

Deoki Bijay & Co.

Chartered Accountants

ICAN Firm Regn. No. 14
TPIN 500074651

Brihat Cluster
House No. 8A
Ward No. 14, Balkhu
Kathmandu, Nepal
Tel : 00977-01-4539445
E : info@dbcnepal.com
W : www.dbcnepal.com

Independent Auditors' Report to the Members of The Oriental Insurance Company Limited, Nepal Branch

Opinion

We have audited the accompanying Financial Statements of M/s The Oriental Insurance Company Limited, Nepal Branch (hereinafter referred to as 'the Company') which comprise the Statement of Financial Position as at Ashad 32, 2079 (July 16, 2022), and the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statement read together with Notes forming part of the financial statement presents fairly, in all material respects, the Financial Position of the company as at Ashad 32, 2079 (July 16, 2022), and its Financial Performance, Changes in Equity, Cash Flow for the year then ended and a Summary of Significant Accounting Policies and Other Explanatory Information in accordance with Nepal Financial Reporting Standards (NFRSs) and comply with Companies Act, 2063 and Insurance Act, 2079.

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the Financial Statement, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements, as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key Audit Matters	How the matters were addressed in our Audit
1.	Revenue Recognition (Premium Income) Premium income comprises major part of revenue which is recorded on issue of the policy as prescribed by the directives of Nepal Insurance Authority. Unearned premium income is recorded/adjusted as estimated by actuarial valuation report. Estimation of income can be right only if the factors involved are incorporated in the system and extracted correctly from the system.	Our audit procedures on recognition of premium income included: 1. Obtaining clear understanding of the process of issuing the policies as per directives issued by the Nepal Insurance Authority and understanding the process of booking such income.



S.N.	Key Audit Matters	How the matters were addressed in our Audit
		<p>2. Tested the design, implementation, and operating effectiveness of key controls over revenue recognition.</p> <p>3. Verified underwriting documents and premium calculation thereon as per regulatory requirements and internal policies of the company on sample basis along with premium receipt, verified premium ceded as per Reinsurance agreement/treaty with Reinsurers.</p> <p>4. Verified unearned premium income as assessed by appointed actuary in his actuarial valuation report.</p> <p>Our results: Based on work carried out as above, we considered the premium income recognition to be acceptable</p>
2.	<p>Insurance Claim Insurance claim is the major area of expense for the insurance companies.</p> <p>Total Claim incurred include paid claim, outstanding claim and claim Incurred but Not (Enough) Reported IBN(E)R,</p> <p>The provision and payment of claims was considered to be one of the areas which required significant auditor attention and one of the matters of most significance in financial statement.</p>	<p>Our Audit procedures on insurance claim Included:</p> <p>1. Obtaining clear understanding of the process/ guidelines as per directives Issued by the Nepal Insurance Authority for processing claim as well Internal operational guidelines relating to claim processing.</p> <p>2. Performed test of controls, test of details and analytical review procedures on outstanding claims.</p> <p>3. Verified the claim paid and provision made on sample basis with proof for payment, documentation as well as surveyor report and understanding the process of accounting.</p> <p>4. In case of IBN(E)R, these provisions have been captured by the Actuary appointed by the company. The actuarial valuation of liability in respect of IBNR and IBN(E)R claims as at July 15, 2020 is as certified by the company's appointed actuary and we had verified the amount and related liability based on such report.</p> <p>Our Results: Based on work carried out as above, we considered the insurance claim expenses be acceptable.</p>
3.	<p>Valuation of investments at amortized cost and measured at fair value through OCI Investment of the Company comprises of investment in unquoted equity instruments and fixed deposits of various banks and financial institutions.</p>	<p>Our Audit procedures on valuation of investment included:</p> <p>1. We tested the design, implementation, and operating effectiveness of key controls over valuation process of investments.</p> <p>2. Review of investments of the company and its valuation in accordance with NFRS.</p>



S.N.	Key Audit Matters	How the matters were addressed in our Audit
	<p>Valuation of the aforesaid securities have been done in accordance with NAS 39 read with NFRS 9. The investment in fixed deposit is recognized at Amortized Cost whereas investments in equity instruments unquoted, are valued at Fair Value through Other Comprehensive Income on the reporting date.</p> <p>Given the varieties of treatments recommended for valuation of investment based on investment objective targeted by the management, nature of cash flows, complexity of calculations and significance of amount involved in such Investments, thus, we have considered It as a Key Audit Matter in our audit.</p>	<p>3. Assessment of the business model adopted by the management and the nature of expected cash flow of the investments on the basis of available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flows and management intention of holding the investments.</p> <p>4. For the investment's valuation at amortized cost, we have verified the Accrued Interest, amortization schedule on test basis.</p> <p>5. For Investments (Unquoted) designated at fair value through OCI, fair value has been reviewed from intrinsic value of investee company derived from audited and published Financial Statement.</p> <p>Our Results:</p> <p>Based on work carried out as above, we considered the valuation of Investments at amortized cost and measured at fair value to be acceptable.</p>
4.	<p>Information Technology Controls</p> <p>IT controls include recording of transactions, generating reports in compliance with reporting requirement of Nepal Insurance Authority and other compliances to regulators is an important part of the process Hence the company's financial and reporting processes are highly dependent on the effective working of Core Insurance Software.</p> <p>We have considered this as a key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in Incorrect reporting to the management, shareholders and regulators.</p>	<p>Our Audit procedures on Information Technology Controls included:</p> <p>1. Understanding the Core Insurance Software and other allied systems used by the company for accounting and reporting purposes and control.</p> <p>2. Understanding the process of feeding data in the system and conducting a walkthrough of the extraction of the financial information and statements from the IT systems existing in the company.</p> <p>3. Walkthrough of access control of the users.</p> <p>4. Reviewing the reports generated by the system on sample basis.</p> <p>Our Results:</p> <p>Based on work carried out as above, we considered the controls in the Information technology to be acceptable.</p>

Information other than the Financial Statements and Auditor's Report Thereon

The company's management is responsible for the presentation of the other information. The other information comprises the information included in the company's Annual Report such as Report of Management but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and accordingly, we do not express an audit opinion or, except as explicitly stated above, any form of assurance conclusion there on. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on financial statement, the other information therein is materially misstated or inconsistent with the financial statements.



Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Nepal Financial Reporting Standard (NFRS), and for such internal control as management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a. Identify and assess the risks of material misstatement of the Financial Statements whether due to fraud, error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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



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

Report on Other Legal and Regulatory Requirements

To the best of our knowledge and according to explanations given to us and from our examination of the books of account of company, necessary for the purposes of our audit to the extent for the scope of our audit:

- a. We have obtained all the information and explanations along with replies to our queries, which to the best of our knowledge and belief were necessary for the purposes of the audit.
- b. In our opinion, the financial statements comprising of Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows prepared in accordance with the requirements of Companies Act, 2063 and format prescribed by Nepal Insurance Authority are in agreement with the books of Accounts.
- c. In our opinion, books of accounts and records of the company have been maintained as required by prevailing laws.
- d. To the best of our information and according to the explanations provided to us and so far as appeared from the examination of the books of accounts, we have not come across any cases where Board of Directors or any employee have acted contrary to the legal provision relating to accounts, or committed any misappropriation or caused any loss or damage to the company.
- e. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts.
- f. To the best of our knowledge, Company has maintained Insurance Fund, and other mandatory reserves in line with directives issued by Nepal Insurance Authority.
- g. We did not obtain any information indicating engagement of the company in activities other than insurance business as approved/licensed by the Nepal Insurance Authority.
- h. We did not obtain any information indicating company's activities which is prejudicial to the interest of the Insured.
- i. The company has acted as per directives of Nepal Insurance Authority.
- j. We did not obtain any information indicating issuance of insurance policy other than as approved by Nepal Insurance Authority.
- k. As the company is branch office of foreign entity, there are no any shareholders of the company.
- l. To the best of our knowledge, the company is eligible and capable to bear its long-term liabilities from the assets of the company.
- m. The internal control system implemented by the company is found to be effective.

Kathmandu
Date: January 11, 2023



C.S. Deo, FCA
Partner

For: Deoki Bijay & Co.
Chartered Accountants

UDIN: 230111CA00318PoSQR



The Oriental Insurance Company Limited
Statement of Financial Position
As At Ashad 32, 2079 (July 16, 2022)


Fig. in NPR

Assets	Notes	Current Year	Previous Year
Intangible Assets	4	601,759	801,759
Property, Plant and Equipment	5	33,825,538	11,240,918
Investment Properties	6	-	-
Deferred Tax Assets	7	11,261,104	13,866,096
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	2,759,820,908	2,603,662,967
Loans	11	7,512,033	9,089,324
Reinsurance Assets	12	724,005,087	618,207,939
Current Tax Assets (Net)	21	-	-
Insurance Receivables	13	189,955,806	262,631,064
Other Assets	14	17,729,794	20,148,632
Other Financial Assets	15	165,905,616	156,863,927
Cash and Cash Equivalents	16	203,459,096	172,310,396
Total Assets		4,114,076,741	3,868,823,022
Equity & Liabilities			
Equity			
Share Capital	17 (a)	251,197,769	251,197,769
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17(c)	-	-
Insurance Fund	17(d)	1,156,736,689	1,011,334,834
Catastrophe Reserves	17(e)	401,202	-
Retained Earnings	17(f)	(170,111,429)	(244,274,732)
Other Equity	17(g)	516,045,751	445,109,093
Total Equity		1,754,269,982	1,463,366,964
Liabilities			
Provisions	18	164,252,783	205,135,671
Gross Insurance Contract Liabilities	19	1,810,907,900	1,714,870,379
Deferred Tax Liabilities	7	-	-
Insurance Payables	20	113,922,829	224,662,213
Current Tax Liabilities (Net)	21	62,560,967	82,861,737
Loans and Borrowings	22	-	-
Other Financial Liabilities	23	130,540,352	102,287,730
Other Liabilities	24	77,621,928	75,638,328
Total Liabilities		2,359,806,759	2,405,456,058
Total Equity and Liabilities		4,114,076,741	3,868,823,022

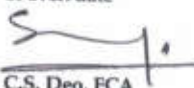
Summary of significant accounting policies

The accompanying notes are an integral part of these financial statements


Man Bahadur Dhakal
 Chief Financial Officer


Vinod B. Ghate
 Chief Executive Officer

As per our attached report
 of even date


C.S. Deo, FCA
 Partner
Deoki Bijay & Co.
 Chartered Accountants

Kathmandu, Nepal
 Date: January 11, 2023



The Oriental Insurance Company Limited
Statement of Profit or Loss
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	1,260,650,503	1,081,354,924
Premiums Ceded	26	(437,625,133)	(343,091,382)
Net Earned Premiums	27	823,025,370	738,263,542
Commission Income	28	113,603,994	93,054,573
Investment Income	29	219,683,874	172,876,466
Net Gains/ (Losses) on Fair Value Changes	30	-	-
Net Realised Gains/ (Losses)	31	-	-
Other Income	32	3,806,497	85,915
Total Income		1,160,119,735	1,004,280,496
Expenses:			
Gross Claims Paid	33	848,598,173	688,069,514
Claims Ceded	34	(272,369,142)	(217,098,815)
Gross Change in Contract Liabilities	35(a)	(83,665,756)	34,442,543
Change in Contract Liabilities Ceded to Reinsurers	35(b)	(8,766,502)	(213,144,069)
Net Claims Paid		483,796,773	292,269,173
Commission Expenses	36	48,340,039	42,837,852
Service Fees	37	12,624,084	10,620,069
Employee Benefits Expenses	38	161,879,993	162,324,470
Depreciation and Amortization Expenses	39	17,600,739	3,245,574
Impairment Losses	40	2,835,800	-
Other Expenses	41	27,202,325	35,252,426
Finance Cost	42	3,225,468	-
Total Expenses		757,505,221	546,549,564
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		402,614,514	457,730,932
Share of Net Profit of Associates accounted using Equity Method	9		
Profit Before Tax		402,614,514	457,730,932
Income Tax Expense	43	122,242,945	140,859,174
Net Profit/ (Loss) For The Year		280,371,569	316,871,758
Earning Per Share	50		
Basic EPS			
Diluted EPS			

Summary of significant accounting policies

3

The accompanying notes are an integral part of these financial statements


Man Bahadur Dhakal
 Chief Financial Officer


Vinod B. Ghate
 Chief Executive Officer



As per our attached report
 of even date


C.S. Deo, FCA
 Partner
Deoki Bijay & Co.
 Chartered Accountants



Kathmandu, Nepal
 Date: January 11, 2023


The Oriental Insurance Company Limited
Statement of Comprehensive Income
For the year ended Ashad 32, 2079 (July 16, 2022)


