

## Sunflower Life Insurance Company Ltd.

**(If there is any contrary information please communicate with DSE through e-mail: [listing@dsebd.org](mailto: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 : December 29, 1999
2. Commencement of business : June 01, 2000
3. Authorized Capital : Tk. 100.00 million
4. Paid up Capital : Tk. 30.00 million

### **Details of the Issue:**

| Description       | Ordinary Shares | Face Value Per share | Offer Value in Taka | Premium Per share (Tk.) | Premium in Taka | Capital in Taka |
|-------------------|-----------------|----------------------|---------------------|-------------------------|-----------------|-----------------|
| Pre-IPO Placement | –               |                      | -                   |                         |                 | –               |
| Public Offering   | 450,000         | 100                  | 200                 | 100                     | 45,000,000      | 45,000,000      |

### **Paid up Capital after IPO**

| Particulars                      | Ordinary Shares | Face Value (Tk.) | Capital in Taka   |
|----------------------------------|-----------------|------------------|-------------------|
| Pre-IPO Paid up capital          | 300,000         | 100              | 30,000,000        |
| IPO                              | 450,000         | 100              | 45,000,000        |
| <b>Paid up capital after IPO</b> | <b>750,000</b>  | <b>100</b>       | <b>75,000,000</b> |

**Issue Manager** : AB Bank Limited  
**Auditor** : Aziz Halim Khair Choudhury

**Sunflower Life Insurance Company Ltd.**  
**At a glance**

**Description of Business:**

Sunflower Life Insurance Company Limited was incorporated on 29th December 1999 under the Companies Act, 1994 as Public Company limited by shares to carry out life insurance activities. The Company commenced its operations on 1st June, 2000. The Authorized capital is Tk. 10 Crore divided into 1,000,000 ordinary shares of Tk. 100 each. The sponsors/subscribers have already subscribed the paid up capital of Tk. 3 Crore as per requirement of the provision contained under the Seventh Schedule of Insurance Act, 1938. As per provision of the Insurance Act, 1938 and also according to the Memorandum and Articles of the Association the sponsors of the Company propose to raise the paid up capital up to Tk. 7.50 Crore by issuing 450,000 ordinary shares of Tk. 100 each at an issue price of Tk. 200 including a premium of Tk. 100 per share totaling Tk. 90,000,000 to the General Public through Initial Public Offering (IPO).

**Board of Directors**

| <b>Sl</b> | <b>Name of Director</b>    | <b>Designation</b>    |
|-----------|----------------------------|-----------------------|
| 1         | Major (Retd) Abdul Mannan  | Chairman              |
| 2         | Mrs. Umme Kulsum Mannan    | Vice Chairman         |
| 3         | Mr. Md. Rais Uddin         | Director              |
| 4         | Mrs. Shahnaz Mohiuddin     | Do                    |
| 5         | Alhaj A.K.M. Mohiuddin     | Do                    |
| 6         | Mrs. Rokeya Ferdous        | Do                    |
| 7         | Mrs. Radia Rais            | Do                    |
| 8         | Mr. Ahmed Karim Choudhury  | Policyholder Director |
| 9         | Mrs. Umma Habiba Choudhury | Do                    |
| 10        | Mrs. Jasmine Akhter        | Do                    |
| 11        | Mrs. Rezia Sultana         | Do                    |
| 12        | Mr. G.M. Faruq Khan        | Do                    |
| 13        | Mrs. Rawshan Alam          | Do                    |
| 14        | Mr. Md. Akbar Hossain      | Do                    |

## Ownership of the Company's Securities

| Name of Shareholders      | Position      | Shareholdings  | Percentage (%) |
|---------------------------|---------------|----------------|----------------|
| Major (Retd) Abdul Mannan | Chairman      | 30,000         | 10%            |
| Mrs. Umme Kulsum Mannan   | Vice Chairman | 30,000         | 10%            |
| Mr. Md. Rais Uddin        | Director      | 30,000         | 10%            |
| Mrs. Shanaz Mohiuddin     | Director      | 30,000         | 10%            |
| Alhaj A.K.M. Mohiuddin    | Director      | 30,000         | 10%            |
| Mrs. Rokeya Ferdous       | Director      | 60,000         | 20%            |
| Mrs. Radia Rais           | Director      | 30,000         | 10%            |
| Dhaka CNG Limited         | Shareholder   | 60,000         | 20%            |
| <b>Total</b>              |               | <b>300,000</b> | <b>100%</b>    |

