



Himalayan Everest
Insurance Limited

सुरक्षा र साथ अम्क बढि विश्वास

३९ औं वार्षिक
प्रतिबेदन
२०८०/८१
Annual Report 2024



Himalayan Everest
Insurance Limited

सुरक्षा र साथ अर्क
बढि विश्वास

HEI Insurance Products



Property Insurance



Home Insurance



Motor Insurance



Marine Insurance



Accidental Insurance



Medical Insurance



Burglary Insurance



Travel Insurance



Money Insurance



Engineering Insurance



Agriculture Insurance



Aviation Insurance

www.hei.com.np



Himalayan Everest
Insurance Limited

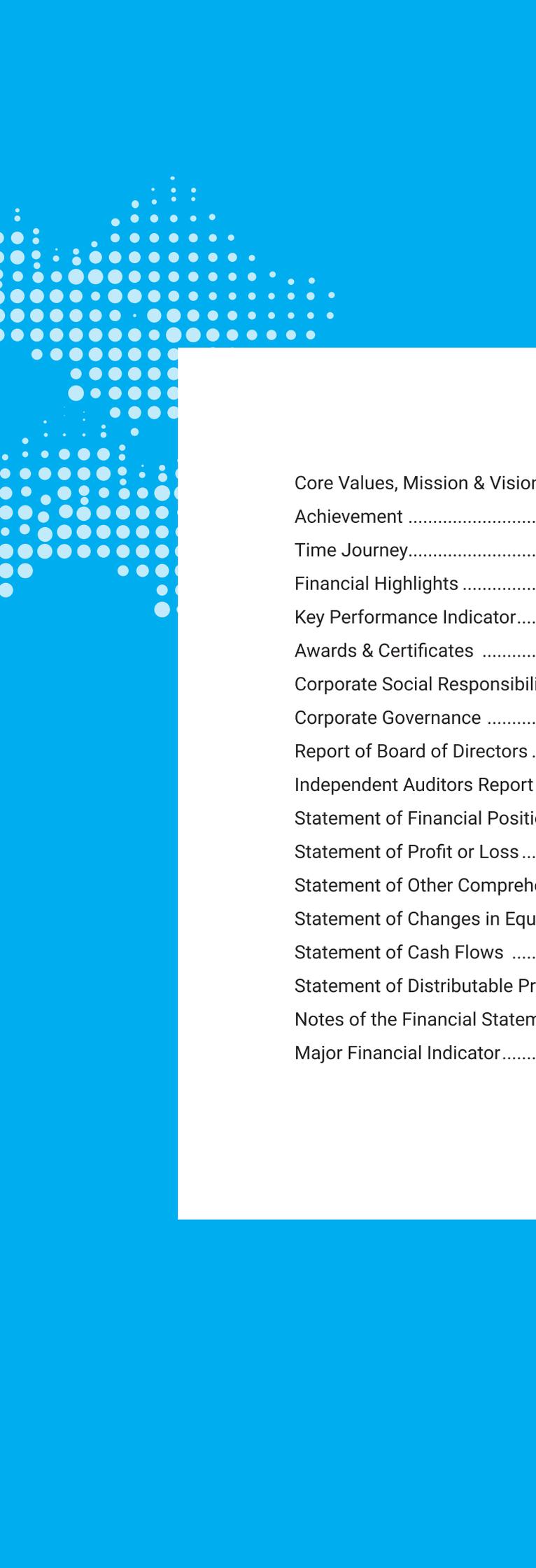
31st
Annual Report
2080-81

३१ औं वार्षिक प्रतिवेदन आ.व. २०८०/८१



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Annual Report
2080-81



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हिमालयन एभरेष्ट इन्स्योरेन्स लि.को HIMALAYAN EVEREST INSURANCE LIMITED

केन्द्रिय कार्यालय: वडा नं. ११, ववरमहल, काठमाण्डौ, पो. व. नं. १४८
फोन नं. ०१-५२७०७७९, ०१-५२४५०७०

३१औं वार्षिक साधारण सभा बस्ने सूचना

मिति २०८१/११/०२ गते बसेको हिमालयन एभरेष्ट इन्स्योरेन्स लि. को संचालक समितिको बैठक नं. ३४४ को निर्णयानुसार कम्पनीको ३१औं वार्षिक साधारण सभा निम्नलिखित स्थान, मिति र समयमा निम्न विषय उपर छलफल गर्न बस्ने भएको हुँदा शेयरधनी महानुभावहरुको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ ।

सभा बस्ने मिति, स्थान र समय

मिति : २०८१ साल फागुन २७ गते मंगलबार ।
स्थान : अजमोल क्याम्प, शंखमूल, काठमाण्डौ ।
समय : विहान ११ बजे ।

३१औं वार्षिक साधारण सभाको लागि विषयसूची

(क) सामान्य प्रस्ताव

- (१) ३१औं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट अध्यक्षज्यूद्वारा प्रस्तुत हुने आर्थिक वर्ष २०८०।०८१ को वार्षिक प्रतिवेदन छलफल गरी पारित गर्ने ।
- (२) कम्पनीको आर्थिक वर्ष २०८०।०८१ को लेखापरीक्षकको प्रतिवेदन सहित वासलात, नाफा नोक्सान हिसाव, नगद प्रवाह विवरण, ईक्यूटीमा भएका परिवर्तन र तत्सम्बन्धि अनुसूचीहरु पारित गर्ने ।
- (३) संचालक समितिको सिफारिस वमोजिम चुक्ता पूँजी रु.२,५०,०१,५७,४००/- को ८.७५ प्रतिशतका दरले रु.२१,८७,६३,७७३/- (एक्काईस करोड सतासी लाख त्रिसठ्ठी हजार सात सय त्रिहतर मात्र) लाभांसमा लाग्ने कर समेतको लागि नगद लाभांस प्रस्ताव पारित गर्ने ।
- (४) आर्थिक वर्ष २०८१।०८२ को लागि लेखापरीक्षकको नियुक्ती र मिजको पारिश्रमिक लेखापरीक्षण समितिले सिफारिस गरे वमोजिम अनुमोदन गर्ने ।
- (५) विविध ।



सचिव
संचालक समिति

हिमालयन एभरेष्ट इन्स्योरेन्स लि.को HIMALAYAN EVEREST INSURANCE LIMITED

केन्द्रिय कार्यालय: वडा नं. ११, ववरमहल, काठमाण्डौ, पो. व. नं. १४८

फोन नं. ०१-५२७०७७७९, ०१-५२४५०७०

द्रष्टव्य

साधारण सभा सम्बन्धी सामान्य जानकारी

- मिति २०८१ फागुन १५ गते भन्दा अघिल्लो दिनसम्म नेपाल स्टक एक्सचेन्जमा कारोवार गरी सिडिएस एण्ड विलयरिवाट राफसाफ भएका कम्पनीको शेयर रजिस्ट्रार एनएमवि क्यापिटल लि. को शेयर अभिलेखमा दर्ता भएका शेयरधनीहरू वार्षिक साधारण सभामा भाग लिन चोप्य मानिने छन् ।
- शेयरधनी महानुभावहरूले आफ्नो परिचय दिने आधिकारिक परिचयपत्र वा साधारणसभा प्रयोजनार्थ जारी प्रवेशपत्र वा नागरीकताको प्रमाणपत्र वा शेयर प्रमाणपत्र साथमा लिई आउनु हुन अनुरोध गरिन्छ । शेयर अधिभोगण गराईसक्नु भएका शेयरधनी महानुभावहरूको हकमा DMAT खाता नम्वर र सक्कल आधिकारिक परिचयपत्र अनिवार्य रूपमा ल्याउनुहुन अनुरोध गरिन्छ ।
- नावालक वा विक्षिप्त शेयरधनीको तर्फबाट कम्पनीको शेयर लगत किताबमा संरक्षकको रूपमा दर्ता भएको व्यक्तिले सभामा भाग लिन, मतदान गर्न वा प्रतिनिधि तोक्न पाउनेछन् ।
- संयुक्तरूपमा लिइएको शेयरको हकमा शेयर लगत किताबमा पहिले नाम उल्लेख भएको व्यक्तिले वा सर्वसम्मतिबाट प्रतिनिधि नियुक्त गरेको एक व्यक्तिले मात्र सभामा भाग लिन र मतदान गर्न पाउनेछन् ।
- छलफलको विषय विविध शिर्षक सम्बन्धमा शेयरधनी महानुभावहरूले छलफल गर्न चाहेको विषय वारे सभा हुन भन्दा कम्तीमा ७ दिन अगावै अध्यक्षलाई लिखित रूपमा कम्पनीको ववरमहल स्थित कार्यालयमा सूचना दिनुपर्नेछ वा Email: dhruba.neupane@hei.com.np मा पठाउन सक्नु हुनेछ ।
- शेयरधनीहरूले व्यक्त गरेको मन्तव्य वा प्रश्नहरूका सम्बन्धमा सभाध्यक्ष वा निजले तोकेको व्यक्तिबाट सामुहिक रूपमा उत्तर दिइनेछ ।
- अन्य जानकारीका लागि कम्पनीको ववरमहल स्थित कार्यालयमा कार्यालय समयभित्र सम्पर्क राख्नहुन सबै शेयरधनी महानुभावहरूलाई अनुरोध गरिन्छ । साथै आवश्यक जानकारीको लागि मोवाईल नं. ९८५१०५१७५३ वा ९८०२०३२३७९ मा सम्पर्क राख्न सक्नुहुनेछ ।
- मिति २०८१/११/१५ गते एकदिनको लागि कम्पनीको शेयर दाखिल खारेज बन्द हुनेछ ।
- वार्षिक प्रतिवेदन, २०८१ तथा साधारणसभा सम्बन्धि जानकारीको लागि कम्पनीको केन्द्रिय कार्यालय, ववरमहलमा सम्पर्क गर्न वा www.hei.com.np मा हेर्न सक्नुहुने छ । यसैलाई सूचना मानि तोकिएको समयमा नै सभामा सहभागी भई सहयोग गरिदिनुहुन विनम्र अनुरोध गरिन्छ ।
- १० सभा सम्बन्धि अन्य काम कार्यवाही कम्पनी ऐन, २०६३ वमोजिम हुनेछ ।

हिमालयन एभरेष्ट इन्स्योरेन्स लिमिटेड

ववरमहल, जि.पि.ओ. बक्स १४८, काठमाडौं, नेपाल

फोन नं. ०१-५२७०७७९, ०१-५२४५०७०

प्रवेश-पत्र

शेयरधनीको नाम..... शेयर प्रमाण पत्र नं..... शेयरधनी नं..... वा हितग्राही नं..... शेयरधनीको सहि..... शेयर संख्या..... हिमालयन एभरेष्ट इन्स्योरेन्स लिमिटेडको २०८१ फागुन २७ गते मंगलबारका दिन हुने ३१औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र ।

नोट : शेयरधनी आफैले स्याली कोष्ठहरू भर्नुहोला । (समा कक्षमा प्रवेश गर्न यो प्रवेश पत्र प्रस्तुत गर्नु अनिवार्य छ ।)

.....
ध्रुव प्रसाद न्यौपाने
कम्पनी सचिव



हिमालयन एभरेष्ट इन्स्योरेन्स लिमिटेड

ववरमहल, जि.पि.ओ. बक्स १४८, काठमाडौं, नेपाल

फोन नं. ०१-५२७०७७९, ०१-५२४५०७०

प्रोवसी-फारम

श्री संचालक समिति,
हिमालयन एभरेष्ट इन्स्योरेन्स लि.
ववरमहल, काठमाण्डौ ।

विषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

.....जिल्ला.....न.पा./गा.वि.स. वडा नं.....बस्ने म/हामी..... ले त्यस कम्पनीको शेयरधनीको हैसियतले २०८१ साल फागुन २७ गते मंगलबारका दिन हुने ३१औं वार्षिक साधारण सभामा म र हामी स्वयम उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकाले उक्त सभामा मेरो र हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि जिल्ला न.पा./गा.वि.स. वडा नं.....बस्ने त्यस कम्पनीका शेयरवाला श्री.....शेयर प्रमाणपत्र नं..... वा हितग्राही नं.लाई मेरो/हाम्रो प्रतिनिधि मनोनीत गरी पठाएको छु/छौ ।

प्रतिनिधि नियुक्त भएको व्यक्तीको,
हस्ताक्षरको नमुना:
शेयर प्रमाणपत्र नं.:
शेयरधनी नं.:
हितग्राही नं.:
मिति:
शेयर संख्या :

नोट : एकभन्दा बढि प्रोवसीको नाम उल्लेख गरेमा र शेयरधनी वाहेकको व्यक्तीलाई प्रोवसी मुकरर गरेमा प्रोवसी फारम रद्द गरिनेछ ।

निवेदक
दस्तखत :
नाम :
ठेगाना :
हितग्राही नं.:
शेयर प्रमाणपत्र नं. :
कि.नं..... देखि.....सम्म

Himalayan Everest Insurance has been a pioneer in the General Insurance sector in Nepal for a period of

31
Years

Himalayan Everest Insurance is a reputed insurance provider with a rich history of 30 years in the industry. Throughout our journey, we have specialized in offering General Insurance products, encompassing a wide range of coverage options to meet the diverse needs of our clients.

In addition to our years of experience, we have recently completed the first ever merger in the

insurance industry of the country. This strategic move has bestowed us with a competitive advantage in terms of risk appetite, market presence, expanded product and service offerings, talent pooling, and enhanced distribution channels. By joining forces, we have further strengthened our position as a leading insurance provider, enabling us to offer even more comprehensive solutions to our valued clients.

Himalayan Everest Insurance has been a pioneer in the General Insurance sector in Nepal for a period of 31 Years.



OUR CORE VALUES

Customer first | Trustworthy
Partnership | Ownership
Empathy | Growth mindset



VISION

The most innovative and
Trusted Partner



MISSION

To provide innovative, reliable, and
customer-centric insurance solutions
that protect individuals, businesses, and
communities from unforeseen risks

OBJECTIVES



The overall objective of Himalayan Everest Insurance Limited is to provide financial protection against unforeseen risks and losses, ensuring security and peace of mind for individuals, businesses, and communities. This will be achieved by offering a diverse range of insurance products, ensuring fair claim settlements, maintaining financial stability, and contributing to the socio-economic wellbeing through corporate social responsibility.

Himalayan Everest Insurance **Code Of Conduct**



Regulatory Compliance

We strictly adhere to all legal and regulatory requirements governing the insurance industry.

Fair and Transparent Practices

We conduct our business with fairness, transparency, and accountability.

Confidentiality

We safeguard sensitive customer and company information and prevent unauthorized disclosures.

Professionalism

We maintain high standards of professional behavior in all dealings with clients, partners, and regulators.

Customer Protection

We ensure fair treatment of policyholders, quick claim settlements, and ethical sales practices.

Himalayan Everest Insurance Achievement



4 M

HEI's number of insurance Customers has surpassed the impressive milestone of 4 Million.

778 B

HEI's annual coverage risk amounts to an impressive 778 Billion Rupees.

4.92B

HEI's net worth stands at a substantial amount of 4.92 Billion, while investment amounts to an impressive 5.02 Billion.

65.72%

Himalayan Everest Insurance maintained combined ratio of 65.72%.



Himalayan Everest Insurance **Ethical Principles**

Honesty & Fairness

We ensure honest communication and fair treatment of all stakeholders.

Social Responsibility

We contribute to the welfare of society through ethical business practices and community engagement.

Respect for Diversity & Inclusion

We promote equality and a workplace free from discrimination.

Responsible Underwriting & Claims Handling

We maintain fairness in risk assessment and timely claims settlement.

Commitment to Stakeholders

We create value for customers, employees, investors, and society through ethical decision-making

Why Himalayan Everest Insurance ?

We endeavor to offer you an exceptional & unparalleled experience, ensuring that no need to make concessions or compromise for anything less than the best.



Bigger Geographical Presence

Himalayan Everest Insurance's wide branch network enables it to provide coverage across all the regions of Nepal. This extensive presence ensures convenience and accessibility for customers and businesses throughout the country. Having local branches also means that customers can easily reach out for assistance, make inquiries, or file claims, enhancing the overall customer experience.



Variety of Insurance Products

Himalayan Everest Insurance offers a diverse portfolio of insurance products in the general insurance sector. By covering various aspects of risk, such as Motor insurance, Property insurance, Travel insurance, Health insurance, Aviation, Engineering and specialized risk Insurance. The company caters to the diverse needs of customers and businesses. This comprehensive range ensures that individuals and organizations can find suitable coverage for their specific requirements.



First-Digital Policies

Himalayan Everest Insurance offers the convenience of purchasing insurance policies online through HEI website. This feature allows customers and businesses to buy insurance anytime and from anywhere, eliminating the need for physical visits to branches. Online policy purchase saves time, streamlines the process, and provides a hassle-free experience for busy individuals and organizations.



Customer-Centric Approach

Himalayan Everest Insurance prioritizes its customers and adopts a customer-centric approach. The company focuses on delivering prompt and efficient customer service, addressing queries and concerns promptly, and ensuring a smooth claims process. By putting customers first, Himalayan Everest Insurance aims to build long-term relationships based on trust and satisfaction.



Longstanding Reputation & Experience

With a journey of 30 years, Himalayan Everest Insurance has established a strong reputation in the insurance industry in Nepal. The company's extensive experience and expertise contribute to its reliability and trustworthiness. Choosing an insurance provider with a proven track record like Himalayan Everest Insurance can instill confidence in customers and businesses regarding the company's ability to handle claims efficiently and provide excellent service.

General Insurance Business in Nepal

The Gross premium income amounted to 41.46 billion in 2024.

01 The Gross premium income amounted to 41.46 billion in 2024, indicating growth of 2.39 percentage in gross premium (annual).

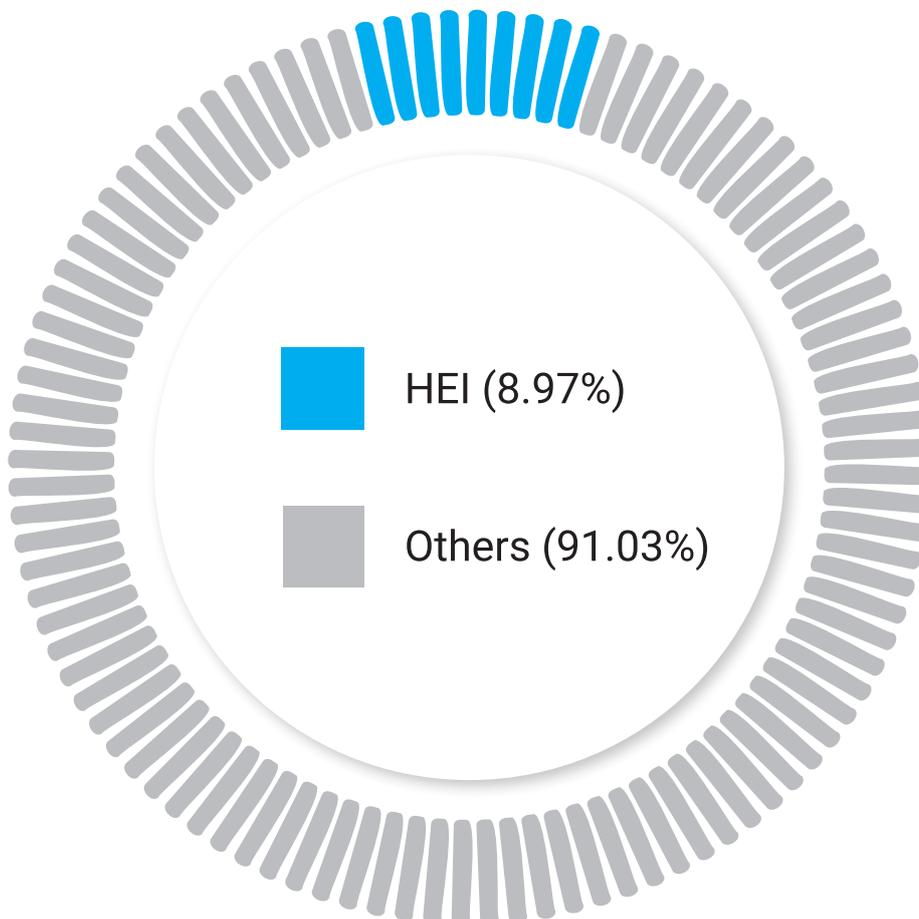
02 Non-Life Insurance in Nepal plays a substantial role by contributing 0.81 percentage to the country's Gross Domestic Product (GDP).

03 Non-life insurance in Nepal exhibits an insurance density of Nrs.5865.

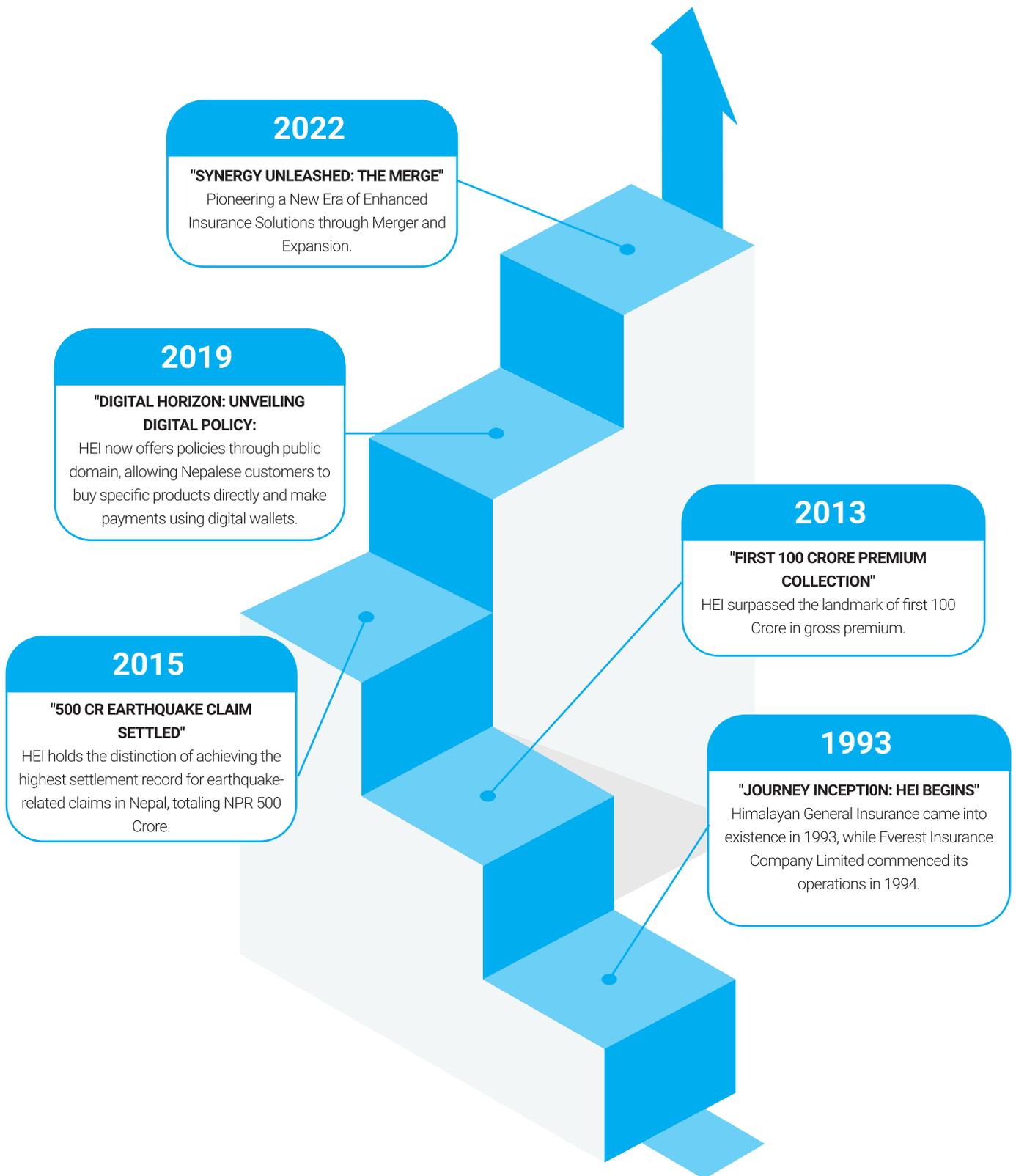
04 HEI holds 8.97% of the total industry Premium during the fiscal year 23-24.

HEI Market Share in Nepal's General Insurance

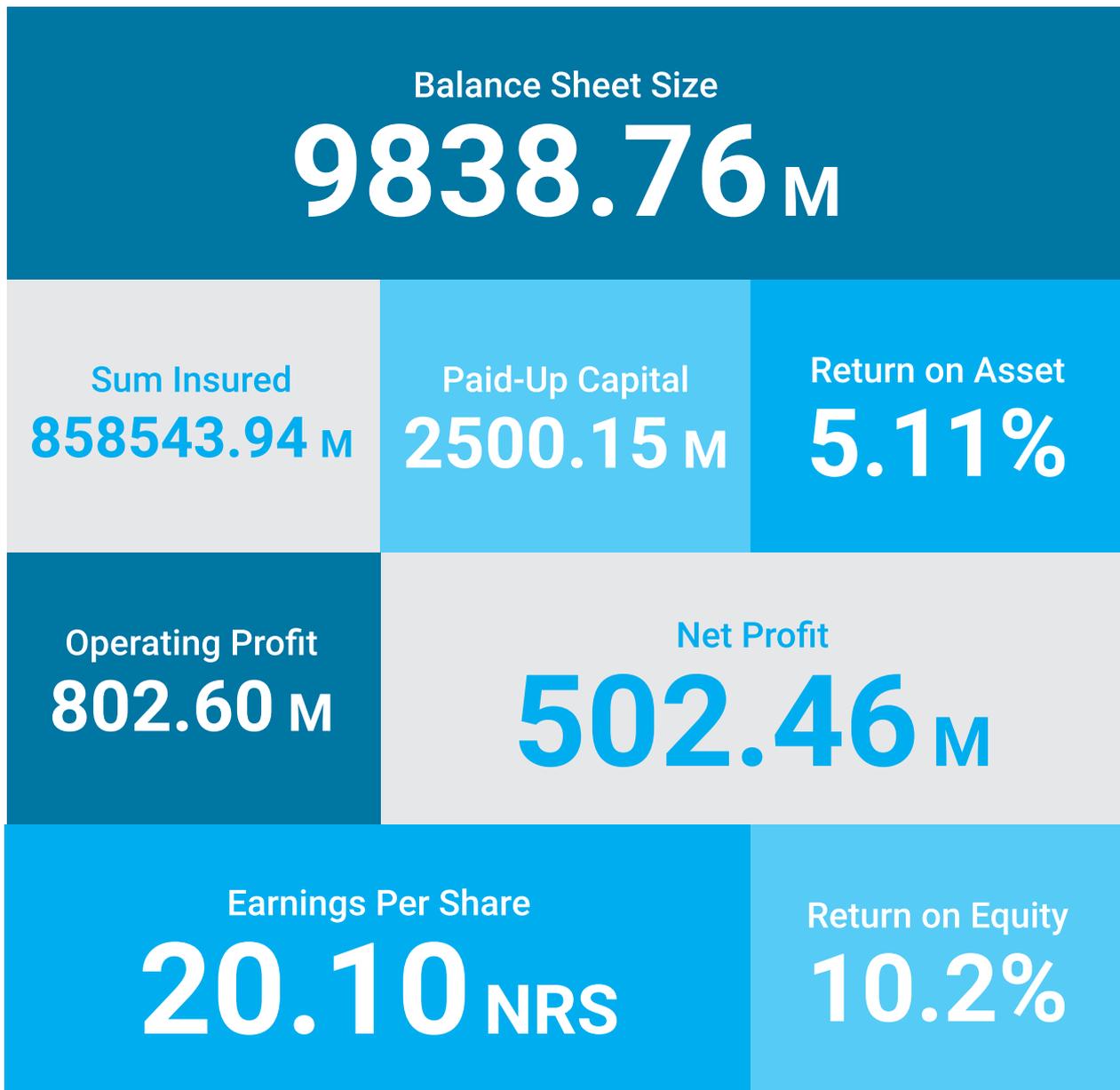
Gross Premium 23/24



HEI TIME JOURNEY



Financial Highlights

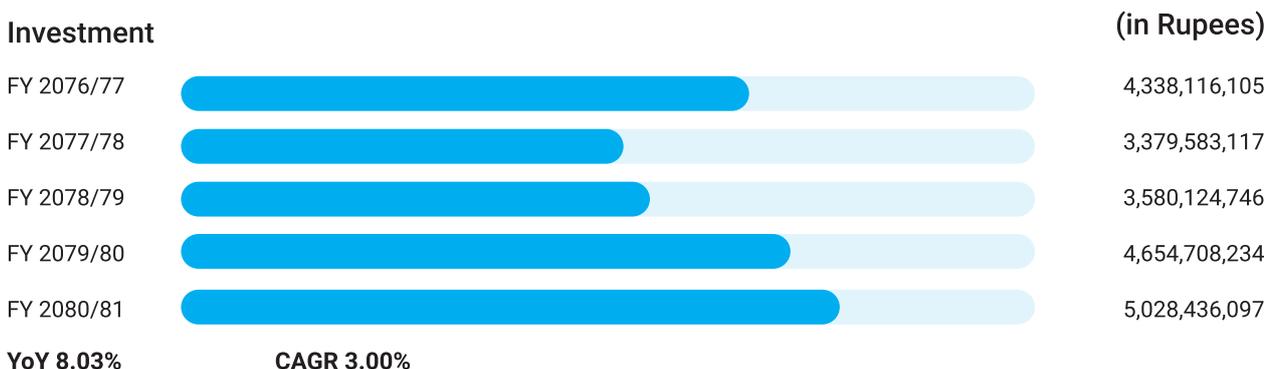
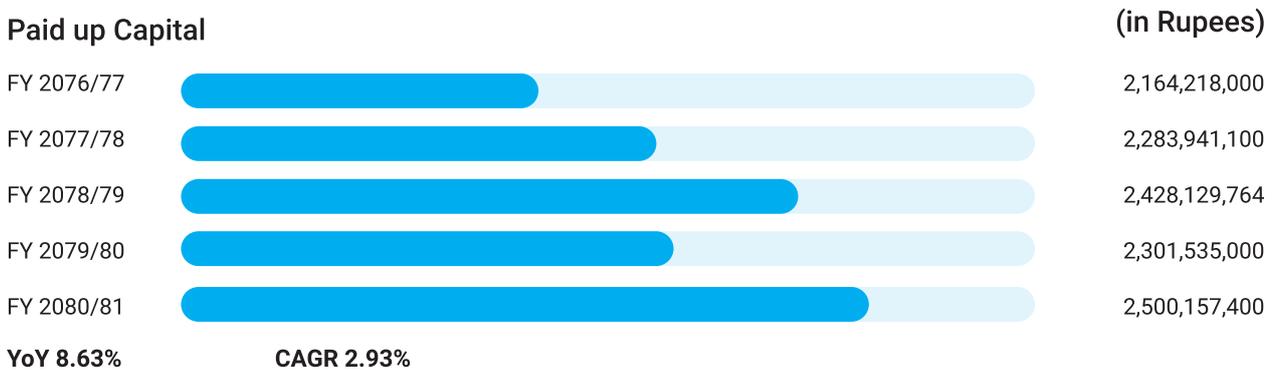
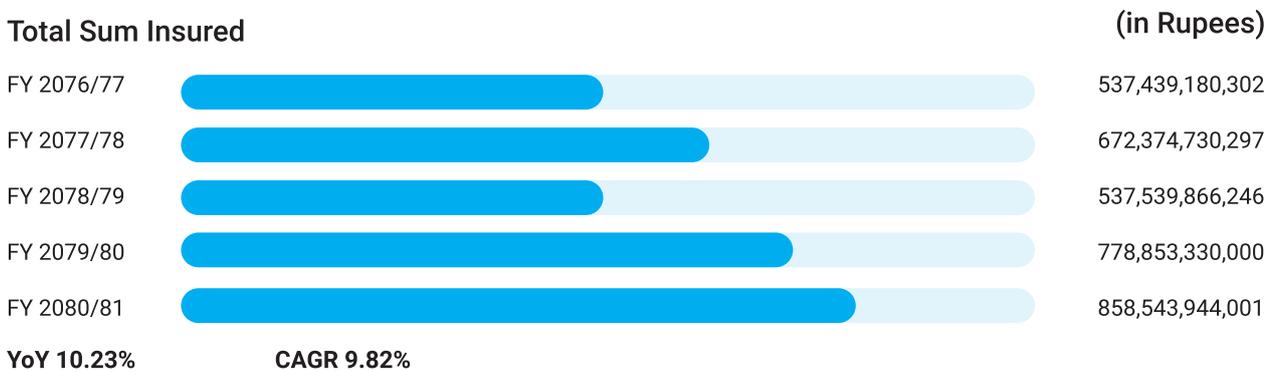
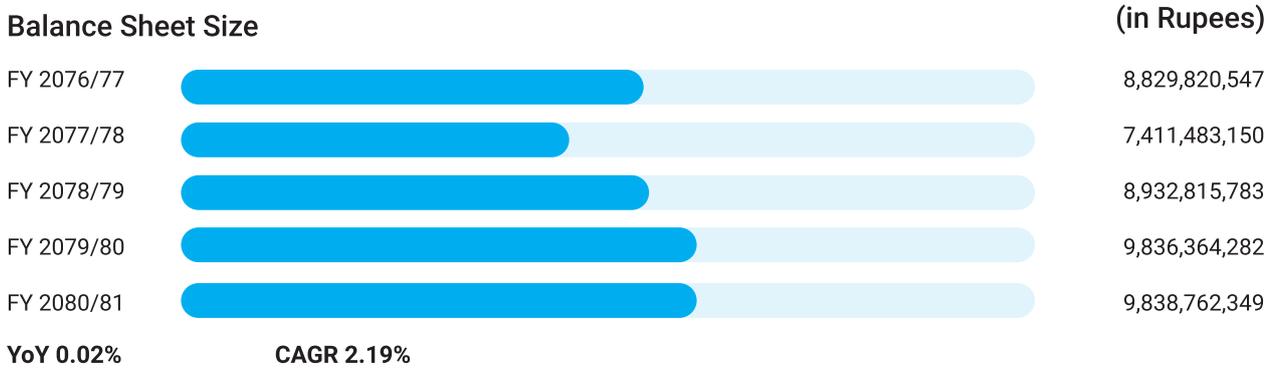


Non - Financial Highlights

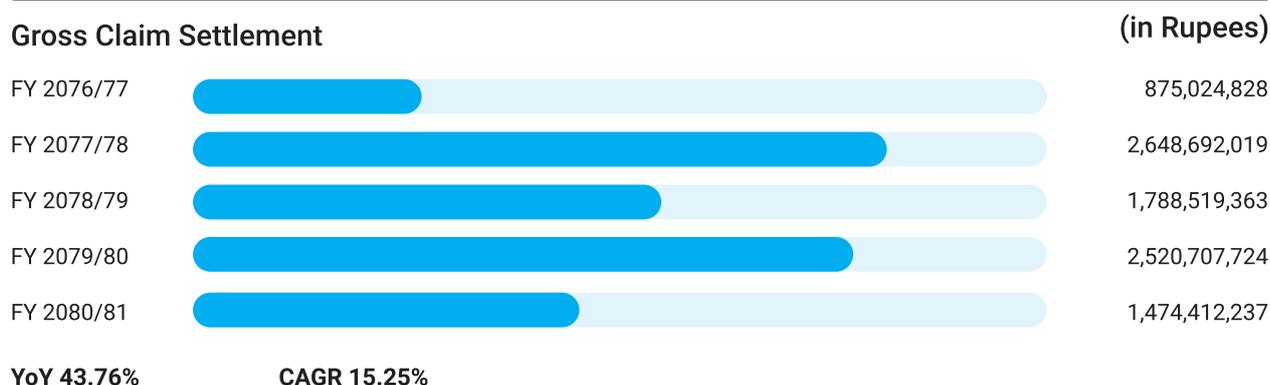
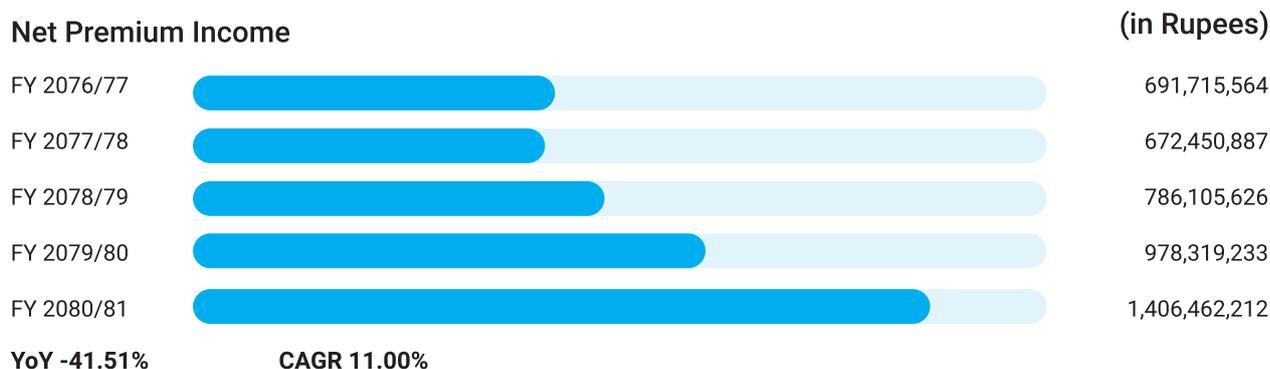
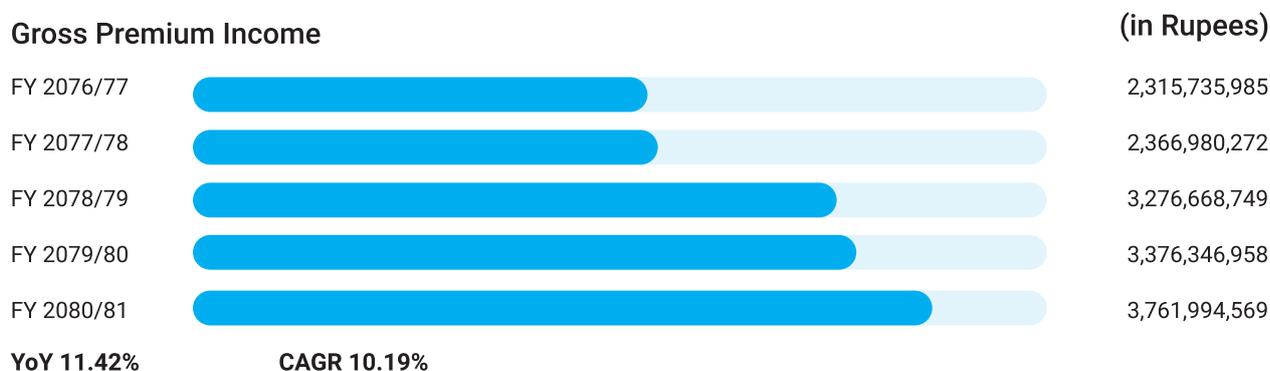
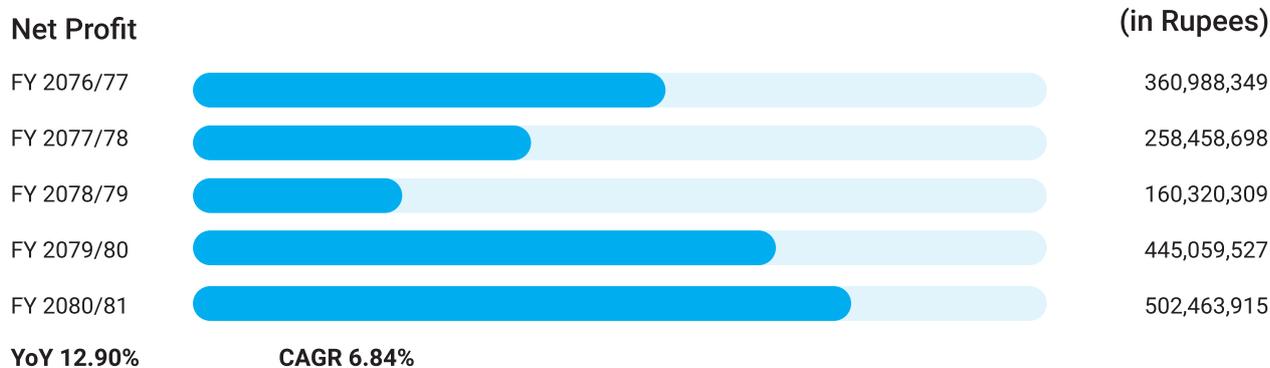
84 Branches		301 Number of Agent			
05 Extension counter		07 Provinces Covered		41 Districts Covered	
9190 Number of Claim Paid		250126 Policies Issued			
90 Training Conducted		HRMS App Launched		High Rated Reinsurer	
422 Number of Employees		Rs.7157099 Invested in Training			

Key Performance Indicator

Financial Position



Financial Performance



Earning Per Share**(in Rupees)**

FY 2076/77		16.68
FY 2077/78		11.54
FY 2078/79		7.31
FY 2079/80		19.34
FY 2080/81		20.10
YoY 3.92%	CAGR 3.80%	

Return on Equity**(in Rupees)**

FY 2076/77		16.68
FY 2077/78		11.54
FY 2078/79		7.31
FY 2079/80		19.34
FY 2080/81		20.10
YoY 49.12%	CAGR 6.57%	

Stock Performance**(in Rupees)**

FY 2076/77		415.78
FY 2077/78		759.27
FY 2078/79		510.81
FY 2079/80		600.00
FY 2080/81		632.00
YoY 5.33%	CAGR 8.74%	

Market Capitalization**(in Rupees)**

FY 2076/77		8,998,467,489
FY 2077/78		17,341,285,763
FY 2078/79		12,403,149,353
FY 2079/80		13,809,210,000
FY 2080/81		15,800,994,768
YoY 14.42%	CAGR 11.92%	

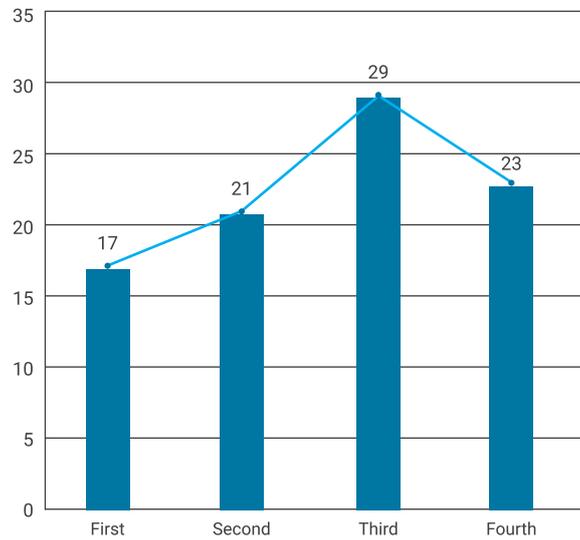
Price Earning Ratio**(in Rupees)**

FY 2076/77		24.98
FY 2077/78		69.8
FY 2078/79		69.88
FY 2079/80		31.03
FY 2080/81		31.4
YoY 1.34%	CAGR 4.71%	

Training Program

Total 90 trainings were held during the year in which 2,179 man days were invested for growth and development of our organizational team.