Fig. in NPR

	Current Year	Previous Year
Net Profit/ (Loss) For The Year	280,371,569	316,871,758
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		
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	10,518,941	7,746,253
Revaluation of Property, Plant and Equipment/ Intangible Assets		
Remeasurement of Post-Employment Benefit Obligations	4,861,967	15,018,839
Share of other comprehensive income of associates accounted for using the equity method		
Income Tax Relating to Above Items	(4,614,272)	(6,829,528)
Total Other Comprehensive Income For the Year, Net of Tax	10,766,636	15,935,564
Total Comprehensive Income For the Year, Net of Tax	291,138,205	332,807,322

The accompanying notes are an integral part of these financial statements


Man Bahadur Dhakal
 Chief Financial Officer


Vinod B. Ghate
 Chief Executive Officer

As per our attached report
 of given date

C.S. Deo, FCA
 Partner
Deoki Bijay & Co.
 Chartered Accountants

Kathmandu, Nepal
 Date: January 11, 2023



The Oriental Insurance Company Limited
Statement of Cash Flows
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

	Current Year	Previous Year
1. Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	1,440,353,780	1,158,859,136
Commission Received	121,045,067	90,838,645
Claim Recovery Received from Reinsurers	342,208,600	51,884,254
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Others (to be specified)		
Cash Paid		
Gross Claims Paid	(848,598,173)	(688,069,514)
Reinsurance Premium Paid	(643,615,709)	(278,303,207)
Commission Paid	(47,299,317)	(42,293,865)
Service Fees Paid	(11,588,594)	(10,036,839)
Employee Benefits Expenses Paid	(219,850,488)	(83,501,861)
Other Expenses Paid	(36,057,561)	(38,875,876)
Others (to be specified)		
Income Tax Paid	(144,552,995)	(50,610,227)
Net Cash Flow From Operating Activities [1]	(47,955,390)	109,890,646
2. Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	-	(1,000,000)
Proceeds From Sale of Intangible Assets		
Acquisitions of Investment Properties		
Proceeds From Sale of Investment Properties		
Rental Income Received		
Acquisitions of Property, Plant & Equipment	(647,796)	(890,202)
Proceeds From Sale of Property, Plant & Equipment	13,656	-
Payment for acquisition of Subsidiaries/ Investment in Subsidiaries		
Investment in Associates		
Receipts from Sale of Investments in Subsidiaries		
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	(44,589,000)	15,000,000
Proceeds from Sale of Debentures		
Purchase of Bonds		
Proceeds from Sale of Bonds		
Investments in Deposits	(101,050,000)	(246,000,000)
Maturity of Deposits		
Proceeds from Finance Lease		
Loans Paid	1,577,291	1,663,068
Proceeds from Loans		
Interest Income Received	220,002,865	175,611,324
Dividend Received		
Others (to be specified)	3,797,074	85,915
Total Cash Flow From Investing Activities [2]	79,104,090	(55,529,895)

M. B. S.

M. B. S.




The Oriental Insurance Company Limited
Statement of Cash Flows
For the year ended Ashad 32, 2079 (July 16, 2022)


Fig. in NPR

	Current Year	Previous Year
3. Cash Flow From Financing Activities		
Interest Paid		
Payment of Finance Lease		
Proceeds From Issue of Share Capital		
Share Issuance Cost Paid		
Dividend Paid		
Dividend Distribution Tax Paid		
Others (to be specified)		
Total Cash Flow From Financing Activities [3]	-	-
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	31,148,700	54,360,751
Cash & Cash Equivalents At Beginning of The Year/Period	172,310,396	117,949,645
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	203,459,096	172,310,396
Components of Cash & Cash Equivalents		
Cash In Hand	13,698	134,396
Cheques In Hand	-	5,983,917
Term Deposit with Banks (with initial maturity upto 3 months)	32,636,078	86,299,461
Balance With Banks	170,809,320	79,892,622

The accompanying notes are an integral part of these financial statements.


Man Bahadur Dhakal
 Chief Financial Officer


Vinod B. Ghate
 Chief Executive Officer

As per our attached report
 of even date

C.S. Deo, FCA
 Partner
Deoki Bijay & Co.
 Chartered Accountants

Kathmandu, Nepal
 Date: January 11, 2023



The Oriental Insurance Company Limited
Statement of Changes In Equity
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

Previous Year	Share Capital/Head Office Account	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Capital Reserves	Insurance Fund	Insurance Reserves	Regulatory Reserves	Fair Value Reserves	Actuarial Reserves	Revaluation Reserves	Cash Flow Hedge Reserves	Catastrophe Reserves	Deferred Tax Reserve	Total
Balance as at Shrawan 1, 2076	251,197,769	-	-	-	(344,971,645)	187,374,297	846,852,478	-	143,200,248	39,203,510	(16,276,967)	-	-	11,399,414	33,123,274	1,130,653,278
Profit/(Loss) For the Year					316,871,798											316,871,798
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										5,422,377						5,422,377
v) Revaluation of Property, Plant and Equipment/ Intangible Assets																-
vi) Reassessment of Post-Employment Benefits Obligations																-
Transfer to Reserves/ Funds (Capital Reserves)					(60,792,942)	65,792,942										10,513,187
Transfer to Reserves/ Funds (Insurance Fund)					(164,492,366)		164,492,366									-
Transfer to Regulatory Reserve																-
Transfer from Reserves/ Funds					11,399,414									(11,399,414)		-
Transfer of Deferred Tax Reserves					2,794,675										(2,794,675)	-
Transfer of Depreciation on Revaluation of Property, Plant and Equipment																-
Transfer on Disposal of Revalued Property, Plant and Equipment																-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																-
Prior Period Adjustments					(93,636)											(93,636)
Share Insurance 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)																-
Balance as at Ashad 31, 2077	251,197,769	-	-	-	(244,274,732)	233,167,739	1,011,334,834	-	143,200,248	44,625,887	(6,213,380)	-	-	-	30,328,599	1,463,366,984



The Oriental Insurance Company Limited
Statement of Changes In Equity
For the year ended Ashad 32, 2079 (July 16, 2022)

Current Year	Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Capital Reserves	Insurance Fund	Insurance Reserves	Regulatory Reserves	Fair Value Reserves	Actuarial Reserves	Revaluation Reserves	Cash Flow Hedge Reserves	Catastrophe Reserves	Deferred Tax Reserve	Total
Balance as at Shrawan 1, 2077	251,197,769	-	-	-	(244,274,732)	233,167,739	1,011,334,834	-	143,300,248	44,625,887	(6,213,280)	-	-	-	30,328,599	1,463,266,964
Profit/(Loss) For the Year					280,371,569											280,371,569
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										7,363,259						7,363,259
v) Revaluation of Property, Plant and Equipment/ Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds (Capital Reserve)					(58,140,742)	58,140,742										-
Transfer to Reserves/ Funds (Insurance Fund)					(145,401,855)		145,401,855									-
Transfer to Regulatory Reserve																-
Transfer from Reserves/ Funds					(401,202)									401,202		-
Transfer of Deferred Tax Reserves					(2,009,280)										2,009,280	-
Transfer of Depreciation on Revaluation of Property, Plant and Equipment																-
Transfer on Disposal of Property, Plant and Equipment																-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																-
Prior Period Adjustments					(235,167)											(235,167)
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)																-
Balance as at Ashad 31 2079	251,197,769	-	-	-	(170,111,429)	291,326,481	1,156,756,689	-	143,300,248	51,999,146	(2,810,003)	-	-	401,202	32,337,879	1,754,269,982



(Signature)
Vinod Chait
 Chief Executive Officer

(Signature)
Man Bahadur Dhakal
 Chief Financial Officer



As per our attached report of even date
(Signature)
C.S. Des, FCA
 Partner
Deekhi Bhai & Co.
 Chartered Accountants

The Oriental Insurance Company Limited
Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

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.

The financial statements are approved for issue by the Company's Management on January 11, 2023.

2 Basis of Preparation

(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.

(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.

(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.

(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.

MB
2023

MB



The Oriental Insurance Company Limited
Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

(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.

(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.

(g) Recent Accounting

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.

MB
Zahf

Phd



The Oriental Insurance Company Limited

Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

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 recognised 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 derecognised 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 categorised as stated below:

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

[Signature]

[Signature]



The Oriental Insurance Company Limited
Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

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.

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
Softwares	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.

[Handwritten Signature]

[Handwritten Signature]



The Oriental Insurance Company Limited
Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

(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.

MBact

Phad



The Oriental Insurance Company Limited
Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

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.

(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 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.





The Oriental Insurance Company Limited
Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

(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 Capital

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 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 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 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 & equipments & 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.

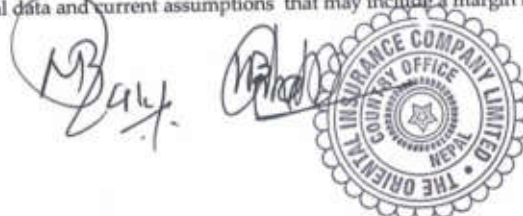
ii) Outstanding claims provisions

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.



The Oriental Insurance Company Limited

Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

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:

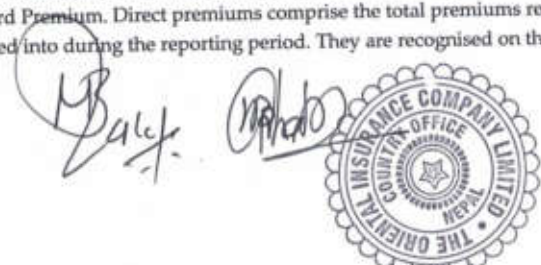
- a) when the Company can no longer withdraw the offer of those benefits; and
- b) when the entity recognises costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits.

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.



The Oriental Insurance Company Limited

Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

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

iv) Investment income

Interest income is recognised 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 recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

v) Net realised gains and losses

Net realised 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 amortised 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.

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.



The Oriental Insurance Company Limited

Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

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**

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 capitalised 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. The Company assesses whether a contract is or contains a lease, at inception of the contract. In accordance with NFRS-16 "Leases"; the Company recognises a right-of-use asset and a corresponding lease liability, except for short-term leases and leases of low value assets as the Company is lessee in all lease arrangements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using discount rate used in calculation of Liability adequacy test by actuary.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

- The amount expected to be payable by the lessee under residual value guarantees

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options

The lease liability is presented within other Financial Liabilities in the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification



The Oriental Insurance Company Limited

Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Company depreciates Right-of-use assets from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Particulars	Current Year	Previous Year
Cost		
As on 31 Ashadh 2078		
Additions	39,341,796	
As on 32 Ashadh 2079	39,341,796	
Accumulated Depreciation		
As on 31 Ashadh 2078		
Charge for the year	14,724,684	
As on 32 Ashadh 2079	14,724,684	
Carrying amount		
As on 31 Ashadh 2078	-	
As on 32 Ashadh 2079	24,617,112	

Particulars	Current Year	Previous Year
Amounts recognized in Statement of Profit or Loss		
Depreciation expense on right-of-use assets	14,724,684	
Interest expense on lease liabilities	3,225,468	
Expense relating to short-term leases		
Expense relating to leases of low value assets		
Expense relating to variable lease payments not		

The total cash outflow for leases amount to NPR 15,989,067.

Transition

From 1st Shrawan 2078, the Company has effectively adopted NFRS 16- "Leases", which requires any lease arrangement to be recognised in the Statement of Financial Position of the lessee as a 'right-of-use' asset with a corresponding lease liability. Accordingly, depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognised on lease liabilities under Interest Expenses. As permitted by the standard, the Company has applied this standard w. e. f. 1st Shrawan 2078 and comparatives for the previous period/year have not been restated.

(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.

MB

Adhik



The Oriental Insurance Company Limited

Notes to the Financial Statements for the year ended Ashad 32, 2079 (July 16, 2022)

Notes to the Financial Statements (Continued...)

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.



