PRABHU INSURANCE LIMITED

Tinkune, Kathmandu
Phone no.- 01-519920,5199230
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Quarterly Financial Statement For 1st Quarter, F.Y.2083.84(B.S)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on Quarter end Ashoj 2083

Fig in NPR.

Particulars	Unaudited	Unaudited
	At the end of this Quarter	At the end of Immediate Previous Year
Assets:		
Goodwill & Intangible Assets	183,044	385,945
Property and Equipment	127,440,591	106,395,366
Investment Properties	19,727,091	20,816,669
Deferred Tax Assets	30,228,769	20,425,972
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	1,286,885,750	1,288,608,275
Loans	-	-
Reinsurance Assets	2,922,504,567	2,529,912,891
Current Tax Assets	-	-
Insurance Receivables	1,352,084,517	1,243,167,716
Other Assets	539,825,258	512,481,653
Other Financial Assets	377,556,396	358,242,353
Cash and Cash Equivalent	1,452,016,859	1,356,723,272
Total Assets	**8,108,452,841**	**7,437,160,112**
Equity:		
Share Capital	1,848,939,085	1,848,939,085
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Special Reserves	1,378,624,510	1,347,604,521
Catastrophe Reserves	116,699,335	113,597,336
Retained Earnings	131,454,692	104,151,540
Other Equity	168,788,626	154,190,836
Total Equity	**3,644,506,248**	**3,568,483,319**
Liabilities:		
Provisions	127,242,840	158,466,713
Gross Insurance Contract Liabilities	3,853,838,912	3,164,006,030
Deferred Tax Liabilities	2,636,979	2,636,979
Insurance Payable	222,348,491	381,941,987
Current Tax Liabilities	98,161,178	13,845,352
Borrowings	-	-
Other Liabilities	135,405,988	112,962,141
Other Financial Liabilities	24,312,204	34,817,590
Total Liabilities	**4,463,946,593**	**3,868,676,793**
Total Equity and Liabilities	**8,108,452,841**	**7,437,160,112**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Fig in NPR.

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	351,803,934	351,803,934	296,867,515	296,867,515
Premiums Ceded	(173,996,387)	(173,996,387)	(176,114,812)	(176,114,812)
Net Earned Premiums	**177,807,547**	**177,807,547**	**120,752,703**	**120,752,703**
Commission Income	70,624,961	70,624,961	63,364,363	63,364,363
Other Direct Income	-	-	-	-
Income from Investments and Loans	55,393,983	55,393,983	56,933,449	56,933,449
Net Gain/(Loss) on Fair Value Changes	-	-	1,459,534	1,459,534
Net Realised Gains/(Losses)	-	-	(2,022,213)	(2,022,213)
Other Income	528,719	528,719	2,842,372	2,842,372
Total Income	**304,355,209**	**304,355,209**	**243,330,207**	**243,330,207**
Expenses:				
Gross Claims Paid	144,706,793	144,706,793	107,644,806	107,644,806
Claims Ceded	(58,975,036)	(58,975,036)	(44,684,546)	(44,684,546)
Gross Change in Contract Liabilities	437,800,629	437,800,629	303,806,420	303,806,420
Change in Contract Liabities Ceded to Reinsurers	(426,745,798)	(426,745,798)	(310,996,075)	(310,996,075)
Net Claims Incurred	**96,786,587**	**96,786,587**	**55,770,605**	**55,770,605**
Commission Expenses	3,965,134	3,965,134	3,995,069	3,995,069
Service Fees	1,999,855	1,999,855	2,063,429	2,063,429
Other Direct expenses	-	-	-	-
Employee Benefits Expenses	69,521,275	69,521,275	68,933,374	68,933,374
Depreciation and Amortization Expenses	8,286,570	8,286,570	1,288,966	1,288,966
Impairment Losses	-	-	-	-
Other Operating Expenses	26,958,192	26,958,192	21,079,121	21,079,121
Finance Cost	1,406,764	1,406,764	-	-
Total Expenses	**208,924,378**	**208,924,378**	**153,130,565**	**153,130,565**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**95,430,832**	**95,430,832**	**90,199,643**	**90,199,643**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	**95,430,832**	**95,430,832**	**90,199,643**	**90,199,643**
Income Tax Expenses	(28,629,250)	(28,629,250)	(27,059,893)	(27,059,893)
Net Profit/(Loss) For The Year	**66,801,582**	**66,801,582**	**63,139,750**	**63,139,750**
Earning Per Share				
Basic EPS	-	14.45	-	14.85
Diluted EPS	-	**14.45**	-	**14.85**

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig in NPR.

