

Padma Islami Life Insurance 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 : April 26, 2000
2. Commencement of Business : April 26, 2000
3. Authorized Capital : Tk. 100.00 million
4. Paid up Capital : Tk. 30.00 million

Details of the Issue:

Description	Ordinary Shares	Face Value Per share	Offer Value In Taka	Premium Per share (Tk.)	Premium in Taka	Capital in Taka
Pre-IPO Placement	–		-	-	-	–
Public Offering	450,000	100	245	145	65,250,000	45,000,000

Paid up Capital after IPO

Particulars	Ordinary Shares	Face Value (Tk.)	Premium Per share (Tk.)	Premium in Taka	Capital in Taka
Pre-IPO Paid up capital	300,000	100	-	-	30,000,000
IPO	450,000	100	145	65,250,000	45,000,000
Paid up capital after IPO	750,000	100	-	65,250,000	75,000,000

Issue Manager : Union Capital Limited

Auditor : Mahfel Huq & Co.

Padma Islami Life Insurance Ltd.
At a glance

Corporate Status

(a) The Company was incorporated on 26th April 2000 under the Companies Act 1994 as a public company limited by shares for carrying out life insurance business and was granted Certificate of Commencement of business on 26th April 2000. The Company obtained the Certificate of Registration from the Chief Controller of Insurance, Insurance department on 30th April 2000 with the authorized capital of Tk 10,00,00,000 (Ten Crore) consisting of 10,00,000 ordinary shares of Tk 100 each. The sponsors/subscribers have already contributed to the paid up capital of Tk 3,00,00,000 (Three Crore) as required by the Insurance Act, 1938 and Rules 1958. In fulfillment of the conditions of the license issued by the Chief Controller of Insurance, now the Company proposes to raise the paid up capital to Tk 7,50,00,000 (Seven Crore Fifty Lac) only by issuing 4,50,000 ordinary shares of Tk 100 each at an issue price of Tk. 245 including a premium of Tk. 145 per share totaling Tk. 11,02,50,000 by way of initial public offering. The company is engaged in life insurance business and has no subsidiary.

(b) The information in respect of its business operation: Since its establishment on 26th April 2000 as one of the leading life 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 life insurance companies in the country. Selective customer service, underwriting of liabilities and prompt settlement of claims have contributed towards building up a very respectable image of the company within the business community.

Board of Directors and Ownership of the Company's Securities

SI No.	Name of Sponsor /Shareholder	Status	No. of Shares held	Subscribed Amount	%
01	A.T.M Rafique	Chairman	16,000	1,600,000	5.33
02	A.F.M Obaidur Rahman	Vice-Charman	16,000	1,600,000	5.33
03	A.B.M Taleb Ali	Director	5,000	500,000	1.67
04	Dr. A.B.M Zafar Ullah	Director	30,000	3,000,000	10.00
05	Abu Taher	Director	30,000	3,000,000	10.00
06	Abdul Mujib Chowdhury	Director	10,000	1,000,000	3.33
07	Nurul Alam Bhuiyan	Director	16,000	1,600,000	5.33
08	Hazi Mohd. Shahjahan	Director	5,000	500,000	1.67
09	Yousuf Wazed Ali Chowdhury	Director	7,000	700,000	2.33
10	Engr. Abul Basher	Director	7,000	700,000	2.33
11	Mrs. Nazmun Naher	Director	15,000	1,500,000	5.00
12	Zainal Abedin Zafar	Director	20,000	2,000,000	6.67
13	Abdur Rahman Bhuiyan	Director	10,000	1,000,000	3.33

14	Nazim Uddin Ahmed	Director	16,000	1,600,000	5.33
15	A.T.M Anayet Ullah	Director	30,000	3,000,000	10.00
16	Dr. Nadera Saberin	Director	30,000	3,000,000	10.00
17	Dr. A.K.M Anwaruzzaman	Director	15,000	1,500,000	5.00
18	Fatema Begum	Director	16,000	1,600,000	5.33
19	Mrs. Rahima Khanam	Director	6,000	600,000	2.00
	Total		300,000	30,000,000	100