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

4 Intangible Assets

Particulars	Softwares	Licenses	Others (to be Specified)	Total
Gross carrying amount				
As at Ashad 31, 2078	1,822,000	-	-	1,822,000
Additions	-			-
Disposals				-
Revaluation				-
Balance as at Ashad 32, 2079	1,822,000	-	-	1,822,000
Accumulated amortization and impairment				
As at Ashad 31, 2078	1,020,241	-	-	1,020,241
Additions	200,000			200,000
Disposals				-
Impairment losses				-
Impairment reversal				-
Balance as at Ashad 32, 2079	1,220,241	-	-	1,220,241
Net Balance as at Ashad 31, 2078	801,759	-	-	801,759
Net Balance as at Ashad 32, 2079	601,759	-	-	601,759

M. B. B. B.

M. B. B. B.



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPK

Property, Plant and Equipment	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computers and IT Equipments	Office Equipment	Vehicles	Other Assets	Total
Particulars									
Gross carrying amount	-	-	8,012,401	6,514,438	8,490,491	1,013,488	5,461,877	6,799,669	36,652,364
As at Ashad 31, 2078	-	-	8,012,401	6,514,438	8,490,491	1,013,488	5,461,877	6,799,669	36,652,364
Additions	-	39,341,796	45,863	118,248	213,929	10,000	-	239,796	39,899,592
Disposals	-	-	(52,132)	(86,700)	(86,700)	-	-	(185,699)	(324,531)
Write-offs	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashad 32, 2079	-	39,341,796	8,065,264	6,580,554	9,017,720	1,023,488	5,461,877	6,833,726	76,317,425
Accumulated depreciation and impairment									
As at Ashad 31, 2078	-	-	4,856,467	4,935,133	6,362,102	742,575	4,045,582	4,449,587	25,411,446
Depreciation	-	14,724,684	1,004,000	291,808	567,800	65,562	208,676	475,479	17,460,729
Disposals	-	-	(50,795)	(86,333)	(86,333)	-	-	(183,180)	(200,299)
Write-offs	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashad 32, 2079	-	14,724,684	5,660,497	5,195,856	6,543,569	811,137	4,314,258	4,711,886	42,491,887
Capital Work-In-Progress									
As at Ashad 31, 2078	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Balance as at Ashad 32, 2079	-	-	-	-	-	-	-	-	-
Net Carrying Amount									
As at Ashad 31, 2078	-	-	3,156,434	1,599,305	2,528,389	270,913	1,416,295	2,310,082	11,240,918
As at Ashad 32, 2079	-	24,617,112	2,397,767	1,384,698	2,174,151	212,351	1,147,619	2,091,840	33,825,538
Right-of-Use Assets (after Implementation of NERS 16 or Finance Lease assets held by the Company, out of above Property, Plant and Equipment)									
Gross carrying amount	-	-	-	-	-	-	-	-	-
As at Ashad 31, 2078	-	-	-	-	-	-	-	-	-
Additions	-	39,341,796	-	-	-	-	-	-	39,341,796
Disposals	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashad 32, 2079	-	39,341,796	-	-	-	-	-	-	39,341,796
Accumulated depreciation									
As at Ashad 31, 2078	-	-	-	-	-	-	-	-	-
Depreciation	-	14,724,684	-	-	-	-	-	-	14,724,684
Disposals	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Balance as at Ashad 32, 2079	-	14,724,684	-	-	-	-	-	-	14,724,684
As at Ashad 31, 2078	-	-	-	-	-	-	-	-	-
As at Ashad 32, 2079	-	24,617,112	-	-	-	-	-	-	24,617,112



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

6 Investment Properties

Particulars	Land	Building	Total
Gross carrying amount			
As at Ashad 31, 2078			
Additions			
Disposals			
Transfer/ adjustments			
Balance as at Ashad 32, 2079	-	-	-
Depreciation and impairment			
As at Ashad 31, 2078			
Depreciation charge			
Disposals			
Impairment losses			
Impairment reversal			
Transfer/ adjustments			
Balance as at Ashad 32, 2079	-	-	-
Net Carrying Amount			
Balance as at Ashad 31, 2078			
Balance as at Ashad 32, 2079			
Capital work-in-progress as at Ashad 31, 2078			
Additions			
Capitalization			
Disposals			
Impairment losses			
Impairment reversal			
Capital work-in-progress as at Ashad 32, 2079			
Net Balance as at Ashad 31, 2078	-	-	-
Net Balance as at Ashad 32, 2079	-	-	-

(i) Amounts recognised in statement of profit or loss for investment properties

Particulars	Current Year	Previous Year
Rental income		
Direct operating expenses from property that generated rental income		
Direct operating expenses from property that didn't generated rental income		
Profit from investment properties before depreciation	-	-
Depreciation charge		
Profit from investment properties	-	-

(ii) Contractual obligations: Refer note no. 54 For disclosure of contractual obligations relating to investment properties.

(iii) There are no restrictions on the realisability of investment properties or proceeds of disposal.

(iv) Fair value of investment properties:

The fair values of the investment properties were determined by external independent qualified valuers using Comparison/ Development Method.

Comparison Method:

This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, the investment properties are compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

[Signature]

[Signature]



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

Development Method:

When a property to be valued is fairly big and no data available from similar land but sales transaction of small plots are available, on the basis we may adopt the method of development. In this method, the properties which are in the undeveloped stage or partly developed and partly undeveloped stage, the total land is divided into number of plots after providing for roads, parks etc. In such cases, the probable selling price of divided plots, the area required for roads, parks etc and other expenses for development should be known in such a way that the similar facilities and conditions are maintained to match with the available surrounding units for compensation.

Particulars	Current Year	Previous Year
Land		
Building		
Total		

7 Deferred Tax Assets/ (Liabilities)

Particulars	Current Year	Previous Year
Intangible Assets		
Property, Plant and Equipment	(60,081)	(178,092)
Fair Value Gains/ (Losses)	(22,281,062)	(19,125,380)
Provision for Leave Encashment	6,860,583	6,943,844
Provision for Gratuity	12,634,441	15,175,051
Impairment Loss on Property, Plant and Equipment		
Impairment Loss on Financial Assets	850,740	
Impairment Loss on Other Assets		
Rent Equalization	-	1,027,205
NFRS 16 Lease Impact	588,326	
Income Tax Losses		
Other (to be Specified)		
i) Provision (for unrealised cheque)		
i) Provision (Disputed Tax)	2,306,916	2,306,916
ii) Unearned Commission	7,983,451	5,359,541
iii) LAT Adjustments (URR+PDR+IBNR)	2,377,790	2,357,011
Total	11,261,104	13,866,096

Movements in deferred tax assets/ (liabilities)

Particulars	Current Year	Previous Year
As at Ashad 31, 2078	13,866,096	23,490,299
(Charged)/Credited to Statement of Profit or Loss	2,009,280	(2,794,675)
(Charged)/Credited to Other Comprehensive Income	(4,614,272)	(6,829,528)
As at Ashad 32 2079	11,261,104	13,866,096

8 Investments in Subsidiaries

Particulars	Current Year	Previous Year
Investment in Quoted Subsidiaries		
Investment in Unquoted Subsidiaries		
Less: Impairment Losses		
Total		

Investment in Quoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs. each of Ltd.				
..... Shares of Rs. each of Ltd.				
Total				

Investment in Unquoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs. each of Ltd.				
..... Shares of Rs. each of Ltd.				
Total				

[Handwritten Signature]

[Handwritten Signature]



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

Information Relating to Subsidiaries

Particulars	Percentage of Ownership	
	Current Year	Previous Year
..... Shares of Rs..... each of Ltd.		
..... Shares of Rs..... each of Ltd.		
..... Shares of Rs..... each of Ltd.		
..... Shares of Rs..... each of Ltd.		

9 Investments in Associates

Particulars	Current Year	Previous Year
Investment in Quoted Subsidiaries		
Investment in Unquoted Subsidiaries		
Less: Impairment Losses	-	-
Total		

Investment in Quoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs..... each of Ltd.						
..... Shares of Rs..... each of Ltd.						
Add: Share of Profit or Loss for Earlier Years						
Add: Share of Profit or Loss for Current Year						
Total	-	-	-	-	-	-

Investment in Unquoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs..... each of Ltd.						
..... Shares of Rs..... each of Ltd.						
..... Shares of Rs..... each of Ltd.						
Add: Share of Profit or Loss for Earlier Years						
Add: Share of Profit or Loss for Current Year						
Total	-	-	-	-	-	-

MBALY

Prado



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

Information Relating to Associates

Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Name						
Place of Business						
Accounting Method						
% of Ownership						
Current Assets						
i) Cash and Cash Equivalents						
ii) Other Assets						
Non-Current Assets						
Current Liabilities						
i) Financial Liabilities						
ii) Other Liabilities						
Non-Current Liabilities						
Revenue						
Interest Income						
Depreciation and Amortization						
Interest Expenses						
Income Tax Expenses						
Net Profit or Loss from Continuing Operations						
Post tax profit or Loss from Discontinued Operations						
Other Comprehensive Income						
Total Comprehensive Income						
Company's share of profits						
Net Profit or Loss	-	-				
Other Comprehensive Income	-	-				

10 Investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost		
i) Investment in Preference Shares of Bank and Financial Institutions		
ii) Investment in Debentures	254,589,000	210,000,000
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	70,000,000	70,000,000
iv) Fixed Deposit of "A" Class Financial Institutions	2,157,050,000	2,056,000,000
v) Fixed Deposit of Infrastructure Banks		
vi) Fixed Deposits in "B" Class Financial Institutions	85,000,000	82,500,000
vii) Fixed Deposits in "C" Class Financial Institutions	5,000,000	7,500,000
viii) Others (to be specified)		
Less: Impairment Losses		
Investments measured at FVTOCI		
i) Investment in Equity Instruments (Quoted)		
ii) Investment in Equity Instruments (Unquoted)	188,181,908	177,662,967
iii) Investment in Mutual Funds		
iv) Investment in Debentures		
v) Others (to be Specified)		
Investments measured at FVTPL		
i) Investment in Equity Instruments		
ii) Investment in Mutual Funds		
iii) Others (to be Specified)		
Total	2,759,820,908	2,603,662,967

M. B. B. B.

ABD



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

a) Details of Impairment Losses

Particulars	Current Year	Previous Year
Investment in Preference Shares of Bank and Financial Institutions		
Investment in Debentures		
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
Fixed Deposit with "A" Class Financial Institutions		
Fixed Deposit with Infrastructure Bank		
Fixed Deposits with "B" Class Financial Institutions		
Fixed Deposits with "C" Class Financial Institutions		
Others (to be specified)		
Total	-	-

b) Investments having expected maturities less than 12 months:

Particulars	Current Year	Previous Year
Investment in Equity Instruments (Quoted)		
Investment in Equity Instruments (Unquoted)		
Investment in Mutual Funds		
Investment in Preference Shares of Bank and Financial Institutions	70,000,000	
Investment in Debentures		
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
Fixed Deposit with "A" Class Financial Institutions	949,550,000	2,001,000,000
Fixed Deposit with Infrastructure Bank		
Fixed Deposits with "B" Class Financial Institutions	85,000,000	82,500,000
Fixed Deposits with "C" Class Financial Institutions	5,000,000	7,500,000
Others (to be specified)		
Total	1,109,550,000	2,091,000,000

c) The Company has earmarked investments amounting to NPR 1,635,000,000 to Insurance Board.

11 Loans

Particulars	Current Year	Previous Year
Loans at Amortised Cost		
Loan to Associates		
Loan to Employees	7,512,033	9,089,324
Loan to Agent		
Others (to be specified)		
Less: Impairment Losses		
Total	7,512,033	9,089,324

a) Expected recovery period within 12 months:

Particulars	Current Year	Previous Year
Loan to Associates		
Loan to Employees	122,600	65,631
Loan to Agent		
Others (to be specified)		
Total	122,600	65,631

12 Reinsurance Assets

Particulars	Current Year	Previous Year
Reinsurance Assets on:		
Unearned Premiums	308,840,004	211,809,358
Provision for Premium Deficiency	5,790,651	4,844,178
IBNR and IBNER Claim	55,553,772	53,825,210
Outstanding Claims	353,820,660	347,729,193
Margin For Adverse Deviation		
Less: Impairment Losses		
Total	724,005,087	618,207,939

M. B. B. B.

M. B. B. B.



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

13 Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurers	7,801,382	-
Receivable from Other Insurance Companies	184,990,224	262,631,064
Others (to be Specified)	(2,835,800)	
Less: Impairment Losses	189,955,806	262,631,064
Total		

a) Expected recovery period within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurers	7,801,382	-
Receivable from Other Insurance Companies	184,990,224	262,631,064
Others (to be Specified)	-	-
Total	192,791,606	262,631,064

14 Other Assets

Particulars	Current Year	Previous Year
Capital Advances	3,301,780	3,332,093
Prepaid Expenses		
Claim Advance		
Advance To Suppliers	165,913	264,345
Staff Advances		
VAT Receivable	9,609,447	10,959,489
Deferred Reinsurance Commission Expenses	2,553,830	2,509,082
Deferred Agent Commission Expenses		
Finance Lease Receivable		
Stamp Stock		
Printing and Stationery Stock		
Lease Equalisation Receivable	2,098,824	3,083,623
Prepaid Employee Benefit		
Less: Impairment Losses	17,729,794	20,148,632
Total		

a) Expected to be recovered/ settled within 12 months:

Particulars	Current Year	Previous Year
Capital Advances	3,301,780	3,332,093
Prepaid Expenses	-	-
Claim Advance	-	-
Advance To Suppliers	165,913	264,345
Staff Advances	-	-
VAT Receivable	9,609,447	10,959,489
Deferred Reinsurance Commission Expenses	2,553,830	2,509,082
Deferred Agent Commission Expenses		
Finance Lease Receivable		
Stamp Stock		
Printing and Stationery Stock		
Lease Equalisation Receivable		
Prepaid Employee Benefit		
Total	15,630,970	17,065,009

MB Bhat.