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	66,801,582	66,801,582	63,139,750	63,139,750
Other Comprehensive Income	6,653,385	6,653,385	7,718,169	7,718,169
Total Comprehensive Income	**73,454,967**	**73,454,967**	**70,857,919**	**70,857,919**

OTHER DETAILS

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total Issued Policy Count	30,903	25,503
2. Total Renewed Policy Count	12,080	11,105
3.Total Claims Paid Count	2,992	2,685
4. Outstanding Claims Count	2,146	1,811
5.Gross Outstanding Claim Including IBNR and IBNER(Amount)	2,430,460,672	2,055,310,306
6.Net Outstanding Claim Including IBNR and IBNER(Amount)	181,859,661	229,932,911
7.Margin Over Best Estimate(MOBE)	44,541,566	16,851,529
8.Unearned Premium Reserve (Amount)	1,321,827,143	1,143,415,882
9.Unexpired Risk Reserve ((Amount)	19,020,837	-
10.Earthquake Premium Reserve (Amount)	37,988,694	6,190,288
11.Long term Investment (Amount)	631,731,750	625,944,070
12.Short term Investment (Amount)	655,154,000	820,950,000
13.Gross Premium Written(Amount)	532,830,679	505,626,675
14. Investment in Cost (Amount)	1,072,700,167	1,161,331,909
15. Solvency Margin Ratio	5.48	4.66

Note:

1. The above financial statements are prepared in accordance with Nepal Financial Reporting Standards(NFRS)
2. Figures Presented above may change after the statutory audit is completed.
3. The figures of the previous quarters have been restated as per requirements(Including NAS 33)
4. Detailed Interim Financial Statement of the company has been published on the website.(https://www.prabhuinsurance.com)

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

1. Solvency Ratio related disclosure: The Solvency ratio of the company is 5.48 (Based on Actuary Valuation as on 16-07-2025)
2. Reinsurance related disclosure: The Company has made adequate reinsurance agreement to cover the risk from the class of its business.
3. Details regarding legal proceeding: No any such legal case against the company arising from its activities other than normal business operations.
4. Corporate Governance: The company follows all the legal and regulatory compliance to maintain high standard of corporate governance.
5. Regulatory limit on expenses ratio: The expense ratio of the company is within the expense ratio prescribed by Nepal Insurance Authority.
6. Any other disclosure as deemed relevant : N/A

Prabhu Insurance Limited
Statement of Changes In Equity
For Period 17th July, 2026 - 17th October, 2026
(For the Period Ended Ashwin end 2083)

Fig. in NPR

	1,848,939,085.00				106,601,787.00		1,345,223,719.00		113,359,256.00	4,516,077.00		183,255,607.00	(106,083,860.00)	75,998,900.00	3,345,918.00	
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 Ashadh end, 2083	**1,848,939,085**	**-**	**-**	**-**	**106,601,787**	**-**	**1,345,223,719**	**-**	**113,359,256**	**4,516,077**	**-**	**183,255,607**	**(106,083,860)**	**75,998,900**	**6,016,659**	**3,577,827,230**
Balance as on Shrawan 1, 2083	1,848,939,085	-	-	-	106,601,787	-	1,345,223,719	-	113,359,256	4,516,077	-	183,255,607	(106,083,860)	75,998,900	6,016,659	3,577,827,230
Prior period adjustment					-											-
Restated Balance as at Shrawan 1, 2083																-
Profit/(Loss) For the Year					66,801,582											66,801,582
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					(37,408,886)		33,400,791.16		3,340,079	668,015.82		-		-		-
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					(122,564)											(122,564)
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)																-
Employee Training Fund					(4,417,227)										4,417,227	-
Prior period adjustment																-
Impairment loss on Investment					-											-
Balance as on Ashadh end, 2084	**1,848,939,085**	**-**	**-**	**-**	**131,454,692**	**-**	**1,378,624,510**	**-**	**116,699,335**	**5,184,093**	**-**	**183,255,607**	**(106,083,860)**	**75,998,900**	**10,433,886**	**3,644,506,248**

The accompanying notes form an Integral Part of Financial Statements.

