

# RIGHTS SHARE OFFER DOCUMENT

Date: August 13, 2020

Rights Offer of 15,351,551 Ordinary Shares of Tk. 10.00 each issuing at Tk. 15.00 each, including a premium of Tk. 5.00 per share, totaling of Tk. 230,273,265.00 offered on the basis of 01(one)[R] : 01(one)[E] i.e. 1 (one) rights share for 1 (one) existing shares held on the record date.

Record Date for Entitlement of Rights Offer

September 07, 2020

Subscription	Opens On: September 24, 2020
	Closes On: October 20, 2020
Within Banking Hours Both Days Inclusive	

## MANAGER TO THE ISSUE



### LANKABANGLA INVESTMENTS LIMITED

Assurance Nazir Tower, Level-06,  
65/B, Kemal Ataturk Avenue, Banani, Dhaka – 1213  
Phone: +88 02 55 03 48 53-5; Fax: +88 02 55 03 48 56;  
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## FULLY UNDERWRITTEN BY

LANKABANGLA INVESTMENTS LIMITED Assurance Nazir Tower, Level-06, 65/B, Kemal Ataturk Avenue, Banani, Dhaka - 1213	BANCO FINANCE AND INVESTMENT LIMITED Shefali Complex (4th Floor), 218/3/A, West Kafrul, Sher-e-Bangla Nagar, Dhaka-1207
MTB CAPITAL LIMITED MTB Tower (Level 3) 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka 1000	

## BANKERS TO THE ISSUE

SOUTHEAST BANK LIMITED Eunoos Trade Center 52-53, Dilkusha C/A, Dhaka - 1000
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## CREDIT RATING STATUS

	Long Term	Short Term
Entity Rating	AA+	ST-1
Date of Rating	August 18, 2020	
Validity	August 17, 2021	
Outlook	Stable	
Rated by	Alpha Credit Rating Limited (AlphaRating)	



### PRAGATI LIFE INSURANCE LIMITED

Pragati Insurance Bhaban (6th Floor),  
20-21 Kawran Bazar, Dhaka  
Phone: +88 02 818 91 84-8; Fax: + 88 02 912 40 24;  
e-mail: info@pragatilife.com;  
Website: www.pragatilife.com

As per provision of the Depository Act, 1999 and regulations made there under, Rights Share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights share mentioning his/her Beneficiary Owner (BO) Account number in the application form.

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## Definition and Elaboration of the abbreviated words and Technical Terms used in the Rights Share Offer Document

<b>A</b>		
<b>AGM</b>		<b>Annual General Meeting</b>
<b>Allotment</b>		<b>Allotment of Shares</b>
<b>B</b>		
<b>BAS</b>		<b>Bangladesh Accounting Standards</b>
<b>BDT</b>		<b>Bangladeshi Taka</b>
<b>BSEC</b>		<b>Bangladesh Securities and Exchange Commission</b>
<b>BO Account</b>		<b>Beneficiary Owners Account</b>
<b>C</b>		
<b>CDBL</b>		<b>Central Depository Bangladesh Limited</b>
<b>CIB</b>		<b>Credit Information Bureau</b>
<b>CEO</b>		<b>Chief Executive Officer</b>
<b>Commission</b>		<b>Bangladesh Securities and Exchange Commission</b>
<b>Company / Issuer</b>		<b>Pragati Life Insurance Limited</b>
<b>Companies Act</b>		<b>The Companies Act, 1994 (Act No. XVIII of 1994)</b>
<b>Corporate Office</b>		<b>Head office of the Company</b>
<b>CSE</b>		<b>Chittagong Stock Exchange</b>
<b>D</b>		
<b>DSE</b>		<b>Dhaka Stock Exchange</b>
<b>E</b>		
<b>EGM</b>		<b>Extra Ordinary General Meeting</b>
<b>F</b>		
<b>FC Account</b>		<b>Foreign Currency Account</b>
<b>G</b>		
<b>GBP</b>		<b>Great Britain Pound</b>
<b>I</b>		
<b>IPO</b>		<b>Initial Public Offering</b>
<b>Insurance Act</b>		<b>The Insurance Act, 2010 (Act no. XIII of 2010)</b>
<b>N</b>		
<b>NAV</b>		<b>Net Asset Value</b>
<b>NRB</b>		<b>Non-Resident Bangladeshi</b>
<b>P</b>		
<b>PLIL</b>		<b>Pragati Life Insurance Limited</b>
<b>R</b>		
<b>RJSC</b>		<b>Registrar of Joint Stock Companies and Firms</b>
<b>RULES</b>		<b>Bangladesh Securities and Exchange Commission (Rights Issue) Rules, 2006</b>
<b>S</b>		
<b>STD Account</b>		<b>Short Term Deposit Account</b>
<b>Subscription</b>		<b>Application Money</b>
<b>T</b>		
<b>Tk.</b>		<b>Taka</b>

# PRAGATI LIFE INSURANCE LIMITED

Corporate Office: Pragati Insurance Bhaban (6th Floor),  
20-21 Kawran Bazar, Dhaka

## ISSUE OF RIGHTS SHARES

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August 17, 2019

**Dear Shareholder(s),**

We are happy to offer you an opportunity to participate in Rights Issue Of shares of Pragati Life Insurance Limited. The honorable shareholders of the Company in the Extraordinary General Meeting (EGM) held on dated 25.08.2019 approved Rights Shares issue proposal of 30,703,102 number of shares to be offered in the ratio of 2(R):1 (i.e. two rights share for one existing share held) as approved by the shareholders in the EGM at Tk.15/- per share, with a premium of Tk.5/- each totaling Tk. 460,546,530.00 based on the outstanding 15,351,551 number of shares including 15% Stock dividend for the year 2018. Later for the greater interest of the shareholder of the company, the Board of Directors in its board meeting held on October 20, 2019 recommended to revise the right offer for issuance of 15,351,551 ordinary shares at Tk.15/- per share, with a premium of Tk.5/- each totaling to Tk. 230,273,265.00 at 1(R):1 (i.e. one rights share for one existing share) held on the record date which has been approved in the 3<sup>rd</sup> Extraordinary General Meeting (EGM) held on dated December 10, 2019. The purpose of issuance of Rights Share is to cope with the business growth and strengthen the capital base of the company as well as fulfill the regulatory requirement.

Having satisfactory operation, the Company has earned Accretion to Life Insurance Fund of Tk. 101,354,159 for the period from 01 January, 2019 to 30 June, 2019 and this success has been possible due to continuous support of our valued clients acknowledging our quality of services. Besides, efficient direction of the Board of Directors and patronization and active participation of our shareholders also made it possible to achieve what we are today.

Honorable shareholders in order to maintain the growth and take the company forward, your continued support and assistance is our source of inspiration and sincerely hope that you would come forward to make this rights offer a success.

A self-explanatory Rights Share Offer Document prepared according to the Securities and Exchange Commission (Rights Issue) Rules, 2006 is enclosed herewith for your kind information and evaluation.

On behalf of the Board of Directors,

Sd/-

**Md. Jalalul Azim**

Managing Director & CEO

## CORPORATE INFORMATION

<b>Registered Name</b>	Pragati Life Insurance Limited
<b>Date of Incorporation</b>	January 30, 2000
<b>Legal Status</b>	Public limited company incorporated in Bangladesh under the Companies Act 1994
	Licensed as Life Insurance Company under Insurance Act 1938 (now Insurance Act 2010) from Department of Insurance on April 11, 2000
<b>Date of Listing</b>	Listed with Dhaka Stock Exchange and Chittagong Stock Exchange since February 06, 2006
<b>Authorized Capital</b>	BDT 100.00 Crore
<b>Paid-Up Capital</b>	BDT 15.35 Crore (Including 15% stock dividend for the year 2018)
<b>Number of Branches</b>	110 (One Hundred and Ten) Branches including Head Office
<b>Actuary</b>	<b>Dr. Mohammad Sohrab Uddin PHD, AIA</b> Consulting Actuary House # 6 (4 <sup>th</sup> Floor), Road # 12, Section # 13 Uttara Model Town, Dhaka-1230
<b>Statutory Auditor</b>	<b>Hoda Vasi Chowdhury &amp; Co.</b> Chartered Accountants BTMC Bhaban (7 <sup>th</sup> -8 <sup>th</sup> Floor), 7-9 Kazi Nazrul Islam Avenue, Kawran Bazar C/A, Dhaka-1215
<b>Tax Consultants</b>	<b>Mahfel Huq &amp; Co.</b> Chartered Accountants BGIC Tower (4 <sup>th</sup> Floor), 34 Topkhana Road, Dhaka-1000
<b>Legal Advisor</b>	<b>Barrister Margub Kabir</b> Advocate, Supreme Court of Bangladesh Huq & Co. 47/1, Purana Paltan, Dhaka-1000
<b>Rating Agency</b>	<b>Alpha Credit Rating Limited</b> Sadharan Bima Bhaban-2 139, Motijheel C/A, Dhaka-1000
<b>Corporate Governance Auditor</b>	<b>MABS &amp; J Partners</b> Chartered Accountants SMC Tower (7th Floor), 33 Banani C/A, Road #17, Dhaka 1213
<b>Manager to the Right Issue</b>	<b>LankaBangla Investments Limited</b> Assurance Nazir Tower, Level-06, 65/B, Kemal Ataturk Avenue, Banani, Dhaka - 1213
<b>Bankers to the Rights Issue</b>	<b>Southeast Bank Limited</b> Eunoos Trade Center 52-53, Dilkusha, C/A, Dhaka-1000

## Highlights of The Rights Offer [See Rule-8(c)]

### THE COMPANY

Pragati Life Insurance Limited (PLIL) is a third-generation life insurance company established on January 30, 2000 as a public limited company under the Companies Act, 1994 with the philosophy of maintaining competitiveness, balanced with prudent management and fairness to all policyholders. The company obtained registration from the Department of Insurance on April 11, 2000 under the Insurance Act, 1938 (now Insurance Act 2010) to carry out insurance business. The company went for public issue in 2005 and are listed in both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Pragati Life has re-insurance agreement with world's largest reinsurer-Munich Reinsurance Company, Germany since its inception. Pragati Life is also the first insurance company in Bangladesh providing status of policies through Push-Pull (SMS) service for its policyholders.

Pragati Life Insurance Limited (PLIL) was established with the vision of participating effectively in the process of providing financial security to the clients as well as to facilitate creation of long-term capital in the market. Pragati Life, in the process of materializing its vision, has been developing new customer oriented and innovative products developed by its own Actuarial Department. Within a short span of time, the Company has created a franchise value in the market by expanding its business network with a diversified product line throughout the country.

### MISSION

To produce and provide quality and innovative insurance product by maintain stringently ethical standard in business operation and ensuring benefit to the policyholders, shareholders and the society at large.

### VISSION

To be recognized as the leader among all life insurance companies in Bangladesh by applying high standards of integrity and responsibility in our activities. Our Success will be built on our absolute dedication to the satisfaction of our policyholders, through constant innovation, operational efficiency, prompt services, cost effectiveness and the talents of our people.

### CORPORATE FOCUS

To emphasize on the quality of product, process and services leading on growth of the company imbibed with good governance practices.

### DEDICATION OF SERVICE

To provide innovative products, specially designed to meet our objectives while furnishing you with safety, liquidity and a competitive rate of return at present and in the future. Pragati Life Insurance Limited (PLIL) is customer friendly and fully responsive to customer needs and expectations. PLIL carry out required research, analysis and survey to identify what the customers expect and the representatives of PLIL are not only committed to providing quality products but are also there to serve the customers even after the sale.



## NATURE OF BUSINESS

PLIL is engaged in the business of providing life insurance, pension and health business since its incorporation. The company offers a wide verity of insurance products to fulfill the requirements of the present as well as prospective policy holders. The product portfolio of the company feeds the following insurance lines:

- (a) Individual Product Line (IPL)
- (b) Pragati Bima & Pragati Islami Bima Division (PB & PIBD)
- (c) Group Life & Health Insurance (GL & HI)
- (d) Islami Jibon Bima (Takaful)
- (e) Islami Deposit Pension Scheme (IDPS)

## SUBSIDIARIES OF PLIL

Pragati Life Insurance Limited (PLIL) has no subsidiary or associate company.

## THE RIGHTS ISSUE

The Board of Directors of Pragati Life Insurance (PLIL) in its 133<sup>th</sup> meeting held on October 20, 2019 recommended Rights Offer of 15,351,551 Ordinary shares of Tk. 10 each at an issue price of Tk. 15 each including a premium of Tk. 5 per share, totaling Tk. 230,273,265.00 to be offered on the basis of 01(one)[R]:01(one) i.e. 01 (one) Rights share against 01 (one) existing shares held on the record date based on the outstanding 15,351,551 shares including 15% Stock Dividend for the year 2018. The recommendation of the board was approved in the EGM held on December 10, 2019.

## ISSUE PRICE

At Extraordinary General Meeting (EGM) held on December 10, 2019, the honorable shareholders of the Company approved rights offer of 15,351,551 Ordinary Shares of Tk. 10 each issuing at Tk. 15 each, including a premium of Tk. 5 per share, subject to approval of the Bangladesh Securities and Exchange Commission (BSEC), to be offered on the basis of 01(one)[R]:01(one) i.e. 01 (one) Rights share against 01 (one) existing shares held on the record date.

## Risk Factors and Management Perception About the Risks [See Rule-8(c)]

Risk is always associated with investments and investing in the company involves inherent risk factors. There are a number of factors, both specific to Pragati Life Insurance Limited and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment. Some of these factors can be mitigated by the use of safeguards and appropriate managerial action. However, many are outside the control of the Company and cannot be mitigated. The objective of risk management system of the Company is to identify measure and manage risks in order to ensure the company's asset quality and protect between of our stakeholders.

The information given below does not assert to be exhaustive. Additional risks or uncertainties are presently not known to the company or that are currently deemed immaterial may also have a material adverse effect on the Company's business, financial condition and operating results. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

Prior to accepting their Entitlements, Applicants should carefully consider the following risk factors, as well as the other information contained in this right offer documents.

### Interest Rate Risks

Interest rate risk is the risk that company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

#### *Management Perception:*

*The company has so far been excellent in managing its own funds from business and did not had to depend on borrowed fund for running its operation.*

### Exchange Rate Risks

Exchange rate risk occurs due to changes in currency exchange rates which may influence the result of operations for companies which are involved in foreign currency transaction.

#### *Management Perception:*

*Pragati Life Insurance Limited does not have any foreign currency transaction. Thus, such risk would not arise.*

### 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.

#### *Management Perception:*

*Though liberalization of insurance policy by government may be encouraging to new entrants resulting tough competition, Pragati Life Insurance Limited 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 in the industry by its attractive earning performance.*

### Market Risks

Market risk refers to the risk of adverse market conditions affecting the business of the company. Mostly, the risk arises from falling demand for the service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

#### *Management Perception:*

*Although Pragati Life Insurance Limited cannot avoid all adverse impacts of the market yet, strong management, timely and quality service has enabled the company to capture significant market share in the sector. And the company is continuously penetrating the market and upgrading the quality of their service to minimize the risk.*

#### Technology Related Risks

Technology always plays a vital role for each and every type of business. Although life insurance business is a relatively low-tech industry, any sophisticated integrated software by other competitors may give them competitive edge on the company as far as MIS and quality service is concerned.

#### *Management Perception:*

*The Company is aware of technological changes and has adopted new technology according to its business needs which makes the company comparable to that of its competitors in line with the insurance business.*

#### Risk associated with 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. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

#### *Management Perception:*

*The Government of Bangladesh holds commitment for freedom from economic emancipation of the nation, which can be achieved through maintaining sustainable industrial growth. As insurance industry is a vital sector in our economy and the growth of any economy depends on all the sectors, unless any policy change that may negatively and materially affect the industry as a whole, the business of the Company is expected not to be affected. As it is a thrust sector, it is highly unlikely that the Government will frustrate the growth of the industry with adverse policy measures.*

#### Risk associated with Potential Changes in Global or National Policies

The performance of the Company may be affected due to unavoidable circumstances both in Bangladesh and worldwide, such as war, tourism, political unrest in the country or customer countries. Changes in global or national policies may also adversely affect the economy in general.

#### *Management Perception:*

*The risk due to changes in global or national policies is beyond control of any company. The management of the company is always concerned about the prevailing and future changes in the global and national policy and shall respond appropriately and timely to safeguard its interest. The company's strong brand image and diverse customer base will enable it to withstand any such potential threats.*

#### History of Non-Operation, if any

Is there any history for the Company to become non-operative from its commercial operation?

#### *Management Perception:*

*Pragati Life Insurance Limited was incorporated in Bangladesh as a Public Limited Company as on January 30, 2000 under the Companies Act 199. The company obtained registration from the Department of Insurance on April 11, 2000 under the Insurance Act, 1928 (Insurance Act 2000) and since its inception it has no history of non-operation till now. The Company is an Independent entity which is operated by its Memorandum & Articles of Association and within the jurisdiction applicable laws Implemented by the Government. Besides, the Company's financial strength is satisfactory. So, the chance of becoming non-operative for the Company is low.*

#### Operational Risks

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

#### *Management Perception:*

*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 track record of the Company's financial statements.*

## Date & Time of Opening and Closing of Subscription [See Rule-8(d)]

Subscription opens for the Rights Share Offer on **September 24, 2020** and subscription closes for the rights share offer on **October 20, 2020**.

## Purpose of Raising Fund through Rights Issue [Rule-8(e)]

Pragati Life Insurance Limited is one of the leading life Insurance Company in Bangladesh, which provides diversified life insurance services. The authorized capital of the company is Tk. 1,000,000,000. The shareholders of the company approved 15% stock dividend and 15% cash dividend for the year end 2018 in the 19th AGM held on August 25, 2019. After that the paid-up capital of the company stood at Tk. 153,515,510 as on rights share offer document date.

As per Insurance Act, 2010 (schedule-1) paid-up capital of life Insurance Company should be raised up to Tk. 300.00 million (thirty crore). The company desires to meet up regulatory requirements of paid up capital and in this connection has declared to increase its paid-up capital up to Tk. 307,031,020 from Tk. 153,515,510 by way of issuing 15,351,551 number of rights share @ Tk. 10 per share total Tk. 153,515,510 (excluding premium).

**Sd/-**  
**Md. Jalalul Azim**  
Managing Director & CEO

**Sd/-**  
**Chandra Shekhar Das, FCA**  
Chief Financial Officer

## AGM Held and Dividend Declared in Last Five Years

Accounting year	AGM Title	Date of AGM Held and Dividend Declared	Declared Dividend	
			Stock	Cash
2014	15 <sup>th</sup> AGM	September 29, 2015	5%	17%
2015	16 <sup>th</sup> AGM	September 28, 2016	-	-
2016	17 <sup>th</sup> AGM	September 28, 2017	17%	8%
2017	18 <sup>th</sup> AGM	September 27, 2018	10%	15%
2018	19 <sup>th</sup> AGM	August 25, 2019	15%	15%

**Sd/-**  
**Md. Jalalul Azim**  
Managing Director & CEO

**Sd/-**  
**Chandra Shekhar Das, FCA**  
Chief Financial Officer

## Names of Services Rendered by The Company [See Rule-8(f)]

Pragati Life Insurance Limited (PLIL) being a leading life insurance company in Bangladesh plays a vital role in life insurance sector and offers a varied list of services in accordance with the popular requirements of the insurance sector. PLIL is engaged in the business of providing life insurance, pension and health business since its incorporation. The product portfolio of the company feeds the following insurance lines:

- (a) Individual Product Line (IPL)
- (b) Pragati Bima & Pragati Islami Bima Division (PB & PIBD)
- (c) Group Life & Health Insurance (GL & HL)
- (d) Islami Jibon Bima (Takaful)
- (e) Islami Deposit Pension Scheme (IDPS)

## Justification for The Issue Price of Rights Shares [See Rule-8(g)]

The rights issue price of Tk. 10 each issuing at Tk. 15 each, including a premium of Tk. 5 per share is justified as per the guidelines of the Bangladesh Securities and Exchange Commission (BSEC) as detailed below:

### Method 1: Net Asset Value (NAV) per share

The Net Assets Value (NAV) per share based on audited accounts as at December 31, 2018 of the Company stands at **BDT 32.43** after adjustment of 15% stock dividend. The calculation of Net Asset Value per share in different approaches are given below:

Sl. No.	Particulars	As at 31-Dec-18 Amount in BDT
1	Loans on Insurers' Policies within their Surrender value	34,444,058
2	Statutory Deposit with Bangladesh Bank	19,000,000
3	Bangladesh Govt. Treasury Bond	1,834,000,000
4	VIPB Accelerated Income Unit Fund	9,475,250
5	HFAML Unit Fund	9,999,765
6	UFS-Pragati Life Unit Find	9,890,000
7	Investment in Bonds	294,383,245
8	Investment in Shares	481,527,971
9	Outstanding Premium	183,877,825
10	Interest, Dividends & Rents accrued but not due	134,768,937
11	Advances & Deposits	281,274,359
12	Sundry Debtors	88,943,338
13	Cash & Bank Balances	2,298,194,123
14	Stamps, Printing and Stationery in Hand	8,172,652
15	Fixed Assets	73,397,273
16	Intangible Assets	1,133,996
<b>A.</b>	<b>Total assets</b>	<b>5,762,482,792</b>
1	Estimated liabilities in respect of outstanding claim whether due or intimated	7,064,352
2	Amount due to other person or bodies carrying on insurance business	68,450,463
3	Sundry creditors	285,742,992
4	Premium Deposits	10,881,797
5	Policy holders liability (As per actuarial valuation report of 2018)	4,892,548,825
<b>B.</b>	<b>Total liabilities</b>	<b>5,264,688,429</b>
<b>C.</b>	<b>Net assets (A-B)</b>	<b>497,794,363</b>
D.	Number of shares as per audited accounts as on 31 December 2018	13,349,175
<b>E.</b>	<b>Net assets value (NAV) per share (C/D)</b>	<b>37.29</b>
F.	Number of shares after considering 15% stock dividend for the year end 31 December 2018	15,351,551
<b>G.</b>	<b>Net Assets Value (NAV) per Share (C/F) after considering 15% stock dividend for the year end 31 December 2018</b>	<b>32.43</b>

**Note:** According to section 30 (1) of Insurance Act, 2010, every Life Insurance Company is to have an actuarial valuation once in a year. As the valuation of liabilities was made for the year end 31 December 2018, so NAV has been calculated on the basis of actuarial valuation of 31 December 2018.

Again, under Equity Method, Net Asset Value (NAV) per share based on audited accounts as at December 31, 2018 of the Company stands at **BDT 32.43** after adjustment of 15% stock dividend.

Sl. No.	Particulars	As at 31-Dec-18 Amount in BDT
A	Paid up capital as per audited accounts as on 31 December 2018	133,491,750
B	Fair Value Change Account	(292,554,742)
C	Accumulated Surplus from Actuarial Valuation report as on 31/12/2018	656,857,355
D	<b>Total Share holders' Equity</b>	<b>497,794,363</b>
E	Number of Shares as on 31 December 2018 as per audited accounts	13,349,175
F	Net Assets Value (NAV) per Share (D/E)	37.29
G	Number of Shares after considering 15% stock dividend for the year end 31 December 2018	15,351,551
H	<b>Net Assets Value per (NAV) Share (D/G) after considering 15% stock dividend for the year end 31 December 2018</b>	<b>32.43</b>

**Note:** According to section 30 (1) of Insurance Act, 2010, every Life Insurance Company is to have an actuarial valuation once in a year. As the valuation of liabilities was made for the year end 31 December 2018, so NAV has been calculated on the basis of actuarial valuation of 31 December 2018.

Method 2: Average Market Price per share for the last Six (6) Months

Market price of the share of Pragati Life Insurance Limited at the last trading day of preceding six months (September 2019 to February 2020) has been presented in the following table. The price of the shares remained much higher during the period under review than the issue price of BDT 15.00 per share, including premium of BDT 5.00 per share.

Sl. No.	Date	Market Performance	
		Face Value (BDT)	Closing Price (BDT)
1.	Market Price at September, 2019	10.00	140.80
2.	Market Price at October, 2019	10.00	136.20
3.	Market Price at November, 2019	10.00	137.80
4.	Market Price at December, 2019	10.00	126.30
5.	Market Price at January, 2020	10.00	114.30
6.	Market Price at February, 2020	10.00	108.60
Average Market Price		10.00	127.33

**Source: DSE Monthly Review, Closing Price**

The average price of preceding six months (September 2019 to February 2020) stands at **BDT 127.33**

Justification of Offer Price under different methods:

Name of Method	Amount in BDT
Net Assets Value per Share	32.43
Average Market Price	127.33

Based on the above-mentioned valuation methodologies as per Securities and Exchange Commission (Rights Issue) Rules, 2006, it appears that the offer price of BDT 10.00 each issuing at BDT 15.00 each including a premium of BDT 5.00 per share by the Company is quite justified and reasonable and also attractive to the shareholders.

Cash Flows Statement, Profit And Loss Account, Balance Sheet, Changes In Equity And Notes To The Accounts Of The Issuer, Together With Certificate From The Auditors As In Form-C [See Rule-8(h)]

**Independent Auditors' Report  
To the Shareholders of Pragati Life Insurance Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **Pragati Life Insurance Limited (the Company)**, which comprise the Balance Sheet as at 30 June 2019, Revenue Account, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2019, its financial performance and its cash flows for the period then ended in accordance with applicable International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs), the Companies Act (#18) 1994, the Insurance Act 1938 (as amended in 2010), the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with those requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibility described in the Auditors' Responsibilities for the audit of the Financial Statements section of our report, including in relation to those matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Key Audit Matter	How our audit addressed the key audit matter
<b>Contingencies relating to income tax</b> <i>(refer to note 3.06.01 of the financial statements)</i>	
<p>Contingent liabilities are current or possible obligations arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. The company has pending tax assessments for the assessment year 2012-2013, 2013-2014, 2014-2015 and 2015-2016. The aggregate claim is Tk. 179,465,443. The Company is contesting the case in different stages of appeal in the tax office and confident that the verdict will be in their favor. The Company has paid advance tax (AIT) of Tk. 221,465,089 standing as on 30 June 2019 (refer note-18.01).</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding the process of estimating, recording and reassessing tax provision and contingencies.</li> <li>• Analyzing the reports on open tax assessments prepared by the company's tax advisors to understand the position and conclusions made by the Company.</li> <li>• Inspecting the correspondence with tax authorities, where available.</li> <li>• We also assessed the adequacy of the Company's financial statements disclosure in respect of the tax positions and contingent liabilities.</li> </ul>
<b>Provision for income tax</b> <i>(refer to Revenue Account and note 8 of the financial statements)</i>	
<p>Provision for income tax requires consideration of incomes from both 'actuarial surplus' and 'gross external incomings' in accordance with the 4<sup>th</sup> Schedule of the Income Tax Ordinance (ITO 1984). For this purpose after the year-end, the appointed Actuary of the Company provides a summary and valuation of the policies as per 'Form H' as stated in the Insurance Act 1938 (as amended in 2010). Policy liability (as per actuarial valuation) amount in excess of the 'Life Fund as reported in the Financial Statements' is referred to as 'actuarial surpluses'. Also the income from 'gross external incomings less management expense' is derived. As per the ITO 1984, tax has to be calculated on the higher base comparing between the incomes from 'actuarial surplus' and 'gross external incomings' at the rate applicable considering the allowable deductions as per the 4<sup>th</sup> Schedule of the said Ordinance. The Company has not made any tax provision for the period under review.</p>	<p>We reviewed the tax calculation work flows and related details. To be specific, our substantive testing procedures included the following:</p> <ul style="list-style-type: none"> <li>• We made sure that tax was calculated on the higher base comparing between the incomes from actuarial surpluses and 'gross external incomings'.</li> <li>• Actuarial surplus was derived properly taking into consideration the approved Form H by the appointed Actuary.</li> <li>• Incomes from 'gross external incomings' were derived properly.</li> <li>• Deductions as allowable by the 4<sup>th</sup> Schedule of ITO 1984 were applied duly.</li> </ul>
<b>Valuation of investments in shares</b> <i>(refer to note 15 of the financial statements)</i>	
<p>The company has investment in shares and FDRs. Investment in shares represents 10.85% of total investments. Given the ongoing market volatility and macroeconomic uncertainty, investment valuation continues to be an area of inherent risk.</p>	<p>We performed the following audit procedures over the valuation of investments in shares:</p> <ul style="list-style-type: none"> <li>• We understood and tested the methodology in place to determine the fair value of investments in shares.</li> </ul>

There is a material departures from the requirements of IFS-9: Financial Instruments which is disclosed in Note 2.01	<ul style="list-style-type: none"> <li>• We tested adjustments made to the market capitalization and underlying data inputs on a sample basis.</li> <li>• We assessed the disclosures in the financial statements.</li> </ul> <p>As per IDRA circular no. 4/2012 dated 11 June 2012, unrealized gains/losses arising due to changes in the fair value of the listed equity shares should be taken under Fair Value Change Account in the Balance Sheet.</p>
<b>Valuation of Policy Liabilities</b> <i>(refer to note 3.23 of the financial statements)</i>	
<p>As per section 30 of the Insurance Act 2010, every insurer carrying on life insurance business shall, at least once in every year cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by it, including a valuation of its liabilities in such manner as may be prescribed by regulations and shall cause an abstract of the actuarial report to be made in such form and manner as may be prescribed in regulations.</p> <p>Pragati Life Insurance Limited made such Actuarial Valuation in each year subject to approval of Basis by Insurance Development and Regulatory Authority (IDRA).</p>	<p>The work to address the valuation of life fund included the following procedures:</p> <ul style="list-style-type: none"> <li>• We understood the governance process in place to determine the life fund, including testing the associated financial reporting control framework.</li> <li>• Using the certificate of the Company's actuarial certificate, we applied our industry knowledge and experience and we compared the methodology, models and assumptions used against recognized actuarial practices.</li> <li>• We assessed the disclosures in the financial statements and assumptions for the life fund given their significance to the Company's result and the level of judgment involved by the Company.</li> </ul>
<b>Valuation of outstanding claims</b> <i>(refer to note 6 of the financial statements)</i>	
<p>Outstanding claims include outstanding death claim, outstanding maturity claim and outstanding survival benefit, which is due to or intimated during the period.</p> <p>As disclosed in Note 3.09 claim cost consists of the policy benefit amount and claim settlement cost, where applicable. Death claims are accounted for on receipt of intimation. Annuity benefits and Maturity benefits are accounted when due. Surrenders are accounted for on the receipt of consent from the insured to the quote prescribed in the policy deed provided by the Company.</p>	<p>To test the valuation of the insurance contract liabilities, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We evaluated and tested controls around the claim handling and reserving.</li> <li>• To test the reasonableness of the Company's estimation process, or a sample of claims, we compared actual claim payments in the year to the prior year claims estimate provisions and no material differences were noted.</li> <li>• Verified the validity of claims outstanding by testing on sample basis of claims with the available supporting documents.</li> </ul>
<b>Re-insurance and other recoveries</b> <i>(refer to note 7 of the financial statements)</i>	
The company has extensive re-insurance arrangements with Munich Re-insurance company	Our audit procedures included amongst others:

designed to protect its aggregate exposure to risky claim events.	<ul style="list-style-type: none"> <li>• Testing, for a sample of contracts, how the re-insurance claims accounted for including their processing.</li> <li>• Evaluating a sample of the transactions processed relating to the re-insurance contracts, we tested the consistency of the contract terms to the criteria for the recognition of the transaction contained in those requirements.</li> </ul>
<b>Revenue Recognitions</b> (refer to note 3.01)	
Revenue is one the key areas of audit. It is significant by nature. There are various risks involved in manipulation of revenues. The Company followed applicable IFRS in revenue recognition and carefully maintained internal controls over the recording of the revenue in the books of account.	<p>The work that we performed to address this key audit matter included the following procedures:</p> <ul style="list-style-type: none"> <li>• We assessed whether the revenue recognition policies complied with IFRS and tested the implementation of those policies.</li> <li>• We evaluated the relevant revenue recognition systems and tested the operating effectiveness of the internal controls over the recording of the revenue in the current period.</li> <li>• We also tested a risk based sample of journal entries posted to revenue accounts to identify any unusual and irregular items.</li> </ul>
<b>Going Concern</b> (refer to note 2.07)	
Financial Statements have been prepared on going concern basis. As per management assessment there is no material uncertainty related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern.	<p>We have reviewed carefully the Company's such assumptions and disclosures and do not have any adverse comments to make.</p> <p>Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.</p>

### Management's Responsibility on Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not and shall not express any form of assurance conclusion thereon.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with applicable International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), the Companies Act (#18) 1994, the Insurance Act 1938 (as amended in 2010), the Bangladesh Securities and Exchange Rules 1987 and other laws and regulations applicable for the life insurance companies in Bangladesh

and for such internal control as management determines is necessary to enable the preparation of financial statements that 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with applicable International Standard on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act (#18) 1994, the Insurance Act 1938 (as amended in 2010), the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- c) As per section 62(2) of the Insurance Act 1938 (amended in 2010), in our opinion to the best of our knowledge and belief and according to the information and explanation given to us all expenses of management wherever incurred directly or indirectly, in respect of insurance business of the Company transacted in Bangladesh during the year under report have been duly debited to the Revenue Accounts of the Company;
- d) The information and explanations required by us have been received and found satisfactory;
- e) As per the Insurance Act 2010, we certify that to the best of our information and as shown by its books, the company during the year under report has not paid any person any commission in any form outside Bangladesh in respect of any of its business re-insured abroad apart from commission arising out of the re-insurance treaties.;
- f) The Balance Sheet and Revenue Account, Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of account and returns;
- g) The expenditure was incurred for the purpose of the Company's business; and
- h) The company has complied with relevant laws and regulations pertaining to reserves.