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

15 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits	2,510,491	1,535,281
Accrued Interest	10,607,863	10,926,854
Other Receivables	-	25,539
Sundry Debtors	60,191,841	46,610,452
Other Deposits		
Other (Receivable from HO)	92,595,421	97,765,801
Less: Impairment Losses		
Total	165,905,616	156,863,927

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits		
Accrued Interest	10,607,863	10,926,854
Other Receivables	-	25,539
Sundry Debtors	60,191,841	46,610,452
Other Deposits		
Other (Receivable from HO)		
Total	70,799,704	57,562,845

16 Cash and Cash Equivalents

Particulars	Current Year	Previous Year
Cash In Hand	13,698	134,396
Cheques In Hand	-	5,983,917
Bank Balances		
i) Balance with "A" Class Financial Institutions	167,500,582	75,135,096
ii) Balance with "B" Class Financial Institutions	3,308,738	4,490,041
iii) Balance with "C" Class Financial Institutions	-	267,485
Less: Impairment Losses		
Deposit with initial maturity upto 3 months	32,602,540	86,274,373
Others (Postage Stamp)	33,538	25,088
Less: Impairment Losses		
Total	203,459,096	172,310,396

17 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
Assigned Capital	251,197,769	251,197,769
As at Ashad 31, 2078		
Additions during the year		
i) Bonus Share Issue		
ii) Share Issue		
As at Ashad 32 2079	251,197,769	251,197,769
Convertible Preference Shares (Equity Component Only)		
As at Ashad 31, 2078		
Additions during the year		
As at Ashad 32 2079		
Irredeemable Preference Shares (Equity Component Only)		
As at Ashad 31, 2078		
Additions during the year		
As at Ashad 32 2079		
Total	251,197,769	251,197,769



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

(i) **Ordinary Shares**

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Ordinary Shares of Rs.each		
Issued Capital:		
..... Ordinary Shares of Rs.each		
Subscribed and Paid Up Capital:		
..... Ordinary Shares of Rs.each		
Total	-	-

(ii) **Preference Share Capital**

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Convertible Preference Shares of Rs. ... each		
..... Irredeemable Preference Shares of Rs. ... each		
Issued Capital:		
..... Convertible Preference Shares of Rs. ... each		
..... Irredeemable Preference Shares of Rs. ... each		
Subscribed and Paid Up Capital:		
..... Convertible Preference Shares of Rs. ... each		
..... Irredeemable Preference Shares of Rs. ... each		
Total	-	-

Shareholding Structure of Share Capital

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Promoters				
Government of Nepal				
Nepali Organized Institutions				
Nepali Citizen				
Foreigner				
Others (to be Specified)				
Total (A)	-	-	-	-
Other than Promoters				
General Public				
Others (to be Specified)				
Total (B)	-	-	-	-
Total (A+B)	-	-	-	-

Details of shares held by shareholders holding more than 1% of the aggregate shares in the Company:

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year

17 (b) **Share Application Money Pending Allotment**

Particulars	Current Year	Previous Year
Share Application Money Pending Allotment		
Total	-	-

M. B. J.

W. B. J.



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

17(c) Share Premium

Particulars	Current Year	Previous Year
As at Ashad 31, 2078		
Increase due to issue of shares at premium		
Decrease due to issue of bonus shares		
Transaction costs on issue of share		
Others (to be Specified)		
As at Ashad 32 2079	-	-

17(d) Insurance Fund

Particulars	Current Year	Previous Year
As at Ashad 31, 2078	1,011,334,834	846,852,478
Additions	145,401,855	164,482,356
Utilizations		
As at Ashad 32 2079	1,156,736,689	1,011,334,834

17(e) Catastrophe Reserves

Particulars	Current Year	Previous Year
As at Ashad 31, 2078	-	11,399,414
Additions	401,202	(11,399,414)
Utilizations	401,202	-
As at Ashad 32 2079		

17(f) Retained Earnings

Particulars	Current Year	Previous Year
As at Ashad 31, 2078	(244,274,732)	(344,971,645)
Net Profit or Loss	280,371,569	316,871,758
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations		
Transfer to/ from reserves		
Capital Reserves	(58,160,742)	(65,792,942)
Insurance Fund	(145,401,855)	(164,482,356)
Catastrophe Reserves	(401,202)	11,399,414
Insurance Reserves		
Regulatory Reserves		
Fair Value Reserves		
Actuarial Reserves		
Revaluation Reserves		
Deferred Tax Reserves	(2,009,280)	2,794,675
Depreciation on Revaluation of Property, Plant and Equipment		
On Disposal of Revalued Property, Plant and Equipment		
On Disposal of Equity Instruments Measured at FVTOCI	(235,187)	(93,636)
Prior Period Adjustments		
Issue of Bonus Shares		
Transaction costs on issue of share		
Dividend Paid		
Dividend Distribution Tax		
Others (to be Specified)		
As at Ashad 32 2079	(170,111,429)	(244,274,732)



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

17(g) Other Equity

Particulars	Current Year	Previous Year
Capital Reserves	291,328,481	233,167,739
Insurance Reserves		
Regulatory Reserves	143,200,248	143,200,248
Fair Value Reserves	51,989,146	44,625,887
Actuarial Reserves	(2,810,003)	(6,213,380)
Revaluation Reserves		
Cash Flow Hedge Reserves		
Deferred Tax Reserve	32,337,879	30,328,599
Other Reserves		
Total	516,045,751	445,109,093

18 Provisions

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave	22,868,609	23,146,146
ii) Defined Benefits Plan (Gratuity & Pension)	38,100,514	41,707,247
iii) Termination Benefits		
iv) Other employee benefit obligation (Staff Bonus)	95,593,940	132,592,558
Provision for tax related legal cases	7,689,720	7,689,720
Provision for non-tax legal cases		
Others		
Total	164,252,783	205,135,671

(a) Additional Disclosure under of Provisions

Description	Opening Balance	Additions During the Year	Unreversed During the Year	Reversed During the Year	Unwinding of Discount	Closing Balance
Provision for tax related legal cases	7,689,720.00	-	-	-	-	7,689,720
Provision for non-tax legal cases						
Others (to be Specified)						

(b) Provision with expected payouts within 12 months:

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave	2,010,170	1,822,325
ii) Defined Benefits Plan (Gratuity & Pension)	3,680,849	4,686,576
iii) Termination Benefits		
iv) Other employee benefit obligation (Staff Bonus)	95,593,940	132,592,558
Provision for tax related legal cases		
Provision for non-tax legal cases		
Others	-	-
Total	101,284,959	139,101,459

19 Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Unearned Premiums	941,416,197	761,712,920
Premium Deficiency	7,238,263	6,055,223
IBNR and IBNER	128,370,529	141,119,557
Outstanding Claims	733,882,911	805,982,679
Margin For Adverse Deviation	-	-
Total	1,810,907,900	1,714,870,379



Fig. in NPR

a) Gross Insurance Contract Liability

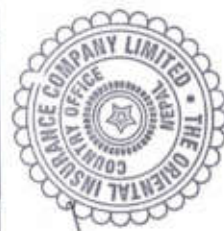
a) Gross Insurance Contract Liability		Line of Business									Total
		Particulars	Fire	Marine	Motor	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	
As at Ashad 31, 2078		-	-	-	-	-	-	-	-	-	-
Unearned Premiums		210,893,994	313,913,890	81,757,729	71,405,728	18,729,906	-	23,209,073	41,802,600	761,712,920	
Premium Deficiency		-	-	-	-	-	-	6,055,223	-	6,055,223	
IBNR and IBNER		58,069,759	5,320,632	13,996,492	23,613,491	19,589,063	-	4,803,171	15,726,949	141,119,557	
Outstanding Claims		387,131,728	34,129,210	76,214,820	152,255,938	91,685,421	-	30,962,502	33,603,060	805,982,679	
Margin For Adverse Deviation										-	
Total Balance As at Ashad 31, 2078		656,095,481	353,363,732	171,969,041	247,275,157	130,004,390	-	65,029,969	91,132,609	1,714,870,379	
Changes during the year											
Unearned Premiums		(47,577,597)	(55,542,500)	(28,220,172)	(51,742,987)	18,515,854	-	(8,869,591)	(6,266,284)	(179,703,277)	
Premium Deficiency		-	-	-	-	-	-	(1,183,040)	-	(1,183,040)	
IBNR and IBNER		11,170,119	(2,713,146)	4,947,314	(13,225,133)	9,231,682	-	1,618,031	1,720,161	12,749,028	
Outstanding Claims		84,817,461	3,515,932	21,790,297	(93,334,887)	22,636,216	-	14,619,570	18,055,179	72,099,768	
Margin For Adverse Deviation		-	-	-	-	-	-	-	-	-	
Others (to be Specified)										-	
Total changes during the year		48,409,983	(54,739,714)	(1,482,561)	(158,303,007)	50,383,752	-	6,184,970	13,509,056	(96,037,521)	
As at Ashad 32, 2079										-	
Unearned Premiums		258,471,591	369,456,390	109,977,901	123,148,715	214,052	-	32,078,664	48,068,884	941,416,197	
Premium Deficiency		-	-	-	-	-	-	7,238,263	-	7,238,263	
IBNR and IBNER		46,899,640	8,033,778	9,049,178	36,838,624	10,357,381	-	3,185,140	14,006,788	128,370,529	
Outstanding Claims		302,314,267	30,613,278	54,424,523	245,590,825	69,049,205	-	16,342,932	15,547,881	733,882,911	
Margin For Adverse Deviation										-	
Total Balance As at Ashad 32, 2079		607,685,498	408,103,446	173,451,602	405,578,164	79,620,638	-	58,844,999	77,623,553	1,810,907,900	



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

Particulars	Line of Business								Total
	Fire	Marine	Motor	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	
b) Reinsurance Assets									
As at Ashad 31, 2078									
Unearned Premiums	65,025,392	50,679,091	29,453,970	31,549,272	2,988,418	-	18,567,256	13,545,959	211,809,358
Premium Deficiency IBNR and IBNER	18,757,303	789,088	3,111,375	9,915,668	14,472,013	-	4,844,178	-	4,844,178
Outstanding Claims	125,048,687	5,260,586	20,742,501	66,104,450	96,480,084	-	3,737,097	3,042,666	53,825,210
Margin For Adverse Deviation							24,875,441	9,217,444	347,729,193
Total Balance As at Ashad 31, 2078	208,831,382	56,728,765	53,307,846	107,569,390	113,940,515	-	52,023,972	25,806,069	618,207,939
Changes during the year									
Unearned Premiums	39,745,025	23,279,797	3,489,379	25,901,237	(2,921,854)	-	7,095,854	441,208	97,030,646
Premium Deficiency IBNR and IBNER	4,350,503	705,668	(744,589)	3,151,572	(4,158,013)	-	946,473	-	946,473
Outstanding Claims	29,003,350	4,704,457	(4,963,925)	21,010,481	(27,720,084)	-	(1,699,385)	122,806	1,728,562
Margin For Adverse Deviation	-	-	-	-	-	-	(11,290,695)	(4,652,117)	6,091,467
Others (to be Specified)									
Total changes during the year	73,098,878	28,689,922	(2,219,135)	50,063,290	(34,799,951)	-	(4,947,753)	(4,088,103)	105,797,148
As at Ashad 32, 2079									
Unearned Premiums	104,770,417	73,958,888	32,943,349	57,450,509	66,564	-	25,663,110	13,987,167	308,840,004
Premium Deficiency IBNR and IBNER	23,107,806	1,494,756	2,366,786	13,067,240	10,314,000	-	5,790,651	-	5,790,651
Outstanding Claims	154,052,037	9,965,043	15,778,576	87,114,931	68,760,000	-	2,037,712	3,165,472	55,553,772
Margin For Adverse Deviation						-	13,584,746	4,565,327	353,820,660
Total Balance As at Ashad 32, 2079	281,930,260	85,418,687	51,088,711	157,632,680	79,140,564	-	47,076,219	21,717,966	724,005,087



[Handwritten signature]



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

20 Insurance Payables

Particulars	Current Year	Previous Year
Payable to Reinsurers	89,502,271	214,574,804
Payable to Other Insurance Companies	24,420,558	10,087,409
Others (to be Specified)		
Total	113,922,829	224,662,213

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurers	89,502,271	214,574,804
Payable to Other Insurance Companies	24,420,558	10,087,409
Others (to be Specified)	-	-
Total	113,922,829	224,662,213

21 Current Tax (Assets)/ Liabilities (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities	460,164,513	335,912,288
Income Tax Assets	(397,603,546)	(253,050,551)
Total	62,560,967	82,861,737

22 Loans and Borrowings

Particulars	Current Year	Previous Year
Bond		
Debenture		
Term Loan - Bank and Financial Institution		
Bank Overdraft		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Bond		
Debenture		
Term Loan - Bank and Financial Institution		
Bank Overdraft		
Others (to be Specified)		
Total	-	-

(Signature)

(Signature)



