

Provati Insurance Company Limited

Nature of Business	Insurance
Subscription Open	November 15, 2009
Subscription Close	November 19, 2009
For Non resident Bangladeshi	November 15, 2009 to November 28, 2009
Offer Price (Tk.)	100.00
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)	20.29 (as on 31.12. 2008)
NAV per share (as per prospectus)	176.29 (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.provati-insurance.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 31, 1996.
2. Commencement of business : March 31, 1996.
3. Authorized Capital : Tk. 200 million
4. Paid up Capital : Tk. 60 million
5. Number of Branches : 47

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 Managers: AAA Consultants & Financial Advisers Ltd.

**Auditor: A. Hoque & Co. and
G. Kibria & Co.**

Provati Insurance Company Limited
At a glance

The company was incorporated on 31 January 1996 under the Companies Act 1994 as a public Limited company for carrying out all kinds of general insurance activities and was granted certificate for commencement of Business on 31 March 1996. 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 900,000.00 ordinary shares of Tk. 100.00 each by way of initial public offering (IPO).

Since its operation 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. The Company has a network of 47 branches throughout the country.

Board of Directors and involvement with other organizations:

SL. No.	Name of Directors	Position in PICL	Directorship/Partnership/Ownership	Position
1	Joarder Nowsher Ali , FCA	Chairman	M. Ruhul Amin & Co., Chartered Accounts Crymson Glory SNOWCEM Bangladesh Ltd.	Partner Proprietor Director
2	Alhaj Mojir Ahmed	Vice Chairman	Laksam Automatic Rice & Bran Oil Mills Ltd. MR Brick Fields Sohag Matsho Bij Utpadon Khamar Ltd. SA Auto Rice Mills	Managing Director Proprietor M.D. Proprietor
3	Md. Ruhul Amin, FCA	Director	M. Ruhul Amin & Co., Chartered Accounts	Partner
4	Mohammad Ali Talukder	Director	D&S Pretty Fashions Ltd. Kaveri Sweaters Pretty Sourcing & Inspection (BD) Ltd.	Chairman Proprietor Chairman
5	Alhaj Mohammad Ali	Director	M/S Ali Store M/S Momin Store M/S Telecom	Proprietor
6	Alhaj Shahadat Hossain	Director	M/s. Shadat Hossain	Proprietor
7	Md. Ali Ashgar	Director	M/s Kamal Traders	Proprietor
8	Shah Mohammad Tofazzal Hossain	Director	M/s. Lucky Store	Proprietor
9	Md. Shahjahan Kabir	Director	M/s. Prattasi Traders	Proprietor
10	Md. Shakhawat Hossain Mamun	Director	Sigma Systems Ltd.	Chairman
11	Maroof Sattar Ali	Director	Bhaiya Food Industries Ltd.	M. D.
12	Mohammad Mohsin Kauser	Director	Bhaiya Printing & Packaging Ltd.	Managing Partner
13	Md. Shafayet Hossain Masum	Director	Sigma Systems Ltd.	Director
14	Md. Shahadat Hossain Ali	Director	Sigma Systems Ltd	Director
15	Mr. Abdur Rahman Ansary	Director	-	-

Ownership of the company's securities:

SL. No.	Name	Position	Nos. of Shares	Percentage
1.	Mr. Joarder Nowsher Ali, FCA	Chairman	5,000	0.83%
2.	Mr. Alhaj Mojir Ahmed	Vice-Chairman	67,000	11.17%
3.	Mr. Alhaj Mohammad Ali	Director	20,000	3.33%
4.	Mr. Md. Ruhul Amin FCA	Director	5,000	0.83%
5.	Mr. Mohammad Ali Talukder	Director	20,000	3.33%
6.	Mr. Alhaj Shahadat Hossain	Director	15,000	2.50%
7.	Mr. Md. Ali Ashgar	Director	25,000	4.17%
8.	Mr. Shah Mohammad Tofazzal Hossain	Director	5,000	0.83%
9.	Mr. Md. Shahjahan Kabir	Director	10,000	1.67%
10.	Md. Shakhawat Hossain Mamun	Director	22,000	3.67%
11.	Mr. Mohammad Mohoshin Kauser	Director	36,000	6.00%
12.	Mr. Maroof Sattar Ali	Director	112,000	18.67%
13.	Mr. Md. Shafayet Hossain Masum	Director	12,000	2.00%
14.	Mr. Md. Shahadat Hossain Ali	Director	12,000	2.00%
15.	Mr. Abdur Rahman Ansary	Director	80,000	13.33%
16.	Others	Shareholders	167,000	25.67%
Total			600,000	100%

Beneficial Owners Holding Shares 5% or Above

Name of Shareholders	Status	No. of Shares Subscribed	Percentage
Mr. Alhaj Mojir Ahmed	Vice-Chairman	67,000	11.17
Mr. Mohammad Mohoshin Kauser	Director	36,000	6.00
Mr. Maroof Sattar Ali	Director	112,000	18.67
Mr. Abdur Rahman Ansary	Director	80,000	13.33
Ms. Sabrina Yasmin (Mouri)	Shareholder	50,000	8.33

Tangible assets per share:

Particulars	Amount in Tk.
A. ASSETS:	
Investment at cost(NIB)	90,00,000
Investment in Shares	3,07,000
Outstanding Premium	30,14,752
Interest Accrued but not due	46,77,510
Amount due from other persons or bodies carrying on Insurance Business	4,10,75,653
Sundry Debtors (Including Advances, Deposits & Prepayments)	1,30,07,532
Cash and Bank Balances	12,04,64,362
Other Accounts (Fixed Assets & Stock of Stationery)	4,10,46,149
Total	23,25,92,958
B. LIABILITIES:	
Balance of Funds and Accounts	5,25,34,308
Estimated Liabilities in respect of outstanding claims whether due or intimated	3,73,94,859
Amount due to other persons or bodies carrying on Insurance Business	5,37,367
Sundry Creditors (Including provision for expenses and Taxes)	3,38,00,117
Other Sums Owing (Premium Deposit Account)	25,50,500
Total	12,68,17,150
Net Assets (A-B)	10,57,75,807
No. of Shares	6,00,000
Net Assets Value per Share	176.29

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	80.81	123.4	118.47	134.17	131.08
<i>Growth</i>		52.70%	-4.00%	13.25%	-2.30%
Net Claims	28.08	54.12	48.91	52.60	63.62
<i>Growth</i>		92.74%	-9.63%	7.54%	20.95%
Management Expenses	45.26	36.03	42.85	36.67	39.07
<i>Growth</i>		-20.39%	18.93%	-14.42%	6.54%
Profit Before Taxes	14.26	8.57	12.46	13.72	16.77
<i>Growth</i>		-39.90%	45.39%	10.11%	22.23%
Profit after Taxes	13.39	8.31	11.98	9.87	12.17
<i>Growth</i>		-37.94%	44.16%	-17.61%	23.30%
Earnings per Share	22.32	13.85	19.97	16.45	20.28
<i>Growth</i>		-37.94%	44.16%	-17.61%	23.30%
<i>Post IPO EPS (restated)</i>	8.93	5.54	7.99	6.58	8.11
Total Assets	190.18	211.26	219.62	229.59	232.59
<i>Growth</i>		11.08%	3.96%	4.54%	1.31%
Total Liabilities	120.74	133.52	129.89	135.99	126.82
<i>Growth</i>		10.58%	-2.72%	4.70%	-6.74%
Net Asset Value	69.44	77.74	89.73	93.60	105.77
<i>Growth</i>		11.95%	15.42%	4.31%	13.00%
Total Reserves*	9.44	17.75	29.73	33.60	45.77
<i>Growth</i>		88.03%	67.49%	13.02%	36.22%
Net Asset Value per Share	115.73	129.57	149.55	156.00	176.28
<i>Growth</i>		11.95%	15.42%	4.31%	13.00%

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

Determination of Net Asset Value:

Particulars	31-12-2004	31-12-2005	31-12-2006	31-12-2007	31-12-2008
Total Assets	190.18	211.26	219.62	229.59	232.59
Total Liabilities	120.74	133.52	129.89	135.99	126.82
<i>Net Assets</i>	69.44	77.74	89.73	93.6	105.77
No. of Shares	600000	600000	600000	600000	600000
Net Assets Value per Share	115.73	129.57	149.55	156.00	176.28

Classified Summary of Assets as at 31st December, 2008

Class of Assets	Book Value	Remarks
Deposit with Bangladesh Bank (NIB)	90,00,000.00	Realizable Value
Investments in shares	3,07,000.00	Do
Cash on fixed deposit and STD account with Bank	11,14,35,282.00	Do
Cash in hand and current account with Bank	88,06,615	Do
Stamp in hand	2,22,465	Do
Outstanding Premium	30,14,752	Do
Interest accrued but not due	46,77,510	Do
Amount due from other persons or bodies Carrying on Insurance business	4,10,75,653	Do
Sundry debtors including advances, deposit & prepayments	1,30,07,532	Do
Fixed Assets (at cost less depreciation)	3,97,19,324	Written down value
Stock of printing and stationery	13,26,825	At cost
Total	23,25,92,958	

Risk Factors And Management Perception Regarding Risks:

Any investment always associates with some internal/ external risk factors and among the factors some can be averted, other are beyond control. The management of Provati Insurance Company Limited considers some risk factors involving their business which are described as under:

Interest rate risks:

Volatility of money market, which ultimately influences the interest rate structure of fund. The company's net earning of Tk. 62, 60,685 from FDR, NIB, & Bank STD Accounts which is 37.33% of total net profit before tax. The Income from fixed & other deposits may fall with the reduction of Interest rate of commercial bank as per current trend.

The Management of the Company is always aware of interest rate. If the interest rate increases the cost of credit fund will increase. But the Company procured only 1 (one) vehicle for its officers on Lease financing and amount of interest paid on purchase of Vehicles is very negligible. On the other hand, if the interest rate decreases the Company will go for the alternative investment of its existing FDR's as well as surplus fund.

Exchange rate risks:

Devaluation of local currency against major international currencies i.e. USD, GBP and Euro may affect company's marine insurance business.

Generally devaluation of local currency against international currencies increases premium income that will ultimately extend Net profit of the Company.

Industry risks:**I. Liberalization of permission to set up more insurance companies by the Government**

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, PICL 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. Besides, PICL has plan to develop the standard of their existing service and introduce new insurance services that are not available in our country.

II. Natural calamities

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 Shadharan Bima Corporation.

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 purview of insurance otherwise the competitors may take away existing company's business.

Insurance business is increasing globally. New items are coming under the cover of various insurance as days pass by; the market is expanding as people are realizing the importance of insurance. PICL provides excellent services and plan to introduce new products giving importance on Research and Development(R&D) considering market & technology 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 of the Company.

The government is not expected to change policies relating to insurance requirement for the interest of economy, as when insurance business is affected industrialization, trade and commerce of the country will be also affected. Moreover, if the Government changes the policy, the Company will go for alternative Business areas under the condition of Memorandum & Articles of Association of the Company.

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?

All General Insurance Companies in Bangladesh are Public Limited Companies that have an independent body. PICL is operated by its Memorandum & Articles of Association and other applicable laws Implemented by the Government. The company is a financial organization and its financial strength is very high. It has a very experienced Directors Group of a lot of Industrialist and two Chartered Accountants. The Executive team of the company is also well experienced. The Company has highest 47 Branches all over Bangladesh and it achieved ISO 9001-2000 Certification from Moody International. So there is no chance for the Company to become non-operative in future.

Operational risks:

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

Political unrest may reduce the premium income of the Company for a short span of time. The shortfall can be overcome by increased income in subsequent period.