

# ANNUAL REPORT

2019

2019

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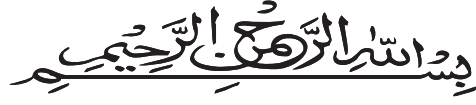
2019



**Padma Islami Life Insurance Limited**

**পদ্মা ইসলামী লাইফ ইনসিওরেন্স লিঃ**

ইসলামী শরীয়াহ মোতাবেক পরিচালিত



# Annual Report 2019



## Padma Islami Life Insurance Limited

Registered Office:

Padma Life Tower, 115 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000.

Email: [info@padmaislamilife.com](mailto:info@padmaislamilife.com), Web: [www.padmaislamilife.com](http://www.padmaislamilife.com)





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## BAPLC Certificate

### BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: **CM-2019/172**



Date of issue : **April 2, 2019**

### Renewed Certificate

*This is to certify that*

**PADMA ISLAMI LIFE INSURANCE LIMITED**

*is an Ordinary Member of Bangladesh Association of Publicly Listed Companies  
and is entitled to all the rights and privileges appertaining thereto.*

*This certificate remains current until 31<sup>st</sup> December 2019.*



  
Secretary-General



পদ্মা ইসলামী লাইফ ইনসিওরেন্স লিমিটেড  
Padma Islami Life Insurance Limited

**TRANSMITTAL LETTER**

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All Shareholders  
Insurance Development and Regulatory Authority  
Registrar of Joint Stock Companies and Firms, Bangladesh  
Bangladesh Securities and Exchange Commission  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited  
Central Depository Bangladesh Limited (CDBL)  
All other Stakeholders

**Sub: Annual Report for the year ended on December 31, 2019.**

**Dear Sir,**

We are pleased to enclose a copy of the Annual Report-2019 together with the Audited Financial Statements including Balance Sheet, Revenue Account, Cash Flow Statement and Notes to the Accounts for the year ended on December 31, 2019 for your kind information and record.

Sincerely Yours,

**Md. Abu Sayed Sarker**  
Company Secretary (Acting)

## Padma Islami Life Insurance Limited

Registered Office: Padma Life Tower

115, Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000.

Email: info@padmaislamilife.com, Web.: www.padmaislamilife.com

### **NOTICE OF THE 20TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 20th Annual General Meeting of Padma Islami Life Insurance Limited will be held virtually using digital platform on Saturday, September 26, 2020 at 11.00 am to transact the following businesses:

#### **| AGENDA |**

01. To receive, consider and adopt the Directors' and the Auditors' Report and the Audited Accounts of the Company for the year ended December 31, 2019.
02. To elect/re-elect Directors as per the Articles of Association of the Company.
03. To appoint Statutory Auditors of the Company for the year 2020 and to fix their remuneration.
04. To appoint Compliance Auditors of Corporate Governance for the year 2020 and to fix their remuneration.
05. To Transact any other business with the permission of the Chair.

By order of the Board of Directors.



**Md. Abu Sayed Sarker**

Company Secretary (Acting)

Date: September 02, 2020

#### **Notes:**

- 1) The 'Record Date' was fixed on August 24, 2020. Shareholders whose names appear in the Register of Members on the Record Date will be eligible to attend the meeting.
- 2) Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMRC/04-231/25 dated 08 July 2020, the AGM will be a virtual meeting of the members, which will be conducted via live webcast by using digital platform. The detailed procedures to attend the meeting will be communicated to the shareholder's e-mail ID in due course and it will also be available on the Company's website at [www.padmaislamilife.com](http://www.padmaislamilife.com).
- 3) For login to the system, the Members need to put their 16-digit Beneficiary Owner (BO) ID number and other credentials as proof of their identity while visiting the AGM link which will be available on the company's website. The Members will be able to submit their questions/comments electronically 24 hours before commencement of the AGM and during the AGM.
- 4) The Members are encouraged to login to the system prior to the meeting at 11.00 a.m on 26th September 2020 (Saturday). The webcast will start on 11.00 a.m. Members may contact Mobile No. 01711334044 for any IT related guidance in accessing the virtual meeting and mobile No. 01916038556 for share related issues.
- 5) Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20th June 2018, the soft copy of the Annual Report 2019 has already been sent to the e-mail addresses of the members available in their Beneficiary Owner (BO) accounts maintained with the Depository. These are also available in the Company's website at: [www.padmaislamilife.com](http://www.padmaislamilife.com).
- 6) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy (such proxy will be a member of the Company) to attend and vote on his/her behalf. The Proxy Form duly stamped of Tk. 20.00 should be deposited at the Head Office of the Company not less than 72 hours before the time fixed for the AGM.



## CORPORATE INFORMATION

Company Name	: Padma Islami Life Insurance Limited
Year of Establishment	: 2000
Date of Incorporation	: 26th April, 2000
Authorized Capital	: Tk. 100 Crores
Paid-up Capital	: Tk. 38.80 Crores
Nature of Business	: Life Insurance Business
 Incorporation of the Company	: April 26, 2000
 Commencement of Business	: April 26, 2000
 License issued by Chief Controller of Insurance	: April 30, 2000
 Convert to Islami Life	: 2002
 First Policy Issued	: June 12, 2000
<ul style="list-style-type: none"> <li>● Initial Public Offering (IPO)</li> <li>● Letter of Consent : November 29, 2011</li> <li>● Publication of Prospectus : December 01, 2011</li> <li>● Subscription opened : February 22, 2012</li> <li>● Subscription Closed : February 26, 2012</li> <li>● Lottery held for Allotment of Shares : March 22, 2012</li> </ul>	
 Listed with Dhaka Stock Exchange Ltd.	: April 08, 2012
 Listed with Chittagong Stock Exchange Ltd.	: March 14, 2012
 Trading of shares on Dhaka Stock Exchange Ltd.	: April 18, 2012
 Trading of shares on Chittagong Stock Exchange Ltd.	: April 18, 2012
 Authorized capital increased to BDT 100.00 crore	: December 31, 2010



## SUPPORT SERVICES PROVIDER

### Actuarial Consultant

Mr. Zafar Halim  
Emporia Park View  
Flat # 9A, House # 1/C, Road # 86  
North Gulshan, Dhaka -1212.

