

# Directors' Report





## Directors' Report 2019

Bismillahir Rahmanir Raheem

Assalamu Alaikum

Dear Shareholders,

The Board of Directors and I would like to thank you for taking some of your valuable time out to attend this 34<sup>th</sup> Annual General Meeting of the Company. It is my pleasure to place before you the Annual Report, the Audited Financial Statements and review of your Company's business progress for the year ended December 31, 2019.

**Bangladesh Economic Scenario 2019** - According to Bangladesh Bureau of Statistics (BBS), Bangladesh economy continued to maintain healthy growth in FY 2019, which was supported by rising exports, private consumption, and record remittances. According to the report, GDP growth in FY 2019 has reached at 8.1 percent (7.9 percent in FY 2018). This performance places Bangladesh among the top ten fastest-growing countries globally. Large and medium-scale manufacturing activities responded the fastest on the supply side, accompanied by broad-based growth in services, led by wholesale and retail trade.

The inflation rate remained stable throughout the year as overall inflation stood at 5.4 percent in FY19, below the targeted 5.6 percent. The per capita national income increased by 11.4 percent and investment-GDP increased to 31.6 percent from 31.2 percent in the preceding fiscal year.

Exports grew by 10.1 percent in FY19 only to slow down to negative 7 percent during the first six months of FY20 due to stiffer global competition faced by RMG manufacturers/exporters. Imports growth also slowed down to 10 percent from over 25 percent in FY18. Remittances grew by 9.8 percent to USD 16.4 billion following improved government incentives. In FY19, FDI increased by 50.71 percent to USD 3.89 billion from USD 2.58 billion in the previous year.

The industry sector grew by 13 percent in FY 2019, led mainly by manufacturing and construction activities. The service sector grew by 6.5 percent in FY 2019, led by an expansion in wholesale and retail trade, supplemented by strong growth in transportation and financial intermediation services. Agricultural growth fell to 3.5 percent in FY 2019 from 4.2 percent in FY 2018. As bumper rice yields led to falling prices, food inflation dropped to 5.5 percent in FY 2019 from 7 percent in FY 2018. Non-food inflation increased from 3.7 percent to 5.4 percent in FY 2019, led by increasing clothing and footwear prices.

Remittance inflows grew by 9.8 percent reaching a record USD 16.4 billion in FY 2019. The balance of payments was slightly positive (USD 12 million) in FY 2019. The current account deficit decreased to USD 5,254 million in FY 2019 from USD 9,567 million in FY 2018 as the trade and services deficits fell, and remittances rose.

Gross foreign exchange reserve stood at USD 32.6 billion at the end of FY 2019, representing around 5.8 months of prospective imports.

**World Economic Scenario 2019** - Overall, global economic growth appears robust. The world economy is projected to expand an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent for 2021, this is according to an IMF report, 'World Economic Outlook Update', published in January 2020. Progress rates among developed economies have mounted near to what is broadly considered their potential, while unemployment rates have fallen towards historical lows.

In the United States, growth is expected to moderate from 2.3 percent in 2019 to 2 percent in 2020 and decline further to 1.7 percent in 2021, (0.1 percentage point lower for 2020 as previously projected). Amid sluggish demand at home and abroad and escalating U.S. trade pressure, China, the world's second-largest economy, grew an annual 6.1 percent in 2019, the slowest in 29 years. Growth in the Euro zone is projected to pick up from 1.2 percent in 2019 to 1.3 percent in 2020 (a downward revision of 0.1 percentage point) and 1.4 percent in 2021. The UK economy, the 2<sup>nd</sup> largest economy in Europe, grew by 1.4 percent in 2019, marginally higher than the 1.3 percent rate in 2018. Japan's growth rate is projected to moderate from an estimated 1 percent in 2019 to 0.7 percent in 2020.

Among the developing economies, the East and South Asia economies remain on a strong growth curve, while many commodity-exporting countries are continuing a gradual recovery. Regionally, the Indian economy is expected to expand by 7.6 and 7.4 per cent in 2019 and 2020, respectively, after expanding by 7.4 per cent in 2018. Economic growth continues to be strengthened by robust private consumption, a more expansionary fiscal stance and benefits from previous reforms. The Sri Lankan economy is recovering from the slowdown in 2017, but much more slowly than



anticipated, amid weak business sentiment, feeble investment demand and political turbulences. The economic outlook in Pakistan is challenging, and it encompasses significant downside risks.

