

Dhaka Insurance Limited

Nature of Business	Insurance
Subscription Open	December 06, 2009
Subscription Close	December 10, 2009
For Non resident Bangladeshi	December 06, 2009 to December 19, 2009
Offer Price (Tk.)	120.00
Face Value (Tk.)	100.00
Market lot (Share)	50
Sponsors Portion (Share)	600,000
Public Offer (Share)	900,000
Total Issued Shares	1,500,000
Total Paid up Capital (after IPO)	Tk. 150,000,000.00
Reason for IPO:	To strengthen the capital base of the Insurance and augment business expansion. The fund raised through public issue will be used for investment.
EPS (as per prospectus)	33.87 (as on 31.12. 2008)
NAV per share (as per prospectus)	187.94 (as on 31.12 . 2008)
Manager to the Issue	AAA Consultants & Financial Advisers Ltd.
Application Document Available at:	DSE & CSE Library, DSE Members house, Issue Manager, Underwriter and designated banks.
Website	www.dhakainsurance.com

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

Disclaimer:

The contents of this presentation are entirely based on disclosures made by the company. Therefore, DSE does not assume any responsibility on the authenticity of the facts and figures presented thereof.

Brief Overview of the Company

1. Date of Incorporation : January 04, 2000.
2. Commencement of business : January 04, 2000.
3. Authorized Capital : Tk. 200 million
4. Paid up Capital : Tk. 60 million
5. Number of Branches : 12

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	900,000	100	120	20	18,000,000	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 Managers: AAA Consultants & Financial Advisers Ltd.

Auditor: Saha Mazumder & Co.

Dhaka Insurance Limited At a glance

The company was incorporated in the name of “*The Loyeds Insurance Limited*” on 4th January, 2000 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 4th January, 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. On 23rd May 2006 the name of the Company changed in to “*Dhaka Insurance Limited*” registered under RJSC. 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 at an issue price of Tk. 120.00 including a premium of Tk. 20.00 per share totaling Tk.108,000,000.00 by way of initial public offering (IPO).

Since its establishment in 2000 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 12 branches throughout the country.

Board of Directors and involvement with other organizations:

Sl. No.	Name of Directors	Position in DIL	Directorship/Partnership/Ownership with other organization
01.	Mr. Fazlur Rahman	Chairman	Proprietor: City Oil Mills; City Re-Rolling Mills; M. Hasan & Company; Chairman & Managing Director: City Vegetable Oil Mills Limited; City PET Industries Limited; City dal Mills Limited; City Fibers Limited; Hasan Vegetable Oil Mills Limited; Hasan Plastic Industries Limited; Hasan Printing & Packaging Ind. Limited Hasan Flour Mills Limited; Rahman Coconut Oil Mills Limited; The Asia Pacific Refineries Limited; Farzana Oil Refineries Limited; Van Ommeren Tank Terminal Bangladesh Ltd.; International Oil Mills Limited; City Sugar Industries Limited;

			C.S.I. Power & Energy Limited; Shampa Oil Mills Limited Hasan Containers Limited; F. Rahman Oil Mills Limited; City Poultry & Fish Feeds Limited; Rahman Synthetics Limited;
02	Mrs. Hamida Rahman	Director	Director: City Vegetable Oil Mills Limited; City PET industries Limited ; City Dal Mills limited; City Fibers Limited; Hasan Vegetables Oil Mills Limited; Hasan Plastic Industries Limited Hasan Printing & Packaging Ind. Limited; Hasan Flour Mills Limited; Rahman Coconut Oil Mills Limited; The Asia Pacific Refineries Limited; Farzana Oil Refineries Limited; Van Ommeren Tank Terminal Bangladesh Ltd.; Rahman Synthetics Limited; Shampa Oil Mills Limited Hasan Containers Limited; F. Rahman Oil Mills Limited; C.S.I. Power & Fish Feeds Limited; City Sugar Industries Limited;
03.	Mr. Mohammad Hasan	Director	City Vegetable Oil Mills Limited; City PET Industries Limited; City Dal Mills Limited; City Fibers Limited Hasan Vegetable Oil Mills Limited; Hasan Plastic Industries Limited. Hasan Printing & Packaging Ind. Limited; Hasan Flour Mills Limited; Rahman Coconut Oil Mills Limited; The Asia Pacific Refineries Limited Farzana Oil Refineries Limited; Van Ommeren Tank Terminal Bangladesh Ltd. International Oil Mills Limited; Shampa Oil Mills Limited; Hasan Containers Limited; Hasan Containers Limited; F. Rahman Oil Mills Limited; City Poultry & Fish Feeds Limited