### Auditor

Kazi Zahir Khan & Co.  
Chartered Accountants  
Shamsunnahar Complex, 8th Floor  
(2nd Lift), Flat-9B, 31/C/1, Topkhana Road  
Segunbagicha, Dhaka-1000.

### Re-insurer

SCOR GLOBAL LIFE SE, SINGAPORE BR.  
143, Cecil Street # 22-04,  
GB Building, Singapore-069542

### Medical Consultant

Dr. Abdus Salam Khan  
MBBS, FCGP  
STC (Medicine)

## Bankers

Shahjalal Islami Bank Ltd.  
Exim Bank Ltd.  
Islami Bank Bangladesh Ltd.  
The First Security Islami Bank Ltd.  
Agrani Bank Ltd.  
AB Bank Ltd.  
Al-Arafah Islami Bank Ltd.  
Jamuna Bank Ltd.  
Bangladesh Krishi Bank  
Bank Asia Ltd.  
Dhaka Bank Ltd.  
DBBL  
Janata Bank Ltd.

Social Islami Bank Ltd.  
Mercantile Bank Ltd.  
Mutual Trust Bank Ltd.  
National Credit and Comm. Bank Ltd.  
National Bank Ltd.  
One Bank Ltd.  
Prime Bank Ltd.  
Premier Bank Ltd.  
Pubali Bank Ltd.  
Rupali Bank Ltd.  
Sonali Bank Ltd.  
City Bank Ltd.  
Uttara Bank Ltd.  
Bangladesh Commerce Bank Ltd.







## BOARD OF DIRECTORS



**Prof. N R M Borhan Uddin, Ph.D.**  
Chairman



**Mr. Dewan Nurul Islam, FCA, MBA**  
Vice Chairman



**Mr. Humayun Bokhteyar, FCA, ACPA**  
Director



**Mr. Md. Zahirul Islam**  
Director



**Mrs. Zaman Ara Begum**  
Director



**Dr. Md. Nurul Aktar Chowdhury**  
Independent Director



**Md. Belal Hussain, FCA**  
Independent Director



**Dr. Mohammad Nayeem Abdullah**  
Independent Director



**Prof. Dr. Serajul Hoque**  
Independent Director



**Md. Morshed Alam Siddiqui**  
Chief Executive Officer (C.C.)



## OUR BOARD COMPOSITION AND ITS OPERATION

Our Board comprises renowned personalities and veteran professionals with long and diverse professional experience. They all have proven track records of company management. As a matter of fact, out of nine directors, three directors are professional Chartered Accountants, three are Ph.D Degree holders and one is a renowned physician. Rest two directors are also eminent personalities having tertiary level of academic qualification and corporate exposure. As on end of December 2019, our Board composition was as follows:

Sl. No.	Name of Directors	Position
01	Professor NRM Borhan Uddin, Ph.D (Nominated by Pavilion International Ltd.)	Chairman
02	Dewan Nurul Islam, FCA, MBA (Nominated by Creast Holdings Ltd.)	Vice Chairman
03	Mr. Humayun Bokhteyar, FAC, ACPA (Nominated by Unitex LP Gas Ltd.)	Director
04	Md. Zahirul Islam (Nominated by Unitex Petroleum Ltd.)	Director
05	Mrs. Zaman Ara Begum (Nominated by Affinity Assets Ltd.)	Director
06	Dr. Md. Nurul Aktar Chowdhury	Independent Director
07	Dr. Mohammad Nayeem Abdullah	Independent Director
08	Professor Dr. Serajul Hoque	Independent Director
09	Md. Belal Hussain, FCA	Independent Director

### Expertise and diversity of our Board

In a rapidly changing business atmosphere, Directors' expertise is very crucial, as the Board is constantly required to make strategic decisions that can have short, medium and long-term impacts.

Our rich Board diversity provides varied perspectives that enrich the quality of our decision making process and our decision itself. Particularly, Directors with professional background leverage their expertise and skills in key areas, including, core business, finance, accounts, audit, law, administration, human resources and ESG (environment, social and governance) to contribute to the Board's informed and objective decision-making process.

### Independence and transparency of our Board

Our Board makes independent judgments and decisions, with Directors appointed through a transparent and regulatory-compliant procedure. To enhance the independence of our Board, we have ensured that our Board is adequately represented by Independent Directors.

Out of nine Directors in the Board, four Directors are Independent Directors. In the spirit of transparency and compliance, this meets the requirements prescribed under BSEC guidelines, which states that Independent Directors must constitute one-fifth of the total strength of the Board of a publicly listed company.

### Separation of supervision and execution role

As a measure of embracing enhanced transparency, we have also separated the role of the Chairman of the Board and the Managing Director & Chief Executive Officer (MD & CEO). This is in line with the provision of Corporate Governance Code issued by BSEC.

