

Meghna Insurance Company Limited

(If there is any contrary information please communicate with DSE through email: listing@dsebd.org)

Disclaimer:

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Brief Overview of the Company :

1. Date of Incorporation : March 18, 1996.
2. Commencement of business : March 18, 1996
3. Authorized Capital : Tk. 200 million
4. Paid up Capital : Tk. 60 million
5. Number of Branches : 18

Details of the Issue:

Description	Ordinary Shares	Offer Value In Taka	Capital in Taka
Pre-IPO Placement	-	-	-
Public Offering	900,000	100	90,000,000

Paid up Capital after IPO:

Particulars	Ordinary Shares	Face Value (Tk.)	Capital in Taka
Pre-IPO Paid up capital	600,000	100	60,000,000
IPO	900,000	100	90,000,000
Paid up capital after IPO	1,500,000	100	150,000,000

Issue Manager : AAA Consultants & Financial Advisers Ltd.

Auditor : Syful Shamsul Alam & Co.

Meghna Insurance Company Limited
At a glance

Meghna Insurance Co. Ltd was incorporated on 18th March 1996 under the company Act 1994 as a public company limited by shares for carrying out all kinds of general insurance activities and was granted certificate for commencement of Business on 8th February 2000 for general insurance business. The Authorized capital is Tk. 200 million consisting of 2,000,000 ordinary shares of Tk. 100 each. The sponsors/subscribers have already contributed to the paid up capital of Tk. 60.00 million as required by the Chief Controller of Insurance. In fulfillment of the conditions of license by the Chief Controller of Insurance, the company now proposes to raise the paid up capital to Tk. 150.00 million by issuing 900,000 ordinary shares of Tk. 100.00 each by way of initial public offering (IPO).

Since its establishment in 1996 as one of the leading general insurance companies in the private sector, the Company has within a short span of time established itself as one of the most reputed and trustworthy insurance companies in the country. Selective underwriting and prompt settlement of claims have contributed towards building up a very respectable image of the Company within the business community. The Company has 18 branches throughout the country.

Board of Directors:

Sl. No.	Name of Directors	Position
01.	Mohsina Rahman	Chairman
02.	Sabrina Chowdhury	Vice-Chairman
03.	Manwar Uz-zaman	Director
04.	Jotsna Aziz	Director
05.	Mushfiq Rahman	Director
06.	Shahnaz Matin	Director
07.	Istiaque Ahmed Chowdhury	Director
08.	Zeeshan Khan	Director
09.	Barrister Sadat Khan	Director
10.	Muzaffar Ahmed	Director
11.	Farida Akhter	Director

Ownership of the Company's Securities:

Sl. No.	Name of Directors & sponsor share holders	No. of shares	% of Shares
1	Begum Mohsina Rahman	10,000	2
2	Ms. Sabrina Chowdhury	65,000	11
3	Mr.Dr. Zaglur Rahman Khan	15,000	3
4	Mr. Mohammad Enayetullah	25,000	4
5	Mr. Md. Azizul Haque	5,000	1
6	Barrister Sadat Khan	5,000	1
7	Mr.Md. Musfiq Rahman	5,000	1
8	Mr. M. A. Hannan	35,000	6
9	Mr. F. K Patwari	50,000	8
10	Mr. Istiaque Ahmed Chowdhury	35,000	6
11	Late Abdul Wahid	5,000	1
12	Mr. Md. Abul Hassem	35,000	6
13	Ms. Shamima Haider Chowdhury	5,000	1
14	M/S Marina Knit Fashion Ltd.	50,000	8
15	M/S Matsy Enterprise	5,000	1
16	Mr. Md. Zeeshan Khan	5,000	1
17	Ms.Shahnaj Matin Shupti	60,000	10
18	Mr. Manwar Uz Zaman	65,000	11
19	Ms. Jostna Aziz	50,000	8
20	Ms. Farida Akhter	25,000	4
21	Mr. Aiman Berek Chowdhury	35,000	6
22	Mr. Muzaffar Ahmed FCMA, FCS	10,000	2
	Total	600,000	100

Board of Directors and involvement with other organizations:

Sl. No.	Name and Address	Position in the Company	BUSINESS
1.	Mohsina Rahman	Chairman	Director of : - Mind beam - Momenshahi Flour Mills Ltd.
2.	Sabrina Chowdhury	Vice-Chairman	Director of : - Noorani Flour Mills Ltd.
3.	Manwar Uz-zaman	Director	Director of : - Vantage Tours & Travels Ltd. - Vantage Travels Services Ltd. - Vantage Ariation Ltd. - Mid Asia Airlines Ltd.
4.	Jostna Aziz	Director	-
5.	Mushfiq Rahman	Director	Director of : - Max Speed Plastic Ltd. - Designer Line (Pvt) Ltd. - Essential Accesories Ltd. - Max Pure Drinking Ltd.
6.	Shahnaz Matin	Director	-

7.	Istiaque Ahmed Chowdhury	Director	Director of : - Meher Tower (Pvt) Ltd. - M/s More Concern
8.	Zeeshan Khan	Director	Managing Director of : - M/s Powered Wheels Proprietor of: - Ambon Enterprise Director of : - Ambon Complex Ltd. - Ambon Properties - Ambon Trading.
9.	Barrister Sadat Khan	Director	-
10.	Muzaffar Ahmed	Director	Director of : - Dainty Embroiders Ltd. Chairman & CEO of: - Credit Rating Information Services Ltd.
11.	Farida Akhter	Director	Director of : - Amanat Trading House.

