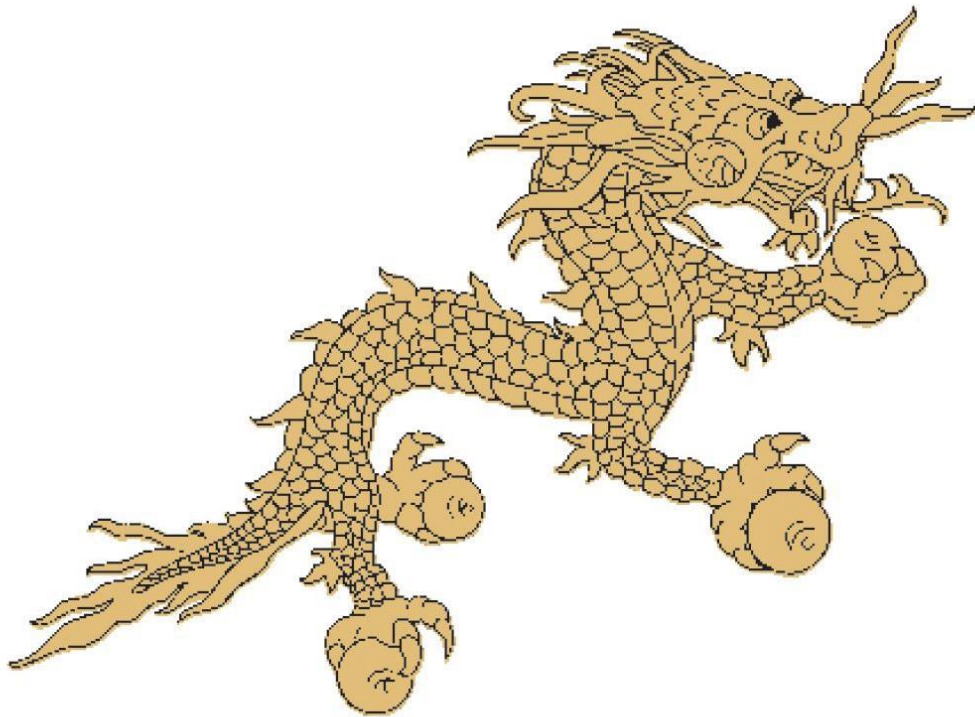




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GIC-Bhutan Reinsurance Co. Ltd.

*Reinsurance with Professionalism, Trust & Reliability*



**8<sup>th</sup> ANNUAL REPORT**  
**2020**



འཛིན་ལཱ་ལེན་གྱི་འབྲུག་གི་སྐྱེ་བའི་ཚད་འཛིན་།

GIC-Bhutan Reinsurance Co. Ltd.

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----- ISO/IEC 27001:2013 certified -----

## Board of Directors



Aum Damchae Dem  
Chairperson



Dr. Deepak Prasad  
Director (GIC Re)



Mrs. Suchita Gupta  
Director (GIC Re)



Dasho Sangay Wangchuk  
Director (Promotor)



Dasho Thinlay Wangchuk Dorji  
Director (Public)



Mr. Singye Namgyal Dorji  
Director (Independent)



ཨ་ཇི་ཨའི་སི་འབྲུག་སྐྱེར་བཅོལ་ཚད་འཛིན།

GIC-Bhutan Reinsurance Co. Ltd.

*Reinsurance with Professionalism, Trust & Reliability*

----- ISO/IEC 27001:2013 certified -----

**Vision**

- ❖ To be the specialized Reinsurance Solution Provider

**Mission**

- ❖ To be one of leading Reinsurance Company in the Region
- ❖ To Create Value and Make a Difference Through Professional Attitude and Specialized Underwriting.
- ❖ Build Confidence in Our Partners and Clients
- ❖ Contribute Towards Economic Growth.



རྩེ་ཨའི་སི་འབྲུག་གི་བཙུགས་པའི་ཚད་འཛིན།  
**GIC - Bhutan Reinsurance Co. Ltd.**  
*Reinsurance with Professionalism, Trust & Reliability*

### Director's Report

To the Members and shareholders

The Directors have the pleasure in presenting the Eight Annual Report of the GIC Bhutan Reinsurance Company's affairs and the Audited Statement of Accounts for the year ended 31<sup>st</sup> December 2020.

#### About GIC-Bhutan Reinsurance Co. Ltd.

GIC-Bhutan Reinsurance Company Limited was incorporated on 16th May 2013 under the Companies Act 2000 of the Kingdom of Bhutan. Company was licensed to carry on General Reinsurance business on 12<sup>th</sup> August 2013 under Financial Services Act 2011. The Company was formally launched on the 5<sup>th</sup> of September 2013, by the Hon'ble Finance Minister of Bhutan and His Excellency, the Indian Ambassador to Bhutan.

#### Brief Snapshot

GIC-Bhutan Reinsurance Company limited is a Joint Venture Foreign Direct Investment (FDI) company, promoted by General Insurance Corporation of India (GIC Re) and two Bhutanese promoters. The initial paid up capital of company is Nu 500 Mln.

In accordance to section (8) of the Regulations for the Establishment of Reinsurance in Bhutan under section 202 of the Financial Services Act of Bhutan 2011, the company had to increase its capital from the existing paid up share capital Nu 500million to Nu1000 on completion of its fifth operational year. However, considering the situation and the challenges confronted by the Company the Royal Monetary Authority as the Regulator extended the time line to 5<sup>th</sup> September 2021. In the financial year 2020 with the approval of the regulators and shareholders, company issued rights share @ the ratio of 1:1.2 and increased its paid-up capital to Nu. 1100Mln. Shareholding structure of the company is as follows

<b>Public through Initial Public Offer</b>	<b>45%</b>
<b>Local Promotors</b>	<b>29%</b>
<b>GIC of India</b>	<b>26%</b>
<b>Total Share holdings</b>	<b>100%</b>



## Financial Results

Particulars	2019	2020
Gross Premium	1,179.26	1,195.81
Net Premium	1,096.03	1,123.17
Earned Premium	1,063.69	1,052.48
Incurred Claims	857.74	669.71
Commission	209.63	248.53
Operating Expenses	30.02	45.79
Exchange Gain/Loss	0.92	-0.99
<i>Underwriting Result</i>	-34.60	87.46
Investment Income	99.87	105.61
Total Investments	1,222.05	2,411.35

Profit Before Tax	67.09	193.07
Provision for Tax	20.13	48.22
Profit After Tax	46.96	144.85
Dividend	0.00	0.00
Transfer to Reserve	46.96	99.21

Claims Ratio	80.64%	63.63%
Commission Ratio	19.70%	23.61%
Management Exp. Ratio	2.82%	4.35%
Total Expense Ratio	22.52%	27.96%
Combined Ratio	103.06%	91.60%

GIC-Bhutan Re continues conservative underwriting approach. Company started with accepting small lines in treaty as well as facultative. Currently company is writing all classes of business except specialized classes like liability, credit and Agriculture etc. GIC-Bhutan Re would like to continue its prudent underwriting approach focusing on selection of good risks.

GIC-Bhutan Re's business strategy is to be in a selected global market, establish healthy relationships with clients and ensure timely payment of claims. Currently company's



main focus is in SAARC region. However, after international rating company is aiming to expand to ASEAN markets, and then to Central Asia, MENA and rest of Africa region in selected class of business. Currently company's presence is in 28 countries.

GIC-Bhutan Reinsurance Company Limited is the first and only specialized reinsurance Company in Bhutan. Company completed 7 years on 5<sup>th</sup> September, 2020. Within seven years our gross premium grew from Nu. 125.04 Mln to Nu. 1,195.81 Mln with CAGR 856.34%. Company's claims Ratio reduced from 116.74% in 2014 to 63.63% in 2020 and Combined Ratio from 177.58% to 91.60%. In 2020 company's investments are increasing with CAGR 97.32% vis-à-vis 2014 with average return on investment around 7%.

<b>Particulars</b>	<b>2019</b>	<b>2020</b>
Total Assets	2,386.29	3,259.93
Growth Rate	8.77%	36.61%
Net Worth	454.36	1,199.21
Solvency	1.78	1.54

Note: - Solvency ratio for 2020 is 1.54. Total assets in 2020 are Nu 3.25 Bln with growth rate 36.61% against previous year. Total investments of GIC-Bhutan Re in 2020 is Nu. 2.41 Bln. Return on investment is 97.32% creating 1.5% provision for consortium financing.

Provision for reserves help in maintaining portfolio over year. Maintaining proper and sufficient claims reserve is one of the major challenges and important aspect for any Reinsurance Company. GIC-Bhutan Re as on 31.12.2020 have an OSLR of Nu. 729.53 Mln and IBNR of Nu. 448.33 Mln.