## Sub-committees of the Board

The Board has established seven sub-committees, in accordance with BSEC guidelines and as a matter of transparency and openness. Each committee is mandated with the responsibility of stipulating its own organization, operations and authority in accordance with the regulations of the committees established under the Board.

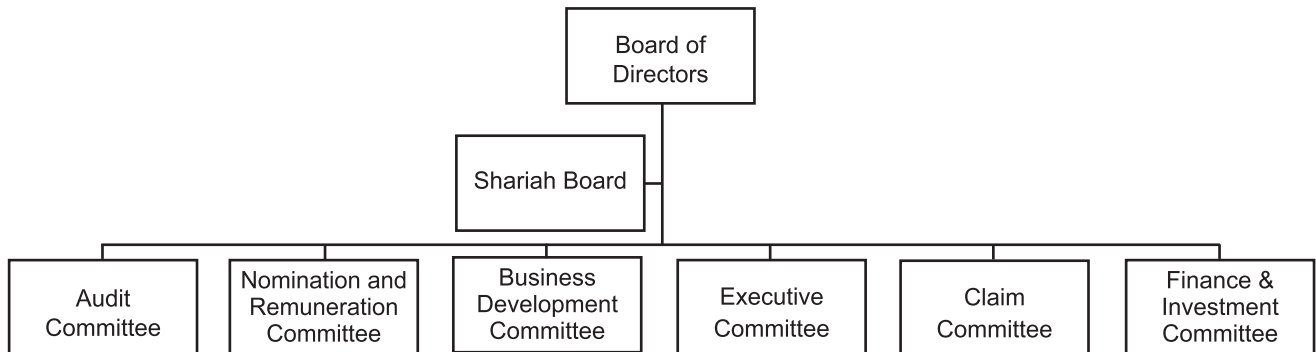


Figure 1 Board and Sub-Committees

## Committee Charter

All the Board Committees have a written charter that addresses the Committees' purposes, duties and responsibilities, quorum and proceedings.

## Meetings

The Board requires holding at least regularly scheduled meetings each year. In the year 2019, 08 (eight) Board meetings were held to discuss scheduled businesses of the Company. Sub-committees are also required to hold meetings on a timely manner.

## Tenure and Retirement of Directors

The office of Directors is subject to retirement as per Articles. At least one-third of the Directors from each group shall retire by rotation in every Annual General Meeting. The Independent Directors are appointed for a period of 3 (three) years, which may be extended for 1 (one) term only.

## Directors' Responsibility

Each Director uses his or her best efforts to attend all the meetings of the Board and the Committees to which such Director is appointed. The Directors are responsible for developing and upgrading the Company's Corporate Governance, Policies & Principles, Code of Business Conduct and the Charter of each Committee in which such Directors are engaged. For review, materials are provided to the members in advance of Board and various Committee meetings.

## Director Compensation

Except the Managing Director, none of the Director holds any position and does not receive any remuneration other than fees for attending the Board/Committee meetings. The maximum fees payable to Directors is Tk. 8,000 for attending each meeting.

## Contact to Directors

Interested parties may communicate with any Director by sending letter to such Directors giving attention to the Company Secretary, regarding any matter related to the company affairs to the following address:

### Padma Islami Life Insurance Ltd.

Padma Life Tower (Lift floor-3)  
115, Kazi Nazrul Islam Avenue  
Bangla Motor, Dhaka-1000.  
E-mail: [info@padmaislamilife.com](mailto:info@padmaislamilife.com)  
Web: [www.padmaislamilife.com](http://www.padmaislamilife.com)

## MEMBERS OF SHARIAH BOARD

<b>Mufti Moulana Sayed Ahmed Muzaddade</b>	Chairman, Shariah Board, Padma Islami Life Insurance Ltd. Grand Mufti- Darussalam Madrasha, Mirpur, Dhaka.
<b>Moulana Jafor Ahmad (Abu Jafor)</b>	Member, Shariah Board, Padma Islami Life Insurance Ltd. Imam & Khatib- Masjid Baitush Sharaf, Farmgate, Dhaka.
<b>Mr. Syed Emran Hossain, Barrister at law</b>	Member, Shariah Board, Padma Islami Life Insurance Ltd. Member- Dhaka Bar Association & Supreme Court Bar Association
<b>Mufti Moulana Md. Harun or Rashid</b>	Member, Shariah Board, Padma Islami Life Insurance Ltd. Head of Mohaddis, Dhaka Aliya Madrasha Khatib, Bansree Central Jame Masjid
<b>Prof. Moulana ABM Masum Billah</b>	Member Secretary, Shariah Board, Padma Islami Life Insurance Ltd. Secretary General, Central Shariah Council for Islamic Insurance of Bangladesh. Founder & Secretary General, Dr. Sheikh Redwan Al-madani Complex, Bauful, Patuakhali.
<b>Prof. N R M Borhan Uddin, Ph.D.</b>	Member, Shariah Board, Padma Islami Life Insurance Ltd. Chairman, Board of Directors, Padma Islami Life Insurance Ltd.
<b>Mr. Dewan Nurul Islam, FCA</b>	Member, Shariah Board, Padma Islami Life Insurance Ltd. Vice Chairman, Board of Directors, Padma Islami Life Insurance Ltd.

