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Quarterly Financial Statement for (3<sup>rd</sup> quarter), F.Y. 2081/82 B.S

CONDENSED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	Unaudited	Audited
	At the end of this Quarter	At the end of Immediate Previous Year
<b>Assets:</b>		
Goodwill & Intangible Assets	491,759	886,759
Property and Equipment	91,839,025	95,633,406
Investment Properties	-	-
Deferred Tax Assets	95,251,298	17,588,323
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	4,038,761,519	3,585,811,519
Loans	13,941,797	13,142,676
Reinsurance Assets	2,228,530,870	942,153,542
Current Tax Assets	-	67,350,014
Insurance Receivables	253,124,504	183,177,857
Other Assets	34,166,926	49,343,296
Other Financial Assets	231,538,947	137,091,541
Cash and Cash Equivalent	272,997,630	163,857,543
<b>Total Assets</b>	<b>7,260,644,275</b>	<b>5,256,036,476</b>
<b>Equity:</b>		
Share Capital	-	-
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Special Reserves	1,661,129,793	1,661,129,793
Catastrophe Reserves	63,344,278	63,344,278
Retained Earnings	(160,241,036)	55,762,162
Other Equity	849,802,144	775,878,109
<b>Total Equity</b>	<b>2,414,035,179</b>	<b>2,556,114,342</b>
<b>Liabilities:</b>		
Provisions	171,986,782	195,747,458
Gross Insurance Contract Liabilities	4,084,921,802	1,906,734,981
Deferred Tax Liabilities	-	-
Insurance Payable	157,016,851	124,248,703
Current Tax Liabilities	139,307,958	-
Borrowings	-	-
Other Liabilities	186,776,962	205,275,902
Other Financial Liabilities	106,598,741	267,915,090
<b>Total Liabilities</b>	<b>4,846,609,096</b>	<b>2,699,922,134</b>
<b>Total Equity and Liabilities</b>	<b>7,260,644,275</b>	<b>5,256,036,476</b>

## Statement Of Profit or Loss

Fig in NPR.

Particulars	Unaudited		Unaudited	
	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
<b>Income:</b>				
Gross Earned Premiums	751,440,038	1,628,363,381	596,756,079	1,352,881,363
Premiums Ceded	(387,257,974)	(796,408,839)	(220,037,607)	(483,149,290)
<b>Net Earned Premiums</b>	<b>364,182,064</b>	<b>831,954,542</b>	<b>376,718,472</b>	<b>869,732,073</b>
Commission Income	55,638,047	131,940,903	38,717,122	109,657,837
Other Direct Income	3,470	11,327	2,900	9,250
Income from Investments and Loans	52,883,563	168,592,832	56,719,295	185,258,658
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-
Other Income	221,451	341,971	1,918,359	3,633,613
<b>Total Income</b>	<b>472,928,595</b>	<b>1,132,841,575</b>	<b>474,076,148</b>	<b>1,168,291,431</b>
<b>Expenses:</b>		-		
Gross Claims Paid	332,077,871	765,722,145	269,481,357	578,709,340
Claims Ceded	(85,204,962)	(220,830,317)	(61,073,717)	(160,640,705)
Gross Change in Contract Liabilities	(57,633,171)	1,651,949,868	(127,893,965)	(31,894,622)
Change in Contract Liabilities Ceded to Reinsurers	37,866,075	(1,232,477,973)	(10,113,602)	(55,468,723)
<b>Net Claims Incurred</b>	<b>227,105,813</b>	<b>964,363,723</b>	<b>70,400,073</b>	<b>330,705,290</b>
Commission Expenses	36,177,430	77,437,414	27,034,128	58,856,038
Service Fees	5,108,500	12,437,004	3,399,892	9,361,069
Other Direct expenses	2,081,056	4,042,437	703,946	1,318,066
Employee Benefits Expenses	29,739,444	96,312,845	70,744,758	162,754,669
Depreciation and Amortization Expenses	3,355,520	11,343,309	1,227,956	7,530,486
Impairment Losses	-	-	-	-
Other Operating Expenses	11,090,931	29,470,412	8,349,013	22,586,821
Finance Cost	2,689,260	8,315,151	182,501	710,887
<b>Total Expenses</b>	<b>317,347,954</b>	<b>1,203,722,294</b>	<b>182,042,267</b>	<b>593,823,326</b>
<b>Net Profit/(Loss) For The Period Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax</b>	<b>155,580,642</b>	<b>(70,880,719)</b>	<b>292,033,881</b>	<b>574,468,105</b>
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
<b>Profit Before Tax</b>	<b>155,580,642</b>	<b>(70,880,719)</b>	<b>292,033,881</b>	<b>574,468,105</b>
Income Tax Expenses	96,378,906	67,459,504	88,620,562	112,736,913
<b>Net Profit/(Loss) For The Period</b>	<b>59,201,736</b>	<b>(138,340,223)</b>	<b>203,413,319</b>	<b>461,731,192</b>
<b>Earning Per Share</b>			-	-
Basic EPS	-	-	-	-
Diluted EPS	-	-	-	-

## CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig. in NPR

Particulars	Unaudited		Unaudited	
	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Period	59,201,736	(138,340,223)	203,413,319	461,731,192
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>59,201,736</b>	<b>(138,340,223)</b>	<b>203,413,319</b>	<b>461,731,192</b>