Dated: Dhaka, 25 August 2019

**Sd/-**  
**Hoda Vasi Chowdhury & Co**  
**Chartered Accountants**

**PRAGATI LIFE INSURANCE LIMITED**  
**BALANCE SHEET**  
As at 30 June 2019

	NOTES	30-Jun-19 TAKA	31-Dec-18 TAKA		NOTES	30-Jun-19 TAKA	31-Dec-18 TAKA
<b>SHARE CAPITAL AND LIABILITIES</b>				<b>PROPERTY AND ASSETS</b>			
<b>SHAREHOLDERS' CAPITAL</b>				<b>LOANS</b>			
<b>AUTHORISED</b>				On Insurers' Policies within their surrender value			
25,000,000 Ordinary Shares of Tk.10 each		250,000,000	250,000,000		11.00	41,523,713	34,444,058
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>				<b>INVESTMENT</b>			
13,349,175 Ordinary Shares of Tk.10 each	4.00	133,491,750	133,491,750	Statutory Deposit with Bangladesh Bank	12.00	19,000,000	19,000,000
fully paid up in cash				Bangladesh Govt. Treasury Bond	13.00	1,837,800,000	1,834,000,000
				VIPB Accelerated Income Unit Fund		9,339,350	9,475,250
				HFAML Unit Fund		9,915,645	9,999,765
				UFS-Pragati Life Unit Fund		10,000,000	9,890,000
				Investment in Bond	14.00	233,963,011	294,383,245
				Investment in Shares	15.00	486,861,704	481,527,971
						<b>2,606,879,710</b>	<b>2,658,276,231</b>
<b>BALANCE OF FUNDS AND ACCOUNTS</b>				Outstanding Premium	16.00	369,958,550	183,877,825
Life Insurance Fund	5.00	5,650,760,339	5,549,406,180	Interest, Dividends and Rents Accruing but not due	17.00	146,517,636	134,768,937
				Advances & Deposits	18.00	316,874,745	281,274,359
<b>LIABILITIES AND PROVISIONS</b>				Sundry Debtors	19.00	101,679,172	88,943,338
Estimated liabilities in respect of outstanding							
claims, whether due or intimated	6.00	8,065,045	7,064,352	<b>CASH AND BANK BALANCES</b>			
Amount due to other persons or bodies				On Fixed Deposit with Banks & Financial Institutes	20.00	2,036,663,250	1,961,908,747
carrying on insurance business	7.00	45,126,444	68,450,463	On Short Term Deposit with Banks	21.00	112,779,041	183,396,962
<b>Sundry Creditors</b>	8.00	327,471,029	285,742,992	On Current Account with Banks	22.00	35,238,190	43,877,609
				Cash in Hand	23.00	22,787,760	109,010,805
<b>Premium Deposits</b>	9.00	13,086,121	10,881,797			<b>2,207,468,241</b>	<b>2,298,194,123</b>
<b>Fair Value Change Account</b>	10.00	(302,637,591)	(292,554,742)	<b>OTHER ACCOUNTS</b>			
				Stamps, Printing & Stationary in Hand	24.00	8,517,246	8,172,652
				Fixed Assets (At Cost Less Depreciation)	Sch.-1	67,108,841	73,397,273
				Intangible Assets (At Cost Less Amortization)	Sch.-1	8,835,283	1,133,996
						<b>5,875,363,137</b>	<b>5,762,482,792</b>
		<b>5,875,363,137</b>	<b>5,762,482,792</b>				

1. Independent Auditors' Report- Pages 1 to 7.

2. The annexed Notes 1 to 46, "Annexure-1", "Schedule-1" and "Directors' Certificate" form an integral part of these financial statements.

Sd/-  
Company Secretary

Sd/-  
Chief Executive Officer

Sd/-  
Director

Sd/-  
Director

Sd/-  
Chairman

As per our report of same date

Sd/-

Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dated: Dhaka, 25 August 2019

**PRAGATI LIFE INSURANCE LIMITED**

**REVENUE ACCOUNT**

**For the Half Year Ended 30 June 2019**

	NOTES	For the half year ended			NOTES	For the half year ended	
		Jan to Jun-19	Jan to Jun-18			Jan to Jun-19	Jan to Jun-18
		Taka	Taka			Taka	Taka
<b>INCOME</b>				<b>EXPENDITURE</b>			
Balance of Life Fund at the beginning of the year		5,549,406,180	5,216,451,077	<b>CLAIMS UNDER POLICIES (INCLUDING PROVISION FOR CLAIMS DUE OR INTIMATED), LESS RE-INSURANCE:</b>	28.00		
<b>PREMIUM LESS RE-INSURANCE</b>	25.00			Death		16,122,033	9,043,533
First Year Premium		310,616,028	252,788,223	Maturity		480,015,469	279,330,232
Renewal Premium		638,034,031	435,738,702	Survival Benefit		168,456,909	119,854,254
Group Insurance Premium		551,902,780	471,998,680	Surrender Claim		15,020,614	10,597,248
<b>Gross Premium</b>		<b>1,500,552,839</b>	<b>1,160,525,605</b>	Pension Claim		1,648,305	599,048
Less: Re-insurance Premium		9,683,750	14,175,000	Group Claim		457,576,112	301,730,785
<b>Net Premium</b>		<b>1,490,869,089</b>	<b>1,146,350,605</b>			<b>1,138,839,442</b>	<b>721,155,100</b>
Interest, Dividends and Rents	26.00	236,767,080	197,602,341	<b>Expenses of Management</b>			
Other Income	27.00	4,286,930	4,405,623	<b>Commissions:</b>			
				(a) Commissions to Insurance Agents			
				(Less that on Re-insurance)		145,909,695	81,979,331
				(b) Allowances and Commissions (other than commission including in sub-item (a) preceding)		113,947,240	108,483,938
						<b>259,856,935</b>	<b>190,463,269</b>
				Salaries etc. (Other than to Agents and those Contained in the Allowances and Commissions)		102,111,650	90,128,999
				Festival Bonus		5,816,108	5,420,807
				Companies Contribution to Employees P.F.		2,593,096	2,068,024
				Travelling and Conveyance		7,074,263	7,092,071
				Directors' Fees		1,100,000	595,000
				Medical Fees		1,020,212	1,196,288
				Legal and Professional Fees	29.00	1,288,118	1,191,695
				Insurance Policy Stamp		4,082,403	4,057,038
				Advertisement and Publicity		4,145,793	4,495,859
				Printing and Stationery	30.00	3,991,752	3,902,187
				Office Rent	31.00	31,655,949	31,172,672
				Bank Charges		3,131,850	2,234,727
				Repairs and Maintenance		12,476,780	11,805,289
				Car Fuel, Maintenance & Repairs	32.00	9,687,122	8,523,555
				Group Insurance Premium		1,416,000	1,636,000
				Hospitalization Insurance Premium		741,019	595,640
				Papers, Periodicals and Books		24,248	43,208
				Telephone, Fax and Internet		3,599,966	3,111,317
				Electricity & Utility Expenses		2,550,637	2,738,700
				Training and Recruitment Expenses		2,504,142	1,405,327

INCOME	NOTES	For the half year ended	
		Jan to Jun-19	Jan to Jun-18
		Taka	Taka
<b>First year premium, where the maximum premium paying period is:</b>			
Single		1,550,457	1,158,295
Two Years		-	-
Three Years		-	-
Four Years		-	-
Five Years		-	-
Six Years		-	-
Seven Years		497,645	249,396
Eight Years		-	-
Nine Years		-	-
Ten Years		4,769,854	1,977,036
Eleven Years		9,251,777	11,296,385
Twelve Years & Above		294,546,295	238,107,111
		<b>310,616,028</b>	<b>252,788,223</b>
		<b><u>7,281,329,279</u></b>	<b><u>6,564,809,646</u></b>

EXPENDITURE	NOTES	For the half year ended	
		Jan to Jun-19	Jan to Jun-18
		Taka	Taka
Auditors' fee		316,250	-
Entertainment		1,908,813	1,634,901
Postage and Courier		909,416	913,637
Business Development Expenses		6,577,978	5,517,396
Company Registration (Renewal) Fee	33.00	1,333,745	4,437,518
Revenue Stamp & Non Judicial Stamp		935,300	551,120
Fees & Subscriptions		613,992	196,656
Donations		555,000	411,900
CDBL Related Charges		-	84,882
Conference		5,824,970	5,493,738
AGM Expenses		-	72,000
Meeting, Seminar & Symposium		962,530	636,666
Gratuity		649,597	316,533
Depreciation and Amortization	34.00	10,273,864	11,681,461
		<b>231,872,563</b>	<b>215,362,811</b>
		<b>491,729,498</b>	<b>405,826,080</b>
<b>Other Expenses</b>			
Income Tax	8.00	-	-
<b>Appropriations</b>			
Dividend		-	-
<b>Balance of the fund at the end of the year as shown in the Balance Sheet</b>		<b>5,650,760,339</b>	<b>5,437,828,466</b>
		<b><u>7,281,329,279</u></b>	<b><u>6,564,809,646</u></b>

1. Independent Auditors' Report- Pages 1 to 7.

2. The annexed Notes 1 to 46, "Annexure-1", "Schedule-1" and "Directors' Certificate" form an integral part of these financial statements.

Sd/-  
Company Secretary

Sd/-  
Chief Executive Officer

Sd/-  
Director

Sd/-  
Director

Sd/-  
Chairman

As per our report of same date

Dated: Dhaka, 25 August 2019

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants



**PRAGATI LIFE INSURANCE LIMITED**  
**FORM-"AA"**  
**Classified Summary of the Assets in Bangladesh**  
**As at 30 June 2019**

<u>CLASS OF ASSETS</u>	<u>Notes</u>	<u>BOOK VALUE</u> <u>Taka</u>	<u>MARKET VALUE</u> <u>Taka</u>	<u>REMARKS</u>
<b>Loans</b>				
On insurer's Policies within their surrender value	11	<b>41,523,713</b>	<b>41,523,713</b>	Realizable Value
<b>Investment</b>				
Statutory Deposit with Bangladesh Bank	12	19,000,000	19,000,000	At cost
Bangladesh Govt. Treasury Bond	13	1,837,800,000	1,837,800,000	At cost
Investment in Shares	15	788,780,975	486,861,704	Market Value
VIPB Accelerated Income Unit Fund		9,973,550	9,339,350	Market Value
UFS-Pragati Life Unit Fund		10,000,000	10,540,000	At cost
HFAML Unit Fund		9,999,765	9,915,645	Market Value
Investment in Bond	14	233,963,011	233,963,011	At cost
		<b>2,909,517,301</b>	<b>2,607,419,710</b>	
<b>Cash, Bank &amp; Other Balances</b>				
On Fixed Deposit with Banks & Financial Institutes	20	2,036,663,250	2,036,663,250	Realizable Value
Cash in Hand, STD & Current Account with Banks	21,22,23	170,804,991	170,804,991	Realizable Value
Interest, Dividends & Rents accrued but not due	17	146,517,636	146,517,636	Realizable Value
		<b>2,353,985,877</b>	<b>2,353,985,877</b>	
<b>Other Assets</b>				
Stamps, Printing & Stationery in Hand	24	8,517,246	8,517,246	At Average Cost
Outstanding Premium	16	369,958,550	369,958,550	Realizable Value
Advances & Deposits	18	316,874,745	316,874,745	Realizable Value
Sundry Debtors	19	101,679,172	101,679,172	Realizable Value
Fixed Assets (At cost less depreciation)	Sch-1	67,108,841	67,108,841	Depreciated Value
Intangible Assets (At cost less amortisation)	Sch-1	8,835,283	8,835,283	Amortized Value
		<b>872,973,837</b>	<b>872,973,837</b>	
		<b>6,178,000,728</b>	<b>5,875,903,137</b>	

1. Independent Auditors' Report- Pages 1 to 7.

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Sd/-  
Company Secretary

Sd/-  
Chief Executive Officer

Sd/-  
Director

Sd/-  
Director

Sd/-  
Chairman

Dated: Dhaka, 25 August 2019

**PRAGATI LIFE INSURANCE LIMITED**  
**Statement of Life Insurance Fund**  
**As at 30 June 2019**

		<b>"Annexure-1"</b>	
<b>ASSETS</b>	<b>Notes</b>	<b>30-Jun-19</b>	<b>31-Dec-18</b>
		<b>TAKA</b>	<b>TAKA</b>
Loans on Insurers' Policies within their Surrender Value	11.00	41,523,713	34,444,058
Statutory Deposit with Bangladesh Bank	12.00	19,000,000	19,000,000
Investment- Bangladesh Govt. Treasury Bond	13.00	1,837,800,000	1,834,000,000
Investment in Shares	15.00	486,861,704	481,527,971
UFS-Pragati Life Unit Fund		10,000,000	9,890,000
HFAML Unit Fund		9,915,645	9,999,765
VIPB Accelerated Income Unit Fund		9,339,350	9,475,250
Investment in Bonds	14.00	233,963,011	294,383,245
Outstanding Premium	16.00	369,958,550	183,877,825
Interest, Dividends & Rents accrued but not due	17.00	146,517,636	134,768,937
Advances & Deposits	18.00	316,874,745	281,274,359
Sundry Debtors	19.00	101,679,172	88,943,338
Cash & Bank Balances		2,207,468,241	2,298,194,123
Stamps, Printing and Stationery in Hand		8,517,246	8,172,652
Fixed Assets (at cost less depreciation)	Sch-1	67,108,841	73,397,273
Intangible Assets (At cost less amortisation)	Sch-1	8,835,283	1,133,996
		<b>5,875,363,137</b>	<b>5,762,482,792</b>
<b>LESS: LIABILITIES</b>			
Amount due to other persons or bodies carrying on insurance business	7.00	45,126,444	68,450,463
Estimated liabilities in respect of outstanding claims whether due or intimated	6.00	8,065,045	7,064,352
Sundry Creditors	8.00	327,471,029	285,742,992
Premium Deposits	9.00	13,086,121	10,881,797
		<b>393,748,639</b>	<b>372,139,604</b>
<b>GROSS FUND (Asset - Liabilities)</b>		<b>5,481,614,498</b>	<b>5,390,343,188</b>
Less: Shareholders' Capital (Paid-up Capital)	4.00	133,491,750	133,491,750
Add: Fair Value Change Account	10.00	302,637,591	292,554,742
<b>Life Insurance Fund as on 30 June 2019</b>		<b>5,650,760,339</b>	<b>5,549,406,180</b>

Note: Accretion to Life Insurance Fund during the year was Tk. 101,354,159

1. Independent Auditors' Report- Pages 1 to 7.

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Sd/-  
Company Secretary

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Chief Executive Officer

Sd/-  
Director

Sd/-  
Director

Sd/-  
Chairman

Dated: Dhaka, 25 August 2019

**PRAGATI LIFE INSURANCE LIMITED**  
**Statement of Cash Flows**  
**For the Half Year Ended 30 June 2019**

	<b>Note</b>	<b>Jan-June'19 Taka</b>	<b>Jan-June'18 Taka</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Collection from Premium		1,314,472,114	1,167,276,418
Other Income received (12,800 + 430,331)	27.00	443,131	731,043
Payment for Claims		(1,137,838,749)	(723,047,134)
Payment for management expenses, commission, re-insurance and others		(502,648,186)	(310,481,409)
Source Tax (Income Tax) deducted		(12,726,121)	(7,234,335)
<b>Net Cash Flow from operating activities</b>	35.00	<b>(338,297,811)</b>	<b>127,244,583</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Fixed Assets		(11,686,719)	(6,779,906)
Disposal of Fixed Assets (3,843,799- Adjusted with salary Tk.3,837,549)	27.00	6,250	1,184,770
Loan against Policies paid (Net of Realization)		(7,079,655)	(2,472,962)
Investments		41,313,672	34,127,833
Interest, Dividends and Rents Received		225,018,381	174,878,515
<b>Net Cash Flow from investing activities</b>		<b>247,571,929</b>	<b>200,938,250</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend Paid		-	(124,246)
<b>Net Cash Flow from financing activities</b>		<b>-</b>	<b>(124,246)</b>
<b>D. Net increase in cash and cash Equivalents (A+B+C)</b>		<b>(90,725,882)</b>	<b>328,058,587</b>
<b>E. Cash and Cash Equivalents at the beginning of the year</b>		<b>2,298,194,123</b>	<b>1,906,349,447</b>
<b>F. Cash and Cash Equivalents at the end of the period (D+E)</b>		<b>2,207,468,241</b>	<b>2,234,408,034</b>

1. Independent Auditors' Report- Pages 1 to 7.

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Director

Sd/-  
Director

Sd/-  
Chairman

Dated: Dhaka, 25 August 2019

**PRAGATI LIFE INSURANCE LIMITED**  
**Statement of Changes in Shareholders' Equity**  
**For the Half Year Ended 30 June 2019**

Particulars	Share Capital	Share Premium	General Reserve	Other Reserve	Total
Balance as on 01 January 2019	133,491,750	-	-	-	133,491,750
Addition During the Period	-	-	-	-	-
<b>Balance as on 30 June 2019</b>	<b>133,491,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,491,750</b>
Balance as on 01 January 2018	121,356,140	-	-	-	121,356,140
Bonus Share for the Year 2017	12,135,610	-	-	-	12,135,610
<b>Balance as on 31 December 2018</b>	<b>133,491,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,491,750</b>

1. Independent Auditors' Report- Pages 1 to 7.

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Company Secretary

Sd/-  
Chief Executive Officer

Sd/-  
Director

Sd/-  
Director

Sd/-  
Chairman

Dated: Dhaka, 25 August 2019

**PRAGATI LIFE INSURANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at and for the half year ended 30 June 2019**

**1.00 LEGAL STATUS AND NATURE OF BUSINESS**

**1.01 Legal Status**

Pragati Life Insurance Limited is a third generation life insurance company established on 30<sup>th</sup> January 2000 as a public limited company under the Companies Act (#18) 1994 and registered under the Department of Insurance on 11<sup>th</sup> April 2000. The Company went for public issue in November 2005 and its shares are listed in both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

The registered office of the Company is situated at Pragati Insurance Bhaban, 20-21 Kawran Bazar (2nd, 3rd, 4th, 5<sup>th</sup> and 6th floor) Dhaka-1215.

**1.02 Nature of Business**

The Company is engaged in the business of providing life insurance, pension and health insurance business since its incorporation. The Company offers a wide variety of insurance products which fulfils the requirements of our present and prospective policy holders. The product portfolio of the Company feeds the following insurance lines:

- a) Individual Life Insurance
- b) Group Insurance
- c) Urban Project
- d) Micro-Insurance (Rural Insurance)
- e) Islami Jibon Bima (Takaful)
- f) Islami Deposit Pension Scheme (IDPS)

**2.00 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

**2.01 Statement of Compliance**

These financial statements have been prepared in accordance with

- Insurance Act 1938 (As amended in 2010),
- Insurance Rule 1958,
- The Companies Act (#18) 1994,
- Bangladesh Securities and Exchange Rules 1987,
- Listing Regulations of Dhaka and Chittagong Stock Exchanges,
- Income Tax Ordinance 1984,
- Income Tax Rules 1984,
- The Value Added Tax Act 1991,
- The Value Added Rules 1991,
- International Financial Reporting Standards (IFRS) which comprise;
  - (i) International Financial Reporting Standards
  - (ii) International Accounting Standards
  - (iii) Interpretations
- Any other laws, regulations, covenants, conventions and practices prevailing with the life insurance industry in Bangladesh.
- The titles and format of these financial statements have been prepared as prescribed in the Insurance Act 1938 (as amended in 2010), Insurance Rules 1958 and Bangladesh Securities and Exchange Commission Rules 1987.

- Where the requirement of the Companies Act (#18) 1994, The Insurance Act 1938 (as amended in 2010), Bangladesh Securities and Exchange Commission Rules 1987 differ with the requirements of these standards, the requirements of the Companies Act (#18) 1994, The Insurance Act 1938 (as amended in 2010), Bangladesh Securities and Exchange Commission Rules 1987 shall take precedence.

### **Application of International Financial Reporting Standards (IFRS)**

The Accounting and Financial reporting Standards that are applicable for the preparation of these financial statements for the year under review, include the following:

IAS-1 Presentation of Financial Statements  
 IAS-2 Inventories  
 IAS-7 Statement of Cash Flows  
 IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors  
 IAS-10 Event After the Reporting Period  
 IAS-12 Income Taxes  
 IAS-16 Property, Plant and Equipment  
 IAS-19 Employee Benefits  
 IAS-21 The Effect of Changes in Foreign Exchange Rates  
 IAS-24 Related Party Disclosure  
 IAS-34 Interim Financial Reporting  
 IAS-36 Impairment of Assets  
 IAS-37 Provisions, Contingent Liabilities and Contingent Assets  
 IAS-38 Intangible Assets  
 IFRS-4 Insurance Contracts  
 IFRS-7 Financial Instruments: Disclosures  
 IFRS-9 Financial Instruments  
 IFRS-13 Fair Value Measurement  
 IFRS-15 Revenue from contracts with customers  
 IFRS 16 Lease

Material departures from the requirements of IFRS is as under:

#### **Valuation of Investment in Shares:**

IFRS: As per requirements of IFRS- 9 investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “at fair value through OCI” where any change in the fair value (fair value is the lowest of the quoted closing price at the balance sheet date) at the year end is taken to profit and loss account or revaluation reserve respectively.

As per IDRA circular no. 4/2012 dated 11 June 2012, unrealized gains/losses arising due to changes in the fair value of the listed equity shares should be taken under Fair Value Change Account.

## **2.02 Basis of Presentation**

Financial Statements have been prepared under the historical cost convention on accrual basis (except Statement of Cash Flows) and except as disclosed in the accounting policies mentioned below.

## **2.03 The Functional and Presentation Currency**

The financial statements are prepared in Bangladeshi Taka, which is the Company’s functional currency.

## **2.04 Use of Critical Accounting Estimates and Judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions used in these financial statements are based upon management's evaluation of the relevant facts and circumstances on the date of the financial statements. Actual result may differ from the estimates. Any revision to the accounting estimate is recognized prospectively.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas where required assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- a) Useful life of depreciable assets.
- b) Impairment of assets.
- c) Re-insurance recoveries against outstanding claims.
- d) Provision for income taxes.
- e) Estimated liabilities and provisions.
- f) On insurance policies within their surrender value.
- g) Accrued income and accrued expenses.

However, assumptions and judgment made by management in the application of accounting policies that have significant effect on the financial statement are not expected to result in material adjustment to the carrying amount of assets and liabilities in the next year.

## **2.05 Reporting Period**

The financial period of the company cover one year from 01 January to 31 December every year and is followed consistently. These financial statements cover six months from 01 January to 30 June 2019.

## **2.06 Components of the Financial Statements**

The Financial Statements include the following components:

- a) Balance Sheet,
- b) Life Revenue Account,
- c) Statement of Cash Flows,
- d) Statement of Changes in Shareholders' Equity,
- e) Statement of Life Insurance Fund,
- f) Classified Summary of the Assets (Form AA),
- g) Accounting policies and Explanatory Information (including annexure and schedule),
- h) Director's Certificate.

## **2.07 Going concern**

The company has adequate resources to continue its operation for foreseeable future. As per management assessment there is no material uncertainty related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. For this reason the financial statements have been prepared on going concern basis.

### **3.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in preparation of these financial statements have been applied consistently over the years. Significant accounting policies adopted in preparation of these financial statements are set out below:

#### **3.01 Revenue Recognitions**

The Company followed “IFRS 15: Revenue from Contracts with Customers” in revenue recognition and carefully maintained internal controls over the recording of the revenue in the books of account. Revenue is net of VAT, re-insurance and it represents all business arising in Bangladesh.

##### **3.01.01 Premium**

An insurance premium is the amount of money that an individual or business must pay for an insurance policy. Premium is the principal source of revenue for insurance companies.

##### **3.01.02 Individual Life Policies**

- a) Individual life first year, renewal and single premiums are recognized once related policies are issued/renewed against receipt and realization of premium.
- b) Premium outstanding as at 30 June 2019, for which the grace periods has not been expired as on Balance Sheet date and collected subsequently by 01 July 2019 are also recognized as revenue.
- c) Uncollected premium from lapsed policies are not recognized as income until such policies are revived.

##### **3.01.03 Group Insurance Policies**

The premiums of Group policies are recorded after receipt of the premiums. However, Provision for outstanding premium for the accounting period represents premium receivable as on 30 June 2019 for which grace periods did not expire as on Balance Sheet date. The entire amount of outstanding premium has been realized subsequently.

#### **3.02 Reserve for Unexpired Risk-Group Business**

Gross premium proportionate to the unexpired duration of the period for which the respective premium have been billed and received are held as reserve for unexpired risk.

#### **3.03 Interest, Dividend and Rents**

- i. Interest income is recognized on accrual basis (except project loan) for the number of days these are held taking into account effective yield on the instruments, unless otherwise stated.
- ii. Dividend income is recognized when the dividend is received
- iii. Rental income is recognized on accrual basis, except the cases that are under litigation.
- iv. Accretion of discount and amortization of premium in respect of debt securities and other fixed income securities are amortized over the remaining period to maturity of such instruments on straight line basis.
- v. Profit/ (loss) arising on the sale of listed equity shares is recognized on the basis of the settlement date.



- vi. Policy loans against the security of life insurance policies are allowed to the policy holders to the extent of 90% of surrender value of the respective policy provided the policy has been in force for not less than two years.
- vii. Interest on policy loans are accounted for on cash receipt basis.
- viii. Realized gains and losses in respect of financial instruments, such as, investment in securities, units of mutual funds, and corporate bonds listed in the stock exchange are calculated as the difference between the net sales proceeds and their cost using the weighted average method, that is, profit or loss on sale of the listed financial instruments are recognized in the income statement on cost basis.
- ix. Income on debenture is recognized at prescribed rates except recovery is considered doubtful, in which case the income is recognized on a receipt basis.
- x. Interest incomes on bank deposits (FDR) are recognized on accrual basis.
- xi. Interest and dividend income are accounted for at gross value (before deduction of income tax).

### **3.04 Re-insurance premium**

The Company, since its inception maintains re-insurance arrangement with Munich Reinsurance, a German Company. The net retention of the company for individual life is Tk. 2 lac per policy and for Group life Tk. 10 lac per person of risk. Re-insurance premium is recorded as an expense evenly over the period of the reinsurance contract and off-set against the premium income of respective year. Provision has been made on the Basis of best available information.

Commission received on re-insurance ceded is recognized as income, and netted off against commission paid, in the period in which insurance premium is ceded.

### **3.05 Provisions**

A provision is recognized at the balance sheet date if, as a result of past events, the Company has a present legal or contractual obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions have been made against the loans and advances with small prospect of recovery. Provisions have not been made against the loans and advances for which legal cases instituted but remained pending for decision at the balance sheet date.

### **3.06 Contingencies and Commitments**

#### **3.06.01 Contingencies**

Contingencies arising from claim, litigation, tax assessment, fines, penalties, etc. are recognized when it is probable that the obligation has been incurred and the amount can be reasonably measured.

Contingent liabilities are current or possible obligations arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company.

- i. The company has pending tax assessments for the assessment year 2012-2013, 2013-2014, 2014-2015 and 2015-2016. The aggregate claim is Tk. 179,465,443. The Company is contesting the case in different stages of appeal in the tax office and confident that the verdict will be in their favor. The Company has paid advance tax (AIT) of Tk. 221,465,089

standing as on 30 June 2019 (refer note-18.01).

- ii. Bank guarantees of Tk. 2,812,679.30 has been given in respect of Small & Medium Enterprise Foundation, Grameen Phone Ltd, BD Steel & Engineering Corporation and National University. The bank guarantee will expire on 04/04/2019, 31/12/2019, 28/02/2020, 30/04/2020 and 03/07/2021 respectively.

### **3.06.02 Commitments**

There is no major capital expenditure commitment.

### **3.07 Premium Deposit**

Premium deposit represents premium received but risk has not yet been accepted because of the pending underwriting decision as at 30 June 2019.

### **3.08 Re-insurance**

- This represents the provisional amount payable to the re-insurer (Munich RE) for the 6 months ended on 30 June 2019. Provisions have been made on the basis of best available information.
- Re-insurance premium is recognized at the same time when the premium income is recognized. It is measured in line with the terms and conditions of the re-insurance treaties.
- Claim recoveries from re-insurer are recognized at the same time as the claims are intimated in line with the terms and conditions of the re-insurance arrangements.

### **3.09 Claims Cost**

- Claims cost consists of the policy benefit amount and claim settlement cost, where applicable.
- Death and rider claims are accounted for on receipt of intimation. Intimations up to the end of the period are considered for accounting of such claims.
- Annuity benefits and Maturity benefits are accounted when due.
- Surrenders are accounted for on the receipt of consent from the insured to the quote prescribed in the policy deed provided by the company.
- Maturity claims also include paid up value.
- Amount receivable from the re-insurers is accounted for in the same period as the related claim and is reduced from claims.

### **3.10 Fixed Assets & Depreciation/ Amortization**

- Fixed assets are reported at cost less accumulated depreciation and impairment, if any. Cost includes the purchase price and any cost directly attributable to bring the asset to its working condition for its intended use. Fixed assets of small values and assets for which useful lives can't be reliably estimated are fully charged to Revenue in the year of their purchases. Subsequent expenditures incurred on existing fixed assets are expensed out except where such expenditure increases the future economic benefits from the existing assets. Any addition to the original fixed asset is depreciated over the useful life of the assets on straight line method.
- Capital Work In Progress (CWIP) is stated at cost less impairment, if any, and consists of

expenditure and advances made in respect of fixed assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of fixed assets when are available for use.

- Gain/ (losses) on disposal of fixed assets are taken to Revenue Account.

### **Depreciation on Fixed Assets**

#### **Tangible Assets:**

Depreciation is calculated on straight-line method to write off the assets over their expected useful lives. Depreciation on additions made during the year is charged from the following month in which the new assets are acquired. Depreciation on disposal of assets is made up to the month prior to the month of disposal. Gains and losses on disposal of Fixed Assets are included in current year's income and expenses respectively. Major repairs and renewals are capitalized in the year in which these are incurred.

Methods and rates of computing depreciations are consistently applied. Depreciation rates and methods are reviewed at each balance sheet date and adjusted, if required. The annual depreciation rates on straight line method applied to the principal categories of assets are as follows:

<b>Category of assets</b>	<b>Rate of Depreciation</b>
Furniture & Fixture	10% and (20% for Signboards only)
Electrical & Office Equipment	15% and 20%
Vehicles	20%
Computer	20%
Intangible Assets	5%

#### **Intangible Assets:**

Expenditure incurred on major application software and their customization or future development is recognized as intangible asset. The same is capitalized under intangible assets if such expenditure results in a benefit of enduring nature. Other software expenses such as support and maintenance costs are expensed in the year in which they are incurred. Intangible assets are reported as acquisition value with deductions for impairment losses, if any. Intangible asset comprises system software which is stated at cost of acquisition, including any cost attributable for bringing the same to its working condition less accumulated amortization. Any expenses on software for support and maintenance payable annually are charged to Revenue Account.