# CORPORATE MANAGEMENT

**Md. Morshed Alam Siddiqui**  
Chief Executive Officer (Current Charge)

## Head of Customer Service

Mr. Nur Nabi

## Head of Finance & Accounts

Mr. Shakhawat Hossain

## Head of Internal Audit & Compliance

Mr. Harun or Rashid

## Incharge- Information & Communication Technology

Mr. Anwar Hossain

## Incharge- Development Administration

Mr. Md. Mobarok Hossain

## Board Affairs & Public Relations

Md. Abu Sayed Sarker, Company Secretary (Acting)

## Incharge- HR & Admin

Mr. Abdullah-Al-Murshed

## Incharge- Group Insurance

Mr. Mohammad Nurul Alam

## Incharge- Logistics

Mr. Jainul Abdin

## Development & Marketing

### Executive General Manager (E.G.M)

Mr. Farid Ahmed Sarker

Mr. Golam Zakaria Mandol

Mr. M.A Jalil

Mr. A.B.M Mohiuddin Bablu

Mr. Mohammad Mesbahuz Zaman

Mr. Md. Sohrab Hossain

Mr. Md. Kamal Hossain

Mr. S.M Hossain

### Senior General Manager (S.G.M)

Mr. Mosharof Hossain Khondakar

Mr. Gias Uddin Majumder

Mr. Md. Abdul Bari

Mr. Md. Mohibur Rahman

Mr. Md. Ali Ahmed Talukdar

Mr. Bashir uddin Molla

Mr. Rasul Amin Arif

Mr. Md. Anwar Hossain

Mr. Md. Mahfuz Khondakar

Mr. Md. Mahbub

Mr. Md. Moksed Ali

Mr. Md. Mojibul Haque

Mr. Md. Abdullah Al-Mamun

Mr. Rahmat Ullah

Mr. Ziaul Huda Faruqui

Mr. Md. Monjil Mia

Mr. Md. Sabjul Alam

Mr. Md. Nasir Uddin

Mr. Abul Hasan

Mr. Md. Moshir Rahman

Mr. Md. Anwar Hossain

Mr. Shak Mohammad

Mr. Md. Abdus Sobhan

Mr. Md. Badrul Islam Khan

Mr. Md. Omar Fareque

Mr. Md. Soriful Islam Khan

Mr. Abu Saleh

Mr. Md. Moshur Alam Monna

Mr. Nasir Uddin

Mr. Md. Zakir Hossain

Mr. Md. Nazrul Islam

Mr. Kazi Sagir Ahmed

Mr. Md. Abu Bakor Siddik

# PERFORMANCE OF THE PILIL AT A GLANCE

## FIVE YEARS' FINANCIAL HIGHLIGHTS

Taka in Lac					
Particulars	2019	2018	2017	2016	2015
First year Premium	1,316.71	827.52	4,213.28	5,302.04	5,289.70
Renewal Premium	4,598.48	4,708.30	6,463.93	7,950.88	8,952.99
Group Insurance Premium	705.88	351.99	175.99	53.33	113.97
<b>Gross Premium</b>	<b>6,621.09</b>	<b>5,887.82</b>	<b>10,853.20</b>	<b>13,306.25</b>	<b>14,356.66</b>
Investment Income	696.51	796.69	726.79	1003.86	1,668.61
Claims	6,875.24	10,659.53	19,282.27	11,455.15	8,732.04
Management Expenses					
a) Commission	714.81	777.25	1,834.24	2,543.19	2,918.66
b) Admin Expenses	1,833.09	3,123.97	3,858.20	4015.67	3,815.15
Assets	22,388.77	22,386.66	23,894.04	33,133.85	36,372.52
<b>Life Fund</b>	<b>2,097.85</b>	<b>4,539.67</b>	<b>12,882.57</b>	<b>27,303.40</b>	<b>31,429.06</b>
Claims to Premium (%)	102%	181%	177.66%	86%	61%
Management Expenses to Premium (%)	27.60%	67.56%	52.36%	49%	47%
Dividend of face value of share					
a) Cash	-	-	-	-	-
b) Stock	-	-	-	20%	-

## Buisness Growth (% over last year)

Particulars	2019	2018	2017	2016	2015
Premium (1 <sup>st</sup> year)%	13%	-80.20%	-20.53%	0.23%	7.78%
Management Expenses	-60%	-30%	-12.77%	-2.71%	-21.74%
Maturity Claims (%)	-37%	-40%	117.36%	68.82%	26.84%
Life Fund (%)	-55%	-60%	-52.82%	-13.13	1.86%

## Investment Portfolio

Amount in crore

Particulars	2019	2018	2017	2016	2015
Fixed Deposit	4.06	8.32	8.60	19.22	93.95
Investment on Govt. Securities, Bond & Mutual Fund	30.77	31.77	59.67	90.16	46.56
Shares & debentures	10.96	6.81	3.26	5.61	4.75
Land, building & others	90.34	91.08	96.77	95.14	104.10
Total	136.13	137.98	168.30	210.13	249.36





## Message from the Chairman



**Bismillahir Rahmanir Rahim**

Assalamu Alaikum Wa Rahmatullah.

**Dear Shareholders,**

It is my great privilege and honor to welcome you all to the 20th Annual General Meeting and present the Annual Report along with the Audited Financial Statements of Padma Islami Life Insurance Limited (PILIL) for the year ended 31 December 2019.

**Valued Shareholders,**

I am very glad to inform you that 2019 was the first full year of new Board's activities as it was reconstituted in October 2018. At that time the Company was facing a lot of high risks and extreme challenges. Those were, among others, declining business, severe liquidity crisis, huge unsettled claims, overstaffing, wanton mishandling of assets, mismanagement etc. which led the Company to lose its market share in the life insurance industry of Bangladesh.