### OTHER DETAILS

-	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total Issued Policy Count (Only for Non Life and Non Micro Life)	33,501	31,607
2. Total Renewed Policy Count (Only for Non Life and Non Micro Life)	7,303	5,812
3. Total Claims Paid Count	3,204	3,035
4. Outstanding Claims Count	1,603	1,227
5. Gross Outstanding Claim including IBNR and IBNER (Amounts)	2,327,409,506	475,644,057
6. Net Outstanding Claim including IBNR and IBNER (Amounts)	815,454,692	292,037,255
7. Margin over Best Estimate(MOBE)	-	-
8. Unearned Premium Reserve (Amount)	929,464,249	758,483,560
9. Unexpired Risk Reserve (Amount)	948,565,279	766,859,085
10. Earthquake Premium Reserve (Amount)	38,343,298	-
11. Long Term Investments (Amount)	769,122,700	1,101,397,700
12. Short Term Investments (Amount)	3,076,000,000	2,024,275,000
13. Direct Premium (Amount)	1,809,776,722	1,333,191,661
14. Investment in Cost (Amount)	3,845,122,700	3,125,672,700
15. Solvency Margin Ratio	2.66	1.61

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

### 1. Disclosure on Solvency Ratio

Particulars	Ratio
Solvency Ratio (Based on Latest Audited Financial Statement)	2.66

Solvency ratio of the company stands above the regulatory limit of 1.5

### 2. Reinsurance related disclosure:

We have done adequate reinsurance arrangement to comply with Regulatory requirements through various treaties; proportional and non-proportional beyond our retention and obligatory cession with GIC Re, Indian and international Reinsurers and local Reinsurers with the compliance of NIA directives.

Our commitment to prudential risk management has led us to carefully assess and select reinsurance partners that align with our business objectives and provide substantial support in managing potential liabilities. Through these strategic reinsurance arrangements, we have enhanced our capacity to meet the diverse needs of our policyholders while maintaining a robust financial position

### 3. Details regarding legal proceeding:

NIL

### 4. Corporate Governance:

The company has established various structure and mechanism to be compliant with Corporate Governance Directives issued by Nepal Insurance Authority: The followings points are relevant regarding same:

A. Compliance of Insurance Acts, Regulation and various Directives & Circulars issued by Nepal Insurance Authority.

B. Periodic Internal Audit

C. Periodic Review and strengthening of Internal Control System.

### 5. Other Discloser:

#### Expenses ratio

Guest Refreshment, Business promotion, Advertisement & Publicity and Agent expenses are under the limit of Regulatory Limit.

### Disclosure as required by other regulatory bodies and Nepal Financial

#### Reporting Standards

As per Financial Directive, 2080 Paragraph - 4, clause 11(Nga), insurer shall transfer appropriate amount as determined by actuary from retained earnings to insurance fund to maintain Solvency Margin required as per section 38 of the Act. Since the actual report of this financial year has not been done, no amount has been appropriated from retained earnings to insurance Fund for this said period.

## Notes to the Quarterly Financial Statements for the quarter ended Chaitra 31, 2081 (April 13, 2025)

### 1. General Information

The Oriental Insurance Company Limited (Company) herein after referred as "Company" is a branch office of Oriental Insurance Company Limited India incorporated under Companies Act of Nepal. The registered address of the Company is Sunrise Bizz Park, Charkhal, Dillibazar, Kathmandu.

### 2.(a). Statement of Compliance

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 Institute of Chartered Accountants of Nepal Act, 1997. These confirm, 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.

### 2.(b). 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.(c). 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.

### 2.(d). 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.

### 2.(e) Going Concern

The financial statements are prepared on a going concern basis. The management of the company 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, Management 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.

### 2. (f) 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.

## **2.(g) Recent Accounting Pronouncements**

Accounting standards issued and effective

All the accounting standard made effective by the ASB are applied while preparing the financial statement of the Company.

Accounting standards issued and non-effective NFRS 17 "Insurance Contracts"

## **(h) Carve-outs**

N.A.

## **3. 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 de-recognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

#### **ii) 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 "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.

Rate of Depreciation of Property, Plant and Equipment based on DBM is categorized as stated below:

#### **List of Asset Categories**

<b>List of Asset Categories</b>	<b>Rate of Depreciation (In %) for DBM</b>
Land	Not Applicable
Leasehold Improvement	Lease Period
Furniture & Fixtures	25%
Computers and IT Equipment's	25%
Office Equipment	25%
Vehicles	20%
Other Assets	25%

#### **iv) De-recognition**

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 relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the entity. Amortisation is recognised 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 amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

**Useful Life of Intangible Assets based on SLM is categorised as stated below:**

List of Asset Categories	Useful Life (In Years) for SLM
Software's	5

**iii) Derecognition**

An Intangible Asset is derecognised 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 recognised 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.

**(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 capitalised 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 derecognised 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 recognised 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 becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

#### **(d) Cash & Cash Equivalent**

For the purpose of presentation in the Statement of Cash Flows, 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**

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.

##### **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.

**(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 derecognition 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 recognised amounts and there is an intention to settle on a net basis or realise 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) Share Capital/Assigned**

Company is branch office of Oriental Insurance Company Limited India incorporated under Companies Act of Nepal. The company has assigned Capital which is shown under Share Capital.

**(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 of bonus shares.

**ii) Insurance Fund:**

The Company has been allocating insurance fund for the amount which is 50% of the net profit every year as per Regulator's Directive. However, Since the actuarial report for FY 2079/80 hasn't been obtained till date of publication of this report, no amount has been appropriated from retained earnings to Insurance Fund in unaudited Financial Statement of FY 2079/80 & first quarter of FY 2080/81 respectively.

**iii) Catastrophe Reserves:**

The Company has allocated Catastrophe Reserve for the amount which is 10% of the distributable 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 Insurance Board.

**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 represents 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.

**(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 policies.

**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.

**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.

**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 recognises 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 recognises 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 Faculative Inward Premium. Direct premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised 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 adjustment to the EIR of the instrument. Investment income also includes dividends when the right to receive payment is established.

**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 the insurance business which doesn'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**

The lease liability has been accounted for under NFRS 16 "Leases". For all the significant lease, the Right-of-Use assets has been recognized at its initial recognition under cash model. The Lease liability has been recognized at the present value of the lease payments that are not paid at that date. The lease payment has been discounted at the incremental borrowing rate in lease which is 10%. After the commencement date, the right of use asset has been measured using cost model. The lease liability has been increased to reflect interest on the lease liability & has been reduced by the lease payment.