The 2019 world growth may have been higher but brought down due to rising geopolitical tensions, particularly between the United States and Iran, and by rising social unrest in several countries, as did weather-related catastrophes from hurricanes in the Caribbean, to drought and bushfires in Australia, floods in eastern Africa, and drought in southern Africa.

**Global Insurance Industry Scenario 2019** - Global insurance premiums figure for 2019 were not available at the time of writing this report, but according to the latest Sigma report from the Swiss Re Institute, Global insurance premiums passed the USD 5 trillion mark for the first time in 2018, which accounted to more than 6 percent of world gross domestic product (GDP). This was based mostly on solid growth in the non-life sector, particularly in China and other countries in emerging Asia, and also among advanced markets, according to the report.

**Global Insurance Disasters 2019** - Swiss Re reports that total economic losses from natural and man-made disasters in 2019 stood at around USD 140 billion as against USD 176 billion in 2018. Global insured losses in 2019 estimated to be around USD 56 billion, below the previous 10-year annual average. Natural catastrophes accounted for USD 133 billion economic losses in 2019, down from USD 166 billion a year earlier. Disaster events claimed more than 11,000 victims in 2019.

**Bangladesh Non-Life Insurance Scenario 2019** - The overall industry-wise non-life insurance premium

statistics for 2019 are not yet available.

The gross premium income of non-life private sector insurance companies increased from Tk. 26,694 million in 2017 to Tk. 30,347 million in 2018 registering a growth rate of 13.68 per cent. The total assets stood at Tk. 79,774 million in 2018 whereas it was Tk. 75,495 million in 2017. The total investment stood at Tk. 38,036 million in 2018 while it was Tk. 38,635 million in 2017.

**Going Forward** - COVID-19 has brought challenging times to the industry as the insurance companies look for avenues to stay relevant to society and the clientele. The revenue stream of insurance industry is suffering badly due to COVID-19 pandemic and due to which fire and marine insurance are expected to be negatively impacted. These two components consist of approximately around 75 percent of non-life insurance companies total premium income in Bangladesh.

Currently there are 45 insurance companies operating in a very small market i.e. Tk. 30,347 million according to 2018 statistics. This has resulted in a cut throat competition, which has given birth to myriad of bad business ethics and malpractices. The government's decision to set up the Insurance Development and Regulatory Authority (IDRA) was much needed and, therefore, was welcomed when it took initiatives to overcome the problems of Non-Life Insurance Sector recently. Bangladesh Insurance Association buoyed by steps taken by IDRA agreed upon keeping agency commission within the prescribed regulatory limit of 15 percent. This will definitely bring reform for the best within the industry.

## Pragati Insurance Limited Operational Result 2019

### Gross Premium Income

In 2019 Pragati Insurance Limited achieved significant success in earning gross premium of Tk. 2406.52 million. Gross premium income increased by Tk. 353.09 million registering a growth of 17.19% compared to previous year.

### CLASS WISE PREMIUM

#### Fire Insurance

The Company had underwritten a total fire insurance premium of Tk.1036.36 million as against Tk. 863.99 of last year. After payment/provision for re-insurance premiums, claims and management expenses the company has incurred underwriting (loss)/profit of Tk.(17.17) million against underwriting loss

Tk.(25.08) million of last year.

#### Marine Insurance

In the year 2019 gross premium earning in Marine insurance including Marine Hull was Tk.891.20 million against Tk.771.58 million of the year 2018. After providing for re-insurance and claims, we have earned underwriting profit of Tk.110.52 million against last year's underwriting profit of Tk. 72.31 million.

#### Miscellaneous Insurance

From miscellaneous insurance business our total gross premium income in 2019 was Tk. 478.96 million (both in Motor and Miscellaneous departments) against Tk. 417.86 million in 2018. After meeting expenses for

re-insurance, claims and management expenses, we have earned underwriting profit of Tk.135.39 million against Tk.109.86 million in 2018.