## Family relationship among the directors:

| Name of Directors          | Relationship  |
|----------------------------|---|
| Major (Retd) Abdul Mannan  | Husband of Mrs. Umme Kulsum Mannan and brother of Md. Akbar Hossain.                            |
| Mrs. Umme Kulsum Mannan    | Wife of Major (Retd) Abdul Mannan and sister of Alhaj A.K.M. Mohiuddin and Md. Rais Uddin.      |
| Mr. Md. Rais Uddin         | Husband of Mrs. Radia Rais and brother of Mrs. Umme Kulsum Mannan and Alhaj A.K.M. Mohiuddin.   |
| Mrs. Shahnaz Mohiuddin     | Wife of Alhaj A.K.M. Mohiuddin  |
| Alhaj A.K.M. Mohiuddin     | Husband of Mrs. Shahnaz Mohiuddin and brother of Mrs. Umme Kulsum Mannan. & Mr. Md. Rais Uddin. |
| Mrs. Rokeya Ferdous        | Sister of Mrs. Rezia Sultana.   |
| Mrs. Radia Rais            | Wife of Mr. Md. Rais Uddin.   |
| Mr. Ahmed karim Choudhury  | Husband of Mrs. Umma Habiba Choudhury.  |
| Mrs. Umma Habiba Choudhury | Wife of Mr. Ahmed karim Choudhury   |
| Mrs. Rezia Sultana         | Sister of Mrs. Rokeya Ferdous   |
| Mr. Md. Akbar Hossain      | Brother of Major (Retd) Abdul Mannan  |





|     |                                   |  |  |
|-----|-----------------------------------|--|--|
| 3.  | <b>Mr. Md. Rais Uddin</b>         | Bangladesh Industrial Finance Co. Ltd<br>Eastern Insurance Co. Ltd.<br>South Asian Airlines Ltd.<br>Sunman Shoes Ltd.<br>Top Ten Media Ltd.<br>Delta Fashions Ltd.   | Director<br>Director<br>Director<br>Director<br>Director<br>Director             |
| 4.  | <b>Mrs. Shanaz Mohiuddin</b>      | Nil  | ---  |
| 5.  | <b>Alhaj A.K.M. Mohiuddin</b>     | Bangladesh Industrial Finance Co. Ltd.<br>Eastern Insurance Co. Ltd.<br>South Asian Airlines Ltd.<br>Sunman Shoes Ltd.<br>Noakhali Export Processing Zone Ltd.<br>Alfa Textile Ltd.<br>Telecom Services Ltd. | Director<br>Director<br>Director<br>Director<br>Director<br>Director<br>Director |
| 6.  | <b>Mrs. Rokeya Ferdous</b>        | Bangladesh Industrial Finance Co. Ltd<br>Eastern Insurance Co. Ltd.<br>Top Ten Media Ltd.  | Director<br>Director<br>Director   |
| 7.  | <b>Mrs. Radia Rais</b>            | Nil  | --   |
| 8.  | <b>Mr. Ahamed Karim Chowdhury</b> | Nil  | --   |
| 9.  | <b>Mrs. Umma Habiba Chowdhury</b> | Nil  | --   |
| 10. | <b>Mrs. Jasmine Akhter</b>        | Nil  | --   |
| 11. | <b>Mrs. Rezia Sultana</b>         | Nil  | --   |
| 12. | <b>Mr. G.M. Faruq Khan</b>        | Nil  | --   |
| 13. | <b>Mrs. Rawshan Alam</b>          | Nil  | --   |
| 14. | <b>Mr. Md. Akbar Hossain</b>      | Sunman Apparels Ltd.<br>Metro CNG<br>United Dresses Ltd.   | Director<br>Director<br>Director   |

### **Use of Proceeds:**

The Company offers its shares to the public as required by the Insurance Act 1938 and Insurance Rules 1958. The Proceeds of the present issue of 450,000 shares of Tk. 200 each including premium of Tk. 100 per share totaling Tk. 90,000,000 will strengthen the capital base of the Company and will be utilized for business expansion. The fund through public issue may also be used for investment.