#### **Impairment of Assets**

An impairment loss is the amount by which the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

A cash generating unit is the smallest identifiable group of asset that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the asset recoverable amount is estimated.

An impairment loss is recognized wherever the carrying amount of the asset exceeds it recoverable amount.

## **Encumbrances**

There were no encumbrances on assets of the Company at the balance sheet date (Previous year Tk. Nil).

### **3.11 Investments**

Investments are made in accordance with the provisions of the Insurance Act 2010 and Insurance Rules 1958 and the circulars / notifications issued by the Controller of Insurance/ Insurance Development & Regulatory Authority (IDRA) in this context from time to time.

#### **Classification of Investment:**

Investment with fixed or determinable payments and fixed maturity, where the company has positive intent and ability to maturity are classified as Held-to-Maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up/ interest rates are classified as Available for Sale.

#### **Valuation of Investments:**

##### **i) Debt Securities**

Debt Securities with fixed income (Bangladesh Govt. Treasury Bond), Private and Public Bonds and Debentures are categorized by class and are accounted for "held to maturity" and have been valued at cost. The discount in respect of the debt securities which is the difference between the purchase price and the redemption amount is amortized and recognized in the Revenue Account on straight line Basis over the remaining period to maturity of these securities. For fair presentation, premium, if any, premium on acquisition of those bonds and debenture are however charged to Revenue in the year of Acquisition.

##### **ii) Investment in Shares**

Listed equity shares and units of mutual fund are categorized as an asset class "available for sale" and the asset is valued at the lower of their acquisition cost and the year end (last) lowest quoted closing prices on the Stock Exchanges.

The valuation methods of investment in Share used is Available for Sale. Available for sale investment are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loan and receivables (b) held-to-maturity or (c) financial assets at fair value through profit or loss.

Listed Shares are measured at fair value on the balance sheet date and the change in the carrying amount of shares is taken to **Fair Value Change Account**.

Unlisted equity securities and listed equity securities that are not regularly traded in active market are measured at historical cost.

**iii)** Loans in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable value.

**iv)** Investment in Unit Fund/ Mutual Fund is valued at the NAV of the fund or cost whichever is lower.

**v)** All other investments are recognized at cost including their acquisition charges, if any, less impairment, if any, interest income from reinstatement of policy is recognized on receipt Basis.

### **3.12 Stamps, Printing and Stationary in Hand**

Stamps, Printing & Stationery in hand to be consumed in the rendering of services. These items were kept for internal uses only not for sale. As per section (9) of IAS-2, inventories shall be measured at the lower of cost and net realizable value. Where, net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

Since our ordinary course of business is not to sale of inventory and net realizable value of such inventories is not available hence stamps, printing and stationery are valued at cost determined on average Basis.

### **3.13 Taxation**

#### **3.13.01 Current Tax**

The Company is engaged in life insurance business and its taxation is based on taxable income determined under the Fourth Schedule of the income Tax ordinance, 1984. Provision of Income Tax is based on the best judgment of management.

#### **3.13.02 Deferred Tax**

The company does not provide for deferred taxation as current tax has been calculated on the profits and gains based on the actuarial valuation which is computed in accordance with the provision in the Fourth Schedule of the income Tax Ordinance and not under different heads of income. There is no effect of tax base asset and liabilities, So the Management feels it is not necessary to make estimate of deferred tax assets/liabilities at this stage as per the provision of IAS-12.

### **3.14 Risk Minimization Strategies**

#### **3.14.01 Individual Life Business**

Insurance underwriting risk is the risk that the company will suffer losses due to economic situation or the rate of occurrence of an incident contrary to the forecast made at the time of setting up the premium rate.

The underwriting risk arises from death and sometimes due to permanent disability and critical illness. The company may get exposed to poor risk due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims or poor persistency. The company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The company faces the risk of underpricing particularly due to nature of long term contract. In addition to this, due to poor persistency, the company would be unable to recover expense of policy acquisition. The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related internal control mechanisms. The Company has a well-defined policy and avoids selling policies to high risk individuals. Underwriting procedures have been enhancing and rules have been structured to enable the company to strike a balance between mitigating risk, ensuring control and providing better service. This puts a check on anti- selection.

The company seeks to reduce its risk exposure by reinsuring certain levels of risk with world renowned re-insurance company "Munich-Re." The company also provides quality service to the policyholders and checks to minimize miss-selling to avoid lapsation. A regular monitoring of lapse rate is conducted. The company has procedures in place to ensure avoidance of payment of fraudulent claim. The Claim Committee reviews high sum assured and early claims for verification and detailed investigation of all doubtful and early claims are conducted. The company maintains adequate liquidity to cater for potentially sudden and high cash requirement.

#### **3.14.02 Group Insurance**

The major risk underwritten by the company is death which depends on mortality. Other risk underwritten includes disability and major disease. Risk increases as a result of business procurement without following underwriting guidelines, business procurement at low premium rate due to tough market competition and fraudulent claims.

The company manages these risks through proper underwriting, reinsurance, effective claims handling and other claim control mechanism. The company also avoids underwriting group business with employees exposed to hazardous profession. Pricing is done in line with actuarial guideline, experience and the mortality exposure of the concerned group. Moreover, premium rates of existing groups are also reviewed from time to time on the Basis of claim experience. Reinsurance arrangement is made by the company with renowned reinsurer to limit the risk at affordable level. Besides, the company avoids payment of fraudulent claims through claim investigation. Strict monitoring is in place to keep the outstanding balance of premium at a minimum.

#### **3.14.03 Liquidity Risk**

Liquidity risk is the risk that the company will be unable to meet its funding requirement. To guard against the risk the company has diversified funding sources and assets are managed with liquidity in mind, maintaining healthy balance of cash and cash equivalent and readily market securities.

#### **3.14.04 Interest Rate Risk**

The company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the company is the risk of changes in market. Interest rate reducing the overall returns on its interest Based securities. The company limits interest risk by monitoring changes in interest rates in the money market and by diversifying into various institutions.

#### **3.14.05 Credit Risk**

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Major credit risk is in bank balance investments. The management monitors exposure to credit risk through regular review of credit exposure and assessing credit worthiness of counter parties.

#### **3.14.06 Market Risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security or its issuer or factors are affecting all securities traded in the market. Company is exposed to market risk with respect to its investment.

The company continues to adopt a prudent policy in respect of investments. The fund of the company has invested as per provision of the Insurance Act. The investments are mainly in Government securities, Fixed Deposits Receipts (FDR) with various commercial banks and financial institution having acceptable performance parameters and rating and equity shares in listed companies having good and positive fundamental and technical attributes.

The company also limits market risk maintaining a diversified profile and by continuous monitoring of developments in Government Securities (bonds) equity and term finance certificates market. In addition, the company actively monitors the key factors that affect the underlying value of these securities.

#### **3.14.07 Re-insurance Risk**

The company seeks to reduce its risk exposure by reinsuring certain levels of risk with re-insurer. Re-

insurer ceded does not relieve the company from its obligation to policy holders and as a result, the company also remains liable for the portion of outstanding claims reinsured to the extent that re-insurer does not meet the obligations ultimately under the reinsurance agreements.

In order to minimize the risk, the company has obtained reinsurance cover from a renowned re-insurer Munich-Re with proven sound financial health.

#### **3.14.08 Foreign Currency Risk**

As at the balance sheet date there are no financial instruments denominated in foreign currency. Therefore, the company is not exposed to risk from any foreign currency exchange rate risk fluctuation.

#### **3.14.09 Operational Risk**

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management, through internal audit and compliance department, controls operational procedures of the Bank. Internal audit and compliance department undertakes periodic and special audit of the branches and departments at the head office for review of the operation and compliance of statutory requirements. The audit committee of the Board subsequently reviews the reports of the Internal Audit and Compliance Department.

#### **3.15 Commission**

These are direct cost incurred in acquiring and maintaining insurance policies. Commission to insurance agents (other than re-insurance) is classified under first year commission, Renewal commission and Group business commission.

Allowance and commission (other than commission to insurance agents) represent all forms of remuneration and incentives paid to certain development officers, field force staff and insurance agents.

#### **3.16 Claims**

Claim costs consist of the policy benefit amount and claim settlement costs, where applicable. Claims by maturity and survival are recorded when these become due for payment.

Death claims are accounted for when intimated.

Group Insurance claims are paid according to the terms of policy of the individual agreement. Provision for outstanding death claims less any reinsurance thereof is made for those policies where the intimation of death has been received up to 30 June 2019.

Reinsurance claims receivable are accounted for in the period in which claims are settled.

#### **3.17 Cash flows Statement**

Cash flow statement has been prepared on direct method in accordance with IAS-7. Cash flows from operating activities have been presented under direct method as outlined in Securities and Exchange Rules in 1987.

Cash and cash equivalents comprise cash in hand, cash at banks including FDRs, which were held available for use of the Company without any restriction and it also includes collection in hand which were collected in full.

#### **3.18 Employee Benefit Plans**

### **3.18.01 Short-term Employee Benefits**

Short-term employee benefits are employee benefits, which fall due wholly within 12 months after the end of the period in which the employees render the related service including salaries, bonuses and other allowances.

### **3.18.02 Provident Fund**

Provident fund benefits are given to the permanent staff of the Company as per the Provident fund rules. The Commissioner of Income Tax, Large Taxpayers Unit, has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provision of part-B of the First Schedule of Income Tax Ordinance 1984. The provident fund is operated by a Board of Trustees consisting of 5 members of the company. All confirmed employees of the company are contributing 7% of their basic salary as subscription to the Provident Fund. The Company also contributes equal amount to the Provident Fund. Contributions made by the company are charged as expense and the company bears no further liability. These contributions are invested separately from the Company's business. Interests earned from the investments are credited to the members account on yearly Basis.

### **3.18.03 Gratuity**

Company has an unfunded gratuity scheme for all its permanent employees under which an employee is entitled to the benefit depending on length of services with the Company.

### **3.18.04 Group & Health Insurance**

The Company operates Group and Health insurance schemes for its permanent employees. Defined benefits are provided to cover employees at death, hospitalization, accident and incapacitation.

### **3.19 Comparative Information**

Relevant comparative information has been disclosed in respect of the year for all numerical information in the financial statements.

### **3.20 Dividend to Shareholders**

If the Board of Directors has recommended any dividend (Cash and Stock) to shareholders are shown in the notes as events after reporting period and recognized in the accounts when dividend was paid after the Annual General Meeting.

### **3.21 Responsibility for Preparation and Presentation of Financial Statements**

The Board of Directors is responsible for preparation and presentation of financial statements U/S 183 of the Companies Act 1994 and as per the provision of the framework for the preparation and presentation of financial statements issued by the International Accounting Standards Committee (IASC) as adopted by ICAB.

### **3.22 Standard Issued but not Effective**

Previously adopted reporting standard are consistently applied by the company as explained in Note 2.01.

#### **IFRS 17: Insurance Contracts**

#### **Summary of the requirements**



IFRS 17: This Standards sets out to bring consistency to financial reporting around the globe for companies reporting under IFRS 17, and to better compare those insurance companies to those operating in other sectors of industry.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2021.

### 3.23 Valuation of Policy Liabilities

As per section 30 of the Insurance Act 2010, every insurer carrying on life insurance business shall, at least once in every year cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by it, including a valuation of its liabilities in such manner as may be prescribed by regulations and shall cause an abstract of the actuarial report to be made in such form and manner as may be prescribed in regulations.

Pragati Life Insurance Limited made such Actuarial Valuation in each year subject to approval of Basis by Insurance Development and Regulatory Authority (IDRA).

### 3.24 General

- The previous year's figures and phrases, wherever considered necessary have been regrouped, rearranged and reclassified to conform to current year's presentation.
- Amount presented here have been rounded off to the nearest Taka.

## 4.00 Shareholders' Capital

Particulars	30-Jun-2019 <u>TAKA</u>	31-Dec-2018 <u>TAKA</u>
<b>Authorized capital:</b>		
25,000,000 Ordinary shares of Tk. 10 each	<u>250,000,000</u>	<u>250,000,000</u>
<b>Issued, subscribed &amp; paid up-share capital:</b>		
13,349,175 Ordinary shares of Tk. 10 each fully paid in cash	<u>133,491,750</u>	<u>133,491,750</u>

### 4.01 Classification of Shareholders by Holding as on June 30, 2019

Group	No. of Shares		Percentage (%)	
	2019	2018	2019	2018
i) Sponsor				
a. Local	5,285,182	5,285,182	39.59	39.59
b. Foreign	-	-		
ii) General Public	4,205,490	4,324,304	31.50	32.39
iii) Institutions	3,858,503	3,739,689	28.91	28.02
<b>Total</b>	<b>13,349,175</b>	<b>13,349,175</b>	<b>100.00</b>	<b>100.00</b>

#### 4.02 Distribution Schedule of Shareholdings

Shareholding Range As on June 30	No. of Shareholders		No. of Shares		Percentage (%)	
	2019	2018	2019	2018	2019	2018
1 – 499	681	755	70,465	81,861	0.53	0.61
500 – 999	317	344	248,619	271,486	1.86	2.03
1000 – 1999	204	195	283,079	278,674	2.12	2.09
2000 – 2999	88	85	207,865	201,343	1.56	1.51
3000 – 3999	52	52	179,434	177,588	1.34	1.33
4000 – 4999	37	25	158,977	108,370	1.19	0.81
5000 and above	234	240	12,200,736	12,229,853	91.40	91.62
<b>Total</b>	<b>1,613</b>	<b>1,696</b>	<b>13,349,175</b>	<b>13,349,175</b>	<b>100.00</b>	<b>100.00</b>

#### 4.03 History of Paid up Capital

Given below the history of raising of share capital of Pragati Life Insurance Limited:

Accounting Year	Particulars	Value of Capital	Cumulative
2000	Opening Capital	30,000,000	30,000,000
2001	-	-	30,000,000
2002	-	-	30,000,000
2003	-	-	30,000,000
2004	-	-	30,000,000
2005	Initial Public Offer	45,000,000	75,000,000
2006	-	-	75,000,000
2007	12% Cash Dividend	-	75,000,000
2008	10% Cash Dividend	-	75,000,000
2009	10% Cash Dividend	-	75,000,000
2010	12% Bonus Share	9,000,000	84,000,000
2011	12% Bonus Share	10,080,000	94,080,000
2012	5% Bonus Share & 7% Cash Dividend	4,704,000	98,784,000
2013	-	-	98,784,000
2014	5% Bonus Share & 17% Cash Dividend	4,939,200	103,723,200
2015	-	-	103,723,200
2016	17% Bonus Share & 8% Cash Dividend	17,632,940	121,356,140
2017	10% Bonus Share & 15% Cash Dividend	12,135,610	133,491,750

	NOTES	30-Jun-19 TAKA	31-Dec-18 TAKA
<b>5.00 Life Insurance Fund</b>			
This consists of the accumulated balance of revenue surplus			
Opening Balance		5,549,406,180	5,216,451,077
Add: Increase in Life Revenue A/C during the period (January to June)		101,354,159	221,377,389
		5,650,760,339	5,437,828,466
Add: Increase in Life Revenue A/C during the period (July to December)		-	111,577,714
Closing Balance		<b>5,650,760,339</b>	<b>5,549,406,180</b>
<b>The detailed break up is shown in (Annexure-1)</b>			
<b>6.00 Estimated Liabilities in Respect of Outstanding Claims Whether Due or Intimated</b>			
Outstanding Death Claim		1,946,231	2,795,974
Outstanding Maturity Claim		3,237,595	1,599,128
Outstanding Survival Benefit		2,881,219	2,669,250
		<b>8,065,045</b>	<b>7,064,352</b>
<b>7.00 Amount Due to Other Persons or Bodies Carrying on Insurance Business</b>			
Munich Re-insurance Company	7.01	45,126,444	68,450,463
		<b>45,126,444</b>	<b>68,450,463</b>
<b>7.01 Munich Re-insurance Company</b>			
This represents net amount (after adjustment of claims, profit commission etc.) payable to Re-Insurance (Munich-Re) for life re-insured with them as shown under:			
Particulars	Period	Amount (Tk)	Amount (Tk)
Amount Confirmed by the Re-Insurer.	1st Quarter 2017 to 4th Quarter 2017	45,223,863	78,231,632
Amount waits for confirmation by the Re-Insurer.	1st Quarter 2018 to 4th Quarter 2018	(9,781,169)	(9,781,169)
In process to send Re-Insurer for confirmation.	1st Quarter 2019 to 2nd Quarter 2019	9,683,750	-
<b>Balance as at 30 June 2019</b>		<b>45,126,444</b>	<b>68,450,463</b>
Amount waits for confirmation by the Re-Insurer for the year 2019 (1st & 2nd Quarter) represents net amount after adjustment of claims, profit Commission. There was no chance of exchange difference because all re-insurance transaction were maintained by us in BDT and settle at BDT equivalent to USD.			
<b>8.00 Sundry Creditors</b>			
Auditors Fee	8.01	596,750	586,500
Income Tax and VAT	8.02	439,254	378,550
License Fees Payable	8.03	7,246,983	6,739,653
Commission & Allowance	8.04	19,989,986	11,136,231
Utility Bills	8.05	350,087	326,371
Office Rent	8.06	2,703,061	2,703,061
Other Deposits (Excess Deposit)		10,312	38,347
Trade Suspense	8.07	79,143,270	60,458,216
Employees Provident Fund		4,081,732	243,058
Sundry Creditors	8.08	1,444,485	908,663
Security Deposit-Employee		40,000	40,000
Share Application Money Deposit	8.09	2,121,242	2,121,242
Security Deposit-Supplier		1,455,556	928,076
Unpaid Dividend	8.10	3,607,875	3,607,875
Profit Commission Payable		5,953,830	-
Training Fees Payable		14,922,859	12,572,272
Income Tax (Corporate) (*)		134,035,833	134,035,833
Gratuity		44,076,031	44,007,021
Certificate Fees Payable	8.11	5,251,883	4,912,023
		<b>327,471,029</b>	<b>285,742,992</b>

(\*) Provision for income tax requires consideration of incomes from both 'actuarial surplus' and 'gross external incomings' in accordance with the 4th Schedule of the Income Tax Ordinance (ITO 1984). For this purpose after the half year-end actuarial valuation is not available to us so that no tax provision has been made.

**8.01 Auditors Fees Payable**

External Audit fees	596,750	586,500
	<b>596,750</b>	<b>586,500</b>

**8.02 Income Tax (IT) and VAT Payable**

i) VAT	123,029	350,279
ii) IT -Commission	17,248	221
iii) IT -Professional Fees	28,050	28,050
iv) IT -Supplier	1,822	-
v) IT -Employee	233,105	-
vi) IT -Director Fees	36,000	-
	<b>439,254</b>	<b>378,550</b>

IT and VAT deducted at source has been deposited subsequently.

**8.03 License Fees Payable**

Opening balance	6,739,653	5,849,491
Add: Addition during the period	631,730	1,058,042
Less: Paid during the period	124,400	167,880
Closing Balance	<b>7,246,983</b>	<b>6,739,653</b>

This represents amounts received from various development officers for license fees which were under process and deposited gradually to IDRA.

**8.04 Commission & Allowances Payable**

Individual Product Line (IPL)	10,919,277	5,714,709
Islami Jibon Bima Takaful (IJBT)	2,425,109	1,255,557
Pragati Bima & Pragati Islami Bima Division (PB & PIBD)	3,735,397	1,933,935
Islamic Deposit Pension Scheme (IDPS)	575,258	297,829
Group Life & Health	2,334,945	1,934,201
	<b>19,989,986</b>	<b>11,136,231</b>

This represents the provision of Commission payable to agents and employer of agents which were due in June-2019 against First year and renewal business. These were paid subsequently.

**8.05 Utility Bills Payable**

Electricity	315,052	278,821
WASA	29,535	42,050
Telephone	5,500	5,500
	<b>350,087</b>	<b>326,371</b>

The above amount have been subsequently paid in full.

**8.06 Office Rent Payable**

Head Office	2,703,061	2,703,061
	<b>2,703,061</b>	<b>2,703,061</b>

The above amount have been subsequently paid in full.

**8.07 Trade Suspense**

Trade Suspense	79,143,270	60,458,216
	<b>79,143,270</b>	<b>60,458,216</b>

This amount represent for bill against premium of various organization under group insurance. When bill of premium submitted to the organization then treated accounting purpose as trade receivable and same amount vice versa treated as trade suspense.

**8.08 Sundry Creditors**

Sundry Reserve	897,631	540,819
Payable for Employees Final Settlement	18,484	18,484
Unidentified Bank Deposit	346,270	347,260
Payable Employees Welfare Fund	182,100	2,100
	<b>1,444,485</b>	<b>908,663</b>

**8.09 Share Application Money Deposit**

Share Application Money	2,121,242	2,121,242
	<b>2,121,242</b>	<b>2,121,242</b>

This amount represents for share application money deposit by investors for purchasing of IPO shares of Pragati life Insurance Limited. This amount is carrying in the financial statements since long because some of the warrant was not received by the beneficiary resulting amount was not settled.

**8.10 Unpaid Dividend**

This represents dividend warrant issued against dividend for the year 2006-2018 which were not encashed until 30-06-2019

Year - 2006	208,212	208,212
Year - 2007	490,672	490,672
Year - 2008	260,708	260,708
Year - 2009	527,190	527,190
Year - 2010	40,371	40,371
Year - 2011	36,338	36,338
Year - 2012	554,678	554,678
Year - 2014	829,898	829,898
Year - 2016	37,397	37,397
Year - 2017	622,411	622,411
	<b>3,607,875</b>	<b>3,607,875</b>

**8.11 Certificate Fees Payable**

Opening balance	4,912,023	4,260,648
Add: Addition during the year	498,060	903,525
Less: Paid during the year	158,200	252,150
Closing Balance as at 31 December	<b>5,251,883</b>	<b>4,912,023</b>

This represents amounts received from various development officers for certificate fees which were under process and deposited gradually to IDRA.

**9.00 Premium Deposit**

Islami Jibon Bima Takaful	2,022,077	978,007
Individual Product Line (IPL)	11,064,044	9,903,790
	<b>13,086,121</b>	<b>10,881,797</b>

This represents the advance payments made by Group Policyholders awaiting adjustment against the policy premiums.

**10.00 Fair Value Change Account**

Fair value of the investment	506,116,699	500,893,221
Less: Cost price of the investment	808,754,290	793,447,963
Fair value reserve at end of the Year	<b>(302,637,591)</b>	<b>(292,554,742)</b>

In compliance with the IDRA Circular no Life-04/2012, dated 11 June 2012, financial Instruments: Recognition and Measurement, Investment made in the Shares of the different Companies is recorded at fair value which was earlier recorded at cost. As a consequence of adopting IDRA Circular no Life-04/2012 the value of the investments has been adjusted to bring it at par with the fair value. Difference between fair value and cost price has been booked under Fair Value Change Account in the Balance Sheet.

**11.00 Loans (On Insurers' Policies within their Surrender Value)**

Individual Product Line (IPL)

Islami Jibon Bima Takaful (IJBT)

Islamic Deposit Pension Scheme (IDPS)

Pragati Bima &amp; Pragati Islami Bima Division (PB &amp; PIBD)

35,860,887	30,424,582
4,118,496	2,471,159
617,879	621,866
926,451	926,451
<b>41,523,713</b>	<b>34,444,058</b>

Policy loans against the security of life insurance policies are allowed to the policy holders to the extent of 90% of surrender value of the respective policy provided the policy has been in force for not less than two years. Interest on policy loan is accounted on cash receipt basis.

**12.00 Investment in Statutory Deposit with Bangladesh Bank**

In compliance with section 23(1) of Insurance Act, 2010, the amount has been deposited into Bangladesh Bank for which the Bangladesh Bank has issued 10 years Bangladesh Govt Treasury Bond (BGTB) in favour of the Company as under:

Sl. No.	Opening Date	Maturity Date	BGTB No.	Rate (%)	Amount (Tk)	Amount (Tk)
1	14.03.2012	14.03.2022	BD0922341104	11.40	19,000,000	19,000,000
					<b>19,000,000</b>	<b>19,000,000</b>

Interest earned and received during the year has been duly accounted for.

**13.00 Investment in Bangladesh Govt. Treasury Bond (BGTB)**

Sl. No.	Opening Date	Maturity Date	BGTB No.	30-Jun-19 Taka	Amount Taka
01	04.03.2009	04.03.2019	BDH000002414	-	12,000,000
02	07.01.2009	07.01.2019	BDH000002398	-	7,000,000
03	04.03.2009	04.03.2019	BDH000002414	-	9,400,000
04	07.10.2009	07.10.2019	BD0919131104	20,000,000	20,000,000
05	08.12.2010	08.12.2020	BD0920211101	50,000,000	50,000,000
06	04.08.2010	04.08.2020	BD0920051101	35,000,000	35,000,000
07	08.09.2010	08.09.2020	BD0920091107	25,000,000	25,000,000
08	06.10.2010	06.10.2020	BD0920131101	10,000,000	10,000,000
09	08.09.2010	08.09.2020	BD0920091107	10,000,000	10,000,000
10	10.08.2011	10.08.2021	BD0921061109	20,000,000	20,000,000
11	05.01.2011	05.01.2021	BD0921251106	30,000,000	30,000,000
12	12.10.2011	12.10.2021	BD0921141109	50,000,000	50,000,000
13	04.05.2011	04.05.2021	BD0921411106	30,000,000	30,000,000
14	06.04.2011	06.04.2021	BD0921371102	32,000,000	32,000,000
15	02.03.2011	02.03.2021	BD0921331106	33,000,000	33,000,000
16	16.05.2012	16.05.2022	BD0922421104	35,000,000	35,000,000
17	11.04.2012	11.04.2022	BD0 922381100	42,800,000	42,800,000
18	16.05.2012	16.05.2022	BD0 922421104	7,200,000	7,200,000
19	14.03.2012	14.03.2022	BD0 922341104	31,000,000	31,000,000
20	13.03.2013	13.03.2023	BD0 923341103	50,000,000	50,000,000
21	13.03.2013	13.03.2023	BD0 923341103	25,000,000	25,000,000
22	13.03.2013	13.03.2023	BD0 923341103	140,000,000	140,000,000
23	17.07.2013	17.07.2023	BD0 923031100	35,000,000	35,000,000
24	17.07.2013	17.07.2023	BD0 923031100	26,000,000	26,000,000
25	17.07.2013	17.07.2023	BD0 923031100	14,000,000	14,000,000
26	20.11.2013	20.11.2023	BD0923191102	80,000,000	80,000,000
27	10.04.2013	10.04.2023	BD0923381109	155,000,000	155,000,000
28	19.03.2014	19.03.2024	BD0924351101	75,000,000	75,000,000
29	19.02.2013	13.02.2023	BD0923301107	30,000,000	30,000,000
30	16.07.2014	16.07.2024	BD0 924031109	70,000,000	70,000,000
31	13.02.2013	13.02.2023	BD0923301107	17,500,000	17,500,000
32	26.11.2014	26.11.2029	BD0929201152	20,000,000	20,000,000

33	26.11.2014	26.11.2029	BD0 929201152	100,000,000	100,000,000
34	11.02.2015	11.02.2020	BD0 920301050	60,000,000	60,000,000
35	19.11.2014	19.11.2024	BD0 924191101	100,000,000	100,000,000
36	22.04.2015	22.04.2025	BD0 925381107	50,000,000	50,000,000
37	22.04.2015	22.04.2025	BD0 925381107	70,000,000	70,000,000
38	27.04.2016	27.04.2031	BD0931401154	50,000,000	50,000,000
39	18.01.2017	18.01.2027	BD0927251100	73,800,000	73,800,000
40	22.11.2018	22.11.2028	BD0928131103	53,300,000	53,300,000
41	22.11.2018	11.11.2018	BD0928131103	50,000,000	50,000,000
42	26.09.2018	26.09.2033	BD0933101158	32,200,000	-
<b>Total</b>				<b>1,837,800,000</b>	<b>1,834,000,000</b>

#### 14.00 Investment in Bond

Durable Plastic Limited  
United Commercial Bank Ltd  
Al-Arafa Islami Bank Ltd.  
IDLC Finance Limited  
BSRM Limited  
Bangla Trac Limited  
IPDC Finance Ltd

11,657,565	13,935,965
48,000,000	84,000,000
120,000,000	120,000,000
13,774,227	17,613,707
11,149,366	17,100,347
18,656,039	29,225,467
10,725,814	12,507,759
<b>233,963,011</b>	<b>294,383,245</b>

#### 15.00 Investment in Shares

Sl. No.	Name of the Company	Number of Share	*Average Cost Per Share (Tk.)	Total Book Value at cost (Tk.)	*Average Market Value Per Share as on 30-06-2019 (Tk.)	Total Market Value 30-06-2019 (Tk.)
<b>BANK</b>						
01	BRACBANK	64,400	66.03	4,252,641	66.10	4,256,840
02	CITYBANK	147,787	47.09	6,959,136	27.80	4,108,479
03	DHAKABANK	262,500	15.20	3,991,104	13.60	3,570,000
04	EXIM BANK	403,350	20.99	8,467,270	11.30	4,557,855
05	ISLAMIBANK	110,000	36.42	4,006,037	23.60	2,596,000
06	JAMUNABANK	295,000	18.73	5,525,310	18.00	5,310,000
07	MERCANBANK	460,000	16.33	7,512,171	14.20	6,532,000
08	NATIONAL BANK LTD	92,571	19.00	1,759,143	8.80	814,625
09	NCCBANK	367,500	15.95	5,861,112	14.30	5,255,250
10	ONEBANK	132,000	14.67	1,936,292	13.30	1,755,600
11	PRIMEBANK	250,000	18.14	4,535,372	19.00	4,750,000
12	SOUTHEAST BANK	268,400	17.19	4,613,588	13.50	3,623,400
<b>CEMENT</b>						
13	HEIDELCEM	8,615	641.20	5,523,963	242.20	2,086,553
14	MEGHNA CEMENT	12,650	277.20	3,506,575	89.60	1,133,440
15	NILOY CEMENT LTD	35,850	98.61	3,535,049		3,535,049
<b>CERAMICS</b>						
16	RAKCERAMIC	127,050	51.80	6,580,751	33.80	4,294,290
<b>ENGINEERING</b>						
17	BSRMLTD	50,425	90.62	4,569,407	70.90	3,575,133
18	COPPERTECH	9,483	10.00	94,830	10.00	94,830
19	IFADAUTOS	75,000	108.39	8,129,296	81.10	6,082,500
20	KAY & QUE LTD	284,000	32.40	9,200,274	211.50	60,066,000
21	KDS A LTD	60,000	56.41	3,384,322	57.70	3,462,000
22	OAL	110,000	15.96	1,755,250	10.90	1,199,000
23	SSSTEEL	3,373	10.00	33,730	26.80	90,396
<b>FINANCIAL INSTITUTE</b>						
24	BIFC	2,303,919	50.23	115,717,013	5.20	11,980,379
25	FAS FINANCE	213,205	52.09	11,105,005	9.10	1,940,166
26	IDLC	100,000	90.19	9,019,287	60.30	6,030,000

27	ILFSL	108,084	44.63	4,823,954	10.20	1,102,457
28	IPDC	118,469	39.66	4,698,267	26.30	3,115,735
29	ISLAMICFIN	52,250	18.87	985,949	16.60	867,350
30	LANKA BANGLA FIN. LTD	250,184	51.62	12,914,249	21.10	5,278,882
31	MIDAS FINANCE LTD	518,424	74.80	38,779,895	19.30	10,005,583
32	PHONIEX FINANCE	110,510	88.36	9,765,090	26.90	2,972,719
<b>FOOD &amp; ALLIED</b>						
33	FUWANGFOOD	55,000	18.98	1,044,123	15.70	863,500
34	GHAIL	24,200	46.31	1,120,795	33.70	815,540
35	OLYMPIC	26,950	289.21	7,794,162	236.30	6,368,285
<b>FUEL &amp; POWER</b>						
36	BARKAPOWER	227,700	37.81	8,610,185	29.60	6,739,920
37	MJLBD	61,950	113.08	7,005,338	91.00	5,637,450
38	MPETROLEUM	24,200	241.76	5,850,504	198.10	4,794,020
39	POWER GRID BD LTD	135,300	77.78	10,523,978	58.80	7,955,640
40	SPCL	53,624	115.11	6,172,659	84.00	4,504,416
41	SUMIT POWER LTD	281,876	53.26	15,013,705	41.70	11,754,229
42	TITASGAS	75,000	38.96	2,921,725	39.80	2,985,000
<b>INSURANCE</b>						
43	DELTA LIFE INS. CO. LTD.	18,625	218.53	4,070,076	100.00	1,862,500
44	EASTLAND INSURANCE CO. LTD.	63,096	41.70	2,631,122	25.70	1,621,567
45	FAREAST ISLAMI LIFE INS. CO. LTD.	771,178	155.70	120,073,731	60.90	46,964,740
46	ISLAMI INSURANCE BD. LTD.	823,297	35.48	29,214,006	21.90	18,030,204
47	NITON INSURANCE CO. LTD.	3,389,708	40.29	136,568,594	26.30	89,149,320
48	PHONIEX INSURANCE CO. LTD.	104,765	74.81	7,837,850	27.90	2,922,944
49	PRAGATI INSURANCE LTD.	366,948	65.12	23,893,848	39.90	14,641,225
<b>IT</b>						
50	GENEXIL	2,617	10.00	26,170	55.90	146,290
<b>MISCELLANEOUS</b>						
51	AMANFEED	68,845	50.73	3,492,314	44.10	3,036,065
52	BEXIMCO	100,000	25.08	2,507,500	22.40	2,240,000
<b>PAPER &amp; PRINTING</b>						
53	BPML	25,000	70.33	1,758,375	70.60	1,765,000
<b>PHARMACEUTICALS &amp; CHEMICALS</b>						
54	ACIFORMULA	20,000	184.29	3,685,788	152.40	3,048,000
55	ACMELAB	200,000	52.22	10,443,323	77.00	15,400,000
56	ACTIVE FINE	93,207	29.18	2,720,121	27.40	2,553,872
57	AFCAGRO	110,400	47.55	5,249,865	31.00	3,422,400
58	BEACONPHAR	200,000	23.12	4,623,381	20.10	4,020,000
59	BXPHARMA	76,000	110.67	8,411,249	83.50	6,346,000
60	SILCOPHL	7,293	10.00	72,930	24.60	179,408
61	SQURPHARMA	31,509	258.61	8,148,488	264.30	8,327,829
<b>SERVICE &amp; REAL ESTATE</b>						
62	SAIFPOWER	50,000	23.16	1,157,963	19.40	970,000
<b>TANNERY INDUSTRIES</b>						
63	FORTUNE	83,720	47.04	3,937,988	36.20	3,030,664
<b>TELECOMMUNICATION</b>						
64	ADNTEL	18,968	30.00	569,040	30.00	569,040
65	GP	19,700	381.16	7,508,881	364.70	7,184,590
<b>TEXTILE</b>						
66	DULAMIA COTTON	7,600	7.97	60,553	45.40	345,040
67	NEWLINE	7,513	10.00	75,130	24.00	180,312
<b>TRAVEL &amp; LEISURE</b>						
68	SEAPEARL	7,459	10.00	74,590	10.00	74,590
<b>NON LISTED</b>						
69	CDBL	571,181	4.50	2,569,450		2,569,450
70	JAMUNA RESORT	112,000	114.29	12,800,143		12,800,143
71	LBSL SECURITIES	97,828	51.11	5,000,000		5,000,000
<b>Total:</b>				<b>788,780,975</b>		<b>486,861,704</b>



- \* Total book value at cost has been divided by the number of unit.
- \*\* The total market value (as per price index of DSE) of the above shares as on 30 June 2019 stood at Tk. 486,861,704 against the book value of Tk. 788,780,975.
- \*\*\* Investment in Shares that do not have any quoted market price in the active market and whose fair value can not be measured reliably, where recognized at cost.