## **Dividend**

GIC Bhutan Re has declared 3% dividend in financial year 2017 i.e. in less than 5 years of operations to build up the confidence of promoters and investors. The success could be attributed to the team of GIC-Bhutan Re, prudent underwriting, focus on specific treaties, cautious facultative underwriting, domestic market profitability and support from the JV partner, GIC Re. Credit also goes to our investment team which has earned decent return on investment and NIL Non-Performing Assets (NPA).

No Dividend is declared in 2018, 2019 and 2020 – In spite of making profit due to local regulations.

The support from the two domestic players, Royal Insurance Corporation of Bhutan and Bhutan Insurance Limited was also crucial and time to time guidance from our regulator, Royal Monetary Authority of Bhutan who contributes to the company's progress too.

## **Capital Infusion**

GIC-Bhutan Re enhanced its paid-up capital to 100% by raising the capital to Nu. 1100 Mln in Nov. 2020. As endorsed in 28<sup>th</sup> Board Meeting and approved in Extra Ordinary General Meeting of Shareholders held on 16<sup>th</sup> July 2020. The capital Infusion of GIC-Bhutan Reinsurance Co. Ltd was raised through the issue of rights share at the ratio of 1:1.20 at face value of Nu. 10.

## **Rating**

To have business deals with insurers and reinsurers across the globe, rating plays an important role. Even though company is not having international rating it could develop business relationship with insurers and reinsurers from more than 20 countries. Currently GIC-Bhutan Re have been rated by Credit Analysis and Research Limited of India i.e. CARE Ratings Limited. Our present rating is "A" for Issuer Rating (General Creditworthiness) which is third highest rating after "AAA" & "AA".

As we now completed 7 years of operation, Management feels that this is the right time to approach for International Rating. GIC - Bhutan Re was planning to apply for International rating towards the end of 2020 financial year or in the 1<sup>st</sup> quarter 2021. However due to the global pandemic Covid-19 the process has been delayed. Management is planning to try and achieve the rating process by end of 2021.

With consistent performance over the years and infusion of extra Capital, GIC – Bhutan Re is expecting a decent International Rating. With International Rating, scope of increase in business will be multiple times for GIC - Bhutan Reinsurance Co. Ltd.



## **Other Highlights**

GIC-Bhutan Re has developed a state of art IT infrastructure. GIC-Bhutan Re is the first financial institution of Bhutan to deploy Dual Stack IPv6 Network. We are the first financial institution of Bhutan to own ASN number, /24 IPv4 & /48 IPv6 addresses from APNIC. GIC-Bhutan Re is also the first financial institution of Bhutan having full-fledged Cloud Disaster Recovery Site having a backup in France and a DR site backup in Phuntsholing, Bhutan.

GIC-Bhutan Re is the first company in Bhutan which is fully compliant of Enterprise Risk Management. GIC-Bhutan Re as identified its department wise stress test & disaster (Fire & Earthquake) recovery drill. GIC-Bhutan Re as mandated by RMA is now fully compliant with certification of ISO:27001 ISMS (information security management system).

GIC-Bhutan Re's FDI Partner is GIC of India (GIC RE). GIC Re continuously give strong technical and strategic support, with designated GIC Re official(s) on full time hands to GIC Bhutan Reinsurance company.

With the support from GIC Re, GIC-Bhutan Re has created Robust Reinsurance Risk Management Structure.

## **Strategy Ahead**

GIC Bhutan Re has a good track record since establishment. The business prospects are certainly promising. Premiums have been steadily growing.

Current paid up capital of GIC-Bhutan Re is Nu. 1,100.00 Mln. Enhancement of paid up capital will increase the financial strength of the company, it will also increase underwriting capacity of company actually offering in market. Considering the underwriting performance (consistent improvement in underwriting ratios and healthy ratios in financial year 2019), investment performance (Average return on investment is around 7% with NIL Non-Performing assets) and robust Enterprise Risk Management Structure & IT infrastructure, company is expecting a good international rating.

With Rating and Extra Capital, we are expecting more business in near future.





### **Investment Scenario**

Currently company is investing only in fixed deposit, bonds and corporate lending through consortium financing. However, in future GIC-Bhutan Re is also planning to explore into investment avenues like real estate and more of consortium financing with a view of increasing the ratio of fixed assets. Beside the core business of reinsurance.

A handwritten signature in black ink, consisting of several loops and a long tail stroke.

**(Aum Damchae Dem)**  
**Chairperson**

# AGRAWAL SUBODH & CO.

Chartered Accountants  
301, Victory House, 3<sup>rd</sup> Floor,  
1, Ganesh Chandra Avenue, Kolkata – 700 013.  
Ph. No. 2225-9430/31/32, Fax. 2225-9431  
Email: [subodhka@yahoo.com](mailto:subodhka@yahoo.com)

## INDEPENDENT AUDITOR'S REPORT

To,  
The Member of  
**GIC- BHUTAN REINSURANCE COMPANY LIMITED**  
THIMPU, BHUTAN

### 1. Report on BAS Financial Statements

We have audited the accompanying financial statements of **GIC- BHUTAN REINSURANCE COMPANY LIMITED** ("GBRCL") which comprises statement of financial position as at **31<sup>st</sup> December, 2020** and the statement of comprehensive income, statement of changes in equity and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information. These financial statements are the responsibility of the Management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

### 2. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid BAS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in Bhutan, of the financial position of the Company as at 31<sup>st</sup> December, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### 3. Basis for Opinion

We conducted our audit in accordance with auditing standard prescribed by Board as per section 266 of the Companies' Act of Bhutan 2016. 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 ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 4. 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 current period. 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 to be key audit matters for the company to be communicated in audit report.

**a. Revenue Recognition:**

Key audit matters	Auditor's response
<p>The Company recognises reinsurance premium income based on the statement of accounts or closing statements received from the ceding companies. At the year end, estimates are made for the accounts not received based on the Estimated Premium Income (EPI) agreed upon by both the Company and the Ceding Companies at the time of inception of the treaty or policy slip.</p> <p>Premium estimation is the differential of EPI and the booked premium for the year by the Company.</p> <p>Estimation of Income can be right only if the factors involved are incorporated in the system and extracted correctly from the system.</p>	<p>Our audit procedures on revenue recognition included:</p> <p>Tested the design, implementation and operating effectiveness of key controls over Revenue Recognition.</p> <p>Verified Premium Estimation with the guidelines of the Company and have performed test of controls, test of details and analytical review procedures on estimation of income.</p> <p>Verified EPI from the treaty or policy slip as the case may be and verified Actual Premium booked from Statement of Accounts or Closing statements received from the Cedants of the sample cases.</p>

**b. Claim Provisioning:**

Key audit matters	Auditor's response
<p>Insurance Claim is the major area of expense for the insurance company. Total INCURRED CLAIMS include paid claims, Outstanding Loss Reserve (OSLR) and Claims Incurred But Not Reported (IBNR).</p> <p>The Provision and payment of claims was considered to be one of the areas which required significant auditor attention and was one of the matters of most significance in the financial statements as the quantum involved is significant.</p>	<p>Verified operational guidelines of the Company relating to claim processing, performed test of controls, test of details and analytical review procedures on the outstanding claims. Verified the claim paid and provision on sample basis with payment proof and Preliminary Loss advice (PLA) received from the Cedant Company/brokers and the same is further verified from the surveyor's report.</p> <p>For the claim cases which has been incurred but not reported, these cases are captured by the actuary appointed by the Company. The actuarial valuation of liability in respect of Claims Incurred but Not Reported (IBNR) and those Incurred but Not Enough Reported (IBNER) as at 31st December 2020, as certified by the Company's Appointed Actuary and we had verified the amounts and the related liability, based on such report.</p>



## **5. Information Other than the Financial Statements and Auditor's Report Thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, for example, Corporate Overview, Key Highlights, Board of Director's Report, Report on Corporate Governance, Management Discussion & Analysis Report, Business Responsibility Report, etc., 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 our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **6. Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and presentation of these financial statements that gives true and fair view of the financial position in accordance with the provisions of the Companies Act of Bhutan, 2016 and Generally Accepted Accounting Principles (GAAP) followed in Bhutan. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company and 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.

## **7. Auditors' Responsibilities for the Audit of the Financial Statements:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the



auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **8. Report on Other Legal and Regulatory Requirements:**

As required by Sec 266 of the Companies Act of Bhutan, 2016 (The Minimum Audit Examination and Reporting Requirements) issued by the Royal Audit Authority and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we enclose in the "Annexure A", a statement on the matters specified therein to the extent applicable to Company.