## Tangible Assets per Share:

(As reported by the company)

The net tangible asset per share of Sunflower Life Insurance Company Ltd. is BDT 374.10 on 31st December 2008, calculation of which is shown below:

| SL. No. | Particulars                         | Amount in BDT Million |
|---------|-------------------------------------|-----------------------|
| A.      | Total Tangible Assets               | 726.88                |
| B.      | Less Total Liabilities              | 614.65                |
| C.      | Net Tangible Assets (A-B)           | 112.23                |
| D.      | Number of Ordinary Shares           | 300,000               |
| E.      | Net Tangible Assets Per Share (C/D) | <b>374.10</b>         |

## Performance at a Glance:

Figures in million

| Particulars                   | 31.12.2005 | 31.12.2006 | 31.12.2007 | 31.12.2008 | 30.09.2009 | Annualized |
|-------------------------------|------------|------------|------------|------------|------------|------------|
| 1st Year Premium              | 150.58     | 189.04     | 200.84     | 364.75     | 159.83     | 213.11     |
| Growth                        |            | 25.54%     | 6.24%      | 81.61%     |            | -41.57%    |
| Renewal Premium               | 88.44      | 145.18     | 209.74     | 283.65     | 188.60     | 251.47     |
| Growth                        |            | 64.16%     | 44.46%     | 35.24%     |            | -11.34%    |
| Gross Premium                 | 239.02     | 334.23     | 410.57     | 648.40     | 348.44     | 464.58     |
| Growth                        |            | 39.83%     | 22.84%     | 57.93%     |            | -28.35%    |
| Reinsurance Premium           | 0.02       | 0.05       | 0.20       | 0.60       | 0.46       | 0.61       |
| Growth                        |            | 139.80%    | 308.86%    | 207.71%    |            | 1.18%      |
| Net Premium                   | 239.02     | 334.18     | 410.38     | 647.80     | 347.98     | 463.97     |
| Growth                        |            | 39.81%     | 22.80%     | 57.85%     |            | -28.38%    |
| Management Expenses           | 165.18     | 191.06     | 244.94     | 340.70     | 242.63     | 323.51     |
| Growth                        |            | 15.67%     | 28.20%     | 39.10%     |            | -5.05%     |
| Net Claims                    | 19.62      | 27.03      | 40.84      | 55.28      | 57.79      | 77.06      |
| Growth                        |            | 37.78%     | 51.09%     | 35.35%     |            | 39.41%     |
| Total Assets                  | 182.98     | 291.53     | 417.99     | 726.88     | 797.59     |            |
| Growth                        |            | 59.32%     | 43.38%     | 73.90%     |            |            |
| Life Fund                     | 101.28     | 222.77     | 359.55     | 632.87     | 698.99     |            |
| Growth                        |            | 119.96%    | 61.40%     | 76.02%     |            |            |
| Management Exp                | 165.18     | 191.06     | 244.94     | 340.70     | 242.63     | 323.51     |
| Management Exp to Net Premium | 69.11%     | 57.17%     | 59.69%     | 52.59%     | 69.73%     | 69.73%     |
| Net Claims to Net Premium     | 8.21%      | 8.09%      | 9.95%      | 8.53%      | 16.61%     | 16.61%     |

## Description of Fixed Assets

(As reported by the company)

Tk. in million

| Particulars            | At Cost<br>As on September 30, 2009 | Written Down Value<br>As on December 31, 2008 |
|------------------------|-------------------------------------|---|
| Furniture and Fixture  | 20.39                               | 5.83  |
| Office Equipment       | 8.49                                | 4.06  |
| Electrical Equipment   | 1.65                                | 0.22  |
| Telephone Installation | 0.63                                | 0.28  |
| Motor Car              | 75.41                               | 46.20   |
| Land                   | 37.19                               | 37.19   |
| <b>Total:</b>          | <b>143.75</b>                       | <b>93.79</b>                                  |

