SHIKHAR INSURANCE COMPANY LIMITED

(Shikhar Biz Centre, Thapathali, Kathmandu, Tel: 5346101, Website:shikharinsurance.com)

Quarterly Financial Results for the quarter ended 30 Ashwin 2080, F.Y. 2080/81 B.S

CONDENSED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	At the end of this Quarter (Unaudited)	At the end of Immediate Previous Year(Unaudited)
Assets:		
Goodwill & Intangible Assets	7,588,104.00	7,935,489.00
Property and Equipment	786,505,077.00	792,010,275.00
Investment Properties	-	-
Deferred Tax Assets	129,355,730.00	129,355,730.00
Investment in Subsidiaries	-	
Investment in Associates	72,911,736.00	72,911,735.00
Investments	4,215,699,277.00	4,177,896,775.00
Loans	-	-
Reinsurance Assets	3,823,141,133.00	3,800,728,189.00
Current Tax Assets	63,943,895.00	89,469,284.00
Insurance Receivables	874,589,248.00	816,890,462.00
Other Assets	588,621,438.00	458,584,655.00
Other Financial Assets	713,555,612.00	620,382,374.00
Cash and Cash Equivalent	95,265,837.00	115,655,792.00
Total Assets	**11,371,177,087.00**	**11,081,820,760.00**
Equity:		
Share Capital	2,654,947,300.00	2,654,947,300.00
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Special Reserves	1,567,870,255.00	1,511,663,138.00
Catastrophe Reserves	148,871,825.00	143,251,113.00
Retained Earnings	330,024,360.00	279,437,957.00
Other Equity	587,882,442.00	587,882,442.00
Total Equity	**5,289,596,182.00**	**5,177,181,950.00**
Liabilities:		
Provisions	88,323,342.00	73,952,096.00
Gross Insurance Contract Liabilities	4,939,080,501.00	4,736,514,140.00
Deferred Tax Liabilities	-	
Insurance Payable	435,507,904.00	418,220,742.00
Current Tax Liabilities	-	-
Borrowings	200,000,000.00	200,000,000.00
Other Liabilities	273,354,638.00	308,385,300.00
Other Financial Liabilities	145,314,520.00	167,566,532.00
Total Liabilities	**6,081,580,905.00**	**5,904,638,810.00**
Total Equity and Liabilities	**11,371,177,087.00**	**11,081,820,760.00**