Quarterwise Training Program





Insurance Asia Awards 2024 Winner

Domestic General Insurer of the Year- Nepal
Strategic Partnership of the Year-Nepal

at  **insurance**
Awards 2024



गौरवको क्षण



November 22-23, 2023
Taj Lands End, Mumbai, India

बीमा क्षेत्रमा पुर्याएको योगदान मुल्यांक गरी
ASIA INSURANCE AWARDS
द्वारा सम्मानित हुन पाउँदा गौरवान्वित
भएका छौं साथै यहाँहरूले निरन्तर प्रदान
गर्नुभएको साथ र सहयोगको लागि हार्दिक
आभार ब्यक्त गर्दछौं ।



Awards and Certificates



Chairman's Message

Respected Shareholders, Distinguished Guests, and Esteemed Colleagues, On behalf of the Board of Directors of Himalayan Everest Insurance Limited (HEI), it is my privilege to extend a warm welcome to all shareholders and esteemed invitees to the 31st Annual General Meeting of our company.

The past year has been a challenging one, with Nepal's economic growth experiencing a slowdown. The non-life insurance sector was not immune to these effects, recording a modest growth of approximately 2%. Yet, HEI demonstrated remarkable resilience, achieving an impressive 12% year-on-year business growth—outperforming many other industries and securing a market share of 8.97%. As a testament to this performance, the company has proposed a cash dividend of 8.75%, amounting to NPR 218.76 million (inclusive of tax), from its distributable profit.

Last year, I highlighted how the historic merger that formed Himalayan Everest Insurance was a turning point for the non-life insurance sector. Since then, many others have followed suit, reshaping the industry landscape. At HEI, we remain committed to strategically evaluating our business and positioning the company for sustained growth and long-term success.

From an external perspective, some might view our recent actions as shifts in direction. However, let me assure you that each step we have taken is a deliberate move toward our strategic objectives and our vision of building an exceptional company.

We are making purposeful investments in technology and talent, ensuring that we allocate resources effectively to enhance operational efficiency, drive innovation, and achieve sustainable, profitable growth. Our focus remains steadfast

on excellence in the execution principle that will define HEI's path forward.

The foundations we are laying today will not only help HEI adapt to evolving market dynamics but also position us as a leader in the non-life insurance sector. With your continued trust and support, we are confident in our ability to thrive and create long-term value for all stakeholders.

I extend my deepest appreciation to our valued shareholders, customers, Nepal Insurance Authority, regulatory bodies, Nepal Stock Exchange, and all stakeholders for your continued confidence in HEI. Your trust inspires us to reach new heights, and I look forward to a future of sustained growth and success—together.

Thank you.

Mahendra Krishna Shrestha

Chairman

Himalayan Everest Insurance Limited

2081/11/27



The foundations we are laying today will not only help HEI adapt to evolving market dynamics but also position us as a leader in the non-life insurance sector.

CEO's Perspective

A heartfelt welcome to the Chairman, esteemed members of the Board of Directors, shareholders, regulators, distinguished guests, invitees, well-wishers, and colleagues attending this 31st Annual General Meeting of our company.

As we convene today, it is imperative to reflect on the journey that has brought us here. The fiscal year 2080/81 posed significant challenges and uncertainties, both on a global scale and within our industry. Yet, through our unwavering commitment to excellence, prudent risk management, a client-centric philosophy, and digital transformation, we have successfully steered through these complexities with resilience and agility.

The company has achieved 3.76 billion gross premiums in the review year 2080/81. At the same time the company has paid Rs 1.47 billion gross claim. Our financial statements underscore consistent growth and

a robust balance sheet, reaffirming our dedication to sustaining both the company's financial health and our unwavering commitment to clients and communities.

Beyond financial success, HEI remains steadfast in its commitment to social responsibility. Our initiatives continue to make a meaningful impact across education, healthcare, environmental sustainability, and community development, reinforcing our ethos of contributing to the greater good. During the period the company has spent Rs 2.4 million under various corporate social responsibility initiatives.

At present, our extensive network encompasses 84 branches and five third-party service counters. In alignment with our long-term vision, we will continue to expand our footprint both physically and digitally leveraging our strategic advantages to reinforce our market presence.

Furthermore, we have successfully completed the construction of our State-of-the-Art Corporate Headquarters and commenced operations from Ashwin 2081. In addition, we have acquired land in Biratnagar and property in Kumaripati, Lalitpur, where we plan to establish our own offices enhancing brand visibility while fostering an enriched work environment for our employees.

On behalf of the company, I extend my profound gratitude to the Nepal Insurance Authority, banks and financial institutions, regulatory bodies, reinsurers, brokers, surveyors, investors, employees, and well-wishers for their unwavering support, guidance, and trust. It is through your collective encouragement and collaboration that we have transformed our 30-year journey into an extraordinary legacy of success.

Thank you.

Anju Shrestha

Chief Executive Officer

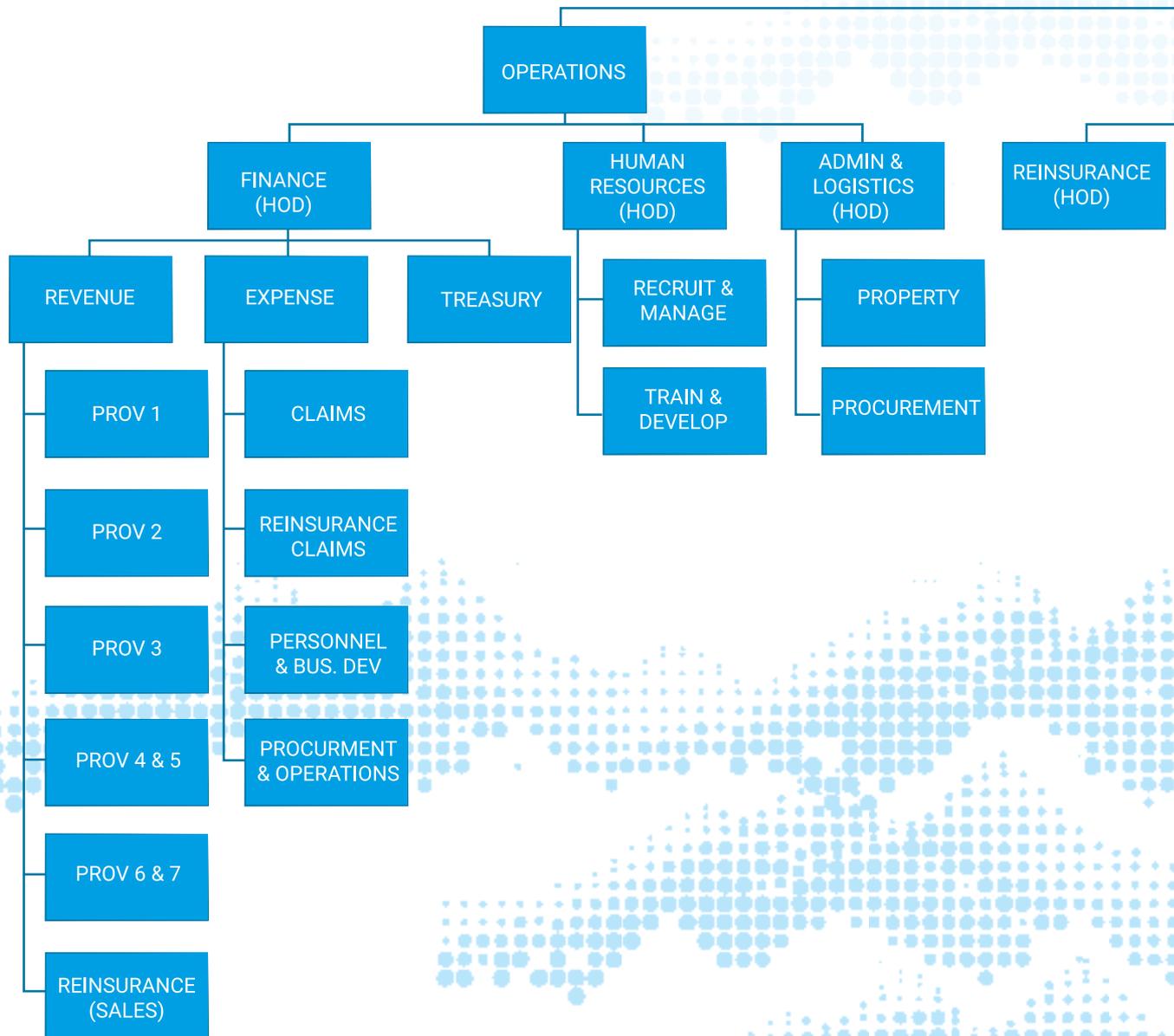
Himalayan Everest Insurance Limited

2081/11/27



In alignment with our long-term vision, we will continue to expand our footprint both physically and digitally leveraging our strategic advantages to reinforce our market presence.

Organisational Charts







Himalayan Everest
Insurance Limited



HEI Products

- Property Insurance
- Home Insurance
- Motor Insurance
- Marine Insurance

- Accidental Insurance
- Medical Insurance
- Burglary Insurance
- Travel Insurance

- Money Insurance
- Engineering Insurance
- Agriculture Insurance
- Aviation Insurance

Board of Directors



Mahendra Krishna Shrestha
Chairman



Vijit Krishna Shrestha
Director-Promoter



Avilasha Panth Sharma
Director-Promoter



Ajaya Ratna Sthapit
Director-Public



Hem Raj Thapa
Director-Public



Bijay Kumar Pant
Director-Independent

Management Team



Anju Shrestha
CEO

Department Head



Ratan Lama
Central Sales



Bachu Ram Khadka
Underwriting



Roshan K. Shrestha
Marketing



Gyanendra Uprety
General Admin



Bimla KC
Claim



Bhupendra Shrestha
Digital Sales



Rabindra K. Lamichhane
Chief Technology Officer



Rajkumar Khadka
Chief Finance Officer



Shristina Manandhar
HR



Nasala Shakya
Risk Management



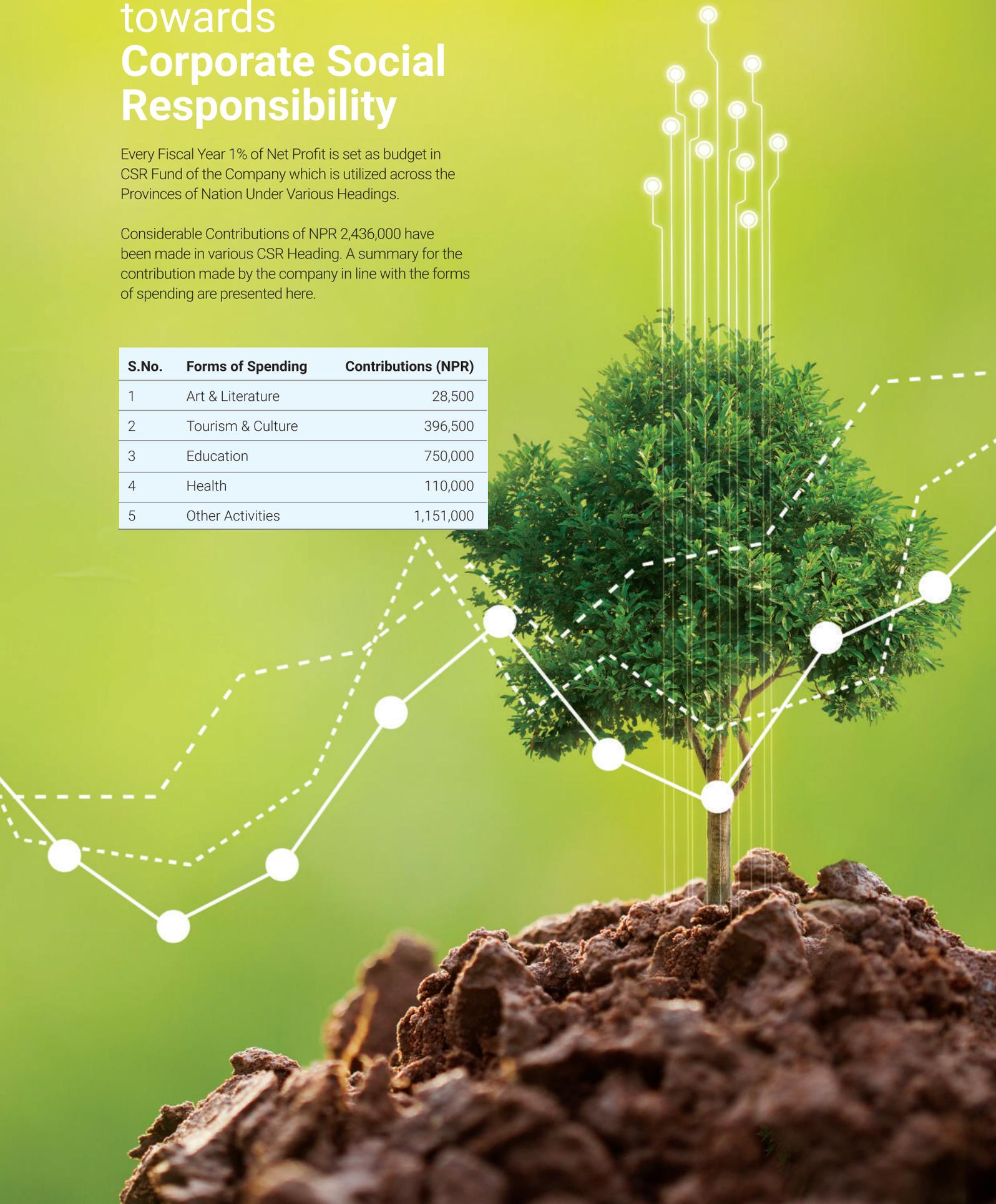
Sulav Dev Poudel
Legal

Our Commitment towards Corporate Social Responsibility

Every Fiscal Year 1% of Net Profit is set as budget in CSR Fund of the Company which is utilized across the Provinces of Nation Under Various Headings.

Considerable Contributions of NPR 2,436,000 have been made in various CSR Heading. A summary for the contribution made by the company in line with the forms of spending are presented here.

S.No.	Forms of Spending	Contributions (NPR)
1	Art & Literature	28,500
2	Tourism & Culture	396,500
3	Education	750,000
4	Health	110,000
5	Other Activities	1,151,000





Corporate Governance

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community. The primary goal of corporate governance is to ensure the long-term success of the company while considering the interests of all stakeholders.

Board of Directors:

The board is responsible for overseeing the company's management and representing the interests of shareholders. The board's responsibilities include strategic decision-making, risk management, and ensuring that the company operates ethically.

Effective corporate governance is crucial for the sustainability and success of a company. It helps build trust with investors, customers, employees, and the broader community, contributing to long-term value creation. Many countries have established guidelines and codes of best practices for corporate governance to ensure that companies operate in a responsible and ethical manner.

Corporate Governance Framework:

A corporate governance framework outlines the structure, processes, and rules that govern how a company operates and is controlled. It provides a set of guidelines and principles to ensure that the company's management and decision-making processes are aligned with the interests of its stakeholders.

1. Board of Directors:

The Board of Directors (BOD) is a crucial component of a company's corporate governance structure. The board is responsible for overseeing the management of the company and representing the interests of its shareholders. Board of Directors of Himalayan Everest Insurance Limited comprises of the following:

Particular	Position
Mr. Mahendra Krishna Shrestha	Chairman
Mr. Vijit Krishna Shrestha	Director
Mr. Ajaya Ratna Sthapit	Director
Mr. Hem Raj Thapa	Director
Mrs. Avilasha Panth Sharma	Director
Mr. Bijay Kumar Pant	Independent Director

Board Meeting:

The agenda is prepared by the company secretary in collaboration with the chairperson and executive team.

The agenda outlines the topics to be discussed and any supporting materials to be distributed to directors in advance. Directors are notified of the meeting well in advance, usually with the distribution of the agenda and relevant documents. The BOD usually meets at least once a month to discuss and

approve the claim above the delegated limit, review the company's monthly and quarterly performance and financial results, consider business strategies, review internal control, compliance related matters.

The BOD sets annual performance objectives and strategies to monitor the actions and results of the management to ensure effective risk management and governance practices.

Number of BOD Meetings:

The following table shows the details of the Board of Directors meetings taken place during the fiscal year 2080/81.

S. No	Date	Medium	Number of Directors Presence in Meeting
1.	2080/04/14	Physical	5
2.	2080/05/17	Physical	6
3.	2080/05/29	Physical	6
4.	2080/06/24	Physical	5
5.	2080/07/02	Physical	6
6.	2080/08/18	Physical	5
7.	2080/09/11	Physical	5
8.	2080/09/25	Physical	4
9.	2080/09/26	Physical	4
10.	2080/10/12	Physical	6
11.	2080/10/23	Physical	5
12.	2080/10/29	Physical	6
13.	2080/12/02	Physical	6
14.	2080/12/13	Physical	4
15.	2081/01/09	Physical	5
16.	2081/01/16	Physical	6
17.	2081/02/20	Physical	6
18.	2081/02/28	Physical	5
19.	2081/03/11	Physical	5
20.	2081/03/12	Physical	5
21.	2081/03/14	Physical	5
22.	2081/03/16	Physical	6
23.	2081/03/31	Physical	6

None of the Board of Directors meetings were adjourned due to non-fulfillment of Quorum.

Meeting Allowance to Directors:

The Board members are provided with the meeting fees for attending meetings which is approved by the shareholders in the annual general meeting. The meeting fee of NRs 12,500 is being paid to the chairman while Rs 10,000 being paid to other directors including tax.

2. Board Committees:

Board of Directors (BOD) committees are formed to focus on specific areas of governance and oversight. These committees allow the board to delve deeper into particular issues, provide expertise, and ensure that the board's responsibilities are effectively carried out.



Audit Committee:

As per the provision of Insurer's Corporate Governance Directives 2080, the Board of Directors has formed the audit committee. The committee is comprised of 4 members.

Particular	Position
Mr. Ajaya Ratna Sthapit	Chairman
Mr. Hem Raj Thapa	Member
Mr. Bijay Kumar Pant	Member

Role:

The Audit Committee provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders and others relating to the Company's financial statements and financial reporting process, the system of internal accounting and financial controls, the internal audit function, the external audit of the Company's financial statement and various component of internal control. In discharging its oversight role, the committee is fully empowered to investigate any matter brought to its attention.

Meeting Allowances:

The meeting allowance of the chairman and member of Audit committee is as under.

Particular	Amount (Rs)
Chairman	10,000
Member	10,000

The above fee is inclusive of Tax Deducted at Source.

TOR of Audit Committee

- Monitor the financial reporting process and submit recommendations to ensure its integrity.
- Monitor the effectiveness of the undertaking's internal quality control, risk management systems and internal audit regarding the financial reporting of the company, without breaching its independence.
- Monitor the performance of audits taking into account the findings and conclusions of the audit reviews carried out by the competent authorities.
- Review and monitor the independence of the Statutory and Internal Auditors.
- The Audit Committee recommends the appointment of an internal and statutory auditor.
- Review quarterly financial statements

- Review the appropriateness of management's policies and practices with respect to the provision for unpaid claims, reserves and surplus.
- Audit Committee review and recommends for the approval of the annual budget.
- Monitor compliance with statutory and regulatory obligations.

Number of Audit Committee Meetings:

The following table shows the details of audit committee meetings taken place during the fiscal year 2080/81.

S. No	Date	Medium
1.	2080/05/26	Physical
2.	2080/07/23	Physical
3.	2080/08/24	Physical
4.	2080/08/27	Physical
5.	2080/09/25	Physical
6.	2080/10/23	Physical
7.	2080/11/23	Physical
8.	2081/01/26	Physical
9.	2081/02/21	Physical

Activities of the committee During the Year:

- Discussed and recommended the annual budget of the company.
- Monitors the effectiveness of internal audit including internal control system.
- Review and monitors the internal control issues identified by the Internal Audit
- The committee recommended the name and remuneration for appointment of statutory auditor.



Anti Money Laundering Committee:

As per the provision of Insurer's Corporate Governance Directives 2080, the Board of Directors has formed the Anti Money Laundering Committee. The committee is comprised of 3 members.

Particular	Position
Mr. Bijay Kumar Pant	Coordinator
Mr. Ajaya Ratna Sthapit	Member
Head -Legal	Member Secretary

Role:

Anti Money Laundering Committee assists the Board of Directors in addressing matters related to Anti Money Laundering and compliance in the insurance sector and to combat terrorism finance and financial crimes. AML Committee ensure that the company cannot be used as a vehicle to legitimize the proceeds of unlawful activities or to facilitate or finance terrorism.

TOR of AML Committee

- Assist the Board of Directors in formulating rules, regulations and standards to combat money laundering and terrorism financing.
- Monitors the effectiveness of client due diligence systems and monitoring mechanism.
- Review policies and procedures in the company in order to bring them in line and in compliance with laws governing Money Laundering combating terrorism financing.
- Perform other duties as per the need of the company / as directed by the Board of Directors.

Activities During the Year:

Himalayan Everest Insurance has completed the successful integration of GoAML software into its operations. This integration enables the company to comply with the criteria set by the Financial Intelligence Unit (FIU) and the Nepal Insurance Authority, ensuring compliance to anti-money laundering (AML) and compliance framework.

By implementing the GoAML software, Himalayan Everest Insurance has taken a significant step towards enhancing its ability to detect and prevent money laundering activities within the insurance sector. The software provides advanced analytics and reporting capabilities, enabling the company to swiftly identify suspicious transactions and promptly report them to the appropriate authorities.

The integration of GoAML software also demonstrates Himalayan Everest Insurance's commitment to meeting the stringent requirements imposed by the FIU and the Nepal Insurance Authority. By adhering to these criteria, the company reinforces its dedication to maintaining a transparent and compliant environment for its policyholders and the overall insurance industry.

The successful completion of this integration positions Himalayan Everest Insurance as a leader in adopting cutting-edge technology to bolster AML efforts. The GoAML software empowers the company to proactively combat financial crimes, safeguard policyholders' interests, and contribute to the overall stability of the insurance sector.

With the integration of GoAML, Himalayan Everest Insurance is in a position to streamline its AML processes, reduce manual efforts, and improve the accuracy and efficiency of transaction monitoring. This technological advancement strengthens the company's ability to identify potential risks and take appropriate actions in a timely manner.

The integration of GoAML software marks a significant milestone for Himalayan Everest Insurance, underscoring its continuous efforts to align with global best practices in AML and compliance. By meeting the criteria set by the FIU and the Nepal Insurance Authority, the company demonstrates its commitment to upholding the highest standards of integrity and professionalism.

Meeting Allowance to Directors:

The Committee Members are provided with the meeting fees for attending meetings. The meeting fee of NRs 10,000 inclusive of Tax Deducted at Source (TDS) is being paid to the coordinator and members of the committee.

**Claim Settlement & Reinsurance Committee**

As per the provision of Insurer's Corporate Governance Directives 2080, the Board of Directors has formed the claim Settlement & Reinsurance Committee. The committee is comprised of 4 members.

Particular	Position
Mr. Hem Raj Thapa	Coordinator
Mrs. Avilasha Panth Sharma	Member
Mrs. Anju Shrestha	Member
Head Claim	Member
Head Reinsurance	Member Secretary

Role:

The Claim Settlement & Reinsurance Committee monitors whether the claim is settled as per the Company's claim settlement policy and the placement for reinsurance is done as per the signed treaty or not.

TOR of Claim Settlement & Reinsurance Committee

- To approve the claims file as per limit of settlement provided by BOD.
- To review and analyze for the purpose of recommending the pursuit or settlement of any claim.
- Reviews Annual Treaty Program and compares the terms of contract.
- Review appropriate Reinsurance Capacity and Facultative Reinsurance
- Recommends Brokers and Reinsurer for the Treaty as per the guidelines of the Regulator.
- Perform other duties as per the need of the company / as directed by the Board of Directors.

Meeting Allowance to Directors:

The Committee Members are provided with the meeting fees for attending meetings. The meeting fee of NRs 10,000 inclusive of Tax Deducted at Source (TDS) is being paid to the coordinator and members of the committee.

Human Resources Committee:

As per the provision of the Insurer's Corporate Governance Directives 2080, the Board of Directors has formed the Human Resources Committee. The committee is comprised of 4 members.

Particular	Position
Mr. Vijit Krishna Shrestha	Coordinator
Mr. Bijay Kumar Pant	Member
Mrs. Anju Shrestha	Member
Head Human Resources	Member Secretary

Role:

The Human Resources Committee provides guidance on effective Human Resources management to the Board of Directors. Its primary responsibility includes reviewing, monitoring and making recommendations to the BOD on human resources strategy and policies and development of prudent human resource management in the company.

TOR of Human Resource Committee:

- Review, monitor and make recommendations to the BOD on Company's human resources strategy and policies pertaining to staffing, compensation, benefits and related issues of strategic importance that directly affect Company's ability to recruit, develop and retain highly qualified staff needed for it to achieve its mandate.
- To review Human Resources Development and organizational structure and recommend any significant changes to the Board.
- Review and ensure that succession planning is in place for staff of the company.
- To review the standards and practices established by the company for the safety and physical working conditions of staff to ensure that they are sufficient and maintained.
- Periodic reviews of employee performance at least annually to ensure that it is operating in maximum effectiveness.

Meeting Allowance to Directors:

The Committee Members are provided with the meeting fees for attending meetings. The meeting fee of NRs 10,000 inclusive of Tax Deducted at Source (TDS) is being paid to the coordinator members of the committee.



Investment Committee

As per the provision of Insurer's Corporate Governance Directives 2080, the Board of Directors has formed the Investment Committee. The committee is comprised of 4 members.

Particular	Position
Mrs. Avilasha Panth Sharma	Coordinator
Mr. Vijit Krishna Shrestha	Member
Mrs. Anju Shrestha	Member
Chief Finance Officer	Member Secretary

Role:

The committee shall make the investment decision considering the benefit of the company maintaining the solvency ratio defined by the regulator and assess the internal as well as external risk associated to the investment of the company.

TOR of Committee

- Reviews the objective and policies of comprehensive risk management system.
- Monitors and recommend Investment policy recognizing that insurance assets should be invested to produce the best possible returns consistent with a prudent approach securing interests of stakeholders.
- Review the risk management system, including but not limited to risk management structure, functions and workflow.
- Discuss the risk management system with management to ensure that management has performed its duty to have an effective system.
- Review the risks from major decisions and monitors the risk prevention policies adopted by the Company's.

Meeting Allowance to Directors:

The Committee Members are provided with the meeting fees for attending meetings. The meeting fee of NRs 10,000 inclusive of Tax Deducted at Source (TDS) is being paid to the coordinator and members of the committee.



3. Insurer's Business Model:

1. Value Proposition

- Insurance Solutions: Comprehensive range of non-life insurance products tailored to individual and business needs, such as fire, motor, health, and property insurance.
- Risk Management Expertise: Advisory and value-added services in risk assessment and mitigation.
- Customer-Centric Services: Streamlined claims process with a focus on timely and efficient settlements.
- Digital Innovation: Easy access to insurance services through mobile apps, online platforms, and partnerships with third-party channels like eSewa and Ncell.
- Sustainability: Promoting ESG principles by developing products and services aligned with environmental and social values, such as climate risk coverage.

2. Customer Segments

- Individuals: Urban and semi-urban residents seeking motor, health, and property insurance.
- Businesses: SMEs and corporations needing customized insurance solutions (e.g., fire and liability insurance).
- Institutional Clients: Partnerships with banks and financial institutions for bancassurance.
- Digital Customers: Younger, tech-savvy customers purchasing through online platforms and digital wallets.

3. Channels

- Physical Presence: Extensive branch network across Nepal for in-person services.
- Digital Sales: Online purchase platforms and mobile app integration.
- Third-Party Partnerships: Collaboration with platforms like eSewa and Ncell for broader reach.
- Agency Network: Local agents providing personalized service in diverse geographies.
- Corporate Engagement: Direct relationships with businesses and institutions.

4. Customer Relationships

- Personalized Service: Local agents and customer care representatives offering tailored guidance.
- Digital Engagement: 24/7 customer support through apps and chatbots.
- Community Outreach: Awareness campaigns on insurance benefits to deepen trust and understanding.
- Loyalty Programs: Incentives and rewards for long-term customers.

5. Revenue Streams

- Insurance Premiums: Core income from various non-life insurance products.
- Reinsurance Recoveries: Revenue through reinsurance arrangements for large claims.
- Investment Income: Returns from investment in fixed deposits, government bonds, equities, and alternative assets.
- Partnership Revenues: Commission or fees from digital platform partnerships and bancassurance.

6. Key Resources

- Human Resources: Skilled workforce, including actuarial experts, risk managers, and sales teams.
- Technology: Advanced IT systems, mobile apps, and data analytics for underwriting and claims management.
- Reputation and Brand: Established trust in the Nepalese market.
- Capital Reserves: Strong financial reserves to meet claim obligations and support business growth.

7. Key Activities

- Risk Management: Identifying, assessing, and mitigating risks for clients.
- Product Development: Innovating insurance products like parametric insurance to address emerging risks (e.g., health metrics, climate change).
- Claims Handling: Efficient processes to settle claims quickly and fairly.
- Regulatory Compliance: Aligning with the Nepal Insurance Authority's guidelines, including ORSA and RBC calculations.
- Customer Acquisition: Expanding market reach through digital marketing and agent networks.

8. Key Partnerships

- Reinsurers: Collaborations with global reinsurers to manage large risks.
- Digital Platforms: Partnerships with eSewa, Ncell, and other platforms for digital distribution.
- Banks: Bancassurance partnerships to reach customers through financial institutions.
- Consultants: Engaging experts for ORSA and risk framework implementation.
- Regulators: Close coordination with the Nepal Insurance Authority for compliance and growth.

9. Cost Structure

- Claims Costs: Payments for settled claims, the largest expense category.
- Operational Costs: Salaries, branch operations, and agent commissions.
- Technology Investment: Costs for IT infrastructure and digital innovation.
- Marketing & Distribution: Advertising campaigns and agent incentives.
- Regulatory Costs: Expenses for compliance with local laws and regulations.

10. Competitive Advantage

- **Local Expertise:** Deep understanding of the Nepalese market.
- **Innovative Products:** Development of unique solutions like parametric insurance and ESG-aligned products.
- **Digital Leadership:** Strong digital presence through partnerships and platforms.
- **Reputation:** Trusted brand with a proven track record in claims settlement and customer service.

11. Sustainability

- **ESG Initiatives:** Focus on environmentally and socially responsible products and investments.
- **Community Support:** Contributions to disaster recovery efforts and public awareness programs on risk mitigation.
- **Operational Efficiency:** Leveraging digital tools to reduce resource consumption and improve service delivery.

12. Growth Strategy

- **Market Leadership:** Aim to be among the top three non-life insurers in Nepal by 2028.
- **Digital Expansion:** Increase digital sales and enhance online customer experience.
- **Product Innovation:** Broaden offerings, including climate risk and health-focused parametric insurance.
- **Geographical Outreach:** Expand to underserved regions with a blend of physical and digital presence.
- **Data-Driven Decisions:** Leverage analytics for customer insights, underwriting, and strategic planning

Insurer's Resources, Usages, Sustainability and Value Creation:

Himalayan Everest Insurance Limited usages its available resources for sustainability and long-term value creation.:

1. Resources of the company has been broadly classified into following categories:

- Financial Resources
- Human Capital
- Technology & Infrastructure
- Brand & Reputation

2. Usages of Resources:

The resources are utilized in multiple ways, including:

- **Underwriting & Risk Management** – Assessing policyholder risk and pricing premiums accordingly.
- **Claims Settlement** – Managing and processing claims efficiently.
- **Investment Activities** – Using premium reserves to generate returns through investments.
- **Operational Efficiency** – Enhancing digital transformation, focusing automation, and customer experience for overall operation efficiency.

3. Sustainable Competitive Edge:

Company's long-term success depends on:

- **Risk Management Expertise** – Strong risk analysis and risk diversification.
- **Innovation & Technology** – Faceless underwriting, digital claims processing, and seamless customer interaction

- **Customer-Centric Approach** – Personalized insurance solutions as well as quick claim settlements remains organizational priority.
- **Regulatory Compliance & Governance** – Adhering to legal standards and ethical business practices.

4. Value Creation:

Insurance companies create value for stakeholders through:

- **Policyholders** – Providing financial security, risk coverage, and peace of mind.
- **Investors & Shareholders** – Ensuring profitability, stable returns, and long-term business growth.
- **Employees** – Creating a skilled workforce with career development opportunities.
- **Society & Economy** – Supporting economic stability, disaster recovery, and business continuity\

Major Sources of Capital

Equity:

Equity consists of Paid-up share capital, special reserves, catastrophic reserves and retained earnings. Which aims to contribute to the long-term financial stability and risk-bearing capacity of the company.

Premium Income:

Premium Income comprises core revenue source collected from policyholders in exchange for risk coverage.

Investment Income

The premium collected is invested in various financial assets including Debentures, Shares, Scheme of Mutual fund to generate fixed and variable income stream.

Reinsurance Recoveries

Company has consistent policy to transfer part of the accepted risk to reinsurers in exchange for premiums, reducing exposure to large claims and improving capital efficiency.

Company's plan for resources usage and its relationship with Capital Plan:

The company strategically plans the utilization of its resources to ensure financial stability, growth, and competitive advantage. The capital plan plays a crucial role in optimizing these resources effectively.

Plan for Using Resources:

Premium Income

Premium Income is allocated for reinsurance premium, claims settlement, operational expenses, and investments to generate additional income.

Investment Income

Investment Income is allocated to enhance profitability, maintain solvency, and support future claims payments.

Reserves & Technical Provisions

Reserves & Technical Provisions are managed to ensure sufficient funds for unforeseen claims and regulatory compliance.

Reinsurance Recoveries

Reinsurance Recoveries are used to reduce claim burden and maintain risk management efficiency.

Equity Capital

Equity Capital is planned to utilize for business expansion, technology enhancement, and long-term sustainability.

Relationship with Capital Plan:

The available resources are allocated efficiently across underwriting, claims, investments, and operational needs with the objective of maintaining a strong solvency position and balanced capital structure which ensures profitability through effective risk management.

4. Strategic Plan & Development

Short, Medium and Longterm Strategy of the Company:

Short-Term Goals

- Increase market penetration by launching targeted marketing campaigns.
- Fair and Prompt claim settlement.
- Improve customer service through better training and technology integration.

Medium-Term Goals:

- Expand product offerings to include innovative solutions like cyber insurance or specialized health plans.
- Develop partnerships with banks, fintech companies, and other financial institutions for better distribution.
- Strengthen presence in rural and underserved areas through digital insurance.

Long-Term Goals:

- Achieve a leading market position by becoming one of the top insurers, setting a great example in the insurance industry.
- Enhance brand reputation and customer loyalty through continuous improvement and CSR initiatives.
- Enhance digital capabilities for online policy sales and claims processing.