#### 16.00 Outstanding Premium

Individual Product Line (IPL)	179,864,327	89,396,667
Islami Jibon Bima Takaful (IJBT)	40,418,484	20,088,907
Group Insurance	77,831,496	38,684,026
Islami Deposit Pension Scheme	9,587,631	4,765,271
Pragati Bima & Pragati Islami Bima Division	62,256,612	30,942,954
	<b>369,958,550</b>	<b>183,877,825</b>

The amount represents premium receivable as on 30 June 2019 for which grace periods did not expire as on the above date.  
The outstanding premium amount have been realized subsequently.

#### 17.00 Interest, Dividends and Rents Accruing but not Due

Interest on Fixed Deposit Receipt-FDR	17.01	90,662,787	72,914,391
Interest on Bangladesh Government Treasury Bond (BGTB)		48,201,522	52,279,141
Interest on term loan to Jamuna Resort Limited		1,430,293	1,430,293
Interest on Bond		6,223,034	8,145,112
		<b>146,517,636</b>	<b>134,768,937</b>

#### 17.01 Interest on FDR

Opening Balance	72,914,391	55,658,399
Add: Interest accrued during the year	84,348,242	132,443,726
	157,262,633	188,102,125
Less: Received during the year	66,599,846	115,187,734
Closing Balance	<b>90,662,787</b>	<b>72,914,391</b>

#### 18.00 Advances & Deposits

Advance Income Tax	18.01	221,465,089	208,738,968
Income Tax Refund Due	18.02	1,783,600	1,783,600
Advance against Office Rent	18.03	28,803,544	35,029,620
Advance against Tender Security		370,000	450,000
Advance against Development Salary		97,436	97,436
Advance Company Registration Fees		1,333,745	2,667,490
Advance against Expenses		42,711,429	4,701,889
Advance against Conference		1,100,000	1,100,000
Advance against Salary		3,044,575	536,298
IOU		1,745,471	648,110
Loan to Development Staff		191,383	191,383
Loan to Jamuna Resort Ltd.		1,000,000	-
Short Term Loan	18.04	443,000	443,000
Revolving Fund		649,000	638,000
Motor Cycle Loan		595,029	843,111
Advance Commission (Group)		-	70,000
Postal Security		52,210	52,210
Security Deposit		56,000	56,000
Earnest Money		120,000	120,000
Advance against Land Purchases	18.05	500,000	500,000
Performance Bank Guarantee		2,812,679	2,812,679
Security Deposit (MRC) Icom Bd. Ltd.		571,200	571,200
Pragati Training Center		627,857	769,354
Pragati Insurance Limited		236,019	187,889

	Advance against Traveling & Tour	401,665	51,990
	Receivable others	4,937,360	16,595,360
	Premium on BGTB	1,226,454	1,226,453
	Deferred Expenses	-	392,319
		<b>316,874,745</b>	<b>281,274,359</b>
<b>18.01</b>	<b>Advance Income Tax</b>		
	FDR	99,410,768	91,561,143
	STD	9,635,541	9,355,340
	NIB	306,000	306,000
	BGTB	30,050,551	30,050,551
	Dividend	16,040,310	12,785,783
	Bond	13,240,576	12,316,228
	Vehicles	11,230,128	10,825,128
	Premium	41,551,215	41,538,795
		<b>221,465,089</b>	<b>208,738,968</b>
<b>18.02</b>	<b>Income Tax Refund Due</b>		
	Income Tax Refund Due	1,783,600	1,783,600
		<b>1,783,600</b>	<b>1,783,600</b>
	This represents net income tax refundable to the Company for the assessment years up to 2011-2012 as per tax assessment orders to the Company. The assessments of the income tax of the Company for the assessment years 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018 and 2018-2019 are in progress.		
<b>18.03</b>	<b>Advance Against Office Rent</b>		
	Opening balance	35,029,620	26,666,572
	Add: Advance paid during the year	2,153,562	24,929,845
		37,183,182	51,596,417
	Less: Adjustment during the year	8,379,638	16,566,797
	Closing balance	<b>28,803,544</b>	<b>35,029,620</b>
<b>18.04</b>	<b>Short Term Loan</b>		
	Jamuna Resort Ltd.	443,000	443,000
		<b>443,000</b>	<b>443,000</b>
	This represents the term loan provided to Jamuna Resort Ltd at a interest rate of 11%.		
	This advance against the equity participation in the capital of the Company has been adjusted after receive no of 40,000 Shares.		
<b>18.05</b>	<b>Advance against Land Purchases</b>		
	Advance against Land Purchases	500,000	500,000
		<b>500,000</b>	<b>500,000</b>
	This represents advance paid to Jamuna Resort Ltd. for purchase a plot of land.		
<b>19.00</b>	<b>Sundry Debtors</b>		
	Eminent Securities Ltd.	144,277	3,820,650
	A.M. Securities Ltd.	3,439,799	5,965,562
	BRAC EPL Stock Brokerage Ltd.	13,646	13,646
	Trade Receivable	79,143,271	60,458,215
	Other Receivable	11,309,155	11,073,752
	Training Fees Receivable	7,313,070	7,295,559
	Lanka Bangla Securities Ltd	315,954	315,954
		<b>101,679,172</b>	<b>88,943,338</b>

<b>20.00</b>	<b>Fixed Deposit with Banks (FDR)</b>		
	AB Bank Limited	-	43,966,626
	Al Arafah Islami Bank	20,000,000	20,000,000
	Bangladesh Industrial Finance Corporation Ltd	11,470,125	10,000,000
	Bank Asia	10,000,000	20,000,000
	BASIC Bank Ltd.	5,000,000	-
	Brac Bank Limited	-	20,000,000
	Delta Brac Housing Finance and Corporation Ltd	110,940,000	90,000,000
	Dhaka Bank Limited	21,614,000	40,000,000
	Eastran Bank	-	20,000,000
	Exim Bank Limited	45,000,000	25,000,000
	Fareast Finance & Investment	21,900,204	20,853,500
	FAS Finance	63,266,106	71,931,578
	First Lease Finance & Investment/First Finance Ltd.	60,942,500	50,000,000
	First Security Islami Bank Ltd	40,672,500	64,604,053
	Habib Bank Limited	-	10,000,000
	IDLC Finance Ltd	139,681,687	113,696,462
	IFIC Bank Ltd.	117,606,000	45,000,000
	IIDFC	34,297,896	34,297,896
	International Leasing	31,354,379	29,714,000
	IPDC	136,343,626	116,343,626
	Lanka Bangla Finance	111,983,505	123,355,059
	Meghna Bank Ltd	20,000,000	20,000,000
	Mercantile Bank Ltd	65,900,000	51,000,000
	Midas Financing Limited	-	10,000,000
	Midland Bank	25,000,000	35,593,000
	Mutual Trust Bank Ltd.	10,537,500	20,537,500
	National Housing & Finance	-	31,878,000
	NCC Bank	93,454,531	61,256,000
	NRB Global Bank Ltd	-	10,000,000
	One Bank Ltd	110,683,000	80,683,000
	Premier Bank Limited	40,000,000	10,000,000
	Premier Leasing & Finance Limited	65,489,800	73,580,391
	Pubali Bank Limited	40,910,000	40,000,000
	Prime Bank Ltd.	10,000,000	-
	Prime Finance & Investment Ltd.	10,775,500	-
	Shahajalal Islami Bank Limited	10,000,000	20,000,000
	Social Islami Bank Limited	108,034,876	125,650,232
	South Bangla Agriculture and Commerce Bank Ltd	31,381,752	31,381,752
	Southeast Bank Limited	180,182,509	144,696,553
	Standard Bank Limited	100,000,000	50,000,000
	State Bank of India	-	5,000,000
	The City Bank Ltd	-	30,000,000
	The Farmers Bank Limited/Padma Bank Ltd.	64,879,495	66,244,760
	Trust Bank Limited	-	10,000,000
	Union Capital Ltd	35,644,759	45,644,759
	United Commercial Bank Limited	21,717,000	20,000,000
	United Finance Ltd.	10,000,000	-
		<b>2,036,663,250</b>	<b>1,961,908,747</b>

<b>21.00</b>	<b>Short Term Deposit with Banks</b>	<b>112,779,041</b>	<b>183,396,962</b>
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Bank balances consist of 48 number of STD Account maintained with 15 banks throughout the country as on 30 June 2019.

<b>22.00</b>	<b>Current Account with Banks</b>	<b>35,238,190</b>	<b>43,877,609</b>
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Bank balances consist of 65 number of Current Account maintained with 6 banks throughout the country as on 30 June 2019.

<b>23.00</b>	<b>Cash in Hand</b>		
	Head Office - Central Accounts	112,453	80,810
	Individual Product Line-IPL	18,118,423	70,133,113
	Individual Product Line-Takaful	3,578,681	12,231,157
	Islami Deposit Pension Scheme (IDPS)	65,718	2,728,760
	Pragati Bima & Pragati Islami Bima Division (PB & PIBD)	912,485	16,236,150
	Group Insurance	-	7,600,815
		<b>22,787,760</b>	<b>109,010,805</b>

**24.00 Stamps, Printing & Stationary in Hand**

Head Office - Central Accounts

Individual Product Line-IPL

Individual Product Line-Takaful

Islami Deposit Pension Scheme (IDPS)

Pragati Bima &amp; Pragati Islami Bima Division (PB &amp; PIBD)

Group Insurance

5,361,926

1,554,861

548,316

183,429

703,586

165,128

**8,517,246**

4,621,292

1,858,884

542,106

190,052

815,558

144,760

**8,172,652****NOTES****Jan to Jun-19  
Taka****Jan to Jun-18  
Taka****25.00 Premium Less Re-insurance (Net)**

Type of Premiums	Gross Premium	Re-Insurance Ceded	Net Premium	Net Premium
Individual Product Line (All IPL & Metro)	643,620,312	-	643,620,312	457,229,473
MICRO (PB & IDPS)	174,141,194	-	174,141,194	144,032,214
Islami Jibon Bima Takaful	130,888,553	-	130,888,553	87,265,238
Group Insurance Premium	551,902,780	9,683,750	542,219,030	457,823,680
<b>Total</b>	<b>1,500,552,839</b>	<b>9,683,750</b>	<b>1,490,869,089</b>	<b>1,146,350,605</b>

**26.00 Interest, Dividends and Rents**

Interest on FDR

Profit on sale of Shares

Interest on BGTB

Interest on Short Term Deposit

Dividend Received

Interest on Motor Cycle Loan

Interest on Bond

Interest on Loan

Interest on Policy Loan

Late Fee

Bond Fee

95,948,012

8,638,897

98,779,756

2,707,491

15,373,216

23,289

13,062,479

231,720

769,223

1,216,816

16,182

**236,767,080**

75,024,147

4,316,588

94,920,413

1,210,808

6,475,874

29,451

13,955,011

497,957

812,007

354,790

5,295

**197,602,341****27.00 Other Income**

Service Charge

Profit / (Loss) on Sale of Fixed Assets

Miscellaneous Income

12,800

3,843,799

430,331

**4,286,930**

181,977

3,674,580

549,066

**4,405,623****28.00 Claims Under Policies (Including Provision for Claims due or Intimated)****Less Re-Insurance**

Gross Claim

Less: Re-Insurance Claim

Net Claim

Add: Profit Commission

1,130,592,791

14,156,416

1,116,436,375

22,403,067

**1,138,839,442**

713,128,065

13,551,845

699,576,220

21,578,880

**721,155,100****29.00 Legal & Professional Fees**

Professional Fees

Legal Fees &amp; Expenses

990,855

297,263

**1,288,118**

834,445

357,250

**1,191,695****30.00 Printing & Stationery**

Head Office - Central Accounts

Individual Product Line-IPL

Individual Product Line-Takaful

Islami Deposit Pension Scheme-IDPS

Pragati Bima &amp; Pragati Islami Bima Division-PB &amp; PIBD

Group Insurance

2,855,100

555,260

80,732

31,035

226,390

243,235

**3,991,752**

2,632,676

702,791

70,663

17,453

190,183

288,421

**3,902,187**

**31.00 Office Rent**

Head Office - Central Accounts	6,417,595	6,663,445
Individual Product Line-IPL	13,543,544	12,895,078
Individual Product Line-Takaful	3,691,417	3,191,766
Islami Deposit Pension Scheme-IDPS	1,105,521	1,205,702
Pragati Bima & Pragati Islami Bima Division-PB & PIBD	4,223,032	4,328,342
Group Insurance	2,674,840	2,888,339
	<b>31,655,949</b>	<b>31,172,672</b>

**32.00 Car Fuel, Maintenance & Repairs**

Head Office - Central Accounts	3,994,264	3,201,096
Individual Product Line-IPL	3,576,059	3,287,067
Individual Product Line-Takaful	744,271	586,332
Islami Deposit Pension Scheme-IDPS	126,000	108,000
Pragati Bima & Pragati Islami Bima Division-PB & PIBD	452,622	409,694
Group Insurance	793,906	931,366
	<b>9,687,122</b>	<b>8,523,555</b>

**33.00 Company Registration (Renewal) Fees**

Head Office - Central Accounts	1,333,745	4,437,518
	<b>1,333,745</b>	<b>4,437,518</b>

As per section 11(2) of the Insurance Act 2010, an application for the renewal of a registration for any year shall made by the insurer to the authority (IDRA) before the 30th day of November of the preceeding year which shall be accompanied by a fee of three taka fifty paisa per thousand of gross direct premium written in Bangladesh during the year preceeding the year ending on the said date.

**34.00 Depreciation and Amortization**

Head Office - Central Accounts	6,443,383	7,611,583
Individual Product Line-IPL	2,431,293	2,365,200
Individual Product Line-Takaful	374,045	182,307
Islami Deposit Pension Scheme-IDPS	83,727	161,192
Pragati Bima & Pragati Islami Bima Division-PB & PIBD	679,505	710,204
Group Insurance	261,911	650,975
	<b>10,273,864</b>	<b>11,681,461</b>

**35.00 Cash flows from operating activities (Indirect method)**

<b>Addition of Life Fund</b>	<b>101,354,159</b>	<b>221,377,389</b>
Adjustment for:		
Depreciation of property, plant & equipment	9,930,867	11,372,006
Amortization of software	342,997	309,455
Disposal of fixed assets	(6,250)	(1,130,551)
Interest, dividends and rents received	(236,767,080)	(197,602,341)
<b>Cash Generated from Operations before Increase /Decrease of Assets or Liabilities</b>	<b>(125,145,307)</b>	<b>34,325,958</b>
Add/ Less:		
(Increase)/ Decrease in Outstanding premium	(186,080,725)	6,750,813
(Increase)/ Decrease in Advance and deposits	(35,600,386)	58,599,001
(Increase)/ Decrease in Sundry creditors	(12,735,834)	11,409,515
(Increase)/ Decrease of Inventories	(344,594)	(1,076,013)
Increase/ (Decrease) of Outstanding Claims	1,000,693	(1,892,034)
Increase/ (Decrease) of Amount due to other Persons or Bodies Carrying on Insurance Business	(23,007,769)	14,175,000
Increase/ (Decrease) of Creditors (Without Dividend Payable)	41,411,787	13,944,199
Increase/ (Decrease) of Premium Deposits	2,204,324	(8,991,856)
	<b>(338,297,811)</b>	<b>127,244,583</b>

**36.00 Payments/Perquisites to Directors and Key Management Personnel****36.01 Paid to Directors**

Particulars	Amount (Tk)	Amount (Tk)
Board and Committee Meeting Fees	1,100,000	595,000

**36.02 Paid to Key Management Personnel**

Particulars	Amount (Tk)	Amount (Tk)
i) Short term Employee Benefits (Salary & Allowances)	6,055,000	5,715,936
ii) Post Employment Benefits (P.F and Gratuity)	47,040	47,332

Key management Personnel are those Persons having authority and responsibility for Planning, Directions and Controlling the activities of the Company.

i) No compensation/ other allowance/ commission was allowed to Directors including Managing Director, Managers and Officers of the Company except as stated above.

ii) There is no amount payable to Directors including Managing Director, Managers and Officers of the Company for any sort of commission on purchases, profit or guarantee.

iii) Directors' Fee for attending each Board Meeting and Committee Meeting for each Director during the year was from January to June 2019.

**37.00 Events after Reporting Period**

Except the below matter there was no significant event that has occurred between the balance sheet date and the date of issue of these financial statements by the Board of Directors:

(i) The Board of Directors in its 128th meeting held on 07th July 2019 recommended to issue 2R:1 (2 right share for every one share of Tk. 10 each at Tk. 15 each including premium of Tk. 5 only per share which has been approved by the shareholders in the 2nd EGM held on 25 August 2019.

(ii) The Board has also recommended to increase the Authorized Capital from Tk. 25 crore to Tk. 100 crore which has been approved by the shareholders in the 2nd EGM held on 25 August 2019. These decisions shall be implemented according to the approval of BSEC, and Other regulatory authorities.

**38.00 Date of Authorization for Issue**

These financial statements were authorised for issue on 25 August 2019 by the Board of Directors of the Company.

**39.00 Capital Expenditure Commitment**

a) There was no capital expenditure contracted or incurred or un provided for at 30 June 2019.

b) There was no material capital expenditure authorized by the Board but not contracted for at 30 June 2019.

**40.00 Claim not Acknowledged**

There was no claim not acknowledged as debt as on 30 June 2019.

**41.00 Contingent Asset/ Liabilities**

The Company has contingent liabilities as on 30 June 2019 which has been disclosed under Note 3.06.01

**42.00 Number of Employees (As per requirement of Companies Act 1994, Schedule-XI part-II)**

The number of employees and expenses incurred for employees during the year as follows:

Particulars	30-Jun-19	30-Jun-18
<b>Number of employees with remuneration:</b>		
(i) Below Tk. 36,000 p.a.	77	63
(ii) Tk. 36,000 p.a. and above	715	757
(i) Amount in Taka Below Tk. 36,000 p.a.	1,426,017	1,727,772
(ii) Tk. 36,000 p.a. and above	109,094,837	196,384,985

**43.00 Credit Facility**

There was no credit facility available to the Company under any contract as on 30 June 2019.

**44.00 Payment in foreign currency**

There was no payment in foreign currency during the year.

**45.00 Related Party Transactions**

over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24: "Related Party Disclosures". Transaction with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customer of similar credentials and do not involve more than a normal risk.

Details of transactions with related parties and balance with them as at June 30, 2019 were as follows:

Name of Related Party	Transaction Nature	Relationship	Net transaction during the year	30-Jun-19 Taka	31-Dec-18 Taka
Jamuna Resort Ltd.	Advance Against Land (Note-18.05)	Common Directorship	-	500,000	500,000
	Advance Against Conference (Note-18)	Common Directorship	-	1,100,000	1,100,000
	Short Term Loan (Note-18.04)	Common Directorship	-	443,000	443,000
	Receivable -Loan to Jamuna Resort (Note-18.00)	Common Directorship	1,000,000	1,000,000	-
	Receivable Others (Note-18.00)	Common Directorship	-	4,937,660	4,937,660
<b>Total</b>				<b>7,980,660</b>	<b>6,980,660</b>

#### 46.00 Others

IPL, PB, IJB (Takaful), PIBD, IDPS, PUD and IHP represents Individual Product Line, Pragati bima, Islami Jibon Bima (Takaful),

46.01 Pragati Islami Bima Division, Islami Deposit Pension Scheme, Pragati Urban Division and Individual Health Plan respectively.

#### 46.02 Prevention of Money Laundering & Terrorist Financing

In line with the guidance notes provided by Bangladesh Bank and recommendation of the technical sub-committee (Life) of BIA. The company has a comprehensive Anti Money Laundering & Terrorist Financing guidance. The company has robust KYC & rule book and continuous monitoring by internal audit team.

46.03 The previous year's figures have been regrouped, rearranged and reclassified wherever necessary, amounts and other disclosures for the preceding year are included as an integral part of the current financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Sd/-  
Company Secretary

Sd/-  
Chief Executive Officer

Sd/-  
Director

Sd/-  
Director

Sd/-  
Chairman

**PRAGATI LIFE INSURANCE LIMITED**  
**Schedule of Fixed Assets & Intangible Assets**  
**As at 30 June 2019**

**Fixed Assets**

"Schedule -1"

Particulars	Cost				Rate	Depreciation				WDV as at 30 June 2019	WDV as at 31 December 2018
	Opening balance	Additions during the the Period Jan-June'19	Sale/ Adjustment During the Period Jan-June'19	Closing balance		Opening Balance	Charged during the Period Jan- June'19	Adjustment During the Period Jan- June'19	Closing Balance		
Furniture & Fixture	102,105,924	1,673,925	146,160	103,633,689	10%- 20%	58,218,915	4,226,319	146,160	62,299,074	41,334,615	43,887,009
Electrical & Office Equipment	30,593,891	467,419	-	31,061,310	15%- 20%	23,219,071	1,267,119	-	24,486,190	6,575,120	7,374,820
Computer	45,538,996	1,501,091	-	47,040,087	20%	33,301,755	2,401,772	-	35,703,527	11,336,560	12,237,241
Vehicle	137,068,702	-	7,933,942	129,134,760	20%	127,170,499	2,035,657	7,933,942	121,272,214	7,862,546	9,898,203
<b>Total</b>	<b>315,307,513</b>	<b>3,642,435</b>	<b>8,080,102</b>	<b>310,869,846</b>		<b>241,910,240</b>	<b>9,930,867</b>	<b>8,080,102</b>	<b>243,761,005</b>	<b>67,108,841</b>	<b>73,397,273</b>

**Intangible Assets**

Particulars	Cost				Rate	Amortization				WDV as at 30 June 2019	WDV as at 31 December 2018
	Opening balance	Additions during the Period Jan- June'19	Sale/ Adjustment During the Period Jan-June'19	Closing balance		Opening Balance	Charged during the Period Jan- June'19	Adjustment During the Period Jan- June'19	Closing Balance		
Software	13,578,212	8,044,284	-	21,622,496	5%	12,444,216	342,997	-	12,787,213	8,835,283	1,133,996
<b>Total</b>	<b>13,578,212</b>	<b>8,044,284</b>	<b>-</b>	<b>21,622,496</b>		<b>12,444,216</b>	<b>342,997</b>	<b>-</b>	<b>12,787,213</b>	<b>8,835,283</b>	<b>1,133,996</b>

**Notes:** i) Depreciation/Amortization has been charged on addition of Fixed Assets/Intangible Assets from the following month of procurement.  
ii) Depreciation/Amortization has been charged on straight line method on the cost of individual assets.



## **DIRECTOR'S CERTIFICATE**

As per Regulations contained in the Insurance Act, 1938 and 2010, we certify that:

1. As per regulations contained in the section 7(a) of Part I of the First Schedule of the Insurance Act 1938, the value of investment in shares has been taken at market value.
2. As per regulation contained in the section 7(b) of Part I the First Schedule of the Insurance Act 1938, the value of all assets as shown in the Balance Sheet and as classified on Form "AA" annexed have been duly reviewed as on June 30, 2019 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realizable or market value under the several headings as enumerated.
3. As per regulation contained in the section 62(2) of the Insurance Act, 2010 all expenses of management in respect of Life Insurance business transacted by the Company in Bangladesh have been fully debited in the Revenue Account as expenses.

**Sd/-**  
**Company Secretary**

**Sd/-**  
**Chief Executive  
Officer**

**Sd/-**  
**Director**

**Sd/-**  
**Director**

**Sd/-**  
**Chairman**

Dated: Dhaka, 25 August 2019

SUMMARIZED CASH-FLOWS STATEMENT, PROFIT AND LOSS ACCOUNT AND BALANCE SHEET, AND DIVIDEND DECLARED AND PAID FOR EACH OF THE 5 (FIVE) YEARS IMMEDIATELY PRECEDING THE ISSUE OF RIGHTS SHARE OFFER DOCUMENT OR FOR SUCH SHORTER PERIOD DURING WHICH THE ISSUER WAS IN COMMERCIAL OPERATION [See Rule-8(i)]

**Pragati Life Insurance Limited**

Auditors' Report in pursuance of section 135 (1) under paragraph 24 (1) of part - II of the Third Schedule of The Companies Act, 1994  
[As per Securities and Exchange Commission (Right Issue) Rules, 2006, Rule 7 (2) (h) and 8 (i)]

As required under section 135 (1), Para 24 (1) of part-II of Schedule III of the The Companies Act, 1994 and as per Rule- 7 (2) (h) and 8 (i) of Securities and Exchange Commission (Rights Issue) Rules, 2006, Pragati Life Insurance Limited prepared the following statements of its assets and liabilities, operating results and cash flows as at and for the period ended 30 June 2019 and for the year ended on 31 December 2018, 2017, 2016, 2015 and 2014 and submitted those to us for our verification and issuance of our confirmation thereon.

We accordingly have reviewed the relevant audited financial statements and hereby confirm that the following information has been correctly extracted from those audited financial statements of Pragati Life Insurance Limited (the "Issuer Company").

Pragati Life Insurance Limited was incorporated on January 30, 2000 and has been listed with the Dhaka and Chittagong Stock Exchange Limited since February 06, 2006.