CONDENSED STATEMENT OF PROFIT OR LOSS

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	794,491,182.00	794,491,182.00	753,661,346.00	753,661,346.00
Premiums Ceded	(516,591,184.00)	(516,591,184.00)	(523,299,413.00)	(523,299,413.00)
Net Earned Premiums	**277,899,998.00**	**277,899,998.00**	**230,361,933.00**	**230,361,933.00**
Commission Income	156,149,690.00	156,149,690.00	164,329,052.00	164,329,052.00
Other Direct Income	-	-	-	-
Income from Investments and Loans	117,255,653.00	117,255,653.00	121,835,480.00	121,835,480.00
Net Gain/(Loss) on Fair Value Changes	0.00	0.00	0.00	0.00
Net Realised Gains/(Losses)	(80,912.00)	(80,912.00)	(4,147,693.00)	(4,147,693.00)
Other Income	11,068,494.00	11,068,494.00	3,250,089.00	3,250,089.00
Total Income	**562,292,923.00**	**562,292,923.00**	**515,628,861.00**	**515,628,861.00**
Expenses:				**-**
Gross Claims Paid	489,407,983.00	489,407,983.00	470,549,498.00	470,549,498.00
Claims Ceded	(286,088,629.00)	(286,088,629.00)	(281,806,263.00)	(281,806,263.00)
Gross Change in Contract Liabilities	(15,433,432.66)	(15,433,432.66)	(35,088,800.00)	(35,088,800.00)
Change in Contract Liabities Ceded to Reinsurers	10,098,866.66	10,098,866.66	22,193,666.00	22,193,666.00
Net Claims Incurred	**197,984,788.00**	**197,984,788.00**	**175,848,101.00**	**175,848,101.00**
Commission Expenses	20,078,951.00	20,078,951.00	8,396,681.00	8,396,681.00
Service Fees	3,475,409.00	3,475,409.00	4,518,954.00	4,518,954.00
Other Direct expenses	-	-		-
Employee Benefits Expenses	122,332,845.00	122,332,845.00	119,222,101.00	119,222,101.00
Depreciation and Amortization Expenses	16,805,036.00	16,805,036.00	10,081,293.00	10,081,293.00
Impairment Losses	-	-	-	-
Other Operating Expenses	38,957,552.00	38,957,552.00	36,223,783.00	36,223,783.00
Finance Cost	7,130,373.00	7,130,373.00	2,850,563.00	2,850,563.00
Total Expenses	**406,764,954.00**	**406,764,954.00**	**357,141,476.00**	**357,141,476.00**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**155,527,969.00**	**155,527,969.00**	**158,487,385.00**	**158,487,385.00**
Share of Net Profit of Associates accounted using Equity Method	-	-		-
Profit Before Tax	**155,527,969.00**	**155,527,969.00**	**158,487,385.00**	**158,487,385.00**
Income Tax Expenses	43,113,737.00	43,113,737.00	47,546,215.50	47,546,215.50
Net Profit/(Loss) For The Year	**112,414,232.00**	**112,414,232.00**	**110,941,169.50**	**110,941,169.50**
Earning Per Share				
Basic EPS	16.94	16.94	16.71	16.71
Diluted EPS	16.94	16.94	**16.71**	**16.71**

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	112,414,232.00	112,414,232.00	110,941,169.50	110,941,169.50
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**112,414,232.00**	**112,414,232.00**	**110,941,169.50**	**110,941,169.50**

OTHER DETAILS

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total Issued Policy	75,904.00	61,585.00
2. Total Renewed Policy	22,676.00	21,521.00
3. Total Claims Paid Count	4,989.00	4,730.00
4. Gross Written Premium	1,041,165,106.00	1,020,068,721.00
5. Outstanding Claims Count	12,577.00	17,657.00
6. Long Term Investments (Amount)	1,321,242,347.00	1,177,904,497.00
7. Short Term Investments (Amount)	3,002,512,790.00	2,963,576,976.00

Note:

Above financial statements are prepared in accordance with Nepal Financial Reporting Standard (NFRS) including directives issued by Nepal Insurance Authorities.

Above figures are subject to change upon otherwise instructions of Statuory Auditors and/or regulatory authorities.

Interim financial report has been pubtished in Nagarik Newspaper on November 17, 2023.

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

1.Disclosure on Solvency Ratio Particulars Ratio Solvency Ratio

Based on the Latest Audited Financial Statement of Shikhar Insurance Co. Ltd. (the company) the solvency ratio of the company is 3.41 times, which is above the regulatory limit of 1.5 times.

2. Reinsurance related disclosure:

The company has arranged for adequate and appropriate reinsurance program based on the directives issued by Nepal Insurance Authority and strategy of the company.
To cover the catastrophic risks, the company has arranged for catastrophic reinsurance program, which is highest in the Nepalese Insurance Industry.

3. Details regarding legal actions:

The company has initiated legal proceedings against tax assessment of previous fiscal years from the Large Taxpayer's Office and against the provision of Finance Act regarding tax implication on bonus share distributed through share premium on Further Public Offering.

4. Corporate Governance:

The company has complied with the relevant provisions of Good Governance Directives issued by Nepal Insurance Authority.