Strategy for Insurance Development, Insurance Products and Services:

The company's insurance product and service strategy focus on market-driven innovation, customer-centric solutions, and digital transformation to enhance accessibility and efficiency. By conducting in-depth market research, we develop diverse and customized non-life insurance products, including motor, health, property, and travel insurance, ensuring regulatory compliance and competitive pricing. Our services prioritize seamless customer experiences through digital policy issuance, and efficient claims management. Strategic partnerships with financial institutions further enhance service delivery, while efficient risk management supports policyholders in mitigating potential losses. This integrated approach strengthens customer trust, drives business growth, and ensures long-term sustainability in a dynamic insurance landscape.

Sustainability Strategies and Objectives:

The company's sustainability strategy is anchored in environmental responsibility, social commitment, and strong governance to drive long-term growth and stakeholder value. The company's sustainability strategy focuses on environmental, social, and governance (ESG) principles to ensure long-term resilience and responsible growth. Key initiatives include:

Environmental Responsibility:

Promoting paperless operations, green office practices, and investing in eco-friendly insurance products.

Social Commitment

Enhancing financial inclusion, customer education on insurance literacy, and employee well-being.

Governance & Ethics:

Strengthening transparency, regulatory compliance, and risk management.

Future Business Prospects:

The future of the non-life insurance sector is poised for growth, driven by factors such as increasing awareness, economic development, and advancements in digital transformation. As consumer awareness about the importance of risk management rises, more individuals and businesses are turning to non-life insurance for financial protection against unexpected events.

The growth in sectors like healthcare, construction, and automobiles will further expand the demand for non-life insurance products. Additionally, the increasing frequency of natural disasters and man-made calamities highlights the growing need for risk coverage. Technology will continue to play a pivotal role in improving operational efficiencies, customer experience, and product innovation through digital platforms.

The industry's future looks promising, but challenges such as regulatory changes, competition, and evolving customer expectations will require continuous adaptation. Embracing sustainability, customer-centric strategies, and expanding distribution channels will be key to capturing emerging opportunities and ensuring long-term success in the non-life insurance business.

Effect on External Environment:

The external environment significantly influences the insurance business through various factors such as economic conditions, regulatory changes, technological advancements, and social trends. Economic fluctuations, like inflation, interest rates, and government spending impacted on insurance spending by consumers. Regulatory shifts for Risk Based Capital and Solvency affected compliance cost influencing profitability through additional provisions. Technological innovations, including automation and digital platforms, are reshaping the industry by improving efficiency and customer experience but also bring new risks like cybersecurity threats.

5. Corporate Social Responsibility:**Company's Initiatives for Staff Welfare:**

Throughout the year, our company has remained committed to the growth and well-being of its employees by investing in various staff welfare initiatives. Recognizing that a skilled and motivated workforce is essential for sustainable success, we have prioritized training, capacity building, leadership development, and employee engagement programs.

To enhance professional skills and industry knowledge, we organized both in-house and external training sessions, equipping employees with the necessary expertise to excel in their roles. Leadership development programs were conducted to foster managerial capabilities and prepare future leaders within the organization.

Additionally, staff engagement activities and workshops were held to promote teamwork, collaboration, and a positive work culture. These initiatives have not only contributed to individual employee development but have also strengthened the overall organizational efficiency and productivity.

Our company remains dedicated to creating a supportive and growth-oriented work environment, ensuring that employees are empowered, engaged, and well-equipped to drive success in the years ahead.

Company's Contribution in National Economy:

As a responsible corporate entity, our company has made significant contributions to the national economy through various initiatives that align with economic growth, social responsibility, and financial inclusion.

Employment creation remains one of our key contributions, as we continue to expand our branch network, providing job opportunities across different regions. By strengthening our workforce and supporting government initiatives to promote employment, we have played a role in reducing unemployment and fostering economic stability.

Additionally, our company has been a consistent taxpayer, ensuring compliance with all regulatory requirements and contributing to national revenue generation. Through timely tax payments, we support the government's efforts in infrastructure development, public services, and national progress.

Beyond business operations, we have actively engaged in corporate social responsibility (CSR) activities aimed at social welfare, supporting communities, and enhancing financial security. Our initiatives in awareness campaigns and insurance literacy programs have empowered individuals and businesses to make informed financial decisions, strengthening financial inclusion across the country.

“ Good corporate governance is about 'intellectual honesty' and not just sticking to rules and regulations. Capital flows towards companies that practice this type of good governance.



By continuously expanding our reach, promoting responsible business practices, and aligning with national development goals, our company remains committed to driving economic growth and social progress in Nepal.

Company's action to achieve sustainability and contribution to Sustainable Global Economy:

Himalayan Everest Insurance Limited is dedicated to fostering long-term sustainability by integrating responsible business practices that contribute to both national and global economic stability. Recognizing the importance of environmental, social, and governance (ESG) factors, we have taken proactive steps to align our operations with sustainable growth principles.

To minimize our environmental footprint, we have adopted digital solutions to reduce paper consumption, promoted energy-efficient workplace practices, and encouraged eco-friendly initiatives. Through the implementation of a Human Resource Management System (HRMS) and other digital tools, we have optimized internal processes, reducing waste and enhancing efficiency.

Socially, we continue to invest in employee well-being, capacity building, and financial literacy programs, ensuring that our workforce and the wider community benefit from our initiatives. Our corporate social responsibility (CSR) efforts are focused on supporting underserved communities, enhancing financial inclusion, and promoting insurance awareness to mitigate risks and improve societal resilience.

From a governance perspective, we uphold transparency, compliance, and ethical business practices, ensuring that our operations contribute to a robust financial ecosystem. By aligning with international best practices and supporting government initiatives, we strive to be a responsible corporate entity that contributes to a sustainable and inclusive global economy.

Company's initiative to Environment Conservation, Social Development and Sustainability:

Himalayan Everest Insurance Limited is committed to responsible business practices that contribute to environmental conservation, social development, and long-term sustainability. Through both direct and indirect initiatives, we strive to create a positive impact on the economy, society, and the environment.

Environment Conservation:

We have taken steps to minimize our ecological footprint by adopting digital solutions, reducing paper usage, and promoting energy-efficient practices within our offices. Our company also encourages sustainable workplace behaviors, such as waste reduction and eco-friendly alternatives. Additionally, we support environmental awareness campaigns and initiatives that align with sustainability goals.

Social Development:

As a responsible corporate entity, we invest in various social development initiatives, including staff welfare programs, insurance literacy campaigns, and financial inclusion efforts.

Through our corporate social responsibility (CSR) activities, we support community welfare programs, education, and disaster relief efforts, contributing to overall societal well-being.

Sustainability Efforts:

We integrate sustainability principles into our business model by promoting ethical governance, employee capacity building, and responsible investment strategies. Our support for government employment initiatives, financial awareness programs, and branch expansion efforts enhances economic resilience and aligns with national sustainability goals.

By continuously prioritizing sustainable growth, social responsibility, and environmental stewardship, we remain committed to creating long-term value for our stakeholders and contributing to a more sustainable future.

6. Corporate Governance & Compliance:

Compliance Mechanism & Reporting:

Himalayan Everest Insurance Limited is committed to maintaining the highest standards of compliance and governance by strictly adhering to all relevant legal and regulatory frameworks. We operate in full compliance with the Insurance Act 2079, Insurance Regulations, Company's Act, Securities Exchange Act, Labor Act, and various directives and circulars issued by the Nepal Insurance Authority (NIA).

To ensure effective compliance, we have a dedicated Compliance Team that continuously monitors regulatory updates, assesses internal adherence, and provides necessary guidance to align business operations with statutory requirements. This proactive approach helps mitigate risks, enhance transparency, and foster ethical business practices.

As part of our compliance mechanism, we prepare and submit quarterly compliance reports to the Nepal Insurance Authority, ensuring that all regulatory obligations are met in a timely and accurate manner. These reports provide insights into our adherence to legal provisions, internal controls, and governance practices.

By embedding compliance into our corporate culture and governance framework, we reinforce our commitment to accountability, transparency, and long-term sustainability, thereby strengthening trust among regulators, stakeholders, and the wider financial ecosystem.

7. Risk Management & Internal Control:

Our Risk Policy Framework establishes the principles and standards for managing key risks arising from business activities. A dedicated risk policy is developed for each material risk to ensure a structured approach to risk management.

Each Risk Policy defines how the company conducts business, the controls in place to mitigate risks, and the minimum standards for key risk management practices. These policies are formally approved by the Board and communicated to the relevant business units for implementation.

The Risk Management Department plays a central role in:

- Maintaining and updating risk policies.
- Monitoring compliance by business units.
- Conducting annual reviews to ensure policies remain effective and aligned with the company's risk appetite.

Business Units are responsible for:

- Reporting any breaches or risk incidents to the Risk Management Department proactively.
- Attesting compliance with Risk Policies on a half-yearly basis.

Risk limits define the maximum exposure the company is willing to accept. Business units must manage their risks within these limits. If a breach is anticipated or occurs, it must be reported to the Risk Management Department immediately, with formal reporting within 24 hours of detection. A detailed analysis of the cause, corrective actions, and potential impact on the company's risk profile is required.

In response to a breach, the company may take the following actions:

1. Reducing the exposure.
2. Reviewing the appropriateness of existing limits.
3. Escalating the issue to the Board Risk Management Committee.
4. Conducting an incident review and considering disciplinary actions if necessary.

This framework ensures a disciplined approach to risk management, reinforcing accountability and resilience in a dynamic business environment.

The Risk Management Cycle (RMC) encompasses a comprehensive approach to identifying, assessing, and managing risks within the organization. Key components of the RMC include:

1. Process and Procedures:

Establishing clear risk management principles, appetite, and policies to guide risk assessment and management.

2. Risk Identification:

Identifying sources of material risks through both a bottom-up approach (input from business units) and a top-down approach (input from the Board and Senior Management), covering both current and emerging risks.

3. Risk Analysis and Measurement:

Conducting thorough analysis and measurement of identified risks using qualitative and quantitative methodologies. Risks

are evaluated against established limits and appetite, leading to appropriate management actions such as mitigation, transfer, avoidance, or acceptance.

4. Risk Monitoring:

Business units are responsible for ongoing risk monitoring, while the Risk Management Department and Internal Audit oversee the monitoring process.

5. Risk Reporting:

Business units are accountable for reporting risks, with the Risk Management Department providing an overview of these reports on a quarterly basis or as needed to Senior Management, the Board Risk Management Committee, and the Board.

By following this structured cycle, we ensure that risks are effectively managed, fostering a proactive risk culture within the organization.

Adequacy of Reinsurance Coverage:

Qualitative Disclosures on Reinsurance Adequacy

1. Risk Management & Reinsurance Structure:

- The company adopts a treaty-based reinsurance framework, incorporating proportional, non-proportional, and facultative arrangements to optimize risk distribution and financial stability.
- Catastrophic coverage is in place to mitigate large-scale losses, ensuring robust risk protection.

2. Financial Stability & Solvency Compliance:

- Reinsurance is structured to maintain regulatory solvency requirements while balancing risk retention and return optimization.
- Risk exposure is carefully managed to enhance capital efficiency without compromising financial security.

3. Claims & Liquidity Assurance:

- Adequacy of reinsurance is regularly reviewed to ensure timely claims recovery and liquidity support, particularly for catastrophic events.

4. Governance & Reinsurer Selection:

- The company partners with internationally rated reinsurers to mitigate counterparty risk and ensure regulatory and industry compliance.

The company has reinsurance treaty with the following reinsurance companies:

S. No	Name of reinsurers	Rating	Agency
1	General Insurance Corporation of India, India	B++	A.M. Best
2	Oman Re	B+	A.M. Best
3	Kenya Reinsurance Corporation Ltd., Nairobi, Kenya	B	A.M. Best
4	Asian Reinsurance Company Limited	B+	A.M. Best
5	Cica Reinsurance, India	B+	A.M. Best
6	Kuwait Re	A-	A.M. Best
7	GIC Bhutan Reinsurance Company Limited	-	-
8	The New India Assurance Company Limited	B++	A.M. Best
9	Abu Dhabi National Insurance Company	A	A.M. Best
10	Nepal Re	-	-
11	Himalayan Re	B+	A.M. Best
12	Sirius International	A-	A.M. Best
13	Tune Protect Re	B	A.M. Best
14	Odyssey Reinsurance	A+	A.M. Best

8. Framework of Internal Control System

An effective internal control system in a company is crucial for risk management, regulatory compliance, operational efficiency, and financial integrity. The framework is generally structured around the following key components:

1. Governance & Control Environment

- Strong oversight by the Board of Directors and Audit Committee to ensure effective control mechanisms.
- Clearly defined organizational structure, roles, and responsibilities to promote accountability.
- Ethical standards and corporate values reinforced through a code of conduct and compliance policies.

2. Risk Assessment & Management

- Continuous identification, assessment, and monitoring of risks (financial, operational, compliance, and strategic risks).
- Implementation of risk mitigation strategies, including reinsurance, capital management, and underwriting controls.

3. Control Activities & Operational Controls

- Segregation of duties to prevent conflicts of interest and fraud.
- Automated system controls policy issuance, and most of the financial transactions.
- Authorization and approval mechanisms for underwriting, investments, and expense management.
- Strong IT security controls, including cybersecurity measures and access restrictions.

4. Information & Communication

- Transparent and timely reporting to stakeholders, management, and regulators.

5. Monitoring & Continuous Improvement

- Internal audit functions to regularly review processes and identify control weaknesses.
- External audits and regulatory reviews to ensure compliance with insurance regulations and standards.

- Corrective actions and process improvements based on audit findings and performance evaluations.

Internal control framework ensures that the company operates efficiently, safeguards assets, complies with regulations, and maintains trust among stakeholders. Continuous monitoring and enhancements is inevitable to further strengthen risk resilience and corporate governance.

An effective internal control framework ensures robust risk management, regulatory compliance, financial transparency, and operational efficiency. By identifying and mitigating risks, it minimizes fraud, underwriting losses, and financial inaccuracies while ensuring adherence to regulatory standards. Strong governance, automated processes, and segregation of duties enhance efficiency, reduce errors, and safeguard assets. Regular audits, IT security controls, and continuous monitoring further strengthen financial integrity. Ultimately, a well-structured and adaptive internal control system enhances the company's resilience, credibility, and long-term sustainability, fostering trust among stakeholders.

Information Technology System and Control

A well-structured IT system with strong security controls enhances efficiency, safeguards data, ensures compliance, and strengthens the overall stability of the company in a rapidly evolving digital landscape. At Himalayan Everest Insurance Limited the following infrastructure and process are in operation to ensure secure, efficient, and compliant operations.

Core Insurance Systems

Integrated platforms to manage policy administration, underwriting, claims processing, and reinsurance for operational efficiency.

Cybersecurity & Data Protection

Strong firewalls, encryption, multi-factor authentication, and access controls safeguard sensitive customer and financial data.

Business Continuity & Disaster Recovery

Backup systems, cloud solutions, and disaster recovery plans ensure uninterrupted operations during system failures or cyber threats.

Monitoring & Continuous Improvement

Regular IT audits, vulnerability assessments, and system upgrades keep the IT framework resilient and future-ready

9. Financial Statements & Related Disclosures:

Statement of Responsibilities of Chief Financial Officer

The Chief Finance Officer (CFO) is responsible for ensuring the accuracy, transparency, and compliance of the company's annual financial statements with the prevailing Act Rules Regulations.

The key responsibilities include:

Preparation and Fair Presentation:

Ensuring that the annual financial statements are prepared in accordance with applicable accounting standards, laws, and regulatory requirements.

Presenting a true and fair view of the company's financial position, performance, and cash flows.

Ensuring transparency in financial disclosures.

Compliance with Regulatory Standards

Adhering to accounting principles (e.g., NFRS, GAAP) and relevant financial reporting laws.

Ensuring compliance with corporate governance policies and statutory reporting requirements.

Accuracy and Integrity of Financial Data

Ensuring that financial statements are free from material misstatement, whether due to fraud or error.

Reviewing and validating financial reports before submission to the Board of Directors and regulatory authorities.

Ethical and Professional Conduct

Ensuring financial reporting aligns with the company's strategic goals and long-term sustainability.

Actuarial Valuation and adequacy of Liability Reported in Financial Statement:

The valuation is carried based on the basic chain ladder method. This method assumes that the future development of claims will be similar to the past development of claims. There is a risk that the future development of claims does not replicate the past trends. There is also a risk that the outstanding claims provided for reported claims may turn out to be insufficient. The IBN(E)R reserves are discounted using

the risk-free rate curve. There is a risk that the investment yield of the Company may turn out to be lower than the risk-free rates.

Adequate prudence and margins have been built in the estimated reserves based on the past trends. Utilization of the past reserves was also analyzed when building prudence in the estimated reserves.

Disclosures on Quality of Assets and Capital Resources:

Quality of Assets

The quality of assets is a crucial indicator of an insurance company's financial health and its ability to meet future claims and obligations. High-quality assets are typically characterized by liquidity, and minimal risk of impairment. Our company maintains a portfolio of investments that aligns with industry standards and regulatory guidelines to ensure financial stability. We emphasize prudent asset management, diversifying across various asset classes, and regularly assessing the risk profile of our holdings. This approach ensures that we can meet policyholder obligations while maximizing returns and maintaining a robust balance sheet.

Capital Resources

Capital resources represent the financial foundation of an insurance company, enabling it to absorb potential losses and fulfill its liabilities. Our company ensures that it maintains sufficient solvency margin and adequate capital buffers to meet regulatory requirements and safeguard the interests of policyholders and stakeholders. This includes maintaining core capital reserves and continuously assessing capital adequacy in line with the regulatory framework set by the Nepal Insurance Authority. By effectively managing our capital resources, we strengthen our financial resilience and maintain the ability to underwrite risks confidently while supporting long-term growth.

10. Other Disclosures:

Communication Mechanism for Interaction and Information Flow to Stakeholders:

Himalayan Everest Insurance Limited is committed to maintaining transparency and fostering strong relationships with stakeholders through a well-structured communication mechanism.

Ensuring timely and accurate information flow is a key priority, allowing stakeholders to stay informed about our financial performance, regulatory compliance, and business activities.

To achieve this, we publish quarterly financial statements in national daily newspapers, ensuring widespread access to critical financial information. In addition to financial disclosures, we provide various regulatory and operational updates on a quarterly basis, which are also made available on our official website for easy reference.

Stakeholders can interact with us through multiple channels, including official letters, emails, our website, physical visits to our corporate office, and any of our branch networks. These channels facilitate open communication, allowing policyholders, investors, regulators, and other stakeholders to seek information, provide feedback, and address concerns effectively.

Our official website has been updated frequently with the objective of providing most up to date and accurate information to our stakeholders at their fingertips.

By implementing this robust communication mechanism, we ensure transparency, enhance stakeholder engagement, and reinforce trust in our governance practices, contributing to a more informed and collaborative business environment.

Grievance Handling Mechanism:

Himalayan Everest Insurance Limited is committed to addressing stakeholder concerns effectively through a well-defined Grievance Handling Mechanism that ensures transparency, responsiveness, and continuous improvement. We recognize the importance of stakeholder feedback in refining our operations and enhancing service quality.

To facilitate grievance redressal, stakeholders can lodge their complaints and concerns through multiple channels, including email, a dedicated grievance portal on our official website, and physical correspondence at our corporate office or branch network. Additionally, for general stakeholder inquiries, details of the Nodal Officer responsible for grievance handling have been published on our website.

Every grievance received is carefully reviewed, and appropriate action is taken to ensure a timely resolution. We value stakeholder input as a means of improving our operational efficiency and enhancing customer satisfaction. By actively addressing concerns and incorporating genuine feedback, we reinforce our commitment to maintaining trust, transparency, and service excellence.



01 
CLAIM

02 
UNDEWRITING

03 
RE - INSURANCE

Himalayan Everest Insurance Core Functionality

01 Claim

- Decentralized Intimation
- Hassel Free Process
- Surveyour Network
- Acknowledgement
- Digital Claim
- Provinces Offices
- Excellent Settled Ratio
- TAT Based on Class

02 Uderwriting

- Customer Support
- Tailored Product
- Customer focus
- Easy Processing
- AML Compliant
- Risk Assesment
- Digital Policy

03 Re-Insurance

- Risk Transfer
- Capital Management
- Business Continuity
- Reputed Reinsurer
- Tailored RI Program
- Claim Support & Expertise
- New Product Development
- Global Reach
- Regulatory Compliance

Secure today,
confident **tomorrow**



Annual Report of FY 2080/81 presented by Board of Directors in the 31st Annual General Meeting of Himalayan Everest Insurance Limited

Respected Shareholders,

We, on behalf of the Board of Directors of Himalayan Everest Insurance Limited ("Company"), cordially welcome all shareholders and invitees to the 31st Annual General Meeting of the company.

We have presented the 31st Annual Report of the Company prepared pursuant to section 109 of the Companies Act 2063 for the Financial Year 2080/81 including Independent Auditor's Report, Statement of Financial Position, Statement of Profit or Loss, Cash Flow Statement, Statement of Changes in Equity, Annexures and Notes to Account forming part of Financial Statements.

Following the Directive of Nepal Insurance Authority, the Financial Statement for the fiscal year 2080/81 has been prepared based on Nepal Financial Reporting Standards (NFRS).

Complete sets of financial statement for the FY 2080/81 have been prepared, Audited and Approved by Nepal Insurance Authority.

Director's Report for discussion and approval

We are pleased to place before you the 31st Annual report of the company prepared pursuant to section (109) of the Companies Act, 2063 for the Financial Year 2080/81 including Independent Auditor's Report, Statement of Financial Position, Statement of Profit or Loss, Cash Flow Statement, Statement of Changes in Equity, Annexures and Notes to Account forming part of Financial Statements along with Company's current financial year activities & future action plans, as well as the Director's Report for discussion and approval.

1. Financial Results:

S. No	Particulars	Indicators	FY 2080/81	FY 2079/80	Growth (%)
1	No of Policies Issued	Nos.	250,126	238,474	4.89%
2	Gross Premium Income	Rs"000"	3,761,995	3,376,347	11.42%
3	Net Premium Income	Rs"000"	1,406,462	1,152,468	22.04%
4	Reinsurance Commission Income	Rs"000"	417,008	345,722	20.62%
5	No of Claims Paid	Nos.	9,190	11,858	-22.50%
6	Gross Claims Paid	Rs"000"	1,474,412	2,520,708	-41.51%
7	Net Claims Paid	Rs"000"	717,750	606,036	18.43%
8	Outstanding Claim	Nos.	7,898	8,533	-7.44%
9	Outstanding Claim	Rs"000"	265,010	270,834	-2.15%
10	Employee Expenses	Rs"000"	336,229	278,981	20.52%
11	Other Expenses	Rs"000"	221,749	162,149	36.76%
12	Income from Investment	Rs"000"	344,043	338,770	1.56%
13	Net Profit (as per NFRS)	Rs"000"	502,464	445,060	12.90%
14	Investment	Rs"000"	5,028,436	4,654,708	8.03%

a. Solvency Margin:

Solvency ratio is the measurement of the company's ability to meet its operational obligations and short term and long-term liabilities. As per solvency margin directive issued by Nepal Insurance Authority, the solvency ratio of the company should be more than 130%. The Solvency margin of the company stands at 332.4%, which stands well above the prescribed minimum as on Ashad End 2081.

2. Review of Previous Year's Performance 2080/81 (Financial Year 2023-24):

The company's market share in Financial Year 2080/81 among general insurance companies in terms of gross premium was 8.97 %. The company recorded a Gross Direct Premium of Rs. 3.76 billion (3 Arba 76 Crore) in FY 2080/81 as compared to Rs.3.37 billion (3 Arba 37 Crore) in FY 2079/80.

The major premium contributor for 2080/81 was the motor portfolio. This portfolio contributed 25.44% of our gross premium. Specifically, Fire, Motor, Marine, Engineering, Micro, Aviation, Agriculture and Miscellaneous portfolios contributed 18.08%, 25.44%, 2.18%, 19.56%, 0.00002%, 8.75%, 1.02% and 24.95% respectively in FY 2080/81.

Gross Premium Income:

Portfolio	Gross Premium			
	FY 2080/81	Weightage	FY 2079/80	Weightage
Fire	680,356,188	18.08%	538,706,116	15.96%
Motor	957,192,953	25.44%	933,706,904	27.65%
Marine	82,056,489	2.18%	66,672,876	1.97%
Engineering	735,957,195	19.56%	531,195,936	15.73%
Micro	600	0.00002%	2,400	0.0001%
Aviation	329,303,834	8.75%	354,605,187	10.50%
Agriculture	38,494,365	1.02%	90,360,564	2.68%
Miscellaneous	938,632,945	24.95%	861,096,975	25.50%
Total	3,761,994,569	100.00%	3,376,346,958	100.00%

Gross Claim Settlement:

Gross Claim Settlement during FY 2080/81 was Rs 1 Arba 47 Crore as compared to Rs 2 Arba 52 Crore in FY 2079/80. With the continued support from our reinsurance partners, we are able to consistently settle claims promptly, which is at the core of our promise to our customers.

S.No	Portfolio	FY 2080/81	Weightage	FY 2079/80	Weightage
1	Fire	170,139,206	11.54%	139,089,942	5.52%
2	Motor	470,138,918	31.89%	481,130,629	19.09%
3	Marine	33,332,168	2.26%	40,186,253	1.59%
4	Engineering	171,908,233	11.66%	196,593,054	7.80%
5	Micro	750,000	0.05%	53,325,000	2.12%
6	Aviation	205,943,545	13.97%	1,169,582,848	46.40%
7	Agriculture	50,412,260	3.42%	143,705,134	5.70%
8	Miscellaneous	371,787,907	25.22%	297,094,864	11.79%
	Total	1,474,412,237	100%	2,520,707,724	100%

Re-insurance:

The company has reinsurance treaty with the following reinsurance companies:

S. No	Name of reinsurers	Rating	Agency
1	General Insurance Corporation of India, India	B++	A.M. Best
2	Oman Re	B+	A.M. Best
3	Kenya Reinsurance Corporation Ltd., Nairobi, Kenya	B	A.M. Best
4	Asian Reinsurance Company Limited	B+	A.M. Best
5	Cica Reinsurance, India	B+	A.M. Best
6	Kuwait Re	A-	A.M. Best
7	GIC Bhutan Reinsurance Company Limited	-	-
8	The New India Assurance Company Limited	B++	A.M. Best
9	Abu Dhabi National Insurance Company	A	A.M. Best
10	Nepal Re	-	-
11	Himalayan Re	B+	A.M. Best
12	Sirius International	A-	A.M. Best
13	Tune Protect Re	B	A.M. Best
14	Odyssey Reinsurance	A+	A.M. Best

3. Impact of National and International Events on the Company's Business:

The impact of national and international events on a company's business is profound and can significantly shape its operational landscape. These events encompass a wide range of factors, including economic shifts, political developments, social changes, technological advancements, and environmental considerations. Understanding and navigating these influences is crucial for businesses to remain resilient and adaptive. National and global economic conditions, including recessions, inflation, liquidity, currency fluctuations, have directly affected company's return from investment. On the whole, market penetration has increased, reaching new individuals as well as new areas of Nepal. In line with the new federal structure of the country, the company has established provincial offices in all seven provinces which will further expand its reach and the reach of insurance services.

Special note on Climatic Risk

Climate risk has become a critical consideration for businesses worldwide as the planet experiences unprecedented changes. This type of risk is multifaceted, encompassing both physical risks from the changing climate and transition risks associated with the shift towards a low-carbon economy. In the year 2080/81, claims incurred due to Climatic risk is shown in the table below:

S.N	Particulars	Gross Claim	Net Claim
1.	Fire Portfolio	170,139,206	33,143,423

4. Achievements Since the Last Fiscal Year till Preparation of the Annual Report and Future Plans:

The comparative premium underwritten during the Fiscal Year 2081/82 is tabulated below:

S. No	Particulars	FY 2081/82 (up to Poush)	FY 2080/81 (up to Poush)	Increase
1	Gross Premium Income	1,711,475,032	1,678,450,051	1.97%

Future Plan:

The Company is making planned efforts to expand its nationwide presence. Also, equal attention has been given in investment to transform technologically. Due to successful merger, we have been able to make the company's presence nationwide. Additionally, merger has helped us reevaluate our position, competencies, market opportunities and we are equipping ourselves for better future. We are on our way to transforming company with a strong market share.

Our Vision 2030 remains focused, and we continue to put all our efforts to be able to achieve this vision with the support of all our stakeholder.

5. Industrial and Business Relations:

As a socially responsible company, on part of stakeholders' communication, all the information and disclosure required pursuant to the guiding Acts, Rules & Regulations have been submitted, disclosed and published duly. Also, communication with stakeholders through different mediums has been maintained throughout the year 2080/81.

We are committed to strengthening the relationships within and between our teams which is critical to our future growth strategy and direction. We are also continuing our focus on bringing in new talent who are aligned with the company's values and goals. In addition, we continue to conduct training and capacity building exercises to help our teams do their best.

6. Changes in the Board of Directors and Senior Management:

There have not been any changes in composition of the Board of Directors during the review period 2080/81. The following are the details of the existing Board of Directors.

S. No	Incoming Director	Date of Appointment
1.	Mr. Mahendra Krishna Shrestha	2079/12/29
2.	Mr. Ajaya Ratna Sthapit	2079/12/29
3.	Mr. Vijit Krishna Shrestha	2079/12/29
4.	Mr. Hem Raj Thapa	2079/12/29
5.	Mrs. Avilasha Panth Sharma	2080/02/10
6.	Mr. Bijay Kumar Pant	2080/01/06

Also, we would like to thank the outgoing Chief Executive Officer for his contribution to the company during his tenure. Mrs. Anju

Shrestha has taken charge of the executive head of the company in capacity of Acting Chief Executive Officer with effect from 13th Ashad 2081.

S. No	Outgoing CEO
1.	Mr. Vijaya Bahadur Shah

7. Major Factors affecting Business:

- Post Pandemic Effect.
- Changes in Acts & Regulatory Directives
- Political Instability
- Rapid Advancements in Technology
- Limited Reinsurance Market
- Inflation, Currency Fluctuations.

8. Dividend:

We have proposed Cash Dividend @ 8.75% of Rs. 21,87,63,773 (Including tax on cash dividend) from the distributable profit of the company.

9. Appointment/ Re- appointment of Auditor:

The meeting of the Audit committee has recommended M/s Suresh Shrestha & Associates as its Statutory auditor for FY 2081/82. The total fee of Nrs. 7,70,000 (Excluding Vat) has been proposed to Statutory Auditor for Statutory Audit & Tax Audit.

10. Share Capital:

The following table shows the company's paid-up share capital As on Ashad End of FY 2080/81.

S.No	Particular	Paid Up Capital (Nrs)
1	Himalayan Everest Insurance Limited	2,50,01,57,400

Nepal Insurance Authority has prescribed minimum paid of capital of Rs 250 Crore for Non-Life Insurance Company.

11. Conclusion:

We would like to express our sincere gratitude to Government of Nepal, Nepal Insurance Authority, Office of Company Registrar, Nepal Rastra Bank, Securities Board of Nepal, Nepal Stock Exchange Limited, CDS and Clearing Limited, Inland Revenue Department, NMB Capital Ltd, Stockbrokers, Commercial / Development Banks and Finance companies, our clients, and well-wishers who have helped us directly or indirectly in the growth of company. Also, we would like to express our sincere gratitude to our agents and surveyors.

The efforts shown by all the employees of the company during the period is highly praiseworthy; a special mention to them for their commitment to serve and excel.

We would like to thank all the shareholders and other attendees present in the AGM for your valuable presence and active participation.

Thank You,

**Ajaya Ratna Sthapit,
Director**

**Mahendra Krishna Shrestha
Chairman
Date: 2081/11/02**

Provisions related to section 109 (4) Companies Act, 2063 (first amendments, 2074):

a. Details of Forfeited Shares:

The company has not forfeited any shares till the reporting date.

b. Disclosure of transaction with Subsidiary/ Associates:

Company has no Subsidiary till the reporting date. The investment made by the company at Nepal Infrastructures Investment Fund Limited is equivalent to 49.76% of their paid-up capital. Accordingly, the same has been considered associates and accounted in the books of the company.

c. Information provided by the Principal Shareholders in the last fiscal year:

No such information was provided during the reporting period.

d. Disclosure on the share transaction & ownership by the Board Members and Employees of the Company in the last fiscal year:

None

e. Disclosure of information on involvement of any Board Member or their Close Relatives having personal interest on any agreement done by the company during the last fiscal year:

None

f. Disclosure on Shares buy back of the company:

None.

g. Internal Control System, Risk Management system & its effectiveness:

The internal control system of the company is designed in such a way to achieve following organizational objectives:

- Operational Effectiveness and Efficiency,
- Reliable Financial Reporting and
- Compliance with Laws, Regulations and Policies.

At the organizational level, the Company has formed the Internal Audit Committee headed by public director Mr. Ajaya Ratna Sthapit. The company has appointed an independent Chartered Accountant firm M/s G.P. Rajbahak & Co as Internal Auditor.

The internal audit report issued by the internal auditor is presented to the Audit Committee for discussion. The comments and suggestions from the Auditor and Audit Committee have been implemented regularly. The company strongly believes that the implementation of suggestions of internal audit reports strengthens the overall internal control system of the organization. The company has been following the Corporate Governance Directive 2080 issued by the Insurance Authority. It has helped to make the internal control system and good governance more effective.

The Company has also formed a Risk Management Committee for effective management of internal as well as external risk. The following is the composition of Risk Management Committee:

S.No	Name	Designation
1	Mr. Bijay Kumar Pant	Coordinator
2	Mr. Hem Raj Thapa	Member
3	Ms. Nasala Shakya	Member Secretary

h. Disclosure on the total Management expenses on last fiscal year:

The company has spent Rs. 221,749,258 (Twenty-Two Crore Seventeen Lakh Forty-Nine Thousand Two Hundred Fifty Eight Rupees) as total management expenses in FY 2080/81.

i. Details of members of the Audit committee, their remuneration, allowances and facilities, action taken, and any recommendations made by the committee:

In the review period, company has constituted 3 members audit committee having following composition under the Chairmanship of Public Director.

S.No	Name	Designation
1	Mr. Ajaya Ratna Sthapit	Chairperson
2	Mr. Hem Raj Thapa	Member
3	Mr. Bijay Kumar Pant	Member

The meeting fee for each audit committee meeting has been fixed at Rs.10,000 (Ten Thousand) inclusive of Tax.

The actions made by the audit committee are as follows,

1. Review of Statutory Audit Report and recommendation to management for the improvements, as required.
2. Review of Internal Audit Report and recommend management for the improvements, as required.
3. Recommend the appointment of Statutory Auditor to the AGM.
4. Review of the Internal Control System of the company and provide suggestions for improvement.

j. Disclosure on amount receivable from Directors, Managing Directors, CEO, Company's Principal Shareholders or any firm, company or any other organization associated with such individuals or their close relatives:

None.

k. Disclosures on Salary, Allowances and facilities provided to the Directors, Managing Directors, CEO:

Details of Meeting Allowance Paid to Directors:

Particulars	Amount (Rs)
Board/Committee Meeting Allowance	32,10,331

Detail of Salary Allowances and Facilities Provided to CEO of Himalayan Everest Insurance Limited:

			CEO		
S.N	Particulars	Detail	Tenure	Amount	Other Facilities
1.	Salary & Allowances	Mr. Vijaya Bahadur Shah	Shrawan 2080 -12th Ashad 2081	1,47,11,102	Vehicle with Driver, Fuel, Fuel, Insurance, Telephone, & Statutory Bonus & Other as per Terms of Contract

l. Remaining Dividend amount to be claimed by shareholders:

The remaining dividend of Rs. 2,40,17,610 has been booked as payable and shown in Annexure 24, Other Financial Liabilities.

m. Disclosure on purchase and sale of property as per clause 141:

None.

n. Disclosure on transactions between associated companies as per clause 175:

None.

o. Any other details to be disclosed in the report as per the company's act and existing laws:

The company has a market share of 9.29% (Approx) in the General Insurance Industry.

p. Disclosure on the provision of the directive 86 as per Companies Directives. 2072:

The company has been abiding by the provision made in the Company's Directives 2072.

q. Other issues:

None.

Annexure-I

(Prepared Under Section 5(1) (Ka) of Financial Directive 2080)

Report of Board of Directors

A. Information Related to Himalayan Everest Insurance Limited

Himalayan Everest Insurance Limited (Herein After referred to as "Company") is a public limited liability company incorporated as per the laws of Nepal. The Company obtained the license (License number 04/050) from Nepal Insurance Authority on Shrawan 6, 2050 and got approval from the Authority to carry on business from Shrawan 13, 2050 under Insurance Act 2079. The Company started its commercial operation from Mangsir 16, 2050.

The registered office of the Company and the principal place of business is HEI House, Babar Mahal, Kathmandu, Nepal. The Company's shares are listed in Nepal Stock Exchange.

The Company is engaged in the business of underwriting non-life insurance through its branches and network of agents. There were no significant changes in the nature of principal activities in the company during the financial year.

The company merged Everest Insurance Company Limited with it and commenced joint operation in the name of the merged entity, Himalayan Everest Insurance Limited from Shrawan 1, 2079 (July 17, 2022).

B. Upon Discussion, Board of Directors of Himalayan Everest Insurance Limited, has approved and declared the following:

1. Tax, service charges, fines and penalties to be paid under laws & regulation.

The company has paid the applicable direct and indirect taxes including fines and penalties (if any) levied by the competent authority during periodic tax assessment. Aso, services charge has been paid within stipulated timeline to Nepal Insurance Authority.

2. Share Structure & Changes:

The share structure of the company is as follows:

Particulars	Percentage of ownership
Promotor Share Holding	51.10%
Public Share Holding	48.90%

Bonus shares issued in FY 2080/81 out of distributable profit from FY 2079/80 pursuant to the approval of the regulator and Annual General Meeting of the company have been duly recorded in compliance with prevailing laws from the office of the company registrar.

3. Solvency Ratio:

The solvency ratio of the company as on Year Ended 31st Asar 2081 under Risk Based Capital and Solvency Directive 2022 stands to 332.4%, which is well above than the minimum requirement of 130% prescribed by Nepal Insurance Authority.

4. Declaration on Basis of Measurement:

The annual financial statements are prepared under the historical cost convention, except for certain assets and liabilities measured as follows as follows:

- Investment in equity instruments and units of mutual funds are measured at fair value.
- Liability for defined benefit obligations is recognized at the present value of the defined benefit obligation as determined by the actuary.

Insurance contract liabilities are actuarially determined values, and these have been measured at higher of such actuarial determined values under liability adequacy test and regulatory requirements as per Section 2, Annexure 8 of Actuarial Valuation Directive 2076 issued by Nepal Insurance Authority.

5. Declaration on Investment:

Investments made by the company are in line with the investment directive issued by the Nepal Insurance Authority. The details of the investment have been duly reported to the regulator and prior approval as required has been taken on a case-to-case basis

6.Claim Settlement:

The following are the details of claims settled and outstanding as on year ended 31st Asar 2081.