#### **9. As required by the Act, we report that:**

- a) We have obtained all the information and explanations which to best of our knowledge and belief was necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts as required by law as stated in the Companies Act of Bhutan, 2016, have been kept by the Company so far as it appears from our examination of those books;
- c) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows with this report are in agreement with the books of account;
- d) In our opinion, the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, comply with the Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan, 2016.

**For Agrawal Subodh and Co.**  
**Chartered Accountants**  
**Firm's Registration No.: 319260E**

*Shruti Agarwalla*  
**(CA. Shruti Agarwalla)**  
**Partner**  
**MRN : 307223**



**Place: KOLKATA**  
**Date: 18<sup>th</sup> May, 2021**

**ANNEXURE A**

**GIC-BHUTAN REINSURANCE COMPANY LIMITED**

**Thimphu: Bhutan**

**ANNEXURE REFERRED TO IN OUR AUDIT REPORT OF EVEN DATE**  
**MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS**

1. The Company has maintained proper records to show the full particulars including quantitative details and situation of fixed assets. As stated, the management during the year has physically verified the fixed assets of the Company and no material discrepancies between the physical inventory and book records were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties. The Company has not taken any loan from any company under the same management. Therefore, terms of which whether prejudicial to the interest of the Company does not arise.
4. The Company has granted loans, secured or unsecured to other Companies, firms or other parties as its investing activity, but company has not granted loans, secured or unsecured to other Companies, firms or other parties to the Companies under the same management as per the management. The terms of loan granted was not prejudicial to the interest of the Company.
5. Employees, to whom interest free advances have been given by the Company, are regular in repaying the principal amounts as stipulated.
6. In our opinion and according to the information and explanation given to us during the course of the audit, the company need to establish adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the company as well as to ensure adherence to the rules/regulations and systems and procedures. It has been observed that the company did not carry out any system audit since its inception. The Management may initiate appropriate system audit for better control.
7. As informed, Company has a system of getting the best proposals & bids for the purchases and sales of goods & services and assets (wherever is applicable).

We have not come across any transactions of purchase and sales of goods and services made in pursuance of contracts or arrangements entered into with the directors or their relatives, Companies or firms in which the directors are directly or indirectly interested. The management has not reported any transactions has been entered by directors or their relatives, Companies or firms in which the directors are directly or indirectly interested.



8. According to the records, the Company is generally regular in depositing rates and taxes, duties, royalties and other statutory dues with the appropriate authorities and there were no arrears during the year.
9. According to the best of our knowledge and information and explanations given to us, no undisputed amounts payable in respect of rates, taxes, duties and other statutory deductions were outstanding on the last date of financial year concerned.
10. On the basis of information and explanation given and as per test checks, personal expenses (other than those payable under contractual and/or as per customary business practices) were not charged to the Company's account.
11. The company has not appointed any commission agent.
12. There has been a reasonable system for continuous follow up for realization of outstanding premiums of the policies and age wise analysis, if any.
13. In our opinion and on the basis of information and explanations given to us, the management of liquid resources particularly cash/ bank etc. is adequate and that excessive amounts are not generally lying idle in non-interest-bearing accounts.
14. According to the information and explanations given to us, and on the basis of examination of books and records on test check basis, the activities carried out by the Company are in our opinion lawful. We have not come across any cases where the activities of Company are ultra-virus the Articles of Association of the Company.
15. In our opinion and according to the information and explanations given to us, the Company has a system of approval of the Board for all capital investment decisions.
16. In our opinion, the budgetary control system in the Company requires further strengthening considering the size of the Company.
17. The details of remunerations / sitting fees paid to the Chairman and Directors are disclosed in Notes to Accounts(28 and 29).
18. According to the information and explanations given to us, the Directives of the Board have been complied with.
19. As reported and observed, officials of the Company are refrained from transmitting any unauthorized price sensitive information which are not publicly available to their relatives/friends/associates or close persons, which would directly or indirectly benefit themselves.
20. As reported company has entered into reasonable agreement with parties to which company has provided loans and advances.



21. Items specified in the Minimum Audit and Reporting Requirements for manufacturing, mining, or Processing companies are not applicable as, the company is a financial institution and is not engaged in any manufacturing and production activity/ sale of goods.
22. The Corporation has generally complied with the requirements of Financial Services Act, 2011 and other applicable laws, rules and regulations and guidelines issued by the appropriate Authorities.
23. The requirements relating to provisioning for the non-performing assets including loans and advances in terms of Prudential Regulations of RMA has been complied with.
24. Recognition of interest income in respect of Loan to ICE Beverages Pvt. Ltd has been deferred as approved by RMA.
25. The company has a system of monitoring of projects for which loans have been provided to ensure that loan amounts are used for the specified purposes and project activities are progressing satisfactorily.
26. The Company, in general, has the system for carrying out proper analysis before permitting re-phasing/ rescheduling of. on the basis of examination carried out in accordance with the generally accepted auditing procedures and based on the information and explanations provided by the management to us, re-phasing has generally not been permitted in respect of non-performing loans.
27. Additional loan is not granted to those who have defaulted payment of previous advances.

## **28. Computerized Accounting Environment**

- a. The company has developed a customized software system for maintenance of accounts.
- b. According to information and explanations provided to us, back-up is stored in Server which is located at a place separate from the Head office. the back-up, and other safeguard measures appear to be adequate.
- c. The operational controls are found adequate to ensure correctness and validity of input data and output information.
- d. As explained to us, the measures taken by the company to prevent unauthorized access over the computer installation and files are being upgraded to be considered adequate.

## **29. General**

- a. A Going concern concept the Company's present operational and financial data indicate that the company is healthy and the accounts are prepared on the assumption that going concern concept is applicable. The company, in our opinion shall continue and maintain its operation in the foreseeable near future.





- b. Adherence to Laws, rules and regulation Audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of the audit is limited to examination and review of the financial statements as produced to us by the management.
- c. During the course of audit, we have considered the compliance of provisions of the said Companies Act and its Articles of Incorporation and we are unable to state that the company has been complying with other applicable laws (other than Companies Act of Bhutan, 2016 and Financial Services Act of Bhutan 2011, the Income Tax Act of Kingdom of Bhutan, 2001) rules and regulations, system procedures and practices. The company is in the process of complying with the Corporate Governance Rules and Regulations 2018.

**For Agrawal Subodh and Co.**  
**Chartered Accountants**  
**Firm's Registration No.: 319260E**

*Shruti Agarwalla*  
**(CA. Shruti Agarwalla)**  
**Partner**  
**MRN : 307223**



**Place: KOLKATA**  
**Date: 18<sup>th</sup> May, 2021**

**GIC - BHUTAN REINSURANCE COMPANY LIMITED**  
STATEMENT OF FINANCIAL POSITION


Particulars	Note	Amount in Nu	
		As on 31.12.2020	As on 31.12.2019
<b>Assets</b>			
<b>1. Non-Current Assets</b>			
a) Property, Plants & Equipments	1	16,539,110	10,190,495
b) Intangible	1	4,451,453	5,496,239
c) Financial Assets			
i) Investment	2	149,331,611	158,968,434
ii) Loans and Advances	4A	455,770,960	254,926,325
iii) Other Non-current Assets	5	210,000	270,000
<b>Total Non-Current Assets</b>		<b>626,303,134</b>	<b>429,851,493</b>
<b>2. Current assets</b>			
a) Financial Assets			
i) Trade Receivables	6	751,645,922	878,854,538
ii) Loans and Advances	4B	255,000,000	391,500,000
iii) Cash & Cash Equivalent	7	66,096,629	258,573,140
iv) FD with bank	9	1,535,831,005	402,135,068
v) Other Financial Assets	10	15,419,535	14,518,002
b) Other Current assets	11	9,637,398	10,867,465
<b>Total Current Assets</b>		<b>2,633,630,488</b>	<b>1,956,448,213</b>
<b>TOTAL ASSETS</b>		<b>3,259,933,621</b>	<b>2,386,299,708</b>
<b>Equity</b>			
Share Capital		1,100,000,000	500,000,000
Reserves & Surplus		99,217,754	(45,633,265)
<b>Total Equities</b>		<b>1,199,217,754</b>	<b>454,366,735</b>
<b>Liabilities</b>			
<b>1. Non-Current Liabilities</b>			
a) Deferred Tax Liabilities	12	244,666	282,347
b) Provision	13	1,181,795,564	981,749,433
<b>Total Non-Current Liabilities</b>		<b>1,182,040,230</b>	<b>982,031,780</b>
<b>2. Current Liabilities</b>			
a) Financial Liability			
i) Trade Payables	14	842,234,311	932,896,058
b) Current Tax Liabilities	8	34,940,366	15,125,709
c) Other Current Liabilities	15	1,500,961	1,879,425
<b>Total Current Liabilities</b>		<b>878,675,638</b>	<b>949,901,192</b>
<b>Total Liabilities</b>		<b>2,060,715,868</b>	<b>1,931,932,973</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,259,933,621</b>	<b>2,386,299,708</b>

Notes 1 to 31 form Integral part of the Financial Statements

For, Agrawal Subodh & Co.