5. Any other disclosures deemed as relevant: None.

Disclosure as per Securities Registration and Issuance Regulation 2073
Related to Rule 26, Subrule 1

Quarterly Report of First Quarter of FY 2080/81

1. Financial Statements

a. Quarterly Statement of Financial Position and Statement of Profit or Loss

The Statement of Financial Position and the Statement of Profit or Loss of the company for the first quarter of FY 2080/81 is published along with this Report. The Financial Statements are prepared based on Directives and Circular issued from Nepal Insurance Authority regarding preparation of Annual Financial Statements and Quarterly Financial Statements. The previous period's figures have been regrouped and adjusted wherever required.

b. Major Financial Indicators

Earnings Per Share	16.94	Net worth Per Share	199.24
Price Earnings Ratio	42.21	Total assets per Share	428.3

2. Management Analysis

The decrease in economic activity, decrease in the imports and sale of vehicles has affected the growth of the insurance business of the company. The decrease in the interest rate offered by the bank and financial institutions has affected the investment return of the company in the current. As an investment diversification objective and contribution to the nation's economy, the company has investment in different infrastructure projects. In the short run, even though these investments provide no return, we believe that these investments will contribute long term stable return in the coming days.

3. Details Regarding Legal Action

There are a few numbers of legal proceedings from the company against tax assessment of previous fiscal years from the Large Taxpayer's Office and against the provision of Finance Act regarding tax implication on bonus share distributed through share premium on Further Public Offering.

4. Details regarding Share Transaction of the Company

Maximum Price	889	Closing Price	714.9
Minimum Price	700	Transaction Days	61
Transaction No.	7,700	Share Quantity	628,562

5. Problems and Challenges

a. Impact on the insurance industry due to decrease in the economic activity of the country.
b. Fluctuations in the interest rates offered by the bank and financial institutions.
c. Lack of skilled manpower in the insurance industry.
d. Catastrophic risk due to catastrophes such as earthquake, Strome, flood and landslide.
e. Unstable and volatile political and economic environment of the country.

6. Strategies

a. Create new and unique insurance products each year to cater to the insurance needs of the market.
b. To increase the insurance penetration and increase the business of the company through opening of new branches throughout the country.
c. Investment diversification through investment in different infrastructure projects and sector providing long term stable return.
d. Taking appropriate reinsurance program for minimizing catastrophic insurance risk.
e. Training and development activities as continues exercise for the development of skilled manpower in the insurance industry.

7. Corporate Governance

The company is conducting its activities in accordance with the provision of Insurance Act, Insurance Regulation, Directives and Circulars issued by Nepal Insurance Authority, the internal control mechanism of the company and following the suggestions received from the internal and external auditor of the company and Nepal Insurance Authority.

8. Chief Executive Officer's Declaration

I, as of the date, hereby individually accept responsibility for the accuracy and truthfulness of the information and details disclosed in this report. I also hereby declare that to the best of my knowledge and belief the information contained in this report is true, accurate and complete and there are no other matters concealed, the omission of which shall adversely affect the informed investment decision by the investor. However, the figures may be changed after the audit of the financial statement or changes in the claim information or reinsurance information or any other information which was not available while making the financial statements.

SHIKHAR INSURANCE COMPANY LIMITED
Statement of Changes In Equity
For Period 17th July, 2023 t0 - 17th October, 2023
(For the Period Ended Ashwin 2080)