### Classified Summary of the Assets As at 30 September 2009 FORM AA

| Sl. No. | NAME OF ASSETS   | BOOK VALUE | MARKET VALUE | REMARKS          |
|---------|--|------------|--------------|------------------|
| 1       | Bangladesh Government Securities (National Investment Bond)                            | -          | -            | -                |
| 2       | Bangladesh Municipal, Port & Improvement Trust Security Including Debenture            | -          | -            | -                |
| 3       | Debenture of Bangladesh Railways   | -          | -            | -                |
| 4       | Guaranteed and Preference shares of Bangladesh Railways                                | -          | -            | -                |
| 5       | Annuities of Bangladesh Railways   | -          | -            | -                |
| 6       | Ordinary shares of Railways in Bangladesh  | -          | -            | -                |
| 7       | Other Debentures of Concern in Bangladesh  | -          | -            | -                |
| 8       | Other guaranteed and preference shares of Concern in Bangladesh                        | 14.35      | 14.35        | At Cost          |
| 9       | Other ordinary shares of concerns in Bangladesh  | -          | -            | -                |
| 10      | Loans on the "Company's policies effected in Bangladesh and with their surrender value | 3.75       | 3.75         | Realizable value |
| 11      | Loans on Mortgage of property in Bangladesh  | -          | -            | -                |
| 12      | Loans or personal security to persons domiciled and Resident in Bangladesh             | -          | -            | -                |
| 13      | Other Loans Granted in Bangladesh (Home Loan)  | -          | -            | -                |
| 14      | T&T Treasury Bond  | 199.50     | 199.50       | At Cost          |
| 15      | Cash on Fixed Deposits in Banks  | 206.10     | 206.10       | At Cost          |
| 16      | Cash and collection in hand & Current, STD Accounts in banks                           | 227.11     | 227.11       | Realizable value |
| 17      | Forms and stamps in hand   | 7.00       | 7.00         | Realizable value |
| 18      | Interest, Dividends and Rents either outstanding or accrued but not due                | 26.83      | 26.83        | Realizable value |
| 19      | Amount due from other persons or bodies carrying on Insurance business                 | -          | -            | -                |

|    |                                     |               |               |                  |
|----|-------------------------------------|---------------|---------------|------------------|
| 20 | OTHER ASSETS :                      | 0.00          | 0.00          |                  |
|    | a) Agents Balance                   | 1.75          | 1.75          | Realizable value |
|    | b) Outstanding premium              | -             | -             | -                |
|    | c) Sundry Debtors                   | 17.41         | 17.41         | Realizable value |
|    | d) Fixed Assets (less depreciation) | 56.60         | 56.60         | WDV              |
|    | e) Land                             | 37.19         | 37.19         | At Cost          |
|    | <b>TOTAL:</b>                       | <b>797.59</b> | <b>797.59</b> |                  |

### **Risk Factors and Management Perception Regarding Risks:**

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

#### **External and Internal Risk Factors**

- **General Investment Risks**

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

**Management Perception:** The Management is aware about the equity shareholders position of getting their respective claims and believes that this kind of extreme situation will not arise.

- **Interest Rate Risks**

Changes in interest rate may have an adverse impact on the Company's financial results in case interest rate increase by lenders and also interest rate decrease on deposit by SLICL.

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

- **Exchange Rate Risks**

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

**Management Perception:** Sunflower Life Insurance Company Ltd. does not have any foreign currency transaction. Therefore no such risk would 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, the Company does not apprehend any loss of business due to its competent management team and expanding trend of insurance business in the country. The Company has already proved its leading role by its attractive earning performance.

- **Market & Technology Related Risks**

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

**Management Perception:** SLICL is continuously upgrading its technological levels and making it comparable to that of the other competitors in line with the insurance business.

- **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.

**Management Perception:** The Government is not expected to change policies relating to insurance business affecting the income of the insurance companies.

- **Potential Change 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 that the major economies must not cause to happen.

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

- **Political Risks**

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

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

- **Natural Risks**

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

**Management Perception:** Risk calculation is an important consideration for premium calculation of any insurance policy. The estimated losses arising from natural calamities are covered by higher rates of premium and reinsurance coverage for such losses. Management has taken into consideration statistical assessment of occurrence of natural calamities in setting its rates of premium and reinsurance risk.