



Pragati Insurance Limited

ANNUAL REPORT 1992

Pragati Insurance Limited

REGISTERED OFFICE

90-91, Motijheel Commercial Area, Uttara Bank Bhaban (9th & 10th Floor), Dhaka-1000
G.P.O. Box No. 3721, Telex : 671168 PGI BJ, Fax : 88-02-863710, Cable : Bima Pragati,
Phone : 231419, 863710, 256292, 243010, 243019, 248375 PABX : 241062-64



Pragati Insurance Limited

HEAD OFFICE : 90-91, MOTIJHEEL C/A, UTTARA BANK BHABAN, 9TH & 10TH FLOOR DHAKA
PHONE : PABX : 241062-64, DIRECT : 863710, 231419, 256292, 243019 TELEX : 671168 PGI BJ.
FAX : 88-02-863710, P.O. BOX 3721

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING :

Notice is hereby given that the SEVENTH ANNUAL GENERAL MEETING of PRAGATI INSURANCE LIMITED will be held on Sunday, the 20th June, 1993 at 3:00 p.m. at the Company's Head Office (90-91, Motijheel C.A., Uttara Bank Bhaban, 9th & 10th floor), Dhaka-1000 to transact the following business :

1. To confirm the minutes of the Sixth Annual General Meeting of the Company held on 13th September, 1992.
2. To receive, consider and adopt the Directors' Report for the year ended 31st December, 1992.
3. To receive, consider and adopt the Audited Accounts of the company and the Auditors' Report thereon for the year ended 31st December, 1992.
4. To declare dividend for the year 1992 as recommended by the Board.
5. To elect Directors in place of retiring Directors.
6. To appoint Auditors for the year 1993 and fix their remuneration.
7. Any other issue with the permission of the Chair.

By order of the Board of Directors

Dated : Dhaka
The 31st May, 1993

H.R. Chowdhury
Secretary

Notes :

- i. The share transfer register of the Company shall remain closed from 7th June to 20th June, 1993 both days inclusive.
- ii. The member of the company entitled to attend and vote at the above General Meeting may appoint any other member of the Company as his/her proxy to attend and vote on his/her behalf. Proxies must be submitted at the registered office of the Company atleast 72 hours before the meeting. The Proxy form is enclosed.
- iii. As per Article No. 105 of the Company's Articles of the Association 1/3rd Directors (6 Nos.) shall retire in this Ordinary General Meeting. As per Article No. 107, they are all eligible for re-election subject to Insurance (Amendment) Act., 1990.



Pragati Insurance Limited

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BOARD OF DIRECTORS

Chairman

Abdul Monem

Vice Chairman

Md. Syedur Rahman Mintoo

Nigar Jahan Chowdhury

Directors

Capt. Imam Anwar Hossain

Syed M. Altaf Hussain

Engr. A. Latif

M.A. Awwal

Md. Sarwar Kamal

Sufia Khanam

Nasreen Fatema

Md. Abdul Malek

Md. Jahangir Chowdhury

Ilya R. Hossain

Md. Mahbubur Rahman

Saleem Rahman

Mahmud Hasan

Farida Yasmin

Md. Mizanur Rahman

Managing Director

A.K.M. Rafiqul Islam, FCA



Pragati Insurance Limited

EXECUTIVES

	<i>Department</i>
Managing Director A.K.M. Rafiqul Islam, FCA	
Executive Vice President A.B.M. Mir Hossain Khurshed Ahmed Khan M. Juhurul Haque Talukder, ACII	Underwriting Development Re-insurance & Claim
Sr. Vice President Hafizur Rahman Chowdhury Mahboob-uddin Ahmed	Board (Company Secretary) Development
Vice President Md. Shahabuddin Mihir Kanti Barua Shamsuzzaman Mohammad Ali Khan B. Ahmed	Administration Finance & Accounts Underwriting Development Development
Asstt. Vice President Syed Feroz Ahmed Kazi Shafiullah Mosharraf Hossain R.K. Chowdhury	Claim Development Development Development

Auditor
A. Wahab & Co.
Chartered Accountants

Legal Advisor
Barrister M. Zahir

Pragati Insurance Limited



COMPANY'S PROGRESS - 7 YEARS AT A GLANCE

	<i>Figure in Million</i>						
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Gross premium income taken into Revenue Accounts	35.84	71.83	86.06	103.43	107.26	120.07	162.30
Premium income Less Re-insurance	22.93	43.60	50.80	60.40	64.01	72.95	79.17
Net claim	2.18	5.89	16.14	15.06	23.50	28.23	30.93
Underwriting profit	0.44	9.45	10.35	14.16	14.77	16.18	17.15
Investment income (Gross)	2.10	7.29	10.25	16.10	17.73	19.60	21.03
Net profit before Tax	1.12	13.23	15.87	22.75	24.14	26.51	30.39
Dividend in percent	—	10	12.50	18	22.50	22.50	25
Total Reserve	13.92	31.60	42.09	55.41	65.51	80.52	96.29
Premium deposit	20.93	46.48	57.93	71.48	78.92	67.25	75.82
Investment in Shares and Securities	4.50	5.65	5.86	10.89	11.55	14.10	24.23
Cash, FDR and Bank Balances	59.26	110.25	148.39	154.13	191.37	196.99	234.42
Total Assets	75.42	140.46	187.63	215.86	260.35	275.19	337.64