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Prabhu Insurance Limited
Statement of Cash Flows
For Period 17th July, 2026 - 17th October, 2026
(For the Period Ended Ashwin end 2083)

Fig. in NPR

Particulars	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	532,830,679	2,022,822,583
Reinsurance Commission Received	70,624,961	206,536,923
Claim Recovery Received from Reinsurers	(58,975,036)	(269,960,460)
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Other Direct Income Received	-	10,580,841
Others (to be specified)	-	-
Other Income	528,719	13,445,498
Cash Paid		
Gross Benefits and Claims Paid	(144,706,793)	(501,234,829)
Reinsurance Premium Paid	(481,084,439)	404,140,374
Commission Paid	(3,965,134)	(35,194,754)
Service Fees Paid	(1,999,855)	(5,430,136)
Employee Benefits Expenses Paid	141,331,527	5,785,775
Other Expenses Paid	2,023,324,040	1,646,674,919
Other Direct Expenses Paid		
Others (to be specified)		
Income Tax Paid	(45,306,391)	(120,067,148)
Net Cash Flow From Operating Activities [1]	**2,032,602,278**	**3,378,099,586**
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets		
Proceeds From Sale of Intangible Assets		
Acquisitions of Investment Properties		
Proceeds From Sale of Investment Properties		
Acquisitions of Property & Equipment	-	
Proceeds From Sale of Property & Equipment	-	
Investment in Subsidiaries	-	
Receipts from Sale of Investments in Subsidiaries		
Investment in Associates		
Receipts from Sale of Investments in Associates		
Purchase of Equity Instruments	(12,008,913)	(59,669,514)
Proceeds from Sale of Equity Instruments	-	-
Purchase of Mutual Funds	(4,000,000)	(4,000,000)
Proceeds from Sale of Mutual Funds	-	-
Purchase of Preference Shares		
Proceeds from Sale of Preference Shares		
Purchase of Debentures		
Proceeds from Sale of Debentures		
Purchase of Bonds		
Proceeds from Sale of Bonds		
Investments in Deposits	(1,986,101,918)	(1,986,101,918)
Maturity of Deposits	42,000,000	(793,149,111)
Loans Paid		
Proceeds from Loans		
Rental Income Received	3,600,270	13,739,052
Proceeds from Finance Lease		
Interest Income Received	46,310,670	8,962,307
Dividend Received	4,426,310	9,677,639
Others (to be specified)	-	-
Name Transfer Income	-	-
Total Cash Flow From Investing Activities [2]	**(1,905,773,581)**	**(2,810,541,545)**

Cash Flow From Financing Activities		
Interest Paid		
Proceeds From Borrowings		
Repayment of Borrowings		
Payment of Finance Lease	(31,412,545)	(31,412,545)
Proceeds From Issue of Share Capital		
Share Issuance Cost Paid	(122,565)	(197,308)
Dividend Paid	-	(407,451,018)
Dividend Distribution Tax Paid	-	(21,444,790)
Others (to be specified)	-	
Total Cash Flow From Financing Activities [3]	**(31,535,110)**	**(460,505,661)**
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	**95,293,587**	**107,052,380**
Cash & Cash Equivalents At Beginning of The Year/Period	1,356,723,271	1,249,670,891
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	
Cash & Cash Equivalents At End of The Year/Period	**1,452,016,859**	**1,356,723,271**
Components of Cash & Cash Equivalents		
Cash In Hand	2,731,508	160,000
Cheuqe in Hand		
Term Deposit with Banks (with initial maturity upto 3 months)		
Balance With Banks	**1,449,285,351**	**1,356,563,272**

Prabhu Insurance Limited
Statement of Distributable Profit or Loss
For Period 17th July, 2026 - 17th October, 2026
(For the Period Ended Ashwin end 2083)

Fig. in NPR

Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	106,601,787	
Transfer from OCI reserves to retained earning in current year		
Net profit or (loss) as per statement of profit or loss	66,801,582.32	
Appropriations:		
i)Transfer to Insurance Fund		
ii)Transfer to Special Reserve	(33,400,791.16)	
iii)Transfer to Catastrophe Reserve	(3,340,079.12)	
iv)Transfer to Capital Reserve		
v)Transfer to CSR reserve	(668,015.82)	
vi) Employees' Training Fund		
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)		
Share issuance cost	(122,564.00)	
Deductions:		
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL		
a) Equity Instruments	-	
b) Mutual Fund		
c) Others (if any)		
ii) Accumulated Fair Value gain on Investment Properties		
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges		
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges		
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges		
vi)) Goodwill Recognised		
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency		
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account		
ix) Overdue loans		
x) Fair value gain recognised in Statement of Profit or Loss		
xi) Investment in unlisted shares		
xii) Delisted share Investment or mutual fund investment		
xiii) Bonus share/ dividend paid	-	
xiv) Deduction as per Sec 17 of Financial directive		
xiv) Deduction as per Sec 18 of Financial directive		
xv) Others (to be specified)		
Dividend Distribution Tax	-	
Employee Training Fund	(4,417,227)	
Issuance of Bonus share	-	
Adjusted Retained Earning	**131,454,692**	
Add: Transfer from Share Premium Account		
Less: Amount apportioned for Assigned capital		
Less: Deduction as per sec 15(1) Of Financial directive		
Less: Impairment of Investment	-	
Add/Less: Others (to be specified)		
Add:Transfer on Disposal of Equity Instruments Measured at FVTOCI		
Add:Transfer on Disposal of Mutual Fund Measured at FVTOCI		
Less: Prior Period Tax Expenses	-	
Less: Provision for tax on Share premium	-	
Total Distributable Profit/(loss)	**131,454,692**	**-**