**(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**

Since the balance of Head Office account is treated as assigned capital, EPS is not calculated.

**(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.

## Statement of Changes in Equity

Item	Item Name	Item Description	Item Category	Item Type	Item Unit	Item Price	Item Quantity	Item Total	Item Status	Item Location	Item Date	Item Time	Item User	Item Role	Item Group
Item 1	Item 1 Name	Item 1 Description	Item 1 Category	Item 1 Type	Item 1 Unit	Item 1 Price	Item 1 Quantity	Item 1 Total	Item 1 Status	Item 1 Location	Item 1 Date	Item 1 Time	Item 1 User	Item 1 Role	Item 1 Group
Item 2	Item 2 Name	Item 2 Description	Item 2 Category	Item 2 Type	Item 2 Unit	Item 2 Price	Item 2 Quantity	Item 2 Total	Item 2 Status	Item 2 Location	Item 2 Date	Item 2 Time	Item 2 User	Item 2 Role	Item 2 Group
Item 3	Item 3 Name	Item 3 Description	Item 3 Category	Item 3 Type	Item 3 Unit	Item 3 Price	Item 3 Quantity	Item 3 Total	Item 3 Status	Item 3 Location	Item 3 Date	Item 3 Time	Item 3 User	Item 3 Role	Item 3 Group
Item 4	Item 4 Name	Item 4 Description	Item 4 Category	Item 4 Type	Item 4 Unit	Item 4 Price	Item 4 Quantity	Item 4 Total	Item 4 Status	Item 4 Location	Item 4 Date	Item 4 Time	Item 4 User	Item 4 Role	Item 4 Group
Item 5	Item 5 Name	Item 5 Description	Item 5 Category	Item 5 Type	Item 5 Unit	Item 5 Price	Item 5 Quantity	Item 5 Total	Item 5 Status	Item 5 Location	Item 5 Date	Item 5 Time	Item 5 User	Item 5 Role	Item 5 Group
Item 6	Item 6 Name	Item 6 Description	Item 6 Category	Item 6 Type	Item 6 Unit	Item 6 Price	Item 6 Quantity	Item 6 Total	Item 6 Status	Item 6 Location	Item 6 Date	Item 6 Time	Item 6 User	Item 6 Role	Item 6 Group
Item 7	Item 7 Name	Item 7 Description	Item 7 Category	Item 7 Type	Item 7 Unit	Item 7 Price	Item 7 Quantity	Item 7 Total	Item 7 Status	Item 7 Location	Item 7 Date	Item 7 Time	Item 7 User	Item 7 Role	Item 7 Group
Item 8	Item 8 Name	Item 8 Description	Item 8 Category	Item 8 Type	Item 8 Unit	Item 8 Price	Item 8 Quantity	Item 8 Total	Item 8 Status	Item 8 Location	Item 8 Date	Item 8 Time	Item 8 User	Item 8 Role	Item 8 Group
Item 9	Item 9 Name	Item 9 Description	Item 9 Category	Item 9 Type	Item 9 Unit	Item 9 Price	Item 9 Quantity	Item 9 Total	Item 9 Status	Item 9 Location	Item 9 Date	Item 9 Time	Item 9 User	Item 9 Role	Item 9 Group
Item 10	Item 10 Name	Item 10 Description	Item 10 Category	Item 10 Type	Item 10 Unit	Item 10 Price	Item 10 Quantity	Item 10 Total	Item 10 Status	Item 10 Location	Item 10 Date	Item 10 Time	Item 10 User	Item 10 Role	Item 10 Group
Item 11	Item 11 Name	Item 11 Description	Item 11 Category	Item 11 Type	Item 11 Unit	Item 11 Price	Item 11 Quantity	Item 11 Total	Item 11 Status	Item 11 Location	Item 11 Date	Item 11 Time	Item 11 User	Item 11 Role	Item 11 Group
Item 12	Item 12 Name	Item 12 Description	Item 12 Category	Item 12 Type	Item 12 Unit	Item 12 Price	Item 12 Quantity	Item 12 Total	Item 12 Status	Item 12 Location	Item 12 Date	Item 12 Time	Item 12 User	Item 12 Role	Item 12 Group
Item 13	Item 13 Name	Item 13 Description	Item 13 Category	Item 13 Type	Item 13 Unit	Item 13 Price	Item 13 Quantity	Item 13 Total	Item 13 Status	Item 13 Location	Item 13 Date	Item 13 Time	Item 13 User	Item 13 Role	Item 13 Group
Item 14	Item 14 Name	Item 14 Description	Item 14 Category	Item 14 Type	Item 14 Unit	Item 14 Price	Item 14 Quantity	Item 14 Total	Item 14 Status	Item 14 Location	Item 14 Date	Item 14 Time	Item 14 User	Item 14 Role	Item 14 Group
Item 15	Item 15 Name	Item 15 Description	Item 15 Category	Item 15 Type	Item 15 Unit	Item 15 Price	Item 15 Quantity	Item 15 Total	Item 15 Status	Item 15 Location	Item 15 Date	Item 15 Time	Item 15 User	Item 15 Role	Item 15 Group
Item 16	Item 16 Name	Item 16 Description	Item 16 Category	Item 16 Type	Item 16 Unit	Item 16 Price	Item 16 Quantity	Item 16 Total	Item 16 Status	Item 16 Location	Item 16 Date	Item 16 Time	Item 16 User	Item 16 Role	Item 16 Group
Item 17	Item 17 Name	Item 17 Description	Item 17 Category	Item 17 Type	Item 17 Unit	Item 17 Price	Item 17 Quantity	Item 17 Total	Item 17 Status	Item 17 Location	Item 17 Date	Item 17 Time	Item 17 User	Item 17 Role	Item 17 Group
Item 18	Item 18 Name	Item 18 Description	Item 18 Category	Item 18 Type	Item 18 Unit	Item 18 Price	Item 18 Quantity	Item 18 Total	Item 18 Status	Item 18 Location	Item 18 Date	Item 18 Time	Item 18 User	Item 18 Role	Item 18 Group