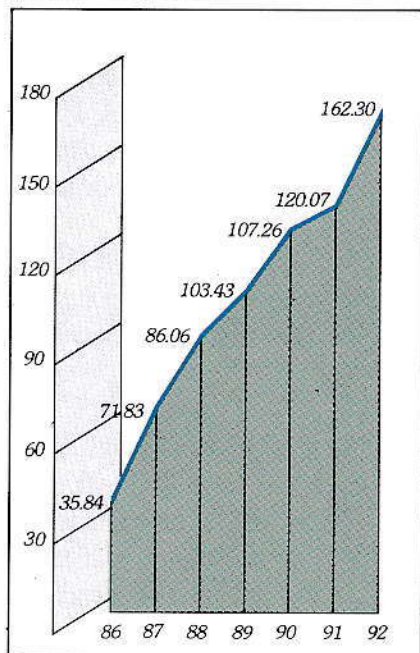


Pragati Insurance Limited

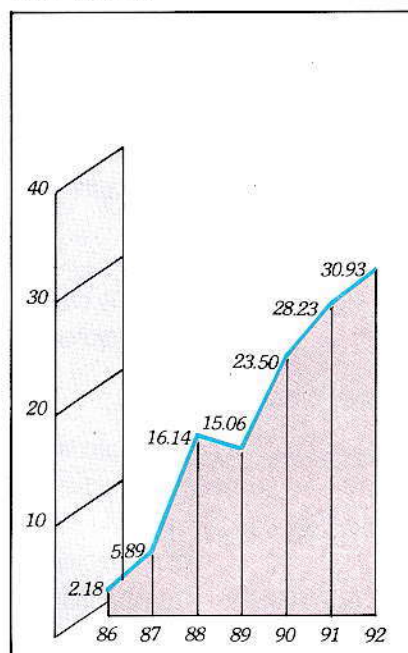
PROGRESS AT A GLANCE

Figure In Million

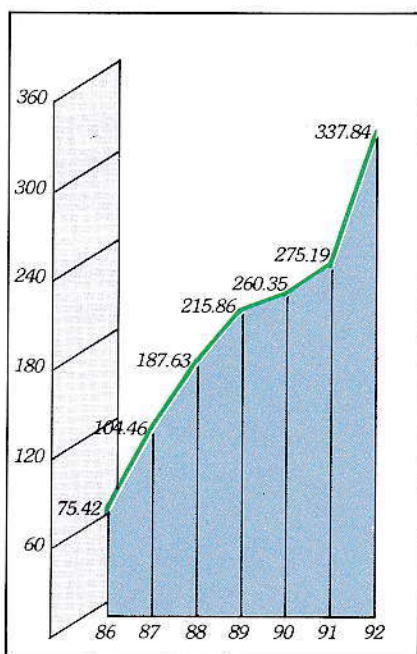
GROSS PREMIUM



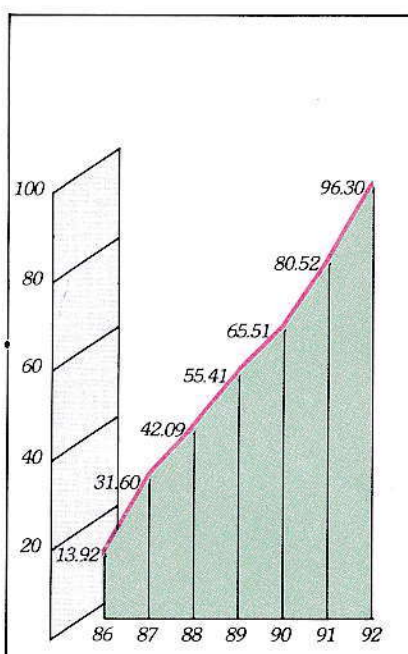
NET CLAIM



ASSETS



RESERVE



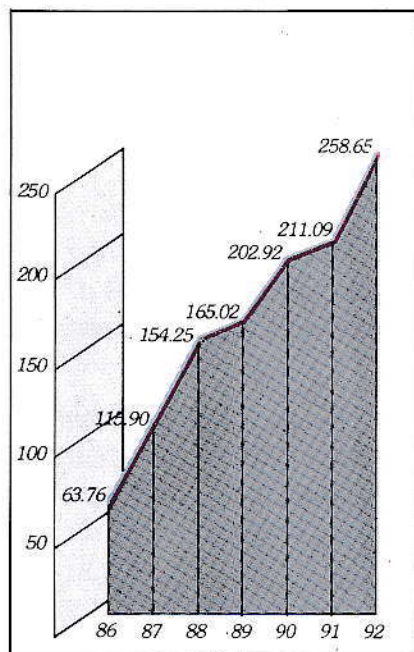
Pragati Insurance Limited



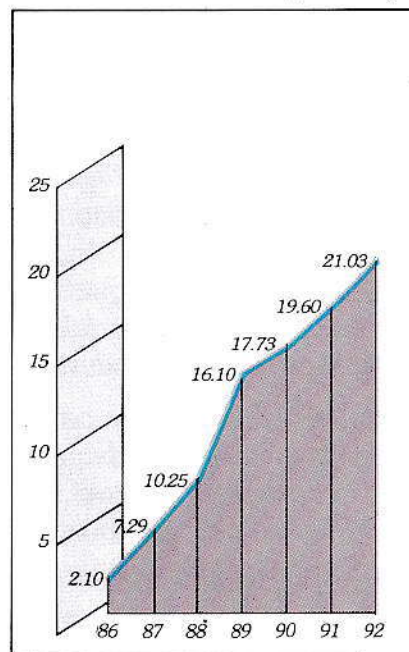
PROGRESS AT A GLANCE

Figure In Million

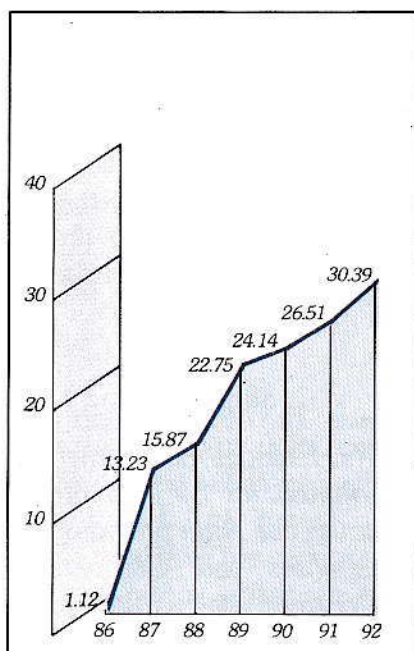
INVESTMENT AND FUND



INVESTMENT INCOME (GROSS)



NET PROFIT



INCOME AND ITS SHARING

INCOME :

Gross premium	162.30
Commission on Re-insurance ceded	17.82
Interest, Dividend and Other Income	20.96
Taka	<u>201.08</u>

SHARING :

		%
Net claim	30.93	15.38
Re-insurance ceded including other expenses to SBC	83.13	41.34
Management expenses	50.04	24.89
Depreciation and Unexpired risk adjustment etc.	6.59	3.28
Net profit	30.39	15.11
Taka	<u>201.08</u>	<u>100.00</u>



Pragati Insurance Limited

DIRECTORS' REPORT

Dear Shareholders,

The Directors have great pleasure in presenting the Seventh Annual Report together with Accounts of the Company for the year ended 31st December, 1992.

