,067**	**200,843,974**
Earning Per Share	**23.70**	**5.02**	**21.93**	**15.32**
Basic EPS	**23.70**	**5.02**	**21.93**	**15.32**
Diluted EPS	**23.70**	**5.02**	**21.93**	**15.32**

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the Quarter Ended Poush 2081

Fig in NPR.

Particulars	Unaudited Current Year		Unaudited Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	155,363,654	65,853,769	143,788,068	200,843,974
Other Comprehensive Income	(53,758,096)	21,500,898	(45,264,269)	(35,794,394)
Total Comprehensive Income	**101,605,557**	**87,354,667**	**98,523,799**	**165,049,580**

OTHER INDICATORS

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total Issued Policy Count	140,014	148,092
2. Total Renewed Policy Count	65,757	42,773
3. Total Claims Paid Count	6609	6,816
4. Outstanding Claims Count	14,980	14,680
5. Gross Outstanding Claims Including IBNR and IBNER (Amount)	6,099,216,808	5,024,667,205
6. Net Outstanding Claims Including IBNR and IBNER (Amount)	946,728,313	847,776,477
7. Margin Over Best Estimate		
8. Unearned Premium Reserve (Amount)	1,264,359,969	1,323,835,153
9. Unexpired Risk Reserve (Amount)		
10.Earthquake Premium Reserve (Amount)		
11. Long Term Investments (Amount)	1,178,984,870	1,341,921,866
12. Short Term Investments (Amount)	5,519,343,498	5,249,487,757
13.Direct Premium (Amount)	2,427,167,332	2,294,332,915
14.Investment in Cost (Amount)	6,384,929,270	6,352,901,259
15. Solvency margin Ratio	2.54	4.07

Disclosure as per Section 84(3) of Insurance Act, 2079

1. Solvency Ratio : 2.54 (Based on latest actuary LAT report available)
2. Reinsurance related disclosure:
   Company purchases reinsurance as part of its risks mitigation programme. Premium ceded to the reinsurers is in accordance with the terms of the programmes already agreed based on the risks written by the insurance companies. Recoveries from reinsurers on claims are based on the cession made in respect of each risk and is estimated in a manner consistent with the outstanding claims provisions made for the loss. Although we mitigate our exposures through prudent reinsurance arrangements, the obligation to meet claims emanating from policy holders rests with the Company. Default of reinsurers does not negate this obligation and in that respect the Company carries a credit risk up to the extent ceded to each reinsurer.
3. Details regarding legal proceeding: There are no such legal except legal proceedings against tax assessment of previous fiscal years from the Large Taxpayer’s Office.
4. Corporate Governance: Company has made complaince with all such related corporate Governance
5. Other disclosure : Figures presented above are unaudited and may vary after acturial report/Statutory Audit .Figures are regrouped/rearranged wherever necessary.

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED
Statement of Other Comprehensive Income
For Period 17th Oct ,2024 - 13th Jan, 2025
(For the Quarter Ended Poush 2081)

Fig. in NPR

Particulars	Notes	This Quarter	Corresponding Previous Year This Quarter
Net Profit/(Loss) For the Period		**155,363,654**	**143,788,067**
Other Comprehensive Income			
a) Items that are or may be Reclassified to Profit or Loss			
Changes in Fair Value of FVOCI Debt Instruments			
Cash Flow Hedge - Effective Portion of Changes in Fair Value			
Exchange differences on translation of Foreign Operation			
Share of other comprehensive income of associates accounted for using the equity method	9		
Income Tax Relating to Above Items			
Reclassified to Profit or Loss			
b) Items that will not be Reclassified to Profit or Loss			
Changes in fair value of FVOCI Equity Instruments		(76,797,280)	(64,663,241)
Revaluation of Property and Equipment/ Goodwill & Intangible Assets			
Remeasurement of Post-Employment Benefit Obligations			
Share of other comprehensive income of associates accounted for using the equity method	9		
Income Tax Relating to Above Items		23,039,184	19,398,972
Total Other Comprehensive Income For the Year, Net of Tax		(53,758,096)	(45,264,269)
Total Comprehensive Income For the Year, Net of Tax		**101,605,557**	**98,523,798**

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Statement of Cash Flows

For Period 16th July, 2024 - 13th Jan, 2025

(For the Quarter Ended Poush 2081)

Particulars	Current Year YTD	Corresponding Previous Year YTD
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	2,553,637,900	2,348,286,817
Reinsurance Commission Received	144,468,962	218,162,159
Claim Recovery Received from Reinsurers	346,213,112	903,961,715
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Other Direct Income Received	16,839,904	6,144,039
Others (to be specified)	1,541,962	7,110,013
Cash Paid		
Gross Benefits and Claims Paid	(1,533,815,492)	(1,399,090,364)
Reinsurance Premium Paid	(731,584,629)	(1,287,716,467)
Commission Paid	(16,757,270)	(19,705,007)
Service Fees Paid	(9,144,808)	
Employee Benefits Expenses Paid	(251,852,382)	(253,514,375)
Other Expenses Paid	(49,201,154)	(70,935,686)
Other Direct Expenses Paid	(2,956,141)	(3,417,383)
Claim Advances	(314,515,110)	(195,036,332)
Others(Sundry Advances)	(655,343)	(18,036,512)
Staff Advances	(2,628,410)	(3,452,614)
Others (to be specified)		
Income Tax Paid	(26,892,767)	(50,000,000)
Net Cash Flow From Operating Activities [1]	**122,698,334**	**182,760,004**
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets		
Proceeds From Sale of Intangible Assets		
Acquisitions of Investment Properties		
Proceeds From Sale of Investment Properties		
Acquisitions of Property & Equipment	(13,244,794)	
Proceeds From Sale of Property & Equipment	6,469,892	2,296,556
Investment in Subsidiaries		-
Receipts from Sale of Investments in Subsidiaries		-
Investment in Associates		-
Receipts from Sale of Investments in Associates		-
Purchase of Equity Instruments	(374,766,967)	(154,336,352)
Proceeds from Sale of Equity Instruments	389,232,994	70,455,777
Purchase of Mutual Funds	(30,000,000)	(15,046,146)
Proceeds from Sale of Mutual Funds	6,182,700	-
Purchase of Preference Shares		-
Proceeds from Sale of Preference Shares		-
Purchase of Debentures		(61,727,266)
Proceeds from Sale of Debentures	15,000	
Purchase of Bonds		
Proceeds from Sale of Bonds		
Investments in Deposits	(181,800,000)	(176,167,465)
Maturity of Deposits	-	
Loans Paid		
Proceeds from Loans	-	
Rental Income Received	3,706,124	6,723,127
Proceeds from Finance Lease		
Interest Income Received	112,291,211	111,484,208
Dividend Received	6,682,345	
Others (to be specified)	-	(10,000,000)
Total Cash Flow From Investing Activities [2]	**(75,231,496)**	**(226,317,560)**

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Statement of Cash Flows

For Period 16th July, 2024 - 13th Jan, 2025

(For the Quarter Ended Poush 2081)

Particulars	Current Year YTD	Corresponding Previous Year YTD
Cash Flow From Financing Activities		
Interest Paid	-	
Proceeds From Borrowings	-	
Repayment of Borrowings	-	
Payment of Finance Lease	(16,694,066)	-
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	(380,200)
Dividend Paid	-	-
Dividend Distribution Tax Paid		-
Others (to be specified)		-
Total Cash Flow From Financing Activities [3]	**(16,694,066)**	**(380,200)**
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	**30,772,772**	**(43,937,757)**
Cash & Cash Equivalents At Beginning of The Year/Period	486,597,150	243,548,479
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	**517,369,922**	**199,610,722**
Components of Cash & Cash Equivalents		
Cash In Hand	227,706	227,706
Cheuqe in Hand		
Term Deposit with Banks (with initial maturity upto 3 months)	-	
Balance With Banks	**517,142,216**	**199,383,016**

#REF!

Statement of Changes In Equity

For Period 16th July, 2024 - 13th Jan, 2025

(For the Quarter Ended Ashwin 2081)

Fig. in NPR

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Special Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund Including Insurance Reserve	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Regulatory Reserve	Other Reserves	Total
Balance as on Shrawan 1, 2080	2,622,638,200				135,314,068	-	2,550,477,445	-	167,747,461	7,098,564	-	202,750,249	-	90,130,427	-	156,141,249	5,932,297,664
Prior period adjustment																	-
Restated Balance as at Shrawan 1, 2080	**2,622,638,200**	-	-	-	**135,314,068**	-	**2,550,477,445**	-	**167,747,461**	7,098,564	**-**	**202,750,249**	**-**	90,130,427	**-**	**156,141,249**	5,932,297,664
Profit/(Loss) For the Year					608,901,183												608,901,183
Other Comprehensive Income for the Year, Net of Tax																	-
i) Changes in Fair Value of FVOCI Debt Instruments																	-
ii) Gains/ (Losses) on Cash Flow Hedge																	-
iii) Exchange differences on translation of Foreign Operation																	-
iv) Changes in fair value of FVOCI Equity Instruments												(58,629,875)					(58,629,875)
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets																	-
vi) Remeasurement of Post-Employment Benefit Obligations																	-
Transfer to Reserves/ Funds					(32,926,033)		-		26,837,021	6,089,012							-
Transfer to Regulatory Reserve																	
Transfer to Deferred Tax Reserves																	-
Transfer of Depreciation on Revaluation of Property and Equipment																	-
Transfer on Disposal of Revalued Property and Equipment																	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																	-
Transfer of Insurance Reserve to Special Reserve																	
Transfer on business combination																	-
Share Issuance Costs					(418,834)												(418,834)
Contribution by/ Distribution to the owners of the Company																	-
i) Bonus Share Issued																	-
ii) Share Issue																	-
iii) Cash Dividend					(131,131,910)												(131,131,910)
iv) Dividend Distribution Tax																	-
v) Others (To be specified)										(3,168,174)							(3,168,174)
Balance as on Ashadh end, 2081	2,622,638,200	-	-	-	579,738,474	-	2,550,477,445	-	194,584,482	10,019,402	-	144,120,374	-	90,130,427	-	156,141,249	6,347,850,054
Balance as on Shrawan 1, 2081	2,622,638,200				579,738,476	-	2,550,477,445	-	194,584,482	10,019,402	-	144,120,374	-	90,130,427	-	156,141,249	6,347,850,056
Adjustment for Actuarial Reserve																	
Prior period adjustment					(1,892,767)												
Restated Balance as at Shrawan 1, 2081	**2,622,638,200**	-	-	-	**577,845,709**	-	**2,550,477,445**	-	**194,584,482**	10,019,402	**-**	**144,120,374**	**-**	90,130,427	**-**	**156,141,249**	**6,345,957,289**
Profit/(Loss) Till the Quarter End					65,853,769												65,853,769
Other Comprehensive Income for the Year, Net of Tax																	-
i) Changes in Fair Value of FVOCI Debt Instruments																	-
ii) Gains/ (Losses) on Cash Flow Hedge																	-
iii) Exchange differences on translation of Foreign Operation																	-
iv) Changes in fair value of FVOCI Equity Instruments												21,500,898		-			21,500,898
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets																	-
vi) Remeasurement of Post-Employment Benefit Obligations																	-
Transfer to Reserves/ Funds					(3,951,226)		-		3,292,688	658,538							-
Transfer to Deferred Tax Reserves																	-
Transfer of Depreciation on Revaluation of Property and Equipment																	-
Transfer on Disposal of Revalued Property and Equipment																	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																	-
Share Issuance Costs					-												-
Contribution by/ Distribution to the owners of the Company																	-
i) Bonus Share Issued																	-
ii) Share Issue																	-
iii) Cash Dividend					-												-
iv) Dividend Distribution Tax																	-
v) Others (To be specified)										(3,060,500)							(3,060,500)
Balance as on Poush end, 2081	**2,622,638,200**	**-**	**-**	**-**	**639,748,252**	**-**	**2,550,477,445**	**-**	**197,877,171**	**7,617,440**	**-**	**165,621,273**	**-**	**90,130,427**	**-**	**156,141,249**	**6,430,251,455**

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Statement of Distributable Profit or Loss

For Period 16th July, 2024 - 13th Jan, 2025

(For the Quarter Ended Poush 2081)

Fig. in NPR

Particulars	Current Year
Opening Balance in Retained Earnings	577,845,709
Transfer from OCI reserves to retained earning in current year	
Net profit or (loss) as per statement of profit or loss	65,853,769
Appropriations:	
i)Transfer to Insurance Fund	
ii)Transfer to Special Reserve	-
iii)Transfer to Catastrophe Reserve	(3,292,688)
iv)Transfer to Capital Reserve	
v)Transfer to CSR reserve	(658,538)
vi)Transfer to/from Regulatory Reserve	
vii)Transfer to Fair Value Reserve	
viii)Transfer of Deferred Tax Reserve	
ix)Transfer to OCI reserves due to change in classification	
x)Others (to be Specified)	
Deductions:	
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL	
a) Equity Instruments	-
b) Mutual Fund	-
c) Others (if any)	
ii) Accumulated Fair Value gain on Investment Properties	
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges	
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges	
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges	
vi)) Goodwill Recognised	
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency	
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	
ix) Overdue loans	
x) Fair value gain recognised in Statement of Profit or Loss	
xi) Investment in unlisted shares	
xii) Delisted share Investment or mutual fund investment	
xiii) Bonus share/ dividend paid	-
xiv) Deduction as per Sec 17 of Financial directive	
xiv) Deduction as per Sec 18 of Financial directive	-
xv) Others (Share issuance Cost)	-
Adjusted Retained Earning	**639,748,252**
Add: Transfer from Share Premium Account	
Less: Amount apportioned for Assigned capital	
Less: Deduction as per sec 15(1) Of Financial directive	
Add/Less: Others (to be specified)	
Total Distributable Profit/(loss)	**639,748,252**

SAGARMATHA LUMBINI INSURANCE COMPANY LIMITED

Notes to the Financial Statements for the Quarter ended Poush 2081 (Jan 13, 2025)

A Basis of Preparation

Sagarmatha Insurance Company Limited (herein after referred to as the 'Company') was incorporated on 17/10/2051 and operated as general insurance company after obtaining license from Insurance Board of Nepal on 3/12/2053 under the Insurance Act 2079.

The registered office of the Company is located at Bhagwati Marg, Naxal, Kathmandu, Nepal. The Company's shares are listed and trading on Nepal Stock Exchange.

The financial statements are unaudited.

B Statement of Compliance with NFRSs

The Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB), as per the provisions of The Nepal Chartered Accountants Act, 1997. These conform, in material respect, to NFRS as issued by the Nepal Accounting Standards Board. The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.Accounting policies are consistently applied across all periods reported. The presentation and classification of financial figures relating to previous period are regrouped or reclassified where relevant to facilitate consistent presentation and better comparability.

C Use of Estimates, assumptions and judgements

1 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:

i. Certain Financial Assets & Liabilities which are required to be measured at fair value
ii. Defined Employee Benefits
iii. Insurance Contract Liabilities which are required to be determined using actuarial valuation for Liability Adequacy Test (LAT).

Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2, or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurement in its entirety, which are described as follows:

• Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
• Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
• Level 3 - Inputs are unobservable inputs for the Asset or Liability.

2 Use of Estimates

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the reported balances of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the financial statements.

3 Functional and Presentation Currency

These Financial Statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

4 The financial statements are prepared on a going concern basis. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

D Significant Accounting Policies

This note provides a list of the significant policies adopted in the preparation of these Financial Statements.

(a) Property, Plant and Equipment (PPE)

i) Recognition

Freehold land is carried at historical cost and other items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ii) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, are carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.

An increase in the carrying amount as a result of revaluation, is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

However, no Property, Plant and Equipment of the company has been revalued during the year or are being carried at revalued amounts.

iii) Depreciation

Depreciation on Property, Plant and Equipment other than Freehold Land i.e. the Company’s Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Straight Line Method (SLM)/ Diminishing Balance Method (DBM)" based on Useful Life estimated by technical expert of the management.

The Assets Useful Life/ Rate of Depreciation and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property, Plant and Equipment based on SLM/ DBM is categorized as stated below:

List of Asset Categories	Life(In Years) for	Depreciation(In %) for DBM
Land	Not Applicable	Not Applicable
Buildings	20	5%
Leasehold Improvement	Lease Period	Lease Period
Furniture & Fixtures	4	25%
Computers and IT Equipment	4	25%
Office Equipment	4	25%
Vehicles	5	20%
Other Assets	4	25%

iv) Derecognition
An item of Property, Plant and Equipment is derecognized upon disposal or when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

v) Impairment
Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

vi) Capital Work-In-Progress
These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development which are to be capitalized. Capital Work in Progress would be transferred to the relevant asset when it is available for use. Capital Work in Progress is stated at cost less any accumulated impairment losses.

(b) Intangible Assets

i) Recognition
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred.
Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

ii) Amortization
The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the entity.
Amortization is recognized in income statement on straight line method over the estimated useful life of the intangible assets or diminishing balance method from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

iii) Derecognition
An Intangible Asset is derecognized when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

iv) Impairment of Assets
The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognized in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.
Company does not have any purchased software as on reporting date. However it has internally generated software which has been charged off to revenue.

(c) Investment Properties

Cost Model:

Property that is held for rental income or for capital appreciation or both, is classified as investment property. Investment properties are measured initially at cost, including related transaction cost. It is subsequently carried at cost less accumulated depreciation. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost, however, buildings are depreciated over their estimated useful lives as mentioned above.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE b

(d) Cash & Cash Equivalent

Cash & Cash Equivalents includes Cash In Hand, Bank Balances and short term deposits with a maturity of three months or less.

(e) Financial Assets

i) Initial Recognition & Measurement

Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition. When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income in these financial assets is measured using effective interest rate method.

b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

c) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL. These financial assets are measured at fair value and changes are taken to statement of profit or loss.

iii) De-Recognition

A Financial Asset is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Asset. Where the Company has transferred an Asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Company retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.

iv) Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected Credit Loss for Impairment of Financial Assets is applicable after implementation of NFRS 9

In accordance with NFRS 9 “Financial Instrument”, the Company uses ‘Expected Credit Loss’ (ECL) Model, for evaluating impairment of Financial Assets other than those measured at Fair Value through Profit or Loss (FVTPL).

Expected Credit Losses are measured through a loss allowance at an amount equal to:

The 12-months Expected Credit Losses (Expected Credit Losses that result from those default events on the Financial Instrument that are possible within 12 months after the reporting date); or

Full Lifetime Expected Credit Losses (Expected Credit Losses that result from all possible default events over the life of the Financial Instrument)

For other assets, the Company uses 12 months Expected Credit Losses to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk Full Lifetime ECL is used.

(f) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

ii) Subsequent Measurement

After initial recognition, Financial Liabilities are subsequently measured at amortized cost using the Effective Interest Method.

For trade and other payables maturing within one year from the date of Statement of Financial Position, the carrying amounts approximate Fair value due to short maturity of these instruments.

iii) De-Recognition

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where there is 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(h) Reinsurance Assets

Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurer. These assets are created for the reinsurer's share of insurance contract liabilities.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer. If a reinsurance asset is impaired, the company reduces the carrying amount accordingly and is recognized in statement of profit or loss.

(i) Equity

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

(j) Reserves and Funds

i) Share Premium: If the Company issues share capital at premium it receives extra amount other than share capital such amount is transferred to share premium. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement.

ii) Insurance Fund: The Company has allocated insurance fund for the amount which is 50% of the net profit every year as per Regulator's Directive.

iii) Catastrophe Reserves: The Company has allocated catastrophe reserve for the amount which is 10% of the net profit for the year as per Regulator's Directive.

iv) Fair Value Reserves: The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.

v) Regulatory Reserves: Reserve created out of net profit in line with different circulars issued by regulatory authority.

vi) Actuarial Reserves: Reserve against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.

vii) Cashflow Hedge Reserves: Is the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Reserve represent effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

viii) Revaluation Reserves: Reserve created against revaluation gain on property, plant & equipment & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

ix) Other Reserves: Reserve other than above reserves, for e.g. deferred tax reserve, others (to be specified)

(k) Insurance Contract Liabilities

i) Provision for unearned premiums

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the polices.

For the Preparation of Quaterly financial statement ,Provision for Unearned Premium is carried out as per the provision of the circular issued by NIA regarding Quaterly Financial statement of Insurer.

ii) Outstanding claims provisions

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs.

iii) Provision for claim incurred but not reported (IBNR)

Significant delays are experienced in the notification and settlement of certain types of claims, the ultimate cost of which cannot be known with certainty at the statement of financial position date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

For the Preparation of Quaterly financial statement ,IBNR is carried out as per the provision of the circular issued by NIA regarding Quaterly Financial statement of Insurer.

Liability adequacy

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the statement of profit or loss by setting up a provision for liability.

For the Preparation of Quaterly financial statement ,LAT Valuation is carried out as per the provision of the circular issued by NIA regarding Quaterly Financial statement of Insurer

(l) Employee Benefits

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

ii) Post - Employment Benefits

- Defined Contribution Plan

The Company pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expense when they are due.

- Defined Benefit Plan

For Defined Benefit Plan , the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of plan Assets (If Any). Any Asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

iii) Long Term Employee Benefits

The liabilities for un-availed earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Leave Encashment has been computed using Actuarial Assumptions and these are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the year using the Projected Unit Credit Method. The benefits are discounted using the market yields at the end of the year that have terms approximating to the terms of assumptions.

iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognizes termination benefits at the earlier of the following dates:

a) when the Company can no longer withdraw the offer of those benefits; and

b) when the entity recognizes costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits.

The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(m) Revenue Recognition

i) Gross Earned Premiums

Gross Earned Premiums are arrived at after deducting unearned premium reserves from Direct Premium and included Premiums on Reinsurance Accepted and also includes unearned premium of previous year which has matured in current financial year. Direct premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognized on the date on which the policy commences.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

ii) Reinsurance Premium

Direct Reinsurance premiums comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks- attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net claims, respectively, because this is consistent with how the business is managed.

iii) Commission Income

Commission Income is recognized on accrual basis. If the income is for future periods, then they are deferred and recognized over those future periods.

iv) Investment income

Interest income is recognized in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognized as an

v) Net realized gains and losses

Net realized gains and losses recorded in the statement of profit or loss include gains and losses on financial assets and properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

(n) Product Classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Company has following portfolios under which it operates its business:

i) Fire Portfolio - Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

ii) Motor Portfolio - Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.

iii) Marine Portfolio - Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.

iv) Engineering Portfolio - Engineering insurance business means the insurance that provides economic safeguard to the risks faced by the ongoing construction project, installation project, and machines and equipment in project operation.

v) Micro Portfolio - Micro Insurance protects against loss of or damage to crops or livestock. It has great potential to provide value to low-income farmers and their communities, both by protecting farmers when shocks occur and by encouraging greater investment in crops.

vi) Aviation Portfolio – Aviation Insurance provides coverage for hull losses as well as liability for passenger injuries, environmental and third-party damage caused by aircraft accidents.

vii) Cattle and Crop Portfolio - Cattle and Crop Insurance provides insurance against loss of or damage to Cattle and crops.

viii) Miscellaneous Portfolio – All other insurance business which don’t fall in above categories fall under miscellaneous insurance business. Group Personal Accidents, Medical Insurances, Professional indemnity insurance etc. fall under this category of business.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(p) Cash Flow Statement

Cash Flows are reported using the direct method, whereby major classes of cash receipts and cash payments are disclosed as cash flows.

(q) Leases

Finance Leases

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalized at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability.

Operating Lease

Leases in which the Company doesn't have substantial portion of the risks and rewards of ownership are classified as Operating Leases. Payment made under Operating Leases are charged to Statement of Profit & Loss on a Straight Line Basis.

(r) Income Taxes

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.

i) Current Tax

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii) Deferred Tax

Deferred Tax is recognized on temporary differences between the carrying amounts of Assets & Liabilities in the Statement of Financial Position and their Tax Base. Deferred tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements, except when the Deferred Income Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred Tax Liabilities are generally recognized for all taxable Temporary differences.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the Deferred Tax Asset to be utilized.

(s) Provisions, Contingent Liabilities & Contingent Assets

(i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

(ii) Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

(iii) Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

(t) Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which is the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

(u) Earnings Per Share

Basic Earning per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equity shares outstanding during the Financial Year.

For diluted earning per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

(v) Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

E Changes in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

F Related Party Disclosure

a)Holding Company :None

b)Subsidiaries : None

c)Associates : None

d)Board Of Director & Key Management Personnel

Manohar Das Mool	Chairman
Ajit R. Gunawardena	Director
Lokmanya Golchha	Director
Siddhartha Mani Rajdhandari	Director
Arun Raj Shrestha	Public Director
Bijan Bhattarai	Public Director
Nirmala Devi Manandhar	Independent Director
Padma Jyoti	Alternate Director
Chunky Chhetry	Chief Executive Officer
Barishma Saud Acharya	Deputy Chief Executive Officer

Particulars	Motor	Property	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment	Total
Income:										
Gross Earned Premiums	681,786,871	458,259,558	84,571,734	219,057,525	164,328	217,205,491	43,118,436	131,287,313	-	1,835,451,255
Premiums Ceded	(268,875,775)	(240,086,931)	(55,754,524)	(195,658,518)	(25,611)	(215,800,058)	(35,755,019)	(104,369,171)	-	(1,116,325,607)
Inter-Segment Revenue										-
Net Earned Premiums	**412,911,096**	**218,172,627**	**28,817,210**	**23,399,006**	**138,717**	**1,405,433**	**7,363,417**	**26,918,141**	**-**	**719,125,649**
Commission Income	70,372,836	95,160,676	25,194,611	39,108,898	-	2,927,307	8,656,449	47,517,146	-	288,937,924
Other Direct Income	15,764,868		9,677					1,065,359	-	16,839,904
Income from Investments and Loans	2,086,738	-	1,118,171	1,629,360	-	114,565	212,201	1,875,933	-	7,036,968
Net Gain/ (Loss) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/ (Losses)	792,380	-	424,594	618,703	-	43,503	80,577	712,332	-	2,672,088
Other Income	15,436	-	8,272	12,053	-	847	1,570	13,877	-	52,055
Total Segmental Income	**501,943,354.02**	**313,333,303.48**	**55,572,535.14**	**64,768,020.76**	**138,716.80**	**4,491,655.57**	**16,314,214.04**	**78,102,788.69**	**-**	**1,034,664,588.50**
Expenses:										
Gross Claims Paid	710,967,404	433,146,617	196,798,177	80,494,890	1,560,434	-	25,962,765	84,885,204	-	1,533,815,491
Claims Ceded	(166,391,339)	(174,792,432)	(182,070,920)	(70,801,011)	(240,014)	-	(21,561,751)	(76,568,756)	-	(692,426,223)
(1) Gross Change in Contract Liabilities	153,534,494	1,097,346,210	(174,624,269)	359,167,430	(103,702,689)	218,929,702	18,207,446	19,695,411	-	1,588,553,736
Change in Contract Liabities Ceded to Reinsurers	(291,779,388)	(972,938,670)	177,844,845	(360,237,367)	103,702,689	(218,222,441)	(14,509,192)	(17,053,029)	-	(1,593,192,552)
Net Claims Paid	**406,331,171**	**382,761,726**	**17,947,833**	**8,623,943**	**1,320,420**	**707,261**	**8,099,268**	**10,958,830**	**-**	**836,750,451**
Commission Expenses	7,133,878	4,426,269	697,209	2,505,547	-	-	1,183,635	4,162,185	-	20,108,723
Service Fees	4,344,653	2,732,067	282,655	255,054	-	30,850	78,883	454,353	-	8,178,515
Other Direct Expenses	-	-	-	-	-	-	2,956,141	-	-	2,956,141
Employee Benefits Expenses	125,025,201	64,512,243	14,958,643	6,597,234	-	3,166,282	6,760,726	15,054,497	-	236,074,826
Depreciation and Amortization Expenses	9,597,408	4,952,204	1,148,282	506,429	-	243,056	518,979	1,155,640	-	18,121,998
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	29,654,502	15,301,543	3,548,014	1,564,786	-	751,005	1,603,564	3,570,749	-	55,994,162
Finance Cost	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	**582,086,813**	**474,686,051**	**38,582,636**	**20,052,992**	**1,320,420**	**4,898,453**	**21,201,198**	**35,356,255**	**-**	**1,178,184,817**
Total Segmental Results	**(80,143,459)**	**(161,352,748)**	**16,989,899**	**44,715,029**	**(1,181,703)**	**(406,797)**	**(4,886,984)**	**42,746,534**	**-**	**(143,520,228)**
Segment Assets	**1,040,451,154**	**2,112,708,341**	**153,149,663**	**849,119,857**	**683,710,202**	**1,673,360,819**	**92,988,376**	**394,910,319**	**1,332,990,559**	**8,333,389,290**
Segment Liabilities	**2,256,175,658**	**2,894,802,581**	**216,482,902**	**902,389,941**	**683,848,919**	**1,680,308,786**	**112,375,372**	**465,102,854**	**1,567,946,166**	**10,779,433,180**

b) Reconciliation of Segmental Profit with Statement of Profit or Loss

Particulars	Current Year
Segmental Profit	**(143,520,228)**
Less: Employee Benefit Expenses	(26,230,536)
Less: Depreciation and Amortization	(2,013,555.33)
Less: Other Operating Expenses	(6,221,574)
Less: Finance Cost	(7,315,836)
Add: Investment Income	201,409,213
Add: Unallocable Other Income	77,969,331
Profit Before Tax	**94,076,813**

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को अनुसूची १४
(नियम २६ को उपनियम १ संग सम्बन्धित)
आ. ब. २०८१/०८२ को दोस्रो त्रैमासिक (२०८१ पैष मसान्त) सम्मको प्रतिवेदन

(१) बित्तिय बिवरण:

क) यस कम्पनीको आर्थिक बर्ष २०८१/०८२ को दोस्रो त्रैमासिक अवधिको लेखा परिक्षण हुन बांकी वासलात, नाफा, नोक्सान तथा आय व्यय हिसाव विवरण यसै साथ प्रकाशित गरिएको छ ।

ख) प्रमुख बित्तिय अनुपातहरु:

प्रति शेयर आम्दानी (EPS) Annualized	मूल्य आम्दानी अनुपात (PE Ratio)	प्रति शेयर नेटवर्थ	प्रति शेयर कुल सम्पत्तिको मुल्य
५.०२	१४३.१७	रु. २४५.१८	रु. ६८०.६७