**Investment Operation**

Pragati Insurance Limited has concentrated its focus on diversifying its investment portfolio. Facing all the odds the company has loss Tk. (2.05) million as capital loss out of share trading in 2019 against Tk. 26.57 million in 2018.

**Contribution National Exchequer**

During the year under report Pragati Insurance Limited has deposited Tk. 380.18 million to the Government Exchequer as Corporate Income Tax, Withholding Tax, Stamp Duty and VAT.

**Income Distribution**

Underwriting Profit of non- life insurance Company is not at desired level due to ever increasing operational and other expenses. Growth of insurance company is also dependent on in its investment income. It is therefore important to explore all avenues to raise the return from investment. However, due to increase in income from investment income and rental income the Company’s net profit before tax stood at Tk. 281.19 million against Tk. 236.62 million in the year 2018. The net profit before tax has been proposed for approximate as follows:

Particulars	Million Taka
Reserve for Exceptional Losses	79.69
Provision for Income Tax	72.00
Balance available for distribution	145.81

Taking into consideration the financial position and working capital requirement for smooth running of the company and with an aim to have a steady growth in per share dividend, the Board of Directors of Pragati Insurance Limited recommended @Tk.22% cash dividend to the shareholders of the company for the year 2019. The whole scenario will look as follows:

Particulars	Taka
General Reserve	243,578
Divisible Profit	145,812,018
Total available	146,055,596
Less: Cash Dividend for the year	144,298,724
Balance to be carried forward for the next year	1,756,872

**Credit Rating**

Credit Rating of Pragati Insurance Ltd. was carried out by National Credit Ratings Limited for the year

2019 -2020 and their assessments are as follows:

Long Term	AAA
Short Term	ST-1

**Board of Directors**

In accordance with Articles 105, 106 & 107 of the company’s Articles of Association, the under-noted Directors from Group-A shareholders shall retire from the office by rotation and eligible for re-election .

1. Mr. Md. Syedur Rahman Minto
2. Mr. Khalilur Rahman
3. Mr. Md. Sarwar Kamal

In accordance with the Article 107 the above mentioned 3(three) Directors are eligible for re-election.

Accordingly, this was placed before the Board of Directors for their kind approval. The Board of Directors already approved the same and this will be placed in the ensuing 34<sup>th</sup> Annual General Meeting of the company for approval of the Group-A shareholders.

In accordance with Articles 105 &106 of the company’s Articles of Association, the under-noted Directors from Group-B shareholders shall retire from the office by rotation.

1. Mrs. Nigar Jahan Chowdhury
2. Mr. Nasir Latif

The election to fill up the 2 (two) vacancies will be held on the day of the 34<sup>th</sup> AGM of the company as on 23<sup>rd</sup> September, 2020.

As per Insurance Act 2010, Rules 1958 clause No.15B(3) the Election Notice has been published in the two national dailies on 14<sup>th</sup> July, 2020.

The 2(two) shareholders i.e. (i) Mrs. Nigar Jahan Chowdhury & (ii) Mr. Nasir Latif submitted their nomination papers within the stipulated time. Since no-body else has submitted any nomination papers other than above 2(two) candidates so, they will be taken as elected Directors from Group-B shareholders in the ensuing 34<sup>th</sup> AGM schedule to be held on 23<sup>rd</sup> September, 2020.

**Board meeting and Audit Committee meetings**

11(eleven) meetings of the Board of Directors and 8(eight) meeting of the Director’s Audit Committee were held during the year 2019. Details are given below in comparison to last 3 years.

Name of the Meeting	2019	2018	2017
Board of Director’s	11	11	13
Directors Audit Committee	8	5	4



## Audit Committee

The Audit Committee of the company met 8(eight) times during the year and reviewed the followings with special emphasis on compliance of respective recommendations:

1. Audit and inspection Report(s) of the Audit Team and External Auditors.
2. Ensuring an effective Risk Management system of the Company through ongoing review of the company's internal control system.
3. The financial statements of the company for the year 2019 audited by the External Auditors.
4. Stressing on the importance of the Compliance Culture within the Company.