Economic Environment

Government's privatisation policy has started picking-up but the desired acceleration is still far away. Globally, the economic depression had its impact deeply rooted and long tailed affecting many developed countries of the World with its ominous shadow falling on the economics of the developing countries like Bangladesh with low industrial base.

Country had a bumper cereal crop due to an exceedingly favourable weather permitting export of high quality rice for the first time in the history of this country. The industry on the other hand is yet to be vibrant except the garment sector which has recorded respectable growth in its export performance.

Under the liberalisation policy of the Government, import of fertilizer, wheat, rice, sugar have been allowed in the private sector. This was the major source of bulk trade in 1992. GDP Growth in the year was less than 5%.

Business performance in 1992

1992 premium income stood at Tk. 163.02 million as against Tk. 120.07 million in 1991, an increase of 35.77% over the previous year. This rise however, is due to incorporation of the share of Government business of Tk. 31.93 million. Growth in the market sector business was 9.18%.

Department wise premium income, claim and performance have been reported separately below. Profit earned during 1992 stood at Tk. 30.50 million as against Tk. 26.51 million in 1991, an increase 15.05% over the previous year. After providing for exceptional losses reserve and income tax, Board recommends dividend at the rate of 25% to the Shareholders against 22.50% declared for the year 1991.

Fire Insurance

Gross premium income in this department was Tk. 59.14 million as against Tk. 35.95 million earned in the previous year. This includes Government business of Tk. 8.99 million. Re-insurance outgo accounted for 57.19% of the gross premium income as against 53.40% in the previous year. After providing for claim, re-insurance and pro-rata management expenses the Company earned underwriting profit of Tk. 6.72 million in the current year as against Tk. 3.99 million in the previous year.

Pragati Insurance Limited



Marine Insurance

In the Marine department premium booked in the current year's account stood at Tk. 71.57 million against Tk. 66.21 million earned in the previous year. This includes Government business of Tk. 15.15 million. Net claim charged to Revenue Account stood at 33.89% of the net retained premium as against 23.23% in the previous year. Profit in this department stood at Tk. 8.04 million against Tk. 11.04 million in the previous year.

Motor & Miscellaneous Insurance

In the Motor department, the Company earned a premium of Tk. 10.34 million as against Tk. 6.64 million in the previous year. Increase in premium income stood at 55.72%. This includes Government business of Tk. 1.70 million. Net claim charged to this account was Tk. 1.71 million against Tk. 3.46 million in the previous year. The Company earned profit Tk. 0.98 million as against Tk. 0.40 million in the previous year.

In the Miscellaneous department, the Company earned gross premium of Tk. 21.37 million as against Tk. 11.26 million in the previous year. Increase in premium income stood at 89.79%. This includes Government business of Tk. 6.09 million. After providing for Claim, Re-insurance premium and pro-rata expenses of management, the Company earned a profit of Tk. 1.42 million as against Tk. 0.75 million earned in the previous year.

The overall profitability of Motor and Miscellaneous Revenue Account stood at Tk. 2.39 million as against Tk. 1.14 million in the previous year.

General

The Company maintained its previous policy of providing reserves for unexpired risks as below :

Fire	: 50% of the net premium income
Marine Cargo	: 50% of the net premium income
Marine Hull	: 100% of the net premium income
Motor & Miscellaneous	: 50% of the net premium income

The Company also provided for exceptional losses reserve @ 10% of the net premium income as is permissible both under the Insurance Act and the Income Tax Rules.

Profit and Loss Account

The Company's income from interest, dividend and rent (after deduction of levy) stood at Tk. 20.96 million as against Tk. 18.72 million i.e. a rise of 11.20% in the year under report. After taking into account the underwriting profit of Tk. 17.15 million and providing for expenses not applicable to any fund or account, festival and incentive bonus, audit fee and depreciation, the net profit before taxation stood at Tk. 30.39 million as against Tk. 26.51 million in the previous year.



Pragati Insurance Limited

Appropriation of Profit

Profit earned in the year 1992 together with the balance of unappropriated profit brought forward from last year stood at Tk. 30.87 million. This is proposed to be appropriated as below :

	<u>In Million</u>
01. Exceptional Losses Reserve	7.92
02. Provision for Income Tax	13.50
03. General Reserve	1.00
04. Proposed Dividend @ 25%	7.50
05. Balance of unappropriated profit carried forward to the next year	0.95
	<u>Tk. 30.87</u>

Investment

Investment of the Company's fund was confined mainly with banks in short and medium term deposits. The investment stood at Tk. 252.64 million as against Tk. 198.89 million in the previous year. Summarized position is given below :

	<u>In Million</u>
01. Pratirakkha Sanchaya Patra (Deposit with Bangladesh Bank)	4.50
02. Shares and Debentures	19.73
03. Fixed Deposit with various Banks	209.22
04. STD Accounts	19.19
	<u>Tk. 252.64</u>

Branches

The company has branch offices in almost all the important business places in the country. During the year 1992 new branches were opened at Motijheel, Bangshal, Elephant Road and Tongi Bazar. The total number of offices operating as on the date was 28 besides the Head Office.

Auditor

The Auditor Messrs. A. Wahab & Co. Chartered Accountants is to retire as Auditors in accordance with Article 149 and is eligible for reappointment. The Auditors have indicated their willingness in writing to continue as Auditors.

Pragati Insurance Limited



Capital

There has been no change in the paid-up capital since the last report which remained at Tk. 30.00 million being the sponsors's capital. We hope to go to the public for subscription within 1993 which will raise the capital to Tk. 60.00 million.

Election of Directors

In accordance with Article 105, 106 and 102 of the Company's Articles of Association, following Directors retire from the office by rotation.

01. Mr. Syedur Rahman Mintoo
02. Capt. Imam Anwar Hossain
03. Mr. Mahmud Hasan
04. Mrs. Farida Yasmin
05. Mr. Mizanur Rahman
06. Mr. Saleem Rahman

Except Mrs. Farida Yasmin all the retiring Directors offered themselves for re-election.

Personnel

The Company believe that the success of a service oriented organisation depends on its human resources remained the guiding factor in the selection of its manpower. With this end in view the Company has always looked for young, energetic and dedicated executives for employment in the Company. The Company arranges in-service training of its personnel and also encourages participation in professional courses for improvement of their professional knowledge. The present manpower strength of the Company is 323 of which 172 are officers and the rest are supporting staff.