04.	Mr. Mohammad Masum	Director	Chairman: Supreme Seed Company Limited; Surovi Agro Ind. Limited; Surovi Enterprise Limited; Abacus Enterprise Riead Properties Limited; G.P. Shipping Lines Limited; Vice-Chairman Jardine Shipping Services (BD) Limited
05.	Mr. A.K.M. Kamruzzaman	Director	Proprietor: M/S. K.Z. Enterprise
06.	Mr. A. B. M. Kamal	Director	Proprietor: M/S. M. K. Traders
07.	Mr. Biswajit Saha	Director	Proprietor: M/S. B.S. Traders

Ownership of The Company's Securities:

Sl. No.	Name of Shareholder	Position	Shareholding	Percentage
1.	Mr. Fazlur Rahman	Chairman	75,000	12.50%
2.	Mrs. Hamida Rahman	Director	45,000	7.50%
3.	Mr. Mohammad Hassan	Director	1,20,000	20.00%
4.	Mr. Mohammad Masum	Director	75,000	12.50%
5.	Mr. A. K. M. Kamruzzaman	Director	90,000	15.00%
6.	Mr. A. B. M. Kamal	Director	85,000	14.17%
7.	Mr. Biswajit Sah	Director	35,000	5.83%
8.	Mrs. Farzana Rahman	Sponsor Share Holder	75,000	12.50%
Total			6,00,000	100%

Determination of Offering Price:

The offering price of the common stock of Dhaka Insurance Limited has been determined by assessing the Net Asset Value (NAV) Per Share. The financial calculations presented below are from the audited accounts as of December 31, 2008.

Particulars	2008 Taka	2007 Taka	2006 Taka
Investments (At actual)	170,077,184	146,817,690	110,746,192
Interest, Dividend & Rent outstanding	7,636,708	7,098,535	5,544,555
Amount due from other persons or bodies Carrying on insurance business	2,877,488	2,338,893	2,458,470
Sundry Debtors	12,914,684	9,655,385	28,383,909
Cash & cash equivalent	154,583,021	110,694,108	90,136,277
Stationery in hand	360,394	243,627	221,694
Other Account	9,559,794	10,439,731	8,040,498
Total Assets (A)	358,009,273	287,287,969	245,531,595
Balance of Funds and Accounts	42,050,496	38,744,938	38,999,729
Deposit Premium	41,194,272	19,638,558	36,101,629
Liabilities & Provision	137,212,616	110,220,609	72,608,046
Sundry Creditors Including provision for Taxation	24,785,950	17,238,850	12,574,033
Total Liabilities (B)	245,243,334	185,842,955	160,283,437
Net Assets (A-B)	112,765,939	101,445,014	85,248,158
Number of Shares (C)	600,000	600,000	600,000
Net Assets Value per share (A-B)/C	187.94	169.08	142.08

Performance at a glance:

(Tk. in Million)

Particulars	31-12-2004	31-12-2005	31-12-2006	31-12-2007	31-12-2008
Net Premium	59.69	81.42	97.95	96.11	104.44
<i>Growth</i>		36.40%	20.30%	-1.88%	8.67%
Net Claims	8.49	24.28	31.51	35.02	36.63
<i>Growth</i>		185.98%	29.78%	11.14%	4.60%
Management Expenses	53.78	34.33	36.44	39.39	42.56
<i>Growth</i>		-36.17%	6.15%	8.10%	8.05%
Profit Before Taxes	5.64	14.98	16.19	21.12	25.92
<i>Growth</i>		165.60%	8.08%	30.45%	22.73%
Profit after Taxes	3.12	11.48	13.29	16.12	20.32
<i>Growth</i>		267.95%	15.77%	21.29%	26.05%
Earnings per Share	5.20	19.13	22.15	26.87	33.87
<i>Growth</i>		267.95%	15.77%	21.29%	26.05%
<i>Post IPO EPS (restated)</i>	2.08	7.65	8.86	10.75	13.55
Total Assets	155.43	199.25	245.53	287.29	358.01
<i>Growth</i>		28.19%	23.23%	17.01%	24.62%
Total Liabilities	94.64	126.00	160.28	194.84	254.24
<i>Growth</i>		98.00%	27.21%	21.56%	30.49%
Net Asset Value	60.79	73.25	85.25	92.45	103.77
<i>Growth</i>		20.50%	16.38%	8.45%	12.24%
Total Reserves*	0.78	12.26	25.25	32.45	43.76
<i>Growth</i>		1471.79%	105.95%	28.51%	34.85%
Net Asset Value per Share	101.32	122.08	142.08	154.08	172.95
<i>Growth</i>		20.50%	16.38%	8.45%	12.24%