**1 Balance Sheet**

<u>Particulars</u>	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	BDT	BDT	BDT	BDT	BDT	BDT
<b><u>Share Capital And Liabilities</u></b>						
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>						
Paid up in cash	133,491,750	133,491,750	121,356,140	103,723,200	103,723,200	98,784,000
<b>BALANCE OF FUNDS AND ACCOUNTS</b>						
Life Insurance Fund	5,650,760,339	5,549,406,180	5,216,451,077	4,761,126,292	4,260,148,642	3,886,869,710
<b>LIABILITIES AND PROVISIONS</b>						
Estimated liabilities in respect of outstanding claims, whether due or intimated	8,065,045	7,064,352	7,757,665	5,148,086	6,485,015	19,095,232
Amount due to other persons or bodies carrying on insurance business	45,126,444	68,450,463	67,817,935	39,237,336	38,463,239	25,017,471
<b>Sundry Creditors</b>	327,471,029	285,742,992	231,569,950	187,493,951	126,482,826	129,419,726
<b>Premium Deposits</b>	13,086,121	10,881,797	15,327,354	6,416,155	1,453,108	8,597,557
<b>Fair Value Change Account</b>	(302,637,591)	(292,554,742)	(243,340,431)	(364,764,965)	(409,962,606)	(373,554,887)
	<b>5,875,363,137</b>	<b>5,762,482,792</b>	<b>5,416,939,690</b>	<b>4,738,380,055</b>	<b>4,126,793,424</b>	<b>3,794,228,809</b>
<b><u>PROPERTY AND ASSETS</u></b>						
<b>LOANS</b>						
On Insurer's Policies within their surrender value	41,523,713	34,444,058	26,028,790	17,872,505	12,090,253	10,161,347
<b>INVESTMENTS</b>						
Statutory Deposit with Bangladesh Bank	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Bangladesh Govt. Treasury Bond	1,837,800,000	1,834,000,000	1,819,700,000	1,815,900,000	1,787,900,000	1,574,700,000
VIPB Accelerated Income Unit Fund	9,339,350	9,475,250	9,973,550	-	-	-
HFAML Unit Fund	9,915,645	9,999,765	-	-	-	-
UFS- Pragati Life Unit Fund	10,000,000	9,890,000	10,000,000	10,000,000	-	-
Investment in Bond	233,963,011	294,383,245	382,069,857	355,273,687	291,000,000	150,000,000
Investment in Shares	486,861,704	481,527,971	517,848,042	401,485,832	348,388,105	348,829,406
	<b>2,606,879,710</b>	<b>2,658,276,231</b>	<b>2,758,591,449</b>	<b>2,601,659,519</b>	<b>2,446,288,105</b>	<b>2,092,529,406</b>
<b>Agent's Balances</b>						
<b>Outstanding Premium</b>	-	-	-	-	-	153,992
<b>Interest, Dividends and Rents Accruing but not due</b>	369,958,550	183,877,825	85,356,407	78,041,164	62,554,868	56,486,573
<b>Advances &amp; Deposits</b>	146,517,636	134,768,937	130,198,704	133,304,837	106,772,790	93,208,627
<b>Sundry Debtors</b>	316,874,745	281,274,359	335,166,976	256,406,267	179,625,555	178,164,766
	<b>935,030,103</b>	<b>688,864,459</b>	<b>632,183,261</b>	<b>467,752,268</b>	<b>348,953,213</b>	<b>328,013,958</b>
<b>CASH AND BANK BALANCES</b>						
On Fixed Deposits with Banks & Financial Institutes	2,036,663,250	1,961,908,747	1,664,736,678	1,283,509,395	922,316,352	1,031,488,603
On Short Term Deposit with Banks	112,779,041	183,396,962	130,011,896	199,732,298	251,946,451	141,663,925
On Current Account with Banks	35,238,190	43,877,609	52,224,161	39,726,153	36,916,709	27,725,020
Cash in Hand	22,787,760	109,010,805	59,376,712	35,166,243	17,574,608	17,615,495
Collection in Hand	-	-	-	-	-	26,059,313
	<b>2,207,468,241</b>	<b>2,298,194,123</b>	<b>1,906,349,447</b>	<b>1,558,134,089</b>	<b>1,228,754,120</b>	<b>1,244,552,356</b>
<b>OTHER ACCOUNTS</b>						
<b>Stamps, Printing &amp; Stationary in Hand</b>	8,517,246	8,172,652	8,846,799	5,907,164	7,711,749	10,700,955
<b>Fixed Assets ( At Cost Less Depreciation)</b>	67,108,841	73,397,273	83,187,038	87,054,510	82,995,984	108,270,787
<b>Intangible Assets ( At Cost Less Amortization)</b>	8,835,283	1,133,996	1,752,906	-	-	-
	<b>84,461,370</b>	<b>82,703,921</b>	<b>93,786,743</b>	<b>92,961,674</b>	<b>90,707,733</b>	<b>118,971,742</b>
	<b>5,875,363,137</b>	<b>5,762,482,792</b>	<b>5,416,939,690</b>	<b>4,738,380,055</b>	<b>4,126,793,424</b>	<b>3,794,228,809</b>

## 2 Life Revenue Account

### Particulars

### INCOME

Balance of Life Fund at the beginning of the year

30.06.2019 BDT	31.12.2018 BDT	31.12.2017 BDT	31.12.2016 BDT	31.12.2015 BDT	31.12.2014 BDT
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5,549,406,180	5,216,451,077	4,761,126,292	4,260,148,642	3,886,869,710	3,570,433,313
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### PREMIUM LESS RE-INSURANCE

First Year Premium

Renewal Premium

Group Insurance Premium

**Gross Premium**

Less: Re-insurance Premium

**Net Premium**

Interest, Dividends and Rents

Other Income

310,616,028	676,180,436	649,898,307	579,371,238	418,909,673	322,363,944
638,034,031	1,024,931,957	823,895,887	799,632,134	770,731,598	677,066,924
551,902,780	858,787,978	845,763,115	825,974,107	800,141,320	656,090,503
<b>1,500,552,839</b>	<b>2,559,900,371</b>	<b>2,319,557,309</b>	<b>2,204,977,479</b>	<b>1,989,782,591</b>	<b>1,655,521,371</b>
9,683,750	632,528	28,580,600	27,274,877	13,445,768	33,967,783
<b>1,490,869,089</b>	<b>2,559,267,843</b>	<b>2,290,976,709</b>	<b>2,177,702,602</b>	<b>1,976,336,823</b>	<b>1,621,553,588</b>
236,767,080	398,019,589	383,185,402	370,785,106	344,076,749	336,073,075
4,286,930	7,564,323	9,018,914	4,820,628	7,857,880	8,523,578

First year premium, where the maximum premium paying period is:

Single

Two Years

Three Years

Four Years

Five Years

Six Years

Seven Years

Eight Years

Nine Years

Ten Years

Eleven Years

Twelve Years & Above

1,550,457	7,747,531	6,546,063	2,237,856	1,572,421	505,552
-	-	-	-	-	-
-	-	-	-	-	835
-	-	-	-	184,578	-
-	-	-	-	91,187	-
-	-	-	-	103,308	-
497,645	2,958,962	2,273,605	467,930	69,041	-
-	-	-	-	92,633	15,554
-	-	-	-	450,220	51,923
4,769,854	14,161,062	10,879,848	10,679,564	15,582,783	9,053,733
9,251,777	42,896,939	32,352,131	28,567,489	2,591,342	-
294,546,295	608,415,942	597,846,660	537,418,399	398,172,160	312,736,347
<b>310,616,028</b>	<b>676,180,436</b>	<b>649,898,307</b>	<b>579,371,238</b>	<b>418,909,673</b>	<b>322,363,944</b>

**Total**

<b>7,281,329,279</b>	<b>8,181,302,832</b>	<b>7,444,307,317</b>	<b>6,813,456,978</b>	<b>6,215,141,162</b>	<b>5,536,583,554</b>
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**EXPENDITURE****CLAIMS UNDER POLICIES (INCLUDING PROVISION FOR CLAIMS DUE OR INTIMATED), LESS RE-INSURANCE:**

Death	16,122,033	19,414,252	17,931,253	198,606,386	212,033,224	166,607,468
Maturity	480,015,469	686,457,239	454,865,194	381,801,441	274,095,968	208,087,136
Survival Benefit	168,456,909	244,099,198	175,523,065	205,914,867	297,982,144	252,423,306
Surrender Claim	15,020,614	23,857,678	12,726,031	5,126,181	5,227,703	3,171,920
Pension Claim	1,648,305	7,705,719	6,479,127	-	-	-
Group Claim	457,576,112	681,774,293	654,204,942	-	-	-
Disability	-	-	-	-	50,000	31,230
Survival Profit	-	-	-	-	7,920	970,003
Hospitalization	-	-	-	411,316,052	353,027,829	267,496,273
Profit Commission	-	-	-	25,544,666	28,050,369	45,118,540
	<b>1,138,839,442</b>	<b>1,663,308,379</b>	<b>1,321,729,612</b>	<b>1,228,309,593</b>	<b>1,170,475,157</b>	<b>943,905,876</b>

**Expenses of Management****Commissions:**

(a) Commissions to Insurance Agents (Less than on Re-insurance)

(b) Allowances and Commissions (other than commission including in sub-item (a) preceding)

145,909,695	249,258,226	222,145,927	207,788,861	173,629,855	154,001,814
113,947,240	234,532,173	228,320,420	180,360,298	137,590,726	116,505,347
<b>259,856,935</b>	<b>483,790,399</b>	<b>450,466,347</b>	<b>388,149,159</b>	<b>311,220,581</b>	<b>270,507,161</b>

Salaries etc. (Other than to Agents and those Contained in the Allowances and Commissions)

Festival Bonus	5,816,108	11,833,523	11,724,151	11,843,089	9,976,404	-
Incentive Bonus	-	-	-	-	2,101,339	-
Companies Contribution to Employees P.F	2,593,096	4,393,094	3,975,774	3,818,722	4,853,178	4,356,631
Travelling and Conveyance	7,074,263	12,973,923	11,231,072	10,303,640	7,820,681	8,636,260
Directors' Fees	1,100,000	2,055,000	1,287,500	1,400,000	932,500	920,000
Auditors' Fees	316,250	350,625	293,250	1,053,850	150,000	185,000
Medical Fees	1,020,212	2,222,847	2,205,231	1,176,983	1,074,128	1,193,211
Legal and Professional Fees	1,288,118	1,643,195	1,513,305	3,038,123	701,390	1,553,450
Acturial Fees	-	661,250	676,471	575,000	1,100,000	-
Insurance Policy Stamp	4,082,403	7,926,866	6,978,753	6,088,275	4,547,605	3,068,945
Advertisement and Publicity	4,145,793	6,502,375	4,489,890	6,293,911	7,964,181	12,246,255
Printing and Stationary	3,991,752	6,634,211	5,028,552	5,862,541	5,124,597	5,745,595
Office Rent	31,655,949	65,448,301	60,208,572	55,372,697	59,733,776	51,223,461
Bank Charges	3,131,850	5,427,149	5,917,470	8,138,618	35,188,500	34,164,404
Repair and Maintenance	12,476,780	21,565,499	21,352,421	21,870,509	18,187,540	14,582,088
Car Fuel, Maintenance & Repairs	9,687,122	16,619,973	18,897,225	30,055,367	30,237,496	31,622,767
Group Insurance Premium	1,416,000	1,636,000	2,598,813	1,367,935	1,285,907	70,200
Hospitalization Insurance Premium	741,019	1,172,378	1,154,964	1,113,620	991,674	881,696
Papers, Periodicals and Books	24,248	79,757	68,591	95,122	70,666	116,471
Telephone, Fax and Internet	3,599,966	6,043,382	5,840,525	4,908,264	4,227,978	4,003,517
Electricity & Utility Expenses	2,550,637	6,545,051	5,179,787	5,793,658	4,887,968	4,580,956
Training and Recruitment Expenses	2,504,142	5,063,904	1,890,608	5,681,427	5,830,390	4,608,069
Entertainment	1,908,813	2,812,284	2,748,759	2,382,136	2,886,237	2,288,135
Postage and Courier	909,416	1,706,019	1,516,750	1,414,034	1,719,461	1,198,448
Business Development Expenses	6,577,978	12,707,420	10,137,182	10,895,831	6,209,686	6,023,747
Company Registration (Renewal) Fee	1,333,745	8,875,034	8,008,875	5,131,256	5,794,325	5,002,938
Revenue Stamp & Non Judicial Stamp	935,300	1,184,055	930,770	1,256,145	1,112,716	1,246,795
Fees & Subscription	613,992	418,786	1,347,209	836,724	604,191	1,864,456
Donations	555,000	511,900	1,483,000	326,000	1,355,000	-
CDBL Related Charges	-	103,631	56,000	56,000	56,000	-
Conference	5,824,970	5,493,738	4,881,560	2,745,718	3,395,520	3,116,303
AGM Expenses	-	247,131	139,538	665,049	771,736	916,855
Meeting, Seminar & Symposium	962,530	1,569,092	1,264,766	606,662	1,078,334	1,034,442
Gratuity	649,597	8,167,522	7,857,910	2,572,405	5,124,045	7,757,269
General Insurance Premium	-	12,075	16,255	-	-	-
Depreciation and Amortization	10,273,864	21,965,713	23,820,490	23,363,237	39,134,314	29,635,596
	<b>231,872,563</b>	<b>434,458,843</b>	<b>411,229,481</b>	<b>410,871,934</b>	<b>434,064,302</b>	<b>417,800,807</b>
	<b>491,729,498</b>	<b>918,249,242</b>	<b>861,695,828</b>	<b>799,021,093</b>	<b>745,284,883</b>	<b>688,307,968</b>

**Other Expenses**

Income Tax

**Appropriations**

Dividend

**Balance of the fund at the end of the year as shown in the Balance Sheet**

<b>5,650,760,339</b>	<b>5,549,406,180</b>	<b>5,216,451,077</b>	<b>4,761,126,292</b>	<b>4,260,148,642</b>	<b>3,886,869,710</b>
<b>7,281,329,279</b>	<b>8,181,302,832</b>	<b>7,444,307,317</b>	<b>6,813,456,978</b>	<b>6,215,141,162</b>	<b>5,536,583,554</b>

### 3 Statement of Cash Flows

<u>Particulars</u>	<b>30.06.2019</b> <b>BDT</b>	<b>31.12.2018</b> <b>BDT</b>	<b>31.12.2017</b> <b>BDT</b>	<b>31.12.2016</b> <b>BDT</b>	<b>31.12.2015</b> <b>BDT</b>	<b>31.12.2014</b> <b>BDT</b>
<b>A. Cash Flow from Operating Activities</b>						
Collection from Premium	1,314,472,114	2,461,378,953	2,312,242,066	2,189,491,183	1,983,714,296	1,822,539,596
Other Income received	443,131	1,712,756	1,452,395	790,731	1,253,597	884,855
Payment for Claims	(1,137,838,749)	(1,664,001,692)	(1,319,120,033)	(1,229,646,522)	(1,183,085,374)	(1,006,461,867)
Payment for management expenses, commission, re-insurance and others	(502,648,186)	(795,826,734)	(941,148,307)	(817,461,213)	(695,922,090)	(672,052,681)
Source Tax (Income Tax) deducted	(12,726,121)	(19,354,329)	(20,847,225)	(16,641,235)	(37,325,121)	(49,937,623)
<b>Net Cash Flow from operating activities</b>	<b>(338,297,811)</b>	<b>(16,091,046)</b>	<b>32,578,896</b>	<b>126,532,944</b>	<b>68,635,308</b>	<b>94,972,280</b>
<b>B. Cash Flow from Investing Activities:</b>						
Acquisition of Fixed Assets	(11,686,719)	(11,651,991)	(21,859,012)	(27,852,437)	(19,441,381)	(19,338,605)
Disposal of Fixed Assets	6,250	1,162,145	3,025,092	2,766,005	12,186,154	8,163,931
Loan against Policies paid (Net of Realization)	(7,079,655)	(8,415,268)	(8,156,285)	(5,782,252)	(1,928,906)	(2,283,116)
Investment made	41,313,672	51,100,907	(35,507,396)	(155,371,414)	(353,758,699)	(384,916,191)
Interest, Dividend and Rents Received	225,018,381	393,449,356	386,286,140	344,253,059	330,512,586	341,097,395
Fair Value Change A/C	-	-	-	45,197,641	(36,407,719)	(23,032,068)
<b>Net Cash Flow from investing activities</b>	<b>247,571,929</b>	<b>425,645,149</b>	<b>323,788,539</b>	<b>203,210,602</b>	<b>(68,837,965)</b>	<b>(80,308,654)</b>
<b>C. Cash Flow from Financing Activities:</b>						
Dividend Paid	-	(17,709,427)	(8,152,077)	(363,577)	(15,595,578)	(133,958)
<b>Net Cash Flow from financing activities</b>	<b>-</b>	<b>(17,709,427)</b>	<b>(8,152,077)</b>	<b>(363,577)</b>	<b>(15,595,578)</b>	<b>(133,958)</b>
<b>D. Net increase in cash and cash Equivalents (A+B+C)</b>	<b>(90,725,882)</b>	<b>391,844,676</b>	<b>348,215,358</b>	<b>329,379,969</b>	<b>(15,798,236)</b>	<b>14,529,669</b>
<b>E. Cash and Cash Equivalents at the beginning of the year</b>	<b>2,298,194,123</b>	<b>1,906,349,447</b>	<b>1,558,134,089</b>	<b>1,228,754,120</b>	<b>1,244,552,356</b>	<b>1,230,022,687</b>
<b>F. Cash and Cash Equivalents at the end of the year (D+E)</b>	<b>2,207,468,241</b>	<b>2,298,194,123</b>	<b>1,906,349,447</b>	<b>1,558,134,089</b>	<b>1,228,754,120</b>	<b>1,244,552,356</b>

4 The history of dividend declared by the Company was as follows:

Stock Dividend	-	15.00%	10.00%	17.00%	0.00%	5.00%
Cash Dividend	-	15.00%	15.00%	8.00%	0.00%	17.00%

5 The Company does not have any subsidiary

6 No proceeds or part of proceeds of the issue of share shall be applied directly or indirectly by the company in the purchase of any other business or an interest thereon.

7 Figures relating to previous years have been re-arranged wherever considered necessary.

Dhaka, 29 August 2019

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

LENGTH OF TIME DURING WHICH THE ISSUER HAS CARRIED ON BUSINESS [RULE-8(j)]

Pragati Life Insurance Limited is a public limited Company established under Companies Act 1994, with the philosophy of maintaining competitiveness, balanced with prudent management and fairness to all policyholders. The company obtained registration from Department of Insurance under the Insurance Act 1938 (now Insurance Act 2000) and have been carrying on its business for the last 19 (nineteen) years successfully. The company has started its commercial operation in April 11, 2000.

IMPLEMENTATION SCHEDULE FOR COMPLETION OF EACH SEGMENT OF THE PROJECT ALONGWITH THE PROPOSED DATES OF TRIAL AND COMMERCIAL OPERATION OF THE PROPOSED PROJECT [see rule-8(k)]

The proceeds received from right issue will be implemented in the following manner:

Use of Rights Share Proceeds	Amount in BDT	Implementation Period
Investment in Bangladesh Govt. Treasury Bond	150,000,000.00	Within 6 (six) months of receiving the Rights share proceed
Investment in Fixed Deposit with Bank & Financial Institutions	80,273,265.00	Within 6 (six) months of receiving the Rights share proceed
<b>Total</b>	<b>230,273,265.00</b>	

Sd/-  
**Md. Jalalul Azim**  
Managing Director & CEO

Sd/-  
**Chandra Shekhar Das, FCA**  
Chief Financial Officer

QUANTITY OF SHARES HELD BY EACH DIRECTOR AND PERSONS WHO HOLD 5% OR MORE OF THE PAID-UP SHARE CAPITAL OF THE ISSUER ON THE DATE OF THE RIGHTS SHARE OFFER DOCUMENT [SEE RULE-8(I)]

Quantity of shares held by each director on the date of the rights share offer document

**As on November 30, 2019**

Sl. No.	Name of Shareholders	Name of Nominated Person	Status	Number of Shares held	% of Shareholding
1.	Mr. Khalilur Rahman	-	Chairman	307,029	2.00
2.	Mr. Syed M. Altaf Hussain	-	Director	490,222	3.19
3.	Mr. A.S.M. Mohiuddin Monem	-	Director	833,019	5.43
4.	Mrs. Nigar Jahan Chowhdury	-	Director	429,984	2.80
5.	Mr. Md. Shafiur Rahman	-	Director	367,978	2.40
6.	Mr. Tabith M. Awal	-	Director	349,133	2.27
7.	Mr. Tafsir M. Awal	-	Director	349,133	2.27
8.	Mrs. Nelofar Kamal	-	Director	359,368	2.34
9.	Mr. Mohammed Abdul Hamid	-	Director	429,986	2.80
10.	Pragati Insurance Limited	Mr. Abdul Awal Mintoo	Director	310,500	2.02
11.	Mohammed Abdul Awwal	-	Director	312,341	2.03
12.	Mr. Muhammad Jamaluddin	-	Independent Director	-	-
13.	Mr. Dr. Rashed-Al-Mahmud Titumir	-	Independent Director	-	-
14.	Mrs. Ferdousi Reza	-	Independent Director	-	-
15.	Mr. Md. Jalalul Azim	-	Managing Director & CEO	-	-
<b>Total</b>				<b>4,538,693</b>	<b>29.55</b>

Managing Director and Independent directors do not hold any share of the Company and Independent Directors are appointed as per BSEC's Corporate Governance Code.

BENEFICIAL OWNERS/ SHAREHOLDERS HOLDING SHARES 5% OR ABOVE [Rule-8(I)]

**As on November 30, 2019**

Sl. No.	Name	Status	Number of Shares held	% of Shareholding
1.	Mr. A.S.M. Mohiuddin Monem	Director	833,019	5.43%
2.	Bangladesh Fund	Shareholder	862,249	5.62%
<b>Total</b>			<b>1,695,268</b>	<b>11.05%</b>

## COMPOSITION OF SHARE HOLDING POSITION OF THE COMPANY

*As on November 30, 2019*

Sl. No.	Particulars	No. of Shares	Amount in BDT	% of Total Shares
1.	Sponsors and Directors	6,342,736	63,427,360	41.32
2.	Institutions	3,216,588	32,165,880	20.95
3.	Non-Residents	20,890	208,900	0.14
4.	General Public	5,077,406	50,774,060	33.07
5.	Foreign (company)	693,931	6,939,310	4.52
<b>Total</b>		<b>15,351,551</b>	<b>153,515,510</b>	<b>100.00%</b>



NAME, ADDRESS, DESCRIPTION AND OCCUPATION OF DIRECTORS; MANAGING DIRECTOR, MANAGERS AND COMPANY SECRETARY OF THE COMPANY [see rule-8(m)]

DETAILS OF BOARD OF DIRECTORS

Sl. No.	Name of Directors	Designation	Education Qualification	Age (Years)	Address	Occupation
1.	Khalilur Rahman	Chairman	B.Sc. in Management	74	17, Badsha Meah Chowdhury Road, Chokbazar, Kotoali, Ctg.	Business
2.	Syed M. Altaf Hussain	Director	M.Sc. (USA)	65	House # 39 A & B, Road # 115 & 113, Gulshan Model Town, Dhaka	Business
3.	Abdul Awal Mintoo	Director	B.Sc. & M.Sc. In Agricultural Economics	74	71, Gulshan Avenue, Dhaka	Business
4.	Nelofer Kamal	Director	B.Sc. & M.Sc. In Social Science	56	House #34 A ,7, U.N Road, Baridhara, Dhaka	Business
5.	A.S.M. Mohiuddin Monem	Director	Bachelors in Industrial Engineering	46	7 Se(H)4, Gulshan Avenue, Dhaka	Business
6.	Tabith M. Awal	Director	M.Sc. in Information Technology	40	71, Gulshan Avenue, Dhaka	Business
7.	Md. Shafiur Rahman	Director	Bachelors in Civil Engineering	42	House # 22, Road # 102, Gulshan -2, Dhaka	Business
8.	Tafsir M. Awal	Director	B.Sc. in Psychology & Marketing	38	71, Gulshan Avenue, Dhaka	Business
9.	Mohammed Abdul Hamid	Director	BS in Industrial and Management Technology	55	House # 01, Flat # B4 Road # 01, Gulshan – 01, Dhaka	Business
10.	Nigar Jahan Chowdhury	Director	B.Sc.	63	102, Panchlaish Residential Area, O.R Nizam Road, Ctg	Business
11.	Mohammed Abdul Awwal	Director	M.Com	74	Plam View 101, Agrabad Commercial Area, Agrabad, Ctg.	Business
12.	Muhammad Jamaluddin	Independent Director	B.Sc. & M.Sc. in Physics	69	House-13, Road-8. Sector-12, Uttara, Dhaka	Service
13.	Dr. Rashed Al Mahmud Titumir	Independent Director	Ph.D. in Economics	50	Flat 7/A, Plot-2/1, Block-C, Lalmatia, Dhaka	Professor
14.	Ferdousi Reza	Independent Director	M.A. in Political Science	58	53/1 Senpara, Parbota, Mirpur, Dhaka	Business
15.	Md. Jalalul Azim	Managing Director & CEO	MBA (Marketing Management) & FLMI	57	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	Service

## DETAILS OF TOP MANAGEMENT & EXECUTIVES OF THE COMPANY

Sl. No	Name	Designation	Address	Educational Qualification	Age (Years)	Year of Experience	Occupation
1	Md. Jalalul Azim	Managing Director & CEO	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	MBA (Marketing Management) & FLMI	57	32	Service
2	Chandra Shekhar Das, FCA	Additional Managing Director & CFO	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Com (Accounting) & CA	44	18	Service
3	A.K.M. Shelimul Hoque	DMD & COO	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	B.Com.	68	38	Service
4	Faruque Mahmud	DMD & Project Head (IPL-Palash)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	B.Com. (Hons.)	44	17	Service
5	Jahangir Hossain	DMD & Project Head (IPL-Bakul)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	B.S.S.	39	14	Service
6	Md. Rafiqul Alam Bhuiyan	DMD (Group Life & Health Insurance)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	MBA (F&A), M.S.S (S. Welfare)-DU	52	27	Service
7	K.A.S.M Azam Ullah Tipu	AMD & Project Head (PBD & PIBD)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	B.A (Pass)	49	24	Service
8	Dr. Capt. (Rtd.) A.B.K.M Julfikar	AMD & CMC (Claim, U/W & CAMLCO)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.P.H, B.C.S & M.B.B.S.	64	38	Service
9	Md. Kabir Ahmed	AMD (Legal Department)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Com (Accounting) & ICMA (Part-II)	53	28	Service
10	Md. Shahriar Omar Faruque	SGM (Pragati Training Institute)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	B.Com. (Hons.), M.Com. (Accounting) & Cert CII (UK)	50	23	Service
11	Md. Saifur Rahman Munir	SGM (Internal Audit & Compliance)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Com (Accounting) & CA (C.C), CA (PE-1) & DSC at BIM	53	27	Service
12	Muhammad Abdullah Saadi	SGM (Investment)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	MBA (Management) & MPhil (Finance)	51	24	Service
13	Mohammad Moslay Uddin	GM & Project Head (Takaful-Ekhlal)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.A (Political Science)	38	12	Service
14	Md. Abul Kalam Azad	GM (IT Department)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Sc. (Economics)	43	17	Service
15	Sajadul Haque	GM (HR & ADC)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Sc. (Stat.), PGD (HRM), CHRM, MCSML, HRMC, DCA & MAS-DU	45	19	Service

Sl. No	Name	Designation	Address	Educational Qualification	Age (Years)	Year of Experience	Occupation
16	Md. Saiful Islam	GM (Policy Servicing)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M. Com (Management)	56	29	Service
17	Jagadish Kumar Bhanja, FCS	GM & CS	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M. Com (Accounting), FCS, LL.B. & ITP	54	27	Service
18	Sree Kartic Panday	DGM & Project Head (IPL-Krishnachura)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.A (History) & MBA	40	14	Service
19	Wing Commander Sk Sahidur Rahman (Retd.)	DGM (Admin, Branch Control & Transport)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	MBA(HRM) & JCSC	56	29	Service
20	Md. Liaquat Ali	SAGM (Dev. Admin)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Com (Management)	55	29	Service
21	Md. Abdullah Chowdhury	AGM (Agency & License)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Sc (Mathematics)	56	30	Service
22	Jamal Uddin Ahmed	AGM & Project Head (Metro)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Com (Management)	42	16	Service
23	Md. Rais Uddin	P.AGM (Hospital Network)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	B.Sc., L.D.M.S & V.D. (R.M.P)	52	26	Service
24	Md. Mushahed Chowdhury	SM & Project Head (IDPS)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.Sc. (Statistics)	51	24	Service
25	Chamale Parven	DM (Policy Documents)	Pragati Insurance Bhaban 20-21, Kawran Bazar, Dhaka-1215	M.A (Bangla)	42	16	Service

### Audit Committee

Sl. No.	Name	Designation	Position in the Audit Committee
1.	Muhammad Jamaluddin	Independent Director	Chairperson
2.	Syed M. Altaf Hussain	Director	Member
3.	A.S.M Mohiuddin Monem	Director	Member
4.	Tabith M. Awal	Director	Member
5.	Jagadish Kumar Bhanja, FCS	Company Secretary	Secretary

## Management Committee (MANCOM)

Sl. No.	Name	Designation	Position in the MANCOM
1.	Md. Jalalul Azim	Managing Director & CEO	Chairman
2.	Chandra Shekhar Das, FCA	Deputy Managing Director & CFO	Member Secretary
3.	A.K.M. Shelimul Hoque	Deputy Managing Director, COO	Member
4.	M. Rafiqul Alam Rana	Deputy Managing Director	Member
5.	Md. Jahangir Hossain	Deputy Managing Director	Member
6.	Faruque Mahmud	Deputy Managing Director	Member
7.	Md. Saifur Rahman Munir	Senior General Manager & Head (Internal Audit & Compliance)	Member
8.	Sajadul Haque	General Manager & Head (Human Resources & ADC)	Member

NAME OF THE PUBLIC LISTED COMPANIES UNDER COMMON MANAGEMENT [see rule-8(n)]

There is no Public Listed Company under the common Management of Pragati Life Insurance Limited.

NAME AND ADDRESS OF THE UNDERWRITER(S) ALONG WITH THE NUMBER OF SHARES UNDERWRITTEN BY EACH UNDERWRITER, AND ALSO THE NAME AND ADDRESS OF ISSUE MANAGER, AUDITORS, LEGAL ADVISER AND BANKER TO THE RIGHTS ISSUE [see rule-8(o)]

#### CLASSIFIED INFORMATION & UNDERWRITERS

<b>Issue Manager:</b>	<b>LankaBangla Investments Limited</b> Assurance Nazir Tower, Level-06, 65/B, Kemal Ataturk Avenue, Banani, Dhaka - 1213
<b>Auditors:</b>	<b>Hoda Vasi Chowdhury &amp; Co.</b> Chartered Accountants BTMC Bhaban (7 <sup>th</sup> -8 <sup>th</sup> Floor), 7-9 Kazi Nazrul Islam Avenue, Kawran Bazar C/A, Dhaka-1215
<b>Legal Advisor:</b>	<b>Barrister Margub Kabir</b> Advocate, Supreme Court of Bangladesh Huq & Co. 47/1, Purana Paltan, Dhaka-1000
<b>Underwriter(s):</b>	<ul style="list-style-type: none"> <li>▪ <b>LankaBangla Investments Limited</b> Assurance Nazir Tower, Level-06, 65/B, Kemal Ataturk Avenue, Banani, Dhaka - 1213</li> <li>▪ <b>MTB Capital Limited</b> MTB Tower (Level 3), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000</li> <li>▪ <b>Banco Finance and Investment Limited</b> Shefali Complex (4<sup>th</sup> Floor), 218/3/A, West Kafrul, Sher-e-Bangla Nagar, Dhaka-1207</li> </ul>
<b>Bankers to the Issue:</b>	<b>Southeast Bank Limited</b> Eunoos Trade Center 52-53, Dilkusha, C/A, Dhaka-1000

Pragati Life Insurance Limited is going to offer rights share of 15,351,551 Ordinary Shares of Tk.10.00 each at an issue price of Tk.15.00 each including a premium of Tk.5.00 per share, totaling Tk. 230,273,265.00 offered on the basis of 01[R]:01, i.e. 01 (one) Right Shares for every 01 (one) existing shares held. As per Securities and Exchange Commission's guideline, the issuer of a listed security making rights issue shall appoint one or more underwriters licensed under সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (মার্কেট ব্যাংকার ও পোর্টফোলিও ম্যানেজার) বিধিমালা, ১৯৯৬ to fully underwrite the rights issue on a firm commitment basis. Underwriting commission will be @ 0.15% on the underwritten amount and there will be no additional commission for take up unsubscribe portion of shares if any.

Name of Underwriters	Number of Shares Underwritten	Offer Price	Total Underwritten Amount in BDT	% of total Underwriting
LankaBangla Investments Limited	7,351,551	15.00	110,273,265.00	47.89%
Banco Finance and Investments Limited	5,000,000	15.00	75,000,000.00	32.57%
MTB Capital Limited	3,000,000	15.00	45,000,000.00	19.54%
<b>Total</b>	<b>15,351,551</b>		<b>230,273,265.00</b>	<b>100.00%</b>

Underwriter(s) Obligation:

If and to the extent that the shares offered to the existing shareholders by the Rights Share Offer Document authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within **10 (ten)** days of the closure of subscription call upon the underwriters **(for full unsubscribed amount)** in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for shares not subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within **15 (fifteen)** days after being called upon to do so. If payment is made by Cheque/Company Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his commitment under this Agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's account has been credited. In any case, within **7 (seven)** days after the expiry of the aforesaid **15 (fifteen)** days, the Company shall send proof of subscription and payment by the underwriters, to the Commission.

PARTICULARS ALONG WITH THE TERMS AND CONDITIONS OF THE MATERIAL **CONTRACTS INCLUDING VENDORS' AGREEMENT, UNDERWRITING AGREEMENT,** ISSUE MANAGEMENT AGREEMENT, AGREEMENT WITH THE BANKER TO THE ISSUE AND CONTRACT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT [see rule-8(p)]

## TERMS AND CONDITIONS OF THE RIGHTS ISSUE

### *Basis of the Offer*

The Company records its share register of members on **7 September 2020** for determining the shareholders who are eligible to receive this offer of shares on rights basis. The ordinary shares of Tk.10.00 each are now being offered on a rights basis to the shareholders holding shares on the record date at Tk. 15.00 each, including a premium of Tk. 5.00 per share, in the ratio of 1[R]:1, i.e., 1(one) rights share for 1(one) existing share held on the record date.

### *Entitlement*

As a shareholder of the Company on the record date on **7 September 2020**, the shareholders are entitled to this Rights Offer. Only the holder(s) of a minimum of one fully paid ordinary share is entitled to receive the Rights Offer.

### *Acceptance of the Offer*

A shareholder may accept and apply for the shares hereby offered, wholly or in part by filing in Application Form- A and submitting the same along with the application money to the Banker to the Issue on or before the Closing Date of subscription on **20 October 2020**.

### *Renunciation*

A shareholder may renounce all or part of the shares he/she is entitled to in favor of any other person(s) other than an infant or person of unsound mind. He/she can renounce his/her rights/entitlement of shares by signing Renunciation Form–B. Renounce(s) shall fill in Form–C appropriately.

### *General*

All applications should be made on the printed form provided by the Company in this Rights Share Offer Documents only and should be completed in all respects. Applications which are not completed in all respects or are made otherwise than as herein provided or are not accompanied by the proper application amount of deposit are liable to be rejected and the application money in respect thereof shall be refunded.

All communications in connection with the application for the Rights Share should be addressed to the Company quoting the registered folio number/BO ID number in the form.

### *Condition of Subscription*

1 (one) Rights Share of Tk.10.00 each issuing at Tk. 15.00 each, including a premium of Tk. 5.00 per share is offered against 1 (one) existing share held by existing shareholder(s) whose name(s) appeared in the Company's register at the record date as on **7 September 2020**.