Item 19	Item 19 Name	Item 19 Description	Item 19 Category	Item 19 Type	Item 19 Unit	Item 19 Price	Item 19 Quantity	Item 19 Total	Item 19 Status	Item 19 Location	Item 19 Date	Item 19 Time	Item 19 User	Item 19 Role	Item 19 Group
Item 20	Item 20 Name	Item 20 Description	Item 20 Category	Item 20 Type	Item 20 Unit	Item 20 Price	Item 20 Quantity	Item 20 Total	Item 20 Status	Item 20 Location	Item 20 Date	Item 20 Time	Item 20 User	Item 20 Role	Item 20 Group
Item 21	Item 21 Name	Item 21 Description	Item 21 Category	Item 21 Type	Item 21 Unit	Item 21 Price	Item 21 Quantity	Item 21 Total	Item 21 Status	Item 21 Location	Item 21 Date	Item 21 Time	Item 21 User	Item 21 Role	Item 21 Group
Item 22	Item 22 Name	Item 22 Description	Item 22 Category	Item 22 Type	Item 22 Unit	Item 22 Price	Item 22 Quantity	Item 22 Total	Item 22 Status	Item 22 Location	Item 22 Date	Item 22 Time	Item 22 User	Item 22 Role	Item 22 Group
Item 23	Item 23 Name	Item 23 Description	Item 23 Category	Item 23 Type	Item 23 Unit	Item 23 Price	Item 23 Quantity	Item 23 Total	Item 23 Status	Item 23 Location	Item 23 Date	Item 23 Time	Item 23 User	Item 23 Role	Item 23 Group
Item 24	Item 24 Name	Item 24 Description	Item 24 Category	Item 24 Type	Item 24 Unit	Item 24 Price	Item 24 Quantity	Item 24 Total	Item 24 Status	Item 24 Location	Item 24 Date	Item 24 Time	Item 24 User	Item 24 Role	Item 24 Group
Item 25	Item 25 Name	Item 25 Description	Item 25 Category	Item 25 Type	Item 25 Unit	Item 25 Price	Item 25 Quantity	Item 25 Total	Item 25 Status	Item 25 Location	Item 25 Date	Item 25 Time	Item 25 User	Item 25 Role	Item 25 Group
Item 26	Item 26 Name	Item 26 Description	Item 26 Category	Item 26 Type	Item 26 Unit	Item 26 Price	Item 26 Quantity	Item 26 Total	Item 26 Status	Item 26 Location	Item 26 Date	Item 26 Time	Item 26 User	Item 26 Role	Item 26 Group
Item 27	Item 27 Name	Item 27 Description	Item 27 Category	Item 27 Type	Item 27 Unit	Item 27 Price	Item 27 Quantity	Item 27 Total	Item 27 Status	Item 27 Location	Item 27 Date	Item 27 Time	Item 27 User	Item 27 Role	Item 27 Group
Item 28	Item 28 Name	Item 28 Description	Item 28 Category	Item 28 Type	Item 28 Unit	Item 28 Price	Item 28 Quantity	Item 28 Total	Item 28 Status	Item 28 Location	Item 28 Date	Item 28 Time	Item 28 User	Item 28 Role	Item 28 Group
Item 29	Item 29 Name	Item 29 Description	Item 29 Category	Item 29 Type	Item 29 Unit	Item 29 Price	Item 29 Quantity	Item 29 Total	Item 29 Status	Item 29 Location	Item 29 Date	Item 29 Time	Item 29 User	Item 29 Role	Item 29 Group
Item 30	Item 30 Name	Item 30 Description	Item 30 Category	Item 30 Type	Item 30 Unit	Item 30 Price	Item 30 Quantity	Item 30 Total	Item 30 Status	Item 30 Location	Item 30 Date	Item 30 Time	Item 30 User	Item 30 Role	Item 30 Group
Item 31	Item 31 Name	Item 31 Description	Item 31 Category	Item 31 Type	Item 31 Unit	Item 31 Price	Item 31 Quantity	Item 31 Total	Item 31 Status	Item 31 Location	Item 31 Date	Item 31 Time	Item 31 User	Item 31 Role	Item 31 Group
Item 32	Item 32 Name	Item 32 Description	Item 32 Category	Item 32 Type	Item 32 Unit	Item 32 Price	Item 32 Quantity	Item 32 Total	Item 32 Status	Item 32 Location	Item 32 Date	Item 32 Time	Item 32 User	Item 32 Role	Item 32 Group
Item 33	Item 33 Name	Item 33 Description	Item 33 Category	Item 33 Type	Item 33 Unit	Item 33 Price	Item 33 Quantity	Item 33 Total	Item 33 Status	Item 33 Location	Item 33 Date	Item 33 Time	Item 33 User	Item 33 Role	Item 33 Group
Item 34	Item 34 Name	Item 34 Description	Item 34 Category	Item 34 Type	Item 34 Unit	Item 34 Price	Item 34 Quantity	Item 34 Total	Item 34 Status	Item 34 Location	Item 34 Date	Item 34 Time	Item 34 User	Item 34 Role	Item 34 Group
Item 35	Item 35 Name	Item 35 Description	Item 35 Category	Item 35 Type	Item 35 Unit	Item 35 Price	Item 35 Quantity	Item 35 Total	Item 35 Status	Item 35 Location	Item 35 Date	Item 35 Time	Item 35 User	Item 35 Role	Item 35 Group
Item 36	Item 36 Name	Item 36 Description	Item 36 Category	Item 36 Type	Item 36 Unit	Item 36 Price	Item 36 Quantity	Item 36 Total	Item 36 Status	Item 36 Location	Item 36 Date	Item 36 Time	Item 36 User	Item 36 Role	Item 36 Group
Item 37	Item 37 Name	Item 37 Description	Item 37 Category	Item 37 Type	Item 37 Unit	Item 37 Price	Item 37 Quantity	Item 37 Total	Item 37 Status	Item 37 Location	Item 37 Date	Item 37 Time	Item 37 User	Item 37 Role	Item 37 Group