This is to confirm that the company's Audit Committee is constituted as per terms & condition of BSEC'S Circular No. CMRRCD/2006-/158/207/ Admin/80 dated 3 June, 2018 .

## Corporate Governance Compliance status

Pursuant to the clause 9 of the BSEC's Notification

No. SEC/ CMRRCD/2006-/158/207 Admin/ 80 dated 3 June, 2018 we attached the company's compliance status as annexure-1.

## Auditors

M/S. Hoda Vasi Chowdhury & Co, Chartered Accountants was appointed as External Auditors of the company for the year 2019 at the 33<sup>rd</sup> Annual General Meeting. They have audited the books of account for the period covering 1<sup>st</sup> January, 2019 to 31<sup>st</sup> December 2019. This is the 3<sup>rd</sup> year that M/S. Hoda Vasi Chowdhury & Co has audited the Financial Statements of the company.

M/s. Hoda Vasi Chowdhury & Co. has completed their tenure in 2019. In this connection we invited application for appointment of External Auditor in the Company for the year of 2020 through publishing an advertisement in the 2(two) dailies. Accordingly, we have received expression of interest for appointment of External Auditor from the 11 numbers of Audit Firm. Which will be placed in the ensuing 34<sup>th</sup> AGM for approval.

## Director's Response to Auditor's Qualifications

The Board of Directors is pleased to give below its full information and explanations on every point of qualifications as contained in the auditor's report as required by section 184 (3) of the Companies Act 1994:

### 01. Financial statements not prepared properly in accordance with IFRS

#### Qualification contained in the auditor's Report

- The requirements of the Securities and Exchange Commission Ordinance 1969, Financial Reporting Act 2015 and Income Tax Ordinance 1984 about preparation and presentation of the financial statements as per International Financial Reporting Standard (IFRS) have not been followed properly in the preparation and presentation of the accompanying financial statements.
- In addition to the above, disclosure of the following item as required in the Notification of Bangladesh Securities and Exchange Commission (BSEC) # BSEC/CMRRCD/2006/208/Admin/81 dated 20 June 2018 have not been made in the accompanying financial statements:

Reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for the net changes in operating accruals, in addition to disclosures on direct method of cash flows applied.

#### Information and explanations

- The Board of Directors are not in a position to give its explanation since the auditor has not specified any particular non -compliance in preparation and presentation of the financial statements. However, the Board of Directors express its firm commitment to comply with the requirements of the Securities and Exchange Commission Ordinance 1969, Financial Reporting Act 2015 and Income Tax Ordinance 1984, International Financial Reporting Standard (IFRS) while preparing the financial statements of the company for the year ended 31<sup>st</sup> December, 2020.
- The company has disclosed the cash flow statements under direct method as per requirement of IAS -7. But a reconciliation of net income on net profit with cash flows from operating activities making adjustment for non - cash items, for non –operating items and for the net changes in operating accruals has not been disclosed in the financial statements inadvertently. However, the Board express its firm commitment that aforesaid requirement will be complied with while preparing the financial statements for the year ended 31<sup>st</sup> December,2020.



## 02. Different types of reserves created without any basis

- Reserve for exceptional loss are being carried in the books of the Company since long and a sum of BDT 935,319,047 (including current year amount of BDT 69,156,197) has been transferred to the reserve for exceptional loss and the same has been charged to the profit and loss account and accordingly tax benefits have been availed under Income Tax Ordinance 1984. In accordance with the accounting standards the purpose, objective, legal or constructive obligation relating thereto and basis for such reserve were not found.
- In addition to the above reserve, the requirements, either legal or otherwise, and justification for carrying the Contingency Reserve with the balance of BDT 105,869,651 since 2000 were not explained to us.
- Revaluation reserve of BDT 1,412,133,735 set up in connection with the revaluation of the Company's non-current assets has not been adjusted for any subsequent tests of revaluation and impairment as no such exercises was conducted despite the requirements of IAS 16. It could not also be ascertained if annual charges of depreciation on the property and calculation of deferred tax in relation to above have been duly accounted for.
- Para -6 of the 4th Schedule of the Income Tax Ordinance 1984 allowed the insurance companies to set-aside certain percentage of premium income of the year from the balance of profit as reserve for exceptional losses with a view to meeting up unexpected loss which may arise in future. The company has also maintained Contingency Reserve, General Reserve, Revaluation Reserve as permitted by Insurance Act, and also as per Board decision to comply with the legal requirements as well as to strengthen the equity base of the company. These are duly explained in the related notes to the financial statements. However, the purpose, objective will be explained more specifically in the financial statements for the year ended 31<sup>st</sup> December, 2020.
- The frequency of the revaluation depends upon the changes in fair values of the items of non- current assets being revalued when the fair value of a revalued asset differs materially from its carrying amount further a revaluation is required. When the Board of Directors considers the fair value of the company's revalued assets differs materially from its carrying amount a further revaluation will be carried out in due course.
- It may be mentioned that annual depreciation on revalued assets (Building) has been duly accounted for in the financial statements. But calculation of deferred Tax in relation to the above had not been calculated and accounted for inadvertently, which will be taken due care of while preparing the financial statements for the year ended 31<sup>st</sup> December,2020.