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

23 Other Financial Liabilities

Particulars	Current Year	Previous Year
Redeemable Preference Shares		
Irredeemable Cumulative Preference Shares		
Payable to Agent		
Refundable Share Application Money	4,502,018	4,766,590
Payable to Insured		
Lease Liability	47,464,485	27,460,038
Sundry Creditors	26,578,197	
Retention and deposits	1,666,880	254,541
Short-term employee benefits payable		
i) Salary Payable	100,109	1,313,627
ii) Bonus Payable		
iii) Other employee benefit payable (Incentive)	41,017,273	61,753,329
Audit Fee Payable	800,000	950,000
Others (to be Specified)		
i) Expense Payable	3,977,773	2,941,027
ii) Stale Cheque	4,368,761	2,788,787
iii) Insurance Stamp	64,856	59,791
Total	130,540,352	102,287,730

Payable within 12 months:

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Payable to Agent	-	-
Refundable Share Application Money	4,502,018	4,766,590
Payable to Insured	-	-
Lease Liability	47,464,485	27,460,038
Sundry Creditors	13,277,412	-
Retention and deposits	1,666,880	254,541
Short-term employee benefits payable	-	-
i) Salary Payable	100,109	1,313,627
ii) Bonus Payable	-	-
iii) Other employee benefit payable (Incentive)	41,017,273	61,753,329
Audit Fee Payable	800,000	950,000
Others (to be Specified)	-	-
i) Expense Payable	3,977,773	2,941,027
ii) Stale Cheque	4,368,761	2,788,787
iii) Insurance Stamp	64,856	59,791
Total	117,239,567	102,287,730

MB Sakya

AKB



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

24 Other Liabilities

Particulars	Current Year	Previous Year
TDS Payable	5,632,820	12,327,281
VAT Payable	18,810,791	16,964,732
Dividend Payable		
Deposit Premium		
Insurance Service Fee Payable	14,403,538	11,588,594
Lease Equilisation Payable	-	3,424,015
Deferred Income	38,774,779	31,333,706
Others (to be specified)		
Total	77,621,928	75,638,328

Payable within 12 months:

Particulars	Current Year	Previous Year
TDS Payable	5,632,820	12,327,281
VAT Payable	18,810,791	16,964,732
Dividend Payable	-	-
Deposit Premium	-	-
Insurance Service Fee Payable	14,403,538	11,588,594
Deferred Income	38,774,779	31,333,706
Others (to be specified)		
Total	77,621,928	72,214,313

MB

AWD



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig.in NPR

35 Change in Contract Liabilities

Particulars	Current Year	Previous Year
(a) Gross Change in Contract Liabilities		
Change in Contract Outstanding Claim	(72,099,768)	28,951,729
Change in IBNR and IBNER	(12,749,028)	10,228,799
Change in Margin for Adverse Deviation (MAD)	-	-
Change in Provision for Premium Deficiency	1,183,040	(4,737,985)
Total Gross Change in Contract Liabilities	(83,665,756)	34,442,543
(b) Change in Reinsurance Assets		
Change in Reinsurance Assets Created on Outstanding Claim Provisions	(6,091,467)	(185,122,937)
Change in Reinsurance Assets Created on IBNR and IBNER	(1,728,562)	(29,652,813)
Change in Reinsurance Assets Created on Margin for Adverse Deviation (MAD)	-	-
Change in Reinsurance Assets Created on Provision for Premium Deficiency	(946,473)	1,631,681
Total Change in Reinsurance Assets	(8,766,502)	(213,144,069)
Net Change in Contract Liabilities	(92,432,258)	(178,701,526)

Portfolio-wise detail of Net Change in Contract Liabilities

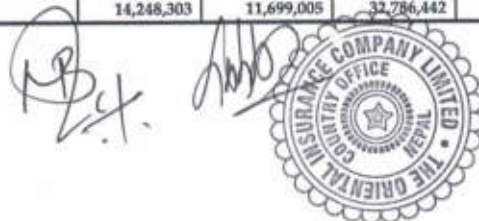
Particulars	Gross Change in Contract Liabilities		Change in Reinsurance Assets		Net Change in Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire	(95,987,580)	(110,196,520)	(33,353,853)	(51,981,171)	(129,341,433)	(162,177,691)
Marine	(802,786)	(1,870,759)	(5,410,125)	(1,180,146)	(6,212,911)	(3,050,905)
Motor	(26,737,611)	328,868	5,708,514	(9,587,178)	(21,029,097)	(9,258,310)
Engineering	106,560,020	25,811,794	(24,162,053)	(29,321,510)	82,397,967	(3,509,716)
Micro	(31,867,898)	110,596,898	31,878,097	(110,952,097)	10,199	(355,199)
Aviation	-	-	-	-	-	-
Cattle and Crop	(15,054,561)	8,117,204	12,043,607	(6,493,179)	(3,010,954)	1,624,025
Miscellaneous	(19,775,340)	1,655,058	4,529,311	(3,628,788)	(15,246,029)	(1,973,730)
Total	(83,665,756)	34,442,543	(8,766,502)	(213,144,069)	(92,432,258)	(178,701,526)

36 Commission Expenses

Particulars	Current Year	Previous Year
Commission Expenses on Direct Insurance Contracts	14,248,303	11,699,005
Commission Expenses on Reinsurance Accepted	32,786,442	32,703,244
Deferred Commission Expenses	1,305,294	(1,564,397)
Others (to be specified)	-	-
Total	48,340,039	42,837,852

Portfolio-wise detail of Commission Expenses

Particulars	Commission Expenses on Insurance Contracts		Commission Expenses on Reinsurance Accepted		Deferred Commission Expenses		Commission Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire	706,932	666,799	20,391,115	21,884,488	1,525,982	(20,082)	22,624,029	22,531,205
Marine	384,241	515,860	707,887	888,774	156,252	(282,468)	1,248,380	1,122,166
Motor	1,138,472	1,608,757	251,308	3,998,177	1,306,754	(1,175,210)	2,696,534	4,431,724
Engineering	1,466,053	1,088,147	10,909,524	5,097,251	(1,574,855)	(174,520)	10,800,722	6,010,878
Micro	-	-	-	29,830	12,535	(8,029)	12,535	21,801
Aviation	-	-	-	-	-	-	-	-
Cattle and Crop	9,415,584	6,798,529	-	185,348	(60,935)	(299,995)	9,354,649	6,683,882
Miscellaneous	1,137,021	1,020,913	526,608	619,376	(60,439)	395,907	1,603,190	2,036,196
Total	14,248,303	11,699,005	32,786,442	32,703,244	1,305,294	(1,564,397)	48,340,039	42,837,852



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig. In NPR

37 Service Fees

Particulars	Current Year	Previous Year
Gross Service Fees	14,403,538	11,588,594
Reinsurer's Share of Service Fees	(1,779,454)	(968,525)
Total	12,624,084	10,620,069

Portfolio-wise detail of Service Fees

Particulars	Gross Service Fees		Reinsurer's Share of Service Fees		Net Service Fees	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire	5,169,432	4,217,880	(697,398)	(534,014)	4,472,034	3,683,866
Marine	2,964,342	2,632,611	(215,980)	(1,141,012)	2,748,362	1,491,599
Motor	2,199,558	1,635,155	(219,286)	33,493	1,980,272	1,668,648
Engineering	2,462,974	1,428,115	(382,416)	359,237	2,080,558	1,787,352
Micro	4,281	374,599	(444)	(205,297)	3,837	169,302
Aviation	-	-	-	-	-	-
Cattle and Crop	641,573	464,182	(170,825)	587,704	470,748	1,051,886
Miscellaneous	961,378	836,052	(93,105)	(68,636)	868,273	767,416
Total	14,403,538	11,588,594	(1,779,454)	(968,525)	12,624,084	10,620,069

38 Employee Benefits Expenses

Particulars	Current Year	Previous Year
Salaries	32,566,445	32,644,469
Bonus	44,734,947	50,858,993
Defined Benefit Plans		
i) Gratuity & Pension	5,224,784	5,690,445
ii) Others (Leave Encashment)	1,884,107	3,215,476
Defined Contribution Plans		
i) Provident Fund	3,256,943	3,264,299
ii) Others (to be Specified)		
Leave Encashments		
Termination Benefits		
Dashain Allowance	4,958,059	5,222,849
Other Allowance	26,909,305	25,966,582
Training Expenses	94,172	29,000
Uniform Expenses	2,361,294	987,461
Medical Expenses	136,000	134,000
Staff Insurance Expenses	949,194	554,411
Amortization of Deferred Employee Expenses	648,097	795,958
Others		
i) Wages	8,707,825	6,354,891
ii) Others	29,448,821	26,605,636
Total	161,879,993	162,324,470

MB

AB



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig.in NPR

39 Depreciation & Amortization Expenses

Particulars	Current Year	Previous Year
Depreciation on Property, Plant and Equipment (Refer Note 5)	17,400,739	3,033,574
Depreciation on Investment Properties (Refer Note 6)		
Amortization of Intangible Assets (Refer Note 4)	200,000	212,000
Total	17,600,739	3,245,574

40 Impairment Losses

Particulars	Current Year	Previous Year
Impairment Losses on PPE, Investment Properties and Intangible Assets		
i) Property, Plant and Equipment		
ii) Investment Properties		
iii) Intangible Assets		
Impairment Losses on Financial Assets		
i) Investment		
ii) Loans		
iii) Other Financial Assets		
iv) Cash and Cash Equivalent		
v) Others (to be Specified)		
Impairment Losses on Other Assets		
i) Reinsurance Assets		
ii) Insurance Receivables	2,835,800	
iii) Lease Receivables		
iv) Others (to be Specified)		
Total	2,835,800	-

NBakf. Ad



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

41 Other Expenses

Fig.in NPR

Particulars	Current Year	Previous Year
Rent Expenses	-	15,034,428
Electricity and Water	-	-
Repair & Maintenance	2,252,813	1,663,315
i) Building	-	-
ii) Vehicle	-	-
iii) Office Equipments	-	-
iv) Others	85,520	154,480
Telephone & Communication	214,790	88,297
Printing & Stationary	-	-
Office Consumable Expenses	898,138	1,230,644
Travelling Expenses	714,412	861,767
i) Domestic	557,987	564,435
ii) Foreign	-	-
Agent Training	1,413,316	552,037
Other Agent Expenses	73,666	306,884
Insurance Premium	17,648	-
Security Expenses	-	-
Legal and Consulting Expenses	643,749	910,850
Newspapers, Books and Periodicals	-	-
Advertisement & Promotion Expenses	631,000	292,905
Business Promotion	19,015	16,160
Guest Entertainment	290,840	185,806
Gift and Donations	173,827	-
Board Meeting Fees and Expenses	1,275,464	700,892
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
Other Committee/ Sub-committee Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
Annual General Meeting Expenses	-	-
Audit Related Expenses	-	-
i) Statutory Audit	-	-
ii) Tax Audit	350,000	350,000
iii) Long Form Audit Report	35,000	35,000
iv) Other Fees	15,000	15,000
v) Internal Audit	36,655	-
vi) Others	300,000	300,000
Bank Charges	-	-
Fee and Charges	30,666	20,411
Postage Charges	442,750	179,260
Others (to be specified)	362,345	335,155
i) Fuel	-	-
ii) Office Maintenance	6,064,507	4,670,579
iii) Computer Operating Expenses	1,614,341	1,967,010
iv) Provision for Unrealised Cheque	1,868,192	1,579,690
v) Others	-	-
Total	6,820,684	3,237,421
	27,202,325	35,252,426



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig.in NPR

42 Finance Cost

Particulars	Current Year	Previous Year
Unwinding of discount on Provisions		
Unwinding of discount on Financial Liabilities at Amortised Costs		
Interest Expenses - on Financial Liabilities at Amortised Costs		
Interest Expenses - Lease	3,225,468	
Others (to be specified)		
Total	3,225,468	-

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	124,252,225	138,064,499
ii) Income Tax Relating to Prior Periods		
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	(2,009,280)	2,794,675
ii) Changes in tax rate		
iii) Recognition of previously unrecognised tax losses		
iv) Write-down or reversal		
v) Others (to be Specified)		
Income Tax Expense	122,242,945	140,859,174

(b) Reconciliation of Taxable Profit & Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	402,614,514	457,730,932
Applicable Tax Rate	30%	30%
Tax at the applicable rate on Accounting Profit	120,784,354	137,319,280
Add: Tax effect of expenses that are not deductible for tax purpose		
i) Depreciation as per Books	862,817	973,672
ii) Repair & Maintenance as per Books	90,093	72,833
iii) Staff Amenities disallowed	-	905,314
iv) Provision for Cheque realised after 7 days	-	181,405
v) Provision for Leave	391,545	(2,030,277)
vi) Provision for Doubtful Debt	850,740	
Less: Tax effect on exempt income and additional deduction		
i) Depreciation as per Tax	(744,538)	(895,119)
ii) Repair & Maintenance as per Tax	(87,534)	(53,694)
iii) Provision written Back	(181,405)	(435,848)
iv) Loss upto Previous Year	-	-
v) As per P&L Reco between NAS & NFRS	3,845,806	3,064,908
vi) Benefit Paid During year	(1,556,826)	(1,037,975)
vi) Gain(loss) on Sale of Fixed Assets	(2,827)	
Less: Adjustments to Current Tax for Prior Periods		
i)		
Add/ (Less): Others		
i) Deferred Tax as per NFRS	(2,009,280)	2,794,675
Income Tax Expense	122,242,945	140,859,174
Effective Tax Rate	30.36%	30.77%

Handwritten signature: MBaj...



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig.in NPR

g) Change in Fair Value Of Plan Assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at end of prior year	-	-		
Expected return on plan assets	-	-		
Employer contributions	-	-		
Participant contributions	-	-		
Benefit payments from plan assets	-	-		
Transfer in/ transfer out	-	-		
Actuarial gain/ (loss) on plan assets	-	-		
Fair value of Plan Assets At End of Year	-	-	-	-

h) Net Defined Benefit Asset/(Liability)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligation	60,969,123	64,853,393		
Fair Value of Plan Assets	-	-		
(Surplus)/Deficit Recognised in Statement of Financial Position	60,969,123	64,853,393	-	-

i) Expected Company Contributions for the Next Year

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Expected company contributions for the next year	3,680,849	4,686,576		
(Surplus)/Deficit Recognised in Statement of Financial Position	3,680,849	4,686,576	-	-

j) Reconciliation of amounts in Statement of Financial Position

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Net defined benefit liability/(asset) at prior year end	64,853,393	75,080,900		
Defined benefit cost included in Statement of Profit or Loss	7,108,893	8,905,922		
Total remeasurements included in OCI	(4,861,967)	(15,018,839)		
Acquisition/ divestment	-	-		
Employer contributions	(6,131,196)	(4,114,590)		
Net defined benefit liability/(asset)	60,969,123	64,853,393	-	-

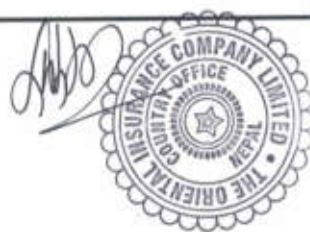
k) Reconciliation of Statement of Other Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cumulative OCI - (Income)/Loss, beginning of period	8,876,257	23,895,096		
Total remeasurements included in OCI	(4,861,967)	(15,018,839)		
Cumulative OCI - (Income)/Loss	4,014,290	8,876,257	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	5,691,019	6,508,901		
Non - Current Liability	55,278,104	58,344,492		
Total	60,969,123	64,853,393	-	-

HBaly



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Fig.in NPR

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	3,680,849	4,686,576		
Between 1-2 years	3,267,259	3,667,714		
Between 2-5 years	14,985,714	16,015,761		
From 6 to 10	17,804,494	15,204,101		
Total	39,738,316	39,574,152	-	-

n) Plan assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year (% Invested)	Previous Year (% Invested)	Current Year (% Invested)	Previous Year (% Invested)
Government Securities (Central and State)	-	-		
Corporate Bonds (including Public Sector bonds)	-	-		
Mutual Funds	-	-		
Deposits	-	-		
Cash and bank balances	-	-		
Others (to be Specified)	-	-		
Total	-	-	-	-

o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate	(35,512,353)	(38,765,703)		-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	41,044,371	45,069,072		-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	41,066,283	45,066,884		-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	(35,453,375)	(38,718,970)		
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate	-	-		
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate	-	-		-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate	9.45%	
Escalation Rate (Rate of Increase in Compensation Levels)	7.00%	
Attrition Rate (Employee Turnover)	2.00%	
Mortality Rate During Employment	NALM (2009) Table	

Handwritten signature: MBaly.



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

c) Underwriting:

The Company's underwriting process is governed by the by the internal underwriting procedures. Some of the actions undertaken to mitigate underwriting risks are detailed below:

- i) Investments are made on the training and development of underwriting and claims management staff, including those attached to the distribution network.
- ii) Application of Four-Eye principle on underwriting process.
- iii) Pre-underwriting inspections are made on new business over a predetermined threshold to evaluate risk prior to acceptance
- iv) Post-underwriting reviews are conducted to ensure that set guidelines have been observed.
- v) Adequate reinsurance arrangements are in place and reviews are undertaken to ensure the adequacy of these covers

d) Reinsurance

The 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.

c) Claims handling:

Some of the actions undertaken to mitigate claims risks is detailed below:

- i) Claims are assessed immediately.
- ii) Assessments are carried out by in-house as well as independent assessors / loss adjustors working throughout.
- iii) The service of a qualified independent actuary is obtained annually to assess the adequacy of reserves made in relation to Incurred But Not Reported (IBNR) and
- iv) Incurred But Not Enough Reported (IBNER) claims.
- v) Post-underwriting reviews are conducted to ensure that set guidelines have been observed.
- vi) Adequate reinsurance arrangements are in place and reviews are undertaken to ensure the adequacy of these covers

MBay

ABD



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions as mentioned in the table below.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and profit after tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

Fig.in NPR

Particulars	Changes in Assumptions	Current Year				Previous Year			
		Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) - Profit Before Tax	Increase/ (Decrease) - Profit After Tax	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) - Profit Before Tax	Increase/ (Decrease) - Profit After Tax
Average Claim Cost	+ 10%	74,549,971	50,622,142	46,020,129	32,214,091	33,937,253	23,229,415	21,117,650	14,782,355
Average Number of Claims	+ 10%								
Average Claim Cost	- 10%	(74,549,971)	(50,622,142)	(46,020,129)	(32,214,091)	(33,937,253)	(23,229,415)	(21,117,650)	(14,782,355)
Average Number of Claims	- 10%								

Claim development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with






The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Gross insurance contract outstanding claim provision

Fig in NPR

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year						781,481,916	781,481,916
One year later				166,466,078	736,879,452		736,879,452
Two year later			19,095,113				166,466,078
Three year later							19,095,113
Four year later		6,929,054					6,929,054
More than Four years							-
Current estimate of cumulative claims	-	6,929,054	19,095,113	166,466,078	736,879,452	781,481,916	1,710,851,613
At end of incident year					285,607,947	421,575,126	421,575,126
One year later				126,067,859			285,607,947
Two year later			8,418,187				126,067,859
Three year later		6,929,054					8,418,187
Four year later							6,929,054
More than Four years							-
Cumulative payments to date	-	6,929,054	8,418,187	126,067,859	285,607,947	421,575,126	848,598,173
Gross insurance contract outstanding claim provision	-	-	10,676,926	40,398,219	451,271,505	359,906,790	862,253,440



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Net insurance contract outstanding claim provision

Fig in NPR

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year						410,455,602	410,455,602
One year later					387,029,172		387,029,172
Two year later				87,432,522			87,432,522
Three year later			10,029,274				10,029,274
Four year later		6,929,054					6,929,054
More than Four years							-
Current estimate of cumulative claims	-	6,929,054	10,029,274	87,432,522	387,029,172	410,455,602	901,875,624
At end of incident year					150,009,079	221,422,746	221,422,746
One year later				66,214,276			66,214,276
Two year later			4,421,461				4,421,461
Three year later							
Four year later		6,929,054					6,929,054
More than Four years							-
Cumulative payments to date	-	6,929,054	4,421,461	66,214,276	150,009,079	221,422,746	448,996,616
Net insurance contract outstanding claim provision	-	-	5,607,813	21,218,246	237,020,093	189,032,856	452,879,008



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

9) Reserving

Insurance Contract Liabilities are created to cover this risk based on the actuarial valuation report.

The table below sets out the concentration of risk associated with above mentioned products. Risk as at year end has been measured as insurance contract liabilities and disclosed as below:

Fig.in NPR

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Fire	607,685,498	281,930,260	325,755,238	656,095,481	208,831,382	447,264,099
Marine	408,103,446	85,418,687	322,684,759	353,363,732	56,728,765	296,634,967
Motor	173,451,602	51,088,711	122,362,891	171,969,041	53,307,846	118,661,195
Engineering	405,578,164	157,632,680	247,945,484	247,275,157	107,569,390	139,705,767
Micro	79,620,638	79,140,564	480,074	130,004,390	113,940,515	16,063,875
Aviation	-	-	-	-	-	-
Cattle and Crop	58,844,999	47,076,219	11,768,780	65,029,969	52,023,972	13,005,997
Miscellaneous	77,623,553	21,717,966	55,905,587	91,132,609	25,806,069	65,326,540
Total	1,810,907,900	724,005,087	1,086,902,813	1,714,870,379	618,207,939	1,096,662,440



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

46 Fair Value Measurements

(i) **Financial Instruments by Category & Hierarchy**
This section explains the judgements and estimates made in determining the Fair Values of the Financial Instruments that are (a) recognised and measured at fair value and (b) measured at Amortised Cost and for which Fair Values are disclosed in the Financial Statements.

To provide an indication about the reliability of the inputs used in determining Fair Value, the Company has classified its financial instruments into Three Levels prescribed as per applicable NFRS.

Fig. in NPR

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments	1		-			-	
ii) Investment in Mutual Funds							
iii) Investment in Preference Shares of Bank and Financial Institutions							
iv) Investment in Debentures				254,589,000			210,000,000
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)				70,000,000			70,000,000
vi) Fixed Deposits				2,247,050,000			2,146,000,000
vii) Others (Equity Instrument Unquoted)	2 & 3		188,181,908			177,662,967	
Loans				7,512,033			9,089,324
Other Financial Assets				165,905,616			156,863,927
Cash and Cash Equivalents				203,459,096			172,310,396
Total Financial Assets				188,181,908			2,764,263,647
Loans and Borrowings							
Other Financial Liabilities				130,540,352			102,287,730
Total Financial Liabilities				-			-

Level 1: Level 1 Hierarchy includes Financial Instruments measured using Quoted Prices.

Level 2: Fair Value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine Fair Value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There is no transfer of Financial Instruments between different levels as mentioned above during the year.



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

(ii) Valuation Technique Used to Determine Fair Value

- a) Use of quoted market prices or dealer quotes for similar instruments
- b) Fair Value of remaining financial instruments is determined using discounted cash flow analysis

(iii) Valuation Process

The finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes. Discussion on valuation processes and results are held at least once in a year.

The main level 3 inputs are derived and evaluated as follows:

- a) Discount rate is arrived at considering the internal and external factors.
- b) Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is material

(iv) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

Fig. in NPR

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions	-	-	-	-
ii) Investment in Debentures	254,589,000	254,589,000	210,000,000	210,000,000
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	70,000,000	70,000,000	70,000,000	70,000,000
iv) Fixed Deposit	2,247,050,000	2,247,050,000	2,146,000,000	2,146,000,000
v) Others (to be Specified)	-	-	-	-
Loans				
i) Loan to Associates	-	-	-	-
ii) Loan to Employees	7,512,033	7,512,033	9,089,324	9,089,324
v) Others (to be Specified)	-	-	-	-
Other Financial Assets	165,905,616	165,905,616	156,863,927	156,863,927
Total Financial Liabilities at Amortised Cost	2,745,056,649	2,745,056,649	2,591,953,251	2,591,953,251
Loans and Borrowings				
i) Bond				
ii) Debenture				
iii) Term Loan - Bank and Financial Institution				
iv) Bank Overdraft				
v) Others (to be Specified)				
Other Financial Liabilities	130,540,352	130,540,352	102,287,730	102,287,730
Total Financial Liabilities at Amortised Cost	130,540,352	130,540,352	102,287,730	102,287,730

The fair values of the above financial instruments measured at amortised cost are calculated based on cash flows discounted using current discount rate. The carrying amounts of cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

19

24



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

47 Financial Risk Management

The Company's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

i) Credit Risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company. Thus, for an insurance contract, credit risk includes the risk that an insurer incurs a financial loss because a reinsurer defaults on its obligations under the reinsurance contract.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- a) Company has credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- b) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by entering into agreement with more than one party. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- c) The company deals with only creditworthy counterparties and obtains sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashad 32, 2079

Fig. in NPR

Particulars	Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Investment in Debentures	254,589,000	-	-	254,589,000
	Investment in Bonds	70,000,000	-	-	70,000,000
	Fixed Deposits	2,247,050,000	-	-	2,247,050,000
Credit Risk has significantly increased and not significantly expected credit losses measured at life-time	Loss allowance measured at 12 months				
	Loss allowance measured at life-time				



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashad 31, 2078

Particulars	Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision	Credit Risk has			
						not significantly increased since initial recognition	Credit Risk has significantly increased and not credit impaired	Loss allowance measured at 12 months	expected credit losses
	Investment in Debentures	210,000,000	-	-	210,000,000				
	Investment in Bonds	70,000,000	-	-	70,000,000				
	Fixed Deposits	2,146,000,000	-	-	2,146,000,000				
						Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time	expected credit losses

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months expected credit losses	Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and not credit impaired	Loss Allowance on Ashad 31, 2078			
				Changes in loss allowances	Write-offs	Recoveries	Loss Allowance on Ashad 32, 2079

iii) Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

Maturity of Financial Liabilities:

The table below summarises the Company's Financial Liabilities into Relevant Maturity Groupings based on their Contractual Maturities for all Financial Liabilities.