By the grace of Allah SWT, Year 2019, the first year under new Board's management brings attributable change, sustainable progress and alluring presence in the peer industry overcoming all those adversities one after another. Premium collection during the year was Tk. 66.21 crore as against Tk. 58.87 crore in 2018 posting a growth of 12.50% in 2019. On the other hand, management expenditure was reduced with a concerted effort by 34.85% from Tk. 39.13 crore in 2018 to Tk. 25.48 crore in 2019. During the year, we have paid Tk. 68.75 crore in settlement of claims.

In view of our last year's commitment our endeavor was to establish a positive organizational transformation through structural changes, policy improvement, operational and financial control measures, rationalizing manpower requirement, closure of perennially loss making Branches, augmentation of agency network, implementation of online integrated full-featured ERP software, and above all payment of outstanding claims. The Board, in cooperation with management have so far been successful to implement the above mentioned steps substantially to bring life back to the company. Going forward, these exercises are intended to continue relentlessly, Insha-Allah.

**Dear Friends,**

The new Board is determined to continue the business of Padma Islami Life Insurance Ltd. with utmost honesty and transparency within the purview of ethical, Shariah and legal framework as we try to accelerate growth in our key focus areas, while continuing to serve our customers with high-quality and value-based, delusion & hassle-free insurance products and services.



The top priorities of the Board at this time are to settle legitimate outstanding claims, optimize operational costs and ensure control at all levels of the Company's affair effectively. To this end the Board and the professional management team have been working tirelessly to attain a robust and noticeable business result.

### **Valued Owners,**

You all know that the recent surge of the global pandemic of the Corona virus has already caused, without exception, havoc to the lives of people and economies of the entire world, particularly smaller economies like ours resulting in thousands of deaths and a near-total shut down of all economic activities. It will, therefore, be prudent to take a cautious estimation of the affect this pandemic and other acts of God (e.g. flood, locust etc.) will have on our business in time to come.

By all estimation, the positive premium and investment income growth in 2019 for most insurers cannot be maintained in 2020; particularly life insurers will face the complex and negative economic and social implications of COVID-19. The COVID-19 outbreak has also had a knock-on effect on financial markets and this will adversely affect the investment performance of life insurers in 2020.

According to the global business giants, keeping existence will be the most desired goal of the players in corporate world. With the help of Almighty Allah SWT, we are not pessimistic, we hope to move forward to achieve company's goal in cooperation with all concern. I thank you, our valued owners, for your kind support and for reposing your confidence on us to lead your company towards a bright future.

### **My Friends,**

We are determined to establish corporate governance, discipline, integrity, transparency and management accountability in your Company. We always welcome your prudent views, suggestions and guidance as owners of the Company for better management.

I would like to extend our sincere thanks and deep appreciation to Insurance Development & Regulatory Authority, Bangladesh Securities & Exchange Commission, Dhaka & Chittagong Stock Exchanges for their wisdom, continued guidance and cooperation during this critical time.

Finally, I am endlessly grateful to Allah Jaojal for everything and thankful to my colleagues for their sincere effort and invaluable stewardship of the Company since their appointment to the Board. On behalf of the Board and on my personal behalf, I would like to express my sincere thanks to all of our employees, clients, suppliers and other stakeholders for providing their continuous valuable support in achieving our corporate goals.

May Allah SWT protect us all.



**Professor N R M Borhan Uddin, Ph.D.**  
Chairman of the Board

# মুখ্য নির্বাহী কর্মকর্তার বার্তা



বিসমিল্লাহির রাহমানির রাহিম

সম্মানিত শেয়ারহোল্ডারবৃন্দ,  
আসসালামু আলাইকুম ওয়ারাহ্‌মাতুল্লাহ্‌।

পদ্মা ইসলামী লাইফ ইনসিওরেন্স লিঃ এর ২০তম বার্ষিক সাধারণ সভায় আপনাদেরকে জানাই আন্তরিক অভিনন্দন ও শুভেচ্ছা। সুদীর্ঘ ১৯ বছরের পথ সফলভাবে অতিক্রম করে পদ্মা ইসলামী লাইফ ইনসিওরেন্স লিমিটেড আজ ২০তম বর্ষে পদার্পণ করেছে। এই দীর্ঘ পথ পাড়ি দিতে সার্বক্ষণিক আমাদের সাথে ছিলেন

সম্মানিত শেয়ারহোল্ডার, বীমাগ্রাহক, উন্নয়ন ও দাপ্তরিক কর্মী এবং কর্মকর্তাবৃন্দ। আপনাদের আন্তরিক সহযোগিতা ও অংশগ্রহণের মাধ্যমে প্রতিষ্ঠানটি ক্রমান্বয়ে এগিয়ে যাচ্ছে। এজন্য পদ্মা ইসলামী লাইফ ইনসিওরেন্স লিমিটেড এর পক্ষ থেকে আপনাদেরকে জানাই আন্তরিক মোবারকবাদ।

আপনারা নিশ্চয়ই অবগত আছেন যে, ২০১৮ সালে কোম্পানীর পরিচালনা পর্ষদে পরিবর্তন এসেছে। আমরা অত্যন্ত আনন্দিত ও গর্বিত যে এমন সুদক্ষ প্রজ্ঞাবান ব্যবসা সফল ব্যক্তিত্বের সমন্বয়ে গঠিত পরিচালনা পর্ষদের মাধ্যমে বর্তমানে পদ্মা ইসলামী লাইফ ইনসিওরেন্স লিমিটেড পরিচালিত হচ্ছে। ইসলামী শরীয়াহ ভিত্তিক পরিচালিত প্রতিষ্ঠানটি পরিচালনার ক্ষেত্রে দূরদৃষ্টি সম্পন্ন বিজ্ঞ পরিচালনা পর্ষদের অকুণ্ঠ সমর্থনের জন্য আমি আন্তরিকভাবে কৃতজ্ঞ।