### 03. Issues relating to current and deferred tax

- Accumulated liability for income tax charges for several years reported on 31<sup>st</sup> December 2019 at BDT 537,754,453 could not be verified by us due to the absence of relevant information. We are not also aware of pending cases of assessment and related liabilities, disputed or agreed as the related information were not made available for our review. And the adequacy of the charge of BDT 72,000,000 set up against current year's tax liability could not be verified as the basis for the computation was not produced for our examination.
- There are disputes with the Income Tax Authority in respect of assessment of taxes for many years. As a result, income tax cases are pending with the High Court Division of the Supreme Court of the Bangladesh for the assessment year 2005-2006 to 2015-2016 and with the Income Tax Appellate Tribunal for the assessment year 2016-2017. The assessment of taxes is also pending with the different level of Income Tax Authority from the annual year 2017-2018. However, we could not obtain the latest assessment status of the aforesaid assessment years from our learned Income Tax Adviser to provide the same for auditors review due to prevailing Covid -19 pandemic situation.  
The charge of Tk.72 million has been set of in the statement of profit & loss & other comprehensive income against current year's tax liability at certain percentage (37.5%) on net profit applicable for insurance companies. Any adjustment will be made in the financial statements on finalization of the income tax assessment.
- In addition to the above, deferred tax has not been calculated as required under IAS-12, and it could not be verified a balance of BDT 17,340,000 carried in the books of the company since long.
- Deferred tax has not been calculated and accounted for in the financial statements as required under IAS-12. The same will be accounted for in the financial statements for year 31st December, 2020.

### 04. Compliance with IDRA rules

- It could not be verified if the company has made investment in designated instruments and in the manner as prescribed in SRO No. 353-law/2019 dated 14 November 2019. We did not verify the correctness of the Company's report on assets and liabilities in the prescribed manner (Schedule # 1) as mentioned in the said SRO.
- Management expenses including insurance commission were incurred and charged in excess of the limit set out in section 63 of the Insurance Act 2010 read in conjunction with SRO # 280-law/2018 in respect of marine & hull insurance by an amount of BDT 81 Million.
- The IDRA has issued rules on investment for non-life insurance company vide SRO No-353-law/2019 dated 14th November, 2019 which requires investment in designated instruments. This rule is under implementation by the management.
- The excess over limit of management expenses including insurance commission during the year. It may be mentioned here that the company has to incur management expenses for reasonable grounds for the purpose of business development of the company. Necessary steps will be taken to reduce further the management expenses in coming years.

### 05. Issues related to Property, Plant and Equipment

- The Correctness of the net book balance of Fixed Assets as of 31 December 2019 (ref. Note 25-29 to the FS) amounting to BDT 2,292,171,000 could not be verified and confirmed by us due to the absence of necessary records maintained for the initial recognition of cost, subsequent revaluation of value and charge of depreciation of the individual items of fixed assets;
- The International Accounting Standard (IAS) 40 requires that property generating rental income or used for capital appreciation should be presented as investment property. This standard will be implemented and reflected in financial statements for the year ended 31st December, 2020 in respect of land and building.