Chartered Accountants

Firm's Registration No.:319260E

*Shruti Agarwalla*  


(CA. Shruti Agarwalla)

Partner

Membership No: 307223

For and on behalf of the Board of Directors

*[Signature]*

Chairman

*[Signature]*

CEO

Place: Thimphu, Bhutan

Date: 18th May, 2021

GIC Bhutan Reinsurance Co. Ltd

Kesang Wangdi  
 Chief Executive Officer  
 GIC Bhutan Reinsurance Co. Ltd



**GIC - BHUTAN REINSURANCE COMPANY LIMITED**  
STATEMENT OF COMPREHENSIVE INCOME

Particulars	Note	Amount in Nu	
		For the year 2020	For the year 2019
<b>INCOME</b>			
Revenue from operations	16	1,052,477,229	1,063,685,072
Other Incomes	17	104,623,327	100,799,077
<b>TOTAL INCOME</b>		<b>1,157,100,556</b>	<b>1,164,484,149</b>
<b>EXPENSES</b>			
Direct Expenses	18	918,242,995	1,067,369,713
Employee Benefit Expenses	19	11,627,904	10,479,086
Other Expenses	20	30,335,473	16,692,096
Depreciation	1	3,822,237	2,850,576
<b>Total expenses</b>		<b>964,028,608</b>	<b>1,097,391,470</b>
Profit Before Tax		193,071,949	67,092,679
<b>Tax Expense</b>			
Current Tax	21	48,258,610	20,098,348
Deferred Tax	21	(37,681)	29,455
Profit for the year		144,851,019	46,964,875
<b>Other Comprehensive Income</b>			
Other Comprehensive Incomes		0	0
Taxes on Other Comprehensive Incomes		0	0
Other Comprehensive Income for the year (Net of Tax)		0	0
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>144,851,019</b>	<b>46,964,875</b>
<b>Appropriations</b>			
Balance brought forward from last year		(45,633,265)	(92,598,140)
Final dividend			
<b>Balance carried forward to Balance Sheet</b>		<b>99,217,754</b>	<b>(45,633,265)</b>
<b>Earning per Share:</b>			
Basic Earning Per Share	22	1.32	0.94
Diluted Earning Per Share	22	1.32	0.94
<b>Earning per Share- Continuing Operation</b>			
Basic Earning Per Share	22	1.32	0.94
Diluted Earning Per Share	22	1.32	0.94

Notes 1 to 31 form Integral part of the Financial Statements

For, Agrawal Subodh & Co.

Chartered Accountants

Firm's Registration No.:319260E

(CA. Shruti Agarwalla)

Partner

Membership No: 307223



For and on behalf of the Board of Directors

Chairman

CEO

Place: Thimphu, Bhutan

Date : 18th May, 2021

Kesang Wangdi  
Chief Executive Officer  
GIC Bhutan Reinsurance Co. L

Chairperson  
GIC Bhutan Reinsurance co.ltd



GIC -BHUTAN REINSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2020

(a) Equity Share capital

	Balance at the beginning of the year	Changes in equity share capital during the year	Amount (Nu) Balance at the end of the year
For the year ended 31st Dec,2019	500,000,000	-	500,000,000
For the year ended 31st Dec,2020	500,000,000	600,000,000.00	1,100,000,000

(b) Reserves & Surplus

	Reserves and Surplus	Items of Other Comprehensive Income	Amount (Nu) Total
	Retained Earnings		
Balance as at 31st Dec, 2019	(45,633,265)	-	(45,633,265)
Profit for the year	144,851,019	-	144,851,019
Other Comprehensive Income (net of tax)	-	-	-
Total Comprehensive Income for the year	144,851,019	-	144,851,019
Balance as at 31st Dec, 2020	99,217,754	-	99,217,754

As per our report of even date attached

For Agrawal Subodh & Co

Chartered Accountants

Firm's Registration Number - 319260E

(CA. Shruti Agarwalla)

Membership No. 307223

Partner



For and on behalf of the Board of Directors

Chairman

Place: Thimphu, Bhutan

Date : 18th May, 2021

Chairperson  
GIC Bhutan Reinsurance co ltd

Kesang Wangdi  
Chief Executive Officer  
GIC Bhutan Reinsurance Co. Ltd



**GIC - BHUTAN REINSURANCE COMPANY LIMITED**

**Cash flow Statement**

	2020	2019
<b>Cash Flow from Operating Activities:</b>		
Profit before tax for the period	193,071,949	67,092,679
Fixed assets written off	0	1,128,994
Deferred Tax	(37,681)	29,455
<b>Profit Before Tax and extra ordinary items</b>	<b>193,034,268</b>	<b>68,251,128</b>
<b>Adjustment for: -</b>		
Income from Investing Activity	(105,609,233)	99,874,738
Depreciation	3,822,237	2,850,576
	<b>91,247,271</b>	<b>(28,773,033)</b>
<b>Changes in Working Capital:</b>		
<b>Current Assets</b>		
Change in trade receivables	127,208,617	(296,590,968)
Change in Loan & Advances	136,500,000	0
Change in other Financial Assets	(901,533)	0
Change in Other Current assets	1,290,067	(6,625,367)
<b>Current Liabilities</b>		
Change in Trade Payables	(90,661,747)	646,490,976
Change in Other Current Liabilities	(378,464)	1,025,658
Change in Short term Provision	200,046,131	2,422,994
<b>Employee Benefits (Excluding Actuarial Gain / Loss)</b>	0	
<b>Cash Generated from Operating Activities</b>	<b>464,350,341</b>	<b>317,950,260</b>
Corporate Tax Paid	28,406,273	11,086,163
<b>Net Cash From Operating Activities</b>	<b>435,944,069</b>	<b>306,864,097</b>
(Purchase) / Sales of Properties, Plant & Equipment	(9,126,065)	(7,542,922)
Net change in Fixed Deposit	(1,133,695,936)	(282,135,068)
Net Change in Investment	9,636,823	76,370,021
(Increase)/Decrease in Loan & Advances	(200,844,635)	
Income from Investment	105,609,233	99,874,738
<b>Net Cash from / (used) in Investing Activities</b>	<b>(1,228,420,580)</b>	<b>(113,433,231)</b>
Issue/(Redemption) of Share Capital	600,000,000	0
<b>Net Cash from / (used) in Financing Activities</b>	<b>600,000,000</b>	<b>0</b>
Net Increase / (Decrease) in Cash & Cash Equivalents	(192,476,511)	193,428,865
<b>Opening Balance of Cash &amp; Cash Equivalent</b>	<b>258,573,140</b>	<b>65,144,275</b>
<b>Closing Balance of Cash &amp; Cash Equivalent</b>	<b>66,096,629</b>	<b>258,573,140</b>
	66,096,629	258,573,140

For, Agarwal Subodh & Co.  
Chartered Accountants  
Firm's Registration No.:319260E

*Shruti Agarwal*  
(S. Shruti Agarwal)  
Membership No. 307223  
Partner



For and on behalf of the Board of Directors

*[Signature]*  
Chairman

*[Signature]*  
CEO

Place: Thimphu, Bhutan  
Date : 18th May, 2021

**Chairperson**  
GIC Bhutan Reinsurance co Ltd  
**Kesang Wangdi**  
Chief Executive Officer  
GIC Bhutan Reinsurance Co. Ltd

GIC - BHUTAN REINSURANCE COMPANY LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS (Continued)

1. Property Plants & Equipments as per BAS (Useful Life)

Particulars	Gross Carrying Amount (in Nu.)						Depreciation / Amortisation (in Nu.)			Net Carrying Amount (in Nu.)	
	As on 31-12-2019		Additions in the year		Deletions in the year		As on 31-12-2020			As on 31-12-2020	
	A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J = A - E	
1. Property Plants & Equipments											
i) Computer Equipments	8,584,731	3,619,092		12,203,823	3,110,296	1,581,695		4,691,991	7,511,832	5,474,434	
ii) Office Equipments	1,737,896	332,864		2,070,760	380,429	307,190		687,619	1,383,141	1,357,467	
iii) Furniture & Fixtures	1,660,882	278,390		1,939,272	427,226	177,107		604,333	1,334,939	1,233,656	
iv) Motor Vehicles	3,559,620	4,736,519		8,296,139	1,799,411	619,390		2,418,802	5,877,337	1,760,209	
v) Gym Equipment	385,262	39,200		424,462	20,533	69,383		89,916	334,546	364,729	
vi) Electronic Equipment	-	120,000		120,000	-	22,685		22,685	97,315	-	
2. Intangible Assets	6,298,720	-		6,298,720	802,481	1,044,787		1,847,267	4,451,453	5,496,239	
A. Total Fixed Assets	22,227,110	9,126,065	-	31,353,175	6,540,375	3,822,237		10,362,612	20,990,563	15,686,735	
B. Total CWIP	-	-	-	-	-	-		-	-	-	
<b>GRAND TOTAL (A + B)</b>	<b>22,227,110</b>	<b>9,126,065</b>	<b>-</b>	<b>31,353,175</b>	<b>6,540,375</b>	<b>3,822,237</b>	<b>-</b>	<b>10,362,612</b>	<b>20,990,563</b>	<b>15,686,735</b>	
PREVIOUS YEAR 2019	16,146,465	7,542,922	1,462,277	22,227,110	4,023,081	2,850,576	333,282	6,540,375	15,686,735	12,123,384	

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**GIC - BHUTAN REINSURANCE COMPANY LIMITED**  
**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS (Continued)**

Particulars	Amount in Nu.	
	As on 31-12-2020	As on 31-12-2019
<b>2. Investment</b>		
Long Term Investments	149,331,611	158,968,434
RICBL Bond		
<b>Total</b>	<b>149,331,611</b>	<b>158,968,434</b>

**3. Financial Instruments**  
**Fair Value Measurement**

**Financial Instruments by Category and hierarchy**

The Company uses following hierarchy for determining and disclosing the fair value of financial instruments by Valuation technique

Level 1: Quoted(Unadjusted) Prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have significant effect on the recorded fair value are observable either directly or indirectly

Level 3: Techniques which use inputs have a significant effect on the recorded fair value that are not based on observable market data

Financial Assets and Liabilities as at 31st Dec, 2020	Non Current		Current		Fair Value Through Profit and Loss			Fair Value Through Other			Carried at Amortised cost			Total Amount
					Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
<b>Financial Assets</b>														
<u>Investments</u>														
Bonds	149,331,611	-	-	-	149,331,611	-	-	-	-	-	-	-	149,331,611	149,331,611
Other Investment	455,770,960	255,000,000	-	-	710,770,960	-	-	-	-	-	-	-	710,770,960	710,770,960
	<b>605,102,571</b>	<b>255,000,000</b>	-	-	<b>860,102,571</b>	-	-	-	-	-	-	-	<b>860,102,571</b>	<b>860,102,571</b>
<u>Other Financial Assets</u>														
Trade Receivables	-	-	751,645,922	-	751,645,922	-	-	-	-	-	-	-	751,645,922	751,645,922
Cash & Cash Equivalent	-	-	66,096,629	-	66,096,629	-	-	-	-	-	-	-	66,096,629	66,096,629
Fixed Deposit with bank	-	-	1,535,831,005	-	1,535,831,005	-	-	-	-	-	-	-	1,535,831,005	1,535,831,005
Other Financial Assets	-	-	15,419,535	-	15,419,535	-	-	-	-	-	-	-	15,419,535	15,419,535
	-	-	<b>2,368,993,090</b>	-	<b>2,368,993,090</b>	-	-	-	-	-	-	-	<b>2,368,993,090</b>	<b>2,368,993,090</b>
<b>Financial Liability</b>														
Trade Payable	-	-	842,234,311	-	842,234,311	-	-	-	-	-	-	-	842,234,311	842,234,311
	-	-	<b>842,234,311</b>	-	<b>842,234,311</b>	-	-	-	-	-	-	-	<b>842,234,311</b>	<b>842,234,311</b>

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## A. FINANCIAL RISK MANAGEMENT

Overview the Company has exposure to the following risks from its use of financial instruments

- a) Credit risk
- b) Liquidity risk
- c) Market risk
- d) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the company's

### Risk Management Framework

The management has the overall responsibility for the establishment and oversight of the Company's risk

#### a) Credit Risk

Credit risk is counter-party default risk, and includes the risk of failure of financial institutions with which

#### b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with

#### c) Market Risk

Market risk refers to the risk of possible adverse movements in the values of assets due to changes in

##### a. Interest rate risk

The risk of interest rate volatility adversely affects the market value of the investment portfolio. In an

##### b. Currency Risk

Currency risk the risk of fluctuation of fair values or future cash flows of a financial instrument due to

#### d) Operational Risk

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the

- Requirements for having appropriate segregation of duties including the independent authorization
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation including reinsurance where this is cost effective.

## B. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other





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**GIC - BHUTAN REINSURANCE COMPANY LIMITED**  
**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS (Continued)**

Particulars	Amount in Nu.	
	As on 31-12-2020	As on 31-12-2019
<b>4. Loans and Advances</b>		
<b>A. Non Current</b>		
BIL	150,000,000	
Tbank-subordinate Debt	35,000,000	35,224,384
Ice Beverages	219,701,941	219,701,941
Nubri Capital Pvt Ld	50,000,000	
Staff Vehicle Loan	1,069,019	
<b>Total Fund</b>	<b>455,770,960</b>	<b>254,926,325</b>
a. Shareholders Fund	220,095,651	85,087,433
b. Policy holder Fund	235,675,309	169,838,892
<b>A. Total Non-Current Financial Assets</b>	<b>455,770,960</b>	<b>254,926,325</b>
<b>B. Current</b>		
RICBL C/D		121,500,000
BIL	180,000,000	200,000,000
Nubri Capital Pvt Ld	70,000,000	70,000,000
Micro Finance	5,000,000	
<b>Total Fund</b>	<b>255,000,000</b>	<b>391,500,000</b>
a. Shareholders Fund	123,141,657	130,671,989
b. Policyholder Fund	131,858,343	260,828,011
<b>B. Total Current Financial Assets</b>	<b>255,000,000</b>	<b>391,500,000</b>
<b>Grand Total</b>	<b>710,770,960</b>	<b>646,426,325</b>



**GIC - BHUTAN REINSURANCE COMPANY LIMITED**

**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS (Continued)**

<b>5. Other Non- Current Financial Assets</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
Security Deposits (House Rent)	210,000	270,000
<b>Grand Total</b>	<b>210,000</b>	<b>270,000</b>

<b>6. Trade Receivable</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
- Considered Good	751,645,922	878,854,538
<b>Grand Total</b>	<b>751,645,922</b>	<b>878,854,538</b>

<b>7. Cash &amp; Cash Equivalents</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
Balances with Banks in Druk PNB		
- Current Account (USD)	46,101,459	94,366,629
- Current Account (INR)	8,122,749	84,366,877
- Current Account (NU.)	11,346,999	79,716,898
Dividend Account 110210018992 with Druk PNB	86,503	89,143
BDBL	1,000	1,000
BNBL	237,973	-
BoB A/c	146,098	1,000
T Bank A/c	6,199	1,543
	<b>66,048,981</b>	<b>258,543,091</b>
Cash in Hand	47,647	30,049
<b>Grand Total</b>	<b>66,096,629</b>	<b>258,573,140</b>

<b>8. Current Tax Assets / (Liabilities)</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
<b>A. Current Tax Assets</b>		
Advance Tax - Op Balance	6,917,344	14,177,106
Add: TDS Credit during the year at source	2,693,763	1,547,811
Add: Advance Tax paid during the year	12,539,731	-
	<b>22,150,837</b>	<b>15,724,917</b>
Less: Adjustments made during the year	6,917,344	8,807,574
<b>A. Closing balance of Current Tax Assets</b>	<b>15,233,494</b>	<b>6,917,344</b>
<b>B. Current Tax Liability</b>		
Provision for Corporate Tax - Op Balance	22,043,053	20,263,174
Add: Provision made during the year	48,258,610	20,098,348
	<b>70,301,663</b>	<b>40,361,522</b>
Less: Tax Paid During the Year	18,579,762	9,510,896
Less: Adjustments made during the year	1,548,042	8,807,574
<b>B. Closing balance of current tax Liability</b>	<b>50,173,859</b>	<b>22,043,053</b>
<b>Net Current Asset / (Liabilities) [A - B]</b>	<b>(34,940,366)</b>	<b>(15,125,709)</b>

<b>9. FD with bank</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
DPNB	511,500,000	240,000,000
BDBL	50,000,000	70,000,000
Tbank	100,000,000	80,000,000
BOBL	460,000,000	-
BNBL	375,000,000	-



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Accrued Interest	39,331,005	12,135,068
<b>Grand Total</b>	<b>1,535,831,005</b>	<b>402,135,068</b>