তাছাড়া ইসলামী শরীয়ার সকল নিয়মনীতি অনুসরণ করে প্রতিষ্ঠান পরিচালনার জন্য দেশের বিশিষ্ট আলেমদের নিয়ে গঠন করা হয়েছে শরীয়াহ বোর্ড। ইসলামী শরীয়াহ মোতাবেক কার্যক্রম পরিচালনার জন্য শরীয়াহ বোর্ডের সম্মানিত সদস্যগণ নিয়মিত পরামর্শ দিয়ে আসছেন।

বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ (আইডিআরএ) সৃষ্টি, স্বচ্ছ ও সুন্দর ব্যবস্থাপনার মাধ্যমে বীমা শিল্পের উন্নয়ন এবং প্রসারের জন্য নানামুখী পদক্ষেপ ও কর্মসূচী গ্রহণ করেছে। এ শিল্পকে এগিয়ে নিতে গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের নির্দেশনাগুলো সার্বক্ষণিক সৃষ্টি তদারকির মাধ্যমে অত্যন্ত কার্যকরভাবে বাস্তবায়ন করছে। গণপ্রজাতন্ত্রী বাংলাদেশ সরকার কর্তৃক ২০২০ সালে ০১ মার্চকে জাতীয় বীমা দিবস হিসেবে ঘোষণা করা হয়েছে যা জাতীয়ভাবে প্রতিবছর পালিত হবে। বীমা সার্বজনীন করতে সরকারের বিভিন্ন কর্মসূচী অত্যন্ত প্রশংসনীয়। আমরা আশা করছি ভবিষ্যতে বীমা শিল্প সর্বাধিক জনপ্রিয় সেক্টর হিসেবে প্রতিষ্ঠা লাভ করবে।

আপনারা সকলে জানেন যে, বৈশ্বিক মহামারী কোভিড-১৯ এর প্রাদুর্ভাবের কারণে সারাবিশ্বে অর্থনৈতিক মন্দা দেখা দিয়েছে। প্রায় প্রতিটা খাতে, বিশেষ করে বীমা শিল্পে এর প্রকট নেতিবাচক প্রভাব পড়েছে। এর মধ্যেও প্রতিষ্ঠানের উন্নয়নের জন্য বৈশ্বিক মহামারী কোভিড-১৯ এর কথা বিবেচনায় রেখে নানামুখী পদক্ষেপ গ্রহণ করা হয়েছে-

- ১ম বর্ষ প্রিমিয়াম বৃদ্ধির জন্য নতুন সংগঠন তৈরী করে প্রশিক্ষণের মাধ্যমে তাদেরকে পেশাগতভাবে দক্ষ হিসেবে তৈরী করা।
- নবায়ন প্রিমিয়াম বৃদ্ধি করে কোম্পানী আর্থিক ভিত মজবুত করার লক্ষে পদক্ষেপ নেয়া।
- ইন্ডিস্ট্রিওয়েটেড সফটওয়্যারের মাধ্যমে অফিসের কার্যক্রম পরিচালনা ও গ্রাহক সেবা নিশ্চিতকরা।
- গ্রুপ বীমা সম্প্রসারণে নানামুখী পদক্ষেপ গ্রহণ করা।
- অধিকতর লাভজনক খাতে বিনিয়োগের মাধ্যমে মুনাফা বৃদ্ধি করা।
- তামাদী পলিসি চালুকরণের মাধ্যমে নবায়ন প্রিমিয়াম অর্জনের জন্য সরাসরি গ্রাহকের সাথে কাস্টমার কেয়ার এর মাধ্যমে যোগাযোগ করে পলিসি চালুর ব্যবস্থা করা।
- ব্যয় সংকোচনের সর্বাত্মক প্রচেষ্টা অব্যাহত রেখে সুখমভাবে অফিস পরিচালনা করা।
- দাপ্তরিক কর্মচারী ও কর্মকর্তাদেরকে বিভিন্ন প্রশিক্ষণের মাধ্যমে আরও দক্ষ ও যুগোপযোগী করে তৈরী করা।
- পূর্ণাঙ্গরূপে ইসলামী শরীয়াহ মোতাবেক কোম্পানীকে পরিচালনার প্রচেষ্টা অব্যাহত রাখা।

আমরা আশা করছি আপনাদের আন্তরিক সহযোগিতা ও আমাদের গৃহিত পদক্ষেপ পদ্মা ইসলামী লাইফ ইনসিওরেন্স এর ব্যবসায়িক সাফল্যকে আরও গতিশীল করবে। ব্যবসা সম্প্রসারণের জন্য আমরা সারা দেশের প্রত্যন্ত অঞ্চলে নতুন সংগঠন সৃষ্টি ও অফিস স্থাপন করার কার্যক্রম শুরু করেছি। দক্ষ ও যোগ্য কর্মী বাহিনী গঠন করে পদ্মা ইসলামী লাইফ ইনসিওরেন্সকে দেশের প্রথম সারির বীমা কোম্পানীতে প্রতিষ্ঠা করতে সক্ষম হবো, ইনশাআল্লাহ্‌।

সর্বোপরি, কোম্পানীর সার্বিক উন্নয়নের জন্য শেয়ারহোল্ডার, পরিচালনা পর্ষদ ও সকল স্তরের কর্মকর্তা/কর্মচারীগণের আকুণ্ঠ সমর্থন, অক্লান্ত পরিশ্রম ও আন্তরিক সহযোগিতার জন্য আমি ধন্যবাদ জ্ঞাপনের পাশাপাশি সকলের সুস্বাস্থ্য ও সমৃদ্ধি কামনা করছি।

মোরশেদ আলম সিদ্দিকী  
মুখ্য নির্বাহী কর্মকর্তা (চলতি দায়িত্ব)

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,  
Assalamu Alaikum wa Rahmatullah.