### *Payment of Share Price*

Payments for the full value of shares applied for shall be made with designated branches of Banker to the Issue by Cash/Pay Order/Demand Draft payable to "**Pragati Life Insurance Limited**" and crossed. The Pay Order/Demand Draft for payment of share price must be drawn on a Bank in the same town to which the application form has been submitted.

### *Subscription*

Opens on: **24 September, 2020**

Closes on: **20 October, 2020**

(Within banking hours)

Any change or extension regarding subscription period will be notified through national dailies.

### *OTHERS*

The application not properly filled in shall be treated as cancelled and deposited money will be refunded. For any reason, no profit/compensation will be paid on the refunded amount.

The offer will be deemed to have been declined if completed Application Form-A with necessary payments have not been received by **20 October, 2020** or by such later date as may be notified through national dailies to that effect.



## MATERIAL CONTRACTS

### ***Vendors' Agreement***

Pragati Life Insurance Limited has not entered into any vendors' Agreement.

### *Underwriters*

Full amount of Rights Offer of Pragati Life Insurance Limited has been underwritten by LankaBangla Investments Limited, MTB Capital Limited and Banco Finance and Investment Limited as shown in the classified information part of the Rights Offer Document. The underwriter will be paid underwriting commission @0.15% of the nominal value of shares underwritten by the Underwriter out of the Rights Issue. Simultaneously, with the calling upon the underwriter to subscribe and pay for any number of shares, the Company will pay no additional commission to that underwriter on the nominal value of shares required to be subscribed by them.

### *Manager to the Issue*

LankaBangla Investments Limited has been appointed as Manager to the Issue of Rights Issue of the Company. Accordingly, an agreement was made with the Issue Manager and the Company. The Company will pay BDT 1.00 Million of the total issue size to the Issue Manager as issue management fee.

### *Bankers to the Issue*

Southeast Bank Limited is Banker to the Issue who will collect the subscription money of the Rights Offer. Commission @ of 0.10 % of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them. The Rights Issue subscription money collected from the shareholders by the Bankers to the Issue will be remitted to the Company's **SND Bank Account No. 001513100000510 with Southeast Bank Limited, Kawran Bazar Branch, Dhaka.**

### *Contract for Acquisition of Property*

After the balance sheet date June 30, 2019, the Company did not acquire any property or entered into any agreement for acquisition of any property.

# BANKERS TO THE ISSUE OF RIGHTS ISSUE OF PRAGATI LIFE INSURANCE LIMITED

Southeast Bank Limited			
Region	Sl. No.	Branch Name	Address
Dhaka	1.	Banani Branch	Plot #71, Block #B, Kamal Ataturk Avenue, Banani, Dhaka
	2.	Mirpur Branch	Simple tree, Plot # 01, Road # 08, Block - C Section-06, Mirpur Housing Estate Pallabi, Dhaka
	3.	Dhanmondi Branch	Navana New Berry Place, 1st floor, 4/1/A, Mirpur Road, Sobhanbag, Dhaka
	4.	Uttara Branch	House #1, Road #11, Sector #1, Uttara, Dhaka-1230
	5.	New Elephant Road Branch	Kazi Bhaban 39, New Elephant Road, (1st & 2nd Floor), P.S.: Dhanmondi, Dhaka - 1205
	6.	Mohakhali Branch	"Bay's" (1st Floor), 50 Mohakhali C/A, Dhaka
	7.	Kakrail Branch	"Toma Tower", Holding No 77/1, Anjuman Mofidul Islam Road (VIP Road), Kakrail, Dhaka
	8.	Corporate Branch	Eunoos Trade Centre (Ground Floor), Plot #52-53, Dilkusha C/A, Dhaka-1000
	9.	Bangshal Branch	14/3, North South Road, Dhaka
	10.	New Eskaton Branch	Chowdhury Center, 23/Ka, New Eskaton Road (1st Floor), P.S.: Ramna, Dhaka - 1000
	11.	Pragati Sarani Branch	Plot No. GA - 25/5/1, Shahjadpur Pragati Sarani, Gulshan, Dist.: Dhaka
	12.	Principal Branch	1, Dilkusha C/A, Dhaka - 1000
	13.	Shaymoli Branch	ASA Tower (2nd Floor), Holding # 23/3 & 23/14, Bir Uttam A. N. M. Nuruzzaman Sarak, Shyamoli, Mohammadpur, Dhaka-1207
	14.	Bashundhara Branch	Plot#142, Block# B, Bashundhara R/A, Baridhara, Dhaka -1212
	15.	Karwan Bazar Branch	Jamuna Bhaban (1st Floor) 2, Kawran Bazar C/A, Dhaka-1215
	16.	Mouchak Branch	Karnaphuli Point (1st Floor), 70 Shaheed Sangbadik Selina Parveen Sarak, Malibagh, Dhaka-1217
	17.	Mohammadpur Branch	Axis Delvista (1st Floor), Holding No:7/1, Block - A, Aurongajeb Road, Mohammadpur Housing Estate, Mohammadpur, Dhaka
	18.	Narayanganj Branch	Holding #26-29, S.M. Maleh Road, Tan Bazar, Narayanganj
Chittagong	19.	Agrabad Branch	Faruk Mahal, 93, Agrabad Commercial Area, Chittagong.
	20.	Khatunganj Branch	410/411, Khatunganj, Chittagong
	21.	Jubilee Road Branch	Haji Golam Rasul Market, 96 Jubilee Road, Chittagong
	22.	Halishahar Branch	House # 03, Block - G, Port Connecting Road, Halishahar Housing Estate, Halishahar, Chittagong
	23.	CDA Avenue Branch	Ali Villa, 1640/1861 (New), CDA Avenue, Asian Highway, East Nasirabad, Thana - Panchliash, Dist.: Chittagong
Bogra	24.	Bogra Branch	Bhandari Monzil, (2nd Floor), 776-777 Barogola, Bogra
Rajshahi	25.	Rajshahi Branch	Plot # 447, Mangol Bhaban, Alupatti Mour, P.O. Ghoramara, P.S.: Boalia, Dist.: Rajshahi
Rangpur	26.	Rangpur Branch	RDRS Complex Hodling # 9416, Jail Road, Radhaballab, Rangpur
Khulna	27.	Khulna Branch	Haji Hanif Complex (1st floor), 12 & 13, Khan Jahan Ali Road, Khulna.
Barisal	28.	Barisal Branch	54, Sadar Road (1st Floor), Kotowali, Barisal
Sylhet	29.	Bandar Bazar Branch	Karim Ullah Market, (1st Floor), Bandar Bazar, Sylhet
	30.	Moulvibazar Branch	Jarif Tower 199/2, M. Saifur Rahman Road, Thana - Moulvibazar, Dist.: Moulvibazar
	31.	Chouhatta Branch	Manru Shopping City, Plot# 4953/4943 (1st Floor), Chouhatta Mirboxtola Road, Chouhatta, Sylhet
	32.	Laldighirpaar Branch	Mubarak Tower, 1794/1788, New Market, Sylhet

NUMBER OF RIGHTS SHARES THAT THE DIRECTORS ARE GOING TO SUBSCRIBE, AND IN CASE THEY PROPOSE TO MAKE RENUNCIATION, THE REASONS AND EXTENT OF SUCH RENUNCIATION [see rule-8(q)]

We declare that the Director of Pragati Life Insurance Limited are expected to exercise in full their portion of Rights Share Offer:

Sl. No.	Name	Status	Number of Share held (including 15% stock dividend as approved in AGM on 25-08-19)	Number of Shares to be offered	Number of Shares to be renounced
1.	Mr. Khalilur Rahman	Chairman	307,029	307,029	Nil
2.	Mr. Syed M. Altaf Hussain	Director	490,222	490,222	Nil
3.	Pragati Insurance Limited (Represented by Mr. Abdul Awal Mintoo)	Director	310,500	310,500	Nil
4.	Mrs. Nelofar Kamal	Director	359,368	359,368	Nil
5.	Mr. A.S.M. Mohiuddin Monem	Director	833,019	833,019	Nil
6.	Mr. Tabith M. Awal	Director	349,133	349,133	Nil
7.	Mr. Md. Shafiur Rahman	Director	367,978	367,978	Nil
8.	Mr. Tafsir M. Awal	Director	349,133	349,133	Nil
9.	Mr. Mohammed Abdul Hamid	Director	429,986	429,986	Nil
10.	Mrs. Nigar Jahan Chowhdury	Director	429,984	429,984	Nil
11.	Mr. Mohammed Abdul Awwal	Director	312,341	312,341	Nil
12.	Mr. Muhammad Jamaluddin	Independent Director	-	-	-
13.	Mr. Dr. Rashed-Al-Madmud Titumir	Independent Director	-	-	-
14.	Mrs. Ferdousi Reza	Independent Director	-	-	-
15.	Mr. Md. Jalalul Azim	Managing Director & CEO	-	-	-

**Sd/-**  
**Md. Jalalul Azim**  
Managing Director & CEO

**Sd/-**  
**Jagadish Kumar Bhanja, FCS**  
Company Secretary

Utilization of Initial Public Offering Fund [see rule-8(r)]

Pragati Life Insurance Limited went for Public Issue in the year 2006 by issuing 450,000 Ordinary Shares of Tk. 100.00 per share and raised gross proceeds of Tk. 45,000,000.00. The entire fund was utilized in the following manner:

Utilization of Fund	Amount in BDT
Investment for business expansion	45,000,000.00
Total	<b>45,000,000.00</b>

**Sd/-**  
**Md. Jalalul Azim**  
Managing Director & CEO

**Sd/-**  
**Chandra Shekhar Das, FCA**  
Chief Financial Officer

Form - A  
[Rule 5 and rule 8(t)]

DECLARATION (DUE DILIGENCE CERTIFICATE) ABOUT RESPONSIBILITY OF THE ISSUE  
MANAGER IN RESPECT OF THE RIGHTS SHARE OFFER DOCUMENT OF  
PRAGATI LIFE INSURANCE LIMITED

This rights share offer document has been reviewed by us and we confirm after due examination that the rights share offer document constitutes full and fair disclosures about the rights issue and the issuer and complies with the requirements of the Securities and Exchange Commission (Rights Issue) Rules, 2006; and that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006.

For Manager to the Issue,

Sd/-  
**Iftekhar Alam**  
Chief Executive Officer (C.C.)  
LankaBangla Investments Limited

Place: Dhaka  
Dated: December 23, 2019

Form - B  
[Rule 6 and rule 8(t)]

DECLARATION (DUE DILIGENCE CERTIFICATE) ABOUT RESPONSIBILITY OF THE  
UNDERWRITER(S) IN RESPECT OF THE RIGHTS SHARE OFFER DOCUMENT OF  
PRAGATI LIFE INSURANCE LIMITED

This rights shares offer document has been reviewed by us and we confirm after due examination that the issue price is justified under the provisions of the Securities and Exchange Commission (Rights Issue) Rules, 2006, and also that we shall subscribe for the under-subscribed rights shares within fifteen days of calling thereof by the issuer. The issuer shall call upon us for such subscription within ten days of closure of the subscription lists for the rights issue.

For Underwrites(s),

Sd/-  
**Iftekhar Alam**  
Chief Executive Officer (C.C.)  
LankaBangla Investments Limited

Sd/-  
**Mohammad Hamdul Islam**  
Managing Director and CEO  
Banco Finance and Investment Limited

Sd/-  
**Khairul Bashar A. T. Mohammed**  
Chief Executive Officer & SEVP  
MTB Capital Ltd.

Place: Dhaka  
Date: December 22, 2019

## FORM - C

[As per Rule 8(h), 8(i) and 8(t) of Securities and Exchange Commission (Right Issue) Rules, 2006]

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements for the period from 01 January, 2019 to 30 June, 2019 of Pragati Life Insurance Limited in accordance with the applicable International Standards of Auditing (ISA) we state that we have obtained all the information and explanations which we have required and according to the best of our information and explanations given to us and as shown by the books of account and after due verification thereof, we report that, in our opinion (Refer to our detailed Auditors' Report annexed with the audited Financial Statements issued on 25 August 2019):

- a) Management is responsible for the preparation and fair presentation of the financial statements in accordance with applicable International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), the Companies Act (#18) 1994, the Insurance Act 1938 (as amended in 2010), the Bangladesh Securities and Exchange Rules 1987 and other laws and regulations applicable for such Companies in Bangladesh and for such internal control as management determines in necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Company's financial reporting process;
- b) These financial statements which are in agreement with the books of Account of the Company present fairly, in all material respects, the financial position of the Company as at 30 June 2019, its financial performance and its cash flows for the period then ended in accordance with applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act (#18) 1994, the Insurance Act 1938 (as amended in 2010), Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations applicable for such companies in Bangladesh;
- c) Proper Books of Account have been kept by the Company as required by the relevant laws;
- d) The expenditure incurred was for the purposes of the Issuer Company's business.

We also certify that the above company has declared the following dividend for each of the following five years immediately preceding the issue of rights share offer document under the Securities and Exchange Commission (Rights Issue) Rules, 2006, and that the company has duly paid off the following amounts of the declared dividend mentioned against respective year-

Financial Year	Date of AGM for Dividend Declaration	Rate (%) of Dividend declared		Total Dividend Amount Taka	Amount paid Taka	Unpaid Dividend Taka
		Stock Dividend Taka	Cash Dividend Taka			
2014	September 29, 2015 ----- 5% stock and 17% Cash Dividend	4,939,200	16,793,280	21,732,480	15,963,382	829,898
2015	September 28, 2016 ----- NIL	-	-	-	-	-

Financial Year	Date of AGM for Dividend Declaration	Rate (%) of Dividend declared		Total Dividend Amount Taka	Amount paid Taka	Unpaid Dividend Taka
		Stock Dividend Taka	Cash Dividend Taka			
2016	September 28, 2017 ----- 17% Stock and 8% Cash Dividend	17,632,944	8,297,856	25,930,800	8,260,459	37,397
2017	September 27, 2018 ----- 10% Stock and 15% Cash Dividend	12,135,614	18,203,421	30,339,035	17,581,010	622,411
2018	August 25, 2019 ----- 15% Stock and 15% Cash Dividend	20,023,763	20,023,763	40,047,525	-	20,023,763

**Dated:** 29 August, 2019

**Sd/-**  
**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

FORM-D  
[Rule 8 (t)]

DUE DILIGENCE CERTIFICATE BY THE DIRECTORS ABOUT THEIR PERSONAL  
RESPONSIBILITY IN RESPECT OF THE RIGHTS SHARE OFFER DOCUMENT OF PRAGATI LIFE  
INSURANCE LIMITED

This rights share offer document has been prepared, seen, reviewed and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given in the rights share offer document, relevant documents and financial statements submitted to the Commission and others concerned under the Securities and Exchange Commission (Rights Issue) Rules, 2006.

We confirm, after making all reasonable enquiries, that all conditions concerning this rights issue and rights share offer document have been met. We further confirm that we have not concealed any information or statement which might have any bearing on the information already made.

In case of any default or failure on our part, civil, criminal or administrative action may be taken against us.

Sd/-

**Khalilur Rahman**  
Chairman

Sd/-

**Abdul Awal Mintoo**  
Director  
(Represented by Pragati Insurance Ltd.)

Sd/-

**Nelofer Kamal**  
Director

Sd/-

**Tabith M. Awal**  
Director

Sd/-

**Tafsir M. Awal**  
Director

Sd/-

**Nigar Jahan Chowdhury**  
Director

Sd/-

**Dr. Rashed-Al-Mahmud**  
Independent Director

Sd/-

**Md. Jalalul Azim**  
Managing Director & CEO

Sd/-

**Syed M. Altaf Hussain**  
Director

Sd/-

**Mohammed Abdul Awwal**  
Director

Sd/-

**A.S.M. Mohiuddin Monem**  
Director

Sd/-

**Md. Shafiur Rahman**  
Director

Sd/-

**Mohammed Abdul Hamid**  
Director

Sd/-

**Muhammad Jamaluddin**  
Independent Director

Sd/-

**Ferdousi Reza**  
Independent Director

## LOCK-IN ON RIGHTS SHARES [see rule-8(u)]

The Rights Shares of Directors and other shareholders holding 5% or more shares shall be subject to lock-in for a period of three years from the date of closure of the Rights share subscription. In the event of renunciation of rights shares by aforesaid persons, the renounced shares shall also be subject to lock-in for the same period shall be operative.

Sl. No	Name of Directors	Status	Rights Share portion	Percentage of shareholders	Date of Subscription Close	Expiry date of Lock-in
1.	Mr. Khalilur Rahman	Chairman	307,029	2.00%	<b>20 October, 2020</b>	<b>3 (three) years from the closing date of Subscription</b>
2.	Mr. Syed M. Altaf Hussain	Director	490,222	3.19%		
3.	Mr. Abdul Awal Mintoo (Representative of Pragati Insurance Limited)	Director	310,500	2.02%		
4.	Mrs. Nelofar Kamal	Director	359,368	2.34%		
5.	Mr. A.S.M. Mohiuddin Monem	Director	833,019	5.43%		
6.	Mr. Tabith M. Awal	Director	349,133	2.27%		
7.	Mr. Md. Shafiur Rahman	Director	367,978	2.40%		
8.	Mr. Tafsir M. Awal	Director	349,133	2.27%		
9.	Mr. Mohammed Abdul Hamid	Director	429,986	2.80%		
10.	Mrs. Nigar Jahan Chowhdury	Director	429,984	2.80%		
11.	Mohammed Abdul Awwal	Director	312,341	2.03		
12.	Bangladesh Fund	Shareholder	862,249	5.62%		
13.	Mr. Muhammad Jamaluddin	Independent Director	-	-		
14.	Mr. Dr. Rashed-Al-Madmud Titumir	Independent Director	-	-		
15.	Mrs. Ferdousi Reza	Independent Director	-	-		
16.	Mr. Md. Jalalul Azim	Managing Director & CEO	-	-		

Sd/-

**Md. Jalalul Azim**

Managing Director & CEO



Certificate on Compliance of Conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission to the Shareholders of Pragati Life Insurance Limited

Report to The Shareholders of Pragati Life Insurance Limited On Compliance on The  
Corporate Governance Code  
[Certificate as per condition No. 1(5)(xxvii)]

We have examined the compliance status to the Corporate Governance Code by Pragati Life Insurance Limited for the year ended on 30 June 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory subject to the remarks and observations as reported in the attached corporate governance compliance status.

Place: Dhaka,  
Date: 08 September 2019

**Sd/-**  
**MABS & J Partners**  
Chartered Accountants

# COMPLIANCE REPORT OF PRAGATI LIFE INSURANCE LIMITED

## CORPORATE GOVERNANCE COMPLIANCE STATUS

[As per condition No. 1(5)(xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD /2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

### (Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.0	<b>Board of Directors</b>			
1(1)	<b>Size of the Board of Directors:</b> The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1.2	<b>Independent Directors:</b>			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		
1(2)(b)(i)	<b>"Independent Director" means a director-</b> who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		
1(2)(e)	<b>The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:</b> Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per Companies Act, 1994.	✓		
<b>1.3</b>	<b>Qualification of Independent Director.</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)(i)	<b>Independent director shall have following qualifications:</b> Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			Not Applicable
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			Not Applicable
<b>1.4</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
<b>1.5</b>	<b>The Directors' Report to Shareholders</b>			
1(5)(i)	<b>The Board of the company shall include the following additional</b>	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	<b>statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):</b> An industry outlook and possible future developments in the industry;			
1(5)(ii)	The segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;			Not Applicable
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			Not Applicable
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			Not Applicable
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			Not Applicable
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			Not Applicable
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1.5(xxiii)(a)	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</b>	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			
1.5(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1.5(xxiii)(c)	Executives; and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);			No shareholder holds 10% or more share
1(5)(xxiv)(a)	<b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</b> A brief resume of the director;	✓		
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas; and	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)(a)	<b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b> Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9	✓		
1(6)	<b>Meetings of the Board of Directors:</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1.7	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with	✓		

Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	environment, employees, customers and suppliers; and independency.			
<b>2.0</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			Not Applicable
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			Not Applicable
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
<b>3.0</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b>			
3(1)(a)	<b>Appointment:</b> The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).			No such event occurred
3(2)	<b>Requirement to attend Board of Directors' Meetings:</b> <b>The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:</b> Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
<b>3.3</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)(i)	<b>The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:</b> These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4.0</b>	<b>Board of Directors' Committee.</b>			
4(i)	<b>For ensuring good governance in the company, the Board shall have at least following sub-committees:</b> Audit Committee; and	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
4(ii)	Nomination and Remuneration Committee.	✓		
<b>5.0</b>	<b>Audit Committee</b>			
5(1)(a)	<b>Responsibility to the Board of Directors:</b> The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)(a)	<b>Constitution of the Audit Committee:</b> The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			Not Applicable
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)(a)	<b>Chairperson of the Audit Committee:</b> The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
5(3)(c)	<b>Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):</b> Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		
5(4)(a)	<b>Meeting of the Audit Committee:</b> <b>The Audit Committee shall conduct at least its four meetings in a financial year:</b> Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)(a)	<b>Role of Audit Committee</b> <b>The Audit Committee shall:</b> Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		

Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	<p><b>Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:</b></p> <p>Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:</p> <p>Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.</p>			No such event occurred in 2019
<b>5.6</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)(i)	<p><b>Reporting to the Board of Directors:</b></p> <p>The Audit Committee shall report on its activities to the Board;</p>	√		
5(6)(a)(ii)(a)	<p><b>The Audit Committee shall immediately report to the Board on the following findings, if any:</b></p> <p>Report on conflicts of interests;</p>			No such incidence arose
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such incidence arose
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			No such incidence arose
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such incidence arose
5(6)(b)	<p><b>Reporting to the Authorities:</b></p> <p>If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.</p>			No such incidence arose
5(7)	<p><b>Reporting to the Shareholders and General Investors:</b></p> <p>Report on activities carried out by the Audit Committee, including any report</p>	√		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			
6(1)(a)	<b>Nomination and Remuneration Committee (NRC).</b> <b>Responsibility to the Board of Directors:</b> The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).	✓		
6(2)(a)	<b>Constitution of the NRC:</b> The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			Not Applicable
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			Not Applicable
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6(3)(a)	<b>Chairperson of the NRC:</b> The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			If arise, will be complied
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	✓		
6(4)(a)	<b>Meeting of the NRC:</b> The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6(5)(a)	<b>Role of the NRC:</b> NRC shall be independent and responsible or accountable to the Board and to the Shareholders	✓		
6(5)(b)(i)(a)	<b>Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:</b> The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
<b>7.0</b>	<b>External or Statutory Auditors</b>			
7(1)(i)	<b>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-</b> Appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	Financial information systems design and implementation;	✓		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Broker-dealer services;	✓		
7(1)(v)	Actuarial services;	✓		
7(1)(vi)	Internal audit services or special audit services;	✓		
7(1)(vii)	Any service that the Audit Committee determines;	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance; and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	<b>No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:</b> Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
<b>8.0</b>	<b>Maintaining a website by the Company.</b>			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
<b>9.0</b>	<b>Reporting and Compliance of Corporate Governance.</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

Credit Rating Report on Pragati Life Insurance Limited [see  
rule-8(w)]

# AlphaRating

## PRAGATI LIFE INSURANCE LIMITED

(Pragati Insurance Bhaban (6<sup>th</sup> Floor), 20-21 Kawran Bazaar, Dhaka-1215, Bangladesh)

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Alpha Credit Rating Limited, Sadharan Bima Bhaban-2, 139 Motijheel C/A, Dhaka-1000  
Tel: + 880-2- 9573026 – 28. Web: [www.alpharating.com.bd](http://www.alpharating.com.bd)

18 August, 2020

**Managing Director & CEO**  
**Pragati Life Insurance Limited**  
**Pragati Insurance Bhaban (6th Floor), 20-21 Kawran Bazaar,**  
**Dhaka-1215, Bangladesh,**

**Subject: Credit Rating of Pragati Life Insurance Limited.**

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (AlphaRating) has assigned the following rating to **Pragati Life Insurance Limited**.

Date of Declaration	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
18 August, 2020	17 August, 2021	Surveillance	AA+	ST-1	Stable

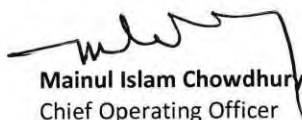
The long-term and short-term rating is valid up to the earlier of 17 August, 2021. The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **Pragati Life Insurance Limited**, hereby solemnly declare that:

- (i) We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With Kind Regards,

  
**Mainul Islam Chowdhury FCCA**  
 Chief Operating Officer

**This letter forms an integral part of the credit rating report.**



**Pragati Life Insurance Limited** AA+ Long Term Rating ST-1 Short Term Rating Stable Outlook

Rating Action Surveillance Date of Declaration: 18 August, 2020 Valid Till: 17 August, 2021

Underwriting Risk Fair	Profitability Good	Asset Quality Good	Capital Adequacy Inadequate	Liquidity Moderate	Solvency Negative	Claims Good	Industry Life Insurance
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### Rating Rationale

#### Previous Rating

Long Term Rating: AA  
Short Term Rating: ST-2  
Outlook: Stable  
Date of Declaration:  
01 August, 2019  
Valid Till:  
31 July, 2020

#### Analysts

**Tanmoy Saha**  
[tanmoy@alpharating.com.bd](mailto:tanmoy@alpharating.com.bd)

**Jahannur Khan**  
[jahannur@alpharating.com.bd](mailto:jahannur@alpharating.com.bd)

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**Date of Incorporation:**  
11<sup>th</sup> April, 2000

**Board Chairman:**  
Mr. Khalilur Rahman

**Managing Director & CEO:**  
Mr. Md. Jalalul Azim

**Total Asset:**  
BDT 5,884.09 million

**Life Fund:**  
BDT 5,683.47 million

**Authorized Capital:**  
BDT 1,000.00 million

**Paid up Capital:**  
BDT 153.52 million

AlphaRating upgrades long term rating to "AA+" (Pronounced as 'Double A Plus') from "AA" (Pronounced as 'Double A') and short term rating to "ST-1" from "ST-2" in favor of Pragati Life Insurance Limited (herein after referred as 'PLIL or the company'). The rating is based on the audited financial statement from FY 2017 to FY 2019 and other qualitative information. While assigning the rating AlphaRating has considered both favorable and unfavorable movement in overall performance of the company.

The rating mainly considers strong earnings, increased total assets, growth in gross premium, maintaining allowable management expense, increase in total investment, higher investment yield, higher reinsurance etc. Further, strong brand image attracts new policy holders and retained the existing ones simultaneously. The rating has also considered qualitative aspects of PLIL such as experienced management team, qualified board of directors, vigilant underwriting process, wide network of branches, fair regulatory compliance, strong internal control and up to date information technology.

However, the rating has been constrained by lower pre-tax income, lower growth of life fund, decline in current ratio & return on assets, higher underwriting net leverage, fall in actuarial surplus, higher underwriting risk, inadequate paid-up capital, poor value of investment in capital market, 67.25% claim settlement ratio, negative solvency and threat of increasing future competitiveness from foreign participants.

### Operating Performance

Selected Indicators	Year ended Dec. 31		
	2019	2018	2017
BDT in million			
Pre-tax income	180.50	367.63	491.40
Total income including life fund	8,924.83	8,181.30	7,444.31
Growth rate of 1st year premium (%)	22.75	4.04	12.17
Growth rate of renewal premium (%)	13.72	24.40	3.03
Total Management Expense	1,087.09	918.24	861.69
Commission Expense	630.21	483.79	450.47
Management expense ratio (%)	37.44	35.88	37.61
Surplus from operation	203.14	332.95	455.32
Underwriting Net leverage (x)	6.04	4.24	7.75
Net Investment Income Ratio (%)	16.05	15.55	16.73
Investment Yield (%)	9.46	8.29	8.42
Solvency Ratio (%)	(25.08)	(33.15)	(35.65)
Current Ratio (x)	2.49	2.75	2.71
Underwriting Process Risk (x)	90.90	88.16	93.75
Total Reinsurance	20.08	0.63	28.58

  
Mainul Islam Chowdhury FCCA  
Chief Operating Officer  
Alpha Credit Rating Limited

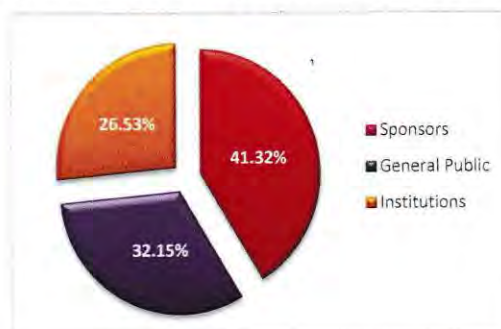
## Company Profile

Pragati Life Insurance Limited was established on 30<sup>th</sup> January, 2000 as a public limited company under Companies Act, 1994. The company obtained registration from the Department of Insurance on 11<sup>th</sup> April, 2000 under the Insurance Act, 1938. The company started with a paid up capital of BDT 30.00 million against an authorized capital of BDT 250.00 million. Now the authorized capital and paid up capital stands to BDT 1,000.00 million and BDT 153.52 million. The company subsequently listed in DSE and CSE in 2006, February. PLIL was established with the vision of participating effectively in the process of providing financial security to the clients as well as to facilitate creation of long term capital in the market.

PLIL is active member of capital market having BDT 1,756.217 million market capitalization as on 16 August, 2020. According to DSE, market share of the company is categorized as "A". The company has issued 15% cash dividend in FY 2018 (15% 2017, 8% 2016 & 17% 2014) and 15% stock dividend in FY 2018 (10% 2017, 17% 2016, 5% 2014, 5% 2012, 12% 2011 & 12% 2010).

## Ownership Pattern

The Company is a listed Company in the capital market under Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). As per Insurance Act 2010 schedule 1, Section 21, life insurance companies are required to have BDT 300.00 million paid up capital amongst 60 percent shall be paid by the sponsors of the Company and another 40 percent shall be opened to be demonstrated by the public. It has been observed that, PLIL has applied for 1:1 right share to the BSEC which is under process for approval. The purposes of issuance of right shares are to cope with the business growth and strengthen the capital base of the company as well as fulfill the regulatory requirement. As at 29 February, 2020 the following shareholding pattern is exist:



## Branch Network

The company carries out its activities through its head office located at Pragati Insurance Bhaban, 20-21 Kawran Bazar, 6<sup>th</sup> floor, Dhaka-1215. PLIL has its footstep almost everywhere in the country.

## Product Focus and Diversification

PLIL's core product, participating whole life insurance, is focused on those products on which the Company maintains relatively little diversity. Compared to International market, especially with our neighboring countries Pragati Life Insurance Limited's product range is conservative even with MetLife Bangladesh. The company's long term care product has been more conservatively priced vs. peers for many years, which has made it exposed lower risk than peers. PLIL has been working on many non-traditional products also such as (NIRVOY-micro life for SIM user, Tonic -Micro Health Insurance for Mobile SIM user with Telenor Health & Grameen Phone; Life and Health insurance coverage for woman worker of RMG sector through SNV; Health Insurance for member of CARE, INAFI; Inclusion of insurance in SME through UK Challenged Fund etc.). These products will help PLIL to increase the market share as well as strengthen the brand image of PLIL.



## Company Profile

## Industry Overview

## Business Risk Analysis

## Financial Risk Analysis

## Management &amp; Other Qualitative Factor

## Company Information

As a whole, AlphaRating believes that the low level of product risk outweighs shortcomings of limited product diversification and plenty of scope is available to introduce sustainably profitable products in Bangladesh which PLIL has already started introducing.