Particulars	Number
Number of Claim Settled (FY 2080/81)	9,190
Number of Claim Outstanding (As on 31st Asar 2081) (including 5,832 Covid Claim)	7,898

Time Frame to Settle the outstanding claim:

The company has the policy to settle the outstanding claim within 21 days after receipt of all the required documents.

7.Declaration on Compliance:

The financial statements have been prepared in all material aspects under Nepal Financial Reporting Standards (NFRS) laid down by the Accounting Standard Board (ASB), and comply with requirements of Insurance Act 2079, Insurance Regulation, Company Act, 2063, Security Exchange Act 2063 and applicable directives issued by Nepal Insurance Authority along with compliance and disclosures as per other applicable laws of Nepal.

8.Declaration on Accounting Policy:

The Accounting Policies have been consistently applied to all the years presented, unless otherwise specifically stated.

9.Declaration on True & Fair Presentation:

The financial statements of the company present fairly, in all material respects, the financial position of the company as on 31st Asar 2081, and its financial performance for the year then ended.

10.Declaration on Safeguard of Assets & identification and mitigation against losses due to fraud, embezzlement, and irregularities:

The Board of Directors of the company has implemented adequate and appropriate provisions to safeguard the assets as well as for the identification and mitigation against losses due to fraud, embezzlement and irregularities.

11.Declaration on Going Concern:

The Board of Directors has assessed the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as going concern and accordingly, the financial statements have been prepared on the basis of going concern.

12.Declaration on Internal Control:

Necessary mechanisms, rules and procedures are implemented in the company for the effective internal control system. The internal control system is commensurate with the size, nature & volume of the company's business.

13.The company has not conducted any transactions contrary to the Insurance Act, 2079, Insurance Regulation, Companies Act, 2063, related regulations and directions with any person, firm, company and its director or with any entity in which its director has interest.

14.Penalties Levied by Nepal Insurance Authority:

No penalty has been imposed by Nepal Insurance Authority during the FY 2080/81.

15.Other Disclosures:

None

Mahendra Krishna Shrestha
Chairman

Vijit Krishna Shrestha
Director

Ajaya Ratna Shapit
Director

Bijay Kumar Pant
Director

Avilasha Panth Sharma
Director

Hem Raj Thapa
Director

Date: 11th February 2025

Statement of Variance Between Q4 and Annual Financial Statement of 2080/81

विवरण	२०८०/८१	चौथो त्रैमासिक (२०८०/८१)	भेरियंस (%)	कारण (१०% भन्दा बेसी फरकको हकमा)
Income:				
Gross Earned Premiums	3,384,296,904	3,478,233,509	-3%	
Premiums Ceded	(2,104,185,974)	(2,138,527,748)	-2%	
Net Earned Premiums	1,280,110,930	1,339,705,761	-4%	
Commission Income	342,886,515	342,639,625	0%	
Other Direct Income	-	-		
Income from Investments & Loans	344,043,010	345,874,813	-1%	
Net Gain/ (Loss) on Fair Value Changes	-	-		
Net Realised Gains/ (Losses)	361,558,301	400,857,883	-10%	बार्षिक वित्तीय विवरणमा नेपाल रि इन्स्योरेन्सको शेयर बिक्रि बापत प्राप्त रकमलाई SOCI र SOPL मार्फत गणना गरिएको कारण
Other Income	174,779,042	43,543,473	301%	Aviation Assets Management Co Ltd संग लिनु पर्ने हिसाब बापत खडा गरिएको प्रोजेक्ट रिमर्स गरिएको कारण
Total Income	2,503,377,798	2,472,621,556	1%	
Expenses:				
Gross Claims Paid	1,474,412,237	1,451,129,179	2%	
Claims Ceded	(756,662,048)	(709,749,013)	7%	
Gross Change in Contract Liabilities	(582,942,145)	(996,130,124)	-41%	बार्षिक वित्तीय विवरणका लागि Actuary मार्फत मुल्यांकन भई आएको हिसाब बमोजिम गणना गरिएको कारण
Change in Contract Liabilities Ceded to Reinsurers	611,121,658	984,284,877	-38%	बार्षिक वित्तीय विवरणका लागि Actuary मार्फत मुल्यांकन भई आएको हिसाब बमोजिम गणना गरिएको कारण

Net Claims Incurred	745,929,702	729,534,919	2%
Commission Expenses	58,727,559	52,561,786	12%
Service Fees	12,103,722	11,711,125	3%
Other Direct Expenses	3,628,920	3,628,920	0%
Employee Benefits Expenses	425,448,469	437,524,193	-3%
Depreciation and Amortization Expenses	20,513,155	21,025,569	-2%
Impairment Losses	132,852,751	-	
Other Operating Expenses	221,749,258	217,546,717	2%
Finance Cost	1,446,864	1,603,337	-10%
Total Expenses	1,622,400,400	1,475,136,564	10%
Net Profit/(Loss) For The Year Before Share of Net			
Profits of Associates Accounted for Using Equity			
Method and Tax	880,977,398	997,484,992	-12%
Share of Net Profit of Associates accounted using Equity Method	11,214,458	-	बार्षिक वित्तीय विवरणमा Associates को लेखांकन गरिएको कारण
Profit Before Tax	892,191,856	997,484,992	-11%
Income Tax Expense	389,727,941	329,539,328	18%
			आर्थिक वर्ष २०७६/७७ को पूर्ण कर परिक्षणबापत एकिन मण्डको र कम समाचोजन गरि कर फछ्यौट गरिएको कारण
Net Profit/(Loss) For The Year	502,463,915	667,945,664	-25%

Statement of Comparison Between NFRS and Solvency Based Financial Statement

	NFRS Based Financial Statement	Solvency Based Financial Statement
Assets		
Goodwill	-	-
Deferred acquisition costs	-	-
Intangible assets	18,868,120.00	-
Deferred tax assets	12,531,846.00	-
Pension benefit surplus	9,427,150.00	9,427,150.00
Property, plant & equipment held for own use	1,051,365,598.00	1,012,639,484.00
Investments (other than replicating unit portion index/unit-linked contracts)	5,028,436,097.00	5,043,576,040.00
Investments in properties (other than for own use)	-	-
Investment in subsidiaries	-	-
Investment in associates	210,161,858.00	210,532,258.00
Equities	756,684,532.00	756,684,532.00
Equities - listed in stock exchange licensed by SEBON	472,124,532.00	472,124,532.00
Equities - listed in stock exchange other than licensed by SEBON	-	-
Equities - unlisted	284,560,000.00	284,560,000.00
Bonds	260,266,518.00	278,026,425.00
Government Bonds	-	-
Corporate Bonds	260,266,518.00	278,026,425.00
Fixed-income bonds with no option	260,266,518.00	278,026,425.00
Collective Investments Undertakings	56,277,589.00	56,277,589.00
Deposits other than cash equivalents	3,745,045,600.00	3,742,055,236.00
Other investments	-	-
Reinsurance recoverables from:	3,123,514,203.00	2,633,359,715.00
Non-life technical reserves (after risk correction)	2,808,640,034.00	2,367,313,215.00
Life excluding index-linked and unit-linked technical reserves (after risk correction)	-	-
Life index-linked and unit-linked technical reserves (after risk correction)	-	-
Deposits to cedants (related to accepted reinsurance)	-	-
Reinsurance receivables	314,874,169.00	266,046,500.00
Current tax assets (net)	75,341,583.00	97,301,980.00
Insurance, coinsurance and intermediaries receivables	142,282,243.00	136,306,389.00
Receivables from insurers other than coinsurance	-	-
Receivables from coinsurance/pools	142,282,243.00	136,306,389.00
Receivables from intermediaries	-	-
Cash and cash equivalents	175,773,574.00	175,773,574.00
Any other assets, not elsewhere shown	162,012,603.00	125,071,055.00
Total assets	9,799,553,017.00	9,233,455,387.00

Liabilities (Without Transitionals)		
Technical provisions - non-life	3,959,632,732.59	3,641,167,085.00
Best Estimate Direct Insurance (excluding Earthquake reserves)	3,763,681,549.28	3,445,215,901.00
Best estimate Direct Insurance Earthquake reserves	20,639,662.64	20,639,663.00
Margin over best estimate Direct insurance	13,156,995.65	13,156,996.00
Best estimate Accepted reinsurance (excluding Earthquake reserves)	154,367,650.72	154,367,651.00
Best estimate Accepted Earthquake reserves	2,575,910.04	2,575,910.00
Margin over best estimate Accepted reinsurance	5,210,964.27	5,210,964.00
Reinsurance deposits and payables	356,229,054.00	356,229,054.00
Deposits from reinsurers	-	-
Reinsurance payables	356,229,054.00	356,229,054.00
Insurance, coinsurance and intermediaries payables	2,451,370.71	2,451,371.00
Payables to insurers other than coinsurance	-	-
Payables to coinsurance/pools	2,451,370.71	2,451,371.00
Payables to intermediaries	-	-
Other payables (not related to insurance or reinsurance)	212,553,341.00	222,494,583.00
Debts owed to credit institutions	-	-
Current tax liabilities	-	-
Provisions other than technical provisions	-	-
Contingent liabilities	-	-
Pension benefit obligations	-	-
Deferred tax liabilities	-	-
Any other liabilities, not elsewhere shown	342,375,013.00	311,191,176.00
Total liabilities	4,873,241,511.30	4,533,533,269.00
Excess of assets over liabilities		4,699,922,118.00
Equity		
Share capital	2,500,157,400.00	
Share application money pending allotment	-	
Share premium	-	
Special reserves	1,675,550,052.00	
Catastrophe reserves	70,313,506.00	
Retained earnings	405,993,105.00	
Other equity		
Revaluation reserves	259,148,731.00	
Capital reserves	-	
Corporate Social Responsibility Reserves (CSR)	6,985,933.00	
Insurance Fund	-	
Fair Value Reserves	(4,369,067.00)	
Actuarial reserves	-	
Deferred Tax Reserves	12,531,846.00	
Other reserves	-	
Total Equity	4,926,311,506.00	

UDIN: 250212CA00502Kd5sX

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
HIMALAYAN EVEREST INSURANCE LIMITED**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Himalayan Everest Insurance Limited** (the Company), which comprise the statement of financial position as at Ashad 31, 2081 (July 15, 2024), and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at Ashad 31, 2081 (July 15, 2024), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

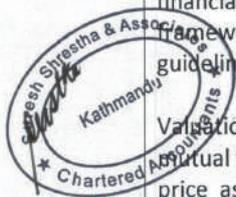
Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics for professional accountant issued by Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2063 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Code of Ethics for professional accountants. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

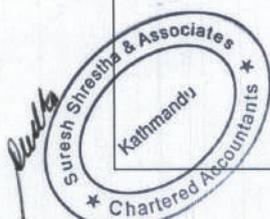
Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year ended on Ashad 31, 2081 (July 15, 2024). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

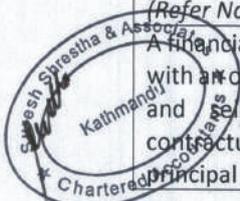
Key audit matters	How our audit addressed the key audit matter
<p>Investments (Refer Note 3.5 "Financial instruments, financial assets and financial liabilities" and Note 10 of the financial statements)</p> <p>The Company's investments represent substantial portion of the assets as at Ashad 31, 2081 which are valued in accordance with the accounting policy as framed in note 3.5 of the financial statements and in accordance with the framework as per the extent of the regulatory guidelines.</p> <p>Valuation of actively traded equity shares and mutual fund units are done as per the last traded price as on the reporting date in Nepal Stock Exchange (NEPSE). If such securities are not</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Tested the design implementation and operating effectiveness of key controls over valuation process of investments. ▪ Assessed appropriateness of the valuation techniques with reference to NAS 39 – Financial Instruments: Recognition and Measurement read together with NFRS 9 – Financial Instruments along with the Company's own valuation policy. ▪ We have agreed a sample of year-end investment holdings to external valuations



Key audit matters	How our audit addressed the key audit matter
<p>traded on the reporting date, they are valued as per the previous closest traded price.</p> <p>Unlisted equity instruments and mutual fund units are measured at cost.</p> <p>All other securities including debt instruments have been measured at historical cost subject to amortization of premium paid, if any, over the residual period. The valuation of these investments is considered to be one of the areas which required attention and was one of the matters of significance in the financial statements.</p>	<p>and custody sources to verify the valuation and existence of these investments.</p> <ul style="list-style-type: none"> ▪ Understood the management’s process for identifying the existence of impairment indicators in respect of the interests in equity instruments measured at fair value through Other comprehensive income. ▪ Obtained an understanding of price verification control, which is designed to review the appropriateness of valuation methodologies to derive model inputs. ▪ Based on our audit procedures performed, we concluded that the valuation of level 1 financial instruments is appropriate.
<p>Provision for outstanding claim (Refer Note 3.14 “Benefits and claims”; Note 3.11 “Insurance contract liabilities”; Note 33 and Note 19 of the financial statements)</p>	
<p>Insurance claim is the major area of expense for the Company.</p> <p>The Company makes the complete provisions of the remaining amounts of the payment against the claim made by the Company before year-end and claims incurred but not reported (IBNR) is recognized as higher of the conventional 15% outstanding claim or that determined by the actuarial methods.</p> <p>Given the fact that the provision is required to be made in respect of outstanding claim and complexity of calculations, the same has been considered as Key Audit Matter in our audit of the financial statements of the Company.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Verified the operational mechanisms of the Company including the internal guidelines and standard operating procedures relating to claim processing, performed test of controls over claim settlement process and recording processes including analytical procedures on outstanding claims. ▪ Obtained clear understanding of the process and guidelines as per directives issued by the Insurance Authority for claim processing and compared their implementation and effectiveness in regard to internal operational guidelines relating to claim processing. ▪ Verified the claim paid and provision on sample basis along with evidence of payment, documentation as well as surveyor report and understanding the recording process in the books of account. ▪ In the case of IBNR, the amount of insurance contract liabilities has been estimated by the actuary appointed by the Company. The actuarial valuation of insurance contract liabilities in respect of IBNR and IBN(E)R claims as of Ashad 31, 2081 is as certified by the Company’s appointed actuary. ▪ Verified the sufficiency and adequacy of related insurance contract liability based on report from the Company appointed actuary with the liabilities recognised in the financial statements.



Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> ▪ Examined the appropriateness and validity of key assumptions and information provided by the Company to the Company appointed actuary for valuation of insurance contract liabilities.
Revenue Recognition (Premium Income) <i>(Refer Note 3.13 "Revenue recognition" and Note 25 of the financial statements)</i>	
<p>Premium income comprises a major part of revenue which is recorded on issue of policy as prescribed by the Insurance Authority.</p> <p>Unearned premium income of previous and current fiscal year is recorded / adjusted as estimated by the Company appointed actuary and as prescribed by the directives issued by the Insurance Authority.</p> <p>Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro-rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.</p> <p>Since the management considers revenue as key measure of evaluation of performance, there is a risk of revenue being recorded before control is transferred and is not recognized in the correct period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Obtained and read the Company's revenue accounting policy on revenue recognition in accordance with the requirements of relevant standards. ▪ Understood and tested the design, implementation and operating effectiveness of key controls over premium collection and its recognition. ▪ Obtained clear understanding of the process of issuing the policies as per directives issued by the Insurance Authority and understood the process of booking such premium as income. ▪ Tested on a sample basis unallocated premium to ensure that there were no policies where risk assumed were prior to recognition of revenue and corresponding to collection of premiums. ▪ Verified on a sample basis the policies and other related documents including premium calculations therein as per regulatory requirements and internal policies of the Company along with premium / cash receipt with special attention to the timestamp thereto so as to ascertain the correctness of period of revenue recognition. ▪ Verified on a sample basis, the premium ceded to the reinsurers as per Reinsurance agreement / treaty with the reinsurers. ▪ Verified unearned premium income as assessed by the Company appointed actuary in the actuarial valuation report. ▪ Based on our audit procedures performed, we concluded that the premium income recognition is appropriate.
Gain on disposal of FVOCI Instrument <i>(Refer Note 31 and statement of changes in equity of the financial statements)</i>	
<p>A financial asset is measured at FVOCI, if it is held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Obtained and read the Company's accounting policy on recognition of gain on disposal of FVOCI instruments in accordance with the requirements of NAS 39 – Financial



Key audit matters	How our audit addressed the key audit matter
<p>outstanding. It is subsequently measured at fair value with fair value movements recognised in the other comprehensive income (OCI), except for the recognitions of impairment gains or losses, interest revenue and foreign exchange gain or losses; interest revenue and foreign exchange gains and losses are recognised in profit or loss.</p> <p>The fair value gains or losses of FVOCI instruments are not recycled to profit or loss. Rather the gains or losses are reclassified to retained earning upon actual disposal of the FVOCI instrument.</p> <p>Since fair value are not recycled to profit and loss upon actual disposal and is reclassified to retained earnings through statement of changes in equity, it poses certain challenges in evaluating the appropriateness and accuracy of the Company's judgement on the amount to be reclassified to retained earnings.</p> <p>As of the current fiscal year ended on Ashadh 31, 2081, the Company have recognised profit of Rs. 27,509,708 to the retained earnings for disposal of FVOCI instruments. The same has been considered as key audit matter in our audit of the financial statements of the Company.</p>	<p>Instruments: Recognition and Measurement read together with NFRS 9 – Financial Instruments.</p> <ul style="list-style-type: none"> ▪ Checked the accuracy of the amount that has been recognised to retained earnings by analyzing both the historical fair value adjustment to other comprehensive income (OCI) and the current disposal value of the FVOCI instruments. ▪ Ascertained that the transaction costs related to the FVOCI instruments are charged to the same FVOCI instruments and not charged off in profit or loss. ▪ Verified the withholding capital gain taxes therein, wherever applicable, have been deposited with the regulatory authority. ▪ Evaluated the management's methodologies and the Company's internal procedures relating to accounting records of such FVOCI instruments. ▪ Verified from external sources and relevant documents including that from the custody sources that the disposal and subsequent transfer of FVOCI equity instruments are recorded in the correct reporting period. ▪ Based on our audit procedures performed, we concluded that the recognition of gain on disposal of FVOCI investments is appropriate.

Information other than the financial statements and auditor's report thereon

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

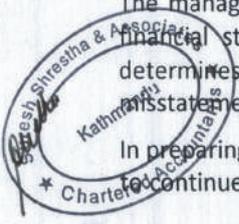
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using



the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

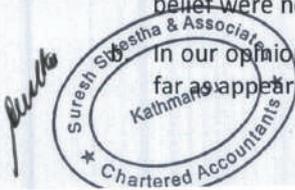
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

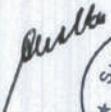
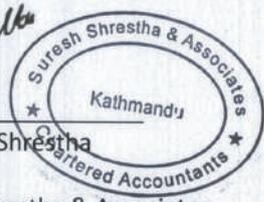
We report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.



- c. The enclosed statement of financial position, statement of profit or loss, statement of other comprehensive income and statement of cash flows have been prepared in conformity with provision of the Company Act, 2063 and format as prescribed by Nepal Insurance Authority and the same are in agreement with the books of account maintained by the Company.
- d. In our opinion and to the best of our information and according to the explanations given to us, the board or any member thereof or any employee of the Company has not acted against the provision of law relating the accounts nor caused loss or damage to the Company or misappropriated the funds of the Company.
- e. To the best of our knowledge, the Company has maintained insurance fund and other mandatory reserves as prescribed by the directive issued by Nepal Insurance Authority.
- f. We did not obtain any information indicating engagement of the Company in activities other than insurance business as approved/licensed by Nepal Insurance Authority.
- g. We did not obtain any information indicating the Company's activities which are prejudicial to the interest of the insured.
- h. The Company has complied with the directive issue by Nepal Insurance Authority.
- i. We did not obtain any information indicating issuance of insurance policies other than as approved by Nepal Insurance Authority.
- j. It appears that all the financial and other information which is required to be reported/informed to the shareholders as per the prevalent laws has been provided to the shareholders.
- k. To the best of our knowledge, the Company is capable of bearing its long-term liabilities from its assets.
- l. The internal control system implemented by the Company was found to be effective.



Suresh C. Shrestha
Partner
Suresh Shrestha & Associates
Chartered Accountants

Place: Kathmandu
Date: 29.10.2081 (11th February 2025)

Himalayan Everest Insurance Limited Statement Of Financial Position

As At Ashad 31, 2081 (July 15, 2024)

Fig in NPR

Particulars	Notes	Current Year	Previous Year
ASSETS			
Goodwill & Intangible Assets	4	18,868,120	20,992,187
Property and Equipment	5	1,051,365,598	316,695,727
Investment Properties	6	-	-
Deferred Tax Assets	7	12,531,846	90,362,723
Investment in Subsidiaries	8	-	-
Investment in Associates	9	210,161,858	-
Investments	10	4,818,274,239	4,654,708,234
Loans	11	-	-
Reinsurance Assets	12	2,847,849,366	3,168,415,309
Current Tax Assets	21	75,341,583	-
Insurance Receivables	13	457,156,412	1,154,516,677
Other Assets	14	85,042,482	48,959,553
Other Financial Assets	15	86,397,271	151,561,392
Cash and Cash Equivalent	16	175,773,574	207,456,354
TOTAL ASSETS		9,838,762,349	9,813,668,156
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	17 (a)	2,500,157,400	2,301,535,000
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	-	-
Special Reserves	17 (d)	1,667,570,965	1,410,503,655
Catastrophe Reserves	17 (e)	69,914,552	57,061,186
Retained Earnings	17 (f)	304,786,863	226,482,875
Other Equity	17 (g)	383,881,726	294,796,842
TOTAL EQUITY		4,926,311,506	4,290,379,558
LIABILITIES			
Provisions	18	1,681,849	3,417,533
Gross Insurance Contract Liabilities	19	3,998,842,065	4,164,877,213
Deferred Tax Liabilities	7	-	-
Insurance Payable	20	358,680,424	858,561,613
Current Tax Liabilities	21	-	17,927,670
Borrowings	22	-	-
Other Liabilities	23	340,693,164	249,773,619
Other Financial Liabilities	24	212,553,341	228,730,950
TOTAL LIABILITIES		4,912,450,843	5,523,288,598
TOTAL EQUITY AND LIABILITIES		9,838,762,349	9,813,668,156

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

For and on behalf of Himalayan Everest Insurance Limited

Mahendra Krishna Shrestha
Chairman

Vijit Krishna Shrestha
Director

Ajaya Ratna Sthapit
Director

Hem Raj Thapa
Director

As per our report of even date

Bijay Kumar Pant
Director

Avilasha Panth Sharma
Director

Anju Shrestha
Chief Executive Officer

Rajkumar Khadka
Chief Financial Officer

Suresh Chandra Shrestha
Partner
Suresh Shrestha & Associates
Chartered Accountants

Place: Kathmandu
Date: 2081/10/29

Himalayan Everest Insurance Limited Statement Of Profit Or Loss

For Period 17th July, 2023 -15th July, 2024 (For the Year Ended Ashad 2081)

Fig in NPR

Particulars	Notes	Current Year	Previous Year
INCOME			
Gross Earned Premiums	25	3,384,296,904	3,394,102,330
Premiums Ceded	26	(2,104,185,974)	(2,415,783,095)
Net Earned Premiums		1,280,110,930	978,319,235
Commission Income	27	342,886,515	390,558,980
Other Direct Income	28	-	-
Income from Investments & Loans	29	344,043,010	338,770,094
Net Gain/ (Loss) on Fair Value Changes	30	-	-
Net Realised Gains/ (Losses)	31	361,558,301	(1,263,914)
Other Income	32	174,779,042	9,059,687
TOTAL INCOME		2,503,377,798	1,715,444,082
EXPENSES			
Gross Claims Paid	33	1,474,412,237	2,520,707,724
Claims Ceded	33	(756,662,048)	(1,914,671,679)
Gross Change in Contract Liabilities	34	(582,942,145)	(226,335,065)
Change in Contract Liabilities Ceded to Reinsurers	34	611,121,658	86,163,342
Net Claims Incurred		745,929,702	465,864,322
Commission Expenses	35	58,727,559	59,174,530
Service Fees	36	12,103,722	10,885,921
Other Direct Expenses	37	3,628,920	3,970,633
Employee Benefits Expenses	38	425,448,469	350,331,144
Depreciation and Amortization Expenses	39	20,513,155	19,194,061
Impairment Losses	40	132,852,751	-
Other Operating Expenses	41	221,749,258	162,148,699
Finance Cost	42	1,446,864	1,719,066
Total Expenses		1,622,400,400	1,073,288,376
Net profit/(loss) for the year before share of net profits of associates accounted for using equity method and tax		880,977,398	642,155,706
Share of Net Profit of Associates accounted using Equity Method	9	11,214,458	-
Profit Before Tax		892,191,856	642,155,706
Income tax expense	43	389,727,941	197,096,179
Net profit/ (loss) for the year		502,463,915	445,059,527
Earning per share			
Basic EPS	50	20.10	19.34
Diluted EPS		20.10	19.34

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

For and on behalf of Himalayan Everest Insurance Limited

Mahendra Krishna Shrestha Chairman
Vijit Krishna Shrestha Director
Ajaya Ratna Sthapit Director
Hem Raj Thapa Director

As per our report of even date

Bijay Kumar Pant Director
Avilasha Panth Sharma Director
Anju Shrestha Chief Executive Officer
Rajkumar Khadka Chief Financial Officer
Suresh Chandra Shrestha Partner
Suresh Shrestha & Associates
Chartered Accountants

Place: Kathmandu
Date: 2081/10/29

Himalayan Everest Insurance Limited Statement Of Other Comprehensive Income

For Period 17th July, 2023 - 15th July, 2024 (For the Year Ended Ashad 2081)

Particular	Note	Fig in NPR	
		Current Year	Previous Year
Net Profit/(Loss) For the Year		502,463,915	445,059,527
Other Comprehensive Income			
a. Items that are or may be reclassified to profit or loss			
Changes in fair value of FVOCI debt instruments		-	-
Cash flow hedge - effective portion of changes in fair value		-	-
Exchange differences on translation of foreign operation		-	-
Share of other comprehensive income of associates accounted for using the equity method	9	-	-
Income tax relating to above items		-	-
Reclassified to profit or loss		-	-
b. Items that will not be Reclassified to Profit or Loss			
Changes in fair value of FVOCI Equity Instruments		20,619,630	69,827,376
Revaluation of Property and Equipment/ Goodwill & Intangible Assets		370,212,473	-
Remeasurement of Post-Employment Benefit Obligations		-	-
Share of other comprehensive income of associates accounted for using the equity method		-	-
Income Tax Relating to Above Items		(117,249,631)	(20,948,213)
Total other comprehensive income for the year, net of tax		273,582,472	48,879,163
Total comprehensive income for the year, net of tax		776,046,387	493,938,690

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

For and on behalf of Himalayan Everest Insurance Limited

Mahendra Krishna Shrestha Chairman
Vijit Krishna Shrestha Director
Ajaya Ratna Sthapit Director
Hem Raj Thapa Director

As per our report of even date

Bijay Kumar Pant Director
Avilasha Panth Sharma Director
Anju Shrestha Chief Executive Officer
Rajkumar Khadka Chief Financial Officer
Suresh Chandra Shrestha Partner
Suresh Shrestha & Associates
Chartered Accountants

Place: Kathmandu
Date: Date: 2081/10/29

Himalayan Everest Insurance Limited Statement of Changes In Equity

For Period 17th July, 2023 - 15th July, 2024 (For the Year Ended Ashad 2081)

Fig. in NPR

Particular	Ordinary Share Capital	Share Preference	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Special Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Including Insurance Reserve	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Total
Balance as on Shrawan 1, 2079	1,173,509,100	-	-	-	68,434,242	-	707,723,176	-	26,049,183	1,311,402	-	(19,254,644)	-	45,817,386	56,268,033	2,059,857,878
Equity components added through merger	1,066,427,600	-	-	-	1,330,505	-	469,101,333	188,193,101	19,328,046	56,642	-	(21,143,391)	-	11,121,243	4,014,196	1,738,429,275
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2079	2,239,936,700	-	-	-	69,764,747	-	1,176,824,509	188,193,101	45,377,229	1,368,044	-	(40,398,035)	-	56,938,629	60,282,229	3,798,287,153
Profit/(Loss) For the Year	-	-	-	-	445,059,527	-	-	-	-	-	-	-	-	-	-	445,059,527
Other Comprehensive Income for the Year, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
j) 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,879,163
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Reserves/ Funds	-	-	-	-	(189,754,457)	-	233,679,146	-	11,683,957	4,673,583	-	-	-	(60,282,229)	-	-
Transfer to Deferred Tax Reserves	-	-	-	-	(33,424,094)	-	-	-	-	-	-	-	-	33,424,094	-	-
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	-	-	-	-	(322,532)	-	-	-	-	-	-	322,532	-	-	-	-
Current tax on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-	-	-	-	-	-	-	-	(96,760)	-	-	-	(96,760)
Share Issuance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Reserve utilized	-	-	-	-	-	-	-	-	-	(1,368,044)	-	-	-	-	-	(1,368,044)
Goodwill Created on merger	-	-	-	-	-	-	-	2,860,535	-	-	-	-	-	-	-	2,860,535
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
j) Bonus Share Issued	61,598,300	-	-	-	(61,598,300)	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv) Dividend Distribution Tax	-	-	-	-	(3,242,016)	-	-	-	-	-	-	-	-	-	-	(3,242,016)
v) Others (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on Ashadh end, 2080	2,301,535,000	-	-	-	226,482,875	-	1,410,503,655	191,053,636	57,061,186	4,673,583	-	8,706,900	-	90,362,723	-	4,290,379,558

Particular	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, 2080	2,301,535,000	-	-	-	226,482,875	-	1,410,503,655	191,053,636	57,061,186	4,673,583	-	8,706,900	-	90,362,723	-	4,290,379,558
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2080	2,301,535,000	-	-	-	226,482,875	-	1,410,503,655	191,053,636	57,061,186	4,673,583	-	8,706,900	-	90,362,723	-	4,290,379,558
Profit/(Loss) For the Year	-	-	-	-	502,463,915	-	-	-	-	-	-	-	-	-	-	502,463,915
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	-	-	-	-	-	-	-	-	-	14,433,741	-	-	-	-	-	14,433,741
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	-	259,148,731	-	-	-	-	-	-	-	-	-	259,148,731
Transfer to Reserves/ Funds	-	-	-	-	(275,062,022)	-	257,067,310	-	12,853,366	5,141,346	-	-	-	-	-	-
Transfer to Deferred Tax Reserves	-	-	-	-	(31,360,410)	-	-	-	-	-	-	-	-	31,360,410	-	-
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	-	-	-	-	-	-	-	-	-	-	-	(27,509,708)	-	-	-	11,789,875
Transfer on Writeoff of Goodwill	-	-	-	-	-	-	-	(2,860,535)	-	-	-	-	-	-	-	(2,860,535)
Share Issuance Costs	-	-	-	-	-	-	-	-	-	(2,436,000)	-	-	-	-	-	(2,436,000)
Corporate Social Responsibility Reserve utilized Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	198,622,400	-	-	-	(10,429,299)	-	-	(188,193,101)	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	(142,585,223)	-	-	-	-	-	-	-	-	-	-	(142,585,223)
iv) Dividend Distribution Tax	-	-	-	-	(4,022,556)	-	-	-	-	-	-	-	-	-	-	(4,022,556)
v) Others (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on Ashadh end, 2081	2,500,157,400	-	-	-	304,786,863	259,148,731	1,667,570,965	-	69,914,552	7,378,929	-	(4,369,067)	-	121,723,133	-	4,926,311,506

The accompanying notes form an Integral Part of Financial Statements.

For and on behalf of Himalayan Everest Insurance Limited

Mahendra Krishna Shrestha
Chairman

Vijit Krishna Shrestha
Director

Ajaya Ratna Sthapit
Director

Hem Raj Thapa
Director

As per our report of even date

Bijay Kumar Pant
Director

Avilasha Panth Sharma
Director

Anju Shrestha
Chief Executive Officer

Rajkumar Khadka
Chief Financial Officer

Suresh Chandra Shrestha
Partner
Suresh Shrestha & Associates
Chartered Accountants

Place: Kathmandu
Date: 2081/10/29

Himalayan Everest Insurance Limited Statement of Cash Flows

For Period 17th July, 2023 - 15th July, 2024 (For the Year Ended Ashad 2081)

Fig in NPR

Particulars	Current Year	Previous Year
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received		
Gross Premium Received	3,605,732,317	3,401,846,256
Reinsurance Commission Received	268,765,170	345,722,136
Claim Recovery Received from Reinsurers	1,270,763,840	1,235,559,370
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	40,859	(535,961)
Other Direct Income Received	-	6,361,112
Others (Miscellaneous Income)	6,515,948	-
Cash paid		
Gross Benefits and Claims Paid	(1,214,762,671)	(2,510,215,444)
Reinsurance Premium Paid	(2,585,041,513)	(1,576,886,764)
Commission Paid	(52,191,015)	(39,628,122)
Service Fees Paid	(27,364,966)	(32,766,807)
Employee Benefits Expenses Paid	(399,222,503)	(326,723,227)
Other Expenses Paid	(267,885,179)	(6,136,093)
Other Direct Expenses Paid	(7,048,255)	(3,970,633)
Others (CSR Utilised)	(2,749,500)	-
Others (to be specified)	-	-
Income Tax Paid	(466,208,637)	(79,943,311)
Net Cash Flow From Operating Activities [1]	129,343,895	412,682,512
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(3,012,132)	(7,818,362)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Acquisitions of Property & Equipment	(389,159,679)	(75,724,574)
Proceeds From Sale of Property & Equipment	775,897	5,338,808
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	(397,387,812)	(181,811,708)
Proceeds from Sale of Equity Instruments	562,632,920	6,760,035
Purchase of Mutual Funds	-	(10,998,307)
Proceeds from Sale of Mutual Funds	3,209,021	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	(71,164,888)	(32,715,989)
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(3,742,506,300)	(4,379,371,103)
Maturity of Deposits	3,680,387,500	3,592,117,050
Loans Paid	-	-
Proceeds from Loans	-	-

Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest Income Received	329,383,408	334,520,218
Dividend Received	9,526,984	3,034,161
Others (to be specified)	-	-
Total Cash Flow From Investing Activities [2]	(17,315,081)	(746,669,771)
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	-	-
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	(142,585,224)	(374,248)
Dividend Distribution Tax Paid	(4,022,556)	(3,242,016)
Others (to be specified)	-	-
Total Cash Flow From Financing Activities [3]	(146,607,780)	(3,616,264)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	(34,578,965)	(337,603,523)
Cash & Cash Equivalents At Beginning of The Year/Period	207,456,354	541,745,130
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,896,185	3,314,747
Cash & Cash Equivalents At End of The Year/Period	175,773,574	207,456,354
Components of Cash & Cash Equivalents		
Cash In Hand	1,124,800	1,200,000
Cheque in Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	174,648,774	206,256,354

The accompanying notes form an Integral Part of Financial Statements.

For and on behalf of Himalayan Everest Insurance Limited

Mahendra Krishna Shrestha Chairman	Vijit Krishna Shrestha Director	Ajaya Ratna Sthapit Director	Hem Raj Thapa Director	As per our report of even date
Bijay Kumar Pant Director	Avilasha Panth Sharma Director	Anju Shrestha Chief Executive Officer	Rajkumar Khadka Chief Financial Officer	Suresh Chandra Shrestha Partner Suresh Shrestha & Associates Chartered Accountants

Place: Kathmandu
Date: Date: 2081/10/29

Himalayan Everest Insurance Limited Consolidated Statement of Distributable Profit or Loss

For Period 17th July, 2023 - 15th July, 2024 (For the Year Ended Ashad 2081)

Particulars	Fig in NPR	
	Current Year	Previous Year
Opening Balance in Retained Earnings	226,482,875	88,609,479
Retained earning brought in from merger	-	1,330,505
Transfer from OCI reserves to retained earning in current year	39,299,583	(322,532)
Net profit or (loss) as per statement of profit or loss	502,463,915	445,059,527
Appropriations:		
i) Transfer to Insurance Fund	-	-
ii) Transfer to Special Reserve	(257,067,310)	(233,679,146)
iii) Transfer to Catastrophe Reserve	(12,853,366)	(11,683,957)
iv) Transfer to Capital Reserve	-	191,053,635
v) Transfer to CSR reserve	(5,141,346)	(4,673,583)
vi) Transfer to/from Regulatory Reserve	-	60,282,229
vii) Transfer to Fair Value Reserve	-	-
viii) Transfer of Deferred Tax Reserve	(31,360,410)	(33,424,094)
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	-	(2,860,535)
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency	(4,120,485)	(3,314,747)
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	(10,161,858)	-
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	(157,037,078)	(64,840,316)
xiv) Deduction as per Sec 17 of Financial directive	-	-
xiv) Deduction as per Sec 18 of Financial directive	(61,825,249)	(36,378,607)
xv) Others (to be specified)	-	-
Adjusted Retained Earning	228,679,271	395,157,858
Add: Transfer from Share Premium Account	-	-
Less: Amount apportioned for Assigned capital	-	-
Less: Deduction as per sec 15(1) Of Financial directive	(4,369,067)	-
Add/Less: Others (to be specified)	-	-
Total Distributable Profit/(loss)	224,310,204	395,157,858

Mahendra Krishna Shrestha Chairman **Vijit Krishna Shrestha** Director **Ajaya Ratna Sthapit** Director **Hem Raj Thapa** Director As per our report of even date

Bijay Kumar Pant Director **Avilasha Panth Sharma** Director **Anju Shrestha** Chief Executive Officer **Rajkumar Khadka** Chief Financial Officer **Suresh Chandra Shrestha** Partner
Suresh Shrestha & Associates
Chartered Accountants

Place: Kathmandu
Date: Date: 2081/10/29

Himalayan Everest Insurance Limited Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

1. Company overview

Himalayan Everest Insurance Company Limited (hereinafter referred to as "the Company") is a public limited liability company incorporated as per the laws of Nepal. The Company obtained the license (License number 04/050) from Nepal Insurance Authority on Shrawan 6, 2050 and got approval from the Authority to carry on business from Shrawan 13, 2050 under Insurance Act 2079. The Company started its commercial operation from Mangsir 16, 2050.

The registered office of the Company and the principal place of business is HEI House, Babar Mahal, Kathmandu, Nepal. The Company's share is listed in Nepal Stock Exchange.

The Company is engaged in the business of underwriting non-life insurance through its branches and network of agents. There were no significant changes in the nature of principal activities in the company during the financial year.

The Company does not have any holding company and neither have any interest in subsidiaries. It has investment in Nepal Infrastructure Investment Fund Limited with significant stakes and accounted the same as investment in companies.

The company merged with Everest Insurance Limited and commenced joint operation in the name of the merged entity, Himalayan Everest Insurance Limited from Shrawan 1, 2079 (July 17, 2022).

2. Basis of preparation of financial statements

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.

2.1 Reporting period and approval of financial statement

a. Reporting dates

The company follows the Nepalese financial year based on the Nepalese calendar starting from first day of Shrawan of each year (mid-July) to the last day of Ashad (mid-July) of the next year.

b. Approval of financial statements

This financial statement was approved for issue by the Company's board of directors on 11th February 2025.

2.2 Statement of compliance

These financial statements, which comprise the statement of financial position, statement of profit or loss, statement of other comprehensive income, statement of changes in equity, statement of cash flows, and notes along with the relevant presentation requirements thereto have been prepared in all material aspects under Nepal Financial Reporting Standards (NFRS) laid down by the Accounting Standard Board (ASB), and comply with requirements of Company Act, 2063 of Nepal and applicable directives issued by Nepal Insurance Authority and required disclosures as per Securities Board Nepal. The Company adopted NFRS from Shrawan 1, 2074 (July 16, 2017). 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.

2.3 Basis of measurement

These financial statements are prepared under the historical cost convention, except for certain assets and liabilities measured as follows as follows:

- a. Investment in equity instruments and units of mutual funds are measured at fair value.
- b. Liability for defined benefit obligations is recognized at the present value of the defined benefit obligation as determined by the actuary.
- c. Insurance contract liabilities are actuarially determined values under the Actuarial Valuation Directive issued by Nepal Insurance Authority.

Historical cost is generally the 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 and the significance of the inputs used for fair value measurement in its entirety, which are described as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs are unobservable inputs for the asset or liability.

The Company presents its statement of financial position broadly in the order of liquidity.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with NFRS requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting estimates / judgements	Disclosure note
Unexpired risk reserve (URR)	Note 3.11(a)
Provision for gross outstanding claims (OCR)	Note 3.11(b)
Provision for incurred but not reported claims (IBNR)	Note 3.11(c)
Margin over best estimate	Note 3.11(d)
Earthquake reserve	Note 3.11(e)
Employee benefits	Note 3.12(a), (b) and (c)
Useful lives of property, plant and equipment	Note 3.1(d)
Useful lives of intangible assets	Note 3.2(b)(v)

c. Insurance contract liabilities

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the date of statement of financial position and for the expected ultimate cost of claims incurred, but not yet reported (IBNR). It can take significant period of time before the ultimate claims cost can be established with certainty. The main assumption underlying estimating the amounts of outstanding claims is the past claims development experience.

d. Defined benefit obligation

The defined benefit obligation liability of the Company is based on the actuarial valuations carried out by an independent actuary. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is very sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Useful lives of property, plant and equipment and intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

2.5 Functional and presentation currency

The financial statements are presented in Nepalese Rupees (Rs.), which is the functional and presentation currency of the Company. Amounts in the financial statements are rounded off to the nearest rupee.

2.6 Going concern

The board of directors have made assessment of the Company's ability to continue as going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as going concern and accordingly, the financial statements continue to be prepared on the basis of going concern.

2.7 Changes in accounting policy

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company changes its 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 company's financial position, financial performance, or cash flows.

2.8 New standard issued but not yet effective

New standards and amendments to the existing standards and interpretations have been issued by ICAN with varying effective dates. Those become applicable from the financial year beginning from Shrawan 1, 2080 (July 17, 2023).

Standards issued but not yet effective up to the date of issuance of the financial statements are set out below. The Company will adopt these standards from their effective dates.

a. NFRS 17 – Insurance Contract

NFRS 17 will replace NFRS 4 – Insurance Contract. Under the NFRS 17 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. The discount rate will reflect current interest rates. NFRS 17 requires an entity to recognize profit as it delivers insurance services, rather than when it received premium and to provide information about insurance contract profit that an entity expects to recognize in the future period.

NFRS 17 becomes effective from financial year commencing from Shrawan 1, 2082 (July 16, 2025). The management of the Company is assessing the potential impact in its financial statements from the application of this standard.

2.9 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.

2.10 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.

2.11 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 that are material.

3. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

a. Recognition of property, plant and equipment

The cost of an item of property, plant and equipment is recognized as assets if and only if:

- It is probable that future economic benefits associated with the item will flow the Company; and
- The cost of the item can be measured reliably.

b. Initial recognition

Property, plant and equipment are stated at historical cost less depreciation, and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of an item of property, plant and equipment.

c. Subsequent recognition

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

d. Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method over their useful lives. The estimated useful lives of property, plant and equipment is as follows:

Class of property, plant and equipment	Useful life
Building	60 years
Leasehold property	5 years
Furniture and fixtures	10 years
Computers	5 years
Office equipment	5 years
Other assets	10 years
Vehicles	10 years

Freehold land is not depreciated.

Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted if appropriate.

e. Disposals and derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of 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 property, plant and equipment and is recognized in the statement of profit or loss.

f. Impairment of property, plant and equipment

Property, plant and equipment 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 the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g. Capital work-in-progress

These are expenses of capital nature directly incurred in the construction of buildings, and system development which are to be capitalized. Capital work-in-progress are capitalized to relevant asset when it is available for use. Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

3.2 Goodwill and intangible assets

a. Goodwill on business combination

i. Initial recognition

Goodwill on business combination is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in the statement of profit or loss as a bargain purchase gain.

ii. Amortization and impairment

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

b. Other intangible assets

iii. Initial recognition

Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible asset acquired separately are measured at cost. Cost includes expenditure that is directly attributable to the acquisition of an item of intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

iv. Subsequent recognition

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in statement of profit or loss as incurred.

v. Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite. An item of intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the Company.

The useful economic life of an intangible asset is considered finite where the right to such asset is limited to a specified period of time by contract or by the likelihood of technological obsolescence. Intangible assets with finite lives are amortized using the straight-line method to write down the cost over its estimated useful economic lives and is recognized in statement of profit or loss.

Class of intangible assets	Useful life
Enterprise Resource Planning Software	15 years
Other software	5 years

The amortization method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

vi. Derecognition

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset, is recognized in statement of profit or loss in the year the asset is derecognized.

vii. Impairment

The Company assesses at each reporting date 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.

Intangible assets with infinite useful life such as license are not amortized but are assessed for impairment in each reporting period or as and when there is indication of impairment. The assessment of infinite life is reviewed each reporting period to determine whether the infinite life continues to be supportable.

3.3 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 previously carried at historical cost, however, has been revalued and presented accordingly in the financial statement. 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 property, plant and equipment up to the date of change in use.

As on the date of the statement of financial position, the company does not have any investment properties.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and financial institutions in current and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.5 Financial instruments, financial assets and financial liabilities

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities.

a. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in statement of profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

b. Financial assets

Financial assets include loans, advances, insurance receivables and cash and cash equivalents. Such assets are initially recognized at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being measured at fair value through statement of profit or loss and other comprehensive income.

i. Subsequent measurement

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both (a) the entity's business model for managing the financial assets and (b) the contractual cash flow characteristics of the financial asset.

Financial assets are classified as those:

- Measured at amortized cost

A financial asset is measured at amortized cost, if it is held solely for collection of cash flows arising from payments of principal and interest. Interest income in these financial assets is measured using the effective interest rate method.

Fixed deposits with banks and financial institutions, advances, insurance receivables and cash and cash equivalents are classified for measurement at amortized cost.

- Measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI, if it is held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognized in the other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains or losses. Interest income from these financial assets is included in investment income using the effective interest method.

However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

- Measured at fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in investment income.

ii. Derecognition of financial assets

Financial assets are derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Financial assets are also derecognized upon write off. Any gain or loss arising on the disposal or retirement of an item of financial asset is determined as the difference between the sales proceeds and its carrying amount and is recognized in the statement of profit or loss.

iii. Impairment of financial assets

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) held at amortized cost and financial assets that are measured at fair value through other comprehensive income are impaired based on evidence or information that is available without undue cost or effort. Loss allowances is recognized for all financial assets which are considered as doubtful of recovery. Losses arising from impairment are recognized in the statement of profit or loss.

c. Financial liabilities

Insurance payables, sundry creditors and other financial liabilities are initially recognized at the value of the respective contractual obligations.

i. Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortized cost. Any discount or premium on redemption / settlement is recognized in the statement of profit or loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the statement of financial position.

ii. Derecognition

Financial liabilities are derecognized when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expired.

d. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.6 Reinsurance assets

The Company cedes insurance risk in the normal course of business to recognize reinsurers through formal reinsurance arrangements. Reinsurance assets include balance due from reinsurer for unexpired premium reserve and for outstanding claim reserve. Amount recoverable from reinsurers are estimated in a manner consistent with the ratio of unexpired premium reserve to gross premiums that have been ceded and with the ratio of outstanding claim reserve recoverable from reinsurers in accordance with the related reinsurance contract.

Reinsurance assets is measured in gross in the statement of financial position unless a right to offset exists. Where the right to offset exists, these are measured at net basis.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period. Impairment occurs, when there is objective evidence as a result of an event that occurred after initial recognition of reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amount that the Company will receive from the reinsurers.

The impairment loss, if any, is recognized in the statement of profit or loss.

Reinsurance assets are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

3.7 Current tax assets and current tax liabilities

Current tax assets of the company include the amount of advance income tax paid to the Inland Revenue Department and tax deducted at source. Similarly, current tax liabilities include the tax provision made for the year.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

Current tax assets and current tax liabilities are shown in net in statement of financial position of the company as there exist condition to set off both assets and liabilities.

3.8 Other assets

Deferred fees and commission expenses

Fees and commission expenses incurred during the financial year arising from writing or renewing of insurance contracts are deferred and amortized over the period in which the related revenues are earned. All other costs are recognized as expenses when incurred.

3.9 Share capital

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.

3.10 Reserve and funds

a. Share premium

It represents amount collected in excess of the face value of shares on auction of unsubscribed right shares. This amount may be utilized for issuing fully paid bonus shares to the ordinary shareholders.

b. Revaluation reserves

Represents unrealized gain on revaluation adjustment to carrying amount of assets and cannot be used for distribution.

c. Special reserve

Represents appropriation of 50% of net profit for the year as per Insurance Act, 2079. The fund maintained for one category cannot be utilized to bear the liabilities relating to other category of Insurance Business. During the year, the amount appropriated to the fund is based on the profit for the year as per the financial statement prepared under the regulator's directive.

d. Capital reserve

It represents funds used for contingencies or to offset capital losses. It is derived from the accumulated capital surplus of a company, created out of capital profit.

e. Capital adjustment reserve

The Company has acquired erstwhile Everest Insurance Limited, and its joint operation was started from 1st Shrawan, 2079 (17th July 2022). For the consideration of acquisition, the Company has issued 10,664,276 number of equity shares at swap ratio of 100:85 (85 shares of Himalayan General Insurance Company Limited for every 100 shares of Everest Insurance Company Limited). During FY 2079/80, Accounting for acquisition of Everest Insurance Limited has been done as per Nepal Financial Reporting Standard (NFRS) 3 – Business Combination along with considering the explanatory notes prescribed by the Institute of Chartered Accountants of Nepal by recognizing goodwill of Rs. 2,860,535 and Rs. 184,002,024 of swap adjusted paid up capital by creating capital adjustment reserve. The full amount of capital adjustment reserve has been utilized during the reporting period for the issuance of bonus shares with the approval of 30th AGM held on 25th Magh 2080.

f. Catastrophe reserves

Represents appropriation of 10% of profit for the year remaining after appropriation to insurance fund, segregated for significant insurance claims that might have adverse impact on financial stability. This reserve is not available for distribution to the ordinary shareholders.

g. Corporate social responsibility reserve

Represents reserve established under regulatory requirement by apportioning 1% of profit for the year to be expended towards CSR initiatives.

h. Fair value reserves

Represents the cumulative gains (net of losses) arising on the revaluation of equity Instruments and units of mutual fund measured at FVOCI.

i. Actuarial reserves

Represents the cumulative gains / (losses) arising on actuary valuation of gratuity, a defined benefit plan resulting from experience adjustment (the effects of differences between the previous actuarial assumptions and what has occurred; and the effects of changes in actuarial assumptions.)

j. Deferred tax reserve

Represents amount appropriated from retained earnings for an amount equal to deferred tax assets recognized.

k. Regulatory reserves

Represents excess amount of retained earnings and profit reported under financial statement prepared under NFRS compared to retained earnings and profit reported under GAAP. This amount has been appropriated to retained earnings after regulatory allocations stated by Insurer's Financial Statement Directives, 2080, during the previous reporting period.

3.11 Insurance contract liabilities

Insurance contract liabilities include outstanding claim reserve (OCR) including liability recognized for incurred but not reported (IBNR) claims and provision for unearned risk premiums (UPR). Insurance contract liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

a. Unearned risk reserve (URR)

Unearned risk reserve includes a provision for unearned premium and any additional provision for premium deficiency. Unearned risk premiums represent premiums received for risks that have not yet expired and is generally released over the term of the insurance contract and is recognized as earned premiums.

As required by NFRS 4 – Insurance Contracts, the Company performed liability adequacy test (LAT) with respect of URR on general insurance contracts with the assistance of an external actuary. Liability for URR is recognized based on liability assessed by Actuary.

b. Outstanding claim reserve (OCR)

Outstanding claim reserve is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claim handling cost and reduction for the expected value of salvage and other recoveries. Delays are experienced in notification and settlement of certain types of claims; therefore, the ultimate actual cost of the claims cannot be ascertained with certainty as at the date of statement of financial position.

As required by NFRS 4 – Insurance Contracts, the Company performed liability adequacy test (LAT) with respect of OCR on general insurance contracts with the assistance of an external actuary. Liability for OCR is recognized based on liability assessed by Actuary.

c. Incurred but not reported (IBNR) claims

Incurred but not reported (IBNR) claims are actuarially computed as required by NFRS 4 – Insurance Contracts. Liability of IBNR is recognized based on liability assessed by Actuary.

d. Margin over best estimate

Margin over best estimate (MOBE) is actuarially calculated as required by the Risk Based Capital and Solvency Directive, 2078 to reflect the inherent uncertainty in cash flows related to incurred but not reported claims (IBNR) and is calculated to ensure a confidence level of not lower than 75%.

e. Earthquake reserve

Earthquake reserve is the accumulation of earthquake premiums and is calculated at 15% of accumulated earthquake premium. Any earthquake premium contributed to the EPR shall remain in the reserves, up to 150% of the highest gross premium amounts of the last 5 years.

f. Liability Adequacy

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

3.12 Employee benefits

a. Short-term obligations

Expenses in respect of short-term benefits are recognized on the basis of amount paid or payable during which services are rendered by the employees. Liabilities for salary and allowances that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related services 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.

b. Post-employment obligations

i. Defined contribution plan

These are plans in which the Company pays pre-defined amounts to publicly administered funds as per local regulations and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the social security fund with the government on account of provident fund. The Company's payments to the defined contribution plans are recognized as employee benefit expenses when they are due.

ii. Defined benefit plan

The Company's defined benefit plans comprise of gratuity. The liability or asset recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. Service costs and net interest expense or income is reflected in the statement of profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in OCI reserve as actuarial reserve in the statement of changes in equity and in the statement of financial position. Gratuity is funded and these comprise of contributions to the social security fund with the government.

c. Long-term employee benefits

The liabilities for 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. This benefit is unfunded.

d. Termination benefits

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:

- when the Company can no longer withdraw the offer of those benefits; and
- 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.

3.13 Revenue recognition

a. Gross premiums

Gross premiums comprise the total premium received or receivable for the whole period of cover provided by insurance contract entered during the financial year. Gross premium is generally recognized upon inception of the insurance contract policy. Upon inception of the contract, premiums are recorded as and are earned primarily on a pro-rate basis over the term of the coverage of related insurance contract.

Unexpired risk reserve are those proportions of premiums written in a financial year that relate to periods of risks after the reporting date. Unexpired premiums are calculated on 365 days basis for all insurance contracts having an insurance coverage period of one year. However, in the case of marine cargo policies, having an insurance coverage period of less than one-year, unearned premiums are calculated on 365 days basis of the insurance contract and where the insurance coverage is for a period of more than one year or in the absence of data required, unearned premiums are calculated at 50% of the gross premiums.

The proportion attributable to subsequent periods is deferred as provision for unexpired risk reserve which is included under liabilities.

b. Premiums ceded to reinsurers

Gross reinsurance premiums on insurance contracts are recognized as an expense on the earlier of the date when the premiums are payable or when the policy becomes effective. Reinsurance premiums are based on the rates agreed with reinsurers.

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.

c. Fees and commission income

Fees and commission income earned during the financial year arising on premium ceded to reinsurers are recognized when the related service is performed in accordance with the insurance contract. The portion of fees and commission income for which the insurance contract is not expired is deferred and amortized over the period in which the related revenues are earned.

d. Investment income

i. Interest income

Interest income is recognized as it accrues, using the effective interest method.

ii. Dividend income

Dividend income from investments in equity instruments and from investment in units of mutual funds is recognized when the right to receive dividend is established.

e. Net realized gains and losses

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

3.14 Benefits and claims

a. Gross benefits and claims

Claims include all claims occurring during the financial year, whether reported or not together with claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

The provision in respect of claims incurred but not reported (IBNR) is actuarially determined based on the past experience and trends. The provisions for claims are fairly stated based on the information currently available, the ultimate liability will vary as a result of subsequent information and events which may result in adjustments to the amount reported. Such amounts are recorded and reflected in such subsequent periods.

b. Claims recovered from reinsurers

Claims recovered from reinsurers are recognized when the related gross insurance claim is recognized according to the terms of the relevant insurance contract.

3.15 Product classification

Insurance contracts are those contracts when the Company has accepted significant insurance risk from 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:"

a. Fire portfolio

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

b. 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.

c. Marine portfolio

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

d. 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.

e. 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.

f. 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.

g. Cattle and crop portfolio

Cattle and Crop Insurance provides insurance against loss of or damage to cattle and crops.

h. Miscellaneous portfolio

All the insurance business which does not fall in above categories fall under miscellaneous insurance business. Group personal accidents, medical insurances, professional indemnity insurance etc. fall under this category of business.

3.16 Borrowing cost

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.

3.17 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.

3.18 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

Right-of-Use (ROU) assets are recognized at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated amortization and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally amortized over the shorter of the lease term and estimated useful lives of the underlying assets on a straight-line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the statement of profit and loss on a straight-line basis over the term of the relevant lease. The Company recognizes lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognized as expense in the periods in which they are incurred. Interest on lease liability is recognized using the effective interest method.

Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

3.19 Income tax

a. Current tax

Current tax in the statement of profit or loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws applicable during the period, together with any adjustment to tax payable in respect of previous years.

b. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that the future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax relating to items recognized outside the statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3.20 Provisions, contingent liabilities and contingent assets

a. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The carrying amounts of provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

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.

b. 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.

c. Contingent Assets

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

3.21 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in statement of profit or loss.

3.22 Dividend distribution

Dividends paid are recognized in the period in which the interim dividends are approved by the board of directors, or in respect of the final dividend when approved by shareholders.

3.23 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 assume conversion of all dilutive potential ordinary shares.

3.24 Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team of the Company comprising of the chief executive officer and various department heads.

The Company has identified the following line of insurance business as separate segment

Fire
Marine
Motor
Engineering
Aviation
Miscellaneous
Agriculture and
Micro

Segments are organized based on business which have similar economic characteristics as well as which exhibit similarities in nature of products and services offered the type and class of customer and distribution methods.

Segments includes total profit distribution of the Company to all its line of businesses. The premium income, reinsurance premium expenses, gross claims and claims recovered from reinsurers, outstanding claims, other direct expenses and income, fees and commission income, other operating and administrative expenses are allocated to each line of business.

"Unallocated corporate expenses" include revenue and expenses that relate to initiatives / costs attributable to the enterprise as a whole and are not attributable to specific segments.

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

4. GOODWILL AND INTANGIBLE ASSETS				Fig in NPR
Particulars	Software	Goodwill	Others(to be specify)	Total
Gross carrying amount				
As at Shrawan 1, 2079	13,785,692	-	-	13,785,692
Additions during the year				
Acquisition	4,625,086	2,860,535	-	7,485,621
Internal development	7,818,362	-	-	7,818,362
Business Combination(to be Specified)	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/adjustment	-	-	-	-
Balance as at Ashadh 31, 2080	26,229,140	2,860,535	-	29,089,675
Additions during the year				
Acquisition	3,012,132	-	-	3,012,132
Internal development	-	-	-	-
Business Combination(to be Specified)	-	-	-	-
Disposals during the year	-	-	-	-
Write-offs during the year	-	(2,860,535)	-	(2,860,535)
Revaluation/adjustment	651,106	-	-	651,106
Balance as at Ashadh 31, 2081	29,892,378	-	-	29,892,378
Accumulated amortization and impairment				
As at Shrawan 1, 2079	4,695,133	-	-	4,695,133
Additions during the year				
Disposals during the year	-	-	-	-
Impairment losses during the year	-	-	-	-
Balance as at Ashadh 31, 2080	8,097,488	-	-	8,097,488
Additions during the year	2,607,186	-	-	2,607,186
Disposals during the year	-	-	-	-
Impairment losses during the year	-	-	-	-
Revaluation/Adjustment	319,584	-	-	319,584
Balance as at Ashadh 31, 2081	11,024,258	-	-	11,024,258
Capital Work-In-Progress				
As on Shrawan 1, 2079				
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as on Ashadh 31, 2080	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as on Ashadh 31, 2081	-	-	-	-
Net carrying amount				
As on Ashadh 31, 2080	18,131,652	2,860,535	-	20,992,187
As on Ashadh 31, 2081	18,868,120	2,860,535	-	18,868,120

Himalayan Everest Insurance Limited Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

Fig in NPR

Particulars	Land	Buildings	Leasehold improvement	Furniture and fixtures	Computers and IT equipment	Office equipment	Vehicles	Other assets	Total
Gross carrying amount									
As on Shrawan 1, 2079	16,930,121	-	9,755,754	11,134,161	15,003,714	8,092,118	25,923,392	-	86,839,260
Additions during the year									
Acquisition	18,473,954	-	-	24,481,783	18,996,750	13,571,889	22,316,270	-	97,840,646
Capitalization	-	12,066,955	4,346,831	2,731,308	1,042,478	2,747,582	4,435,064	-	27,370,218
Disposals during the year	-	-	-	-	-	-	(8,018,850)	-	(8,018,850)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2080	35,404,075	12,066,955	14,102,585	38,347,252	35,042,942	24,411,589	44,655,876	-	204,031,274
Additions during the year									
Acquisition	223,870,038	-	6,302,736	3,141,337	5,157,965	5,269,047	15,481,463	-	259,222,586
Capitalization	-	-	(57,666)	-	(92,920)	-	(623,131)	-	(773,717)
Disposals during the year	-	-	(339,364)	(1,043,070)	(4,941,475)	(3,082,127)	(321,306)	-	(9,727,342)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	370,212,473	-	5,670,271	(7,271,870)	6,239,330	(5,288,837)	-	-	370,212,473
Transfer/ adjustments	-	-	-	-	-	-	-	-	(651,106)
Balance as on Ashadh 31, 2081	629,486,586	12,066,955	25,678,562	33,173,649	41,405,842	21,309,672	59,192,902	-	822,314,168
Accumulated depreciation and impairment									
As on Shrawan 1, 2079	-	-	6,326,636	5,348,538	8,531,848	5,342,234	7,159,851	-	32,709,107
Additions during the year	-	241,339	1,733,372	2,249,823	3,447,543	2,459,203	3,478,607	-	13,609,887
Disposals during the year	-	-	-	-	-	-	(2,599,831)	-	(2,599,831)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	11,266,737	11,988,260	6,807,225	11,367,443	-	41,429,665
Balance as on Ashadh 31, 2080	-	241,339	8,060,008	18,865,098	23,967,951	14,608,662	19,406,070	-	85,148,828
Additions during the year	-	241,353	2,314,832	2,458,152	3,420,833	2,842,451	3,521,959	-	14,799,580
Disposals during the year	-	-	(8,531)	-	(7,281)	-	(442,264)	-	(458,076)
Write-offs during the year	-	-	(33,656)	(568,961)	(4,281,145)	(2,236,852)	(263,175)	-	(7,383,789)
Impairment during the year	-	-	-	(4,080,924)	2,941,133	(2,235,556)	-	-	(319,586)
Transfer/ adjustments	-	-	3,055,761	(4,080,924)	2,941,133	(2,235,556)	-	-	(319,586)
Balance as on Ashadh 31, 2081	-	482,692	13,388,414	16,673,365	26,041,191	12,978,705	22,222,590	-	91,786,957

Himalayan Everest Insurance Limited Notes To The Financial Statements

For The Year Ended On Ashadh 31, 2081 (July 15, 2024)

Fig in NPR

Particular	Land	Buildings	Leasehold improvement	Furniture and fixtures	Computers and IT equipment	Office equipment	Vehicles	Other assets	Total
Capital Work-In-Progress									
As on Shrawan 1, 2079	-	120,973,496	-	-	-	-	-	-	120,973,496
Additions during the year	-	72,488,266	-	-	1,944,444	-	-	-	74,432,710
Capitalisation during the year	-	(12,066,955)	-	-	-	-	-	-	(12,066,955)
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2080	-	181,394,807	-	-	1,944,444	-	-	-	183,339,251
Additions during the year	-	129,507,898	-	-	-	-	-	-	129,507,898
Capitalisation during the year	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	(1,944,444)	-	-	-	(1,944,444)
Balance as on Ashadh 31, 2081	-	310,902,705	-	-	-	-	-	-	310,902,705
Net Carrying Amount									
As on Ashadh 31, 2080	35,404,075	193,220,423	6,042,577	19,482,154	13,019,735	9,802,927	25,249,806	-	302,221,697
As on Ashadh 31, 2081	629,486,586	322,486,968	12,290,148	16,500,284	15,364,651	8,330,967	36,970,312	-	1,041,429,916
Right-of-Use Assets (after Implementation of NFRS 16)									
Gross carrying amount									
As on Shrawan 1, 2079	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-	18,061,890	-	18,061,890
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2080	-	-	-	-	-	-	-	18,061,890	18,061,890
Additions during the year	-	-	-	-	-	-	-	324,534	324,534
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	(2,353,567)	(2,353,567)
Balance as on Ashadh 31, 2081	-	-	-	-	-	-	-	16,032,857	16,032,857

Accumulated depreciation										
As on Shrawan 1, 2079										
Additions during the year	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	3,587,860	3,587,860
Write-offs during the year	-	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2080	-	-	-	-	-	-	-	-	3,587,860	3,587,860
Additions during the year	-	-	-	-	-	-	-	-	3,106,389	3,106,389
Disposals during the year	-	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	(597,074)	(597,074)
Balance as on Ashadh 31, 2081	-	-	-	-	-	-	-	-	6,097,175	6,097,175
Net Carrying Amount	-	-	-	-	-	-	-	-	-	-
As on Ashadh 31, 2080	-	-	-	-	-	-	-	-	14,474,030	14,474,030
As on Ashadh 31, 2081	-	-	-	-	-	-	-	-	9,935,682	9,935,682
Grand Total										
As on Ashadh 31, 2080	35,404,075	193,220,423	6,042,577	19,482,154	13,019,735	9,802,927	25,249,806	14,474,030	316,695,727	
As on Ashadh 31, 2081	629,486,586	322,486,968	12,290,148	16,500,284	15,364,651	8,330,967	36,970,312	9,935,682	1,051,365,598	

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

6. INVESTMENT PROPERTIES

Investment properties at cost

Fig. in NPR

Particulars	Land	Building	Total
Gross carrying amount			
As at Shrawan 1, 2079			
Additions during the year	-	-	-
Acquisition	-	-	-
Subsequent Expenditure	-	-	-
Assets classified as held for sales	-	-	-
Disposals during the year	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Acquisition	-	-	-
Subsequent Expenditure	-	-	-
Assets classified as held for sales	-	-	-
Disposals during the year	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Accumulated depreciation and impairment			
As at Shrawan 1, 2079			-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Capital Work-In-Progress			
As on Shrawan 1, 2079			
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as on Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as on Ashadh 31, 2081	-	-	-
Net Carrying Amount			
Net Balance As At Ashad 31, 2080	-	-	-
Net Balance As At Ashad 31, 2081	-	-	-

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

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

(ii) Fair value of investment properties:

Particulars	Current Year	Previous Year
Land	-	-
Building	-	-
Total	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

Notes on Fair Value :

The Company obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including :

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

The fair values of investment properties have been determined byThe main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data.

(iii) Disclosure on restriction on the realisability of investment properties:

(iv) Contractual obligations:

Investment Properties at Fair Value

Particulars	Land	Building	Total
Gross carrying amount			
As at Shrawan 1, 2079	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Net changes in Fair Value	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Net changes in Fair Value	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2081	-	-	-
Capital Work-In-Progress			
As on Shrawan 1, 2079	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as on Ashadh 31, 2080	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as on Ashadh 31, 2081	-	-	-
Net Carrying Amount			
Net Balance As At Ashad 31, 2080	-	-	-
Net Balance As At Ashad 31, 2081	-	-	-

Notes on Fair Value :

The Company obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including :

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

The fair values of investment properties have been determined byThe main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data.

(iii) Disclosure on restriction on the realisability of investment properties:

(iv) Contractual obligations:

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

7. Deferred Tax Assets/(Liabilities)

Fig. in NPR

Particulars	Current Year			Previous Year		
	Through SOPL	Through SOCI	Total	Through SOPL	Through SOCI	Total
Goodwill & Intangible Assets	1,695,958	-	1,695,958	(1,195,484)	-	(1,195,484)
Property and Equipment	(10,223,379)	(111,063,742)	(121,287,121)	(8,938,325)	-	(8,938,325)
Investment in Associates	-	-	-	-	-	-
Financial Assets at FVPTL	-	-	-	-	-	-
Financial Assets at FVTOCI	-	1,872,455	1,872,455	-	(3,731,531)	(3,731,531)
Provision for Leave	8,615,695	-	8,615,695	7,037,339	-	7,037,339
Provision for Gratuity	17,258,415	-	17,258,415	17,270,214	-	17,270,214
Impairment Loss on Financial Assets	-	-	-	7,871,872	-	7,871,872
Impairment Loss on Other Assets	-	-	-	-	-	-
Provision for unrealised premium	-	-	-	6,711,328	-	6,711,328
Unearned Premium Reserve	7,839,123	-	7,839,123	1,321,480	-	1,321,480
Premium Deficiency Reserve	24,969	-	24,969	243,908	-	243,908
Outstanding Claim Reserve	(123,874,409)	-	(123,874,409)	-	-	-
IBNR and IBNER Claims	146,435,329	-	146,435,329	22,613,776	-	22,613,776
Margin over Best Estimate	5,510,388	-	5,510,388	1,740,066	-	1,740,066
Earthquake Premium Reserve	6,964,672	-	6,964,672	-	-	-
Carry forward of unused tax losses	-	-	-	-	-	-
Changes in tax rate	-	-	-	-	-	-
Investment in Associates	(3,364,337)	-	(3,364,337)	254,852	-	254,852
Lease liability	3,390,797	-	3,390,797	4,617,767	-	4,617,767
Deferred fee and commission expenses	(10,906,183)	-	(10,906,183)	(7,139,449)	-	(7,139,449)
Deferred commission income	63,229,222	-	63,229,222	40,992,819	-	40,992,819
Provision for bad debt	8,434,781	-	8,434,781	-	-	-
Provision for probable salary	692,092	-	692,092	692,091	-	692,091
Total	121,723,133	(109,191,287)	12,531,846	94,094,254	(3,731,531)	90,362,723
Deferred Tax Asstes	270,091,441	1,872,455	271,963,896	231,697,663	-	231,697,663
Deferred Tax Liabilities	(148,368,308)	(111,063,742)	(259,432,050)	(137,603,409)	(3,731,531)	(141,334,940)

Movements in deferred tax Assets/ (Liabilities)

Particulars	Current Year			Previous Year		
	SOPL	SOCI	SOCI	SOPL	SOCI	Total
As at Shrawan 1, 2080	94,094,255	(3,731,532)	90,362,723	44,989,547	8,251,988	53,241,535
Components from merger	-	-	-	11,121,243	9,061,453	20,182,696
Charged/(Credited) to Statement of Profit or Loss	27,628,879	-	27,628,879	37,983,465	-	37,983,465
Charged/(Credited) to Other Comprehensive Income	-	(117,249,631)	(117,249,631)	-	(21,044,973)	(21,044,973)
Charged/(Credited) to Equity	-	11,789,875	11,789,875	-	-	-
As at Ashadh 31, 2081	121,723,134	(109,191,288)	12,531,846	94,094,255	(3,731,532)	90,362,723

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

8. INVESTMENTS IN SUBSIDIARIES

Fig. in NPR

Particulars	Current Year	Previous Year
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
Less: impairment losses	-	-
Total	-	-

Investment in quoted subsidiaries

Particulars	Current Year			Previous Year		
	Cost	Fair Value (or) Equit Method		Cost	Fair Value (or) Equit Method	
..... shares of Rs. each of Ltd.	-	-	-	-	-	-
..... shares of Rs. each of Ltd.	-	-	-	-	-	-
Total	-	-	-	-	-	-

Investment in unquoted subsidiaries

Particulars	Current Year			Previous Year		
	Cost	Fair Value (or) Equit Method		Cost	Fair Value (or) Equit Method	
..... shares of Rs. each of Ltd.	-	-	-	-	-	-
..... shares of Rs. each of Ltd.	-	-	-	-	-	-
Total	-	-	-	-	-	-

Information Relating to Subsidiaries

Particulars	Percentage of Ownership	
	Current Year	Previous Year
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

9. Investment in Associates

Fig. in NPR

Particulars	Current Year	Previous Year
Investment in quoted associates	-	-
Investment in unquoted associates	210,161,858	-
Less: Impairment Losses	-	-
Total	210,161,858	-

Investment in Quoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair value	(or) Equity method	Cost	Fair value	(or) Equity method
..... shares of Rs. each of Ltd.	-	-	-	-	-	-
..... shares of Rs. each of Ltd.	-	-	-	-	-	-
Add: share of profit or loss for earlier years	-	-	-	-	-	-
Add: share of profit or loss for current year	-	-	-	-	-	-
Total	-	-	-	-	-	-

Investment in Unquoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair value	(or) Equity method	Cost	Fair value	(or) Equity method
20,00,000 Shares of 100 Rs. Each of Nepal Infrastructure Investment Ltd.	-	-	200,000,000	-	-	-
Add: Share of Profit or Loss for Earlier Years	-	-	-	-	-	-
Add: Share of Profit or Loss for Current Year	-	-	11,214,458	-	-	-
Less: Dividend Paid	-	-	(1,052,600)	-	-	-
Total	-	-	210,161,858	-	-	-

Information Relating to Associates

Particulars	Current Year	Previous Year
Name	Nepal Infrastructure Investment Fund Ltd.	
Place of Business	Nepal	
Accounting Method	Equity Method	
% of Ownership	49.76%	0.00%
Current Assets	15,301,483	-
Non-Current Assets	411,200,000	-
Current Liabilities	3,423,226	-
Non-Current Liabilities	-	-

INCOME

Net Profit or Loss	24,295,424	-
Other Comprehensive Income	-	-
Total Comprehensive Income	24,295,424	-

Company's share of profits

Net Profit or Loss	11,214,458	-
Other Comprehensive Income	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

		Fig. in NPR	
Particulars	Current Year	Previous Year	
10. INVESTMENTS			
Investments measured at Amortised Cost	4,005,312,118	3,865,804,130	
i) Investment in Preference Shares of Bank and Financial Institutions	-	-	
ii) Investment in Debentures	260,266,518	184,101,630	
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-	
iv) Fixed Deposits in "A" Class Financial Institutions	3,097,373,600	3,051,202,500	
v) Fixed Deposits in Infrastructure Banks	-	-	
iv) Fixed Deposits in "B" Class Financial Institutions	476,672,000	480,000,000	
iv) Fixed Deposits in "C" Class Financial Institutions	171,000,000	150,500,000	
v) Others (to be Specified)	-	-	
Less: Impairment Losses	-	-	
Investments at FVTOCI	812,962,121	788,904,104	
i) Investment in Equity Instruments (Quoted)	472,124,532	622,126,572	
ii) Investment in Equity Instruments (Unquoted)	284,560,000	114,060,000	
iii) Investment in Mutual Funds	56,277,589	52,717,532	
v) Investment in Debentures	-	-	
v) Others (to be Specified)	-	-	
Investments at FVTPL	-	-	
i) Investment in Equity Instruments (Quoted)	-	-	
ii) Investment in Equity Instruments (Unquoted)	-	-	
iii) Investment in Mutual Funds	-	-	
iv) Others (to be specified)	-	-	
Total	4,818,274,239	4,654,708,234	
a. Details of Impairment Losses			
Particulars	Current Year	Previous Year	
Investment in Preference Shares of Bank and Financial Institutions	-	-	
Investment in Debentures	-	-	
Investment in Bonds (Nepal Government/NRB/Guaranteed by Nepal Government)	-	-	
Fixed Deposit with "A" Class Financial Institutions	-	-	
Fixed Deposit with Infrastructure Banks	-	-	
Fixed Deposit with "B" Class Financial Institutions	-	-	
Fixed Deposit with "C" Class Financial Institutions	-	-	
Others (to be Specified)	-	-	
Total	-	-	
b. Investments having expected maturities less than 12 months:			
Particulars	Current Year	Previous Year	
Investment in Equity Instruments (Quoted)	-	-	
Investment in Equity Instruments (Unquoted)	-	-	
Investment in Mutual Funds	-	-	
Investment in Preference Shares of Bank and Financial Institutions	-	-	
Investment in Debentures	-	-	
Investment in Bonds (Nepal Government/NRB/Guaranteed by Nepal Government)	-	-	
Fixed Deposit with "A" Class Financial Institutions	3,040,869,300	2,792,202,500	
Fixed Deposit with Infrastructure Banks	-	-	
Fixed Deposit with "B" Class Financial Institutions	456,952,000	476,000,000	
Fixed Deposit with "C" Class Financial Institutions	171,000,000	148,500,000	
Others (to be Specified)	-	-	
Total	3,668,821,300	3,416,702,500	