<b>10. Other Financial Assets</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
Accrued Interest	15,419,535	14,518,002
<b>Grand Total</b>	<b>15,419,535</b>	<b>14,518,002</b>

<b>11. Other Current Assets</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
Prepaid Expenses	738,538	19,788
Advances	125,981	2,693,814
Misc. Receivables	619,016	-
RICBL	8,153,863	8,153,863
<b>Grand Total</b>	<b>9,637,398</b>	<b>10,867,465</b>

<b>12. Deferred Tax Liabilities</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
- On Temporary Timing difference of Fixed Assets	244,666	282,347
<b>Grand Total</b>	<b>244,666</b>	<b>282,347</b>

<b>13. Provisions</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
Claims Outstanding (OSLR)	729,530,548	591,709,329
IBNR	448,333,883	387,268,198
<b>Total OSLR and IBNR</b>	<b>1,177,864,431</b>	<b>978,977,527</b>
<b>Employee Benefit Liabilities</b>		
Defined Benefit Obligation (Gratuity Liability)	1,753,026	2,110,895
Less: Fair Value of Plan Assets - Gratuity Fund	1,117,423	1,536,009
<b>Net Employee Benefit Liabilities</b>	<b>635,603</b>	<b>574,887</b>
Provision For NPA	3,295,529	2,197,019
<b>Grand Total</b>	<b>1,181,795,564</b>	<b>981,749,433</b>

<b>14. Trade payable (Current Financial Liability)</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
Net Reserve	26,547,080	30,496,941
Sundry Creditors	521,396,038	678,798,160
Un-Earned Premium Reserve (UPR)	294,291,193	223,600,957
<b>Grand Total</b>	<b>842,234,311</b>	<b>932,896,058</b>

<b>15. Other Current Liability</b>	<b>As on 31-12-2020</b>	<b>As on 31-12-2019</b>
Actuarial Fees Liability	145,500	77,799
Outstanding Expense	841,099	80,172
Audit Fees Liability	145,500	150,000
Office Rent Payable	190,000	-
Unclaimed Dividend	84,390	87,030
TDS Payable	94,472	62,693
Provident Fund Payable	-	1,421,731
<b>Grand Total</b>	<b>1,500,961</b>	<b>1,879,425</b>



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16. Revenue from operations	For the year 2020	For the year 2019
Gross Re-Insurance Premium Accepted	1,195,811,493	1,179,256,654
Less: Premium on Re-Insurance Ceded	(72,644,028)	(83,230,748)
Less: Adjustment for Change in Un-Earned Premium Reserve	(70,690,236)	(32,340,834)
<b>Grand Total</b>	<b>1,052,477,229</b>	<b>1,063,685,072</b>

17. Other Incomes	For the year 2020	For the year 2019
Miscellaneous Receipt	(986,643)	2,519
Income From Bond	203,014	11,196,986
Effective Interest Rate Expense	(1,181,823)	(211,703)
Income from other Investment	106,588,043	88,889,454
Exchange Gain	737	921,820
<b>Grand Total</b>	<b>104,623,327</b>	<b>100,799,077</b>

18. Direct Expenses	For the year 2020	For the year 2019
Claims Paid	470,827,620	631,425,860
Insurance Premium (Change in OSLR)	137,821,220	11,569,879
Change in IBNR	61,065,685	214,747,469
Other Expenses	4,077,316	3,139,713
Commission	244,451,154	206,486,792
<b>Grand Total</b>	<b>918,242,995</b>	<b>1,067,369,713</b>

19. Employee Benefit Expenses	For the year 2020	For the year 2019
Salary and Wages	10,147,157	8,911,990
Contribution to Fund	569,570	507,740
Staff Welfare Expenses	911,176	1,059,356
<b>Grand Total</b>	<b>11,627,904</b>	<b>10,479,086</b>

20. Other Expenses	For the year 2020	For the year 2019
Advertisement & Publicity Expenses	240,248	300,140
General Expenses	707,041	454,131
Office Rent	2,050,000	1,800,000
Office Guest House Rent	560,000	800,000
Fee, Charges & Subscription (General)	846,960	734,256
Fee, Charges & Subscription (IT)	2,243,408	894,502
Electricity Charges	187,348	163,399
Entertainment Expenses	326,460	312,263
Repairs & Maintenance	98,232	30,992
Audit Fees	150,000	200,000
Audit Expenses	289,702	20,000
Meeting Expenses	140,846	57,700
General Provisions (NPA)	1,098,510	2,197,019
Current Tax Asset-2018	-	41,638
Telephone Fax & Internet	1,060,063	613,243
Previous Year Tax Expenses	343,381	-
Donation and Subscription	-	100,000
Fixed Asset Written off	-	1,128,994
Sitting Fees	377,500	397,500



Anniversary Expenses	-	30,655
Insurance of Fixed Assets	18,245	17,881
Bank Charges	1,092,138	1,128,847
Brokerage	420,000	-
Corporate Social Responsibility	3,710,000	-
Printing and Stationery	264,661	343,631
Actuarial Fees & Expenses	422,626	249,542
Vehicle Expenses	275,115	361,320
Travelling Expenses	1,252,101	2,364,462
Foreign Exchange Fluctuation	11,395,039	1,484,131
Rating Expenses	465,850	465,850
GCSC - Capital Fund	300,000	-
<b>Grand Total</b>	<b>30,335,473</b>	<b>16,692,096</b>

<b>21. Tax Expenses</b>	<b>For the year 2020</b>	<b>For the year 2019</b>
Current Tax Expenses	48,258,610	20,098,348
Deffered Tax Expenses (Note 22)	(37,681)	29,455
Tax expenses on Continuing Operations	48,220,929	20,127,804
Taxes on Discontinuing Operations		
Taxes on Comprehensive Income		
<b>Grand Total</b>	<b>48,220,929</b>	<b>20,127,804</b>

<b>22. Earnings per share</b>	<b>For the year 2020</b>	<b>For the year 2019</b>
A. Absolute No. of Shares	110,000,000	50,000,000
B. Diluted No of Shares	110,000,000	50,000,000
C. Comprehensive Income for the year	144,851,019	46,964,875
D. Income from Continuing operation for the year	144,851,019	46,964,875
Basic Earnings Per Share	1.32	0.94
Diluted Earnings Per Share	1.32	0.94
Basic Continuing Earnings Per Share	1.32	0.94
Diluted Continuing Earnings Per Share	1.32	0.94



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**GIC -BHUTAN REINSURANCE COMPANY LIMITED**

**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS (Continued)**

**23. Share Capital:**

- a. The Company had only one class of shares to as equity shares having a par value Nu.10.00.  
 b. Holder of equity shares is entitled to one vote per share. Details are as follows,

Particulars	As on 31-12-2020		As on 31-12-2019	
	No. of Shares	Amount In Nu.	No. of Shares	Amount In Nu.
Authorised Share Capital Equity Shares	500,000,000	5,000,000,000	500,000,000	5,000,000,000
Issued,Subscribed and Paid-Fully paid up Equity Shares	110,000,000	1,100,000,000	50,000,000	500,000,000
<b>TOTAL-</b>	<b>110,000,000</b>	<b>1,100,000,000</b>	<b>50,000,000</b>	<b>500,000,000</b>

- b. List of shares in the Company held by it's associates are as follows,

Sl.NO	Name of the Shareholders	No. of Shares	
		As on 31-12-2020	As on 31-12-2019
1	Bhutanese (74%)	81,400,000	37,000,000
2	Foreigner(26%)	28,600,000	13,000,000
<b>TOTAL-</b>		<b>110,000,000</b>	<b>50,000,000</b>

**24. Calculation of Deferred Tax**

- a. Detail calculation for Deferred Tax are as follows

Particulars	As per BAS	As per IT Act	Temporary Timing Diff.	Deferred Tax Liability/asset
<u>As on 31-12-2019</u>				
1 WDV of Fixed Assets	15,686,735	14,745,576	(941,158)	(282,347)
<b>A. Deferred Tax Assets/(Liabilities)-</b>				<b>(282,347)</b>
<u>As on 31-12-2020</u>				
1 WDV of Fixed Assets	20,990,563	20,011,897	(978,666)	(244,666)
<b>A. Deferred Tax Assets/(Liabilities)-</b>				<b>(244,666)</b>
<b>(Increase)/Decrease in DTL[B-A] -</b>				<b>37,681</b>

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GIC -BHUTAN REINSURANCE COMPANY LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS (Continued)

**25. Impairment Losss on Trade Receivables:**

As per accounting policy of the Company an amount of Nu. NIL has been provided as impairment Loss on Trade Receivables

**26. Employee Benefits:**

Particulars	AS on 31-12-2020	AS on 31-12-2019
<b>Opening Balance</b>	1,536,009	1,109,061
Interest Income on Fund Assets	73,194	78,036
Paid into Gratuity Fund by Company	574,887	348,912
Gratuity Claimed by Company	(1,066,667)	
<b>A. Gratuity Fund Assets at the Year end-</b>	<b>1,117,423</b>	<b>1,536,009</b>
<b>Opening Balance</b>	2,110,895	1,457,973
Service Cost	635,603	615,864
Interest Cost on Obligation	73,194	78,036
Benefits paid direcly by the Co. during the year	(1,066,667)	(40,977)
<b>B. Defined Benefit Obliation at the Year end-</b>	<b>1,753,026</b>	<b>2,110,895</b>
<b>Net Employee Benefit Assets/(Liabilities)[A-B]</b>	<b>(635,603)</b>	<b>(574,887)</b>

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**GIC -BHUTAN REINSURANCE COMPANY LIMITED**

**NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS (Continued)**

**27. Segment Reporting:**

**a. Identification of Report Segments:-**

The operational segments are identified by the Management Based on the nature of activities. Financial Information about each of the operating activities segments is sent to the Board.