## Products

Individual Product line	Micro Insurance	Health Insurance	Group Insurance
Under this plan, PLIL has been offering 41 products to the customers with the inclusion of profit and bonus. Some of the major products are listed below:	19 different types of products are offered under this plan. Major products are include:		
<ul style="list-style-type: none"> <li>- Jibon Sathi with bonus</li> <li>- Jibon Protasha with bonus</li> <li>- Jibon Tori with profit</li> <li>- Jibon Somahar with profit</li> <li>- Jibo Alo-A with bonus</li> <li>- Jibo Alo-B with bonus</li> <li>- Jibon Bondhu with bonus</li> <li>- Jibon Abokash (pension)</li> <li>- Jibon Bikash (child stipend) and so on</li> </ul>	<ul style="list-style-type: none"> <li>- Shonchoi 3 in 1 policy</li> <li>- Shonchoi 3 payments policy</li> <li>- Shonchoi 4 payments policy</li> <li>- Shonchoi somahar</li> <li>- Education endowment</li> <li>- DPS (pension policy) and so on.</li> </ul>	<ul style="list-style-type: none"> <li>- Hospitalization plan</li> </ul>	<ul style="list-style-type: none"> <li>- Group term life</li> <li>- Group term life insurance with refund of premium</li> <li>- Group endowment insurance</li> </ul>

## Rating Consideration

## Strengths

(1) **Products, markets and distribution:** PLIL's operations are diversified by product, geography and distribution channel. The Company provides life insurance and health management products and services for both individuals and groups. The Company's current strategy is to refine its product offerings to assume fewer market risks, such as exposures to interest rates and equity markets through long duration guarantees, while increasing more stable premium-based revenues. Geographical diversification is widespread, anchored in the relatively mature but highly profitable Bangladeshi business segment. Expansion of distribution channels is key to the Company's future success in the fast-growing gono grameen bima along with the traditional individual and group life insurance. The Company continues to expand its career agencies and its bancassurance channels in Bangladesh. The Company is viewed as having the operational and management expertise to effectively manage its operation. All products are sold by a dedicated sales force, complemented by growing wholesale distribution channels.

(2) **Dominant presence in Bangladesh:** PLIL was able to complete another successful year in spite of unstable economic condition prevailing in the country and stiff competition among different insurers. It was only possible because of the strength of the marketing forces of PLIL, soundness of the organization structure and constant endeavor to review the business strategies wherever necessary to improve the quality of the business, customer service and to reduce the procurement cost of the business. Highly skilled marketing team of PLIL has helped to increase the gross premium by 10.36% and increase in life fund by 6.38% in FY 2018.



**(3) Risk management focus:** PLIL has a comprehensive risk management framework. Management strives to identify and assume risk when the risks are consistent with the Company's earnings and capital risk targets. Risks are mitigated through product design and pricing. Product pricing and design are driven by extensive risk analysis and are manufactured to mitigate these risks as much as possible, while remaining competitive in chosen markets. The investment portfolio is increasingly conservative. More than 46.48% of the company's investment are risk free Bangladesh Govt. Treasury Bond etc. Liquidity is strong. Cash on hand and access to financial markets is adequate to meet financial obligations under reasonable stress scenarios. The Company is constantly upgrading its risk management processes and systems. The employment of an economic capital model would result in more efficient allocation of capital on a risk-adjusted basis.

#### Challenges

**(1) Achieving business and revenue growth.** The Company has as always; challenge to achieve profitable organic growth in competitive markets, such as Bangladesh, and niche markets, such as the health benefit insurance businesses. Without the long-tailed guarantee features traditionally associated with life insurance and annuity products, the Company will be more vulnerable to competition from financial service providers, such as banks and investment management companies. Maintaining market share will be a challenge, requiring a focus on cost efficiencies, distribution and product innovations. Bangladesh provides good growth potential, but the Company has a relatively small base for the Bangladeshi business to have significant income impact. Maintaining added value in its life insurance to business, such as relatively strong fund performance and good customer service and advice, is key to the long-term success, especially given increasing competition from alternative investment products in both the retail and institutional markets and lower-cost forms of distribution and products than the traditional advisor-sold model.

**(2) Absent of claim equalization fund:** PLIL is one of the leading life insurance company in Bangladesh. The Company is growing immensely and hence the client base. But AlphaRating's observation is that the Company does not maintain any claim equalization fund in order to smooth fluctuations in the cost of claims. This will enable the Company to predict its future claims which will also help the Company to focus more on investment activities.

**(3) New entrants of foreign companies:** The Company will be more vulnerable to competition from new competitors (already entered) and from potential foreign competitors. From the new entrants, the Company will face maintaining its existing market share and from the foreign competitors, PLIL has to gain technical expertise which will be very costly.

## Industry Overview

### Snapshot of Bangladesh's insurance industry

Currently, Bangladesh's insurance sector comprises 46 general insurance companies and 33 life insurance companies. In addition, there are two state-owned insurance corporations—one in the general segment and the other in the life segment.

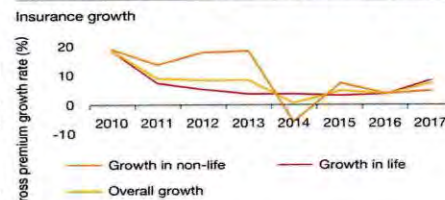
According to a sigma report of the Swiss Re Institute, as of 2017, the gross premium volume of life insurance in Bangladesh stands at USD 974 million and that of non-life stands at USD 371 million. Figure 1 depicts the year-on-year growth. Life insurance constitutes 73.5% of Bangladesh's insurance market and non-life insurance, 26.5%.

Micro-insurance and Islamic insurance (takaful) are also a part of Bangladesh's insurance sector. In 2017, 2.20 million new life and 2.36 million new non-life insurance policies were issued. Further, the number of inforce life insurance policies was 10.78 million in 2017. The assets of all insurance companies in Bangladesh stood at USD 5,810.61 million by the end of 2017, with an average growth rate of 13.83% from 2009. Investments in both life and non-life insurance companies have grown at an average rate of 14.95% during 2009–2017, with returns increasing from 8% to 11.5% during the same period. The life insurance sector has a competitive landscape, with market share being closely distributed among multiple players.

### Benchmarking Bangladesh's insurance industry

Although Bangladesh's insurance sector has witnessed some growth, in comparison with other emerging nations, there is a lot of room for improvement. According to the Seventh Five Year Plan (2016–2020) of the Government of Bangladesh (GoB), a majority of the population across product segments (life and non-life) remains untapped by the insurance market. Overall, insurance penetration (insurance premiums as a share of GDP) in Bangladesh was 0.55% in 2017 and has mostly been on a downward trend since 2009 (see Figure 2). Figure 3 indicates that Bangladesh's life insurance penetration rate falls behind that of several other developing countries. Compared to its South Asian counterparts, Bangladesh has the lowest premium per capita. In emerging markets, the average per capita spending on insurance increased by 13% to USD 166 in 2017. The average insurance penetration in emerging markets increased to 3.3% in 2017 (2016: 3.2%), as premium growth continued to outpace GDP growth within these economies. Egypt, like Bangladesh, is one of the countries featured on Goldman Sachs' Next Eleven (N-11), and has been implementing regulatory reforms.

Figure 1: Growth of Bangladesh's insurance sector



Source: Bangladesh Insurance Association 2017 Annual Report

Figure 2: Trend of insurance penetration in Bangladesh

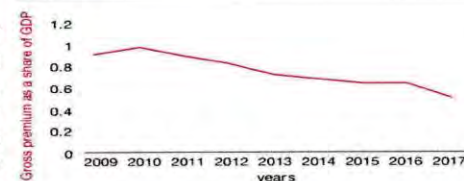
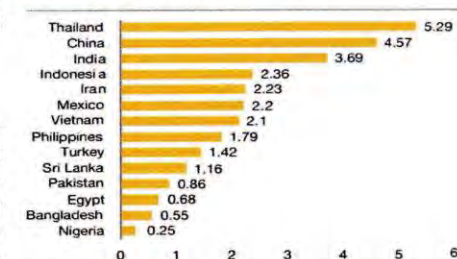
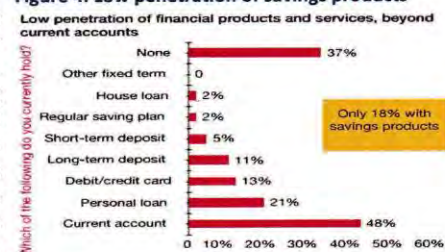


Figure 3: Insurance Penetration: Premiums as a percentage of GDP- 2017



Source: Swiss Re Institute (2018)

Figure 4: Low penetration of savings products



Source: PwC analysis



These reforms have helped Egypt strengthen its insurance sector significantly, as evidenced by the growth of its insurance density premium per capita from USD 8 in 1999 to USD 16 in 2017. Across the financial sector, there is low penetration of financial products and services beyond current accounts (see Figure 4). Among all financial products, savings products account for a mere 18%.

### Challenges and Opportunities

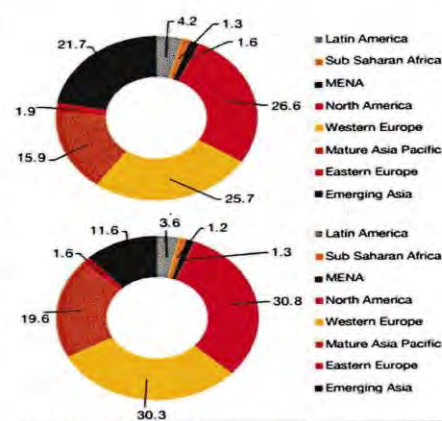
#### Key challenges

Various challenges underlie the limited growth of Bangladesh's insurance sector. For one, the relationship between customers and insurance companies is marked by lack of trust. According to a recent study by PwC, a majority of Bangladeshi people do not trust insurance agents, and there is limited awareness regarding life insurance products. Claim settlement-related problems also undermine the customer-insurer relationship, and the process of settling claims can be arduous and long. Secondly, Bangladesh lacks potential employees with adequate skills and knowledge to provide insurance services of the highest standard. In particular, employees holding advanced degrees in relevant fields are needed. From a macroeconomic perspective, Bangladesh suffers due to uneven income distribution where a majority of the people are poor and do not have the disposable income to afford insurance. This hinders the growth of the country's overall insurance penetration rate. Moreover, the country's technological capacities need major advancement. Globally, the insurance sector has been undergoing digitization and platforms are being created to optimize customer service and streamline processes. In contrast, in Bangladesh, there is limited utilization of modern technology and processes. Insurance companies do not have access to accurate and up-to-date demographic statistics for actuarial computations. Lastly, the regulatory environment in Bangladesh leaves much to be desired.

#### Favorable indicators for insurance sector development

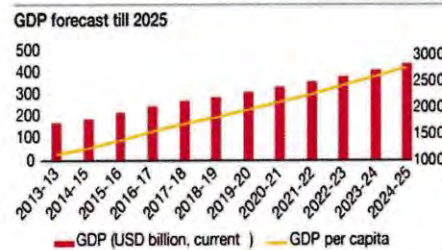
Bangladesh sustained an impressive annual GDP growth rate of 7.86% in FY 2017-18 according to the Bangladesh Bureau of Statistics (BBS). Bangladesh's GDP growth rate has been increasing steadily for the last five years. Strong consumption and public investment, recovery of readymade garments (RMG) exports and high remittance growth were the main propellers of economic growth, bolstering the rise in income per capita and growth of the middle-class population.

**Figure 5: Emerging Asia is projected to capture much of the growth in life insurance premiums**



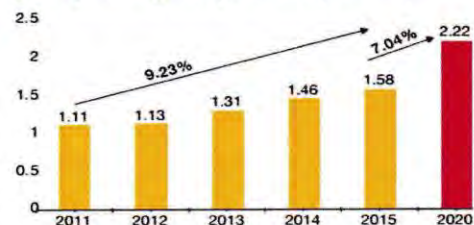
Source: Munich Re (May 2016)

**Figure 6: Bangladesh's economy has seen steady growth**



Source: PwC analysis

**Figure 7: Bangladesh's insurance sector is projected to grow by 7.04% by 2020 (in terms of premiums)**



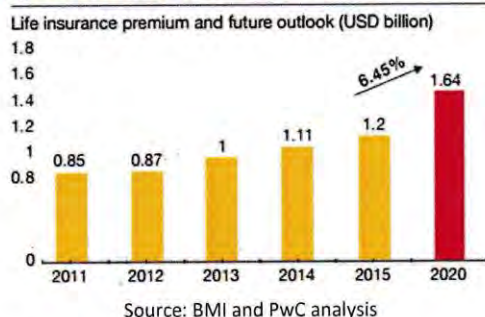
Source: BMI and PwC analysis

Macroeconomic trends indicate potential growth in the country's insurance sector, especially given Asia's unprecedented growth. The region is set to represent a large share of overall life insurance premiums between 2016 and 2025, rising from 11.6% to 21.7% (see Figure 5).

Bangladesh is poised to capture some of this growth. The country's economic growth has been on an upward trend, which bodes well for the insurance sector (see Figure 6).

In the next decade, Bangladesh will continue to witness the rise of the middle and wealthy class in major cities. This could easily translate into a higher demand for insurance products as individuals and companies become increasingly risk aware. As shown in Figure 7, insurance penetration in Bangladesh is expected to grow at 7.04% and be worth approximately USD 2.2 billion (in terms of insurance premiums) by the year 2020.

**Figure 8: Growth forecast for the life insurance sector**



The life insurance sector is projected to grow by 6.45% and be worth around USD 1.64 billion (in terms of premiums) in 2020 (Figure 8). As the country becomes increasingly industrialized, the demand for non-life insurance, such as fire, accident and property as well as workers' compensation insurance, is likely to experience substantial growth in demand.

Despite various challenges, Bangladesh's insurance sector has tremendous potential for growth, especially given the country's favorable macroeconomic picture. Regulatory reforms and the introduction of bancassurance, health, expatriate, agriculture, education, coastal, and public pension insurance products along with deep distribution channels can catalyze growth in the insurance sector.

Regulations that focus on reducing the risk of insolvency can help build trust in the market at a global level, which in turn will increase the flow of funds into the economy. With adequate capital requirements in place, insurance companies will serve as a safeguard for investments in infrastructure bonds, thereby boosting infrastructure development.

Strong regulations can also help strengthen the reinsurance market, which will ease the financial burden on the government arising from catastrophic events, thus directly contributing towards development opportunities for the country. Further, well-defined regulations can drive competition, enabling companies to provide the best solutions and offer more options to customers. Regulatory frameworks, ideally framed with reference to international standards and principles, will go a long way towards creating a resilient insurance sector.

A resilient insurance sector can, in turn, have far-reaching economic, commercial and social benefits for Bangladesh. Thriving against odds, it could also, in the long run, encourage entrepreneurship and innovation while facilitating risk transfer.



## Business Risk Analysis

### Insurance Risk

Insurance underwriting risk is the risk that the company will suffer losses due to economic situation or the rate of occurrence of an incident contrary to the forecast made at the time of setting up the premium rate. The underwriting risk arises from death and sometimes due to permanent disability and critical illness. The company may get exposed to poor risk due to unexpected experience in terms of claim severity or frequency, poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund.

The company manages these risks through proper underwriting, reinsurance, effective claims handling and other claim control mechanism. Pricing is done in line with actuarial guideline and the mortality exposure of potential policyholders. However, appropriate pricing of a policy also depend on the experience of underwriting personnel. Moreover, premium rates are being reviewed from time to time on the basis of claim experience. The company seeks to reduce its risk exposure by reinsuring certain levels of risk with renowned reinsurer Munich-Re. Besides, the company avoids payment of fraudulent claims through claim investigation. Strict monitoring is in place to keep the outstanding balance of premium at a minimum.

### Operational Risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through internal audit and compliance department controls operational procedures. Internal audit and compliance department undertakes periodic and special audit to review the operation and compliance of statutory requirements. The audit committee of the Board subsequently reviews the reports of the Internal Audit and Compliance Department.

### Liquidity Risk

Liquidity risk is the risk that the company will be unable to meet its funding requirement. In order to reduce the liquidity risk the company has diversified funding sources and managing its asset base keeping liquidity in mind, maintaining healthy balance of cash and cash equivalent and readily market securities.

### Credit Risk

Credit risk is the risk which arises with the possibility that one party entered into a financial instrument, will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure and assessing credit worthiness of counter parties.

### Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices. Company is exposed to market risk with respect to its investment.

The company adopts a prudent policy in respect of investments. The company has made investments as per provision of the Insurance Act. The company also limits market risk by maintaining a diversified profile. In addition, the company actively monitors the key factors that affect the underlying value of the invested securities.

### Interest Rate Risk

The company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the company is the risk of changes in prevailing interest rate in the money and capital market. The company limits interest risk by monitoring changes in interest rates in the money market and by diversifying into various institutions.

### Reinsurance Risk

The company seeks to reduce its risk exposure by reinsuring certain levels of risk with re-insurer. Re-insurer ceded does not relieve the company from its obligation to policyholders and as a result, the company also remains liable for the portion of outstanding claims reinsured to the extent that re-insurer does not meet the obligations under the reinsurance agreements. In order to minimize the risk, the company has obtained reinsurance cover from a renowned re-insurer Munich-Re with proven sound financial health.



## Financial Risk Analysis

### Operating Performance

Operating performance of a life insurance company is assessed using the audited financial statement and actuarial valuation reports. Both life fund and incremental year's income excluding life fund showing an increasing trend. Detail analysis of last three consecutive years income revealed that 1<sup>st</sup> year premium has increased by maximum 22.75% compared to increase of renewal premium by 13.72% and group insurance premium by 8.09%. Overall it is a positive indication that PLIL was able to generate higher premium from all classes. Closer analysis revealed that PLIL was able to add only BDT 134.06 million in its life fund during FY 2019 compared to BDT 332.96 million in FY 2018 due to mainly lower growth in assets than liabilities. It has been observed that, claims under different policies has increased by 25.36% in FY 2019, which remained almost stable. Among this claims, surrender claim has increased by maximum of 86.07% compared to other claims and therefore the management should take necessary steps to reduce the surrender claim by motivating the policyholders.

This is very common phenomenon that the amount of claim will increase over the period with business expansion. So the company should concentrate on generating higher premium income every year to meet up the claims & management expense. It has been observed that, PLIL was able to generate higher income from all sources in FY 2019.

In FY 2019, the company earned BDT 3,375.43 million excluding life fund of which 86.02% is derived from premium income and remaining is from investments and other income. Moreover, total income of the company after deducting claim has increased by BDT 280.27 million in FY 2019 which is 4.93% higher than previous year whereas it was increased by BDT 390.12 million in FY 2018 which was 5.65% higher compared to FY 2017.

During the year, total management expense of PLIL has increased by 18.39% whereas net premium has increased by 13.46% and therefore management expense ratio has declined by 1.56 percentile points in FY 2019. Moreover, surplus from operations have been following a declining trend mainly due to higher claims under different policies as well as management expense and stood at BDT 203.14 million in FY 2019 which was BDT 332.95 million in FY 2018 indicating decrement in operating efficiency.

BDT in million	Year ended December 31		
Selected indicators	2019	2018	2017
Pre-tax income	180.50	367.63	491.40
Pre-tax income growth (%)	(50.90)	(25.19)	(5.88)
Total income excluding life fund	3,375.43	2,964.85	2,683.18
Growth rate of total income excluding life fund (%)	13.85	16.73	5.09
Life Fund	5,683.47	5,549.41	5,216.45
Growth rate of Life Fund (%)	2.42	6.38	9.56
Total income including life fund	8,924.83	8,181.30	7,444.31
Total income less claim paid	6,839.64	6,559.37	6,169.25
Growth rate of total income less claim paid (%)	4.93	5.65	9.96
Growth rate of 1st year premium (%)	22.75	4.04	12.17
Growth rate of renewal premium (%)	13.72	24.40	3.03
Growth rate of group insurance premium (%)	8.09	1.54	2.39
Total Management Expense	1,087.09	918.24	861.69
Commission Expense	630.21	483.79	450.47
Management expense ratio (%)	37.44	35.88	37.61
Surplus from operation	203.14	332.95	455.32
Operating Ratio (%)	93.98	85.93	78.94
Underwriting Net Leverage (x)	6.04	4.24	7.75

Operating ratio measures a company's overall profitability from underwriting and investment activities. Though operating ratio has increased to 93.98% during FY 2019 but lower than 100% suggests that PLIL is able to generate profits from its underwriting operations.

An insurer's net leverage shows how well or how badly it has managed its reserves (from the policyholders' surplus) to address claims. Underwriting leverage is equal to net premium written divided by total surplus available to policyholders whereas Net premiums written is equal to direct insurance and reinsurance assured during the period less reinsurance ceded. Net written premium should not be too high above the policyholder's surplus. Moreover, low leverage ratio means that the company has a room for growth without having to dilute existing shareholders' interest. It has been observed that, underwriting net leverage has increased and stood at 6.04 times in FY 2019 compared to 4.24 times in FY 2018 which shows high risk exposure of the company. Acceptable net leverage ratio depends on what type of insurance a company underwrites though the desired range typically falls below 6.00 times.

### Earnings and Profitability

Analyzing the earnings & profitability indicators, it is observed that the growth rate of life fund of PLIL is following a declining trend and stood at 2.42% in FY 2019. However, the company has experienced a fall in actuarial surplus by 21.29% due to higher growth in net liability than life fund. Among the net liability, policies with immediate participated of profit comprises 82.84%, policies without participation in profit comprise 10.11%, group insurance (including group refund & endowment) comprises 6.89% and the rest are comprises by supplementary cover, substandard & extra occupational risk and revival of lapse policies & policies that may not have been included but have liabilities. Since the actuarial surplus of PLIL has decline, in consequence both return on common equity and return on average policyholder's funds has also declined in FY 2019.

It is also observed that PLIL was able to secure better revenue from all business sectors i.e. first year premium, renewal premium, group insurance premium & investment income but the positive changes in overall revenue growth was mainly backed by lucrative growth in first year premium (22.75%).

Further scrutiny reveals that, the company was established in the year of 2000 and therefore endowment policies have already started to matured. This situation will lead to rise in net liability for PLIL. So, PLIL should place more focus on building up its life fund to settle down the initiated claims. AlphaRating observed that the company successfully added new policies each year but gained highest number of policy in FY 2010 which will be matured mostly in FY 2028 and will eventually upsurge the highest level of dilution is going to happen in the life fund of the company.

AlphaRating anticipates that investment income of the company can be affected in consequence of having lower life fund. This above circumstances have chances to result in declined actuarial surplus for the company in future year too. So, if the company wants to survive in the long run than the company should take adequate measures immediately to increase their policies which will help them to sustain in future.

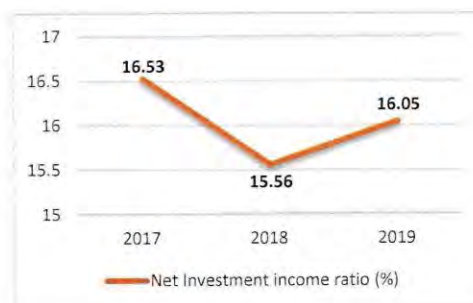
BDT in million		Year ended December 31		
Selected indicators	2019	2018	2017	
Gross Revenue	3,390.34	2,958.30	2,703.10	
Gross Revenue growth (%)	14.60	9.44	5.87	
Net Operating Revenue	3,370.26	2,957.67	2,674.51	
Net Operating Revenue growth (%)	13.95	10.59	4.93	
Return / common equity (%)	14.90	40.08	24.75	
Return /average policyholder's fund (%)	3.66	8.95	5.42	
Pre-tax income / net operating revenue (%)	5.36	12.43	18.37	
Expenses /net operating revenue (%)	32.26	31.05	32.22	
Expenses / average AUM*(%)	21.57	18.97	19.43	
Underwriting claims ratio (%)	71.81	64.99	57.69	
First year premium/Gross Premium (%)	28.39	26.41	28.02	
Group and renewal premium/ Gross Premium (%)	71.61	73.59	71.98	
Net Premium/net operating revenue (%)	86.16	86.53	85.66	
Actuarial surplus growth (%)	(21.29)	101.38	74.31	
Return on asset (%)	3.93	9.57	5.92	
Net premium earned ratio (%)	86.17	86.54	85.67	
Net Investment income ratio (%)	16.05	15.55	16.73	

\*AUM (Asset under Management)



In order to increase company's growth the company needs to increase advertisement and publicity. In FY 2019, increased total revenue earned by the company has supported by increased advertisement & publicity expenditure during the year. However, in this particular year of FY 2019, PLIL has spent BDT 7.07 million for advertisement and publicity which is higher than previous year. Most of the other administrative expenses have been following an increasing trend as well, which resulted operating expenses to increase to BDT 456.90 million in FY 2019 from BDT 434.46 million in FY 2018. Moreover, commissions paid of BDT 630.21 million to insurance agents has been increased by 30.27% from that of last year to support 14.21% growth in gross premium.

Net investment income ratio is the ratio of an insurance company's investment income to its net premiums. The investment income ratio compares the income that an insurance company brings in from its investment activities rather than its operations. It is used to determine the profitability of an insurance company. Over the years it has been observed that, net investment income ratio of PLIL has been improved during FY 2019 and stood at 16.05%. Further analysis revealed that the company was able to generate higher investment income compared to increasing net premium of the company.





### Asset quality & Investment

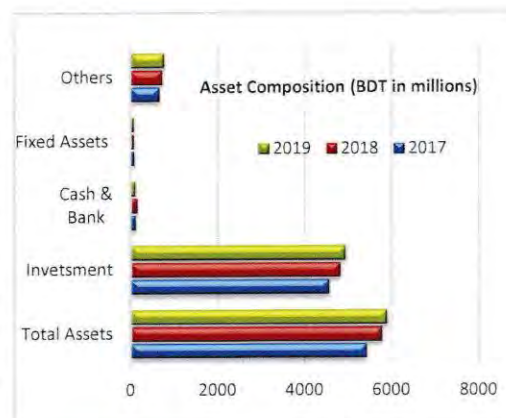
AlphaRating observed that PLIL has diversified its investment in different sector including Govt. Treasury bond, investment in share, investment in bond, fixed deposit with banks & financial institutions and mutual funds etc. It has been observed that 11.22% of total asset is exposed to risk. Among these risky investment, mutual fund comprise 0.43%, investment of bond comprise 3.24% and investment in share comprise 7.55% during FY 2019

As per Insurance Act 2010, a life insurance company has to maintain a statutory deposit of BDT 15.00 million with Bangladesh Bank. It has been observed that, PLIL has invested 19.00 million in statutory deposit with Bangladesh Bank which is well above the regulatory requirement. Most of the PLIL's investments comprise of Govt. Treasury bond and fixed deposit with different banks & financial institutions. Level of investment of the company has been increasing over the financial years.

In FY 2019, total investment of PLIL has increased to BDT 4,927.39 million from BDT 4,803.58 million in FY 2018 where bonds makes up 41.93% of the total investment portfolio, investment in secondary capital market makes up 9.03%, fixed deposit with different banks & financial institutions makes up 48.14%, unit fund makes up 0.51% and the rest 0.39% comprise of investment in statutory deposit with Bangladesh Bank. In order to keep the risk at minimum level, PLIL always invests maximum of their fund into Govt. Treasury bond and fixed deposit with different banks & financial institutions.

It is to be noted that, although there is no guideline in terms of investments from regulatory authority, but AlphaRating considers the international best practice of 30% Govt. bonds and other 70% including 20% on land and buildings to bring the equilibrium of the risk return tradeoff for the long term investment and to ensure the policyholder's return.

As at 31<sup>st</sup> December 2019, the company's bond portfolio comprised of BDT 2,065.99 million where Govt. Bonds makes up 90.78% of the total bonds, which has increased 2.27% from prior year. It has been observed that, PLIL has placed careful selection in term of investment to the rated bonds and always invest in A & above rated bonds.



### Asset Quality Ratios Investment Portfolio

BDT in million	Year ended December 31		
Selected indicators	2019	2018	2017
Statutory deposit with Bangladesh bank (%)	0.39	0.40	0.42
Bonds (%)	41.93	44.31	48.36
Stock markets (%)	9.03	10.02	11.37
Fixed deposits (%)	48.14	44.66	39.42
Others (%)	0.51	0.61	0.44
Govt. bonds/total bonds (%)	90.78	86.17	82.65
A and above bonds/total bonds (%)	9.22	13.83	17.35
BBB and lower bond/total bonds (%)	-	-	-
*Financial institutions/stock markets (%)	18.56	32.88	30.10
*Others/stock markets (%)	81.44	67.12	69.90

\*Calculated in market value.

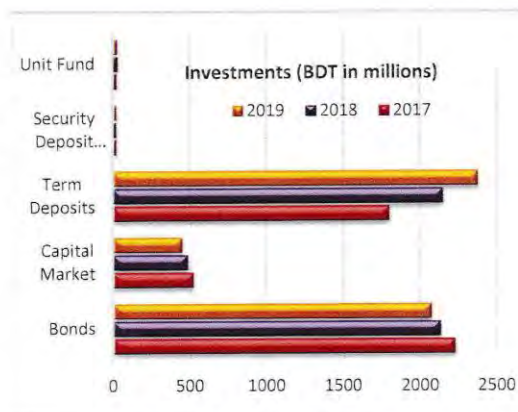
Moreover, market value of investment in secondary capital market comprises BDT 444.76 million in FY 2019 which is only 56.02% of its cost value. Further analysis revealed that market value of 54 companies share is lower than its cost price out of investment in 69 stocks mainly due to the current bearish trend of the capital market.

Overall total asset base of the company has grown to BDT 5,883.09 million in FY 2019 from BDT 5,762.48 million in FY 2018 with a growth rate of 2.09% and AlphaRating's close observation is that the Company has lots of scope to increase its assets base.

The overall investment portfolio of PLIL is very conservative but the growth in investment portfolio has been slowing down which is attributed to the lower growth of life fund. The quality & yield of investment made by the life insurers is important to understand the ability to meet policyholder's obligation. During FY 2019, yield on investment of PLIL has increased to 9.46%. Scrutiny reveals that the increasing yield on investment is the result of 17.10% increase in investment income compared to 2.58% increase in total investment.

The claim to investment income ratio demonstrates that PLIL's claim paying ability through investment income has increased to 4.47 times in FY 2019 from 4.07 times in FY 2018. If the company does have sufficient investment income to satisfy its policyholder's claim without diluting the investment, the Company can maintain a high standing of brand image having minimum time to settle its claim.

BDT in million	Year ended December 31		
BDT in millions	2019	2018	2017
Total Investment	4,927.39	4,803.58	4,553.34
Investment income	466.11	398.02	383.19
Investment income/net premium (%)	16.05	15.55	16.73
Investment income/total revenue (%)	13.81	13.42	14.28
Total asset/total equity (times)	38.32	43.17	44.64
Investment income/life fund (%)	8.20	7.17	7.35
Investment income/assets (%)	7.92	6.91	7.07
Investment income/actuarial surplus (%)	203.80	74.39	127.57
Claim/investment income (x)	4.47	4.07	3.33
Investment yield (%)	9.46	8.29	8.42





### Underwriting

BDT in million	Year ended December 31		
Selected indicators	2019	2018	2017
Underwriting process risk (%)	90.90	88.16	93.75
Life Expectancy (in years)	72.6	72.3	72

Insurance underwriting risk is the risk that the company will suffer losses due to economic situation or the rate of occurrence of an incident contrary to the forecast made at the time of setting up the premium rate. Underwriting department is responsible for evaluation of a risk, estimation of potential risk exposure, determination of likelihood of loss and then make a decision whether or not to accept the application for insurance. Underwriting is the primary step taken by an insurance company to earn premiums which is the main source of income for an insurance company. Underwriting performance of an insurance company is measured using underwriting process risk.

Underwriting process risk which determines financial loss related to selection and approval of risk to be insured is at very high level in all financial years and during FY 2019 it has increased to 90.90% compared to previous years. The reason for this increase is net liability has increased at a higher rate than life fund. The Company should pay more attention on minimizing this but considering the overall life insurance industry AlphaRating expects that all other life insurance companies are bearing this high level of risk. Life expectancy of Bangladeshi people is increasing along with the changes in life style. Considering the overall situation underwriting risk of PLIL is fair.

### Reinsurance

BDT in million	Year ended December 31		
Selected Indicators	2019	2018	2017
Total Reinsurance	20.08	0.63	28.58
Reinsurance to gross premium (%)	0.69	0.02	1.23

Reinsurance policy is a prescribed way of reducing uncertainty involved in insurance; it reflects the risk appetite of an insurance company. As per Insurance Act 2010 (section 20), every insurer registered and conducting insurance business in Bangladesh shall reinsure, on generally acceptable terms and conditions, such portion of its insurance business as it cannot retain on its own account. The whole or any portion of the re-insurable life insurance business may be reinsured with any insurer outside Bangladesh. PLIL seeks to reduce its risk exposure by reinsuring certain levels of risk with re-insurer. Re-insurer ceded does not relieve the company from its obligation to policyholders and as a result, the company also remains liable for the portion of outstanding claims reinsured to the extent that reinsurer does not meet the obligations ultimately under the reinsurance agreements. To minimize the risk, PLIL has signed re-insurance agreement with world's largest and renowned reinsurer- Munich Reinsurance Company, Germany.