Family relationship among the directors:

There is no relationship among the Directors except the relationship stated below:

Name of Directors	Relationship
Dr. A.B.M Zafar Ullah	Husband of Dr. Nadera Saberin and brother of Mr. A.T.M Anayet Ullah
Dr. Nadera Saberin	Wife of Dr. A.B.M Zafar Ullah
Mr. A.T.M Anayet Ullah	Brother of Dr. A.B.M Zafar Ullah
Mr. Abu Taher	Husband of Mrs. Nazmun Naher
Mrs. Nazmun Naher	Wife of Mr. Abu Taher

Use of Proceeds:

The Company offers its shares to the public as required by the Insurance Act 1938 and Insurance Rules 1958. The proceeds of the present issue of 450,000 shares of Tk. 245 each including a premium of Tk. 145 per share totaling Tk. 110,250,000 will strengthen the capital base of the company and would be utilized in business expansion of the company. The fund through issue will be used for investment.

Performance at a Glance:

Figures in million

Padma Islami Life Insurance Ltd.

Particulars	31.12.2005	31.12.2006	31.12.2007	31.12.2008	31.12.2009
1st Year Premium	177.59	581.92	413.14	607.90	562.06
Growth		227.68%	-29.00%	47.14%	-7.54%
Renewal Premium	153.61	278.32	258.18	579.97	1055.37
Growth		81.19%	-7.24%	124.64%	81.97%
Gross Premium	331.41	860.24	671.31	1187.87	1617.45
Growth		159.57%	-21.96%	76.95%	36.16%
Reinsurance Premium	0.41	0.37	0.39	3.47	8.62
Growth		-9.76%	5.41%	789.74%	148.41%
Net Premium	331.00	859.88	670.92	1184.40	1608.83
Growth		159.78%	-21.98%	76.53%	35.84%
Management Expenses	234.28	674.56	572.54	823.13	823.02
Growth		187.93%	-15.12%	43.77%	-0.01%
Net Claims	12.97	20.28	47.35	67.63	126.93
Growth		56.36%	133.48%	42.83%	87.68%
Total Assets	222.41	425.18	553.00	868.14	1647.09
Growth		91.17%	30.06%	56.99%	89.73%
Life Fund	173.78	345.65	428.77	743.44	1436.38
Growth		98.90%	24.05%	73.39%	93.21%
Current Assets	187.85	353.64	419.59	695.66	1377.865
Growth		88.26%	18.65%	65.80%	98.07%
Current Liabilities	19.33	49.53	94.23	94.7	180.71
Growth		156.23%	90.25%	0.50%	90.82%
Investment	16.99	30.45	78.82	93.4	117.35
Growth		79.22%	158.85%	18.50%	25.64%
Current Ratio	9.72	7.14	4.45	7.35	7.62
Management Exp	234.28	674.56	572.54	823.13	823.02
Management Exp to Net Premium	70.78%	78.45%	85.34%	69.50%	51.16%
Net Claims to Net Premium	3.92%	2.36%	7.06%	5.71%	7.89%

Value of Assets (As per Audited Accounts)

(Amount in Taka)

SL. No.	Description	31-12-2009
01	Land and Building	66,088,000
02	Furniture & Fixtures	22,111,526
03	Office equipment	12,981,809
04	Office decoration	4,766,358
05	Motor vehicles	42,788,433
06	Electric Installation	1,262,767
07	Telephone Installation	645,148
08	Sign Board	1,237,915
Total		151,881,956

Tangible Assets per Share:

(As reported by the company)

The net tangible asset baking per unit of Padma Islami Life Insurance Limited is Tk. 246.54 on 31st December 2009 based on the actuarial valuation report as at 31.12.2009, calculation of which shown below:

SL. No.	Particulars	Amount in Taka
A.	Total Realizable Assets	1,645,122,742
B.	Less Total Liabilities	1,571,160,858
C.	Net Tangible Assets (A-B)	73,961,884
D.	Number of Ordinary Shares	300,000
E.	Net Tangible Assets Per Share (C/D)	246.54

Total realizable Assets = Property and Assets – deferred expenses

Total Liabilities = (Capital and Liabilities + Net Policy Liabilities) – (Paid up Capital + Life Insurance Fund)

Determination of Offering Price

This is to certify that the value per ordinary share of Padma Islami Life Insurance Ltd as on 31 December 2009 based on Net Assets Value (NAV) is Tk. 246.54 as worked out below:

Particulars	Amount in Taka
Total realizable assets	1,645,122,742
Total liabilities	1,571,160,858
Net assets	73,961,884
Number of ordinary shares outstanding	300,000
Value per ordinary share	246.54

RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

Investors should be aware of the risk factors for the investment in the capital of the company and the management perception about the risks. These risks may result in loss of the capital investment. The following are the external and internal risk factors and the management's perception thereon: -

(a) General investment risks:

Investors should keep in mind that there is a difference between equity securities and debt securities. As a residual owner, the claim of an equity shareholder comes last and in an extreme situation he/she may lose his/her entire investment.

The management is aware about the equity shareholders position of getting their respective claims and believes that this kind of extreme situation would not arise.

(b) Interest rate risks:

Changes in interest rates may negatively affect its financial results in case of interest rate increase by lenders and also interest decrease on deposits by PILIL.

The company has so far, not had to depend on debt financing. The management of PILIL will reduce these negligible risks by investing the fund in land and building according to Insurance Act, 1938 and Insurance Rules, 1958.

(c) Exchange rate risks:

The change in currency exchange rates may influence the result of operations, in case of the companies who are involved in foreign currency transaction.

Padma Islami Life Insurance Limited does not have any foreign currency transaction. Therefore no such risk would arise.

(d) Industry risks:

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

Though liberalization of insurance policy by government may be encouraging to new entrants resulting in tough competition, Padma Islami Life Insurance Ltd. does not apprehend any loss of business due to its competent management team for quality services and expanding trend of insurance business in the country. The Company has already proved its leading role by its attractive earning performance.

(e) Technology related risks:

Although life insurance business is a relatively low tech industry, any sophisticated integrated software by other competitors may give them a competitive edge on PILIL as far as MIS and quality service is concerned.

PILIL is continuously upgrading its technological levels and making it comparable to that of the other competitors in line with the insurance business.

(f) Potential or existing government regulations:

Government policy change in respect of imposing new tax, VAT, stamp duty and limitation of investment may also affect smooth functioning of life insurance business.

Like all democratically elected governments, the government of Bangladesh also holds commitment for freedom from economic emancipation of the nation, which can be achieved through maintaining sustainable industrial growth. The government, which is the owner of Jiban Bima Corporation is not expected to change policies relating to insurance requirements, affecting the income of the insurance companies.

(g) 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.

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 that the major economies must not cause to happen.

(h) Operational risks:

The company may face poor financial conditions due to failure in future expansion of business or inefficient management capability.

From the inception, the Company has a good reputation in the insurance business and progressing smoothly. The management of the Company has also proven its efficiency, which is clear from the previous positive track record of the Company's financial statements.

(i) Political risk:

Political and social condition may affect the smooth functioning as well as drastic fall to the value of its investments.

The management has been very selective in its investment decisions that have already produced positive results. It feels government will not create any situation leading to abrupt losses of investments, especially when industrial output is showing signs of growth.

(j) Natural risks

The coverage of natural calamities like cyclone, flood and tremors by insurance may severely weaken the financial strength of the company by accruing heavy claims on account of loss of huge human life.

Risk is an important consideration for premium calculation of any insurance policy. 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 risk.