Item 38	Item 38 Name	Item 38 Description	Item 38 Category	Item 38 Type	Item 38 Unit	Item 38 Price	Item 38 Quantity	Item 38 Total	Item 38 Status	Item 38 Location	Item 38 Date	Item 38 Time	Item 38 User	Item 38 Role	Item 38 Group
Item 39	Item 39 Name	Item 39 Description	Item 39 Category	Item 39 Type	Item 39 Unit	Item 39 Price	Item 39 Quantity	Item 39 Total	Item 39 Status	Item 39 Location	Item 39 Date	Item 39 Time	Item 39 User	Item 39 Role	Item 39 Group
Item 40	Item 40 Name	Item 40 Description	Item 40 Category	Item 40 Type	Item 40 Unit	Item 40 Price	Item 40 Quantity	Item 40 Total	Item 40 Status	Item 40 Location	Item 40 Date	Item 40 Time	Item 40 User	Item 40 Role	Item 40 Group
Item 41	Item 41 Name	Item 41 Description	Item 41 Category	Item 41 Type	Item 41 Unit	Item 41 Price	Item 41 Quantity	Item 41 Total	Item 41 Status	Item 41 Location	Item 41 Date	Item 41 Time	Item 41 User	Item 41 Role	Item 41 Group
Item 42	Item 42 Name	Item 42 Description	Item 42 Category	Item 42 Type	Item 42 Unit	Item 42 Price	Item 42 Quantity	Item 42 Total	Item 42 Status	Item 42 Location	Item 42 Date	Item 42 Time	Item 42 User	Item 42 Role	Item 42 Group
Item 43	Item 43 Name	Item 43 Description	Item 43 Category	Item 43 Type	Item 43 Unit	Item 43 Price	Item 43 Quantity	Item 43 Total	Item 43 Status	Item 43 Location	Item 43 Date	Item 43 Time	Item 43 User	Item 43 Role	Item 43 Group
Item 44	Item 44 Name	Item 44 Description	Item 44 Category	Item 44 Type	Item 44 Unit	Item 44 Price	Item 44 Quantity	Item 44 Total	Item 44 Status	Item 44 Location	Item 44 Date	Item 44 Time	Item 44 User	Item 44 Role	Item 44 Group
Item 45	Item 45 Name	Item 45 Description	Item 45 Category	Item 45 Type	Item 45 Unit	Item 45 Price	Item 45 Quantity	Item 45 Total	Item 45 Status	Item 45 Location	Item 45 Date	Item 45 Time	Item 45 User	Item 45 Role	Item 45 Group
Item 46	Item 46 Name	Item 46 Description	Item 46 Category	Item 46 Type	Item 46 Unit	Item 46 Price	Item 46 Quantity	Item 46 Total	Item 46 Status	Item 46 Location	Item 46 Date	Item 46 Time	Item 46 User	Item 46 Role	Item 46 Group
Item 47	Item 47 Name	Item 47 Description	Item 47 Category	Item 47 Type	Item 47 Unit	Item 47 Price	Item 47 Quantity	Item 47 Total	Item 47 Status	Item 47 Location	Item 47 Date	Item 47 Time	Item 47 User	Item 47 Role	Item 47 Group
Item 48	Item 48 Name	Item 48 Description	Item 48 Category	Item 48 Type	Item 48 Unit	Item 48 Price	Item 48 Quantity	Item 48 Total	Item 48 Status	Item 48 Location	Item 48 Date	Item 48 Time	Item 48 User	Item 48 Role	Item 48 Group
Item 49	Item 49 Name	Item 49 Description	Item 49 Category	Item 49 Type	Item 49 Unit	Item 49 Price	Item 49 Quantity	Item 49 Total	Item 49 Status	Item 49 Location	Item 49 Date	Item 49 Time	Item 49 User	Item 49 Role	Item 49 Group
Item 50	Item 50 Name	Item 50 Description	Item 50 Category	Item 50 Type	Item 50 Unit	Item 50 Price	Item 50 Quantity	Item 50 Total	Item 50 Status	Item 50 Location	Item 50 Date	Item 50 Time	Item 50 User	Item 50 Role	Item 50 Group
Item 51	Item 51 Name	Item 51 Description	Item 51 Category	Item 51 Type	Item 51 Unit	Item 51 Price	Item 51 Quantity	Item 51 Total	Item 51 Status	Item 51 Location	Item 51 Date	Item 51 Time	Item 51 User	Item 51 Role	Item 51 Group
Item 52	Item 52 Name	Item 52 Description	Item 52 Category	Item 52 Type	Item 52 Unit	Item 52 Price	Item 52 Quantity	Item 52 Total	Item 52 Status	Item 52 Location	Item 52 Date	Item 52 Time	Item 52 User	Item 52 Role	Item 52 Group
Item 53	Item 53 Name	Item 53 Description	Item 53 Category	Item 53 Type	Item 53 Unit	Item 53 Price	Item 53 Quantity	Item 53 Total	Item 53 Status	Item 53 Location	Item 53 Date	Item 53 Time	Item 53 User	Item 53 Role	Item 53 Group
Item 54	Item 54 Name	Item 54 Description	Item 54 Category	Item 54 Type	Item 54 Unit	Item 54 Price	Item 54 Quantity	Item 54 Total	Item 54 Status	Item 54 Location	Item 54 Date	Item 54 Time	Item 54 User	Item 54 Role	Item 54 Group
Item 55	Item 55 Name	Item 55 Description	Item 55 Category	Item 55 Type	Item 55 Unit	Item 55 Price	Item 55 Quantity	Item 55 Total	Item 55 Status	Item 55 Location	Item 55 Date	Item 55 Time	Item 55 User	Item 55 Role	Item 55 Group
Item 56	Item 56 Name	Item 56 Description	Item 56 Category	Item 56 Type	Item 56 Unit	Item 56 Price	Item 56 Quantity	Item 56 Total	Item 56 Status	Item 56 Location	Item 56 Date	Item 56 Time	Item 56 User	Item 56 Role	Item 56 Group