In FY 2019, though an improvement has been observed in re-insurance percentage and stood only at 0.69%, which is still very low and signifies high risk taking attitude of the company. This low re-insurance might help the company to generate higher profitability in short-term but may detrimental to long-term profitability. So, the company should caucus about the re-insurance policy.

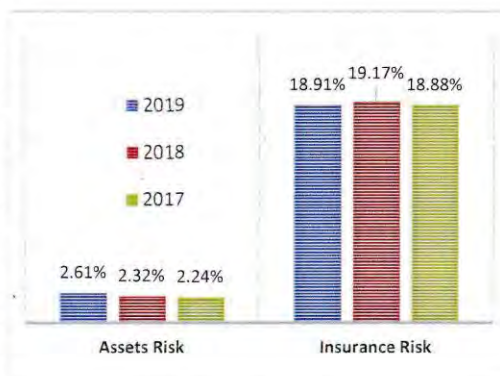
### Capital Adequacy

As per Insurance Act 2010 Section 21 (Schedule 1), the statutory paid up capital of Life Insurance Company has been lifted to BDT 300.00 million from BDT 75.00 million. Out of BDT 300.00 million, 60 percent shall be paid by the sponsors and remaining 40 percent shall be public contribution. PLIL is not complied with the new rules despite being listed in DSE & CSE. Paid-up capital of the company has increased and stood at BDT 153.52 million in FY 2019 but still well below than the required statutory capital. AlphaRating's capital adequacy relativity (ARCAR) shows PLIL's paid up capital & surplus carried forward to shareholders account covers satisfactory percentage of their policy holder's fund in FY 2019. ARCAR has observed to increase and stood at 103.22% in FY 2019 after a fall in previous two years. Scrutiny has revealed that decline in policyholder's surplus led to increase in the ratio.

PLIL has applied for 1:1 right share to the BSEC which is under process for approval. The purposes of issuance of right shares are to cope with the business growth and strengthen the capital base of the company as well as fulfill the regulatory requirement. The board of PLIL has last issued 15% cash dividend in FY 2018 (15% 2017, 8% 2016 & 17% 2014) and 15% stock dividend in FY 2018 (10% 2017, 17% 2016, 5% 2014, 5% 2012, 12% 2011 & 12% 2010)

Asset market value of PLIL has been increasing steadily which is a good sign for the company. However, increase of paid up capital at a higher rate than assets value has enabled the asset risk to increase slightly. The higher the assets value the better it is for the company as the ratio demonstrates that the value of the asset base is higher than the equity. An insurance company by its nature itself falls under high risk business category. The company's insurance risk is BDT 18.91 against BDT 1.00 each underwritten risk in FY 2019 which has declined compared to FY 2018.

BDT in million	Year ended December 31		
Selected Indicators	2019	2018	2017
Statutory required paid up capital	300.00	300.00	300.00
Actual paid up capital maintained	153.52	133.49	121.36
Authorize capital	1,000.00	250.00	250.00
Alpha Rating's Capital Adequacy Relativity (%)	103.22	50.89	88.68
Surplus/ (deficit) of capital	146.48	(166.51)	(178.64)
Paid up capital to Minimum paid up capital (%)	51.17	44.50	40.45
Assets Market Value	5,883.10	5,762.48	5,416.94
Assets risk (%)	2.61	2.32	2.24
Insurance risk (x)	18.91	19.17	18.88





### Claims Analysis

Growing customer base and increasing vintage of the business portfolio, PLIL has identified "claims monitoring" as a key focus area. Various initiatives like automation of workflow, investigation of early claims etc. has taken to smooth the progress of claims monitoring plan.

During FY 2019, total claims of PLIL has increased to BDT 2,085.20 million from BDT 1,663.3 million in FY 2018. This situation has led to increase in gross premium ratio in FY 2019. On the other hand, claim as a percentage of life fund has increased due to greater increase in claims. Deeper analysis has revealed that claims from all the sectors has increased except pension claim in FY 2019 compared to the last financial year. This situation simply justifies the greater risk absorbing capacity of the company with a strong claim paying ability. PLIL should increase its gain on new policy as the older policies are maturing. If PLIL is unable to increase its gain from new policies then claim on gross premium will continue to rise.

The major portion of income has been deriving from the investment activities of the company which mainly facilitate the payment of claims. So, PLIL should pay more attention to increasing investment income in order to settle down the claims without considering other source of fund.

Paying claims on time is considered strength for an insurance Company but the Company should also show awareness in improving gross premium earned. Moreover, Life fund is also increasing with ample coverage of future claims and reflects the strong position of the company.

During FY 2019, PLIL settled claim of BDT 16.98 million. Out of 455 initiation, 306 claims have been settled in FY 2019. This shows that the company has settled 67.25% of it initiated claims. Moreover, If we consider number of claim initiation that has decreased by 10.43% in FY 2019. On the other hand, number of claims settled by the company has also decreased by 4.97% in FY 2019 compared to previous year. Analysis has revealed that number of repudiated claims has also decreased to 15 against 23 in FY 2018.

BDT in million	Year ended December 31		
Selected Indicators	2019	2018	2017
Total claims	2,085.20	1,663.30	1,321.73
Claim on life fund (%)	36.69	29.97	25.34
Claim on gross premium (%)	71.32	64.98	56.98
Claims on net premium (%)	71.81	64.99	57.69
Investment income/claims (%)	22.35	23.93	28.99
Total maturity claims	839.98	686.46	454.87
Total death claims	28.96	19.41	17.93
Maturity claim as % of total claim	40.28	41.27	34.41
Death claim as % of total claim	1.39	1.17	1.36

BDT in million	Year ended December 31		
Selected Indicators	2019	2018	2017
Claim Initiated	38.76	44.96	33.16
Claim Settled	16.98	19.26	10.14
Claim Repudiated	2.94	4.77	1.56
Number of claim initiated	455	508	456
Number of claims settled	306	322	259
Number of claim repudiated	15	23	18

### Liquidity

BDT in million	Year ended December 31		
Selected Indicators	2019	2018	2017
Liquidation value risk (%)	56.03	62.26	68.03
MV of investment/surplus on policyholder's account (x)	2.88	1.62	3.77
Liquid assets to claim (x)	13.49	20.22	18.28
Current Ratio (x)	2.49	2.75	2.71
Current Assets to Life Fund (%)	0.17	0.18	0.17

An insurer's ability to respond to the policyholders, on the event of drawdown of liabilities, depends upon the assets that the company is holding. PLIL's 7.56% of the assets are invested in share market and therefore there is low risk for the company during liquidation. The company's liability portfolio comprise 96.61% life fund, 2.61% equity and the rest is consist of current liability including fair value change account. This means that the liability portfolio of PLIL is well balanced.

Liquidation value risk is showing declining trend over the last three years and stood at 56.03% in FY 2019. However, it has been observed that the MV of investment in secondary market is lower than its cost price, which is the main reason for such decline in liquidation value risk. MV of investment over surplus on policyholder's account has increase in FY 2019 mainly due to decline in surplus on policyholder's account by 48.03%. Though this indicates high backup in terms of investment against the policyholder's account but this ratio is not reflecting true picture of the company.

Liquid assets to claim has been declined by 6.73 percentile points in FY 2019. The main reason for such decrease is, liquid assets has decreased by 16.38% whereas claims has increased by 25.36%. Current ratio has slightly decreased to 2.49% in FY 2019. However, the ratio is sufficient to meet the current obligations. Current assets to life fund has decreased in FY 2019 compared to prior year, which is a negative sign for the company as PLIL's current assets against life fund is decreasing.

### Solvency

As per the Insurance Act 2010 Section 43, for life insurance "every insurer shall conserve the solvency margin for insurance business by the amount and with procedure prescribed by the regulation" and "every insurer shall submit a statement of solvency certificate preserved and prescribed to the prescribed authority by means of a procedure by the regulation which is reserved by the life insurance holder and who is certified by an actuary commencing to a life insurance business."

Solvency margin means the amount by which the assets of the insurance company, at fair values, are considered to exceed its liabilities and other comp-arable commitment. The solvency margin functions as the company's buffer particularly against the risk related to investment activities. The key items in account of solvency margin are equity after proposed profit distribution, valuation difference between the fair values and book values of assets. The solvency margin must exceed its minimum amount.

BDT in million	Year ended December 31		
Selected Indicators	2019	2018	2017
Required solvency	16.00	14.89	12.90
Actual solvency	(401.20)	(493.41)	(459.89)
Solvency ratio (x)	(25.08)	(33.15)	(35.65)

Solvency ratio represents the regulatory minimum amount of solvency margin to be held by the insurance company. But, still Insurance Development and Regulatory Authority (IDRA) has not prescribed any formula or guidelines to calculate the minimum solvency margin. Required solvency is normally calculated based on international practice as 4% of the liabilities and provisions except life fund account. On the other hand, actual solvency margin is the actual excess of an insurer's value of assets over its value of liabilities.

Though PLIL was able to improve its actual solvency to some extent during FY 2019 but still it is lot lower than the required solvency ratio, which proves that the solvency risk of the company is high, compared to the international practice. PLIL does not have any solvency margin due to having higher value of liabilities than assets value.



## Management & Other Qualitative Factor

### Corporate Governance

Six separate sub-committees i.e. Audit, Claim, Administrative, Finance, NRC and Health Insurance Committee have been formed. The committees look into the compliance of various procedures and regulations related to corporate governance and review various guidelines, procedures and safeguards to minimize the incidents of various risks faced by PLIL in the business environment. PLIL has always complied with the BSEC's requirement for corporate governance.

### Board of Directors

The composition of the Board complies with the requirements as per rules of IDRA & notification of BSEC. PLIL's board comprises of 14 directors out of whom 11 are non-executive directors and 03 are independent directors. The board is chaired by Mr. Khalilur Rahman. The Chairman & the Chief Executive Officer of the company are different person with different roles & responsibilities. All of the Board of Directors are professionally skilled and experienced in the management, law and business etc. Their experience, professional expertise & personal attitude enable them to execute their responsibility individually & collectively to perform efficiently & effectively. During FY 2019, 12 board meetings were held.

### Administrative Committee

This committee will be acting on behalf of the board in examining, evaluating, analyzing issues which the board cannot consider in detail. The committee is consists of 09 members including CEO. Mr. Abdul Awal Mintoo is the chairman of the committee. During FY 2019, 09 meetings were held by the Committee. The committee is responsible to oversee whether delegated powers have been used in the best interest of the company, to examine whether prescribed rules & procedures have been complied within right perspective, to examine action plans and proposal, to design appropriate reporting system, to review the arrangement made by the management for building suitable MIS etc.

### Finance Committee

The committee is consists of 09 members including CEO. Mr. Syed M. Altaf Hussain is the chairman of the committee. During FY 2019, 05 meetings were held by the Committee. The committee is responsible to recommend for approval of company's annual audited financial statement, to discuss the appropriateness of the accounting policies, to approve annual budget, to assess the fund position and approve investment program for the company etc.

### Claim Committee

The committee is consists of 07 members including CEO. Mr. Mohammad Abdul Awwal is the chairman of the committee. During FY 2019, 06 meetings were held by the Committee. The main responsibility of the committee is to approve claims, appoint legal advisors, institute cases to protect the interest of the company. The committee may delegate its power to the management but effective supervision must be exercised.

### Audit Committee

The committee is consists of 08 members including CEO. Independent Director Mr. Muhammad Jamaluddin is the chairman of the committee. During FY 2019, 04 meetings were held by the Committee. The main responsibilities of the audit committee are to review the internal control procedures and recommend to the Board for final improvement. The Company Secretary must attend all meetings, prepare the minutes & get it approved from the Convener and Committee members. The approved copy of minutes' of the meeting of committee will be attached to the following meeting of the Board of Directors for their record and reference.

### Nomination & Remuneration Committee (NRC)

The committee is consists of 06 members including CEO. Mr. Abdul Awal Mintoo is the chairman of the committee. During FY 2019, 01 meetings were held by the Committee. The committee is responsible for formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board relating to the remuneration of the directors & top level executive, formulating the criteria for evaluation of performance of independent directors and the Board, developing, recommending and reviewing the company's human resource and training policies annually etc.

### Health Insurance Committee

The committee consists of 08 members including CEO. Mr. Abdul Awal Mintoo is the chairman of the committee. During FY 2019, 02 meetings were held by the Committee. The main responsibility of the committee is to formulate policies on increasing existing group health insurance portfolio, reviewing & approving hospital network strategies, business plans, significant policies and annual budget, ensuring the hospital network team works properly and effectively to expand its area and business, ensuring and overseeing the effective design and implementation of sound internal controls, compliance and risk management systems etc.

### Human Resources

Currently there are 633 employees working in PLIL. Apart from this the company has been providing various benefits to their employees such as provident fund and short term employee benefits.

### Staff Welfare

Staff welfare is always the top most priority of PLIL. PLIL have also introduced facilities such as Contributory provident fund, Gratuity scheme and incentive bonus for the workforce.

### Training

PLIL offers outsource training to their employees to make them more professional and build their career at various Institute which are Bangladesh Insurance Academy, Bangladesh Insurance Association, Academy of Learning Limited, Bangladesh Institute of Professional Development, Professional Advancement of Bangladesh Limited, National Academy of Planning and Development, Central Shariah Council for Islamic Insurance of Bangladesh, Islamic Economics Research Bureau, IBA of Dhaka University, Management Development Program of Dhaka University, Bangladesh Training and Research Foundation, IBM-Primex, East West University and outside of Bangladesh – India, Japan, Thailand, Malaysia, Singapore.

There has been 59 trainings offered to 2,583 field force, 2 trainings offered to 76 Dev. HR and 2 training offered to 83 desk officer during FY 2019.

### Corporate Social Responsibility

PLIL always acknowledges its responsibilities for the well-being of the society and takes part in such activities whenever it becomes necessary. PLIL pursues a strong policy in respect of Corporate Social Responsibility. PLIL obtains its business sustenance from the society and in return PLIL is very eager to serve its society. PLIL's corporate social responsibility includes its customer, employees, shareholders, business associates and the society as a whole.

### Money Laundering and Terrorist Financing

PLIL has comprehensive Anti-Money Laundering & Terrorist Financing guidelines as per Bangladesh Bank guidance and technical sub-committee (life) of BIA. The company has robust KYC & rule book and continuous monitoring by internal audit team.

### IT System and Automation

IT Department is serving PLIL with all its needs for the information communication technologies services. PLIL have operation software (ERP) for managing the policy, claim, commission for dev admin; ad-hoc reports for all of the projects. PLIL also have applications for managing Human Resource Management, payroll system, Asset management, Account, Document Management System and Fleet Management System.

### Future Plan:

- Implement next generation firewall system.
- Implement mobile apps for customer & field force of business development.
- Email (Hosted) and sandbox services.
- Web security.
- Multiple clustering system.
- Online policy sales platform.

### Data Center

PLIL have data center containing Database Server, Application Server, Web Server, Mail Server, SMS Server, Test Server. It's running 24 x 7. The disaster recovery site is 2 kilometer far from head office and located in Mohakhali. And its auto synchronizes with data center.



## Company Information:

### Board of Directors (As on 31 December, 2019)

Mr. Khalilur Rahman	Chairman
Syed M. Altaf Hussain	Director
Mr. Abdul Awal Mintoo	Director
Mr. Mohammed Abdul Awwal	Director
Mrs. Nelofar Kamal	Director
Mr. A.S.M Mohiuddin Monem	Director
Mr. Tabith M. Awal	Director
Mr. Md. Shafiur Rahman	Director
Mr. Tafsir M. Awal	Director
Mr. Mohammed Abdul Hamid	Director
Mrs. Nigar Jahan Chowdhury	Director
Mr. Muhammad Jamaluddin	Independent Director
Dr. Rashed Al Mahmud Titumir	Independent Director
Mrs. Ferdousi Reza	Independent Director

## Corporate Management

Mr. Md. Jalalul Azim	Managing Director & CEO
Mr. Chandra Shekhar Das, FCA	Additional Managing Director & CFO
Mr. A.K.M. Shelimul Hoque	Deputy Managing Director & COO
Mr. Jagadish Kumar Bhanja, FCS	General Manager & Company Secretary

**Shareholders (As on 29 February, 2020)**

Category of Shareholders	Percentage (%)
Sponsors	41.32
General Public	32.15
Institutions	26.53
<b>Total</b>	<b>100.00</b>

**Auditor**

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

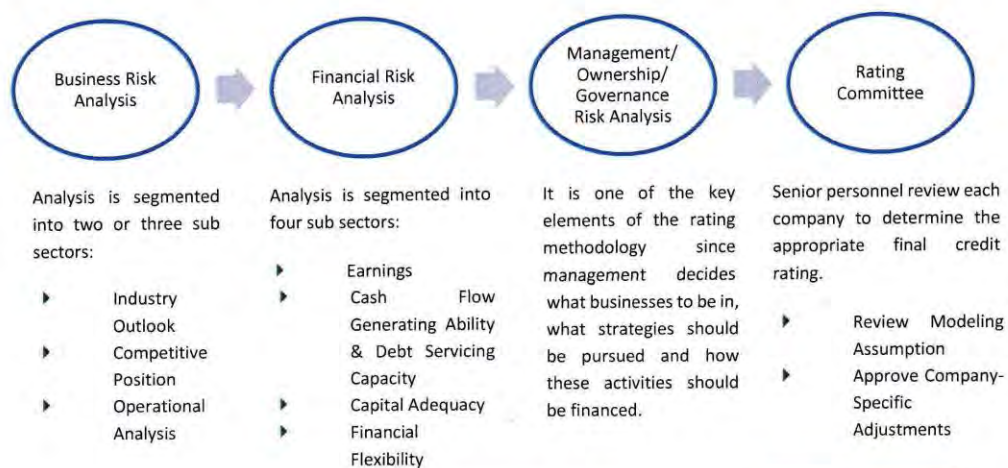
**Actuary**

Mohammad Sohrab Uddin PhD(USA), AIA(UK), FCA(USA)  
Consulting Actuary

**Head Office**

Pragati Insurance Bhaban (6th floor), 20-21 Kawran Bazar, Dhaka- 1215

## AlphaRating's Research Methodology for Determining Life Insurance Credit Rating



## Rating Outlook

POSITIVE	Rating may be raised	ST-1	Strong Capacity
NEGATIVE	Rating may be lowered	ST-2	Good Capacity
STABLE	Rating is likely to remain unchanged	ST-3	Adequate Capacity
DEVELOPING	Rating may be raised, lowered or remain unchanged.	ST-4	Weak Capacity
		ST-5	Very Weak Capacity
		ST-6	High Risk of Default

BB	A	BBB
CC	AAA	D
B	AA	CCC

AAA	Exceptionally Strong Capacity
AA	Very Strong Capacity
A	Strong Capacity
BBB	Low Expectation of Ceased or Interrupted Payments
BB	Elevated Vulnerability to Ceased or Interrupted Payments & Key Financial Indicators
B	Significant Risk of Ceased or Interrupted Payments Could Occur in the Future.
CCC	Real Possibility That Ceased or Interrupted Payments Could Occur in the Future.
CC	Probable that Ceased or Interrupted Payments Could Occur in the Future.
C	Ceased or interrupted payments are imminent

Note: "+" or "-" may be appended to a rating to indicate the relative position of a credit within the rating category. Such suffixes are not added to ratings in the 'AAA' category or to ratings below the 'B' category.

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Disclaimer

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## Validity Extension of Credit Rating

The validity of credit rating issued on August 01, 2019 with a validity of July 31, 2020 was extended upto August 20, 2020, which is as under.

**AlphaRating**

Date: August 12, 2020

**Managing Director & CEO**

Pragati Life Insurance Ltd.  
Pragati Insurance Bhaban (6th Floor),  
20-21 Kawran Bazar, Dhaka.

Subject: **Validity Extension of Credit Rating of Pragati Life Insurance Ltd**

Dear Sir,

In response to your request, we would like to inform you that the credit rating work of Pragati Life Insurance Ltd is under process as some documents are yet to receive to complete this work. We will deliver the report at the earliest possible after receiving all the documents. Considering current situation and to avoid any work hamper of yours, we are extending the validity of the Credit Rating of Pragati Life Insurance Ltd up to 20<sup>th</sup> August, 2020.

With Kind Regards,



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**Muhammed Asadullah**  
Managing Director & CEO

**PRAGATI LIFE INSURANCE LIMITED**

Corporate Office:  
Pragati Insurance Bhaban (6<sup>th</sup> Floor),  
20-21 Kawran Bazar, Dhaka

Folio/BO Account No: .....

Name: .....

Address: .....

**Letter of Offer for Rights Issue**

Dear shareholder(s),

We are pleased to inform you that the Board of Directors of the Company in its meeting held on October 20, 2019 recommended for issuance of Rights @ 1R:1 i.e. 1 (one) rights share for 1 (one) existing share held, which was approved by the shareholders in the Extraordinary General Meeting (EGM) held on dated 10.12.2019. As a registered Shareholder as on **7 September, 2020** (record date for entitlement), you are entitled to subscribe your rights share.

If you wish to accept the above Rights Share in full or in part, you are required to submit completed Application Form-A annexed hereto with necessary payments. You may, however, renounce your rights in respect of all or part of your entitlement in favor of others in which case, the renunciation Form-B and Form-C annexed here to be submitted duly filled-in by you and the Renounce(s) along with necessary payments.

The rights cannot be exercised for a fraction of share i.e. below full unit of share.

All the payments for accepted shares are to be made in cash or by PO/DD/Cheque @ Tk.15.00 each, including a premium of Tk. 5.00 per share and to be deposited with any of the Branches of Bankers to the Issue during Companying hours from **24 September, 2020 to 20 October, 2020** (both days inclusive). Any extension of time will be notified through national dailies. Payments through PO/DD/Cheque must be payable to **“Pragati Life Insurance Limited”** and must be drawn on a bank in the same town where the branch of Bankers to the issue in which the application form has been submitted is situated. It is to be noted that all transactions above TK 1.00 Lac must be effected through Demand Draft/ Crossed Cheque/Pay Orders.

The offer will be deemed to have been declined if completed application **Form-A** and / or Renunciation **Form-B** and **Form-C** with necessary payments have not been received by **20 October, 2020** or by such later date as may be notified through National Dailies to that effect.

A self-explanatory rights share offer document is attached for your kind information and evaluation.

Thanking You.

By the order of the Board

Sd/-

**Md. Jalalul Azim**

Managing Director & CEO

**PRAGATI LIFE INSURANCE LIMITED**

Corporate Office:

Pragati Insurance Bhaban (6<sup>th</sup> Floor),  
20-21 Kawran Bazar, Dhaka

Rights Offer of 15,351,551 Ordinary Shares of Tk. 10.00 each issuing at Tk. 15.00 each, including a premium of Tk. 5.00 per share, totaling of Tk. 230,273,265.00 offered on the basis of 01 (one) rights share for 01 (one) existing shares held on the record date **7 September, 2020**

Subscription Status	Opens On:	24 September, 2020
	Closed On:	20 October, 2020
Within Banking Hours Both Days Inclusive		

**Form of Acceptance and Application for Shares**

**The Managing Director & CEO**

**Pragati Life Insurance Limited**

Pragati Insurance Bhaban (6<sup>th</sup> Floor),  
20-21 Kawran Bazar Dhaka 1215.

Dated: ----/----/----

Application Sl. No. ....  
(Bank's Seal)

Dear Sir,

I/We apply for allotment of ordinary shares indicated below in response to your letter of Rights Offer and subject to the Memorandum and Articles of the Company. I/We hereby agree to accept the shares as may be allotted to me/us on the terms laid down in the letter of offer and enclose the necessary remittance @Tk. 15/-each, including a premium of Tk. 5.00 per share in cash or by draft/pay order/cheque no.-----dated-----drawn on-----  
Branch, ----- Bank Limited.

Folio/B.O. No.	Shares held as on ...../...../....	No. of shares Offered	Total shares Accepted	Total amount paid (Tk.)

Yours faithfully,

1. Name (in block): ..... Signature .....  
Address: .....

2. Name (in block): ..... Signature .....  
Address: .....

BO Account No. 

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As per provision of the Depository Act, 1999 and regulations made there under, rights shares shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

Note: Signature must be the same as was furnished to the Company earlier. In case of incomplete application, the offer will be deemed to have been declined. A/C payee Cheque/Draft/Pay order to be issued in favor of Pragati Life Insurance Limited.

**ACKNOWLEDGEMENT RECEIPT OF SHARE MONEY**

Received Tk..... (Taka.....) only from Mr./Ms  
..... Folio/BO Account No. .... for..... No(s) of rights share of  
**Pragati Life Insurance Limited** in Cash/Pay order/Cheque no. ....  
date.....Of.....Bank Ltd.....Branch.



# BANKERS TO THE ISSUE OF RIGHTS ISSUE OF PRAGATI LIFE INSURANCE LIMITED

Southeast Bank Limited			
Region	Sl. No.	Branch Name	Address
Dhaka	33.	Banani Branch	Plot #71, Block #B, Kamal Ataturk Avenue, Banani, Dhaka
	34.	Mirpur Branch	Simple tree, Plot # 01, Road # 08, Block - C Section-06, Mirpur Housing Estate Pallabi, Dhaka
	35.	Dhanmondi Branch	Navana New Berry Place, 1st floor, 4/1/A, Mirpur Road, Sobhanbag, Dhaka
	36.	Uttara Branch	House #1, Road #11, Sector #1, Uttara, Dhaka-1230
	37.	New Elephant Road Branch	Kazi Bhaban 39, New Elephant Road, (1st & 2nd Floor), P.S.: Dhanmondi, Dhaka - 1205
	38.	Mohakhali Branch	"Bay's" (1st Floor), 50 Mohakhali C/A, Dhaka
	39.	Kakrail Branch	"Toma Tower", Holding No 77/1, Anjuman Mofidul Islam Road (VIP Road), Kakrail, Dhaka
	40.	Corporate Branch	Eunoos Trade Centre (Ground Floor), Plot #52-53, Dilkusha C/A, Dhaka-1000
	41.	Bangshal Branch	14/3, North South Road, Dhaka
	42.	New Eskaton Branch	Chowdhury Center, 23/Ka, New Eskaton Road (1st Floor), P.S.: Ramna, Dhaka - 1000
	43.	Pragati Sarani Branch	Plot No. GA - 25/5/1, Shahjadpur Pragati Sarani, Gulshan, Dist.: Dhaka
	44.	Principal Branch	1, Dilkusha C/A, Dhaka - 1000
	45.	Shaymoli Branch	ASA Tower (2nd Floor), Holding # 23/3 & 23/14, Bir Uttam A. N. M. Nuruzzaman Sarak, Shyamoli, Mohammadpur, Dhaka-1207
	46.	Bashundhara Branch	Plot#142, Block# B, Bashundhara R/A, Baridhara, Dhaka -1212
	47.	Karwan Bazar Branch	Jamuna Bhaban (1st Floor) 2, Kawran Bazar C/A, Dhaka-1215
	48.	Mouchak Branch	Karnaphuli Point (1st Floor), 70 Shaheed Sangbadik Selina Parveen Sarak, Malibagh, Dhaka-1217
	49.	Mohammadpur Branch	Axis Delvista (1st Floor), Holding No:7/1, Block - A, Aurongajeb Road, Mohammadpur Housing Estate, Mohammadpur, Dhaka
	50.	Narayanganj Branch	Holding #26-29, S.M. Maleh Road, Tan Bazar, Narayanganj
Chittagong	51.	Agrabad Branch	Faruk Mahal, 93, Agrabad Commercial Area, Chittagong.
	52.	Khatunganj Branch	410/411, Khatunganj, Chittagong
	53.	Jubilee Road Branch	Haji Golam Rasul Market, 96 Jubilee Road, Chittagong
	54.	Halishahar Branch	House # 03, Block - G, Port Connecting Road, Halishahar Housing Estate, Halishahar, Chittagong
	55.	CDA Avenue Branch	Ali Villa, 1640/1861 (New), CDA Avenue, Asian Highway, East Nasirabad, Thana - Panchliash, Dist.: Chittagong
Bogra	56.	Bogra Branch	Bhandari Monzil, (2nd Floor), 776-777 Barogola, Bogra
Rajshahi	57.	Rajshahi Branch	Plot # 447, Mangol Bhaban, Alupatti Mour, P.O. Ghoramara, P.S.: Boalia, Dist.: Rajshahi
Rangpur	58.	Rangpur Branch	RDRS Complex Hodling # 9416, Jail Road, Radhaballab, Rangpur
Khulna	59.	Khulna Branch	Haji Hanif Complex (1st floor), 12 & 13, Khan Jahan Ali Road, Khulna.
Barisal	60.	Barisal Branch	54, Sadar Road (1st Floor), Kotowali, Barisal
Sylhet	61.	Bandar Bazar Branch	Karim Ullah Market, (1st Floor), Bandar Bazar, Sylhet
	62.	Moulvibazar Branch	Jarif Tower 199/2, M. Saifur Rahman Road, Thana - Moulvibazar, Dist.: Moulvibazar
	63.	Chouhatta Branch	Manru Shopping City, Plot# 4953/4943 (1st Floor), Chouhatta Mirboxtola Road, Chouhatta, Sylhet
	64.	Laldighirpaar Branch	Mubarak Tower, 1794/1788, New Market, Sylhet



**Renunciation Form-B**

**PRAGATI LIFE INSURANCE LIMITED**

Corporate Office:  
Pragati Insurance Bhaban (6<sup>th</sup> Floor),  
20-21 Kawran Bazar, Dhaka

Rights Offer of 15,351,551 Ordinary Shares of Tk. 10.00 each issuing at Tk. 15.00 each, including a premium of Tk. 5.00 per share, totaling of Tk. 230,273,265.00 offered on the basis of 01 (one) rights share for 01 (one) existing shares held on the record date **7 September, 2020**

Subscription Status	Opens On:	24 September, 2020
	Closed On:	20 October, 2020
Within Banking Hours Both Days Inclusive		

**Form of Renunciation**

**The Managing Director & CEO**  
**Pragati Life Insurance Limited**  
Pragati Insurance Bhaban (6th Floor),  
20-21 Kawran Bazar, Dhaka

Dated: -----/-----/-----

Application Sl. No. ....  
(Bank's Seal)

Dear Sir(s),

I/We hereby renounce my / our rights to the shares offered to me/us as noted below in favor of persons(s) accepting the same and signing in Application by Renounce(s) and apply for allotment in his/her/their name(s).

Folio/B.O. No.	Shares held as on .... / .... / .....	No. of shares offered	Total share accepted	Total amount paid

Yours faithfully,

1. Name (in block): ..... Signature .....  
Address: .....
2. Name (in block): ..... Signature .....  
Address: .....

Name(s) of Renouncee(s):

BO A/C NO.

1. Name.....

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2. Name.....

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**N.B. Use photocopy in case of renouncement favoring more than 2 (two) person.**

**As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.**

**Note: Signature must be the same as was furnished to the Company earlier. Incomplete or incorrectly filled application form may be rejected.**

Corporate Office:  
Pragati Insurance Bhavan (6<sup>th</sup> Floor),  
20-21 Kawran Bazar, Dhaka

**The Managing Director & CEO**  
**Pragati Life Insurance Limited**  
Pragati Insurance Bhavan (6th Floor),  
20-21 Kawran Bazar, Dhaka

Application Sl. No. ....  
(Bank's Seal)

As the shareholder(s) at pre-page has/have renounced his/her/their rights to the shares offered, in my/our favor, I/We do hereby apply for the number of share noted above as renounced, by making payment of Tk. .... being the value of ..... shares @ Tk. 15.00 each, including a premium of Tk. 5.00 per share.

1. Signature	2. Signature
Name (in block)	Name (in block)
S/O., .D/O., W/O.	S/O., .D/O., W/O.
Address:	Address:

BO <table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"></table> No <table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"></table>	BO <table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"></table> No <table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"></table>
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Signature of the renouncer(s) 1 ..... 2.....

As per provision of the Depository Act, 1999 and regulations made there under, rights share shall only be issued in dematerialized condition. An applicant must apply for allotment of rights shares mentioning his/her Beneficiary Owner (BO) Account number in the application form.

**Note: Folio no. is to be mentioned only in case of existing Shareholder(s). Incomplete or Incorrectly filled application form may be rejected**

Received Tk.....(Taka.....) only  
from Mr./Ms ..... folio/BO No.....  
for..... no.(s) of rights shares of **Pragati Life Insurance Limited** in Cash / Pay order / Draft/ Cheque.....  
no..... date.....of ..... Bank ..... Branch.

Signature of Receiving Officer  
Date: