

Desh General Insurance Company Limited

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

Disclaimer:

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

Brief Overview of the Company

1. **Date of Incorporation** : February 08, 2000
2. **Commencement of business** : March 02, 2000
3. **Authorized Capital** : Tk. 250 million
4. **Paid up Capital** : Tk. 60 million
5. **Number of Branches** : 18

Details of the Issue

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

Paid up Capital after IPO

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

Issue Manager: AAA Consultants & Financial Advisers Ltd.

Underwriters:

1. Peoples Insurance Company Limited
2. Continental Insurance Limited
3. Trust Bank Limited
4. Dhaka Insurance Limited

Auditor : M.I. Choudhury & Co.

Desh General Insurance Company Limited

At a glance

DESCRIPTION OF BUSINESS

Desh General Insurance Company Ltd. was incorporated in Bangladesh on 8th February 2000 as a Public Limited Company by shares. The Chief Controller of Insurance, Government of the People's Republic of Bangladesh issued the registration certificate with effect from 2nd March, 2000 for carrying out general insurance business under the Insurance Act. 1938 as adopted in Bangladesh vide certificate no, CCI/13/15/99-397, dated 2nd March 2000.

Board of Directors and involvement with other organizations

SI No	Name	Designation	Age	Involvement with other Organization
01	Mr. Md. Akbar Hossain	Chairman	31 Years	Director: FARS Holding & Associates Ltd.
02	Mr. Jashim Uddin	Vice Chairman	45 Years	Director/Proprietor: Bengal Plastic Industries Ltd. Bengal Adhesive & Chemical Products Ltd. Bengal Poly & Paper Sack Ltd. Bengal Marbles Ltd. Bengal Overseas Corporation Ltd. Bengal Hyper Market Ltd. Power Utility Bangladesh Ltd. Rahmania Biscuits & Bread Industries Ltd. Bengal Concept & Holdings Ltd. Bengal Agro Estate Ltd. Bengal Teletech (Bangladesh) Ltd. Jack In The Box Bengal CNG-LNG Service Ltd. Compact Fluorescent Lamps Company Ltd. Bengal Poly Pack Ltd. Bengal Sack Architect Ltd. Romania Food And Beverage Ltd. Poly Cord Ltd. Bengal Corrugated Carton Industries Ltd. Bengal Polymer Wears Ltd. Bengal Spinning & Weaving Ltd. The Steel Fabricators Ltd. National Television Ltd. (RTV) Bengal Plastic Pipes Ltd.
03	Mr. M. Monsurul Islam	Director	62 Years	---
04	Mrs. Priti Kona Bose	Sponsor Shareholder	45 Years	---
05	Mr. Moshfeque Mamun Rizvi	Director	29 Years	Director: Standard Bank Ltd.
06	Mr. Murad Mohammed Taj	Director	44 Years	Director: Dakkhina Multi-Purpose Farm Ltd.
07	Mr. Md. Saifuddin Khaled	Director	45 Years	Director/Proprietor: Sylnet Securities Ltd Unipex Trade Corp. Ltd. Sylhet Grammer School Metropolitan University Premier Leasing & Finance Ltd. Premier Leasing Securities Ltd.

08.	Mr. Tahrin Aman	Director	30 Years	Director/Proprietor: Arena Industriacs Ltd. Mousumi Enterprises Ltd Arena Consumen Product Ltd. Aman Spinning Mills Ltd. Arena Securities Ltd.
09.	Mr. Sakif Nazran Bhuiyan	Sponsor Shareholder	23 Years	---
10.	Mr. Aminur Rahman	Director	45 Years	Director: SARINCO Ltd.
11.	Mrs. Rokeya Quader	Director	57 Years	Director/Proprietor: Desh Garments Ltd. Toss Bond (Pvt) Ltd. Tuteler Oil Services Company (Pvt) Ltd. Desh International Ltd. Jenk Industries Ltd. Desh Real Estate Ltd.
12.	Engr. A.K.M. Ahsanul Haque	Director	52 Years	Director/Proprietor: Galaxy Color Ltd. Asa Trading M/s. AKM Ahsanul Haque
13.	Mr. Nil Kantha Roy	Director	73 Years	Director/Proprietor: Kamala Vander Mega Bazaar Ltd. Nil Kantha Roy & Puspa Roy Nil Kantha Roy
14.	Engr. Tarikul Alam Rahimi	Director	56 Years	Director/Proprietor: I.B.I.T First Lead Securities Ltd. Apon Properties Ltd Mother Care Clinic
15.	Mrs. Nowjat Begum	Director	48 Years	---
16.	Al-Haj Mosharref Hossain	Sponsor Shareholder	70 Years	Proprietor: M.H.Traders
17.	Mr. Morshed Alam	Sponsor Shareholder	60 Years	Director/Proprietor: Bengal Plastic Industries Ltd. Bengal Adhesive & Chemical Products Ltd. Bengal Poly & Paper Sack Ltd. Bengal Marbles Ltd. Bengal Overseas Corporation Ltd. Bengal Hyper Market Ltd. Power Utility Bangladesh Ltd. Rahmania Biscuits & Bread Industries Ltd. Bengal Concept & Holdings Ltd. Bengal Agro Estate Ltd. Bengal Teletech (Bangladesh) Ltd. Jack In The Box Bengal CNG-LNG Service Ltd. Compact Fluorescent Lamps Company Ltd. Bengal Poly Pack Ltd. Bengal Sack Architect Ltd. Romania Food And Beverage Ltd. Poly Cord Ltd. Bengal Corrugated Carton Industries Ltd. Bengal Polymer Wears Ltd. Bengal Spinning & Weaving Ltd. The Steel Fabricators Ltd. National Television Ltd. (RTV) Bengal Plastic Pipes Ltd.

Ownership of the company's Securities

SI No	Name of Shareholder	Position	Shareholdings	Percentage (%)
1	Mr. Md. Akbar Hossain	Chairman	32,045	5.34
2	Mr. Jashim Uddin	Vice Chairman	32,045	5.34
3	Mr. M. Monsurul Islam	Director	15,000	2.50
4	Mr. Moshfeque Mamun Rizvi	Director	10,680	1.78
5	Mr. Murad Mohammed Taj	Director	43,070	7.18
6	Mr. Md. Saifuddin Khaled	Director	26,705	4.45
7	Mr. Tahrin Aman	Director	26,705	4.45
8	Mr. Aminur Rahman	Director	26,705	4.45
9	Mrs. Rokeya Quader	Director	37,385	6.23
10	Engr. A.K.M. Ahsanul Haque	Director	31,710	5.29
11	Mr. Nil Kantha Roy	Director	26,705	4.45
12	Engr. Tarikul Alam Rahimi	Director	37,385	6.23
13	Mrs. Nowjat Begum	Director	10,000	1.67
14	Mrs. Feroza Hossain (Late)	Sponsor Share Holder	50,000	8.33
15	Mrs. Priti Kona Bose	Sponsor Share Holder	15,000	2.50
16	Mr. Abdus Salam Khan	Sponsor Share Holder	25,000	4.17
17	Mr. Sakif Naran Bhuiyan	Sponsor Share Holder	37,385	6.23
18	Mrs. Rehana Begum	Sponsor Share Holder	15,000	2.50
19	Al-Haj Mosharref Hossain	Sponsor Share Holder	32,045	5.34
20	Mr. Morshed Alam	Sponsor Share Holder	58,750	9.79
21	Mr. M. Amanullah	Sponsor Share Holder	10,680	1.78
	Total		600,000	100.00

Beneficial Owners Holding Shares 5% or Above

SL. No.	Name of the Owner of Shares	Position of the Company	Class of Shares	No. of Shares	Percentage (%)
1.	Mr. Md. Akbar Hossain	Chairman	Ordinary	32,045	5.34
2.	Mr. Jashim Uddin	Vice Chairman	Ordinary	32,045	5.34
3.	Mr. Murad Mohammed Taj	Director	Ordinary	43,070	7.18
4.	Mrs. Rokeya Kader	Director	Ordinary	37,385	6.23
5.	Engr. A.K.M. Ahsanul Haque	Director	Ordinary	31,710	5.29
6.	Engr. Tarikul Alam Rahimi	Director	Ordinary	37,385	6.23
7.	Mrs. Feroza Hossain (Late)	Sponsor Share Holder	Ordinary	50,000	8.33
8.	Mr. Sakif Naran Bhuiyan	Sponsor Share Holder	Ordinary	37,385	6.23
9.	Al-Haj Mosharref Hossain	Sponsor Share Holder	Ordinary	32,045	5.34
10.	Mr. Morshed Alam	Sponsor Share Holder	Ordinary	58,750	9.79

Use of Proceeds

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

Tangible assets per share

(Amount in Taka)

Particulars	2009 (Taka)
Investments (At actual)	9,000,000
Interest, Dividend Outstanding	6,053,503
Amounts due from other persons or bodies carrying on insurance business	10,954,657
Sundry Debtors	8,654,068
Advance Income Tax	5,624,980
Cash & cash equivalent	72,993,994
Stationery in hand	1,524,512
Stamps in hand	186,897
Fixed Assets	26,874,342
Total Assets (A)	141,866,953
Balance of Funds	12,869,399
Deposit Premium	4,519,692
Liabilities & Provisions	19,359,528
Sundry Creditors Including provision for Taxation	33,850,321

Total Liabilities (B)	70,598,940
Net Assets (A-B)	71,268,013
Number of Shares (C)	600,000
Net Assets Value per share (A-B)/C	118.78
Face Value per share	100.00

Classified Summary of Assets as at 31st December, 2009

SL. No.	Class of Assets	Book value in Taka	Remarks
(I)	National Investment Bond Statutory Deposit with Bangladesh Bank	9,000,000	Realizable Value
(II)	Interest accrued but not received	6,053,503	Do
(III)	Amount due from other persons or bodies carrying on Insurance Business	10,954,657	Do
(IV)	Sundry Debtors	8,654,068	Do
(V)	Fixed Deposit with Banks	62,010,000	Do
(VI)	STD & Current account with Banks	3,391,359	Do
(VII)	Cash, Cheque & Stamps in hand	7,779,532	Do
(VIII)	Fixed Assets (at cost less accum. Dept)	26,874,342	Written down value
(IX)	Stock of Printing materials	1,524,512	At cost
(X)	Advance Income Tax	5,624,980	
	Total :	141,866,953	

Performance at a Glance:

(Tk. in Million)

Particulars	31.12.2005	31.12.2006	31.12.2007	31.12.2008	31.12.2009
Net Premium	55.78	30.85	33.40	20.47	31.79
<i>Growth</i>		-44.69%	8.27%	-38.71%	55.30%
Net Claims	35.18	15.89	11.36	19.70	57.37
<i>Growth</i>		-54.83%	-28.51%	73.42%	191.22%
Management Expenses	22.79	37.56	30.93	31.19	31.67
<i>Growth</i>		64.81%	-17.65%	0.84%	1.54%
Profit Before Taxes	0.15	1.03	3.01	4.93	11.01
<i>Growth</i>		586.67%	192.23%	63.79%	123.33%
Profit after Taxes	0.15	1.03	3.01	4.93	10.15
<i>Growth</i>		586.67%	192.23%	63.79%	105.88%
Earnings per Share	0.25	1.72	5.02	8.22	16.92
<i>Growth</i>		586.67%	192.23%	63.79%	105.88%
<i>Post IPO EPS (restated)</i>	0.10	0.69	2.01	3.29	6.77
Total Assets	130.27	130.35	159.12	167.98	141.87
<i>Growth</i>		0.06%	22.07%	5.57%	-15.54%
Total Liabilities	78.14	77.18	102.94	106.87	70.60
<i>Growth</i>		-1.23%	33.38%	3.82%	-33.94%
Net Asset Value	52.13	53.17	56.18	61.11	71.27
<i>Growth</i>		2.00%	5.66%	8.77%	16.63%
Total Reserves*	-7.86	-6.83	-3.81	1.11	11.27
<i>Growth</i>		-13.10%	-44.22%	-129.13%	915.14%
Net Asset Value per Share	86.89	88.62	93.64	101.85	118.79
<i>Growth</i>		2.00%	5.66%	8.77%	16.63%

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

RISK FACTORS AND MANAGEMENT PERCEPTION REGARDING RISKS

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

Interest rate risks:

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

Management Perception:

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

Exchange rate risks:

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

Management Perception:

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

Industry risks:

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

II. Natural calamities

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

Management Perception:

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

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

Market & Technology related-risks:

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

Management Perception:

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

Potential or existing government regulations:

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

Management Perception:

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

Potential changes in global or national policies:

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

Management Perception:

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

History of non-operation, if any:

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

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

Operational risks:

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

Management Perception:

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