Prabhu Insurance Limited

Notes to the Quarterly Financial Statements

For the Quarter ended 31st Ashoj , 2083 (17th October, 2026)

1. General Information of Reporting Entity

Prabhu Insurance Limited (herein after referred to as the 'Company') is a public limited company, incorporated on 2053.04.01 and operated as General Insurance Company after obtaining license on from Nepal Insurance Authority (formerly the Insurance Board) on Shrawan 1, 2053 under the Insurance Act 2079 (formerly Insurance Act, 2049). The registered office of the Company is located at Tinkune, Kathmandu. The Company's share are listed on Nepal Stock exchange

The principal activities of the Company are to provide various non-life insurance products including participating and non-participating products through its province offices, branches, sub-branches, and network of agents.

2. 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.

(a) Statement of Compliance

The Financial Statements of the Company comprises of Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown as two separate statements, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements which 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 format used in the preparation and presentation of the Financial Statements and disclosures made therein also complies with the specified formats prescribed in the directives of Nepal Insurance Authority.

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) Reporting Period and approval of financial statements

The Company reporting period is from 1st Shrawan 2083 to Quarter ended 31 Ashwin 2083 with the corresponding previous year from 1st Shrawan 2082 to Quarter ended 30th Ashwin 2082. These financial statements have been unaudited.

(c) 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 assets 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.

(d) 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.

(e) 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.

(f) 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.

(g) Change 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.

(h) Recent Accounting Pronouncements

Accounting standards issued and effective

Accounting standards issued and non-effective

(i) Carve-outs

The Company has not applied any carve outs provided by the ASB.

(j) Presentation of financial statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by the nature and listed in an order that reflects their relative liquidity and maturity pattern.

(k) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by Nepalese Financial Reporting Standards or Interpretation (issued by the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC) and as specifically disclosed in the Significant Accounting Policies of the Company.

(l) Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard-NAS 1 on 'Presentation of Financial Statements'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

(m) Principles of Consolidation and Equity Accounting

i) Subsidiaries:

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power

to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line by adding together items like assets, liabilities, equity, income and expenses. Inter Group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of changes in equity and statement of financial position respectively. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

ii) Associates:

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

3. Significant Accounting Policies

(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)" 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 is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Land	Not Applicable
Buildings	60
Leasehold Improvement	Lease Period
Furniture & Fixture	10
Computers and IT Equipment	5
Officer Equipment	5
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 :

a. The consideration transferred measured in accordance with the NFRS 3, which generally requires acquisition-date fair value

b. The amount of any non-controlling interest in the acquiree measured in accordance with the NFRS 3, and

c. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

d. 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, 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 is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Software	5
Licenses	Licence Period

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 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

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.
Transferare 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 represent effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

viii) **Revaluation Reserves:** Reserve created against revaluation gain on property, plant & equipment & intangible assets, other than the reversal 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) Un-apportioned Surplus

Un-apportioned surplus where the amount are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial period, and held within the insurance contract liabilities.

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

Benefits and 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. Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

Note: Please provide the basis of calculating reserves for Incurred but Not Reported Claims (IBNR)

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 9%.

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.

The lease assets having the lease liability of equal to or less than 30 lacs present value at inception has been considered as low value and for those lease the expenses has been recognized under straight line basis.

(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.