General

The members of the Board of Directors take the opportunity to express their thanks to the Government of the People's Republic of Bangladesh, Controller of Insurance, Registrar of Joint Stock Companies, Controller of Capital Issues and other Government Agencies for their continued support and guidance during the year.

The Board specially puts on record its deep gratitude to Sadharan Bima Corporation, its Re-insurer, for the guidance, co-operation and help received from time to time during the entire period.

The Board of Directors express its deep appreciation for assistance, help and much needed support received by the Company during the period under report from various banks both in the private as well as in the nationalized sector, D.F. Is and all private sector enterprises who have helped us in building a sound footing



Pragati Insurance Limited

of the Company. We are specially grateful to the management of Bata Shoe Company (Bangladesh) Ltd., Lever Brothers (Bangladesh) Ltd., Glaxo Bangladesh Ltd., Bangladesh Tobacco Company Ltd., Beximco Group of Companies, Monno Group of Companies, Ciba-Geigy (Bangladesh) Ltd., Reckitt and Colman, Rhone Poulenc Bangladesh Ltd., ACI Ltd., Pfizer Laboratories Ltd., KAFCO, Excelsor Group, Olympic MI, Orion Group of Companies, Hussain Group of Industries for reposing their confidence in the Company.

Above all, the Board express its profound gratitude to all its valued clients, patrons and well wishers for their continued support, active co-operation and unflinching confidence in the Company.

Directors also put on record and have conveyed through the Managing Director their appreciation to all executives, officers and staff of the Company for their excellent work. With their sincere, dedicated, whole-hearted devotion and committed efforts to the challenging duty and responsibility, they hopefully look forward to achieve yet better result in the coming days. The Directors have been pleased to reward its management including the executives, officers and employees with two incentive bonus as previous year in addition to the usual festival bonus.

The Company remains fully committed to its deep determination and ideology of total client service, their satisfaction and to their financial security.

On behalf of the Board of Directors

Abdul Monem
Chairman

Pragati Insurance Limited



AUDITORS' REPORT

We have examined the annexed Balance Sheet of Pragati Insurance Limited as at 31st December, 1992 and also the annexed Fire, Marine, Motor and Miscellaneous Revenue Accounts as well as the annexed Profit and Loss Account and the Profit and Loss Appropriation Account of the Company for the year ended on that date. We report as under :

- a) We have obtained all the information and explanations which we considered necessary for the purpose of our audit ;*
- b) In our opinion, the annexed Balance Sheet and also the annexed Revenue Accounts as well as the annexed Profit and Loss Account and the Profit and Loss Appropriation Account have been drawn up in conformity with the law ;*
- c) Such Balance Sheet read in conjunction with the annexed Notes on Accounts, exhibits a true and correct view of the state of affairs of the Company as at 31st December, 1992 according to the best of our information and the explanations given to us and as shown by the books of the Company ;*
- d) In our opinion, proper books of accounts have been kept by the company for the year under report for each class of its insurance business and for recording all kinds of its receipts & payments, income & expenditure and assets & liabilities ;*
- e) We have verified the cash and bank balance of the Company as at 31st December, 1992 with the related statements, deposit receipts, certificates etc. as furnished by the management of the Company and the banks concerned ;*
- f) As per Section 40-C(2) of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of management, wherever incurred and whether incurred directly or indirectly, in respect of Fire, Marine, Motor and Miscellaneous Insurance Business of the Company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit and Loss Account of the Company ; and*
- g) As per Regulation 11 of Part 1 of the Third Schedule of the Insurance Act, 1938 as amended, 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 to any person any commission in any form outside Bangladesh and that the Company during the year under report has not received outside Bangladesh from any person any commission in any form in respect of any of its business re-insured abroad.*

Dhaka, 15th May 1993

A. WAHAB & CO.
Chartered Accountants.



Pragati Insurance Limited

BALANCE SHEET

As at 31st December, 1992

CAPITAL & LIABILITIES	Note	1992	1991
Authorised Capital			
1,000,000 Ordinary Shares of Tk. 100 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed & Paid-up Capital			
300,000 Ordinary Shares of Tk. 100 each		30,000,000	30,000,000
Reserve or Contingency Account		55,975,329	44,042,156
Reserve for Exceptional Losses	10	38,210,982	30,294,220
Depreciation Fund		13,814,721	11,275,156
General Reserve		3,000,000	2,000,000
Profit & Loss Appropriation Account		949,626	472,780
Balance of Fund and Account		40,315,957	36,474,235
Fire Insurance Business Account		12,643,659	8,381,645
Marine Insurance Business Account		17,986,959	21,582,997
Misc. Insurance Business Account		9,685,339	6,509,593
Premium Deposit	11	75,819,269	67,253,826
Liabilities and Provision		94,926,339	63,868,011
Estimated Liabilities in respect of Outstanding Claims whether due or intimated		53,227,873	37,435,372
Amount due to other persons or bodies carrying on insurance business	12	41,698,466	26,432,639
Sundry Creditors	13	16,184,356	13,518,784
Provision for Income Tax	14	16,916,826	13,283,890
Proposed Dividend	15	<u>7,500,000</u>	<u>6,750,000</u>
	Tk.	<u>337,638,076</u>	<u>275,190,902</u>

Note : Figures have been rounded off to the nearest Taka.

Dated 15th May, 1993

A.K.M. Rafiqul Islam
Managing Director

Md. Sarwar Kamal
Director

Pragati Insurance Limited



BALANCE SHEET

As at 31st December, 1992

PROPERTY & ASSETS	Note	1992	1991
Investment (at cost)		24,233,670	14,100,413
Pratirakkha Sanchaya Patra	1	4,500,000	4,500,000
Shares & Debentures	2	19,733,670	9,600,413
Outstanding Premium	3	32,106,112	24,982,497
Amount due from other persons or bodies carrying on insurance business		11,889,861	9,503,276
Interest, Dividend & Rent Outstanding		4,103,220	4,045,000
Sundry Debtors	4	5,582,013	3,848,818
Advance Payment of Tax	5	2,114,337	1,805,381
Cash and Bank Balances		234,416,234	196,987,505
Fixed Deposit Account	6	209,224,464	175,767,741
STD & Current Accounts	7	19,190,481	9,035,519
Cash, Cheque in hand & Stamps	8	6,001,289	12,184,245
Other Accounts		23,192,629	19,918,012
Fixed Assets (at cost)	9	23,015,426	19,794,012
Stock of Printing Materials (at cost)		177,203	124,000
	Tk.	<u>337,638,076</u>	<u>275,190,902</u>

Subject to our separate report of even date.

M.A. Awwal
Director

Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Pragati Insurance Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 1992

	Note	1992	1991
Expenses of Management			
(Not applicable to any Fund or Account)			
Advertisement & Publicity		1,839,889	1,412,664
Directors remuneration		84,750	68,000
Bonus (festival & incentive)	4	2,823,427	3,033,390
Audit fees (including fee for special audit)		80,000	85,000
Donation		—	1,150,000
Legal expenses		259,980	177,000
Registration renewal fee		211,285	160,239
Depreciation		2,539,565	2,385,105
Profit for the year transferred to			
Profit and Loss Appropriation Account		30,393,608	26,507,505

Tk. 38,232,504 34,978,903

PROFIT AND LOSS APPROPRIATION ACCOUNT

For the year ended 31st December, 1992

Reserve for Exceptional Losses	5	7,916,762	7,294,847
Provision for Income Tax		13,500,000	11,500,000
General Reserve		1,000,000	500,000
Proposed Dividend		7,500,000	6,750,000
Balance transferred to Balance Sheet		949,626	472,780

Tk. 30,866,388 26,517,627

A.K.M. Rafiqul Islam
Managing Director

Md. Sarwar Kamal
Director

M.A. Awwal
Director

Pragati Insurance Limited



PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 1992

	Note	1992	1991
Interest, Dividend and Rents			
(Not applicable to any Fund or Account)		20,963,327	18,722,938
Interest received & accrued	1	20,055,792	17,715,692
Dividend and Debenture interest	2	907,535	1,007,246
Profit transferred from		17,148,620	16,177,529
Fire Revenue Account		6,724,896	3,994,368
Marine Revenue Account		8,035,732	11,039,170
Misc. Revenue Account		2,387,992	1,143,991
Other Income	3	120,557	78,436
	Tk.	<u>38,232,504</u>	<u>34,978,903</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT

For the year ended 31st December, 1992

Balance brought forward from previous period	472,780	10,122
Net Profit for the year transferred from Profit and Loss Account	30,393,608	26,507,505
	Tk.	<u>30,866,388</u>
		<u>26,517,627</u>

Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Pragati Insurance Limited

FIRE INSURANCE REVENUE ACCOUNT

For the year ended 31st December, 1992

	1992	1991
Claim under Policies		
Less : Re-insurance :		
<i>Paid during the year</i>	4,762,658	5,301,076
<i>Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated</i>	24,874,292	15,603,977
	29,636,950	20,905,053
<i>Less : Outstanding claims at the end of the previous year</i>	15,603,977	9,573,074
	14,032,973	11,331,979
Commission on Re-insurance Accepted	308,209	189,690
Expenses of Management	11,351,278	9,769,516
Profit transferred to Profit & Loss Account	6,724,896	3,994,368
Balance of account at the end of the year as shown in Balance Sheet :		
<i>Reserve for unexpired risk, being 50% of the fire premium income of the year</i>	12,643,659	8,381,645
Tk.	<u>45,061,015</u>	<u>33,667,198</u>

A.K.M. Rafiqul Islam
Managing Director

Md. Sarwar Kamal
Director

M.A. Awwal
Director

Pragati Insurance Limited



FIRE INSURANCE REVENUE ACCOUNT

For the year ended 31st December, 1992

	1992	1991
<i>Balance of account at the beginning of the year :</i>		
<i>Reserve for unexpired risk</i>	8,381,645	7,504,957
<i>Premium Less : Re-insurance</i>	25,287,318	16,763,290
<i>Commission on Re-insurance Ceded (Including profit commission)</i>	11,392,052	9,398,951

Tk.	<u>45,061,015</u>	<u>33,667,198</u>
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Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Pragati Insurance Limited

MARINE INSURANCE REVENUE ACCOUNT

For the year ended 31st December, 1992

	1992	1991
Claims under Policies		
Less : Re-insurance :		
Paid during the year	3,154,465	8,600,279
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	23,123,156	14,581,921
	26,277,621	23,182,200
Less : Outstanding claims at the end of the previous year	14,581,921	13,155,371
	11,695,700	10,026,829
Expenses of Management	22,438,731	22,691,002
Profit transferred to Profit & Loss Account	8,035,732	11,039,170
Balance of account at the end of the year as shown in Balance Sheet :		
Reserve for unexpired risk being 50% of the Marine Cargo premium income, 100% of the Marine Hull premium income of the year	17,986,959	21,582,997
Tk.	60,157,122	65,339,993

A.K.M. Rafiqul Islam
Managing Director

Md. Sarwar Kamal
Director

M.A. Awwal
Director

Pragati Insurance Limited



MARINE INSURANCE REVENUE ACCOUNT

For the year ended 31st December, 1992

	1992	1991
<i>Balance of account at the beginning of the year :</i>		
<i>Reserve for unexpired risk</i>	21,582,997	19,074,126
<i>Premium Less : Re-insurance</i>	34,509,627	43,165,994
<i>Commission on Re-insurance Ceded</i>	4,064,498	3,099,878

Tk.	<u>60,157,122</u>	<u>65,339,998</u>
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Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Pragati Insurance Limited

MISCELLANEOUS INSURANCE REVENUE ACCOUNT

For the year ended 31st December, 1992

	Motor	Misc.	1992	1991
Claims under Policies				
Less : Re-insurance :				
Paid during the year	2,914,900	4,303,167	7,218,067	4,305,342
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	916,570	4,313,855	5,230,425	7,249,474
	3,831,470	8,617,022	12,448,492	11,554,816
Less : Outstanding claims at the end of the previous year	2,125,079	5,124,395	7,249,474	4,679,262
	1,706,391	3,492,627	5,199,018	6,875,554
Commission on Re-insurance Accepted	—	21,284	21,284	7,654
Expenses of Management	4,987,404	5,959,517	10,946,921	6,132,222
Profit transferred to Profit & Loss Account	984,998	1,402,994	2,387,992	1,143,991
Balance of account at the end of the year as shown in Balance Sheet :				
Reserve for unexpired risk being 50% of the Motor and Misc. premium income of the year	4,412,124	5,273,215	9,685,339	6,509,593
Tk.	12,090,917	16,149,637	28,240,554	20,669,014

A.K.M. Rafiqul Islam
Managing Director

Md. Sarwar Kamal
Director

M.A. Awwal
Director

Pragati Insurance Limited



MISCELLANEOUS INSURANCE REVENUE ACCOUNT

For the year ended 31st December, 1992

	Motor	Misc.	1992	1991
<i>Balance of account at the beginning of the year :</i>				
Reserve for unexpired risk	2,992,960	3,516,633	6,509,593	5,535,618
<i>Premium Less :</i>				
Re-insurance	8,824,248	10,546,431	19,370,679	13,019,186
<i>Commission on Re-insurance Ceded (including profit commission)</i>				
	273,709	2,086,573	2,360,282	2,114,210

Tk.	<u>12,090,917</u>	<u>16,149,637</u>	<u>28,240,554</u>	<u>20,669,014</u>
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Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Pragati Insurance Limited

NOTES ON ACCOUNTS

GENERAL

a) *Significant accounting policies and relevant information*

- i) *The Company is a public limited company under the Companies Act, 1913 and is engaged in general insurance business as per Insurance Act, 1938. It has adopted the International Accounting Standards as were adopted in Bangladesh, particularly with regard to disclosure of accounting policies and relevant information in financial statements as well as accounting for property, plant & equipment and depreciation thereon and the valuation of investments.*
- ii) *The Accounts have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention.*
- iii) *The Balance Sheet has been prepared in accordance with the regulations as contained in Part-I of the First Schedule and the Revenue Account of each class of general insurance business has been prepared in accordance with the regulations as contained in Part-I of the Third Schedules and as per form 'F' as set forth in Part-II of Third Schedule of the Insurance Act, 1938 as amended time to time.*
- iv) *The Total amount of premium earned on various classes of insurance business underwritten during the year, the gross amount of premium earned against policies issued, the amount of re-insurance premium due to Sadharan Bima Corporation and others, the amount of re-insurance commission earned and the amount of claims less re-insurance settled during the year have been duly accounted for in the books of account of the Company and while preparing the final statements of accounts, the effect of re-insurance accepted and re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims being the share of the Company at the end of the year whether due or intimated have also been duly reflected in order to arrive at the net underwriting profit for the year.*
- v) *Interest earned on Pratirikkha Sanchaya Patra held with Bangladesh Bank as statutory investment has been accounted for as usual at the flat rate of 12% per annum and interest received from banks on STD and FDR accounts after deduction of levy and deduction of OD interest has been duly credited to the profit and Loss Account.*
- vi) *Management expenses charged to Revenue Accounts amounting to Tk. 44,736,930 represent approximately 28% of gross premium of*

Pragati Insurance Limited



Tk. 162,296,621 and 57% of net premium of Tk. 79,167,624 earned during the year. The said management expenses have been apportioned @ 25% to Fire, 50% to Marine and 25% to Miscellaneous business.

vii) Surpluses of Revenue Accounts have been arrived at after providing for unexpired risk @ 50% of net premium of fire, Marine Cargo and Miscellaneous business and 100% of Marine Hull business.

viii) A sum of Tk. 7,916,762 being 10% of the total net premium of Tk. 79,167,624 earned during the year has been deducted as an allowable expenses from net profit of the year and credited to "Reserved for Exceptional Losses", before providing for Income Tax for the assessment year 1993-94.

ix) Depreciation on Fixed Assets has been calculated on cost as per Straight Line Method at the following rates and the total amount of depreciation of Tk. 2,539,565 provided during the year has been shown under "Depreciation Fund Account" as per usual practice.

Category of Assets	Rate of Depreciation
Furniture & Fixtures	10% to 15%
Motor Vehicles	15%
Office & Electrical Equipment	15%
Miscellaneous Items	15% to 20%

x) Outstanding premium as on 31-12-1992 includes Tk. 10,248,505 relating to years prior to 1992. No provision has been made for unrealisable amounts.

xi) The Margin of security of investments over liabilities of the Company has been well maintained.

xii) Provision for Income Tax has been made in accordance with the best estimate of the management based on the prevailing Income Tax Law with due consideration of the appeals pending and subject to any change under the ensuing Finance Act, 1993.

b) Operation

During the year under report, the net premium earned by the Company amounted to Tk. 79.17 million and the net underwriting profit was Tk. 17.15 million as against Tk. 72.95 million and Tk. 16.18 million respectively in the preceding year. During the year the net profit was Tk. 30.4 million as against Tk. 26.51 million in the preceding year.



Pragati Insurance Limited

BALANCE SHEET

1. Deposit with Bangladesh Bank : Tk. 4,500,000

The amount represents the value of Pratirakkha Sanchaya Patra at cost which are held with Bangladesh Bank as statutory deposit under Insurance Act, 1938.

2. Shares and Debentures : Tk. 19,733,670

The amount is made-up as follows :

Shares	Face Value	Market Value
1. IFIC Bank Ltd. 8 Shares of Tk. 100 each	800	1,424
2. Rupali Bank Ltd. 5000 Shares of Tk. 100 each	500,000	400,000
3. Usmania Glass Sheet Factory Ltd. 5 Shares of Tk. 100 each	500	1,425
4. Apex Tannery Ltd. 750 Shares of Tk. 100 each	75,000	271,500
5. Eastern Cables Ltd. 500 Shares of Tk. 100 each	500,000	375,000
6. Beximco Pharmaceuticals Ltd. 15 Shares of Tk. 100 each	1,500	6,375
7. Quasem Dry Cells Ltd. 2000 Shares of Tk. 100 each	200,000	198,000
8. Desh Garments Ltd. 250 Shares of Tk. 100 each	25,000	13,500
9. Tallu Spinning Mills Ltd. 5000 Shares of Tk. 100 each	500,000	502,500
10. Chittagong Cement Clinker & Grinding Ltd. 80 Shares of Tk. 100 each	8,000	22,976
11. Dulamia Cotton Spinning Mills Ltd. 2720 Shares of Tk. 100 each	272,000	223,584
12. National Polymer Corporation Ltd. 500 Shares of Tk. 100 each	50,000	50,000
13. Bengal Food Ltd. 25,000 Shares of Tk. 100 each	2,500,000	3,325,000
14. New Dhaka Refractories (BD) Ltd. 19910 Shares of Tk. 100 each	1,991,000	1,891,450
15. Padma Textile Mills Ltd. 3500 Shares of Tk. 150 each	525,000	616,000
Tk.	7,148,800	7,898,734

Pragati Insurance Limited



Debentures

1. Apex Tannery Ltd. 75 Debentures of Tk. 1,000	75,000	75,000
2. Beximco Pharmaceuticals Ltd. (Debenture at cost after adjustment of refund)	3,855	3,855
3. Bangladesh Export Import Co. Ltd. 2000 Debentures of Tk. 1,999	3,998,000	3,998,000
4. Magura Paper Mills Ltd. 1250 Debentures of Tk. 2,000	2,500,000	2,500,000
5. I.D.L.C. Bangladesh Ltd. 1 Debenture of Tk. 12,50,000	1,250,000	1,250,000
6. I.D.L.C. Bangladesh Ltd. 1 Debenture of Tk. 12,50,000	1,250,000	1,250,000
7. I.D.L.C. Bangladesh Ltd. 1 Debenture of Tk. 12,50,000	1,250,000	1,250,000
8. I.D.L.C. Bangladesh Ltd. 1 Debenture of Tk. 12,50,000	1,250,000	1,250,000
9. Beximco Infusion Ltd. 680 Debentures of Tk. 1475	1,008,015	1,008,015
	Tk. <u>12,584,870</u>	<u>12,584,870</u>
Total Tk.	<u>19,733,670</u>	<u>20,483,604</u>

Dividend and interest received in respect of the Shares and Debentures have been shown on Note 2 to Profit and Loss Account.

3. Outstanding Premium : Tk. 32,106,112

The amount is exclusive of Tk. 7,840,045 due from other co-insurers against business underwritten upto the year 1992. The balance is however inclusive of outstanding premium brought forward from earlier years as detailed under :

Year	Taka
1986 to 1989	1,931,821
1990	4,703,025
1991	3,613,656

The management considers the entire amount as fully realisable and hence no provision has been made for bad and doubtful debts.



Pragati Insurance Limited

4. Sundry Debtors : Tk. 5,582,013

The balance is made-up as follows :

Security deposit	403,065
Advance against rent	2,663,504
Advance against investment	1,097,500
House building loan	252,500
Receivable against redeemable debenture	334,000
Group insurance premium	100,220
Advance against salary & other expenses	731,224
Tk.	<u>5,582,013</u>

5. Advance Payment of Tax : Tk. 2,114,337

The amount represents tax deducted at source from bank interest and dividend income relating to the accounting year 1992 corresponding assessment year being 1993-94.

6. Fixed Deposit Account : Tk. 209,224,464

The amount includes Tk. 770,000 being receivable under BCCI (0) Ltd. reconstruction scheme 1992 against the balance due from BCCI (0) Ltd. which ceased operation in July 1991.

7. STD & Current Accounts : Tk. 19,190,481

The balance has been arrived at as under :

STD Accounts	21,578,991
Current Accounts (O.D.)	<u>(2,388,510)</u>
Tk.	<u>19,190,481</u>

a) Some of the balances of non-operative STD Accounts remained un-reconciled and un-confirmed for want of bank statements of the relevant accounts. Interest on current account (O.D.) have duly been adjusted with the interest income.

b) STD Accounts includes Tk. 14,793.85 with BCCI (0) Ltd. which was subsequently transferred to Eastern Bank Ltd.

8. Cash, Cheques in hand & Stamps : Tk. 6,001,289

The Above amount includes a sum of Tk. 5,074,586 which represents the aggregate of cheques in hand. Out of this amount cheques to the total amount of Tk. 2,025,816 have become time barred and need to be replaced by fresh cheques.

Pragati Insurance Limited



9. Fixed Assets :

Cost	Furniture and Fixtures	Office and Electrical Equipments	Motor Vehicles	Other Assets	Total
As at January 1, 1992	6,660,431	2,863,157	9,886,670	383,754	19,794,012
Addition During the year 1992	<u>825,674</u>	<u>1,740,465</u>	<u>652,500</u>	<u>2,775</u>	<u>3,221,414</u>
As at December 31, 1992	Tk. <u>7,486,105</u>	<u>4,603,622</u>	<u>10,539,170</u>	<u>386,529</u>	<u>23,015,426</u>

Depreciation

As at January 1, 1992	2,732,249	1,431,341	6,827,344	284,222	11,275,156
Charge for the year 1992	<u>769,609</u>	<u>650,476</u>	<u>1,087,175</u>	<u>32,305</u>	<u>2,539,565</u>
As at December 31, 1992	Tk. <u>3,501,858</u>	<u>2,081,817</u>	<u>7,914,519</u>	<u>316,527</u>	<u>13,814,721</u>

Written Down Value

As at December 31, 1992	Tk. <u>3,984,247</u>	<u>2,521,805</u>	<u>2,624,651</u>	<u>70,002</u>	<u>9,200,705</u>
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The aggregate of cost of different categories of assets which have been depreciated to the full extent and are included in the above cost are noted below :

Furniture & Fixtures	Tk. 200,017
Motor Vehicles	Tk. 4,031,000
Office & Electrical Equipments	Tk. 801,333
Other Assets	Tk. 203,200

10. Reserve for Exceptional Losses : Tk. 38,210,982

The balance is made-up as follows :

Year	Taka
1986-1991	30,294,220
1992	<u>7,916,762</u>
	Tk. <u>38,210,982</u>

11. Premium Deposit : Tk. 75,819,269

The balance represents the amount received against Marine Cover Notes for which risks had not been initiated within 31st December, 1992.



Pragati Insurance Limited

12. Amount due to other persons or bodies carrying on Insurance Business : Tk. 41,698,466

The break up of the balance is noted below :

Amount due to SBC	32,053,221
Other Insurance Companies	9,645,245
Tk.	<u>41,698,466</u>

13. Sundry Creditors : Tk. 16,184,356

This is made-up as follows :

Creditors for expenses (including incentive bonus)	3,324,978
Payable against business development expenses	7,291,659
Creditors for other finance (including deduction of tax of Tk. 5,69,750)	732,504
Co-Insurance claim adjustment account	369,026
Insurance tax payable	1,470,723
VAT payable	1,193,216
Unpaid dividend	1,802,250
Tk.	<u>16,184,356</u>

14. Provision for Income Tax : Tk. 16,916,826

The amount includes Tk. 13,500,000 as income tax provision for the accounting year 31st December, 1992 (assessment year 1993-94). The rest of the amount is the provision against the assessed demand and disputed tax liabilities relating to previous 2 years which are under appeal.

15. Proposed Dividend : Tk. 7,500,000

The amount has been appropriated as per board resolution @ 25% on paid-up capital out of surplus available for distribution.

PROFIT AND LOSS ACCOUNT

1. Interest Received and Accrued : Tk. 20,055,792

The amount is made-up as follows :

Interest (net) received from Banks on FDR & STD accounts	19,515,792
Interest accrued on P.S.P.	540,000
Tk.	<u>20,055,792</u>

Interest on FDR and STD accounts have been shown after deducting interest on OD and Jamuna Levy.

Pragati Insurance Limited



2. Dividend & Debenture Interest : Tk. 907,535

The amount credited comprises the following :

IFIC Bank Ltd.	198
Usmania Glass Sheet Factory Ltd.	140
Apex Tannery Ltd.	14,250
Apex Tannery Ltd.	15,000
Bexinco Pharmaceuticals Ltd.	867
Quasem Dry Cells Ltd.	20,000
Tallu Spinning Mills Ltd.	60,000
Chittagong Cement Clinker & Grinding Ltd.	2,240
Bangladesh Export Import Ltd.	794,840

Tk. 907,535

3. Other Income : Tk. 120,557

The amount is inclusive of Tk. 112,275 being commission received on underwriting the shares of New Dhaka Refractories Ltd.

4. Bonus : Tk. 2,823,427

The break-up of the amount is noted below :

Festival	1,357,830
Incentive	1,465,597

Tk. 2,823,427

5. Reserve for Exceptional Losses : Tk. 7,916,762

The amount has been taken out of net profit of the year at the rate of 10% of the net premium of Tk. 79,167,624.



Pragati Insurance Limited

FORM AA

Classified Summary of Assets as at 31st December, 1992

Class of Assets	Book Value	Market Value
Deposit with Bangladesh Bank (Pratirakkha Sanchaya patra)	4,500,000	
Shares & Debentures	*19,733,670	20,483,604
Cash on Fixed Deposit, STD and Current Accounts with Banks	**228,414,945	
Cash, Cheque in hand & Stamps	6,001,289	
Outstanding Premium and other dues	43,995,973	
Interest accrued but not received	4,103,220	
Sundry Debtors, Advance & Deposits	7,696,350	
Stock of Printing Materials in hand (at cost)	177,203	
Fixed Assets (at cost)	***23,015,426	
	<u>Tk. 337,638,076</u>	

Remarks

- * Debenture of IDLC Bangladesh Ltd. and Magura Paper Mills Ltd. were not quoted in the stock exchange and therefore considered at face value.
- ** Tk. 784,794 on account of FDR & STD balance with BCCI (0) Ltd. is now receivable from Eastern Bank Ltd.
- *** The cost of fixed assets is inclusive of Tk. 7,486,105 on account of Furniture & Fixtures. Accumulated depreciation on Fixed Assets amounting to Tk. 13,814,721 has been shown under Depreciation Fund Account.

A.K.M. Rafiqul Islam
Managing Director

Md. Sarwar Kamal
Director

M.A. Awwal
Director

Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



DIRECTORS' CERTIFICATE

As per Regulations contained in the First Schedule of the Insurance Act, 1938 as amended and as per Section 40-C of the said Act, we certify that ;

- 1. The values of investments in shares and debentures have been taken at cost and the quoted value thereof mentioned wherever available.*
- 2. The values of all assets as shown in the Balance Sheet and as classified on form "AA" annexed have been duly reviewed as at 31st December, 1992 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realisable or market values under the several headings as enumerated in the annexed form.*
- 3. All expenses of management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business have been duly debited to the related Revenue Accounts and Profit & Loss Account.*



Pragati Insurance Limited

BRANCH OFFICES

Address	Telephone	Address	Telephone
1. Dilkusha Branch 76, Dilkusha C/A, Dhaka.	238505 241156	16. Comilla Branch Comilla Co-Operative Market (2nd Floor) Kandirpar, Main Road, Comilla	6977
2. Imamgonj Branch 85-A, Chawk Mughultuly, Dhaka	238651	17. Sirajgonj Branch Jubilee Road, Sirajgonj.	2360
3. Narayangonj Branch 150, B.B. Sarak, Narayangonj.	72646	18. Narsingdi Branch Kazi Super Market No. 3 C & B Road (1st Floor), Narsingid.	
4. Sadarghat Branch 51/12, Johnson Road, Dhaka.	233066	19. Tejgaon Branch 59, Kazi Nazrul Islam Avenue, West Testori Bazar, Dhaka.	326956
5. Khatungonj Branch 336, Khatungonj, Chittagong	226121 227051	20. Faridpur Branch 169 Mujib Sarak Faridpur	2691
6. Agrabad Branch 75-A, Agrabad C.A., Chittagong	503834 502997	21. Jubilee Road Branch 200/3, Jubilee Road 3rd Floor, Chittagong	207844
7. Bogra Branch Borogola, Bogra.	6189	22. Pabna Branch Aurangajeb Road, Pabna	
8. Rangpur Branch Baitus Syed Super Market. Central Road, Rangpur.	3933	23. Chowmuhani Branch Poura Super Market. Chowmuhani Bazar, Chowmuhani	4030
9. Rajshahi Branch Shaheb Bazar Ghoramara, Rajshahi.	5926	24. Cox's Bazar Branch Ahmadia Mansion, Purba Bazarghata Main Road, Cox's Bazar	4101
10. Chandpur Branch Stadium Road (Baby Stand) Chandpur.	3290	25. Bangshal Branch Mazed Court Bhaban (2nd Floor) 16/1, Siddique Bazar, North-South Road, Dhaka.	249165
11. Jessore Branch Bango Bazar Netaji Shubash Chandra Road, Jessore.	6996	26. Elephant Road Branch Rajdhani Complex 237/2, New Elephant Road, Dhaka.	866023
12. Sylhet Branch Laldighipar, Sylhet.	5008	27. Motijheel Branch Sena Kalyan Bhaban (13th Floor) Room No. 1306 121, Motijheel C/A., Dhaka.	240051-3 Ext. 167
13. Feni Branch Sultan Mansion, Trunk Road, Feni.	4313	28. Tongi Branch Jalil Market (2nd Floor) Tongi, Gazipur.	892786
14. Khulna Branch 118, Sir Iqbal Road, Khulna.	20056		
15. Barisal Branch 18, Hemayet Uddin Road, Barisal	3186		