Particulars	Current Year			Previous Year		
	Upto 1 Year	1 Year to 5 Year	More than 5 Year	Upto 1 Year	1 Year to 5 Year	More than 5 Year
Loans and Borrowings	117,239,567	11,917,117	1,383,668	102,287,730	-	-
Other Financial Liabilities	117,239,567	11,917,117	1,383,668	102,287,730	-	-
Total Financial Liabilities	117,239,567	11,917,117	1,383,668	102,287,730	-	-

Fig. in NPR



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

iii) Market Risk

a1) Foreign Currency Risk Exposure

Foreign exchange risk is the potential for the Company to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency. The Company does not maintain foreign currency denominated assets in its investment portfolios and as such is not exposed to foreign exchange risk related to investments.

The Company has no significant concentration of currency risk. The amount with reinsurer is settled in Nepali Rupee.

b1) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

b2) Interest Rate Sensitivity

Profit or Loss is sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 1% which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax.

Particulars	Fig.in NPR	
	Current Year	Previous Year
Interest Rate - Increase By 1%*		
Interest Rate - Decrease By 1%*		

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

c2) Sensitivity

The table below summarises the impact of increase/decrease of the index in the Company's equity and impact on OCI for the period. The analysis is based on the assumption that the equity index had increased/ decreased by 1% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Fig.in NPR	
	Current Year	Previous Year
Interest Rate - Increase By 1%*	-	-
Interest Rate - Decrease By 1%*	-	-

* Other components of equity would increase/decrease as a result of gains/ (losses) on equity securities classified as fair value through other comprehensive income.

48 Operation Risk

Operational Risk is the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

[Handwritten signature]

[Handwritten signature]



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

49 Capital Management

The Company's objectives when managing Capital are to:

- a) Safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
 - b) Maintain an optimal capital structure to reduce the cost of capital.
- In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Regulatory minimum paid up capital

Non-Life insurance companies were required by the Directive issued by Nepal Insurance Authority to attain a stipulated minimum paid up capital of NPR 2.5 billion by Chaitra, 2079. Since the company is branch office of foreign company, there is no any paid up capital and as on the reporting date, the company's assigned capital is NPR 251,197,769, which is appearing from earlier years.

Dividend

Particulars	Fig.in NPR	
	Current Year	Previous Year
(i) Dividends recognised		
Final dividend for the year ended Ashad 32, 2079 of NPR/- (Ashad 31, 2077 - NPR/-) per fully paid share		
	-	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since the year ended the directors have recommended the payment of a final dividend of NPR/- per fully paid equity share (Ashad .., 2077 - NPR/-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting		
	-	-

50 Earnings Per Share

Particulars	Fig.in NPR	
	Current Year	Previous Year
Profit For the Year	280,371,569	316,871,758
Add: Interest saving on Convertible Bonds		
Profit For the Year used for Calculating Diluted Earning per Share	280,371,569	316,871,758
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share		
Adjustments for calculation of Diluted Earning per Share:		
i) Dilutive Shares		
ii) Options		
iii) Convertible Bonds		
Weighted Average Number of Equity Shares Outstanding During the Year for Diluted Earning Per Share		
Nominal Value of Equity Shares		
Basic Earnings Per Share		
Diluted Earnings Per Share		

MB
Zak f.

Abh



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

51 Segmental Information

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 Company's are

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

a) Segmental Information for the year ended Ashad 32, 2079 (July 16, 2022)

Fig In NPR

Particulars	Fire	Marine	Motor	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
Income										
Gross Earned Premiums	469,365,545	240,891,672	191,735,629	194,554,443	18,943,997	-	55,587,734	89,871,483	-	1,280,650,503
Premiums Ceded	(169,795,809)	(41,613,752)	(62,397,219)	(88,999,781)	(3,054,981)	-	(44,210,365)	(27,533,136)	-	(437,626,133)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	299,569,736	199,277,920	129,338,410	105,554,662	15,888,976	-	11,057,369	62,338,357	-	823,023,370
Commission Income	52,927,351	17,562,804	10,849,592	16,579,925	26,126	-	8,775,834	7,083,362	-	113,603,994
Investment Income	81,792,733	41,978,340	33,412,294	33,903,507	3,301,218	-	9,634,568	15,661,214	-	219,683,874
Net Gains/ (Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realized Gains/ (Losses)	-	-	-	-	-	-	-	-	-	-
Other Income	1,417,236	727,365	578,640	587,451	57,201	-	166,940	271,364	-	3,806,497
Total Segmental Income	435,207,896	259,546,429	174,179,136	156,424,545	19,273,521	-	29,634,711	85,354,297	-	1,160,119,735
Expenses										
Gross Claims Paid	366,960,373	111,652,683	105,058,953	81,606,738	32,579,066	-	73,219,589	75,520,771	-	648,998,173
Claims Ceded	(77,710,477)	(31,334,182)	(30,284,683)	(23,276,718)	(32,250,001)	-	(60,175,731)	(17,337,330)	-	(272,569,142)
Gross Change in Contract Liabilities	(95,987,280)	(802,786)	(26,737,611)	106,560,020	(31,867,898)	-	(15,054,561)	(19,775,340)	-	(83,665,756)
Change in Contract Liabilities Ceded to Reinsurers	(33,353,853)	(5,410,125)	5,708,514	(24,162,053)	31,878,097	-	12,043,607	4,529,311	-	(8,766,502)
Net Claims Paid	139,068,463	74,105,590	53,745,173	140,722,987	339,264	-	12,032,844	42,937,412	-	483,796,773
Commission Expenses	22,624,029	1,248,380	2,696,534	10,800,722	12,530	-	9,354,649	1,603,190	-	48,340,039
Service Fees	4,472,034	2,748,362	1,980,272	2,080,558	3,837	-	470,748	868,273	-	12,624,084
Employee Benefits Expenses	60,271,183	30,912,873	24,620,751	24,982,715	2,432,591	-	7,099,492	11,540,387	-	161,879,993
Depreciation and Amortization Expenses	-	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Expenses	10,127,974	5,197,962	4,137,273	4,198,097	408,773	-	1,192,999	1,939,247	-	27,202,325
Finance Cost	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	257,403,643	114,233,167	87,180,003	182,790,679	3,197,000	-	30,150,772	58,888,509	-	733,643,214
Total Segmental Results	178,200,413	145,313,262	86,999,133	(26,365,534)	16,076,521	-	(516,061)	26,465,788	-	426,276,521
Segment Assets	281,930,260	85,418,687	51,086,711	137,652,680	79,140,564	-	47,075,219	21,717,946	-	724,005,087
Segment Liabilities	407,665,498	408,103,446	173,451,402	405,578,164	79,620,638	-	58,444,999	77,623,553	-	1,510,497,500



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

b) Segmental Information for the year ended Ashad 31, 2078 (July 15, 2021)

Fig in NFR

Particulars	Fire	Marine	Motor	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
Income:										
Gross Earned Premiums	398,689,060	221,322,664	130,563,487	166,487,530	24,572,972	-	36,988,269	82,790,942	-	1,081,354,924
Premiums Ceded	(122,273,076)	(28,974,071)	(52,184,862)	(76,397,606)	(8,062,867)	-	(29,391,919)	(25,613,009)	-	(341,991,382)
Inter Segment Revenue	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	276,415,982	192,348,643	98,378,625	90,089,924	16,510,085	-	7,596,350	57,177,933	-	738,363,542
Commission Income	39,279,423	12,986,578	12,915,756	15,019,344	27,465	-	6,042,150	6,783,857	-	93,054,373
Investment Income	63,738,514	35,382,906	24,070,630	26,616,401	3,928,487	-	5,913,323	13,226,215	-	172,876,466
Net Gain/ (Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gain/ (Losses)	-	-	-	-	-	-	-	-	-	-
Other Income	31,676	17,584	11,962	13,326	1,952	-	2,939	6,573	-	85,914
Total Income	379,465,598	240,735,711	135,076,963	131,744,897	20,447,989	-	19,354,792	77,134,578	-	1,004,280,495
Expenses:										
Gross Claims Paid	291,701,567	50,863,907	74,085,014	66,099,990	119,539,205	-	33,704,913	51,174,918	-	688,089,214
Claims Ceded	(53,857,204)	(10,918,480)	(17,266,010)	(25,993,589)	(69,248,475)	-	(26,963,930)	(10,851,127)	-	(217,096,815)
Gross Change in Contract Liabilities	(110,196,520)	(1,802,799)	328,868	25,811,794	110,596,898	-	8,117,204	1,635,088	-	34,442,543
Change in Contract Liabilities Ceded to Reinsurers	(51,981,171)	(1,180,166)	(9,587,178)	(29,321,510)	(110,993,097)	-	(6,493,179)	(3,624,789)	-	(213,144,069)
Net Claims Paid	73,666,672	38,894,522	48,460,694	36,596,685	49,495,531	-	8,265,008	38,350,061	-	292,349,173
Commission Expenses	22,531,205	1,122,166	4,431,724	6,010,678	21,801	-	6,483,882	2,006,196	-	42,837,852
Service Fees	3,683,866	1,491,999	1,668,648	1,287,352	169,302	-	1,051,886	767,416	-	10,620,099
Employee Benefits Expenses	59,848,056	33,223,212	22,601,403	24,091,795	3,688,701	-	5,552,387	12,418,914	-	162,324,468
Depreciation and Amortization Expenses	-	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Expenses	12,997,358	7,215,171	4,908,405	5,427,533	801,085	-	1,205,526	2,697,049	-	35,202,427
Finance Cost	-	-	-	-	-	-	-	-	-	-
Total Expenses	172,727,157	79,946,670	82,070,874	74,814,243	54,616,420	-	22,858,989	96,269,636	-	543,383,989
Total Segmental Results	206,738,439	160,799,041	53,506,089	56,930,654	64,148,431	-	(3,504,227)	20,864,942	-	440,976,506
Segment Assets	208,531,382	56,778,795	53,207,846	107,566,390	113,940,515	-	52,023,972	25,806,069	-	618,207,939
Segment Liabilities	656,095,481	353,383,732	171,969,041	247,275,157	130,094,390	-	65,029,989	91,132,609	-	1,714,870,379



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

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

Particulars	Current Year	Previous Year
Segmental Profit	426,276,521.00	460,976,506.00
Less: Depreciation and Amortization	(17,600,739.00)	(3,245,574.00)
Less: Non-cash expenses other than Depreciation and Amortization	-	-
Less: Unallocable Corporate Expenditures		
Add: Unallocable Other Income		
Less: Impairment Loss	(2,835,800.00)	
Less: Finance Cost	(3,225,468.00)	-
Profit Before Tax	402,614,514.00	457,730,932.00

f) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	724,005,087.00	618,207,939.00
Intangible Assets	601,759.00	801,759.00
Property, Plant and Equipment	33,825,538.00	11,240,918.00
Investment Properties	-	-
Deferred Tax Assets	11,261,104.00	13,866,096.00
Investments	2,759,820,908.00	2,603,662,967.00
Loans	7,512,033.00	9,089,324.00
Current Tax Assets (Net)	-	-
Other Assets	577,050,312.00	611,954,019.00
Total Assets	4,114,076,741.00	3,868,823,022.00

g) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	1,810,907,900.00	1,714,870,379.00
Provisions	164,252,783.00	205,135,671.00
Deferred Tax Liabilities	-	-
Current Tax Liabilities (Net)	62,560,967.00	82,861,737.00
Other Financial Liabilities	130,540,352.00	102,287,730.00
Other Liabilities	191,544,757.00	300,300,541.00
Total Liabilities	2,359,806,759.00	2,405,456,058.00

Handwritten signatures and initials.



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Commission Income						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Rental Income						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Interest Income						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Sale of Property, Plant & Equipment						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Purchase of Property, Plant & Equipment						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Premium Ceded(Net of commission & claim)						
For The Year Ended Ashad 32, 2079 (July 16, 2022)	5,218,458					5,218,458
For The Year Ended Ashad 31, 2078 (July 15, 2021)	3,968,584					3,968,584
Commission Expenses						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Dividend						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Meeting Fees						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Allowances to Directors						
For The Year Ended Ashad 32, 2079 (July 16, 2022)						
For The Year Ended Ashad 31, 2078 (July 15, 2021)						
Others (Survey Fee + Claim Recovery)						
For The Year Ended Ashad 32, 2079 (July 16, 2022)	673,122					673,122
For The Year Ended Ashad 31, 2078 (July 15, 2021)	229,009					229,009

Handwritten signature

Handwritten signature



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
As at Ashad 32, 2079 (July 16, 2022)	92,595,421					92,595,421
As at Ashad 31, 2078 (July 15, 2021)	97,765,801					97,765,801
Other Receivables (to be Specified)						
As at Ashad 32, 2079 (July 16, 2022)						
As at Ashad 31, 2078 (July 15, 2021)						
Payables including Reinsurance Payables						
As at Ashad 32, 2079 (July 16, 2022)						
As at Ashad 31, 2078 (July 15, 2021)						
Other Payables (to be Specified)						
As at Ashad 32, 2079 (July 16, 2022)						
As at Ashad 31, 2078 (July 15, 2021)						

MB *Bay* *Phad*



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

53 Leases

(a) Leases as Lessee

(i) Operating Leases:

The Company has various operating leases ranging from 1 year to 10 years. The leases are renewable by mutual consent and contain escalation clause. Rental expenses for operating leases hasnot been recognised in the Statement of Profit and Loss due to application of NFRS 16. Interest Expenses on Lease Liability & Depreciation on ROU has been charged amounting to NPR 3,225,468 & NPR 14,724,684 respectively

Disclosure in respect of Non-cancellable lease is as given below

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	13,277,412	9,898,274
ii) Later than 1 year and not later than 5 years	11,917,117	26,266,970
iii) Later than 5 years	1,383,668	-

(ii) Finance Lease:

The Company doesnot hold any assets under finance leases.

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year		
ii) Later than 1 year and not later than 5 years		
iii) Later than 5 years		
Total Future Minimum Lease Payments	-	-
Less: Effect of Discounting		
Finance lease liability recognised	-	-

(b) Leases as Lessor

(i) Operating Lease:

The Company hasnot leased out any office spaces that are renewable on a periodic basis. Rental income received during the year in respect of operating lease is NPR (Ashad 32, 2079/ July 16, 2022: NPR). Details of assets given on operating lease as at year end are as below.

Disclosure in respect of Non-cancellable lease is as given below

Future Minimum Lease Income	Current Year	Previous Year
i) Not Later than 1 year		
ii) Later than 1 year and not later than 5 years		
iii) Later than 5 years		

(ii) Finance Lease:

The Company hasnot given any assets under finance leases.

Particulars	Current Year			Previous Year		
	Gross Investment	Unearned Finance Income	Net Investment	Gross Investment	Unearned Finance Income	Net Investment
i) Not Later than 1 year						
ii) Later than 1 year and not later than 5 years						
iii) Later than 5 years						
Total	-	-	-	-	-	-

MB

MB



The Oriental Insurance Company Limited
Notes to the Financial Statements
For the year ended Ashad 32, 2079 (July 16, 2022)

54 Capital Commitments

The company does not have any Capital Commitments as on Ashad 32, 2079.

Particulars	Current Year	Previous Year
Intangible Assets		
Property, Plant and Equipment		
Investment Properties		
Total	-	-

55 Contingent Liabilities

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax	25,578,099	25,578,099
b) Indirect Taxes	4,571,778	4,571,778
c) Other (to be Specified)		
Total	30,149,877	30,149,877.38

56 Events occurring after Balance Sheet

57 Assets Pledged as Security (only if pledged)

The carrying amount of assets pledged as security are:

Particulars	Current Year	Previous Year
Reinsurance Receivables		
Investments in equity		
Fixed Deposits		
Property, plant and equipment		
Others (to be Specified)		
Total	-	-

58 Miscellaneous

- (i) All amounts are in Nepalese Rupees unless otherwise stated.
(ii) All figures are in the Nearest Rupee & Rounded off.

59 Others (to be Specified)

Handwritten signature



The Oriental Insurance Company Limited

Annexure II

Minimum Disclosure in Management Report

(Year Ended Upto Ashad 32, 2079)

A Information related to Non Life Insurer

Under this title following matters shall be disclosed

- 1 Date of establishment: 2024/05/30
- 2 Insurer licence date: 2024/05/30
- 3 Insurance business type, nature: Fire, Marine, Motor, Engineering, Micro, Aviation, Cattle & Crop & Miscellaneous
- 4 Date of commencement of business: 2024/05/30
- 5 Other matters which insurer wish to include: None

B Insurer's Board of Directors shall approve following matters

- 1 Validity of license issued by Nepal Insurance Authority to carry insurance business: License has been renewed as per Insurance Act and
- 2 Tax, service charges, fine and penalties to be paid under laws & regulation whether paid or not: Paid
- 3 Share structure of the insurer, changes if any in line with prevailing laws & regulation: Mentioned in 17a)
- 4 Whether solvency ratio as prescribed by Nepal Insurance Authority is maintained or not: The actual solvency margin is above 1.5 as required by Nepal Insurance Authority.
- 5 a) Statement regarding assets that financial amount contained in SOFP are not overstated than it's fair value.: No
b) Measurement basis of the assets recognized in financial statements: Historical Cost, Amortized Cost and Fair Value wherever applicable.
- 6 Declaration on investment made by insurer that are in line with prevailing laws. If not reason to be disclosed:
All investments made are in line with Investment Directives issued by Nepal Insurance Authority.
- 7 Number of claim settled within the year and outstanding claim number and time frame to settle the outstanding claim:
The company has paid 1732 claims and 1048 claims are outstanding as of the financial year ending 31st Ashad 2078. The outstanding claims will be paid in the following financial year after receipt of complete documents.
- 8 Declaration on compliance with the provision of Insurance Act 2049, Insurance Regulation 2049, Company Act 2063, NFRSs and other prevailing laws & regulation to which insurer shall adhere to and any non compliance with reasons thereof:
The applicable provisions of the Insurance Act 2049, Insurance Regulation 2049, Company Act 2063, NFRSs and other prevailing laws and regulation have been duly complied with.
- 9 Declaration that the appropriate accounting policy has been consistently adopted.
The Financial Statement of the Company has been prepared in accordance with the applicable accounting standards, principles and policies. Further, the accounting policies have been applied consistently and judgements and estimates have been made wherever necessary.
- 10 Declaration on Financial Statements as at Reporting Date that the insurer's Financial Position and Financial Performance are presented true & fairly:
The Financial Statements present truly and fairly the company's financial position as at 32 Ashad 2079 and company's financial performance for the financial year 2078/079.
- 11 Declaration that Management of the company have implemented adequate and appropriate provision to safeguard the assets and for identification and mitigation against losses due to fraud, embezzlement and irregularities:
Adequate policies and procedures have been formulated to safeguard the assets of the company.
- 12 Declaration that Financial Statements have been prepared based on going concern basis:
The Financial Statements have been prepared on going concern basis.
- 13 Declaration that the internal control system is commensurate with the size, nature & volume of the insurer's business:
The management has ensured that the internal control system is commensurate with the size, nature & volume of the insurer's business.
- 14 Declaration that the insurer has not conducted any transactions contrary to Insurance Act, 2049, Companies Act, 2063, related regulations and directions with any person, firm, company and insurer's director or with any entity in which insurer's management has interest:
The Company has not conducted any transactions contrary to Insurance Act, 2049, Companies Act, 2063, and other related regulations and directions
- 15 Disclosure on any penalties, levied by Nepal Insurance Authority for the particular financial year:
No penalties have been levied by Nepal Insurance Authority for the financial year 2078/079.
- 16 Other disclosure which is deemed appropriate by management: None



The Oriental Insurance Company Limited

Annexure III

Major Financial Indicator

S.N.	Particular	Indicators	Fiscal Year				
			NFRS				
			2078-79	2077-78	2076-77	2075-76	2074-75
1	Net worth	NRs.	1,754,269,982	1,463,366,964	1,130,653,278	336,511,865	760,572,698
2	Number of Shares	Number					
3	Book value per shares	NRs.					
4	Net Profit	NRs.	280,371,569	316,871,758	790,363,458	(435,502,199)	182,665,037
5	Earning per Shares (EPS)	NRs.					
6	Dividend per Shares (DPS)	NRs.					
7	Market Price per Shares (MPPS)	NRs.					
8	Price Earning Ratio	Ratio					
9	Return on Equity	%	16.0%	21.7%	69.9%	-129.4%	24.0%
10	Return on Investment	%	8.19%	6.96%	7.97%	8.74%	8.24%
11	Loss Ratio ((Claim Paid + change in reserve)/ (Net Written Premium))	%	58.78%	39.59%	-45.50%	179.77%	0.71
12	Expense Ratio (Underwriting Expense including Commission/Net Written Premium)	%	16.58%	21.40%	6.05%	5.12%	0.05
13	Combined Ratio (Loss Ratio + Expense Ratio)	%	75.36%	60.99%	-39.45%	184.89%	0.77
14	Net Insurance Premium/ Gross Insurance Premium	%	65.29%	68.27%	69.81%	76.09%	79.79%
15	Net Profit/ Gross Insurance Premium	%	22.24%	29.30%	82.52%	-49.75%	21.63%
16	Gross Insurance Premium/ Total Assets	%	30.64%	27.95%	30.56%	30.94%	35.98%
17	Investment & loan income/ Total investment & loan amount	%	7.94%	6.62%	8.04%	8.96%	8.14%
18	Reinsurance commission/ Gross Reinsurance Premium	%	9.01%	8.61%	9.77%	8.08%	3.42%
19	Management expenses/ Gross Insurance Premium	%	16.88%	18.57%	21.71%	10.77%	18.14%
20	Agent Related Expenses/ Gross Insurance Premium	%	3.83%	3.96%	4.22%	3.89%	4.23%
21	Number of Agents	Numbers	86	82	89	72	73
22	Number of Branch and Sub-Branch	Numbers	17	15	14	14	14
23	Employee expenses/ Management expenses	%	76.09%	80.83%	86.44%	71.41%	43.84%
24	Employee expenses/ Employee numbers	Numbers	1,668,866	1,673,448	2,143,217	915,291	1,208,283
25	Outstanding Claim Expenses/ Claim Paid	%	78.59%	115.83%	195.31%	235.16%	153.79%
26	Outstanding Claim Expenses/ Number of Claim Paid	%	40.41%	67.64%	60.51%	65.10%	65.10%
27	Total Number of Existing Insurance Policies	Numbers	33968	33204	21064	19970	23111
28	Renewed Insurance Policy/ Total Insurance Policies last year	Numbers	24.09%	36.57%	34.88%	26.39%	55.63%
29	Number of Claim Insurance Policies/ Total Number of Policy Outstanding	%	6.85%	15.84%	13.46%	15.16%	7.74%
30	Technical Provisions/ Total Equity	%					
31	Gross Premium/ Owner Equity	%	71.86%	73.89%	84.71%	260.13%	1.11
32	Net Premium/ Equity	%	46.92%	50.45%	59.14%	197.93%	0.89
33	Insurable Debt/ Total Equity	%					
34	Net Premium Growth Rate	%	11.48%	10.41%	0.39%	-1.16%	0.06
35	Change in Gross Written Premium	%	16.58%	12.90%	9.42%	3.65%	0.09
36	Cession Ratio	%					
37	Net Technical Reserve/ Average of Net Claim Paid for Last 3 Years	%	1.90	1.69	1.39		
38	Liquidity Ratio	%	54.63%	44.98%	39.05%	24.12%	0.82

Handwritten signature

Handwritten signature



39	Affiliate Ratio	%					
40	(Unquoted Equities + Debtors)/ Net Total Assets	%	6.43%	6.15%	16.76%	52.60%	0.19
41	Solvency Margin	%	2.88	2.30	1.63	1.31	1.13
42	Change in Equity	%	19.88%	29.43%	235.99%	(0.56)	

Handwritten signature

Handwritten signature



The Oriental Insurance Company Limited

Annexure IV

Details of Insured Amount

S.N.	Insurance Types	Existing Insurance Policies Numbers		Insured Amount against Existing Insurance Policies		Insured Risk Ceded to Re-Insurer		Net Insured Risk Retained by Insurer	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Fire	3,578	3,253	307,997,603,597	200,164,522,752	96,892,439,201	62,690,552,217	211,105,164,396	137,473,970,535
2	Marine	2,960	3,828	154,435,433,183	140,988,163,787	33,684,608,565	28,154,256,074	120,750,824,617	112,833,907,713
3	Motor	21,856	18,671	10,073,169,581	9,556,546,661	4,589,195,138	4,033,841,798	5,483,974,442	5,522,704,863
4	Engineering	496	514	53,116,569,913	36,414,224,755	13,015,558,252	495,805,917	40,101,011,661	35,918,418,837
5	Aviation			-	-				
6	Cattle and Crop	3,484	3,150	1,318,656,666	982,021,736	1,054,932,712	785,617,402	263,723,955	196,404,334
7	Micro	152	1,117	184,772,115	1,044,673,852	104,113,458	1,005,606,824	80,658,657	39,067,028
8	Miscellaneous	1,442	1,050	51,536,634,380	53,257,107,337	14,441,034,662	17,310,334,247	37,095,599,718	35,946,773,090
	Total	33,968	31,583	578,662,839,434	442,407,260,880	163,781,881,989	114,476,014,480	414,880,957,446	327,931,246,401