(x) Related Party Disclosures

a. Identify Related Parties

Holding Company:

Subsidiaries:

Associates:

Fellow Subsidiaries:

Key Management Personnel:

Name of Key Management Personnel	**Position**
Mr. Rajendra Malla	Chairman
Mr. Ram Krishna Lamichhane	Director
Mr. Mijas Bhattachan	Director
Mrs. Aakriti Lama	Director
Mr. Shanta Gautam	Director
Mr. Sangay Lama	Director
Mrs. Sushama Sharma	Independent Director
Mr. Sanchit Bajracharya	Chief Executive Officer

(y) Segmental Information

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) Property
ii) Motor
iii) Marine
iv) Engineering
v) Micro
vi) Aviation
vii) CattleandCrop
viii) Miscellaneous

a) Segmental Information for the year ended Ashoj End, 2083 (October 17, 2026)

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
Income:										
Gross Earned Premiums	44,953,130.28	159,014,458.62	1,663,513.86	18,279,400.22		23,560,569.66	157,754.06	104,175,107.68		351,803,934.38
Premiums Ceded	(36,842,772.10)	(57,292,678.17)	(900,506.31)	(13,382,434.08)		(23,432,744.61)	(85,277.43)	(42,059,974.71)		(173,996,387.38)
Inter-Segment Revenue	-	-	-	-		-	-	-		-
Net Earned Premiums	**8,110,358.18**	**101,721,780.45**	**763,007.55**	**4,896,966.14**		**127,825.04**	**72,476.63**	**62,115,132.97**	**-**	**177,807,547.00**
Commission Income	12,665,753.27	30,236,612.14	989,837.45	7,207,182.64		2,737,077.20	3,671,340.93	13,117,157.52		70,624,961.15
Other Direct Income	-	-	-	-		-	-	-		-
Income from Investments and Loans	9,189,019.51	30,723,668.84	653,387.73	4,967,251.50		5,759,396.14	28,836.12	4,072,422.97		55,393,982.80
Net Gain/ (Loss) on Fair Value Changes	-	-	-	-		-	-	-		-
Net Realised Gains/ (Losses)	-	-	-	-		-	-	-		-
Other Income	87,706.37	293,247.97	6,236.38	47,410.89		54,971.66	275.23	38,870.02		528,718.53
Total Segmental Income	**30,052,837.32**	**162,975,309.40**	**2,412,469.11**	**17,118,811.16**		**8,679,270.05**	**3,772,928.91**	**79,343,583.49**	**-**	**304,355,209.48**
Expenses:										
Gross Claims Paid	28,053,659.50	79,102,711.00	560,173.95	8,127,108.98		-	806,337.85	28,056,801.26		144,706,792.54
Claims Ceded	24,888,698.60	12,463,056.21	182,469.93	6,833,005.59		-	649,725.69	13,958,079.60		58,975,035.62
Gross Change in Contract Liabilities	171,247,033.81	330,805,852.50	(6,973,600.04)	(15,322,282.34)		4,156,162.63	(2,356,503.48)	(43,756,034.45)		437,800,628.64
Change in Contract Liabities Ceded to Reinsurers	183,470,358.78	288,176,826.17	(3,687,106.27)	1,329,943.25		4,233,491.95	177,742.96	(46,955,458.77)		426,745,798.06
Net Claims Paid	**(9,058,364.07)**	**109,268,681.12**	**(2,908,789.75)**	**(15,358,122.20)**		**(77,329.32)**	**(2,377,634.27)**	**17,298,145.98**	**-**	**96,786,587.50**
Commission Expenses	1,166,177.30	1,126,719.53	139,190.30	155,297.69		388,413.18	-	989,336.26		3,965,134.26
Service Fees	124,138.50	1,632,592.45	11,530.16	110,672.05		3,116.21	803.84	117,001.92		1,999,855.13
Employee Benefits Expenses	11,532,522.40	38,559,217.22	820,023.14	6,234,064.38		7,228,232.02	36,190.28	5,111,025.08		69,521,274.52
Depreciation and Amortization Expenses	1,374,616.01	4,596,055.87	97,742.44	743,067.68		861,567.24	4,313.69	609,207.31		8,286,570.25
Impairment Losses	-	-	-	-		-	-	-		-
Other Operating Expenses	4,471,954.21	14,952,067.53	317,979.52	2,417,376.66		2,802,884.01	14,033.47	1,981,896.88		26,958,192.27
Finance Cost	233,360.70	780,246.14	16,593.18	126,146.35		146,263.35	732.31	103,421.64		1,406,763.67
Total Segmental Expenses	**9,844,405.06**	**170,915,579.87**	**(1,505,731.01)**	**(5,571,497.39)**		**11,353,146.67**	**(2,321,560.69)**	**26,210,035.07**	**-**	**208,924,377.59**
Total Segmental Results	**20,208,432.25**	**(7,940,270.47)**	**3,918,200.12**	**22,690,308.55**		**(2,673,876.63)**	**6,094,489.60**	**53,133,548.42**	**-**	**95,430,831.89**
Segment Assets	**410,413,435.00**	**732,688,222.07**	**7,083,682.80**	**406,350,716.35**	**157,979,999.86**	**1,058,524,112.34**	**1,919,251.32**	**147,545,147.37**		**2,922,504,567.11**
Segment Liabilities	**477,717,057.51**	**1,327,453,680.45**	**11,205,308.49**	**455,729,335.49**	**158,008,813.01**	**1,060,565,531.09**	**3,838,417.62**	**359,320,768.07**		**3,853,838,911.72**

ADDITIONAL DISCLOSURE AS PER SECURITIES REGISTRATION AND ISSUE REGULATION 2073
(SUB RULE(1) OF RULE 26,ANNEXURE 14
FIRST QUARTER OF FINANCIAL YEAR 2083/84

1. Financial Statements

a. The statement of financial position and statement of Profit or Loss (Unaudited) has been published along with this report as per the Nepal Financial Reporting Standards(NFRS)

b. Key Financial indicators and ratios:

Key Financial Ratios	This Quarter End
Earnings Per Share (EPS) (NPR)	14.45
Price Earnings Ratio	41.17
Net worth Per Share (NPR)	197.11
Total Assets Per Share (NPR)	438.55

2. Management Analysis

a**) Details relating to the change in the company's premium, income and liquidity in the quarter and its main reason**:

The company during 1st quarter has collected NPR 53.28 crores gross premium and have earned 6.68 crore net profit during the period. .The company paid Gross claims of Rs. 14.47 crores and total investment of Rs. 128.68 crores till the end of 1st quarter of current fiscal year. Liquidity has been maintained at sufficient level to meet the current operation of the company.

b**) Management's analytical details regarding future business plan:**

Besides various financial constraints in Nepalese Financial Market, management is satisfied with current financial performance.

c) **Analytical details of the incidents that may have major impact on reserves, profit or cash flow (if any),based on previous experience:**

Current adverse economic situation has had adverse effect on new business growth however increase in investment portfolio will help for profitability.

3. Statement related to legal Proceedings:

a) Case filed by or against the company in this quarter:

There have been no legal cases against the company during the same period.

b) **Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or director of the company:**

No such information has been received.

c) Case relating to commission of financial crime filed against any promoter or director of the company:

No such information has been received.

4. Statements related to Share Transaction:

Since shares of the company are traded based on the trust of investors towards the company and analysis of its returns, no major fluctuations are noted in the share price of the company and there has been satisfactory trading of shares in the capital market. The company remains committed towards providing the notices and information to investors and stakeholders. The Details regarding share transaction during the quarter are as follows:-

Maximum Share Price	710
Minimum Share Price	564
Closing share Price	595
Total Number of Shares Traded	395,810
Total Number of Transaction Days	61

5. Problems and Challenges:

Internal Problems and Challenges:

1.Challenge to manage Operational Risk with the increase in business volume

2.Lack of Skilled Human Resources in insurance industry.

3.Increment of Operating cost

External Problems and Challenges:

1.Interest rate risk

2. Increasing unhealthy competition among the nonlife insurers.

6.Management Strategy:

The company aims to raise awareness among the people all around the country regarding the importance of having nonlife insurance which will support the growth of nonlife insurance products and by building on the progress that have been already made and quality growth that will protect and grow our market position in the future. The company has prepared proper business plans and strategies to grow the company's business. The company and its management are capable in tackling and mitigating any problems and challenges that may be faced during its operation.

6. Corporate Governance:

Details of the actions taken by the management for enhancing the Corporate Good 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 company is continuously monitoring the compliance with the corporate good governance directive with the help of its comprehensive manuals and regulations. The Board of Directors, Audit Committee, Senior Management Compliance Officer are committed to upholding Corporate good governance practices in the company.

7.Declaration by the Chief Executive Officer:

I, the Chief Executive Officer of this Company, take the responsibility of accuracy of the information and details mentioned in this report for the period up to 1st quarter of FY 2083/084, hereby declare that the information and details provided in this Report are true, based on facts, and complete to the best of my knowledge and that information necessary for taking informed decision by the investors are not concealed. However, the figures may be changed after the audit of the financial statement or changes in the claim and reinsurance information or any other information which was not available while making the financial statements.