(२) व्यवस्थापकिय विश्लेषण:

स्तरीय सेवाका कारण वीमितहरुको विश्वास हासिल गर्न यो कम्पनी सफल भएको छ । यसैले कम्पनीको वीमा व्यवसाय सन्तोषजनक रहेको छ । समिक्षा अबधिसम्मको वीमा व्यवसाय अपेक्षाकृत नै रहेको व्यहोरा जानकरी गराउदै गत त्रैमासिक अवधिमा प्राकृतिक विपत्ति बाढी पहिरोको सामना देशले गर्नु परेको कारण यस कम्पनीमा आवद्ध वीमतिहरुलाई पनि असर परेको कुरा सर्वविदितै छ । तसर्थ वीमतिहरुको क्षतिलाई पूर्ती गर्नुनै कम्पनीको महत्वपुर्ण जिम्मेवारीको रुपमा लिएर छिटो छरितो दाबी भूक्तानी गरिरहेको जानकारी गराउदछौं । यसरी प्राकृतिक विपत्तिले निम्त्याएको क्षतिका कारण कम्पनीले अपेक्षाकृत मुनाफा हासिल गर्न नसकेता पनि आगामी त्रैमासिकहरुमा अपेक्षा गरिए बमोजिमको नाफा हासिल गरिने बिश्वास लिएकाछौं ।

(३) कानूनी कारवाही सम्बन्धि विवरण:

क) यस अवधिमा कम्पनीको तर्फबाट र कम्पनी विरुद्धमा कूनै मुद्दा दायर नभएको ।

ख) कम्पनीको संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्वन्धमा कुनै मुद्दा दायर नभएको ।

ग) कुनै संस्थापक वा संचालक विरुद्धमा आर्थिक अपराध गरेको सम्वन्धमा कुनै मुद्दा दायर नभएको ।

(४) संगठित संस्थाको शेयर कारोवार सम्वन्धि विश्लेषण :

क) कम्पनिको वीमा कारोवार तथा मुनाफा आर्जन सन्तोषजनक भएकोले शेयर कारोबारमा कम असर परेको छ ।

ख) समिक्षा अवधिको शेयर कारोबार सम्बन्धि जानकारी:

अधिकतम मुल्य : रु.८१८	न्यूनतम मुल्य : रु.६८६	कारोवार भएको शेयर कित्ता :५४५,५३०
अन्तिम मुल्य : रु.७१९	कारोबार भएको कूल दिन : ५५	कारोवार संख्या : ४,०३७

(५) समस्या र चुनौति :

वीमा क्षेत्र आधारभुत आवश्यकता भित्र परिसकेको वर्तमान परिस्थितिमा जनचेतना अभिवृद्धि संगै ग्रामिण क्षेत्रमा यसको विस्तार हुंदै गएको छ । अत: वीमाको आवश्यकता, महत्व तथा अनिवार्यताका लागि सम्बन्धित सबैले आ-आफ्नो क्षेत्रबाट सक्रिय रुपमा प्रचार प्रसार गरी जनचेतना जगाउन लाग्नु पर्ने देखिन्छ ।

(६) संस्थागत सुशासन:

वीमा ऐन, विमा नियमावली, संचालक समिति, बिद्यमान कानून तथा वीमा समितिद्धारा समय समयमा जारी निर्देशिका र आन्तरिक नियम तथा प्रणालि अनुसार संस्थागत सुशासनको लागि आन्तरिक लेखा परिक्षक नियुक्ति गरिएको तथा लेखा परिक्षकको सुझाव अनुसार कार्य सम्पादन गर्दै आएको छ ।

(७) सत्य तथ्य सम्वन्धमा कार्यकारी प्रमूखको उद्घोषण:

आजको मिति सम्म यस प्रतिवेदनमा उल्लेखित जानकारी तथा पेश गरेको विवरणहरुको शुद्धता सम्वन्धमा म व्यक्तिगत रुपमा पूर्ण उत्तरदायित्व लिन्छु । साथै म यो उद्घोषण गर्दछु कि मैले जाने वुझेसम्म यस प्रतिवेदनमा उल्लेखित विवरणहरु सत्य, तथ्यपूर्ण छन् र लगानीकर्ताहरुलाई सुसूचित निर्णय लिन आवश्यक कुनै विवरण, सुचना तथा जानकारीहरु लुकाइएको छैन ।