Use of Proceeds:

The Company offers its shares to the public as required by the Insurance Act, 1938 and Insurance Rules, 1958. The sponsors have already subscribed their portion of equity capital of Tk. 60.00 million as per the requirement of the Rules and the same has already been invested as reflected in the audited accounts. The proceeds of the present issue of 9,00,000 shares of Tk. 100.00 each at par totaling Tk.9,00,00,000.00 will strengthen the capital base of the Insurance and augment business expansion. The fund thus raised through public issue will be used for investment.

Tangible assets per share:

Particulars	2009 Taka
Property and Assets	
Investment (at cost)	9,079,981
Interest accruing but not due	3,983,041
Outstanding Premium	-
Sundry Debtors (including advances, deposits and pre-payments)	20,884,995
Cash and Cash Equivalent	90,639,452
Fixed Deposit	66,300,000
Balance with CD & STD Account	2,556,169
Cash in hand	1,221,356
Cheques in hand	20,561,927
Other accounts:	8,186,514
Fixed Assets	7,519,199
Insurance Stamps in hand	160,175

Stock of Stationary	507,140
Tota Assets	132,773,983
Capital and Liabilities	
Balance of Funds and Accounts:	18,988,076
Fire Insurance Business	4,857,617
Marine Insurance Business	6,520,018
Motor Insurance Business	1,507,010
Miscellaneous Insurance Business	6,103,431
Premium Deposit	411,477
Liabilities and Provisions:	44,208,560
Estimated liability in respect of outstanding claims whether due or intimated	992,510
Amount due to other persons or bodies carrying on insurance business	3,842,450
Sundry Creditors	3,178,048
Bank Overdraft	11,705,789
Deferred Tax Liability	143,590
Provision for Income Tax	24,346,173
Total Liabilities	63,608,113
Net Asset Value	69,165,870
Number of shares outstanding	600,000
NAV per share	115.28

Performance at a Glance:

(Tk. in Million)

Particulars	31-12-2005	31-12-2006	31-12-2007	31-12-2008	31-12-2009
Net Premium	31.18	54.43	48.36	72.74	47.20
<i>Growth</i>		74.57%	-11.15%	50.41%	-35.11%
Net Claims	(5.53)	(5.67)	3.74	3.12	9.59
<i>Growth</i>		2.53%	165.96%	-16.58%	207.37%
Management Expenses	38.35	31.67	31.85	30.96	34.39
<i>Growth</i>		-17.42%	0.57%	-2.79%	11.08%
Profit Before Taxes	(0.52)	12.52	15.92	23.04	7.79
<i>Growth</i>			27.16%	44.72%	-66.19%
Profit after Taxes	(0.53)	6.88	10.89	12.61	4.40
<i>Growth</i>			58.28%	15.79%	-65.11%
Earnings per Share	-0.88	11.47	18.15	21.02	7.33
<i>Growth</i>			58.28%	15.79%	-65.11%
Total Assets	72.99	76.82	122.48	134.19	132.77
<i>Growth</i>		5.25%	59.44%	9.56%	-1.06%
Total Liabilities	38.77	65.50	70.32	69.43	63.61
<i>Growth</i>		68.95%	7.36%	-1.27%	-8.38%
Net Asset Value	34.22	41.32	52.16	64.76	69.17
<i>Growth</i>		20.75%	26.23%	24.16%	6.81%
Retained Earnings	-25.77	-18.68	-12.58	0.03	4.43
Net Asset Value per Share	57.03	68.87	86.93	107.93	115.28
<i>Growth</i>		20.75%	26.23%	24.16%	6.81%

Determination of offering price:

The offering price of ordinary share of Meghna Insurance Company Ltd. has been determined by assessing the book value per share as of December 31, 2009, based on the financial statement for the year ended December 31, 2009. The calculation is as follows:

Shareholder's Equity	31.12.2009
Share Capital	60,000,000.00
General Reserve	4,734,663
Balance of profit & loss appropriation A/C	4,431,207
Total Shareholders Equity	69,165,870
No. of Shares of Taka 100.00 each	600,000
Book Value per share of Taka 100.00 each	115.28