Himalayan Everest Insurance Limited

Notes To The Financial Statements

c) Information relating to investment in equity instruments

Particulars	Current Year		Previous Year	
	Cost	Fair value	Cost	Fair value
Agriculture Development Bank Ltd 19426 Shares Of Rs 294 Each PY: 16781 Shares of Rs. 233.9 Each	5,803,760	5,711,244	5,087,204	3,925,076
Asian Life Insurance Co Ltd 2416 Shares Of Rs 623 Each PY: 2442 Shares of Rs. 745.1 Each	1,389,182	1,505,168	1,539,530	1,819,534
Api Power Company Ltd 7285 Shares Of Rs 191 Each PY: 5203 Shares of Rs. 197 Each	1,688,452	1,391,435	1,480,252	1,024,991
Butwal Power Company Ltd 362 Shares Of Rs 310 Each PY: 462 Shares of Rs. 330.5 Each	100,387	112,220	132,579	152,691
Chhimek Laghubitta Bikas Bank Ltd 4761 Shares Of Rs 900 Each PY: 4535 Shares of Rs. 1000 Each	5,072,196	4,284,900	5,072,196	4,535,000
Citizen Investment Trust 5108 Shares Of Rs 1945 Each PY: 4086 Shares of Rs. 2089 Each	9,507,583	9,935,060	9,507,583	8,535,654
Citizen Life Insurance Company Ltd 2000 Shares Of Rs 544.6 Each PY: 30783 Shares of Rs. 173.1 Each	967,421	1,089,200	-	-
Citizen Bank International Ltd 36283 Shares Of Rs 193.5 Each PY: 30783 Shares of Rs. 173.1 Each	10,015,610	7,020,761	9,010,944	5,328,537
Deprosc Laghubitta Bittiya Sanstha Limited 4192 Shares Of Rs 841 Each PY: 3811 Shares of Rs. 826 Each	4,006,429	3,525,472	4,006,429	3,147,886
Garima Bikas Bank Limited 6175 Shares Of Rs 385.1 Each PY: 68606 Shares of Rs. 186 Each	2,132,879	2,377,993	-	-
Global Ime Bank Ltd 74268 Shares Of Rs 194.2 Each PY: 68606 Shares of Rs. 186 Each	18,410,445	14,422,846	17,507,270	12,760,716
Global Ime Laghubitta Bittiya Sanstha Limited 1 Shares Of Rs 1365 Each PY: 33094 Shares of Rs. 212.8 Each	-	1,365	-	-
Himalayan Bank Ltd 27294 Shares Of Rs 204.2 Each PY: 33094 Shares of Rs. 212.8 Each	8,147,411	5,573,435	10,174,020	7,042,403
Himalayan Distillery Limited 2282 Shares Of Rs 1384 Each PY: 2135 Shares of Rs. 2248 Each"	4,360,133	3,158,288	4,488,710	4,799,480
Hydroelectricity Investment And Development Company Ltd 1809 Shares Of Rs 179 Each PY: 1809 Shares of Rs. 184 Each	159,300	323,811	159,300	332,856
Infinity Laghubitta Bittiya Sanstha Ltd 4251 Shares Of Rs 1196 Each PY: 4251 Shares of Rs. 715 Each	5,038,191	5,084,196	5,038,191	3,039,465
Kumari Bank Ltd 25493 Shares Of Rs 153.7 Each PY: 38193 Shares of Rs. 165 Each	5,555,047	3,918,274	8,323,114	6,301,845
Machhapuchchhre Bank Ltd 23140 Shares Of Rs 200 Each PY: 20424 Shares of Rs. 231.8 Each	5,673,812	4,628,000	5,673,812	4,734,283
Manjushree Finance Limited 6847 Shares Of Rs 602.9 Each PY: 6847 Shares of Rs. 550 Each	4,431,455	4,128,056	4,431,455	3,765,850
Mahalaxmi Bikas Bank Ltd 6010 Shares Of Rs 352 Each PY: 7570 Shares of Rs. 325.5 Each	2,217,232	2,115,520	2,792,753	2,464,035
Mirmire Microfinance Development Bank Ltd 551 Shares Of Rs 709 Each PY: 3789 Shares of Rs. 709 Each	-	-	3,918,094	2,686,401
Nabil Bank Ltd (Old Nbb) 7169 Shares Of Rs 523.5 Each PY: 2802 Shares of Rs. 599.2 Each	3,996,120	3,752,972	2,021,709	1,678,958
Nepal Bank Ltd 42331 Shares Of Rs 229.5 Each PY: 37553 Shares of Rs. 249 Each	11,546,656	9,714,965	10,519,488	9,350,697
Nic Asia Bank Ltd 17927 Shares Of Rs 443.2 Each PY: 14096 Shares of Rs. 793.8 Each	11,114,793	7,945,246	11,274,759	11,189,405
Nepal Investment Mega Bank Ltd 46022 Shares Of Rs 175.1 Each PY: 63022 Shares of Rs. 173.8 Each	14,045,386	8,058,452	19,233,591	10,953,224
Nepal Investment Mega Bank Ltd Promoter Share 1563 Shares Of Rs 138.9 Each PY: 1563 Shares of Rs. 153.9 Each	501,442	217,101	501,442	240,546
Nepal Life Insurance Co Ltd 21555 Shares Of Rs 619 Each PY: 18957 Shares of Rs. 744 Each	17,217,959	13,342,545	15,613,545	14,104,008
National Life Insurance Co Ltd 29456 Shares Of Rs 595 Each PY: 22679 Shares of Rs. 645 Each	18,167,217	17,526,320	15,212,895	14,627,955
Nmb Bank Ltd 41055 Shares Of Rs 218 Each PY: 39780 Shares of Rs. 226 Each	11,588,799	8,949,990	11,348,015	8,990,280
Nerude Mirmire Laghubitta Bikas Bank Ltd 7682 Shares Of Rs 720.2 Each PY: 4671 Shares of Rs. 688 Each	8,337,395	5,532,576	5,534,492	3,213,648

Himalayan Everest Insurance Limited

Notes To The Financial Statements

Nrn Infrastructure And Development Limited 3241 Shares Of Rs 748 Each PY: 3241 Shares of Rs. 513 Each	1,672,473	2,424,268	1,672,473	1,662,633
Nepal Doorsanchar Company Limited 12164 Shares Of Rs 845 Each PY: 10039 Shares of Rs. 906.9 Each	12,136,138	10,278,580	10,316,182	9,104,369
Nirdhan Utthan Bank Ltd 7182 Shares Of Rs 711.9 Each PY: 7182 Shares of Rs. 765 Each	7,578,239	5,112,866	7,578,239	5,494,230
Prime Commercial Bank Ltd 8716 Shares Of Rs 221.8 Each PY: 12616 Shares of Rs. 195 Each	2,174,281	1,933,209	3,147,169	2,460,120
Prabhu Bank Ltd 8863 Shares Of Rs 163.7 Each PY: 13263 Shares of Rs. 162.6 Each	1,945,128	1,450,873	2,913,956	2,156,564
Sanima Bank Ltd 20610 Shares Of Rs 279 Each PY: 18908 Shares of Rs. 260.5 Each	5,604,841	5,750,190	5,604,840	4,925,534
Nepal Sbi Bank Ltd 726 Shares Of Rs 328 Each PY: 700 Shares of Rs. 341 Each	211,581	238,128	211,581	238,700
Siddhartha Bank Ltd 50664 Shares Of Rs 283 Each PY: 49069 Shares of Rs. 253 Each	15,811,003	14,337,912	15,431,488	12,414,457
Standard Chartered Bank Nepal Ltd 9720 Shares Of Rs 602 Each PY: 9720 Shares of Rs. 530.1 Each	4,507,414	5,851,440	4,507,414	5,152,572
Shivam Cement Pvt Ltd 26787 Shares Of Rs 502.3 Each PY: 13195 Shares of Rs. 651.5 Each	17,748,037	13,455,110	11,766,869	8,596,542
Soaltee Hotel Limited 7200 Shares Of Rs 442 Each	3,250,043	3,182,400	-	-
Sunrise Bank Ltd PY: 5455 Shares of Rs. 173.1 Each	-	-	1,151,085	944,261
Surya Jyoti Life Insurance Co Ltd 13461 Shares Of Rs 429.9 Each PY: 11302 Shares of Rs. 610 Each	7,576,220	5,786,884	7,138,590	6,894,220
Synergy Power Development Ltd 7581 Shares Of Rs 254.9 Each PY: 5054 Shares of Rs. 250.1 Each	2,423,619	1,932,397	2,170,919	1,264,005
Swabalamban Laghubitta Bittiya Asnstha Limited 1 Shares Of Rs 940 Each PY: 1 Shares of Rs. 900.6 Each	-	940	-	901
Vijaya Laghubitta Bittaya Sanstha Ltd 5480 Shares Of Rs 1040 Each PY: 5480 Shares of Rs. 713 Each	6,233,339	5,699,200	6,233,339	3,907,240
Nepal Reinsurance Co Ltd 2146892 Shares Of Rs 100 Each PY: 3958848 Shares of Rs. 100 Each	167,548,706	214,689,200	323,633,600	395,884,800
Hydroelectricity Investment And Development Company Ltd Promotor 100000 Shares Of Rs 103 Each PY: 100000 Shares of Rs. 102.8 Each	10,010,000	10,300,000	10,010,000	10,280,000
Lumbini Bikas Bank Ltd 6234 Shares Of Rs 416.6 Each	2,452,316	2,597,084	-	-
Mountain Energy Nepal Limited 4500 Shares Of Rs 597 Each	2,625,545	2,686,500	-	-
Nesdo Sambridha Laghubitta Bittiya Sanstha Ltd 792 Shares Of Rs 2099 Each	1,334,258	1,662,408	-	-
Nerude Mirmire Laghubitta Bikas Bank Ltd 780 Shares Of Rs 720.2 Each	1,115,191	561,756	-	-
Shine Resgunga Development Bank Ltd 11525 Shares Of Rs 405.1 Each	4,282,910	4,668,778	-	-
Super Mardi Hydropower Ltd 3500 Shares Of Rs 622 Each	1,317,723	2,177,000	-	-

Investment in Equity Instruments (Unquoted)

Insurance Institute Nepal Ltd 95600 Shares Of Rs 100 Each PY: 95600 Shares of Rs 100 Each	9,560,000	9,560,000	9,560,000	9,560,000
Nepal Power Exchange Ltd 10000 Shares Of Rs 100 Each PY: 10000 Shares of Rs 100 Each	1,000,000	1,000,000	1,000,000	1,000,000
Nepal Infrastructure Investment Fund Limited 2000000 Shares Of Rs 100 Each PY: 2000000 Shares of Rs 100 Each	-	-	100,000,000	100,000,000
Global Equity Fund Ltd 35000 Shares Of Rs 100 Each PY: 35000 Shares of Rs 100 Each	3,500,000	3,500,000	3,500,000	3,500,000
Star Hospital Limited 1065000 Shares Of Rs 100 Each	106,500,000	106,500,000	-	-
Classic View Resort Limited 1000000 Shares Of Rs 100 Each	100,000,000	100,000,000	-	-
Upper Seti Hydro Limited 640000 Shares Of Rs 100 Each	64,000,000	64,000,000	-	-

d) The company has earmarked investments amounting to NPR. 3,678,821,300 (2079-80: 3,293,202,500) to Nepal Insurance Authority.

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

11. LOANS

Fig. in NPR

Particulars	Current Year	Previous Year
Loans measured at amortised cost		
Loan to Employees	-	-
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	-	-

a. Expected recovery period within 12 months:

Particulars	Current Year	Previous Year
Loan to Employees	-	-
Others (to be Specified)	-	-
Total	-	-

12. REINSURANCE ASSETS

Particulars	Current Year	Previous Year
Reinsurance Assets on:		
Unearned Premium Reserve	1,297,162,281	1,006,606,566
Unexpired Risk Reserve	-	-
Outstanding Claims	1,177,523,867	1,691,625,659
IBNR and IBNER Claim	373,163,218	470,183,084
Margin over Best Estimate	-	-
Earthquake Reserve	-	-
Total	2,808,640,034	3,168,415,309

13. INSURANCE RECEIVABLES

Particulars	Current Year	Previous Year
Receivable from Reinsurer	219,804,343	412,982,255
Receivable from Other Insurance Companies	245,081,292	910,567,292
Others(to be Specified)	-	-
Less: Impairment Losses	(7,729,223)	(169,032,870)
Total	457,156,412	1,154,516,677

a) Expected receivable within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurer	219,230,103	243,949,385
Receivable from Other Insurance Companies	237,926,309	910,567,292
Others (to be Specified)	-	-
Total	457,156,412	1,154,516,677

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

14. OTHER ASSETS

Fig. in NPR

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	587,606	-
Claim Advances	5,700,000	13,670,424
Advance To Suppliers	5,139,466	3,125,479
VAT Receivable	-	-
Staff Advances	3,566,528	2,838,651
Printing and Stationary Stocks	-	-
Stamp Stocks	250,180	174,500
Deferred Expenses	-	-
Deferred Reinsurance Commission Expenses	232,313	67,691
Deferred Agent Commission Expenses	36,121,629	23,730,472
Lease Receivables	-	-
Others (Leave Encashment- Plan Assets)	9,427,150	-
Others (Advance for Dividend Payment)	24,017,610	5,352,336
Less: Impairment Losses	-	-
Total	85,042,482	48,959,553

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

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	587,606	-
Claim Advances	5,700,000	13,670,424
Advance To Suppliers	5,139,466	3,125,479
VAT Receivable	-	-
Staff Advances	3,566,528	2,838,651
Printing and Stationary Stocks	-	-
Stamp Stocks	250,180	174,500
Deferred Expenses	-	-
Deferred Reinsurance Commission Expenses	232,313	67,691
Deferred Agent Commission Expenses	36,121,629	23,730,472
Lease Receivables	-	-
Others (Leave Encashment- Plan Assets)	-	-
Others (Advance for Dividend Payment)	24,017,610	5,352,336
Total	75,615,332	48,959,553

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

15. OTHER FINANCIAL ASSETS

Fig. in NPR

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	14,997,888	10,681,034
Other Receivables	-	-
Other Deposits	25,699,288	40,478,740
Sundry Debtors	65,938,137	120,788,332
Others (to be Specified)	148,672	-
Less: Impairment Losses	(20,386,714)	(20,386,714)
Total	86,397,271	151,561,392

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	14,997,888	10,681,034
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	45,551,423	100,401,618
Other (to be Specified)	148,672	-
Total	60,697,983	111,082,652

16. CASH AND CASH EQUIVALENT

Particulars	Current Year	Previous Year
Cash in Hand	1,124,800	1,200,000
Cheque in Hand	-	-
Bank Balances		
i) Balance With "A" Class Financial Institutions	145,319,740	33,181,818
ii) Balance With Infrastructure Banks	-	-
iii) Balance With "B" Class Financial Institutions	21,257,683	161,772,243
iv) Balance With "C" Class Financial Institutions	8,071,351	11,302,293
Less: Impairment Losses	-	-
Deposit with initial maturity upto 3 months	-	-
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	175,773,574	207,456,354

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

17(A). Share Capital		Fig. in NPR	
Particulars	Current Year	Previous Year	
Ordinary shares			
As at Shrawan 1, 2080	2,301,535,000	1,173,509,100	
Additions during the year			
i) Bonus Share Issue	198,622,400	61,598,300	
ii) Shares added through Merger		1,066,427,600	
iii) Share Issue		-	
As at Ashadh 31, 2081	2,500,157,400	2,301,535,000	
Convertible Preference Shares (Equity Component Only)			
As at Shrawan 1, 2080	-	-	
Additions during the year	-	-	
As at Ashadh 31, 2081	-	-	
Irredeemable Preference Shares (Equity Component Only)			
As at Shrawan 1, 2080	-	-	
Additions during the year	-	-	
As at Ashadh 31, 2081	-	-	
Total	2,500,157,400	2,301,535,000	

i. Ordinary Shares

Particulars	Current Year	Previous Year	
Authorised Capital:			
5,00,00,000 Ordinary Shares of Rs. 100 Each	5,000,000,000	5,000,000,000	
Issued Capital:			
25,001,574 Ordinary Shares of Rs. 100 Each.	2,500,157,400	2,301,535,000	
Subscribed and Paid Up Capital:			
25,001,574 Ordinary Shares of Rs. 100 Each.	2,500,157,400	2,301,535,000	
Total	2,500,157,400	2,301,535,000	

ii. Preference Share Capital

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

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

Shareholding Structure of Share Capital

Fig. in NPR

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Promoters				
Government of Nepal	-	-	0.00%	0.00%
Nepali Organized Institutions	1,390,614	830,086	5.56%	3.61%
Nepali Citizens	11,385,190	10,930,758	45.54%	47.49%
Foreigners	-	-	0.00%	0.00%
Others (to be Specified)	-	-	0.00%	0.00%
Total (A)	12,775,804	11,760,844	51.10%	51.10%
Other than Promoters				
General Public	12,225,770	11,254,506	48.90%	48.90%
Others (to be Specified)	-	-	0.00%	0.00%
Total (B)	12,225,770	11,254,506	48.90%	48.90%
Total(A+B)	25,001,574	23,015,350	100.00%	100.00%

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

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Shree Mahendra Krishna Shrestha	2,135,252	1,965,617	8.54%	8.54%
Shree Bikram Krishna Shrestha	1,882,477	1,732,924	7.53%	7.53%
Shree Binod Krishna Shrestha	1,656,717	1,525,099	6.63%	6.63%
Shree Shubarna Krishna Shrestha	1,654,721	1,523,260	6.62%	6.62%
Shree Pankaj Jhunjunwala	1,562,643	1,438,500	6.25%	6.25%
Shree Rajendra Kumar Khetan	1,130,412	1,040,606	4.52%	4.52%
Laxmi Bank Limited	1,119,874	1,030,905	4.48%	4.48%
Global IME Capital	252,271	-	1.01%	0.00%

17(B) Share Application Money Pending Allotment

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

17(C) Share Premium

Particulars	Current Year	Previous Year
As on Shrawan 1, 2080	-	-
Increase due to issue of shares at premium	-	-
Decrease due to issue of bonus shares	-	-
Transaction costs on issue of share	-	-
Others (to be Specified)	-	-
As on Ashadh 31, 2081	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

17(D) Special Reserves

Fig. in NPR

Particulars	Current Year	Previous Year
As on Shrawan 1, 2080	1,410,503,655	707,723,176
Components from merger	-	469,101,333
Additions	257,067,310	233,679,146
Utilizations	-	-
As on Ashadh 31, 2081	1,667,570,965	1,410,503,655

17(E) Catastrophe Reserves

Particulars	Current Year	Previous Year
As on Shrawan 1, 2080	57,061,186	26,049,183
Components from merger	-	19,328,046
Additions	12,853,366	11,683,957
Utilizations	-	-
As on Ashadh 31, 2081	69,914,552	57,061,186

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

17 (F) Retained Earnings

Fig. in NPR

Particulars	Current Year	Previous Year
As on Shrawan 1, 2080	226,482,875	68,434,242
Components from merger	-	1,330,505
Net Profit or Loss	502,463,915	445,059,527
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations		-
Transfer to reserves		
Revaluation Reserves	-	-
Special Reserves	(257,067,310)	(233,679,146)
Capital Reserves	-	-
Catastrophe Reserves	(12,853,366)	(11,683,957)
Corporate Social Responsibility (CSR) Reserves	(5,141,346)	(4,673,583)
Insurance Fund including Insurance Reserves		-
Fair Value Reserves	-	-
Actuarial Reserves		-
Deferred Tax Reserves	(31,360,410)	(33,424,094)
Regulatory Reserves		60,282,229
Other Reserve(to be specified)		-
Transfer of Depreciation on Revaluation of Property and Equipment		-
Transfer of Disposal of Revalued Property and Equipment		-
Transfer of Disposal of Equity Instruments Measured at FVTOCI	39,299,583	(322,532)
Issue of Bonus Shares	(10,429,299)	(61,598,300)
Transaction costs on issue of Shares	-	-
Dividend Paid	(142,585,223)	-
Dividend Distribution Tax	(4,022,556)	(3,242,016)
Others (to be Specified)	-	-
As on Ashadh 31, 2081	304,786,863	226,482,875

17(G) Other Equity

Particulars	Current Year	Previous Year
Revaluation Reserves	259,148,731	-
Capital Reserves	-	191,053,636
Corporate Social Responsibility (CSR) Reserves	7,378,929	4,673,583
Insurance Fund including Insurance Reserves	-	-
Fair Value Reserves	(4,369,067)	8,706,900
Actuarial Reserves	-	-
Deferred Tax Reserve	121,723,133	90,362,723
Other Reserve(to be specified)	-	-
Total	274,297,443	294,796,842

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

18. Provisions

Fig. in NPR

Particulars	Current Year	Previous Year
Provision for employee benefits		
i) Provision for Leave	-	1,696,353
ii) Provision for Gratuity	1,681,849	1,721,180
iii) Termination Benefits	-	-
iv) Other Employee Benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	-	-
Provision for non-tax legal cases	-	-
Others (to be Specified)	-	-
Total	1,681,849	3,417,533

(a) Movement of provisions, contingent liabilities and contingent assets

Description	Opening balance	Additions during the year	Utilised during the year	Reversed during the year	Unwinding of discount	Closing balance
Provision for employee benefits						
i) Provision for Leave	1,696,353	9,427,150	-	-	-	11,123,503
ii) Provision for Gratuity	1,721,180	-	39,331	-	-	1,681,849
iii) Termination Benefits	-	-	-	-	-	-
iv) Other Employee Benefit obligations (to be Specified)	-	-	-	-	-	-
Provision for tax related legal cases	-	-	-	-	-	-
Provision for non-tax legal cases	-	-	-	-	-	-
Others (to be Specified)	-	-	-	-	-	-

(b) Provision with expected payouts within 12 months

Particulars	Current Year	Previous Year
Provision for employee benefits		
i) Provision for Leave	5,379,158	5,649,521
ii) Provision for Gratuity	-	-
iii) Termination Benefits	-	-
iv) Other Employee Benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	-	-
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-

19. GROSS INSURANCE CONTRACT LIABILITIES

Particulars	Current Year	Previous Year
Unearned Premium Reserve	2,026,523,795	1,609,616,798
Unexpired Risk Reserve	83,231	813,027
Outstanding Claims	1,442,533,743	1,962,459,720
IBNR and IBNER Claim	488,117,763	586,187,449
Margin over Best Estimate	18,367,959	5,800,219
Earthquake Reserve	23,215,574	-
Total	3,998,842,065	4,164,877,213

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

19. Gross Insurance Contract Liabilities

Particulars	Line of business							Total	
	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and crop		Miscellaneous
As at Shrawan 1, 2080									
Unearned Premium Reserve	144,689,490	466,853,455	115,931,868	265,597,968	1,200	140,040,337	45,953,993	430,548,487	1,609,616,798
Premium Deficiency Reserve	-	-	-	813,027	-	-	-	-	813,027
Outstanding Claims	556,534,699	218,935,740	41,976,453	252,029,682	506,475,000	278,087,271	27,634,368	80,786,507	1,962,459,720
IBNR and IBNER Claims	67,315,873	136,678,111	13,822,808	88,976,415	10,131,979	145,474,419	11,681,582	112,106,262	586,187,449
Margin over Best Estimate	434,377	3,919,692	171,845	750,290	111	8,584	126,281	389,039	5,800,219
Others	-	-	-	-	-	-	-	-	-
Total Balance As at Shrawan 1, 2080	768,974,439	826,386,998	171,902,974	608,167,382	516,608,290	563,610,611	85,396,224	623,830,295	4,164,877,213
Changes during the year									
Unearned Premium Reserve	219,657,011	25,756,388	2,594,124	100,664,856	(908)	24,605,152	(26,838,534)	31,259,576	377,697,665
Premium Deficiency Reserve	-	-	-	(813,027)	-	-	83,231	-	(729,796)
Outstanding Claims	(225,018,184)	(65,910,013)	(12,378,495)	(2,295,900)	(750,000)	(204,457,969)	18,222,315	(27,337,731)	(519,925,977)
IBNR and IBNER Claims	(50,060,189)	(8,585,072)	(714,381)	2,241,531	(16,729)	(25,790,340)	(3,463,348)	(11,681,158)	(98,069,686)
Margin over Best Estimate	1,097,058	7,889,901	382,402	1,814,987	(111)	37,409	170,846	1,175,248	12,567,740
Earthquake Reserve	4,640,145	8,833,859	462,458	1,715,774	9	6,428	48,492	7,508,409	23,215,574
Total changes during the year	(49,684,159)	(32,014,937)	(9,653,892)	103,328,221	(767,739)	(205,599,320)	(11,776,998)	924,344	(205,244,480)
As at Ashadh 31, 2081									
Unearned Premium Reserve	364,346,501	492,609,843	118,525,992	405,472,156	292	164,645,489	19,115,459	461,808,063	2,026,523,795
Premium Deficiency Reserve	-	-	-	-	-	-	83,231	-	83,231
(Unexpired Risk Reserve)	-	-	-	-	-	-	-	-	-
Outstanding Claims	331,516,515	153,025,727	29,597,958	249,733,782	505,725,000	73,629,302	45,856,683	53,448,776	1,442,533,743
IBNR and IBNER Claims	17,255,684	128,093,039	13,108,427	91,217,946	10,115,250	119,684,079	8,218,234	100,425,104	488,117,763
Margin over Best Estimate	1,531,435	11,809,593	554,247	2,565,277	-	45,993	297,127	1,564,287	18,367,959
Earthquake Reserve	4,640,145	8,833,859	462,458	1,715,774	9	6,428	48,492	7,508,409	23,215,574
Total Balance As at Ashadh 31, 2081	719,290,280	794,372,061	162,249,082	750,704,935	515,840,551	358,011,291	73,619,226	624,754,639	3,998,842,065

Fig. in NPR

Fig. in NPR

b. Reinsurance assets Particulars	Line of business							Total	
	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and crop		Miscellaneous
As at Shrawan 1, 2080									
Unearned Premium Reserve	44,722,684	164,206,258	79,597,648	244,815,457	240	139,895,892	41,344,963	292,023,424	1,006,606,566
Premium Deficiency Reserve	-	-	-	-	-	-	-	-	-
Outstanding Claims	520,415,167	63,753,754	32,665,139	211,181,669	506,475,000	277,809,184	22,951,630	56,374,116	1,691,625,659
IBNR and IBNER Claims	58,628,342	58,284,263	10,385,911	73,970,624	10,129,755	145,302,746	9,155,959	104,325,484	470,183,084
Margin over Best Estimate	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total Balance As at Shrawan 1, 2080	623,766,193	286,244,275	122,648,698	529,967,750	516,604,995	563,007,822	73,452,552	452,723,024	3,168,415,309
Changes during the year									
Unearned Premium Reserve	220,073,916	20,990,605	(2,593,106)	85,034,836	(192)	24,541,754	(23,714,174)	(72,987,256)	251,346,383
Premium Deficiency Reserve	-	-	-	-	-	-	-	-	-
Outstanding Claims	(250,827,482)	(22,412,405)	(12,514,128)	(15,843,306)	(750,000)	(204,253,511)	17,660,285	(25,161,245)	(514,101,792)
IBNR and IBNER Claims	(51,420,294)	(5,471,266)	(742,917)	2,873,896	(15,111)	(25,802,640)	(2,551,774)	(13,889,760)	(97,019,866)
Margin over Best Estimate	-	-	-	-	-	-	-	-	-
Earthquake Reserve	-	-	-	-	-	-	-	-	-
Total changes during the year	(82,173,860)	(6,893,066)	(15,850,151)	72,065,426	(765,303)	(205,514,397)	(8,605,663)	(112,038,261)	(359,775,275)
As at Ashadh 31, 2081									
Unearned Premium Reserve	264,796,600	185,196,863	77,004,542	369,059,625	48	164,437,646	17,630,789	219,036,168	1,297,162,281
Premium Deficiency Reserve	-	-	-	-	-	-	-	-	-
Outstanding Claims	269,587,685	41,341,349	20,151,011	195,338,363	505,725,000	73,555,673	40,611,915	31,212,871	1,177,523,867
IBNR and IBNER Claims	7,208,048	52,812,997	9,642,994	76,844,520	10,114,644	119,500,106	6,604,185	90,435,724	373,163,218
Margin over Best Estimate	-	-	-	-	-	-	-	-	-
Earthquake Reserve	-	-	-	-	-	-	-	-	-
Total Balance As at Ashadh 31, 2081	541,592,333	279,351,209	106,798,547	641,242,508	515,839,692	357,493,425	64,846,889	340,684,763	2,847,849,366

Himalayan Everest Insurance Limited Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

19.2 DISCLOSURE OF OUTSTANDING CLAIM

Fig. in NPR

SN	Type of insurance	Outstanding claim for claims intimated during the year (A)	Unclaimed Fund			Gross outstanding claim (A+B)	Reinsurance share (C)	Net Outstanding Claim (A+B-C)
			Outstanding claim for claims intimated during the previous 1 year	Outstanding claim for claims intimated during the previous 2 year	Outstanding claim for claims intimated during the previous 3 year			
1	Property	81,873,106	192,520,425	1,018,000	56,104,984	331,516,515	269,587,685	61,928,830
2	Motor	74,141,500	38,860,516	14,101,277	25,922,434	153,025,727	41,341,349	111,684,378
3	Marine	22,649,938	2,210,000	1,884,766	2,853,254	29,597,958	20,151,011	9,446,947
4	Engineering	174,003,169	40,402,094	2,808,680	32,519,839	249,733,782	195,338,363	54,395,419
5	Micro	-	-	344,850,000	160,875,000	505,725,000	505,725,000	-
6	Aviation	-	73,629,302	-	-	73,629,302	73,555,673	73,629
7	Cattle and Crop	44,007,993	1,523,690	325,000	-	45,856,683	40,611,915	5,244,768
8	Miscellaneous	31,945,776	15,683,000	5,820,000	-	53,448,776	31,212,871	22,235,905
	Total	428,621,482	364,829,027	370,807,723	278,275,511	1,442,533,743	1,177,523,867	265,009,876

Himalayan Everest Insurance Limited Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

20. INSURANCE PAYABLES

Fig. in NPR

Particulars	Current Year	Previous Year
Payable to Reinsurer	260,516,808	285,857,925
Payable to Other Insurance Companies	98,163,616	572,703,688
Portfolio Withdrawal Premium	-	-
Withdrawal Claims	-	-
Others (to be Specified)	-	-
Total	358,680,424	858,561,613

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurer	260,516,808	285,857,925
Payable to Other Insurance Companies	98,163,616	572,703,688
Portfolio Withdrawal Premium	-	-
Withdrawal Claims	-	-
Others (to be Specified)	-	-
Total	358,680,424	858,561,613

21. CURRENT TAX (ASSETS)/ LIABILITIES (NET)

Particulars	Current Year	Previous Year
Income Tax Liabilities	325,850,250	227,988,369
Income Tax Assets	(401,191,833)	(210,060,699)
Total	(75,341,583)	17,927,670

22. BORROWINGS

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans-Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
Total	-	-

Payable within 12 months:

Amount in NRs.

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans-Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
Total	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

23. OTHER LIABILITIES

Fig. in NPR

Particulars	Current Year	Previous Year
TDS Payable	12,925,332	7,676,882
VAT Payable	35,515,881	31,104,185
SSF Payable	-	-
Unidentified deposits	-	-
Advance Premiums	37,066,720	29,082,327
Insurance Service Fee Payable	28,214,959	27,364,966
Lease Liability	11,302,658	16,242,062
Deferred Reinsurance Commission Income	210,764,074	136,642,729
Deferred Income	-	-
Others (Prior Period Tax Liabilities)	2,851,381	-
Others (Staff Vehicle Deposit)	2,052,159	1,660,468
Total	340,693,164	249,773,619

Payable within 12 months:

Fig. in NPR

Particulars	Current Year	Previous Year
TDS Payable	12,925,332	7,676,882
VAT Payable	35,515,881	31,104,185
SSF Payable	-	-
Unidentified Deposits	-	-
Advance Premiums	37,066,720	29,082,327
Insurance Service Fee Payable	28,214,959	27,364,966
Lease Liability	3,057,689	5,686,957
Deferred Reinsurance Commission Income	210,764,074	136,642,729
Deferred Income	-	-
Others (Prior Period Tax Liabilities)	2,851,381	-
Others (Staff Vehicle Deposit)	-	-
Total	330,396,036	237,558,046

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

24. OTHER FINANCIAL LIABILITIES

Fig. in NPR

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Refundable Share Application Money	-	-
Payable to Insured	34,705,434	85,734,933
Payable to Agents	36,546,576	28,539,399
Payable to Surveyor	542,497	1,463,978
Sundry Creditors	14,685,681	27,449,884
Retention and deposits	440,000	-
Short-term employee benefits payable		
i) Salary Payables	-	-
ii) Bonus Payables	89,219,185	71,350,634
iii) Other employee benefit payable (Profit Commission Payable)	4,049,278	-
iv) Other employee benefit payable (Other Employee Salary)	6,856,830	7,872,315
Audit Fees Payable	689,500	591,000
Actuarial Fees Payable	800,750	376,471
Dividend Payable	24,017,610	5,352,336
Others (to be specified)	-	-
Total	212,553,341	228,730,950

Payable within 12 months:

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Refundable Share Application Money	-	-
Payable to Insured	34,705,434	85,734,933
Payable to Agents	36,546,576	28,539,399
Payable to Surveyor	542,497	1,463,978
Sundry Creditors	14,685,681	27,449,884
Retention and deposits	-	-
Short-term employee benefits payable		
i) Salary Payables	-	-
ii) Bonus Payables	89,219,185	71,350,634
iii) Other employee benefit payable (Profit Commission Payable)	4,049,278	-
iv) Other employee benefit payable (Other Employee Salary)	6,856,830	7,872,315
Audit Fees Payable	689,500	591,000
Actuarial Fees Payable	800,750	376,471
Dividend Payable	24,017,610	5,352,336
Others (to be specified)	-	-
Total	212,113,341	228,730,950

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

25. GROSS EARNED PREMIUMS

Fig. in NPR

Particulars	Direct premiums		Premiums on reinsurance accepted		Gross change in unearned premiums		Gross earned premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	679,929,957	538,706,116	426,231	-	219,657,011	(62,106,584)	460,699,177	600,812,700
Motor	830,621,461	758,761,375	126,571,492	174,945,529	25,756,388	66,855,164	931,436,565	866,851,740
Marine	82,056,489	66,670,097	-	2,779	2,594,124	59,260,884	79,462,365	7,411,992
Engineering	732,561,835	529,937,432	3,395,360	1,258,504	100,664,856	53,199,769	635,292,339	477,996,167
Micro	600	2,400	-	-	(908)	(3,241)	1,508	5,641
Aviation	329,303,834	354,605,187	-	-	24,605,152	(99,191,033)	304,698,682	453,796,220
Cattle and Crop	38,494,365	90,360,564	-	-	(26,838,534)	(46,542,981)	65,332,899	136,903,545
Miscellaneous	893,997,558	835,180,899	44,635,387	25,916,076	31,259,576	10,772,650	907,373,369	850,324,325
Total	3,586,966,099	3,174,224,070	175,028,470	202,122,888	377,697,665	(17,755,372)	3,384,296,904	3,394,102,330

25. DIRECT PREMIUMS

Particulars	New business premiums		Renewal premiums		Co-insurance premiums		Total direct premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	317,039,182	293,703,409	350,618,093	216,852,241	12,272,682	28,150,466	679,929,957	538,706,116
Motor	566,226,751	632,773,742	264,245,613	125,774,888	149,097	212,745	830,621,461	758,761,375
Marine	81,715,636	63,344,405	-	-	340,853	3,325,692	82,056,489	66,670,097
Engineering	618,372,189	433,164,154	113,514,693	92,841,142	674,953	3,932,136	732,561,835	529,937,432
Micro	-	1,500	600	900	-	-	600	2,400
Aviation	327,400,019	348,087,565	1,903,815	3,994,392	-	2,523,230	329,303,834	354,605,187
Cattle and Crop	34,139,083	83,354,063	4,355,282	7,006,501	-	-	38,494,365	90,360,564
Miscellaneous	681,347,545	477,973,255	211,766,769	352,973,068	883,244	4,234,576	893,997,558	835,180,899
Total	2,626,240,405	2,332,402,093	946,404,865	799,443,132	14,320,829	42,378,845	3,586,966,099	3,174,224,070

26. PREMIUMS CEDED

Particulars	Premiums ceded to reinsurers		Reinsurer's share of change in unearned premiums		Premium ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	474,127,534	347,367,643	220,073,916	(126,279,329)	254,053,618	473,646,972
Motor	368,269,007	328,412,515	20,990,605	71,678,648	347,278,402	256,733,867
Marine	51,225,928	38,746,624	(2,593,106)	(14,956,569)	53,819,034	53,703,193
Engineering	659,700,587	489,630,915	85,034,836	102,006,112	574,665,751	387,624,803
Micro	96	480	(192)	(109,399,064)	288	109,399,544
Aviation	328,875,291	354,386,194	24,541,754	(113,829,156)	304,333,537	468,215,350
Cattle and Crop	35,261,578	81,287,338	(23,714,174)	(18,091,496)	58,975,752	99,378,834
Miscellaneous	438,072,336	584,046,846	(72,987,256)	16,966,314	511,059,592	567,080,532
Total	2,355,532,357	2,223,878,555	251,346,383	(191,904,540)	2,104,185,974	2,415,783,095

26 PORTFOLIO-WISE DETAIL OF NET EARNED PREMIUMS

Particulars	Gross earned premiums		Premiums ceded		Net earned premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	460,699,177	600,812,700	254,053,618	473,646,972	206,645,559	127,165,728
Motor	931,436,565	866,851,740	347,278,402	256,733,867	584,158,163	610,117,873
Marine	79,462,365	7,411,992	53,819,034	53,703,193	25,643,331	(46,291,201)
Engineering	635,292,339	477,996,167	574,665,751	387,624,803	60,626,588	90,371,364
Micro	1,508	5,641	288	109,399,544	1,220	(109,393,903)
Aviation	304,698,682	453,796,220	304,333,537	468,215,350	365,145	(14,419,130)
Cattle and Crop	65,332,899	136,903,545	58,975,752	99,378,834	6,357,147	37,524,711
Miscellaneous	907,373,369	850,324,325	511,059,592	567,080,532	396,313,777	283,243,793
Total	3,384,296,904	3,394,102,330	2,104,185,974	2,415,783,095	1,280,110,930	978,319,235

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

27. COMMISSION INCOME

Fig. in NPR

Particulars	Reinsurance commission income		Deferred commission income		Profit commission		Commission income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	112,988,532	73,806,729	(40,684,445)	22,143,623	11,556,703	13,806,287	83,860,790	109,756,639
Motor	80,251,297	42,203,611	(21,382,850)	17,389,185	6,206,442	-	65,074,889	59,592,796
Marine	14,906,127	9,613,256	(17,313,273)	2,626,496	774,912	(1,282,677)	(1,632,234)	10,957,075
Engineering	84,381,178	69,983,826	(1,446,521)	(13,332,849)	9,311,913	13,864,858	92,246,570	70,515,835
Micro	14	82	9	621	14	-	37	703
Aviation	16,365,676	18,849,984	(738,301)	(7,414,915)	-	-	15,627,375	11,435,069
Cattle and Crop	7,441,887	16,438,130	4,664,338	4,219,773	231,943	-	12,338,168	20,657,903
Miscellaneous	68,196,310	81,172,993	2,779,698	19,204,910	4,394,912	7,265,057	75,370,920	107,642,960
Total	384,531,021	312,068,611	(74,121,345)	44,836,844	32,476,839	33,653,525	342,886,515	390,558,980

28. OTHER DIRECT INCOME

Particulars	Direct income		Others		Total direct income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	-	-	-	-	-	-
Motor	-	-	-	-	-	-
Marine	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Micro	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Cattle and Crop	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total	-	-	-	-	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

29. INVESTMENT INCOME

Fig. in NPR

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Designated at Amortised Costs		
i) Fixed Deposit with "A" Class Financial Institutions	250,022,848	245,854,227
ii) Fixed Deposit with Infrastructure Bank	-	-
iii) Fixed Deposit with "B" Class Financial Institutions	47,456,875	51,451,258
iv) Fixed Deposit with "C" Class Financial Institutions	12,436,226	8,932,904
v) Debentures	20,228,057	16,117,525
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
vii) Bank Deposits other than Fixed Deposit	4,843,810	9,629,092
xiii) Employee Loans	-	-
ix) Other Interest Income (to be Specified)	-	3,750,927
Financial Assets Measured at FVTOCI		
i) Interest Income on Debentures	-	-
ii) Dividend Income	9,055,194	3,034,161
iii) Other Interest Income (to be specified)	-	-
Financial Assets Measured at FVTPL		
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income (to be specified)	-	-
Rental Income	-	-
Others	-	-
Total	344,043,010	338,770,09