The Board of Directors (BoD) of your company Padma Islami Life Insurance Limited (PILIL), welcome you to the 20th Annual General Meeting (AGM) and would like to thank you for your continued patronage and support over the years. We are pleased to present before you the Annual Report along with the Auditors' Report and audited Financial Statements for the year ended 31st December 2019 for kind consideration and adoption.

This Report has been prepared in compliance with the provisions of relevant Acts, Rules, Regulations, Notifications, etc. issued by the Regulatory Bodies wherein the Directors have made relevant disclosures and explanations pertaining to compliance, transparency and sound corporate governance along with the details of the business performance, operations and achievements of the company for the year ended 31 December 2019.

In fact, the year 2019 is very significant for the company in terms of performance, achievements and a new constructive transformation in all sphere of the company.

### INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENT IN THE INDUSTRY

According to the 'World Insurance Report' published by **Swiss Re**, a very large international reinsurer, global premiums collection grew in 2019 steadily at just below 3% in real terms. In comparison, Life sector growth was a bit sluggish at 2.2%, although stronger than the 1.5% average of the previous 10 years. In view of above scenario, PILIL has achieved a commendable growth of 12.45% in collection of premium in 2019.

However, according to the estimate made by **Swiss Re**, the COVID-19 pandemic:

- will spark the deepest recession since the 1930s,
- will contract global gross domestic product (GDP) by around 4% in 2020,
- will lead to a slump in demand for insurance in this year and next, more so for life.
- will slow life premium growth by 4.5% this year and next, leading to 1.5% aggregate market contraction
- will hit hard group and individual savings business because of rising unemployment and falling incomes

The **profitability** of life insurance sector will face tougher challenges for:

- probable losses in invested assets caused by rising corporate defaults.
- Declining sales and fee income due to restricted in-person interactions on account of the lockdown measures imposed to contain virus spread

However, they also forecast that combined life premiums written will recover to above pre-pandemic levels over the course of 2021, a strong and optimistic outcome given the severity of this year's recession. By the grace of Allah SWT, we pray and hope that, COVID-19 will be removed very soon and we will be able to overcome the adverse impacts of the pandemic very early.

### SEGMENT-WISE PERFORMANCE OF PILIL

The product wise break-up of premium income and management expenses with corresponding figure of 2018 is presented below:

Particulars	2019 (In crore Taka)	2018 (in crore Taka)	Increase/Decrease over 2018
<b>First year premium:</b>	<b>13.16</b>	<b>8.27</b>	<b>60%</b>
Ekok Bima	10.86	6.80	60%
DPS (Khudra Bima)	2.30	1.47	65%
<b>Renewal Premium</b>	<b>45.98</b>	<b>47.08</b>	<b>-2.5%</b>

Ekok Bima	40.36	39.07	4%
DPS (Khudra Bima)	5.62	8.00	-30%
Group Insurance Premium:	7.05	3.51	100%
<b>Gross Premium</b>	<b>66.21</b>	<b>58.87</b>	<b>12.50%</b>
Life Fund	<b>20.97</b>	<b>45.39</b>	<b>-55%</b>
Claims settlement	68.75	106.59	-37%
<b>Management Expenses</b>	<b>25.48</b>	<b>39.13</b>	<b>-34.85%</b>
Commission to Insurance Agents	4.60	5.94	-23%
Allowances & Commission (Other than Commission included above)	2.55	1.82	40%
Administrative & other expenses	<b>18.33</b>	<b>31.23</b>	<b>-42%</b>

#### YEAR-WISE PERFORMANCE FOR THE LAST FIVE YEARS

Year-wise Performance of the company for last five years has been depicted in a separate statement under title "Performance of the PILIL at a glance". Some highlights are given in items below:

Amount in Lac Taka

Particulars	2019	2018	2017	2016	2015
First year Premium	1,316.71	827.52	4,213.28	5,302.04	5,289.70
Renewal Premium	4,598.48	4,708.30	6,463.93	7,950.88	8,952.99
Group Insurance Premium	705.88	351.99	175.99	53.33	113.97
<b>Gross Premium</b>	<b>6,621.09</b>	<b>5,887.82</b>	<b>10,853.20</b>	<b>13,306.25</b>	<b>14,356.66</b>
Investment Income	696.51	796.69	726.79	1003.86	1,668.61
Claims	6,875.24	10,659.53	19,282.27	11,455.15	8,732.04
Management Expenses:					
a) Commission	714.81	777.25	1,834.24	2,543.19	2,918.66
b) Admin Expenses	1,833.09	3,123.97	3,858.20	4015.67	3,815.15
Assets	22,388.77	22,386.66	23,894.04	33,133.85	36,372.52
<b>Life Fund</b>	<b>2,097.85</b>	<b>4,539.67</b>	<b>12,882.57</b>	<b>27,303.40</b>	<b>31,429.06</b>

Claims to Premium (%)	102%	181%	177.66%	86%	61%
Management Expenses to Premium (%)	27.60%	67.56%	52.36%	49%	47%
Net Operating Cash Flow per Share	(13.12%)	(17.20%)	(20.15%)	(8.34%)	4.16%

## KEY OPERATING AND FINANCIAL DATA

### Life Fund:

Total life fund of the Company as at 31st December, 2019 stood at Tk. 20.97 crore as against Tk. 45.39 crore in the preceding year. Life Fund of the Company has been decreased due to maturity of significant amount of claims. The Board hopes that the life fund will increase gradually by virtue of building up consequential margin expected to be achieved from the initiatives taken so far.