**b. Primary Segment Information (business Segment):-**

Figures in NU.

Particulars	2020	2019
Gross Premium	1,195,811,493	1,179,256,654
Retro Premium	72,644,028	83,230,748
Net Premium	1,123,167,465	1,096,025,906
Change in UPR	70,690,236	32,340,834
Earned Premium	<b>1,052,477,229</b>	<b>1,063,685,072</b>
Net Incurred Claims	669,714,525	857,743,207
Net Commission	248,528,470	209,626,505
Operating Expenses	44,687,103	30,021,758
Other Income	(985,906)	924,339
<b>underwriting Result</b>	<b>88,561,225</b>	<b>(32,782,059)</b>

**28. Related Party Disclosure:**

Particular of the transactions with the Directors and their relatives as per provisions of the Companies Act of Bhutan 2016:

SL No.	Name	Nature of Transactions/Loan Facility	As on 31.12.2020	As on 31.12.2019
	<b>Director/Associates of the Director</b>			
<b>1</b>	<b>Relative /Addociates of the Director</b>			
<b>2</b>	<b>Key Managerial Person</b>		<b>2020</b>	<b>2019</b>
a	Chief Executive Officer	Remuneration & Benefits	1,800,000	1,751,774
		Sitting Fees	70,000	75,000
b	Others Directors/Managers	Sitting Fees	307,500	322,500

**29. Managment Expenses:**

management expenses includes:

a) Managerial remuneration paid or payable to the Chief Executive Officer:

Particulars	2020 (Amt. in Nu.)	2019 (Amt.in Nu.)
Remuneration	1,800,000	1,751,774
Directors Sitting Fees	70,000	75,000
Audit Related:		
Particulars	2020 (Amt. in Nu.)	2019 (Amt.in Nu.)
Audit Fees and expenses	439,702	220,000

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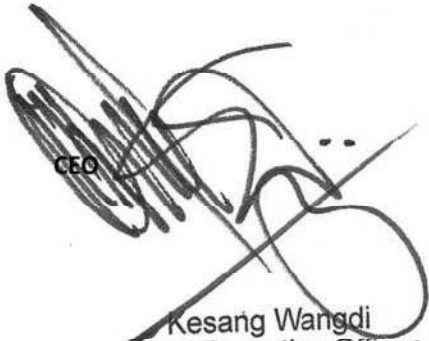




**GIC-BHUTAN REINSURANCE COMPANY LIMITED**  
**Thimphu: Bhutan**  
**COMPUTATION OF CORPORATE INCOME TAX FOR THE YEAR 2020**

Particulars	Amount NU.	Amount NU.
Profit before tax as per P/L Account (BAS)		193,071,949
ADD:		
Book Depreciation (BAS)	3,822,237	
		3,822,237
		196,894,185
Less		
Depreciation as per Income Tax Act	3,859,744	3,859,744
<b>NET Profit after Sett off of last Year's losses</b>		<b>193,034,441</b>
<b>Tax on Above</b>		48,258,610
<b>Less :Taxes Paid Earlier</b>		
Tax Deducted at Source(2020)	2,693,763	
Advance Tax Paid (2020)	12,539,731	
		15,233,494
<b>Tax payable</b>		<b>33,025,117</b>

For GIC-Bhutan Reinsurance Company Ltd



Kesang Wangdi  
 Chief Executive Officer  
 GIC Bhutan Reinsurance Co. Ltd



**GIC -BHUTAN REINSURANCE COMPANY LIMITED**  
**RATIO ANALYSIS**

Particulars	Detail of Calculation	Year 2020	Year 2019
<b>A. Ratios for Assessing Financial Health:</b>			
1. Capital Turnover Ratio	(Revenue from Operation/Capital Employed)	0.88	2.34
2. Current Ratio	(Current Assets/ Current Liabilities)	3.00	2.06
3. Acid Test Ratio/ Quick Ratio	(Current Assets other than Inventories/ Current Liabilities)	3.00	2.06
4. Fixed Assets Turnover Ratio	(Revenue from Operations/Fixed Asset)	50.14	67.81
5. Debtors Turnover Ratio	(Gross Debtors/Sales) X 365	260.67	301.58
<b>B. Ratios for Assessing Profitability</b>			
1. Return on investments	(Profit after tax/ Capital Employed)	12.08%	10.34%
2. Net Profit Ratio	(Net Profit/Sales) X 100	13.76%	4.42%
3. Operating Expenses Ratio	(All Expenses excluding Finance Cost) / Sales x 100	3.83%	2.55%

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Schedule of Property Plants & Equipments as per Income Tax Act

Particulars	Gross Carrying Amount (in Nu.)				Depreciation / Amortisation (in Nu.)			Net Carrying Amount (in Nu.)		
	As on 31-12-2019		As on 31-12-2020		As on 31-12-2019		As on 31-12-2020		As on 31-12-2020	
	A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J = A - E
1. Property Plants & Equipments										
i) Computer Equipments	8,584,731	3,619,092		12,203,823	2,972,120	1,423,960		4,396,080	7,807,743	5,612,611
ii) Office Equipments	1,737,896	332,864		2,070,760	409,072	234,211		643,283	1,427,477	1,328,824
iii) Furniture & Fixtures	1,660,882	278,390		1,939,272	764,066	265,122		1,029,188	910,084	896,816
iv) Motor Vehicles	3,559,620	4,736,519		8,296,139	2,607,300	929,085		3,536,385	4,759,754	952,320
v) Gym Equipment	385,262	39,200		424,462	18,479	62,445		80,924	343,537	366,782
vi) Electronic Equipment	-	120,000		120,000	-	13,611		13,611	106,389	-
2. Intangible Assets	6,298,720			6,298,720	710,497	931,309		1,641,806	4,656,914	5,588,223
A. Total Fixed Assets	22,227,110	9,126,065		31,353,175	7,481,534	3,859,744		11,341,278	20,011,897	14,745,576
Capital Work-in-Progress	-	-		-	-	-		-	-	-
B. Total CWIP	-	-		-	-	-		-	-	-
<b>GRAND TOTAL (A + B)</b>	<b>22,227,110</b>	<b>9,126,065</b>		<b>31,353,175</b>	<b>7,481,534</b>	<b>3,859,744</b>		<b>11,341,278</b>	<b>20,011,897</b>	<b>14,745,576</b>
PREVIOUS YEAR 2019	16,146,465	7,542,922	1,462,277	22,227,110	4,866,055	2,615,478		7,481,534	14,745,576	11,280,410

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### 30. SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

#### SIGNIFICANT ACCOUNTING POLICIES:

##### REPORTING ENTITY:

The principal activities of GIC - Bhutan Reinsurance Co. Ltd (the "Company" or "GIC.") cover all significant operations that have taken place within Bhutan.

The company is a limited liability company incorporated and domiciled in Bhutan. The address of its principal place of business is Thimphu, Bhutan.

The Company was incorporated on 16<sup>th</sup> May, 2013 vide registration no. U20130516THI0406, where the foreign investors hold 26% shareholding of the Company. The Company has taken following Trade License

License No.	Nature of Activity
1029965	General Reinsurance Business

These financial statements relate to the year ended 31st December, 2020.  
The Company is listed in Royal Securities Exchange of Bhutan Limited.