30. NET GAIN/ (LOSSE) ON FAIR VALUE CHANGES

Particulars	Current Year	Previous Year
Changes in Fair Value of Financial Assets Measured at FVTPL		
i) Equity Instruments	-	-
ii) Mutual Fund	-	-
iii) Others (to be specified)	-	-
Changes in Fair Value on Investment Properties	-	-
Changes in Fair Value on Hedged Items in Fair Value Hedges	-	-
Changes in Fair Value on Hedging Instruments in Fair Value Hedges	-	-
Other (to be Specified)	-	-
Total	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

31. NET REALISED GAINS/ (LOSSES)

Fig. in NPR

Particulars	Current Year	Previous Year
Realised Gain/(Losses) on Derecognition of Financial Assets Measured at FVTPL		
i) Equity Instruments	361,558,301	(1,263,914)
ii) Mutual Fund	-	-
iii) Others (to be specified)	-	-
Realised Gain/(Losses) on Derecognition of Financial Assets at Amortised Costs		
i) Debentures	-	-
ii) Bonds	-	-
iii) Others (to be specified)	-	-
Total	361,558,301	(1,263,914)

32. OTHER INCOME

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Cost		
i) Employee Loan	-	-
ii) Bonds	-	-
iii) Others (to be Specified)	-	-
Foreign Exchange Income	4,397,790	2,778,786
Interest Income from Finance Lease	-	-
Amortization of Deferred Income	-	-
Profit from disposal of Property and Equipment	(2,263,355)	(80,211)
Stamp Income	3,469,550	3,375,720
Others (Provision Written Back)	161,303,648	-
Others (Gains from Lease Extinguishment)	849,506	-
Others (Cancellation Service Fee Premium)	485,000	-
Others (Miscellaneous)	6,536,903	2,985,392
Total	174,779,042	9,059,687

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

33. GROSS CLAIMS PAID

Fig. in NPR

Particulars	Gross claims paid		Claims ceded		Net claims paid	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	170,139,206	139,089,942	136,995,783	102,244,517	33,143,423	36,845,425
Motor	470,138,918	481,130,629	122,757,596	150,914,022	347,381,322	330,216,607
Marine	33,332,168	40,186,253	20,368,667	24,386,828	12,963,501	15,799,425
Engineering	171,908,233	196,593,054	153,390,814	180,006,437	18,517,419	16,586,617
Micro	750,000	53,325,000	750,000	53,325,000	-	-
Aviation	205,943,545	1,169,582,848	205,750,415	1,168,424,441	193,130	1,158,407
Cattle and Crop	50,412,260	143,705,134	44,600,490	117,717,726	5,811,770	25,987,408
Miscellaneous	371,787,907	297,094,864	72,048,283	117,652,708	299,739,624	179,442,156
Total	1,474,412,237	2,520,707,724	756,662,048	1,914,671,679	717,750,189	606,036,045

33. DETAILS OF GROSS CLAIM PAID

Particulars	Claims paid		Survey fees		Total claims paid	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	159,695,528	129,979,165	10,443,678	9,110,777	170,139,206	139,089,942
Motor	453,710,694	471,709,888	16,428,224	9,420,741	470,138,918	481,130,629
Marine	30,580,595	37,064,249	2,751,573	3,122,004	33,332,168	40,186,253
Engineering	160,192,429	182,704,601	11,715,804	13,888,453	171,908,233	196,593,054
Micro	750,000	53,325,000	-	-	750,000	53,325,000
Aviation	205,943,545	1,169,582,848	-	-	205,943,545	1,169,582,848
Cattle and Crop	49,814,288	141,968,508	597,972	1,736,626	50,412,260	143,705,134
Miscellaneous	371,248,409	296,358,487	539,498	736,377	371,787,907	297,094,864
Total	1,431,935,488	2,482,692,746	42,476,749	38,014,978	1,474,412,237	2,520,707,724

34. CHANGE IN INSURANCE CONTRACT LIABILITIES

Particulars	Gross change in contract liabilities		Change in reinsurance assets		Net change in contract liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	(269,341,170)	243,531,184	302,247,776	(256,672,729)	32,906,606	(13,141,545)
Motor	(57,771,325)	(204,611,569)	27,883,671	86,571,694	(29,887,654)	(118,039,875)
Marine	(12,248,016)	(1,287,037)	13,257,045	3,918,034	1,009,029	2,630,997
Engineering	2,663,365	(94,829,111)	12,969,410	105,578,300	15,632,775	10,749,189
Micro	(766,831)	(58,557,398)	765,111	58,552,686	(1,720)	(4,712)
Aviation	(230,204,472)	(69,205,510)	230,056,151	69,173,994	(148,321)	(31,516)
Cattle and Crop	15,061,536	(61,198,348)	(15,108,511)	45,059,588	(46,975)	(16,138,760)
Miscellaneous	(30,335,232)	19,822,724	39,051,005	(26,018,225)	8,715,773	(6,195,501)
Total	(582,942,145)	(226,335,065)	611,121,658	86,163,342	28,179,513	(140,171,723)

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

35. COMMISSION EXPENSES

Fig. in NPR

Particulars	Commission expenses on direct premiums		Commission expenses on premium on Reinsurance accepted		Deferred Commission Expenses		Total commission expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	13,089,859	8,836,474	63,935	-	(4,670,799)	108,686	8,482,995	8,945,160
Motor	3,610,574	4,044,466	-	-	50,610	3,204,753	3,661,184	7,249,219
Marine	553,836	778,353	-	556	(458,241)	87,235	95,595	866,144
Engineering	13,680,884	8,729,938	398,003	116,412	(1,881,208)	(2,299,570)	12,197,679	6,546,780
Micro	-	120	-	-	23	62	23	182
Aviation	-	6,719,926	-	-	2,653,827	(2,653,827)	2,653,827	4,066,099
Cattle and Crop	4,580,216	13,045,399	-	-	4,359,965	6,950,539	8,940,181	19,995,938
Miscellaneous	35,306,031	10,636,121	-	-	(12,609,956)	868,887	22,696,075	11,505,008
Total	70,821,400	52,790,797	461,938	116,968	(12,555,779)	6,266,765	58,727,559	59,174,530

36. SERVICE FEES

Particulars	Service fees		Reinsurer's share of service fees		Net service fee	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	5,102,671	4,386,032	3,455,455	2,810,685	1,647,216	1,575,347
Motor	7,178,947	7,604,766	1,674,034	1,140,589	5,504,913	6,464,177
Marine	615,424	565,775	421,391	333,333	194,033	232,442
Engineering	5,519,679	4,334,992	4,881,713	4,040,463	637,966	294,529
Micro	5	23	1	5	4	18
Aviation	2,469,779	2,948,910	2,470,811	2,972,033	(1,032)	(23,123)
Cattle and Crop	288,708	750,859	264,462	676,359	24,246	74,500
Miscellaneous	7,039,747	6,773,593	2,943,371	4,505,562	4,096,376	2,268,031
Total	28,214,960	27,364,950	16,111,238	16,479,029	12,103,722	10,885,921

37. OTHER DIRECT EXPENSES

Particulars	Direct expenses		Other (to be Specified)		Total direct expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Property	565,840	549,060	-	-	565,840	549,060
Motor	2,291,360	2,103,870	-	-	2,291,360	2,103,870
Marine	171,640	187,600	-	-	171,640	187,600
Engineering	52,170	44,760	-	-	52,170	44,760
Micro	40	229,873	-	-	40	229,873
Aviation	40	120	-	-	40	120
Cattle and Crop	239,530	561,010	-	-	239,530	561,010
Miscellaneous	308,300	294,340	-	-	308,300	294,340
Total	3,628,920	3,970,633	-	-	3,628,920	3,970,633

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

38. EMPLOYEE BENEFITS EXPENSES

Fig. in NPR

Particulars	Current Year	Previous Year
Salaries	137,052,224	121,647,355
Allowances	109,736,911	94,814,493
Festival Allowances	17,516,636	16,262,620
Defined Benefit Plans		
i) Gratuity	-	-
ii) Others (to be Specified)	-	-
Defined Contribution Plans		
i) Provident Fund/ Social Security Fund	26,453,240	23,481,420
ii) Others (to be specified)	-	-
Leave Encashments	14,860,910	10,219,992
Termination Benefits	13,216,667	-
Training Expenses	7,157,099	4,493,710
Uniform Expenses	-	-
Medical Expenses	-	-
Insurance Expenses	5,121,766	3,201,263
Staff Welfare Expenses	5,113,831	4,859,657
Others(to be Specified)	-	-
Sub Total	336,229,284	278,980,510
Employees Bonus	89,219,185	71,350,634
Total	425,448,469	350,331,144

39. DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	Current Year	Previous Year
Amortization of Goodwill & Intangible Assets (Refer Note. 4)	2,607,186	1,996,314
Depreciation on Property and Equipment(Refer Note.5)	17,905,969	17,197,747
Depreciation on Investment Properties (Refer Note. 6)	-	-
Total	20,513,155	19,194,061

40. IMPAIRMENT LOSSES

Particulars	Current Year	Previous Year
Impairment Losses on Property and Equipment, Investment Properties and Goodwill & Intangible Assets		
i) Property and Equipment	-	-
ii) Investment properties	-	-
iii) Goodwill & Intangible Asssets	-	-
Impairment Losses on Financial Assets		
i) Investments	-	-
ii) Loans	-	-
iii) Other Financial Assets	-	-
iv)Cash and Cash Equivalents	-	-
v)Others (to be Specified)	-	-
Impairment Losses on Other Assets		
i) Reinsurance Assets	132,852,751	-
ii) Insurance Receivables	-	-
iii) Lease Receivables	-	-
iv)Others (to be Specified)	-	-
Total	132,852,751	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

41. OTHER OPERATING EXPENSES

Fig. in NPR

Particulars	Current Year	Previous Year
Rent Expenses	35,831,811	32,823,813
Electricity and Water	4,696,309	4,030,308
Repair & Maintenance		
i) Building	-	-
ii) Vehicle	1,566,940	1,433,974
iii) Office Equipments	1,283,227	1,150,434
iv) Others (Furnitures & Office Premises)	697,450	569,498
Telephone & Communication	7,217,539	6,449,031
Printing & Stationary	9,177,441	12,392,745
Office Consumable Expenses	33,795,705	9,254,703
Travelling Expenses		
i) Domestic	3,362,742	1,115,147
ii) Foreign	2,934,315	4,062,769
Transportation & Fuel Expenses	12,341,039	12,454,120
Agent Training	14,595	59,220
Other Agent Expenses	-	-
Insurance Premium	1,197,104	1,740,502
Security & Outsourcing Expenses	9,171,679	7,726,966
Legal and Consulting Expenses	25,810,290	17,915,850
Newspapers, Books and Periodicals	1,663,382	72,359
Advertisement & Promotion Expenses	10,169,943	7,930,697
Business Promotion	10,630,438	3,835,908
Guest Entertainment	215,114	5,367,600
Gift and Donations	313,500	-
Board Meeting Fees and Expenses		
i) Meeting Allowances	2,266,331	1,303,000
ii) Other Allowances	65,903	584,511
Other Committee/ Sub-committee Expenses		
i) Meeting Allowances	944,000	815,000
ii) Other Allowances	4,394	20,888
General Meeting Expenses	1,041,161	1,222,576
Actuarial Service Fee	800,750	301,177
Other Actuarial Expenses	-	75,294
Audit Related Expenses		
i) Statutory Audit	700,000	600,000
ii) Tax Audit	-	-
iii) Long Form Audit Report	-	-
iv) Other Fees	780,000	-
v) Internal Audit	500,000	1,171,825
vi) Others (Audit Expenses)	749,019	105,000
Bank Charges	1,127,369	1,223,156
Fee and Charges	37,669,577	9,861,031
Postage Charges	2,947,795	2,807,410
Foreign Exchange Losses	-	-
Fines and Penalties	-	-
Others (CSR Activities)	-	148,702
Others (Merger Expenses)	-	11,523,485
Others (Miscellaneous Exp)	62,396	-
Total	221,749,258	162,148,699

42. FINANCE COST

Particulars	Current Year	Previous Year
R Unwinding of discount on Provisions	-	-
Unwinding of discount on Financial Liabilities at Amortised Costs	-	-
Interest Expenses - Bonds	-	-
Interest Expenses - Debentures	-	-
Interest Expenses - Term Loans	-	-
Interest Expenses - Leases	1,446,864	1,719,066
Interest Expenses - Overdraft Loans	-	-
Others (to be Specified)	-	-
Total	1,446,864	1,719,066

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

43. Income Tax Expense

Fig.in NPR

A. Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	325,850,250	187,272,548
ii) Income Tax Relating to Prior Periods	91,453,939	47,807,096
ii) Income Tax on Dividend Income of Associates	52,630	-
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	(27,628,878)	(37,983,465)
ii) Changes in tax rate	-	-
iii) Recognition of previously unrecognised tax losses	-	-
iv) Write-down or reversal	-	-
v) Others (to be Specified)	-	-
Income Tax Expense	389,727,941	197,096,179

B. Reconciliation of Taxable Profit & The Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	892,191,856	642,155,706
Applicable Tax Rate	30%	30%
Tax at the applicable rate on Accounting Profit	267,657,557	192,646,712
Add: Tax effect of expenses that are not deductible for tax purpose		
i) Utilisation of capital reserve from merger for Bonus Shares	56,457,930	-
ii) Leave Encashment	-	-
iii) Bonus Distributed to Employees from Dividend Income	150,338	18,331
iv) Disallowed Expenses	572,420	-
v) Donations	-	44,611
vi) Share Related Expenses	340,540	-
vii) Taxes & Fines	7,081,627	321,803
viii) Lease Liability's Finance Cost	-	-
ix) Tax effect of realised gain/loss on disposal of equity instruments	-	(96,760)
Less: Tax effect on exempt income and additional deduction		
i) Dividend Income	(1,503,383)	-
ii) Income tax on dividend income from Associates	52,630	(183,331)
iii) Provision Written Back	(48,391,094)	-
iv) Unrealised FX Income	(1,236,146)	-
v) Interest Income on Plan Assets	(1,048,302)	-
vi) Difference in opening provision for doubtful debts	(562,909)	-
vii) Gain on sale of shares through fair value reserve	11,789,875	-
viii) Unexpired risk reserve of Marine Portfolio	6,711,328	-
ix) Difference of cost of disposed shares for tax base	(1,384,657)	-
Less: Adjustments to Current Tax for Prior Periods		
i) Taxes pertaining to prior period	91,453,939	47,807,096
Add/ (Less): Others(to be Specified)		
i) Opening deferred tax adj on net contract liabilities of EIC	-	(18,402,409)
ii) Opening deferred tax adj on deferred commission income & expenses of EIC	-	(23,475,219)
iii) Opening unexpired risk reserve for HGI	-	(1,584,655)
iv) Origination and reversal of temporary differences as DTA/DTL	-	-
v) Interest on current tax	1,586,248	-
Income Tax Expense	389,727,941	197,096,179
Effective Tax Rate	43.68%	30.69%

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

44. Employee Retirement Benefits

a) Post Employment Benefit - Defined Contribution Plans

For the year ended Ashad 31, 2081 the company has recognized an amount of NPR 26,453,240 as an expenses under the defined contribution plans in the Statement of Profit or Loss.

b) Post Employment Benefit - Defined Benefit Plans

For Defined Benefit Plans, the cost of Providing benefits is determined using the Projected Unit Credit Method, with Acturial Valuations being carried out.

c) Total Expenses Recognized in Statement of Profit or Loss

Fig.in NPR

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	-	-	-	-
Past Service Cost	-	-	-	-
Net Interest Cost (a-b)	-	-	-	-
a. Interest expenses on Defined Benefit Obligation (DBO)	-	-	-	-
b. Interest (income) on Plan Assets	-	-	-	-
Net Actuarial losses/(gains) recognized during the period	-	-	-	-
Defined Benefit Cost Included in Statement of Profit or Loss	-	-	-	-

d) Remeasurement effects recognised in Statement of Other Comprehensive Income (OCI)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
a. Actuarial (Gain)/loss due to financial assumption changes in DBO	-	-	-	-
b. Actuarial (Gain)/loss due to experience on DBO	-	-	-	-
c. return on plan assets (greater)/less than discount rate	-	-	-	-
Defined Benefit Cost Included in Statement of Other Comprehensive Income	-	-	-	-

e) Total Cost Recognized in Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cost Recognized in statement of Profit or loss	-	-	-	-
Remeasurements effects recognized in OCI	-	-	-	-
Defined Benefit Cost Included in Statement of Profit or Loss	-	-	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

44. Employee Retirement Benefits (Contd)

f) Change in Defined Benefit Obligation

Fig.in NPR

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation as at the beginning of the year	-	-	-	-
Service cost	-	-	-	-
Interest cost	-	-	-	-
Acquisition	-	-	-	-
Benefit payments	-	-	-	-
Actuarial (gain)/ loss - financial assumptions	-	-	-	-
Actuarial (gain)/ Loss - experience	-	-	-	-
Defined Benefit Obligation as at Year End	-	-	-	-

g) Change in Fair Value of Plan Assets

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

h) Net Defined Benefit (Asset) / Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligation	-	-	-	-
Fair Value of Plan Assets	-	-	-	-
Liability/ (Asset) Recognised in Statement of Financial Position	-	-	-	-

i) Expected Company Contributions for the Next Year

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Expected company contributions for the next year	-	-	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

44. Employee Retirement Benefits (Contd)

j) Reconciliation of amounts in Statement of Financial Position

Fig.in NPR

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Net defined benefit liability/(asset) at prior year end	-	-	-	-
Defined benefit cost included in Statement of Profit or Loss	-	-	-	-
Total remeasurements included in OCI	-	-	-	-
Acquisition/ divestment	-	-	-	-
Opening Balance Adjustment	-	-	-	-
Employer contributions	-	-	-	-
Benefit Paid	-	-	-	-
Net defined benefit liability/ (asset)	-	-	-	-

k) Reconciliation of Statement of Other Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cumulative OCI - (Income)/Loss, beginning of period	-	-	-	-
Total remeasurements included in OCI	-	-	-	-
Cumulative OCI - (Income)/Loss	-	-	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	-	-	-	-
Non - Current Liability	-	-	-	-
Total	-	-	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	-	-	-	-
Between 1-2 years	-	-	-	-
Between 2-5 years	-	-	-	-
From 6 to 10	-	-	-	-
Total	-	-	-	-

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

44. Employee Retirement Benefits (Contd)

n) Plan assets

Fig.in NPR

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

o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate	-	-	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	-	-	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	-	-	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	-	-	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate	-	-	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate	-	-	-	-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate	N/A	N/A
Escalation Rate (Rate of Increase in Compensation Levels)	N/A	N/A
Attrition Rate (Employee Turnover)	N/A	N/A
Mortality Rate During Employment	N/A	N/A

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

45. Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

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

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

Fig.in NPR

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments							
Investment in Equity (Quoted)	1	-	472,124,532	-	-	622,126,572	-
Investment in Equity (Unquoted)	3	-	284,560,000	-	-	114,060,000	-
ii) Investment in Mutual Funds	1	-	56,277,589	-	-	52,717,532	-
iii) Investment in Preference Shares of Bank and Financial Institutions		-	-	-	-	-	-
iv) Investment in Debentures	3	-	-	260,266,518	-	-	184,101,630
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		-	-	-	-	-	-
vi) Fixed Deposits	3	-	-	3,745,045,600	-	-	3,681,702,500
vii) Others (to be specified)		-	-	-	-	-	-
Loans		-	-	-	-	-	-
Other Financial Assets	3	-	-	86,397,271	-	-	151,561,392
Cash and Cash Equivalents	1	-	-	175,773,574	-	-	207,456,354
Total Financial Assets		-	812,962,121	4,267,482,963	-	788,904,104	4,224,821,876
Borrowings		-	-	-	-	-	-
Other Financial Liabilities	3	-	-	212,553,341	-	-	228,730,950
Total Financial Liabilities		-	-	212,553,341	-	-	228,730,950

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

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

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

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

(ii) Valuation Technique Used to Determine Fair Value

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

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

(iii) Valuation Proces

The finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes.

Discussion on Valuation processes and results are reviewed at least once in a year.

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

a) Discount rate is arrived at considering the internal and external factors.

b) Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is material

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

Fig.in NPR

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions	-	-	-	-
ii) Investment in Debentures	260,266,518	260,266,518	184,101,630	184,101,630
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-	-	-
iv) Fixed Deposit	3,745,045,600	3,745,045,600	3,681,702,500	3,681,702,500
v) Others (Unquoted Equity Shares)	-	-	-	-
Loans				
i) Loan to Employees	-	-	-	-
ii) Others (to be Specified)	-	-	-	-
Other Financial Assets	86,397,271	86,397,271	151,561,392	151,561,392
Total Financial Assets at Amortised Cost	4,091,709,389	4,091,709,389	4,017,365,522	4,017,365,522
Borrowings				
i) Bonds	-	-	-	-
ii) Debentures	-	-	-	-
iii) Term Loans - Bank and Financial Institution	-	-	-	-
iv) Bank Overdrafts	-	-	-	-
v) Others (to be Specified)	-	-	-	-
Other Ffinancial Liabilities	212,553,341	212,553,341	228,730,950	228,730,950
Total Financial Liabilities at Amortised Cost	212,553,341	212,553,341	228,730,950	228,730,950

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

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46. Risk management framework

Governance framework

The primary objective of the Company's risk and financial management framework is to ensure that it will be able to continue as a going concern so that can continue to provide returns to the shareholders through sustainable achievement of financial performance objective. Key management recognizes the critical importance of having efficient and effective risk management systems in place. The board of directors and senior management manages the risks through various committees and delegated authorities. As part of the important activity within the Company, the risks are reviewed on a regular basis and strategies are timely adopted to manage these risks. The risks are identified with clear understanding of the market environment, regulatory environment and economic changes.

Insurance risks

The principal risk the Company is subjected to under the insurance contract is that actual claims and benefits payments or the timing thereof may differ from expectations. This is influenced by the frequency of the claims, severity of claims, actual benefits paid and subsequent development of long-term claims. The objective of the Company is therefore to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across portfolio of insurance contracts. The risk is also mitigated by careful selection and implementation of underwriting guidelines as well as use of reinsurance arrangements.

The Company considers insurance risk to be a combination of the following components:

- Product design risk
- Product pricing
- Underwriting risk
- Claim risk
- Reinsurance risk
- Reserving

a. Product design risk

The Company issues general insurance contracts such as fire, marine, motor, marine, engineering, micro, aviation, cattle and crop and miscellaneous. The significant risks arising under the general insurance portfolio are from changes in the climate leading to natural disasters, behavioral trends of peoples due the change in their lifestyles and steady escalation of costs in respect of motor industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. Variability of risk is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in the term of type of risk.

The Company's insurance risk based on the line of business concentration is as follows:

Line of business	For the year ended Ashad 31, 2081 (July 15, 2024)		For the year ended Ashad 32, 2079 (July 16, 2023)	
	Gross written premium	Concentration Percentage	Gross written premium	Concentration Percentage
Fire	680,356,188	18%	538,706,116	16%
Motor	957,192,953	25%	933,706,904	28%
Marine	82,056,489	2%	66,672,876	2%
Engineering	735,957,195	20%	531,195,936	16%
Micro	600	0%	2,400	0%
Aviation	329,303,834	9%	354,605,187	11%
Cattle and crop	38,494,365	1%	90,360,564	3%
Miscellaneous	938,632,945	25%	861,096,975	26%
Total	3,761,994,569		3,376,346,958	

The pricing of an insurance product involves the estimation of claims, operational and financing costs and the income arising from investing the premium received. The pricing process typically comprises collecting data on the underlying risks to be covered, determining the pricing assumptions and the base rate, setting the final premium rate, and monitoring the review of the appropriateness of pricing.

The Company collects adequate data to validate the reasonableness of the underlying assumptions used for pricing. The base rate represents the amount required to meet the value of anticipated benefits, expenses, and margins for risks and profit. Data primarily relates to the company's own historical experience and that of the industry where relevant. These may be supplemented by other internal and external data and could include trends observed in claims costs and expenses.

Pricing is done by modelling all identified risks, using appropriate methodologies depending on the complexity of the risks and available data. Adequate buffers are kept in the premiums to cushion against the risk that actual experience may turn out to be worse than expected.

c. Underwriting risk

Underwriting involves measuring risk exposure and determining the premium that needs to be charged to undertake the insurance risk. Underwriting risks generally arise either from an inaccurate assessment of the risks entailed in writing and insurance policy or from factors wholly out of the underwriter's control.

The majority of the underwriting risk to which the Company is exposed is of a short-term nature, and generally does not exceed 12 months. The company's underwriting strategy aims to ensure that the underwritten risks are well diversified in terms of the type, amount of risk, and geography in order to ensure that the Company minimises the volatility of its insurance result.

The above risk exposure is mitigated by improving the knowledge and skills of the underwriting staff. Further, a statistical database is maintained to enable proper decisions to be taken during underwriting of insurance risks undertaken. Also, financial authority limits are in place for underwriting, clearly prescribing the limits to underwrite based on the sum insured and risk undertaken. Pricing is done by modelling all identified risks, using appropriate methodologies depending on the complexity of the risks and available data. Adequate buffers are kept in the premiums to cushion against the risk that actual experience may turn out to be worse than expected.

d. Reinsurance risk

Reinsurance risk refers to the inability of the Company to obtain insurance from reinsurers at the right time and at the appropriate cost. The above risk exposure is mitigated by choosing globally highly trusted reinsurance companies for reinsurance placements. The company has reinsurance treaty with the following reinsurance companies:

Name of reinsurers	Rating	Issuing agency
General Insurance Corporation of India, India	B++	AM Best
Oman Re	B+	AM Best
Kenya Re	B	AM Best
Asian Re	B+	AM Best
Cica Re	B+	AM Best
Kuwait Re	A-	AM Best
General Insurance Corporation, Bhutan	A	AM Best
The New India Assurance Company Limited	B++	AM Best
ADNIC reinsurance	A	AM Best
Nepal Reinsurance Company Limited		
Himalayan Reinsurance Company Limited	B+	AM Best
Sirius International	A-	AM Best
Tunne Protect Re	B	AM Best
Odyssey Reinsurance	A+	AM Best

e. Claim risk

Claim risk refers to the risk that the actual claims or the timing thereof may differ from expectation and sufficient reserves may not be available to cover these liabilities. The above risk exposure is mitigated by implementing strict claim review policies to assess all new and ongoing claims. Regular detailed review of claims handling procedure and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims in order to reduce its exposure to unpredictable future developments that may negatively impact the business. The Company seeks to reduce its claim risk through the use of experience actuaries who estimates actuarial indication of the required reserves to be made based on claims experience, business volume, anticipated change in the claim environment and claims cost.

i. Sensitivities

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

Particulars	Changes in Assumptions	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) - Profit Before Tax	Increase/ (Decrease) - Profit After Tax	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) - Profit Before Tax	Increase/ (Decrease) - Profit After Tax
Average Claim Cost	"+" 10%	194,910,270	39,841,561	(187,282,785)	(131,097,949)	257,795,654	3,934,517	(291,415,939)	(203,991,157)
Average Number of Claims	"+" 10%	60,615,772	496,394	(496,394)	(347,476)	26,473,826	14,017,173	(14,017,173)	(9,812,021)
Average Claim Cost	"-" 10%	(194,910,270)	(39,841,561)	187,282,785	131,097,949	(257,795,654)	(3,934,517)	291,415,939	203,991,157
Average Number of Claims	"-" 10%	(60,615,772)	(496,394)	496,394	347,476	(26,473,826)	(14,017,173)	14,017,173	9,812,021

ii. Claim development table

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

Gross outstanding claim provision

Year of Incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year	-	-	-	-	-	1,361,012,019	1,361,012,019
One year later	-	-	-	-	734,826,653	-	734,826,653
Two year later	-	-	-	523,327,876	-	-	523,327,876
Three year later	-	-	219,750,055	-	-	-	219,750,055
Four year later	-	78,029,378	-	-	-	-	78,029,378
More than Four years	-	-	-	-	-	-	-
Current estimate of cumulative claims	-	78,029,378	219,750,055	523,327,876	734,826,653	1,361,012,019	2,916,945,981
At end of incident year	-	-	-	-	-	932,390,537	932,390,537
One year later	-	-	-	-	369,997,626	-	369,997,626
Two year later	-	-	-	152,520,153	-	-	152,520,153
Three year later	-	-	19,503,922	-	-	-	19,503,922
Four year later	-	-	-	-	-	-	-
More than Four years	-	-	-	-	-	-	-
Cumulative payments to date	-	-	19,503,922	152,520,153	369,997,626	932,390,537	1,474,412,238
Gross outstanding claim provision	-	78,029,378	200,246,133	370,807,723	364,829,027	428,621,482	1,442,533,743

Net outstanding claim provision

Fig.in NPR

Year of Incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year	-	-	-	-	-	608,933,928	608,933,928
One year later	-	-	-	-	267,123,093	-	267,123,093
Two year later	-	-	-	55,840,772	-	-	55,840,772
Three year later	-	-	26,250,034	-	-	-	26,250,034
Four year later	-	24,612,238	-	-	-	-	24,612,238
More than Four years	-	-	-	-	-	-	-
Current estimate of cumulative claims	-	24,612,238	26,250,034	55,840,772	267,123,093	608,933,928	982,760,065
At end of incident year	-	-	-	-	-	476,075,115	476,075,115
One year later	-	-	-	-	186,519,513	-	186,519,513
Two year later	-	-	-	41,687,158	-	-	41,687,158
Three year later	-	-	13,468,403	-	-	-	13,468,403
Four year later	-	-	-	-	-	-	-
More than Four years	-	-	-	-	-	-	-
Cumulative payments to date	-	-	13,468,403	41,687,158	186,519,513	476,075,115	717,750,189
Net outstanding claim provision	-	24,612,238	12,781,631	14,153,614	80,603,580	132,858,813	265,009,876

f) Reserving

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

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

Particulars	Current Year			Previous Year		
	Gross insurance liabilities	Reinsurance assets	Net liabilities	Gross insurance liabilities	Reinsurance assets	Net liabilities
Fire	719,290,280	541,592,333	177,697,947	768,974,439	623,766,193	145,208,246
Motor	794,372,061	279,351,209	515,020,852	826,386,998	286,244,275	540,142,723
Marine	162,249,082	106,798,547	55,450,535	171,902,974	122,648,698	49,254,276
Engineering	711,495,603	602,033,176	109,462,427	608,167,382	529,967,750	78,199,632
Micro	515,840,551	515,839,692	859	516,608,290	516,604,995	3,295
Aviation	358,011,291	357,493,425	517,866	563,610,611	563,007,822	602,789
Cattle and Crop	73,619,226	64,846,889	8,772,337	85,396,224	73,452,552	11,943,672
Miscellaneous	624,754,639	340,684,763	284,069,876	623,830,295	452,723,024	171,107,271
Total	3,959,632,733	2,808,640,034	1,150,992,699	4,164,877,213	3,168,415,309	996,461,904

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

47. Financial risk management

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

i) Credit Risk

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

The Company's placement in debt instruments is primarily in fixed deposits with commercial banks, development banks and other financial institutions that are held at amortised cost of Rs. 3,745,045,600 (2079-80: Rs. 3,681,702,500) and in debentures issued by listed companies Rs. 260,266,518 (2079-80: Rs. 184,101,630) which are managed and monitored by the investment committee of the Company. The Company carries other financial assets, such as balances with banks, advance to employees and other receivables. Bank deposits in fixed and other short-term deposit accounts are held with commercial banks, development banks and other financial institutions having a strong financial position and considering the experience of the Company over time, the counter party risk attached to such assets is considered insignificant.

"Advance to employees and other receivables are monitored on regular basis and is recovered on timely basis. Allowance for impairment is made for loss incurred assets if any. Credit risk to external reinsurers appears when insurance exposures are transferred by the Company to external reinsurance companies to mitigate insurance risks. Potential losses can arise due to non-recoverability of reinsurance receivables that are under reinsurance treaties in force. The Company has selected its reinsurers with a high credit rating and reviews their rating periodically. The information on the reinsurers is provided in 46.2 (d) above. The Company's exposures to reinsurance risk are placed with highly rated reinsurers and considering the experience of the Company over time, the counter party risk attached to insurance receivables is minimal except for receivable of Rs. 28,115,937 (2079-80: Rs. 161,303,648). The amount due from Aviation Assets Management Ltd which was provisioned has been written back by collecting final settlement realization after it's liquidation. The company also has receivable of Rs. 7,154,982 (2079-80: Rs. 7,154,982) recoverable from local insurance company and Rs. 574,240 recoverable from foreign reinsurance company under facultative arrangement which has not been recovered. Allowance for impairment for these amounts has been made in the financial statements. The Company does not have a policy of providing credit facilities against issued policy document as per regulatory restrictions. However, in respect of agriculture insurance, 20% of the premium amount is recovered at the time of issue of the policy and balance 80% is guaranteed by the Government of Nepal as subsidy to the farmers which it paid to the Company through the Nepal Insurance Authority of Nepal. Similarly, in respect of insurance for COVID-19 and certain property insurance, 50% of the premium amount is recovered at the time of issue of the policy and balance 50% if guaranteed by the Government of Nepal, which is paid to the Company through the Nepal Insurance Authority of Nepal. Accordingly, the counter party risk attached to the amount due from policyholders is minimal. The Company uses the incurred loss model for impairment of financial assets. The detail of allowance for financial assets recognised is as follows:"

Particulars	Current Year	Previous year
Balance of loss allowance as at Ashad 31, 2080	169,032,870	163,180,010
Add: Transferred from business acquisition	-	5,852,860
Add: Loss allowance recognised during the year	-	-
Less: Loss allowance written back during the year	(161,303,648)	-
Balance of loss allowance as at Ashad 31, 2081	7,729,222	169,032,870

Loss allowance has been recognised for receivable from reinsurance Company and local insurance company.

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

a) Company has credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures/ breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

b) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by entering into agreement with more than one party. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

c) The company deals with only creditworthy counterparties and obtains sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2081

Particulars		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses	Reinsurance Asset				
		Fixed Deposit				
		Debenture				
		Other Financial assets				
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses	-	-	-	-	-
		-	-	-	-	-

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2080

Particulars		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses	Reinsurance Asset				
		Fixed Deposit				
		Debenture				
		Other Financial assets				
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses	-	-	-	-	-
		-	-	-	-	-

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months expected credit losses	Measured at 12 months expected credit losses	
		Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and not credit impaired
Loss Allowance on Ashadh 31, 2080	-	-	-
Changes in loss allowances	-	-	-
Write-offs	-	-	-
Recoveries	-	-	-
Loss Allowance on Ashadh 31, 2081	-	-	-

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments as they fall due. The Company maintains investment in accordance with the investment policy issued by the Nepal Insurance Authority of Nepal. The Company has also invested in highly marketable securities that can be liquidated in the event of unforeseen contingencies. Further, the investment committee reviews the liquidity level of investments and takes appropriate actions to improve the liquidity position. Insurance receivables includes amount receivables from local insurance businesses under local facultative arrangement and from reinsurers under reinsurance arrangement for paid losses. These are recognised and measured at fair value of the considerations to be received. Insurance receivables also includes sundry debtors which are recognised when due and are initially measured at fair value on the consideration receivable. This receivable represents agriculture insurance policy, insurance for COVID-19 and certain property insurance which are subsidized by the government of Nepal to the extent of 50% to 80% of the premium invoiced amount. Collectability of premiums is reviewed on an ongoing basis.

Maturity of Financial Liabilities:

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

Particulars	Current Year			Previous Year		
	Upto 1 year	1 to 5 years	More than 5 years	Upto 1 year	1 to 5 years	More than 5 years
Borrowings						
Other Financial Liabilities	212,113,341	440,000	-	228,730,950	-	-
Total Financial Liabilities	212,113,341	440,000	-	228,730,950	-	-

iii) Market Risk**a1) Foreign Currency Risk Exposure**

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

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

b1) Interest Rate Risk

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

The major interest rate risk that the Company is exposed to is the discount rate for determining insurance liabilities.

b2) Interest Rate Sensitivity

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

Particulars	Current Year	Previous year
Interest Rate - Increase By 1%*	-	-
Interest Rate - Decrease By 1%*	-	-

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market. The Company has invested in equity securities and the exposure is equity securities price risk from investments held by the Company and classified in the statement of financial position as fair value through OCI/ fair value through profit or loss.

c2) Sensitivity

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

Particulars	Current Year	Previous year
Equity Index - Increase By 1%*	5,284,021	6,748,441
Equity Index - Decrease By 1%*	(5,284,021)	(6,748,441)

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

48. Operational Risk

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

49. Climate Related Risk

The Company acknowledges the increasing significance of climate change and its potential impacts on the insurance industry. Climate risk encompasses a spectrum of challenges, including physical risks arising from extreme weather events, as well as transition risks associated with the global shift towards a low-carbon economy.

a. Physical Risks:

The Company recognizes the potential for increased frequency and severity of extreme weather events, such as floods, storms, and other climatic disruptions. These events may pose a threat to the insured assets and impact on the overall claims experience. The Company has implemented active risk assessment and management practices to identify, assess, and mitigate the physical risks associated with climate change.

b. Transition Risks:

In response to the global transition towards a low-carbon economy, the Company is cognizant of the evolving regulatory landscape and market dynamics. Changes in regulations, policies, and market preferences related to climate change could affect the valuation of certain assets and liabilities, impact the Company's financial performance. The Company remains committed to staying informed about emerging developments and adapting business strategies accordingly.

c. Risk Mitigation Strategies:

As part of the Company's commitment to sustainable business practices, the Company is actively integrating climate risk considerations into its underwriting, investment, and risk management processes.

d. Disclosure of Financial Impact:

At present, the Company does not anticipate a material financial impact directly resulting from climate risk. However, the Company recognizes the dynamic nature of climate-related challenges and continues to assess and disclose any material changes that may arise in the future.

50. Capital Management

The Company's objectives when managing Capital are to:

- Safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Regulatory minimum paid up capital

Non-Life insurance companies were required by the Directive of Nepal Insurance Authority to attain a stipulated minimum paid up capital of NPR 2.5 billion by mid-July 2023. As on the reporting date, the company's paid up capital is NPR 25,001,574.