Fig. in NPR

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Special Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund Including Insurance Reserve	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Total
Balance as on Shrawan 1, 2079	2,286,081,200.00			160,902,639.00	348,583,075.26	395,777,083.00	1,335,849,418.00		125,669,741.00	-	622,162.00		54,078,467.00	129,355,730.00	-	4,836,919,515.26
Prior period adjustment																-
Restated Balance as at Shrawan 1, 2079																-
Profit/(Loss) For the Year					351,627,440.00											351,627,440.00
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																-
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets						8,049,000.00										8,049,000.00
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds					(193,395,092.00)		175,813,720.00		17,581,372.00		-				-	-
Transfer to Deferred Tax Reserves																-
Transfer of Depreciation on Revaluation of Property and Equipment																-
Transfer on Disposal of Revalued Property and Equipment																-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																-
Share Issuance Costs																-
Transfer to Share Premium				(160,902,639.00)	160,902,639.00											-
Contribution by/ Distribution to the owners of the Company																-
i) Bonus Share Issued	368,866,100.00				(368,866,100.00)											-
ii) Share Issue																-
iii) Cash Dividend																-
iv) Dividend Distribution Tax					(19,414,005.26)											(19,414,005.26)
v) Others (To be specified)																-
Balance as on Ashadh end, 2080	**2,654,947,300.00**	**-**	**-**	**-**	**279,437,957.00**	**403,826,083.00**	**1,511,663,138.00**	**-**	**143,251,113.00**	**-**	**622,162.00**	**-**	**54,078,467.00**	**129,355,730.00**	**-**	**5,177,181,950.00**
Balance as on Shrawan 1, 2080	2,654,947,300.00	-	-	-	279,437,957.00	403,826,083.00	1,511,663,138.00	-	143,251,113.00	-	622,162.00	-	54,078,467.00	129,355,730.00	-	5,177,181,950.00
Prior period adjustment																-
Restated Balance as at Shrawan 1, 2080																-
Profit/(Loss) For the Year					112,414,232.00											112,414,232.00
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																-
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds					(61,827,828.00)		56,207,116.00		5,620,712.00	-						-
Transfer to Deferred Tax Reserves																-
Transfer of Depreciation on Revaluation of Property and Equipment																-
Transfer on Disposal of Revalued Property and Equipment																-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																-
Share Issuance Costs																-
Contribution by/ Distribution to the owners of the Company																-
i) Bonus Share Issued																-
ii) Share Issue																-
iii) Cash Dividend																-
iv) Dividend Distribution Tax																-
v) Others (To be specified)																-
Balance as on Ashwin end, 2080	**2,654,947,300.00**	**-**	**-**	**-**	**330,024,361.00**	**403,826,083.00**	**1,567,870,254.00**	**-**	**148,871,825.00**	**-**	**622,162.00**	**-**	**54,078,467.00**	**129,355,730.00**	**-**	**5,289,596,182.00**

The accompanying notes form an Integral Part of Financial Statements.

SHIKHAR INSURANCE COMPANY LIMITED
Statement of Cash Flows
For Period 17th July, 2023 t0 - 17th October, 2023
(For the Period Ended Ashwin 2080)