*Total Reserves = Reserve for exceptional losses + P/L Appropriation Account

Dividend Information:

The company has declared dividend for the year 2007 & 2008 at the rate of 15%.

Schedule of Fixed Assets

As at 31 December 2008.

Particulars	COST			Rate	DEPRECIATION			Written down value as on 31.12. 08	Written down value as on 31.12.07
	Balance as at 01.01.08	Additions during the year	Total as at 31.12.08		Depreciation as at 01.01.08	Charged for the year	Total as at 31.12.08		
	A	B	C=(A+B)		D	E=(C-D)*rate	F=(D+E)	G=(F-C)	H=(A-D)
Furniture & Fixture	2,671,059	74,000	2,745,059	10%	1,212,509	153,255	1,365,764	1,379,295	1,458,550
Office Equipment	361,862	-	361,862	10%	151,378	21,048	172,426	189,436	210,484
Computers	1,208,403	97,656	1,306,059	20%	614,214	138,369	752,583	553,476	594,189
Electrical Equipment	558,556	11,000	569,556	20%	212,485	71,414	283,899	285,657	346,071
Telephone Installation	757,124	-	757,124	10%	347,254	40,987	388,241	368,883	409,870
Motor Cycle	404,545	-	404,545	20%	177,668	45,375	223,043	181,502	226,877
Motor Vehicle	11,740,371	832,500	12,572,871	20%	6,092,947	1,295,985	7,388,932	5,183,939	5,647,424
Office decoration	2,067,582	29,952	2,097,534	10%	982,033	111,550	1,093,583	1,003,951	1,085,549
Air cooler	726,973	-	726,973	10%	276,155	45,082	321,237	405,736	450,818
Other Assets	41,959	-	41,959	20%	32,060	1,980	34,040	7,919	9,899
Total Assets	20,538,434	1,045,108	21,583,542		10,098,703	1,925,046	12,023,749	9,559,794	10,439,731

Classified Summary of the Assets in Bangladesh as at 31 December 2008.

Class of Assets	Book Value (TK.)	Remarks
Statutory deposit with Bangladesh Bank (3 years National Biniyog Bonds)	9,000,000	Not quoted in Market
Shares (Market Value Tk. 203,135,358)	161,077,184	Quoted In Market
In Fixed Deposit account with Banks	138,406,000	Realisable Value
In Short term deposit account with Banks	6,639,261	Realisable Value
In Current account with Banks	331,637	Realisable Value
Cash, Cheques and Stamp in hand	9,206,123	Realisable Value
Accrued Interest	7,636,708	Realisable Value
Amounts due from other persons or bodies carrying on insurance business	2,877,488	Realisable Value
Fixed Assets	9,559,794	At cost less depreciation
Sundry Debtors	12,914,684	Realisable Value
Stationary and forms in hand	360,394	At Cost
Total	358,009,273	

Risk Factors And Management Perception Regarding Risks

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

Interest rate risks:

Volatile money market, which ultimately imposes upward pressure on interest rate structure, may erode Organization's profitability.

The company has no dependency on bank financing; on the other hand, any upward change in the rate of bank interest will increase the interest income earned on company's paid-up capital and fixed deposits.

Exchange rate risks:

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

The above effect 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.

Though liberalization of permission to set up more insurance companies by government may be encouraging to new entrants resulting tough competition, DIL 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. DIL 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 portfolios (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.

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 rates of premium, underwriting commission, agent's commission, reinsurance commission, interest on deposits etc. may affect income and profitability.

The government, who is the owner of Sadharan Bima Corporation, is not expected to change policies relating to insurance requirement affecting the income of the insurance companies without proper consequential relief for self-interest.

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.

History of non-operation, if any:

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

No general insurance company has ever become non-operative in Bangladesh nor there is any chance to become non-operative in future.

Operational risks:

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

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