- International Accounting Standard (IAS) 40 requires that property generating rental income or used for capital appreciation should be presented as investment property but this requirement has not been complied with and reflected in accompanying financial statements in respect of land and building.
- The company maintained necessary records and register in relation to Fixed Assets with different particulars. Also prepared depreciation schedule in connection to financial statements. Necessary steps will be taken to maintain those register & records more comprehensively in the next year.

#### **06. Non-compliance with Labour Law 2006**

- The Company did not set aside due part of its profit for the year in relation to workers profit participation and welfare fund as required under the Bangladesh Labour Act 2006 and did not also forward any justification in support of its inaction.
- The Bangladesh Labour Act, 2006 (as amended in 2013) declared the status of business of certain institutions and companies along with banks and insurance companies as “industrial undertakings”. This Act requires the industrial undertakings to maintain provisions for workers’ profit participation and welfare fund @ 05% on net profit, but no insurance company in Bangladesh has implemented the provisions of chapter XV of the Labour Act (as amended in 2013) as yet.  
Consistent with the industry practice and in accordance with letter no BIA - 3(91) 2019 dated 26-12-2019 of Bangladesh Insurance Association no provision for WPPWF However, performance bonus is paid to the employees on the basis of yearly performance with a view of recognize welfare of the employees and reward their participation and contribution to the company.  
Proper disclosure in this regard will be made in the financial statements of the company for the year ended 31st December, 2020.
- It may be mentioned here that two of our officers in Finance and Accounts Department affected by Covid -19 and could not attend office. This is one of the reasons for non- providing information to the auditors as required by them. Moreover, five nos. of experience officers left their jobs during the year which also affected the preparation of financial statements as well as submission of statements as required by the auditor during the course of audit.





## Acknowledgement

On behalf of the Board Directors, we humbly take this opportunity to express our heartfelt gratitude to all of our valued clients, shareholders and well-wishers in home and abroad for their wholehearted co-operation. We are especially thankful to all Banks both in the private and public sector and the management of Multimode Group, Beximco Group, KDS Group, Abdul Monem Group, W & W Group, Square Group, Bata Shoe (BD) Ltd, Novartis (Bangladesh) Ltd, Heidelberg Cement Bangladesh, International Television Channel Ltd (NTV), National Television Ltd (RTV), Maasranga Television, ICDDR,B, Pacific Jeans Group of Companies, HKD Group of Companies, Jayson Group, Aristopharma Ltd, Karim Group, Square Air, DBL Group, MJL Bangladesh, MJL (Mobil), Saad Musa Group, Grameen Phone Ltd, Esquire Group, Mir Group, Pedrollo (NK) Ltd, PHP Group, Rahimafrooz Group, Envoy Group, Maksons Group, M.I. Cement Factory Ltd. (Crown Cement), Olympic Group, Robintex Group, Shanta Group, T.K. Group, Healthcare Pharmaceuticals Ltd. Khulna Power Company Ltd, Khan Jahan Ali Power Company Ltd, NEPC Consortium Power Ltd, Summit Group, United Group, High-Speed Navigation Company Ltd, RZ Power, G.B.B Power Ltd, Desh Energy Ltd, Eurostar Shipping Ltd, Peoples Shipping Ltd, Summit Shipping Ltd, Sealink Shipping Company, Poseidon Enterprise, Brave Royal Shipping, Central Navigation, Ace Bi Cycle (BD) Ltd, Denim Plus (BD) Ltd, Jay Jay Mills (BD) Pvt Ltd, J & J Industries Ltd, Jemina Accessories Ltd, Luna Lite Company. (BD) Ltd, Mamiya Op (BD) Ltd, Meghna Accessories Ltd, Merim Company. Ltd, Mitali Textile Industries (BD) Ltd, Modern Towels (BD) Ltd, Multi Safh Bags Ltd, MZM Textile Ltd, Padma Industries Ltd, Papella Shoe Ltd, Sanko Optical Company. (BD) Ltd, U-Jin Led Company. (BD) Ltd, Van Green (BD) Ltd, Kadena Sports Wear (BD) Ltd, Nawab Abdul Malek Jute Mills (BD) Ltd, Quality Feeds Ltd, Grameen Shakti, National Polymer Industries Ltd, Paxar (BD) Ltd, Care Bangladesh, Bangladesh Edible Oil Ltd, CEAT Bangladesh Ltd, Ruby Food Products, Ahad Jute Spinners Ltd, State Bank of India, Embassy of the United Arab Emirates, Alliance Francaise De Dhaka, Berger Paints (BD) Ltd, Asian Paints Bangladesh Ltd, Sanofi Aventis Bangladesh Ltd, Dhakarea Ltd, EXSACOMPANY Ltd, Renata Ltd, Nuvista Pharma Ltd, EPV Chittagong Ltd, Modele De Capital Ltd, North South University, Al-Muslim Group, Energypac Bangladesh, Independent Television, Paragon Group, Armana Group, IDLC, MGH Group, Pran Group, Trendex Furniture Industries Ltd, Singer Bangladesh Ltd, The Westin (Dhaka), Perfetti Van Melle Bangladesh Ltd, Global Fabrics, Campex (BD) Ltd, Social Marketing Company (SMC), Omera