Fig. in NPR

Particulars	Current Period	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	1,052,341,966	5,317,152,621
Reinsurance Commission Received	156,149,690	593,962,569
Claim Recovery Received from Reinsurers	228,389,843	1,479,629,167
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income Received	11,068,494	13,362,376
Others (to be specified)	-	8,730,178
Cash Paid		
Gross Benefits and Claims Paid	(489,407,983)	(2,506,545,999)
Reinsurance Premium Paid	(560,489,963)	(3,980,459,144)
Commission Paid	(20,078,951)	(28,820,244)
Service Fees Paid	-	(47,472,405)
Employee Benefits Expenses Paid	(107,961,599)	(571,199,192)
Other Expenses Paid	(241,472,337)	(287,635,749)
Other Direct Expenses Paid	-	(16,800,708)
Others (to be specified)		-
Income Tax Paid	(110,299,442)	(139,512,251)
Net Cash Flow From Operating Activities [1]	**(81,760,282)**	**(165,608,782)**
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(10,952,453)	(2,882,426)
Proceeds From Sale of Intangible Assets	-	
Acquisitions of Investment Properties	-	
Proceeds From Sale of Investment Properties	-	
Acquisitions of Property & Equipment	-	(35,792,289)
Proceeds From Sale of Property & Equipment	-	2,633,904
Investment in Subsidiaries	-	
Receipts from Sale of Investments in Subsidiaries	-	
Investment in Associates	-	(20,000,000)
Receipts from Sale of Investments in Associates	-	
Purchase of Equity Instruments		
Proceeds from Sale of Equity Instruments	(2,302,500)	(131,203,765)
Purchase of Mutual Funds	(5,000,000)	
Proceeds from Sale of Mutual Funds	-	
Purchase of Preference Shares	-	
Proceeds from Sale of Preference Shares	-	
Purchase of Debentures	-	(70,060,075)
Proceeds from Sale of Debentures	-	
Purchase of Bonds	-	
Proceeds from Sale of Bonds	-	
Investments in Deposits	(30,500,000)	(15,752,000)
Maturity of Deposits	-	
Loans Paid		
Proceeds from Loans		
Rental Income Received		17,891,025
Proceeds from Finance Lease		
Interest Income Received	117,255,653	350,478,132
Dividend Received		5,385,412
Others -Advance Against Investment		(1,600,000)
Total Cash Flow From Investing Activities [2]	**68,500,700**	**99,097,918**
Cash Flow From Financing Activities		
Interest Paid	(7,130,373)	(32,155,352)
Proceeds From Borrowings	-	(52,426,800)
Repayment of Borrowings	-	
Payment of Finance Lease	-	(20,412,751)
Proceeds From Issue of Share Capital	-	
Share Issuance Cost Paid	-	(1,905,759)
Dividend Paid	-	
Dividend Distribution Tax Paid	-	(19,414,005)
Others (to be specified)	-	(7,579,280)
Total Cash Flow From Financing Activities [3]	**(7,130,373)**	**(133,893,947)**
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	**(20,389,955)**	**(200,404,811)**
Cash & Cash Equivalents At Beginning of The Year/Period	115,655,792	316,060,603
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	**95,265,837**	**115,655,792**
Components of Cash & Cash Equivalents		
Cash In Hand	2,596,048	1,313,271
Cheuqe in Hand	-	
Term Deposit with Banks (with initial maturity upto 3 months)		
Balance With Banks	92,669,789	116,539,723

Notes:

The accompanying notes form an Integral Part of Financial Statements.

SHIKHAR INSURANCE COMPANY LIMITED

Statement of Distributable Profit or Loss

For Period 17th July 2023 to 17th October 2023

(For the Period Ended Ashwin 2080)

Fig. in NPR

Particulars	Current Period
Opening Balance in Retained Earnings	206,395,340.00
Transfer from OCI reserves to retained earning in current year	
Net profit or (loss) as per statement of profit or loss	112,414,232.00
Appropriations:	
i)Transfer to Insurance Fund	(56,207,116.00)
ii)Transfer to Special Reserve	
iii)Transfer to Catastrophe Reserve	(5,620,711.60)
iv)Transfer to Capital Reserve	
v)Transfer to CSR reserve	(1,124,142.00)
vi)Transfer to/fromRegulatory Reserve	-
vii)Transfer to Fair Value Reserve	-
viii)Transfer of Deferred Tax Reserve	-
ix)Transfer to OCI reserves due to change in classification	-
x)Others (to be Specified)	-
	-
Deductions:	-
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL	-
a) Equity Instruments	-
b) Mutual Fund	-
c) Others (if any)	-
ii) Accumulated Fair Value gain on Investment Properties	-
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges	-
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges	-
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges	-
vi)) Goodwill Recognised	-
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency	-
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	(2,654,124)
ix) Overdue loans	-
x) Fair value gain recognised in Statement of Profit or Loss	-
xi) Investment in unlisted shares	-
xii) Delisted share Investment or mutual fund investment	-
xiii) Bonus share/ dividend paid	-
xiv) Deduction as per Sec 17 of Financial directive	-
xiv) Deduction as per Sec 18 of Financial directive	-
xv) Others (to be specified)	
Adjusted Retained Earning	**253,203,478**
Add: Transfer from Share Premium Account	
Less: Amount apportioned for Assigned capital	
Less: Deduction as per sec 15(1) Of Financial directive	
Add/Less: Others (to be specified)	
Total Distributable Profit/(loss)	**253,203,478.48**

Shikhar Insurance Company Limited.
Notes to the Financial Statements
for the year ended Ashwin 30, 2080(October 17th, 2023)

1. Basis of Preparation
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. 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) and in compliance with the requirements of the Companies Act, 2006, directives issued by Nepal Insurance Authority and required disclosures as per Securities Board of Nepal.
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.

3. Use of Estimates, assumptions and judgements
(a) 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 and 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 and 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 measurements 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.

(b) Use of Estimates
The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the reported balance 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 year 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.

(c) 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 were indicated otherwise.

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

4. Significant Accounting Policies
This note provides a list of the significant policies adopted in the preparation of these financial statements.

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

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

ii)Revaluation
After recognition as an assets, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.
An increase in the carrying amount as a result of revaluation, is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.
Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

iii)Depreciation
Depreciation of Property, Plant and Equipment other than the Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Straight Line Method (SLM)/ Diminishing Balance Method ((DBM)" based on Useful Life estimated by technical expert of the management.
The Assets Useful Life/ Rate of Depreciation and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.
Useful Life of Property, Plant and Equipment based on SLM/DBM is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM/Rate for WDV
Land	Not Applicable
Buildings	50
Leasehold Improvement	Lease Period
Furniture & Fixture	20
Computers and IT Equipment	5
Officer Equipment	10
Vehicles	10
Other Assets	8

iv)Derecognition
An item of Property, Plant and Equipment is derecognized up to 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 of Assets
Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such

reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

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

(b) Intangible Assets
i)Recognition
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Statement of profit or loss in the year in which the expenditure is incurred.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Goodwill on business combination is recognized on the acquisition date at the excess of (a) over (b) below:
(a) The aggregate of:
1. The consideration transferred measured in accordance with the NFRS 3, which generally requires acquisition-date fair value
2. The amount of any non-controlling interest in the acquiree measured in accordance with the NFRS 3, and
3. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

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 to generate net cash inflow for the entity.

Amortization is recognized in statement of profit of loss on Straight Line Method (SLM) over the estimated useful life of the intangible assets/ Diminishing Balance Method (DBM), from the date that is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates, The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.
Useful Life of Intangible Assets based on SLM/DBM is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Soft wares	10
Licenses	License Period
Others (to be specified)	-

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

iv)Impairment of Assets
The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognized in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

(c) Investment Properties

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

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

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.
Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

OR
Fair Value Model
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market condition at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect.
The fair value of investment property is determined by an external, independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category by property being valued.
Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property, 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
Cash & Cash Equivalents includes Cash in Hand, Cheque 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 achieved 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.

iii)De-Recognition
A Financial Assets is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Assets. 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 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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

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

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

(j) Reserves and Funds

i) **Share Application Money Pending Allotment:** If the company has received any calls in advance amount, the amount will be presented under this head.

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

iii) **Catastrophe Reserve:** The Company has allocated catastrophe reserve for the amount which is 10% of the distributable profit for the year as per Regulator's Directives.

iv) **Fair Value Reserve:** 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 difference 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 higher probable forecast transaction, and could affect profit or loss. Reserve represents effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

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

ix) **Special Reserve:** The Company has allocated special reserve per Regulator's Directive.

x) **Other Reserves:** Reserve other than above reserves, for e.g. deferred tax reserve & Corporate Social Responsibility Reserve.

(k) Insurance Contract Liabilities
i) Provision for unearned premiums
Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

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

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

iii) Provision for claim incurred but not reported (IBNR)
Significant delays are experienced in the notification and settlement of certain types of claims, the ultimate cost of which cannot be known with certainty at the statement of financial position date.
The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

Liability adequacy
At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant 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 obligation 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 Expenses when they are due.

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

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

iv) Termination
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognizes termination benefits at the earlier of the following dates:
a) When the Company can no longer withdraw the offer of those benefits; and
b) When the entity recognizes costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits. The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(m) Revenue Recognition
i) Gross Premium
Gross Premium are recognized as soon as the amount of the premiums can be reliably measured. First premium is recognized from inception date. At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

ii) Unearned Premium Reserves 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 pro rate basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

iii) Premiums on Reinsurance Accepted
Premium on reinsurance accepted 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.
Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

iv) 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.

v) Commission Income

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

vi) Investment Income
Interest income is recognized in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commission that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

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

(n) Claims and Expenses
i) Gross Claims
Claims includes the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlement of claims. Benefits and claims that are incurred during the financial year are recognized when a claimable event occurs and/or the insurer is notified.

ii) Reinsurance Claims
Reinsurance claims are recognized when the related gross insurance claim is recognized according to the term of the relevant contracts.

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

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

i) Property Portfolio - Property/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 property/fire insurance business.
ii) Motor Portfolio - Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third-party risks but exclusive of transit risks.
iii) Marine Portfolio - Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.
iv) Engineering Portfolio - Engineering insurance business means the insurance that provides economic safeguard to the risks faced by the ongoing construction project, installation project, and machines and equipment in project operation.
v) Micro Portfolio - Micro Insurance protects against loss of or damage to crops or livestock. It has great potential to provide value to low-income farmers and their communities, both by protecting farmers when shocks occur and by encouraging greater investment in crops.
vi) Aviation Portfolio – Aviation Insurance provides coverage for hull losses as well as liability for passenger injuries, environmental and third-party damage caused by aircraft accidents.
vii) Cattle and Crop Portfolio - Cattle and Crop Insurance provides insurance against loss of or damage to Cattle and crops.
viii) Miscellaneous Portfolio – All the insurance business which doesn't fall in above categories fall under miscellaneous insurance business. Group Personal Accidents, Medical Insurances, Professional indemnity insurance etc. fall under this category of business.

(p) 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.

(q) 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.

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

(s) 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 difference between the carrying amounts of Assets and 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 & Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profit nor Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary difference 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 Difference.

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.

(t) 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 expenses.
Provisions for Contingent Liability are recognized in the books 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.

(u) Functional Currency & Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which in 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.

(v) Earnings Per Share
Basic Earnings per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equity shares outstanding during the Financial Year.
For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assumed conversion of all dilutive potential ordinary shares.

(w) 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.

5. 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 flow.

6. Related Party Disclosures
a) **Holding Company: N.A**

b) **Subsidiaries: N.A**

c) **Associates**
Machhapuchchhre Capital Limited
Kriti Venture Fund

d) **Board of Directors and Key Management Personnel**

Gaurab Agrawal	Chairperson
Ramesh Kumar Luitel	Director
Saurav J. B. Rana.	Director
Dr. Shrujana Shrestha	Director
Dinesh Bajra Bajracharya	Director
Skand Amatya	Director
Dip Prakash Panday	Chief Executive Officer
Bimal Raj Nepal	Deputy Chief Executive Officer
Sabita Maskey	Deputy Chief Executive Officer

Notes to the Financial Statements

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 Period ended Ashwin 30, 2080 (October 17, 2023)

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
Income:										
Gross Earned Premiums	172,019,339.84	307,425,218.15	36,481,536.82	48,878,509.22	250,242.94	5,201,591.46	112,126,630.54	112,108,113.04	-	794,491,182
Premiums Ceded	154,497,045.87	92,227,565.45	32,833,383.14	46,434,583.76	-	-	89,701,304.43	100,897,301.73	-	516,591,184
										-
Inter-Segment Revenue										-
Net Earned Premiums	**17,522,294**	**215,197,653**	**3,648,154**	**2,443,925**	**250,243**	**5,201,591**	**22,425,326**	**11,210,811**	**-**	**277,899,997**
Commission Income	46,699,724.20	27,877,567.79	9,924,525.92	14,035,752.22	-	-	27,113,956.48	30,498,163.49	-	156,149,690
Other Direct income										-
Investment Income	25,387,620	45,371,611	5,384,158	7,213,776	36,932	767,681	16,548,304	16,545,571	-	117,255,653
Net Gains/ (Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/ (Losses)	(17,519)	(31,309)	(3,715)	(4,978)	(25)	(530)	(11,419)	(11,417)	-	(80,912)
Other Income	2,396,496	4,282,910	508,244	680,953	3,486	72,466	1,562,098	1,561,840	-	11,068,494
Total Segmental Income	**91,988,615**	**292,698,433**	**19,461,367**	**24,369,429**	**290,636**	**6,041,209**	**67,638,265**	**59,804,968**	**-**	**562,292,922**
Expenses:										-
Gross Claims Paid	54,968,195.19	188,311,979.72	8,183,204.04	32,741,025.63	313,630.00	-	106,253,462.50	98,636,485.92	-	489,407,983
Claims Ceded	9,014,830.79	79,786,776.16	6,831,816.30	25,205,335.94	-	-	85,276,227.98	79,973,641.83	-	286,088,629
Gross Change in Contract Liabilities	(3,341,571)	(5,971,906)	(708,674)	(949,492)	(4,861)	(101,044)	(2,178,122)	(2,177,762)	-	(15,433,433)
Change in Contract Liabities Ceded to Reinsurers	3,020,270	1,802,961	641,861	907,752	-	-	1,753,575	1,972,446	-	10,098,867
Net Claims Paid	**45,632,064**	**104,356,259**	**1,284,575**	**7,493,949**	**308,769**	**(101,044)**	**20,552,688**	**18,457,528**	**-**	**197,984,788**
Commission Expenses	1,886,329	1,919,141	155,349	204,935	13,268	-	14,548,675	1,351,254		20,078,951
Service Fees	219,133.28	2,691,255.37	45,623.70	30,563.65	3,129.53	65,050.94	280,450.45	140,202.07	-	3,475,409
Other Direct Expenses	-	-	-	-	-	-	-	-		-
Employee Benefits Expenses	26,486,908	47,336,210	5,617,294	7,526,134	38,531	800,922	17,264,848	17,261,997	-	122,332,845
Depreciation and Amortization Expenses	3,638,544	6,502,642	771,656	1,033,876	5,293	110,024	2,371,697	2,371,305		16,805,036
Impairment Losses	-									-
Other Expenses	8,434,898	15,074,471	1,788,857	2,396,738	12,271	255,058	5,498,084	5,497,176	-	38,957,552
Finance Cost	1,543,833	2,759,070	327,413	438,673	2,246	46,683	1,006,310	1,006,144		7,130,373
Total Segmental Expenses	**87,841,711**	**180,639,048**	**9,990,767**	**19,124,868**	**383,508**	**1,176,694**	**61,522,752**	**46,085,606**	**-**	**406,764,954**
Total Segmental Results	**4,146,904.40**	**112,059,384.97**	**9,470,600.43**	**5,244,560.91**	**- 92,871.90**	**4,864,514.77**	**6,115,512.76**	**13,719,361.76**	**-**	**155,527,968.00**
Segment Assets	**1,017,129,576**	**1,817,768,177**	**215,710,920**	**289,012,720**	**1,479,656**	**30,756,382**	**662,991,221**	**662,881,729**	**-**	**4,697,730,381**
Segment Liabilities	**1,163,679,560**	**2,079,675,710**	**246,790,964**	**330,654,229**	**1,692,848**	**35,187,821**	**758,516,271**	**758,391,003**		**5,374,588,405**