Item 57	Item 57 Name	Item 57 Description	Item 57 Category	Item 57 Type	Item 57 Unit	Item 57 Price	Item 57 Quantity	Item 57 Total	Item 57 Status	Item 57 Location	Item 57 Date	Item 57 Time	Item 57 User	Item 57 Role	Item 57 Group
Item 58	Item 58 Name	Item 58 Description	Item 58 Category	Item 58 Type	Item 58 Unit	Item 58 Price	Item 58 Quantity	Item 58 Total	Item 58 Status	Item 58 Location	Item 58 Date	Item 58 Time	Item 58 User	Item 58 Role	Item 58 Group
Item 59	Item 59 Name	Item 59 Description	Item 59 Category	Item 59 Type	Item 59 Unit	Item 59 Price	Item 59 Quantity	Item 59 Total	Item 59 Status	Item 59 Location	Item 59 Date	Item 59 Time	Item 59 User	Item 59 Role	Item 59 Group
Item 60	Item 60 Name	Item 60 Description	Item 60 Category	Item 60 Type	Item 60 Unit	Item 60 Price	Item 60 Quantity	Item 60 Total	Item 60 Status	Item 60 Location	Item 60 Date	Item 60 Time	Item 60 User	Item 60 Role	Item 60 Group
Item 61	Item 61 Name	Item 61 Description	Item 61 Category	Item 61 Type	Item 61 Unit	Item 61 Price	Item 61 Quantity	Item 61 Total	Item 61 Status	Item 61 Location	Item 61 Date	Item 61 Time	Item 61 User	Item 61 Role	Item 61 Group
Item 62	Item 62 Name	Item 62 Description	Item 62 Category	Item 62 Type	Item 62 Unit	Item 62 Price	Item 62 Quantity	Item 62 Total	Item 62 Status	Item 62 Location	Item 62 Date	Item 62 Time	Item 62 User	Item 62 Role	Item 62 Group
Item 63	Item 63 Name	Item 63 Description	Item 63 Category	Item 63 Type	Item 63 Unit	Item 63 Price	Item 63 Quantity	Item 63 Total	Item 63 Status	Item 63 Location	Item 63 Date	Item 63 Time	Item 63 User	Item 63 Role	Item 63 Group
Item 64	Item 64 Name	Item 64 Description	Item 64 Category	Item 64 Type	Item 64 Unit	Item 64 Price	Item 64 Quantity	Item 64 Total	Item 64 Status	Item 64 Location	Item 64 Date	Item 64 Time	Item 64 User	Item 64 Role	Item 64 Group
Item 65	Item 65 Name	Item 65 Description	Item 65 Category	Item 65 Type	Item 65 Unit	Item 65 Price	Item 65 Quantity	Item 65 Total	Item 65 Status	Item 65 Location	Item 65 Date	Item 65 Time	Item 65 User	Item 65 Role	Item 65 Group
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Item 67	Item 67 Name	Item 67 Description	Item 67 Category	Item 67 Type	Item 67 Unit	Item 67 Price	Item 67 Quantity	Item 67 Total	Item 67 Status	Item 67 Location	Item 67 Date	Item 67 Time	Item 67 User	Item 67 Role	Item 67 Group
Item 68	Item 68 Name	Item 68 Description	Item 68 Category	Item 68 Type	Item 68 Unit	Item 68 Price	Item 68 Quantity	Item 68 Total	Item 68 Status	Item 68 Location	Item 68 Date	Item 68 Time	Item 68 User	Item 68 Role	Item 68 Group
Item 69	Item 69 Name	Item 69 Description	Item 69 Category	Item 69 Type	Item 69 Unit	Item 69 Price	Item 69 Quantity	Item 69 Total	Item 69 Status	Item 69 Location	Item 69 Date	Item 69 Time	Item 69 User	Item 69 Role	Item 69 Group
Item 70	Item 70 Name	Item 70 Description	Item 70 Category	Item 70 Type	Item 70 Unit	Item 70 Price	Item 70 Quantity	Item 70 Total	Item 70 Status	Item 70 Location	Item 70 Date	Item 70 Time	Item 70 User	Item 70 Role	Item 70 Group
Item 71	Item 71 Name	Item 71 Description	Item 71 Category	Item 71 Type	Item 71 Unit	Item 71 Price	Item 71 Quantity	Item 71 Total	Item 71 Status	Item 71 Location	Item 71 Date	Item 71 Time	Item 71 User	Item 71 Role	Item 71 Group
Item 72	Item 72 Name	Item 72 Description	Item 72 Category	Item 72 Type	Item 72 Unit	Item 72 Price	Item 72 Quantity	Item 72 Total	Item 72 Status	Item 72 Location	Item 72 Date	Item 72 Time	Item 72 User	Item 72 Role	Item 72 Group
Item 73	Item 73 Name	Item 73 Description	Item 73 Category	Item 73 Type	Item 73 Unit	Item 73 Price	Item 73 Quantity	Item 73 Total	Item 73 Status	Item 73 Location	Item 73 Date	Item 73 Time	Item 73 User	Item 73 Role	Item 73 Group
Item 74	Item 74 Name	Item 74 Description	Item 74 Category	Item 74 Type	Item 74 Unit	Item 74 Price	Item 74 Quantity	Item 74 Total	Item 74 Status	Item 74 Location	Item 74 Date	Item 74 Time	Item 74 User	Item 74 Role	Item 74 Group
Item 75	Item 75 Name	Item 75 Description	Item 75 Category	Item 75 Type	Item 75 Unit	Item 75 Price	Item 75 Quantity	Item 75 Total	Item 75 Status	Item 75 Location	Item 75 Date	Item 75 Time	Item 75 User	Item 75 Role	Item 75 Group
Item 76	Item 76 Name	Item 76 Description	Item 76 Category	Item 76 Type	Item 76 Unit	Item 76 Price	Item 76 Quantity	Item 76 Total	Item 76 Status	Item 76 Location	Item 76 Date	Item 76 Time	Item 76 User	Item 76 Role	Item 76 Group
Item 77	Item 77 Name														