Petroleum Ltd, Paolo Footwear (BD) Ltd, Kenpark Bangladesh, Global Fabrics, Hopeful Textile, Denim Plus (BD) Ltd, Alita Group, Chihong Knit Ltd, Qualitex Group, Swan Lon Company, LSI Ind. Ltd, Daeyu (BD) Ltd, Lik Fung Garments, KAFCO, Queen South Textile Mills Ltd, Aventis Ltd, Monno Group of Companies, Navana Group, Bombay Sweets & Company., Ltd, Independent University Bangladesh, Edison Footwear Ltd, Bengal Group, Knit Plus Group, Zeil's Wear Ltd, AA Knitspin Ltd, Aman Group, Mosharaf Group, Opex-Sinha Group, Ha-Meem Group, Shahjibazar Power Company Limited, Matador Group, Haque Group, United International University, IUBAT-International University of Business Agriculture and Technology, Rahimafrooz Group, BUFT- BGMEA University of Fashion & Technology, Babylon Group, Prime Bank Limited, Dutch Bangla Bank Limited, Arbab Group, Virgo MH Limited, SAN Apparels Limited, Sterling Group, Indofil BD Pvt. Limited, Nassa Group, Star Ceramics Limited, Master Knitwear Limited, Butterfly Group, Kingpro Manufacturing Co. Ltd., BRB Group, SQ Group and many others for reposing their confidence in the company.

We would also like to convey our sincerest thanks to Insurance Development and Regulatory Authority, Bangladesh Securities and Exchanges Commission, Dhaka Stock Exchange, Chittagong Stock Exchange and Re-Insurers - Sadharan Bima Corporation, General Insurance Corporation of India (GIC) Best Re. Malaysia and Trust International and Re-Insurance Brokers- J.B. Boda, Protection Bahrain, Willis and others for their support and assistance. The Board also expresses its appreciation to M/S. Hoda Vasi Chowdhury & Co Chartered Accountants, the Auditor of the Company.

We take this opportunity to express my profound gratitude to the Managing Director and all the Executives, Officers and Staff of the company for their outstanding services throughout the year and look forward to the continued support and whole-hearted cooperation for the realization of the corporate goals in the year ahead.

Lastly, with best regards to all our valuable shareholders, we promise to continue the growth of the company with your continued support.

Thank you all.

On behalf of the Board of Directors,

**Syed M. Altaf Hussain**

Chairman



## Directors' Report to the Shareholders

*(Under Section 184 of the Companies Act 1994)*

### **We report that:**

- i. The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- ii. Proper books of account of the company have been maintained.
- iii. 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.
- iv. International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. There are no significant doubts upon the company's ability to continue as a going concern.
- vii. There are no significant deviations from last year operating result of the company.
- viii. During the year ended 31 December 2019 the Board of Directors held 11 (Eleven) meetings and the Directors serving on the Board attended in aggregate 53.03% of the total number of meetings.
- ix. At 31 December 2019, the pattern of shareholding are given below:
  - a) Shareholding of Parent/Subsidiary/ Associate companies and other related parties: Nil.
  - b) Shareholdings of Directors, CEO, Company Secretary, CFO and Head of Internal Audit and their spouses and minor children: Nil.