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognized		
Final cash dividend for the year ended Ashadh 31, 2080 of NPR 6.37/- (Ashadh 31, 2079 - NPR 0.14/-) per fully paid share	146,607,780	3,242,016
Final bonus Share for the year ended Ashadh 31, 2080 of NPR 8.63/- (Ashadh 31, 2079 - NPR 2.75/-) per fully paid share	198,622,400	61,598,300
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, for the year ended the Board of Directors have recommended the payment of a final cash dividend of NPR 8.75/- per fully paid equity share (Including Tax). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	218,763,773	146,607,780 198,622,400

51. Earnings Per Share (EPS)

Particulars	Current Year	Previous Year
Profit For the Year	502,463,915	445,059,527
Less: Dividend on Preference Shares	-	-
Profit For the Year used for Calculating Basic Earning per Share	502,463,915	445,059,527
Add: Interest saving on Convertible Bonds	-	-
Profit For the Year used for Calculating Diluted Earning per Share	502,463,915	445,059,527
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share	25,001,574	23,015,350
Adjustments for calculation of Diluted Earning per Share:		
i) Dilutive Shares	-	-
ii) Options	-	-
iii) Convertible Bonds	-	-
Weighted Average Number of Equity Shares Outstanding During the Year for Diluted Earning Per Share	25,001,574	23,015,350
Nominal Value of Equity Shares	100	100
Basic Earnings Per Share	20.10	19.34
Diluted Earnings Per Share	20.10	19.34
Proposed Bonus Shares		1,986,224
Weighted Average Number of Equity Shares Outstanding During the Year for Restated Earning Per Share		25,001,574
Nominal Value of Equity Shares		100
Restated Basic Earnings Per Share		17.80
Restated Diluted Earnings Per Share		17.80

52 Operating Segment

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

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

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

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

a) Segmental Information for the year ended Ashadh 31, 2081 (July 15, 2024)

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter segment elimination	Total
Income:										
Gross Earned Premiums	460,699,177	931,436,565	79,462,365	635,292,339	1,508	304,698,682	65,332,899	907,373,369	-	3,384,296,904
Premiums Ceded	(254,053,618)	(347,278,402)	(53,819,034)	(574,665,751)	(288)	(304,333,537)	(58,975,752)	(511,059,592)	-	(2,104,185,974)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	206,645,559	584,158,163	25,643,331	60,626,588	1,220	365,145	6,357,147	396,313,777	-	1,280,110,930
Commission Income	83,860,790	65,074,889	(1,632,234)	92,246,570	37	15,627,375	12,338,168	75,370,920	-	342,886,515
Other Direct Income	-	-	-	-	-	-	-	-	-	-
Income from Investments and Loans	-	-	-	-	-	-	-	-	-	-
Net Gains/ (Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gains / (Losses)	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Total Segmental Income	290,506,349	649,233,052	24,011,097	152,873,158	1,257	15,992,520	18,695,315	471,684,697	-	1,622,997,445
Expenses:										
Gross Claims Paid	170,139,206	470,138,918	33,332,168	171,908,233	750,000	205,943,545	50,412,260	371,787,907	-	1,474,412,237
Claims Ceded	(136,995,783)	(122,757,596)	(20,368,667)	(153,390,814)	(750,000)	(205,750,415)	(44,600,490)	(72,048,283)	-	(756,662,048)
Gross Change in Contract Liabilities	(269,341,170)	(57,771,325)	(12,248,016)	2,663,365	(766,831)	(230,204,472)	15,061,536	(30,335,232)	-	(582,942,145)
Change in Reinsurance Assets	302,247,776	27,883,671	13,257,045	12,969,410	765,111	230,056,151	(15,108,511)	39,051,005	-	611,121,658
Net Claims Paid	66,050,029	317,493,668	13,972,530	34,150,194	(1,720)	44,809	5,764,795	308,455,397	-	745,929,702
Commission Expenses	8,482,995	3,661,184	95,595	12,197,679	23	2,653,827	8,940,181	22,696,075	-	58,727,559
Service Fees	1,647,216	5,504,913	194,033	637,966	4	(1,032)	24,246	4,096,376	-	12,103,722
Other Direct Expenses	565,840	2,291,360	171,640	52,170	40	40	239,530	308,300	-	3,628,920
Employee Benefits Expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization Expenses	-	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-	-	-	-	-
Total Segmental Expenses	76,746,080	328,951,125	14,433,798	47,038,009	(1,653)	2,697,644	14,968,752	335,556,148	-	820,389,903
Total Segmental Results	213,760,269	320,281,927	9,577,299	105,835,149	2,910	13,294,876	3,726,563	136,128,549	-	802,607,542
Segment Assets	541,592,333	279,351,209	106,798,547	602,033,176	515,839,692	357,493,425	64,846,889	340,684,763	-	2,808,640,034
Segment Liabilities	719,290,280	794,372,061	162,249,082	711,495,603	515,840,551	358,011,291	73,619,226	624,754,639	-	3,959,632,733

b) Segmental Information for the year ended Ashadh 31, 2080 (July 16, 2023)

Particulars	Fire	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter segment elimination	Total
Income:										
Gross Earned Premiums	600,812,700	866,851,740	7,411,992	477,996,167	5,641	453,796,220	136,903,545	850,324,325	-	3,394,102,330
Premiums Ceded	(473,646,972)	(256,733,867)	(53,703,193)	(387,624,803)	(109,399,544)	(468,215,350)	(99,378,834)	(567,080,532)	-	(2,415,783,095)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	127,165,728	610,117,873	(46,291,201)	90,371,364	(109,393,903)	(14,419,130)	37,524,711	283,243,793	-	978,319,235
Commission Income	109,756,639	59,592,796	10,957,075	70,515,835	703	11,435,069	20,657,903	107,642,960	-	390,558,980
Other Direct Income	-	-	-	-	-	-	-	-	-	-
Income from Investments and Loans	19,700,785	51,471,528	2,181,833	8,241,383	324	705,612	1,311,188	17,253,136	-	100,865,789
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	(73,501)	(192,035)	(8,140)	(30,748)	(1)	(2,633)	(4,892)	(64,370)	-	(376,319)
Other Income	879,605	2,967,472	224,207	183,036	165	11,959	217,809	583,817	-	5,068,071
Total Segmental Income	257,429,255	723,957,634	(32,936,226)	169,280,870	(109,392,712)	(2,269,122)	59,706,720	408,659,337	-	1,474,435,756
Expenses:										
Gross Claims Paid	139,089,942	481,130,629	40,186,253	196,593,054	53,325,000	1,169,582,848	143,705,134	297,094,864	-	2,520,707,724
Claims Ceded	(102,244,517)	(150,914,022)	(24,386,828)	(180,006,437)	(53,325,000)	(1,168,424,441)	(117,717,726)	(117,652,708)	-	(1,914,671,679)
Gross Change in Contract Liabilities	242,762,028	(217,764,799)	(1,337,370)	(103,679,267)	(58,818,783)	(67,714,978)	(77,299,581)	19,114,495	-	(264,738,255)
Change in Reinsurance Assets	(255,903,573)	99,724,924	3,968,367	114,428,456	58,814,071	67,683,462	61,160,821	(25,309,996)	-	124,566,532
Net Claims Paid	23,703,880	212,176,732	18,430,422	27,335,806	(4,712)	1,126,891	9,848,648	173,246,655	-	465,864,322
Commission Expenses	8,945,160	7,249,219	866,144	6,546,780	182	4,066,099	19,995,938	11,505,008	-	59,174,530
Service Fees	1,575,347	6,464,177	232,442	294,529	18	(23,123)	74,500	2,268,031	-	10,885,921
Other Direct Expenses	549,060	2,103,870	187,600	44,760	229,873	120	561,010	294,340	-	3,970,633
Employee Benefits Expenses	50,267,498	88,194,910	6,251,260	49,565,132	216	33,003,064	7,334,710	80,681,240	-	315,298,030
Depreciation and Amortization Expenses	2,754,073	4,832,052	342,496	2,715,591	12	1,808,183	401,857	4,420,391	-	17,274,655
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	23,266,014	40,820,493	2,893,359	22,940,928	100	15,275,273	3,394,827	37,342,835	-	145,933,829
Finance Cost	246,661	432,770	30,675	243,215	1	161,945	35,991	395,901	-	1,547,159
Total Segmental Expenses	111,307,694	362,274,223	29,234,397	109,686,741	225,690	55,418,453	41,647,480	310,154,400	-	1,019,949,079
Total Segmental Results	146,121,561	361,683,411	(62,170,623)	59,594,129	(109,618,402)	(57,687,575)	18,059,239	98,504,936	-	454,486,677
Segment Assets	623,766,193	286,244,275	122,648,698	529,967,750	516,604,995	563,007,822	73,452,552	452,723,024	-	3,168,415,309
Segment Liabilities	768,974,439	826,386,998	171,902,974	608,167,382	516,608,290	563,610,611	85,396,224	623,830,295	-	4,164,877,213

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

c. Reconciliation of segmental profit with statement of profit or loss

Particulars	Current Year	Previous Year
Segmental Profit	802,607,542	454,486,677
Add: Income from Investment & Loans	344,043,010	-
Add: Net Realised Gains/ (Losses)	361,558,301	-
Add: Unallocable Other Income	174,779,042	241,008,326
Add: Share of Profit of Associates	11,214,458	-
Less: Depreciation and Amortization	(20,513,155)	(1,919,406)
Less: Unallocable Corporate expenses	(647,197,727)	(51,247,984)
Less: Impairment Losses	-	-
Less: Finance Cost	(1,446,864)	(171,907)
Profit Before Tax	1,025,044,607	642,155,706

d) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	2,808,640,034	3,168,415,309
Goodwill and Intangible Assets	18,868,120	20,992,187
Property, Plant and Equipment	1,051,365,598	316,695,727
Investment Properties	-	-
Deferred Tax Assets	12,531,846	90,362,723
Investments in Subsidiaries	-	-
Investments in Associates	210,161,858	-
Investments	4,818,274,239	4,654,708,234
Loans	-	-
Current Tax Assets (Net)	75,341,583	-
Insurance Receivables	457,156,412	1,154,516,677
Other Assets	85,042,482	48,959,553
Other Financial Assets	86,397,271	151,561,392
Cash and Cash Equivalents	175,773,574	207,456,354
Total Assets	9,799,553,017	9,813,668,156

E) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	3,959,632,733	4,164,877,213
Provisions	1,681,849	3,417,533
Deferred Tax Liabilities	-	-
Current Tax Liabilities (Net)	-	858,561,613
Insurance Payables	358,680,424	17,927,670
Other Financial Liabilities	340,693,164	249,773,619
Other Liabilities	212,553,341	228,730,950
Total Liabilities	4,873,241,511	5,523,288,598

Himalayan Everest Insurance Limited

Notes To The Financial Statements

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

53. Related Party Disclosure

(a) Identify Related Parties

Holding Company:

The company does not have any holding company.

Subsidiaries:

The company does not have any Subsidiaries.

Associates:

Nepal Infrastructure Investment Fund Ltd. is an associate company of HEI with 49.76% effective holding.

Fellow Subsidiaries:

The company does not have any Fellow Subsidiaries.

Key Management Personnel:

KMPs of the Himalayan Everest Insurance Company Ltd. includes members of Board of directors and Chief Executive Officer.

Name of key management personnel	Designation
Mr. Mahendra Krishna Shrestha	Chairman (From Chaitra 29, 2079)
Mr. Vijit Krishna Shrestha	Director (From Chaitra 29, 2079)
Mr. Avilasha Panth Sharma	Director (from Jestha 10, 2080)
Mr. Hem Raj Thapa	Director (From Chaitra 29, 2079)
Mr. Ajaya Ratna Sthapit	Public Director (From Chaitra 29, 2079)
Mr. Bijaya Kumar Pant	Independent Director (From Baisakh 6, 2080)
Mr. Vijay Bahadur Shah	Chief Executive Officer (To Ashad 12, 2081)

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits to CEO	7,462,500	-
Board meeting allowance	3,280,628	2,723,399
Total	10,743,128	2,723,399

Payment to Chief Executive Officer (CEO)

Particulars	Current Year	Previous Year
Annual salary and allowances	10,147,838	10,410,000
Performance based allowances		
i) Employee Bonus	1,809,073	-
ii) Benefits as per prevailing provisions	-	-
iii) Incentives	2,901,191	1,573,336
Insurance related benefits		
i) Life Insurance	-	-
ii) Accident Insurance		
iii) Health Insurance (including family members)	64,462	25,785
Total	14,922,564	12,009,121

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Commission Income						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Rental Income						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Interest Income						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Sale of Property, Plant & Equipment						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Purchase of Property, Plant & Equipment						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Premium Paid						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Commission Expenses						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Dividend						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	999,970	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Meeting Fees						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Allowances to Directors						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Others (to be specified)						
For The Year Ended Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
For The Year Ended Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
As at Ashadh 31, 2081 (July 16, 2023)	-	-	210,161,858	-	-	210,161,858
As at Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Other Receivables (to be Specified)						
As at Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
As at Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Payables including Reinsurance Payables						
As at Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
As at Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-
Other Payables (to be Specified)						
As at Ashadh 31, 2081 (July 16, 2023)	-	-	-	-	-	-
As at Ashadh 31, 2080 (July 16, 2022)	-	-	-	-	-	-

54. Leases

Leases as Lessee

Operating Leases:

The Company has not entered into any lease agreement i.e. rental agreements to be classified as operating leases.

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

The identified non- cancellable leases have not been amortized. The undiscounted maturities of lease liabilities over the remaining lease term are as follows:

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	3,057,689	5,686,957
ii) Later than 1 year and not later than 5 years	6,467,883	10,142,394
iii) Later than 5 years	1,777,086	2,232,540

55. Capital Commitments

Estimated amount of contracts remaining to be executed and not provided for: No capital Commitments has been made

Future Minimum Lease Payments	Current Year	Previous Year
Property, Plant and Equipment	-	-
Investment Properties	-	-
Goodwill & Intangible Assets	-	-
Investment	47,550,659	-
Total	47,550,659	-

56. Contingent Liabilities

In the opinion of the Directors and the Company's lawyers, pending litigation against the Company will not have a material impact on the reported financial results or future operations of the Company. All pending litigation for claims have been evaluated and adequate provisions have been made in the financial statements.

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax	32,644,124	157,389,290
b) Indirect Taxes	-	-
c) Claim Petitions	7,009,288	-
c) Other (to be Specified)	-	-
Total	39,653,412	157,389,290

57. Events occurring after Balance Sheet

There are no such material non-adjusting events after Balance Sheet date to be disclosed.

58. Assets Pledged as Security (only if pledged)

The carrying amount of assets pledged as security are: Assets has not been pledged as security

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax	32,644,124	157,389,290
b) Indirect Taxes	-	-
c) Claim Petitions	7,009,288	-
c) Other (to be Specified)	-	-
Total	39,653,412	157,389,290

59. Corporate Social Responsibility

As per the regulatory requirement, 1% of profit after tax before considering deferred tax charge for the year has been apportioned. The total CSR amount utilised from the CSR Reserve for the year 2080.81 is NPR. 2436000.

60. Miscellaneous

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

Himalayan Everest Insurance Limited

Annexure III (Major Financial Indicator)

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

SN	Particular	Indicators	2080/81	2079/80	2078/79	2077/78	2076/77
A Equity							
1.	Net worth	NPR	4,926,202,120	4,290,379,558	3,798,287,114	3,701,858,932	3,923,163,859
2.	Net Profit	NPR	502,354,528	445,059,527	160,320,310	258,458,698	360,988,349
3.	Number of Shares	No.s	25001574	23015350	22399366.64	21064004.4	19998285
4.	Earning per Share	NPR	20	19	14	21	31
5.	Book value per Share	NPR	197	186	170	176	196
6.	Dividend per Share (DPS)	NPR	8.75	15	3	4	7
7.	Market Price per Shares (MPPS)	NPR	632	600	945	1,405	769
8.	Price Earning Ratio	Ratio	31.45	31.03	69.87	65.80	24.93
9.	Change in Equity	%	14.82%	12.96%	5.49%	-5.64%	28.08%
10.	Return on Equity	%	10.20%	10.37%	4.22%	6.98%	9.20%
11.	Affiliate Ratio	%	4.27%	0.00%	0.00%	0.00%	0.00%
12.	Capital to Net Assets Ratio	%	50.75%	53.64%	30.90%	56.90%	50.97%
13.	Capital to Technical Reserve Ratio	%	217.22%	230.97%	252.28%	313.01%	317.22%
14.	Market Share	%	9.07%	8.14%	7.90%	7.00%	7.00%
15.	Solvency Margin	%	332.40%	324.00%	414.00%	376.00%	363.00%
B Income							
16.	Net Earnings Ratio	%	39.24%	45.49%	20.39%	38.44%	52.19%
17.	Gross Earned Premium Growth Rate	%	-0.29%	18.40%	23.67%	-8.91%	52.08%
18.	Direct Premium Growth Rate	%	13.00%	4.29%	42.76%	-4.72%	1.46%
	Property	%	26.22%	20.63%	34.03%	21.57%	15.38%
	Motor	%	9.47%	23.02%	17.70%	1.45%	-11.77%
	Marine	%	23.08%	-24.99%	17.04%	49.05%	-29.19%
	Engineering	%	38.24%	31.73%	60.57%	-17.69%	-20.49%
	Micro	%	-75.00%	-68.07%	-99.98%	10.17%	3055.88%
	Aviation	%	-7.14%	-25.61%	62.27%	373.41%	-80.53%
	Cattle and Crop	%	-57.40%	-47.00%	31.25%	118.32%	2.40%
	Miscellaneous	%	7.04%	-0.79%	71.44%	-47.74%	70.91%



19	Retention Ratio	%	37.83%	28.82%	27.42%	29.01%	27.18%
	Property	%	44.85%	21.17%	21.08%	22.16%	15.68%
	Motor	%	62.72%	70.38%	75.05%	61.51%	71.49%
	Marine	%	32.27%	-624.54%	-143.35%	20.04%	11.70%
	Engineering	%	9.54%	18.91%	9.62%	11.10%	13.29%
	Micro	%	80.90%	-1939264.37%	-1050.12%	60.84%	69.80%
	Aviation	%	0.12%	-3.18%	-55.49%	0.33%	0.90%
	Cattle and Crop	%	9.73%	27.41%	-19.94%	19.86%	20.14%
	Miscellaneous	%	43.68%	33.31%	1256.11%	16.42%	13.71%
20.	Net Reinsurance inflow/(outflow)/Amount in Cr		-121.43	0.29	-86.75	75.76	-86.80
21.	RI Commission Income/Premium ceded	%	16.32%	14.03%	12.95%	14.97%	13.82%
22.	Gross Premium Revenue/ Equity	%	76.37%	78.70%	86.27%	63.94%	59.03%
23.	Net Premium Revenue/ Equity	%	25.99%	22.80%	20.70%	18.17%	17.63%
24.	Gross Insurance Premium/Total Assets	%	34.51%	23.77%	35.08%	28.55%	30.48%
25.	Gross Written Premium to Equity	%	76.37%	78.70%	36.68%	63.94%	59.03%
26.	Net Profit/ Gross Insurance Premium	%	13.35%	13.18%	4.89%	10.92%	15.59%
27.	Yield on Investment and Loan	%	1.83%	2.06%	1.07%	6.87%	9.51%
C	Expenses:						
28.	Reinsurance Ratio	%	69.60%	65.52%	84.63%	70.99%	72.82%
29.	Management expenses/ Gross						
	Insurance Premium	%	19.73%	15.66%	14.98%	16.61%	15.66%
30.	Regulatory Expense Ratio	%	1.49%	1.49%	1.91%	1.37%	1.41%
31.	Employee Expense per Employee	NPR	1,008,167	865,015	603,296	672,630	746,458
32.	Commission Ratio (Commission						
	Expense/Net Written Premium)	%	1.74%	1.74%	1.90%	1.61%	1.58%
33.	Employee Expense to Total Expenses						
	(Excluding claims and benefits")	%	724.44%	592.03%	472.96%	36.61%	65.54%
34.	Expense Ratio (Underwriting Expense/						
	Net Written Premium)	%	5.29%	5.26%	2.28%	6.45%	7.09%
35.	Loss Ratio {(Claim Paid + change in						
	reserve)/ (Net Written Premium)}	%	51.03%	43.09%	20.75%	69.99%	48.77%
36.	Combined Ratio (Loss Ratio +						
	Expense Ratio)	%	56.33%	48.35%	23.04%	76.43%	55.87%

D Assets:									
37.	Increment in Investment Held	%	8.03%	152.46%	-3.86%	-22.10%			59.01%
38.	Increment in Loan		-	-	-	-			-
39.	Liquidity Ratio	%	498.60%	459.31%	418.85%	528.27%			276.90%
40.	Return on Assets	%	50.23%	45.77%	1.96%	3.18%			4.32%
41.	Long term Investments/Total Investments	%	27.04%	26.60%	58.95%	56.55%			71.23%
42.	Short term Investments/Total Investments	%	72.96%	73.40%	41.05%	43.45%			28.77%
43.	Total Investment & Loan/Gross Insurance								
	Contract Liabilities	%	126.99%	111.76%	80.13%	106.33%			111.81%
44.	Re(insurer) Receivable/Total Assets	%	4.67%	11.76%	6.14%	6.74%			2.48%
45.	Investment in Shares/ Total Assets	%	8.30%	8.04%	5.98%	3.38%			12.63%
46.	Investment in Unlisted Shares/Total Assets	%	2.90%	1.16%	1.85%	2.22%			0.02%
E Liabilities:									
47.	Increment in Gross Insurance	%	-4.93%	-6.83%	40.56%	-18.06%			-1.12%
	Contract Liabilities								
48.	Gross Technical Provision / Gross								
	Earned Premium	%	117.00%	122.71%	155.93%	137.19%			152.51%
49.	Gross Technical Provision / Total Equity	%	80.38%	97.07%	117.69%	85.91%			98.93%
50.	Outstanding Claim Number/ Number of paid claim	%	85.94%	71.96%	90.26%	76.74%			43.87%
51.	No. of Outstanding Claim/No. of intimated claim	%	14.33%	15.73%	36.53%	37.13%			28.89%
52.	Total number of Inforce Insurance Policies	No.s	250126	238474	213030	193226			139086
53.	Total number of renewed insurance policy/ Last year's Total Number of Inforce Policies	%	20.47%	26.84%	24.16%	22.48%			0.07%
F Others:									
54.	Number of Offices	No.s	89	79	38	61			58
55.	Number of Agents	No.s	301	160	212	319			226
56.	Number of Employees	No.s	422	405	213	388			350
57.	Number of Surveyors	No.s	1841	1839	2186	1379			986
58.	Employee Expense to Number of Employees	NPR	1,008,167	865,015	1,212,257	672,630			746,458

Himalayan Everest Insurance Limited

Annexure IV

Statement of Sum Assured

For The Year Ended On Ashad 31, 2081 (July 15, 2024)

Fig. in "000"

SN	Insurance Types	Existing Insurance Policies Numbers		Insured Amount against Existing Insurance Policies		Insured Risk Ceded to Re-Insurer		Net Insured Risk Retained by Insurer	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1.	Property	28,365	27,534	314,392,812	259,991,203	143,117,002	135,098,692	171,275,810	124,892,511
2.	Motor	190,911	174,127	53,107,047	39,209,152	9,159,340	8,677,515	43,947,707	30,531,637
3.	Marine	8,691	9,526	62,273,705	48,667,546	45,156,633	32,131,356	17,117,073	16,536,190
4.	Engineering	2,639	2,263	134,198,731	98,995,145	113,524,840	83,041,209	20,673,891	15,953,936
5.	Micro	2	8	600	2,400	96	480	504	1,920
6.	Aviation	2	6	6,614,100	6,730,908	6,548,017	6,664,341	66,083	66,567
7.	Cattle and Crop	4,015	9,798	788,297	1,932,638	722,080	1,546,110	66,217	386,528
8.	Miscellaneous	15,501	15,212	287,168,652	323,324,338	173,988,025	184,452,685	113,180,627	138,871,653
	Total	250,126	238,474	858,543,945	778,853,330	492,216,034	451,612,388	366,327,911	327,240,942

अनुसूची - १५

(धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को नियम २२ को उपनियम (२) सँग सम्बन्धित)

हिमालयन एभरेष्ट ईन्स्योरेन्स लि. आ. व. २०८०।०८९ को वार्षिक प्रतिवेदन

१. **संचालक समितिको प्रतिवेदन:** ३९औं वार्षिक साधारण सभाको प्रतिवेदन संलग्न छ ।
२. **लेखापरीक्षकको प्रतिवेदन:** कम्पनीको आ. व. २०८०।०८९ को लेखापरीक्षकको प्रतिवेदन संलग्न छ ।
३. **लेखापरीक्षण भएको वित्तीय विवरण:** श्री नेपाल वीमा प्राधिकरणबाट स्विकृत भएको यस कम्पनीको आ. व. २०८०।०८९ को लेखापरीक्षण सम्पन्न वित्तीय विवरण संलग्न गरेका छौं ।

४. कानूनी कारवाही सम्बन्धी विवरण:

- (क) यस अवधीमा कम्पनीले छिटफुट दावीको पुनरावेदन वाहेकमा वा कम्पनीको विरुद्ध कुनै मुद्दा दायर नभएको ।
- (ख) कम्पनीको संस्थापक वा संचालकले वा संस्थापक वा संचालक विरुद्ध प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर नभएको ।
- (ग) कुनै संचालक वा संचालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर नभएको ।

५. कम्पनीको शेयर कारोवार तथा प्रगतीको विश्लेषण:

- (क) गत आर्थिक वर्षमा धितोपत्र वजारमा कम्पनीको शेयर कारोवार सामान्य रूपमा भएको देखिन्छ । धितोपत्र वजारमा भएका उतार चढावको अवस्था अनुसार यस कम्पनीको शेयरको मूल्यमा पनि प्रभाव परेको व्यवस्थापनको विश्लेषण छ ।
- (ख) गत वर्षको प्रत्येक त्रैमासिक अवधीमा यस कम्पनीको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कूल कारोवार संख्या र कूल कारोवार दिन निम्न अनुसार छ ।

सर्वसाधारण शेयर कारोवार

अवधी	अधिकतम मूल्य रु.	न्यूनतम मूल्य रु.	अन्तिम मूल्य रु.	कारोवार शेयर संख्या	कारोवार दिन
प्रथम त्रैमासिक	६६९।००	४७८।९०	४८०।९०	९५८२९८२	६९
दोश्रो त्रैमासिक	६७९।००	४५९।७०	६४२।४०	९७३७७४५	४९
तेस्रो त्रैमासिक	७०५।००	५३७।९०	५९९।००	९३९५७९९	५८
चौथो त्रैमासिक	६६७।९०	५५८।००	६३२।००	९८८९४३०	६९

संस्थापक शेयर कारोवार

अवधी	अधिकतम मूल्य रु.	न्यूनतम मूल्य रु.	अन्तिम मूल्य रु.	कारोवार शेयर संख्या	कारोवार दिन
प्रथम त्रैमासिक	४८६।९०	३७०।००	३९५।००	३७३९०९	६९
दोश्रो त्रैमासिक	४४५।२०	३६०।००	३९२।००	९३२९५९	४९
तेस्रो त्रैमासिक	४२०।००	३२३।९०	३४७।५०	५७०८३	५८
चौथो त्रैमासिक	३९०।५०	३२७।००	३४९।००	९२०९९६	६९

६. समस्या र चुनौती:

- (क) वढ्दो मुद्रास्फिटिका कारण संचालन खर्चमा वृद्धि ।
- (ख) वीमा सम्बन्धी जनचेतनाको कमि ।
- (ग) वीमा वजारमा वढ्दो प्रतिस्पर्धाको चुनौती ।
- (घ) अस्थिर आर्थिक तथा राजनीतिक वातावरणले व्यवसायमा पार्ने प्रभाव ।
- (ङ) महाभुकम्प, वाढी पहिरो तथा दैविप्रकोपले पर्नसक्ने महाविपत्तीको प्रभाव ।
- (च) विश्वव्यापी रूपमा देखिएका महामारीको प्रभावले व्यवसायमा पर्ने प्रभाव ।

७. संस्थागत सुशासन:

- संस्थागत सुशासन कायम राख्न कम्पनी सदैव प्रतिवद्ध रहेको छ । साथै संस्थागत सुशासन कायम राख्न कम्पनीले देहाय वमोजिमकदम समेत अवलम्बन गरेको छ ।
- (क) संचालक समिति, बीमा ऐन, बीमा नियमावली तथा विद्यमान कानून र अन्य नियमनकारीको नियम तथा निर्देशनको पूर्ण पालना गरि संस्थागत सुशासनलाई निरन्तर पालनाको लागि संचालक समिति तथा व्यवस्थापन कटिबद्ध छ ।
- (ख) आन्तरिक नियन्त्रण प्रणाली व्यवस्थित छ साथै आन्तरिक लेखा परीक्षण गर्ने व्यवस्था जारी छ ।



नेपाल बीमा प्राधिकरण

NEPAL INSURANCE AUTHORITY

मिति: २०८१।१।१०१

वि. वि. शा. : १७५ (२०८१/०८२) च.नं. ४०३७

श्री हिमालन एभरेष्ट इन्स्योरेन्स लि.,
थापागाउँ, काठमाडौं।



विषय: आ.व. २०८०।८१ को वित्तीय विवरणको स-शर्त स्वीकृति बारे।

तहाँको मिति २०८१।१।३० (च.नं. १०५८/२०८१।८२) को पत्र साथ प्राधिकरणमा पेश भएको आ.व. २०८०।०८१ को वित्तीय विवरण सम्बन्धमा लेखिदैंछ।

उपरोक्त सम्बन्धमा बीमक श्री हिमालन एभरेष्ट इन्स्योरेन्स लि. बाट पेश भएको आ.व. २०८०।८१ को वित्तीय विवरण तथा अन्य कागजातहरू अध्ययन गर्दा बीमा ऐन, २०७९ को दफा ३८, ३९, ४० र ४१ तथा बीमकको वित्तीय विवरण सम्बन्धी निर्देशन, २०८० को दफा ११ बमोजिम बीमा कोष, अनिवार्य जगेडा कोष, महाविपत्ति कोष र दाबी भुक्तानी कोष तथा जगेडा कोष कायम गरेको देखिएकोले तहाँको आ.व. २०८०।८१ को वार्षिक वित्तीय विवरणलाई बीमा ऐन, २०७९ को दफा ८७ को उपदफा (८) तथा बीमकको वित्तीय विवरण सम्बन्धी निर्देशन, २०८० को दफा ७, ८ र ९ बमोजिम वार्षिक प्रतिवेदनमा समावेश गर्न, साधारण सभामा पेश गर्न तथा प्रकाशित गर्न देहायको निर्देशन, शर्त तथा आदेश सहित स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउदछौं।

शर्तहरू:

१. बीमकले NFRS-17 Insurance Contracts लागु गर्ने सम्बन्धमा पन्ध्र (१५) दिन भित्र कार्ययोजना पेश गर्ने।
२. बीमकको आर्थिक वर्षको चौथो त्रैमासिक अवधिको त्रैमासिक वित्तीय विवरण र वार्षिक वित्तीय विवरणको Statement of Financial Position, Statement of Profit or loss तथा Statement of Other Comprehensive Income विवरणको विभिन्न शिर्षकहरूमा दश प्रतिशत भन्दा बढी रकमले फरक भएको देखिएकोले प्राधिकरणको निर्देशन बमोजिम त्रैमासिक वित्तीय विवरण तयार गर्ने।
३. बीमकले अन्य बीमक तथा पुनर्बीमकसँगको लेनादेना हिसाब राफसाफ गर्ने।
४. बीमकको संस्थागत सुशासन सम्बन्धी निर्देशिका २०८० को दफा ४५ को उपदफा (२) को व्यवस्था पूर्ण रूपमा पालना गर्ने।
५. बीमकले जोखिम व्यवस्थापन समितिलाई प्रभावकारी बनाउन प्राधिकरणबाट जारी भएको जोखिम व्यवस्थापन सम्बन्धी मार्गदर्शन बमोजिम जोखिम व्यवस्थापन सम्बन्धी कार्य गर्ने।
६. बीमकले लेखा परीक्षण समितिलाई प्रभावकारी बनाई आन्तरिक नियन्त्रण प्रणालि सुदृढ बनाउने।
७. बीमकको जोखिमाडूकन तथा दाबी भुक्तानी प्रक्रिया प्रभावकारी गराउने।
८. प्राधिकरणको स्थलगत निरीक्षण क्रममा देखियका कैफियत तथा लेखापरीक्षकले औल्याएका कैफियतहरू सुधार गर्न तथा त्यस्ता कैफियतहरू पुनः दोहोरिन नदिन आवश्यक व्यवस्था गर्ने।
९. बीमकले प्राधिकरणबाट वित्तीय विवरण स्वीकृत भएको मितिले ६०(साठी) दिन भित्र साधारण सभा गर्ने।


सुशील देव सुवेदी
निर्देशक

श्री नेपाल वीमा प्राधिकरणवाट आर्थिक वर्ष २०८०।०८१ को वित्तीय विवरण स्विकृती हुँदाका शर्तहरूको सम्बन्धमा संचालक समितिको जबाफ :

- १) प्राप्त निर्देशन अनुसार NFRS-17 Insurance Contracts लागु गर्ने सम्बन्धमा १५ दिन भित्र नेपाल वीमा प्राधिकरणमा कार्ययोजना पेश गरिनेछ ।
- २) आर्थिक वर्ष २०८०-२०८१ चौथो त्रैमासिक अवधीको वित्तीय विवरण र वार्षिक वित्तीय विवरणको Statement of Financial Position, Statement of Profit & Loss तथा Statement of Other Comprehensive Income विवरणको विभिन्न शिर्षकहरूमा दश प्रतिशत भन्दा बढि फरक देखिएको कारण वार्षिक वित्तीय विवरणमा राख्ने व्यवस्था गरिएको छ । प्राधिकरणको निर्देशन वमोजिम आर्थिक वर्ष २०८१।०८२ मा उक्त फरक नपर्ने गरि त्रैमासिक वित्तीय विवरण तयार गर्ने व्यवस्था गरिने छ ।
- ३) अन्य वीमक तथा पूनर्विमक संगको लेनादेना फरफारक गर्नको लागि आवश्यक कदम चाल्ने व्यवस्था गरिने छ ।
- ४) वीमकको संस्थागत सुशासन सम्बन्धि निर्देशिका, २०८० को दफा ४५ को उपदफा (२) को व्यवस्था पूर्ण रुपमा पालना गरिने छ ।
- ५) जोखिम व्यवस्थापन समितिलाई प्रभावकारी बनाएर प्राधिकरणवाट जारी जोखिम व्यवस्थापन सम्बन्धि मार्गदर्शन वमोजिमको कार्य गरिने छ ।
- ६) लेखापरीक्षण समितिलाई प्रभावकारी बनाई आन्तरिक नियन्त्रण प्रणालीलाई सुदृढ गर्ने व्यवस्था गरिनेछ ।
- ७) आन्तरिक नियन्त्रण प्रणालीको माध्यमवाट जोखिममाइलन तथा दावी मुक्तानी प्रक्रियालाई अझ प्रभावकारी बनाईनेछ ।
- ८) प्राधिकरणवाट सम्पन्न स्थलगत निरीक्षणको क्रममा देखिएका कौफियत तथा लेखापरीक्षकले औल्याएका कौफियतहरूलाई पुनः दोहोरिन नदिन आवश्यक व्यवस्था मिलाईनेछ ।
- ९) प्राधिकरणवाट आ. व. २०८०।०८१ को वित्तीय विवरण स्विकृत भएको ६० दिन भित्र वार्षिक साधारण सभा सम्पन्न गरिनेछ ।

AML, CFT Training



Leadership Training



Review Discussion



NCELL Product Session





1	Kakarbhitta Branch	9852652329	31	Bhaktapur Branch	9802353875	61	Butwal Branch E	9857024867
2	Birtamod Branch	9814062508	32	Sallaghari Branch	9841734536	62	Nepalgunj Branch	9801911060
3	Panchthar Branch	9801969201	33	Banepa Branch	9851114016	63	Kohalpur Branch	9801969229
4	Damak Branch	9852632777	34	Narayangadh Branch	9855067155	64	Bardiya Branch	9857845888
5	Ilam Sub Branch	9844666820	35	Parsa Branch	9801911063	65	Ghorahi Branch	9847829072
6	Pathari Branch	9701004508	36	Hetauda Branch	9855069845	66	Tulsipur Branch	9802326920
7	Biratchowk Branch	9862132834	37	Uttardhoka Branch	9801911057	67	Bhairahawa Branch	9857082844
8	Itahari Branch	9802326905	38	Bajrabarahi Sub Branch	9841721179	68	Parasi Branch	9857016963
9	Dharan Branch	9852051682	39	Chabahil Sub Branch	9841575165	69	Chandrauta Sub Branch	9801969203
10	Gaighat Branch	9801969234	40	Dhading Sub Branch	9801911066	70	Manigram TP Office	9811922877
11	Duhabi Branch	9842050248	41	Nuwakot Sub Branch	9802326911	71	Bhairahawa TP Office	9857082844
12	Biratnagar Branch E	9852026259	42	Chautara Sub Branch	9851051756	72	Surkhet Branch	9804522282
13	Biratnagar Branch H	9852031702	43	Melamchi Sub Branch	9802326917	73	Dailekh Branch	9858026623
14	Lahan Branch	9852831060	44	Thankot Sub Branch	9841356873	74	Chhinchu Branch	9848104958
15	Rajbiraj Branch	9862866912	45	Newroad Branch	9851104247	75	Kalikot Branch	9848063923
16	Janakpur Branch	9854030052	46	Kalimati Branch	9851155944	76	Dhangadhi Branch	9848464105
17	Janakpur TP Office	9816829004	47	Jorpati Branch	9851227789	77	Mahendranagar Branch	9858784464
18	Dhanusha Branch	9801969243	48	Maharajgunj Branch	9851275546	78	Lamki Branch	9801969219
19	Bardibas Branch	9854029137	49	Baneshwor Branch	9841650098	79	Attariya Branch	9801969245
20	Lalbandi Branch	9844456789	50	Sindhuli Branch	9844094987	80	Gwarko Sub Branch	9851104247
21	Barahathawa Branch	9802326918	51	Thamel Branch	9851036384	81	Mirchaiya Sub Branch	9812031795
22	Chandranigahapur Branch	9855043540	52	Hattisar Main Branch	9851140815	82	Jeetpur Sub Branch	9701004506
23	Simara Branch	9855015720	53	Pokhara Branch	9856041470	83	Sanfebagar Sub Branch	9701004509
24	Kallaiya Branch	9802326929	54	Lekhnath Branch	9846032216	84	Birtamod TP Office	9852031702
25	Birgunj Branch E	9814257500	55	Gorkha Sub Branch	9801969220	85	Sanobharyang TPL	9851110379
26	Birgunj Branch H	9855020411	56	Baglung Branch	9801969244	86	Dumre TPL	9861117124
27	Gongabu Branch E	9802326903	57	Kawasoti Branch	9801911052	87	Khurkot	9801969221
28	Gongabu Branch H	9851110379	58	Damauli Sub Branch	9806601725	88	VFS Chhaya Center	9860095419
29	Lagankhel Branch	9851140414	59	Syangja Sub Branch	9801911062			
30	Lalitpur Branch	9851104247	60	Butwal Branch H	9802326935			

Our Networks

HEI covers most of the part of the Nepal.





Himalayan Everest
Insurance Limited

Babarmahal, Kathmandu
977-1-5245090 / 5245099
info@hei.com.np
www.hei.com.np