##### BASIS OF PREPARATIONS:

##### Basis of Preparation

The Balance Sheet and the Profit and Loss Account are drawn up in accordance with the Regulation for Establishment of Reinsurance Business in Bhutan, 29<sup>th</sup> Financial Service Act of Bhutan, 2011 and the Bhutanese Accounting Standard as notified by the Accounting and Auditing Standards Board of Bhutan ("AASBB"). The financial statements also conform to the stipulation specified under the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002. The said statements are prepared on historical cost convention and on accrual basis except as otherwise stated and conform to the statutory provisions and practices prevailing in the General Insurance Industry in India and Bhutan.

##### FUNTIONAL CURRENCY

The functional currency of preparation is the Bhutanese Ngultrum.

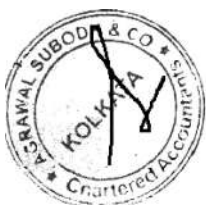
##### APPLICATION OF BHUTANESE ACCOUNTING STANDARDS:

The Financial Statements have been prepared in line with Bhutanese Accounting Standards.

The summarized impact of the introduction of BAS is:

The Company has presented Statements of Comprehensive Income and Changes in Equity as required by BAS 1. These statements show information that was previously disclosed in the schedules to the financial statements.

The Corporation has complied with relevant Bhutanese Accounting Standards, RMA guidelines in preparation of its financial statements.



**SEGMENT REPORTING:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**REINSURANCE BUSINESS:**

**Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes.

**IBNR**

Unearned Premium

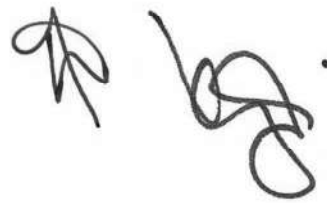
Employee Benefit

Reinsurance Revenues Premium is accounted based on accounts rendered by ceding companies upon receipt of accounts. At the year end, estimates are made for accounts not yet received, based on available information and current trends. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for net of discounts, returns and taxes. The Company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the Company.

Various provisions have been made based on industry policy of Reinsurance business. Premium Income is recognized on assumption of risk and has been taken as base calculation on the basis as under:

Facultative Business	:	Time Line Premium Income.
Non – Proportional Treaty Business	:	Gross Estimated Premium Income.
Proportionate Treaty Business	:	90% of Gross Estimated Premium Income.
Other Reinsurance Business	:	As per terms of the Reinsurance Contract.

Premium Receivable represents the amount of receivable as per term of premium payments warranty contracts with brokers. Any subsequent revision to or cancellation of premium are recognized in the year in which they occur.



## Reserve for Unearned Premium (UPR)

The UPR provisions are made as under:

Premium received / receivable for succeeding accounting period have been recognized as Unearned Premium on the basis of time apportionment.

## Brokerage & Commission:

Brokerage & Commission has been taken as expenditure as per terms of the policy and calculated on the basis of premium received for different types of Insurance.

## Reinsurance Ceded:

Re-Insurance Cession are accounted for on actual or estimated wherever actual are not available.

## Outstanding Claims

### OSLR (Outstanding Loss Reserve)

Estimated liability for outstanding claims in respect of Reinsurance business carried out in Bhutan is based on advices received as of different dates up to the date of finalization of claim figures in the books for submission of the data to the "Appointed Actuary" and wherever such advices are not received, on estimates based on available information, current trends, past underwriting experience of the management and actuarial estimation bases.

### IBNR (Incurred But Not Reported)

Provision for claims incurred but not reported (IBNR) is made as certified by the appointed actuary based on accepted actuarial methods.

## Receivables and Advances

Receivables and Advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's Receivables and Advances comprise "Trade & Other Receivables", "Financial Assets", and "Cash & Cash Equivalents" in the Statement of Financial Position.

## Trade Payables:

Trade payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

## Trade Receivables:

Trade receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.



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## 5.10 Cash & Cash Equivalents:

In the Statement of Cash Flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

## FOREIGN CURRENCY TRANSACTIONS:

Revenue transactions in foreign currencies are converted at the daily rate of exchange on the day accounts are received and transactions are booked. The rates have been taken from XE.COM.

Monetary items such as receivables, payables and balances in bank accounts held in foreign currencies are converted using the closing rates of exchange at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Income.

## FINANCIAL INSTRUMENTS

### 7.1. Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date

### 7.2. Subsequent measurement

#### Non-derivative financial instruments

##### Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.



Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### PROPERTY PLANT AND EQUIPMENT

Property, Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such Cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. No decommissioning liabilities are expected to be incurred on the assets of plant and equipment.

Depreciation on other acquired assets during the year is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (evaluated by the management), as follows:

Plant and machinery and other equipment	6 years
Furniture and fixtures	10 years
Computers and office equipment	6 years
Vehicles	10 years
Electronic Equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Comprehensive Income/ (Loss) as the case may be, in the income statement.

Intangible Assets:

Intangible Assets representing software are recorded at its acquisition price and are amortized over their estimated useful life on a straight-line basis, commencing from the date the assets are available for use. The management has estimated the useful life for such software as six years. The useful life of the asset is reviewed by the management at each Balance Sheet date.

Impairment of Assets:

Fixed assets are reviewed for impairment at the end of the year whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset of future net discounted cash flows expected to be generated by the asset.

If such an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset. There is no impairment of assets in current financial year





## INVESTMENTS:

Prudential norms prescribed by Royal Monetary Authority of Bhutan are followed in regard to:

Revenue recognition;

Classification of assets into performing and non- performing; and

Provisioning against performing and non- performing assets.

Purchases and Sales of bonds, debentures and Government securities are accounted for on the date of settlement.

The cost of investments includes premium on acquisition, Securities Transaction Tax, Goods & Service tax and their related expenses.

Income from fixed deposits is accounted when accrued.

All debts securities including Government securities have been measured at amortized cost

## CURRENT AND DEFERRED INCOME TAX:

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in Other Comprehensive Income. In this case, the tax is also recognized in other comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted at the Statement of Financial Position date in Bhutan. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, 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 (and laws) that have been enacted at the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

## EMPLOYEE BENEFITS:

Retirement Benefits

Defined Contribution Scheme—

Employees Retirement Benefits belongs to a defined contribution Benefit plan managed by a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined Benefit Scheme—

The Company makes retirement payments based on the final salary and years of service.

The Gratuity is accrued on the basis of valuation done by the management itself presuming that all employees cease to be employed as of the year end. The scheme is not funded by the Company.



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## Other Benefits

Other benefits such as leave encashment etc. are accrued at year end without actuarial valuation.

## EARNINGS PER SHARE

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

## CASH FLOW STATEMENT

The Cash Flow Statement has been prepared using the indirect method. Interest received, interest paid and dividend received are classified as operating cash flows while dividends paid is classified as financing cash flow. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

## COMMITMENTS AND CONTINGENCIES:

Contingencies are possible assets or obligations that arise from a past event and would be concerned only with the occurrence or non-occurrence of uncertain future event, which are beyond the Company's control.

## EVENTS AFTER BALANCESHEET DATE:

The Board of Directors has not proposed dividend for the financial year 2020.

## COMPARATIVE INFORMATION:

Where necessary certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.



**31. NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS**

A. The Company has received/paid following foreign currency during the year under different heads:

**Inflows:**

Insurance Premium Received	USD	1,277,534.78	Received
----------------------------	-----	--------------	----------

**Outflows:**

Insurance Claims	USD	401,583.93	Paid
Insurance Premium (Retro)	USD	183,194.99	Paid
Travelling Expenses	USD	3,800.00	Paid
Bank Charges	USD	4,407.62	Paid
Fees Charges & Subscription	USD	396.00	Paid

**B. LOANS AND ADVANCES**

**Provision against non-performing loans**

The company had made provision of Nu.3,345,905.00 towards Ice Beverage loan account which has been computed as per the RMA Prudential Guideline.

C. The company has not entered into any contract with directors in which director has direct or indirect material interest.

**D. SITTING FEES**

Directors of the company has been paid Nu. 3,77,500.00 as sitting fees during the year.

E. Previous year's figures have been reclassified/ regrouped / rearranged wherever necessary. The accompanying notes are an integral part of these financial statements.

As per our report of even date

For, Agrawal Subodh & Co.  
Chartered Accountants  
Fir's Registration No. 319260E

*(Signature)*  
(CA, Shiruti Agarwalla)  
Partner



For and on behalf of the Board of Directors

*(Signature)*  
CHAIRMAN

*(Signature)*  
CEO

Place: Thimphu, Bhutan  
Date: 18<sup>th</sup> May, 2021.  
Chairperson  
GIC Bhutan Reinsurance co ltd

Kesang Wangdi  
Chief Executive Officer  
GIC Bhutan Reinsurance Co. Ltd





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**GIC-Bhutan Reinsurance Co. Ltd.**

*Reinsurance with Professionalism, Trust & Reliability*