DESCRIPTION OF PROPERTY

The company, a provider of insurance service, operates through its Head Office at Dhaka, Branch Office at different district / city areas. The company owns the following fixed assets at the written down value as given below:

(As per Audited Accounts in BDT)

SL	Particulars	31.12.2009	31.12.2008	31.12.2007
1.	Furniture	1,396,346	1,424,389	1,499,458
2.	Office Equipment	1,151,457	1,013,637	1,074,714
3.	Office Decoration	3,152,411	3,373,824	2,940,322
4.	Vehicle	1,684,299	1,294,996	1,728,589
5.	Air Condition	124,907	156,134	195,168
6.	Cookeries & Cultures	9,779	13,039	11,646
	Total	7,519,199	7,276,019	7,449,897

Classified Summary of Assets as at 31st December, 2009

Class of Assets	Book Value
National Investment Bond	9,000,000.00
Investments in shares	79,981.00
Fixed Deposit with Banks	66,300,000.00
Cash in STD & CD A/C with Banks	2,556,169.00
Cash in hand	1,221,356.00
Cheque in hand	20,561,927.00
Interest on investment accrued but not due	3,983,041.00
Fixed Assets	7,519,199.00
Stock of stationary	507,140.00
Sundry debtors	20,884,995.00
Stamp in hand	160,175.00
Total	132,773,983.00

RISK FACTORS AND MANAGEMENT PERCEPTION REGARDING RISKS

The company is operating in a field involving a great deal of external/internal risk factors and the management of **Meghna Insurance Company Limited** perceives the risk factors which are as follows simultaneously:-

Interest rate risks:

Interest rates change may affect profitability of the company for borrowing or investment.

Management Perception:

Company runs its business on the guideline of Insurance company act. The company does not involve with any large borrowing however it has substantial amount of FDR. In the recent change in interest rate, the management is planning to diversify its investment in capital market and other profitable area of investment with compliance of Insurance Act as well.

Exchange rate risks:

Devaluation of local currency against major international currencies may affect company's marine insurance business adversely.

Management Perception:

Marine insurance always covered by re-insurance with international re-insurer. Besides this if there is any burden for the company that will be overcome by the increased business on other areas.

Industry risks:

I. Liberalization of permission to set up more insurance companies by the Government.

II. Natural calamities

Liberalization of permission to set up more insurance companies by government may result in severe competition amongst insurers resulting in reduction of premium income and profitability of the company.

Management Perception:

Though liberalization of permission to set up more insurance companies by government may be encouraging to new entrants resulting tough competition, MICL does not apprehend any loss of business due to its competent and highly experienced management team and expanding trend of insurance business in the country. MICL has already proved its leading role by its attractive earning performance. The coverage of natural calamities like cyclone, flood by insurance may severely weaken the financial strength of the company by accruing heavy claims on its own retained account.

The estimated losses arising from natural calamities are covered by higher rates of premium and reinsurance coverage for such losses. Management has taken into consideration statistical assessment of occurrence of natural calamities in setting its rates of premium and reinsurance risks. Moreover, most of our trained port folios (Fire including flood, cyclone risks) are protected under catastrophic Excess of Loss Treaty with S.B.C.

Market & Technology related-risks:

To be competitive in the market, insurance companies need to develop new products and offer excellent clientele services and also to expand the market by bringing more and more items under the preview of insurance otherwise the competitors may take away company's business.

Management Perception:

Insurance business globally is increasing. New items are coming under the cover of insurance as days pass by, the market is expanding as people are realizing the importance of insurance. Because of our excellent services and introduction of new products, the company does not envisage any market & technological related risks.

Potential or existing government regulations:

Government policy change in respect of imposing new tax, VAT, stamp duty, rates of premium, underwriting commission, agent's commission, reinsurance commission, interest on deposits etc. may affect income and profitability.

Management Perception:

According to the Insurance Act 1938 and Insurance rules 1958 all insurance companies have to comply with the allowable limit of expenses and investment. In the recent past Caretaker Government new Insurance Act 2008 has been introduced which already approved in the committee of Jatio Sangsad of the present government, which is very much favor of the insurance industry.

Potential changes in global or national policies:

Any structural change in the international insurance business adversely affecting reinsurance operations may have negative impact on the profitability of the company.

Management Perception:

The history of insurance/re-insurance business for over two hundred years proves that any major structural change affecting our reinsurance business is unimaginable. Any such event would create a global destabilization which the major economies must not cause to happen.

History of non-operation, if any:

Is there any chance for the company to become non-operative?

Most of the general insurance companies in Bangladesh run its' business successfully and after IPO increases its efficiency and accountability under supervision of regulatory body. So chance to become non-operative in future is minimum.

Operational risks:

Political and social unrest situations may affect smooth operation of the business resulting in drastic fall to the value of its investment.

Management Perception:

Political unrest in the past could not reduce the premium income of the company as the shortfall is overcome by increased income in subsequent period.