## Statement of Cash Flow

Fig. in NPR

Particulars	Unaudited	Audited
	At the end of this Quarter	At the end of Immediate Previous Year
<b>Cash Flow From Operating Activities:</b>		
<b>Cash Received</b>		
Gross Premium Received	2,154,600,334	2,162,115,604
Reinsurance Commission Received	124,285,125	139,886,205
Claim Recovery Received from Reinsurers	150,883,670	459,422,194
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Other Direct Income Received	11,327	14,375
Others (to be specified)		
<b>Cash Paid</b>		
Gross Benefits and Claims Paid	- 765,722,145	- 802,469,875
Reinsurance Premium Paid	- 817,540,045	- 935,472,857
Commission Paid	- 69,613,320	- 80,079,840
Service Fees Paid	- 12,527,283	- 10,671,083
Employee Benefits Expenses Paid	- 120,073,521	- 230,869,668
Other Expenses Paid	- 310,182,181	224,987,623
Other Direct Expenses Paid		
Others (to be specified)		
Income Tax Paid	61,535,493	- 217,358,472
<b>Net Cash Flow From Operating Activities [1]</b>	<b>395,657,454</b>	<b>709,504,206</b>
<b>Cash Flow From Investing Activities</b>		
Acquisitions of Intangible Assets	- 250,000	(490,000.00)
Proceeds From Sale of Intangible Assets		
Acquisitions of Investment Properties		
Proceeds From Sale of Investment Properties		
Acquisitions of Property & Equipment	- 6,911,573	(5,455,389.00)
Proceeds From Sale of Property & Equipment	26,589	1,562,041.00
Investment in Subsidiaries		
Receipts from Sale of Investments in Subsidiaries		
Investment in Associates		
Receipts from Sale of Investments in Associates		
Purchase of Equity Instruments		
Proceeds from Sale of Equity Instruments		
Purchase of Mutual Funds		

Proceeds from Sale of Mutual Funds		
Purchase of Preference Shares		
Proceeds from Sale of Preference Shares		
Purchase of Debentures		
Proceeds from Sale of Debentures	- 40,000,000	- 40,225,000
Purchase of Bonds		
Proceeds from Sale of Bonds		
Investments in Deposits		
Maturity of Deposits	- 412,950,000	- 826,000,000
Loans Paid	- 799,121	- 5,782,562
Proceeds from Loans		
Rental Income Received		
Proceeds from Finance Lease		
Interest Income Received	174,043,710	266,095,998
Dividend Received	-	-
Others (to be specified)	323,028	2,520,729
<b>Total Cash Flow From Investing Activities [2]</b>	<b>- 286,517,367</b>	<b>(607,774,183)</b>
<b>Cash Flow From Financing Activities</b>		
Interest Paid		
Proceeds From Borrowings		
Repayment of Borrowings		
Payment of Finance Lease		
Proceeds From Issue of Share Capital		
Share Issuance Cost Paid		
Dividend Paid		
Dividend Distribution Tax Paid		
Others (Adjustment made as per NIA Direction )	-	(251,197,769)
<b>Total Cash Flow From Financing Activities [3]</b>	<b>-</b>	<b>(251,197,769)</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents [1+2+3]</b>	<b>109,140,087</b>	<b>(149,467,746)</b>
Cash & Cash Equivalents At Beginning of The Year/Period	163,857,543	313,325,289
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
<b>Cash &amp; Cash Equivalents At End of The Year/Period</b>	<b>272,997,630</b>	<b>163,857,543</b>
<b>Components of Cash &amp; Cash Equivalents</b>		
Cash In Hand	45,518	6,400
Cheque in Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	100,000,000	-
Balance With Banks	172,888,833	163,801,260
Others	63,279	49,883



## Statement of Distributable Profit or Loss

Fig. in NPR

Particulars	Unaudited	Unaudited
	At the end of this Quarter	At the end of Immediate Previous year
Opening Balance in Retained Earnings	55,762,163	(73,455,652)
Prior Period Adjustments	-	-
Transfer from OCI reserves to retained earning in current year		-
Net profit or (loss) as per statement of profit or loss	(138,340,223)	598,408,568
<b>Appropriations:</b>		
i)Transfer to Insurance Fund	-	-
ii)Transfer to Special Reserve	-	(275,993,387)
iii)Transfer to Catastrophe Reserve	-	(27,127,018)
iv)Transfer to Capital Reserve	-	(109,452,714)
v)Transfer to CSR reserve	-	(5,472,636)
vi)Transfer to/from Regulatory Reserve	-	
vii)Transfer to Fair Value Reserve		
viii)Transfer of Deferred Tax Reserve	(77,662,975)	(51,144,998)
ix)Transfer to OCI reserves due to change in classification		
x)Others		-
<b>Deductions:</b>		
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 (to be specified)		
<b>Adjusted Retained Earning</b>	<b>(160,241,035)</b>	<b>55,762,163</b>
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)		
<b>Total Distributable Profit/(loss)</b>	<b>(160,241,035)</b>	<b>55,762,163</b>

**The Oriental Insurance Company Limited**  
**Notes to the Financial Statements**  
**For the year ended Chaitra 31, 2081 (April 13, 2025)**

**52 Operating Segment**

Segment information is presented in respect of the Company's business segments. Management of the Company has identified portfolio as business segment and the Company's internal reporting structure is also based on portfolio. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries.

Segment asset is disclosed below based on total of all asset for each business segment.

The Company operates predominantly in Nepal and accordingly, the Management of the Company is of the view that the financial information by geographical segments of the Company's operation is not necessary to be presented.

**Business Segments of the Companies are:**

- I) Property
- ii) Motor
- iii) Marine
- iv) Engineering
- v) Micro
- vi) Aviation
- vii) Cattle and Crop
- viii) Miscellaneous

**a) Segmental Information for the year ended Chaitra 31 , 2081 (April 13, 2025)**

**Fig in NPR.**

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
<b>Income:</b>	-	-	-							
Gross Earned Premiums	531,278,853	126,585,180	204,386,164	613,408,081	5,174	-	87,159,858	65,540,071		1,628,363,381
Premiums Ceded	(252,815,698)	(36,536,220)	(35,039,406)	(388,378,719)	(1,437)	-	(72,170,015)	(11,467,343)		(796,408,839)
Inter-Segment Revenue										-
<b>Net Earned Premiums</b>	<b>278,463,155</b>	<b>90,048,960</b>	<b>169,346,758</b>	<b>225,029,362</b>	<b>3,737</b>	<b>-</b>	<b>14,989,843</b>	<b>54,072,728</b>	<b>-</b>	<b>831,954,542</b>
Commission Income	61,094,333	6,556,877	13,019,305	30,626,628	645	-	16,961,938	3,681,177		131,940,903
Other Direct Income	-	11,327	-	-	-	-	-	-		11,327
Income from Investments and Loans	55,006,031	13,106,014	21,161,150	63,509,292	536	-	9,024,108	6,785,701		168,592,832
Net Gain/ (Loss) on Fair Value Changes										-
Net Realised Gains/ (Losses)										-
Other Income	111,573	26,584	42,923	128,821	1	-	18,304	13,765		341,971
<b>Total Segmental Income</b>	<b>394,675,092</b>	<b>109,749,762</b>	<b>203,570,136</b>	<b>319,294,103</b>	<b>4,919</b>	<b>-</b>	<b>40,994,193</b>	<b>64,553,371</b>	<b>-</b>	<b>1,132,841,575</b>
<b>Expenses:</b>										
Gross Claims Paid	234,910,819	77,135,563	193,194,593	51,605,599	-	-	115,384,695	93,490,876		765,722,145
Claims Ceded	(53,133,750)	(14,526,133)	(29,480,555)	(22,945,422)	-	-	(95,673,373)	(5,071,084)		(220,830,317)
Gross Change in Contract Liabilities	1,296,175,908	29,159,386	118,311,278	226,275,164	(7,528,571)	-	10,802,034	(21,245,331)		1,651,949,868
Change in Contract Liabilities Ceded to Reinsurers	(991,313,223)	(8,307,290)	(15,974,499)	(220,559,978)	7,528,571	-	(8,937,106)	5,085,551		(1,232,477,973)
<b>Net Claims Paid</b>	<b>486,639,754</b>	<b>83,461,526</b>	<b>266,050,817</b>	<b>34,375,363</b>	<b>0</b>	<b>-</b>	<b>21,576,250</b>	<b>72,260,012</b>	<b>-</b>	<b>964,363,723</b>
Commission Expenses	30,376,433	734,999	893,095	23,705,655	539	-	19,363,032	2,363,661		77,437,414
Service Fees	4,057,766	966,824	1,561,047	4,685,047	40	-	665,704	500,576		12,437,004
Other Direct Expenses	1,367,475	-	1,872,714	711,248	-	-	75,000	16,000		4,042,437
Employee Benefits Expenses	31,423,562	7,487,136	12,088,833	36,281,261	306	-	5,155,246	3,876,501		96,312,845
Depreciation and Amortization Expenses	3,700,931	881,802	1,423,770	4,273,049	36	-	607,162	456,557		11,343,307
Impairment Losses										-
Other Operating Expenses	9,615,180	2,290,961	3,699,017	11,101,569	94	-	1,577,435	1,186,156		29,470,412
Finance Cost	2,712,947	646,400	1,043,687	3,132,336	26	-	445,077	334,678		8,315,151
<b>Total Segmental Expenses</b>	<b>569,894,048</b>	<b>96,469,648</b>	<b>288,632,980</b>	<b>118,265,528</b>	<b>1,041</b>	<b>-</b>	<b>49,464,906</b>	<b>80,994,141</b>	<b>-</b>	<b>1,203,722,294</b>
<b>Total Segmental Results</b>	<b>(175,218,956)</b>	<b>13,280,114</b>	<b>(85,062,844)</b>	<b>201,028,575</b>	<b>3,877</b>	<b>-</b>	<b>(8,470,713)</b>	<b>(16,440,770)</b>	<b>-</b>	<b>(70,880,718)</b>
<b>Segment Assets</b>	<b>1,977,977,790</b>	<b>9,984,010</b>	<b>371,096,896</b>	<b>(164,077,093)</b>	<b>52,686,934</b>	<b>-</b>	<b>162,497,519</b>	<b>71,489,317</b>		<b>2,481,655,374</b>
<b>Segment Liabilities</b>	<b>2,554,544,305</b>	<b>206,527,839</b>	<b>642,503,135</b>	<b>455,985,645</b>	<b>52,694,527</b>	<b>-</b>	<b>181,113,503</b>	<b>148,569,699</b>		<b>4,241,938,653</b>