### Investment Portfolio:

The Investment of the Company for the year of 2019 was Tk. 136.13 crore. The comparative statement of the last five years' investment is given below:

Particulars	2019	2018	2017	2016	2015
Fixed Deposit	4.06	8.32	8.60	19.22	93.95
Investment on Govt. Securities, Bond & Mutual Fund	30.77	31.77	59.67	90.16	46.56
Share & Debenture	10.96	6.81	3.26	5.61	4.75
Land, Building & others	90.34	91.08	96.77	95.14	104.10
Total:	<b>136.13</b>	<b>137.98</b>	<b>168.30</b>	<b>210.13</b>	<b>249.36</b>

## RISK AND CONCERN

Over the last decade, the business world has faced unprecedented changes and challenges. Specially, Insurances of all sizes are now more concerned than ever about risk and its management.

Importantly, risk management is a central part of the PILIL's strategic management focus. PILIL's risk management objectives ensure that strategic, operational and tactical risks are identified, documented, managed and controlled appropriately.

We have employed Enterprise Risk Management (ERM) Framework for our risk management system which enables us to act quickly and prudently in the event of risk occurrence, and also helps us create a library of our risk response initiatives developing our core competitive advantages.

### DISCLOSURE REGARDING EXTRA-ORDINARY GAIN OR LOSS

There was no extra-ordinary gain or extra-ordinary loss during the year 2019.

### DISCLOSURE REGARDING RELATED PARTY TRANSACTION

In ordinary course of business, related party transactions take place with other entities that fall within the term 'related party' as defined in IAS 24: Related Party Disclosure. A statement on the related party transactions has been disclosed under item no. 30 of the notes to the financial statements.



## **DISCLOSURE REGARDING UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES AND/OR ANY OTHER INSTRUMENTS**

During the year 2019, the Company did not issue any share or other instruments.

## **DISCLOSURE REGARDING VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCE AND ANNUAL FINANCIAL STATEMENTS**

Statement of Quarterly Financial Statement is given separately. There were some variances in the financial results from quarter to quarter. But they are not very significant or material in nature.

## **DISCLOSURE ON REMUNERATION OF THE DIRECTORS**

The Directors including Independent Directors, all being Non-Executive Directors, are given only Meeting Attendance Fee. During the year 2019, a total amount of BDT 11,04,000 was given to the Directors as Meeting Attendance Fee. However, in 2018 the amount was BDT 15,77,900.

## **DISCLOSURE ON PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

The Board of Directors places before you the financial statements for the year ended 31 December 2019 for their adoption. The Directors confirm, to the best of their knowledge, that-

- (i) The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- (ii) Proper books and accounts of the company have been maintained;
- (iii) Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- (iv) IAS/IFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements;
- (v) As required by condition 6 of the guidelines, the Chief Executive Officer (CEO, CC) and the Chief Financial Officer have jointly certified to the Board that-
  - (a) They have reviewed the financial statements of the company for the year ended 31 December 2019 and to the best of their knowledge and belief:
    - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
    - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws
  - (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violating the company's code of conduct.

## **DISCLOSURE ON INTERNAL CONTROL SYSTEM**

The Board states that the systems of internal control are sound in design and have been implemented and monitored effectively.

PILIL follows Committee of Sponsoring Organization (COSO) framework for evaluating internal controls in the organization. The COSO model defines internal control as "a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives in the following categories:

- ✓ Effectiveness and efficiency of operations
- ✓ Reliability of financial reporting
- ✓ Compliance with applicable laws and regulations"

However, the BoD is primarily responsible to establish and review the operational effectiveness of such controls in PILIL. As delegated by the Board, the Audit Committee of PILIL ensures through Internal, External, Compliance, Special and/or other Audits that the system of internal control is adequate and effective.

Internal Audit Unit of PILIL does have valuable contribution to wards improving the effectiveness of its systems of internal control. Its risk-based audit approaches provide reasonable assurance to the Audit Committee and the Management about the adequacy and effectiveness of the internal control system in the company.

## PROTECTION OF NON-CONTROLLING SHAREHOLDERS

The Board certifies that non-controlling shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

## SUBSIDIARY OPERATIONS

PILIL has no subsidiary and therefore, no disclosure is applicable hereto.

## COMPANY'S ABILITY TO CONTINUE AS GOING CONCERN

The Directors declare that there are no significant doubts upon the company's ability to continue as a going concern. For this purpose of assessment whether PILIL has ability to continue as a going concern, the following issues have been considered:

- ✓ The commitment towards the claims filed and its ability to meet contractual obligations as they become due;
- ✓ Liquidity-related actions and plans to stabilize the businesses and repay the outstanding debt;
- ✓ The level of PILIL's realized and unrealized losses and the negative impact of these losses on shareholders' equity, and
- ✓ Opinion of Financial and Compliance Auditors

While considering these issues, significant judgments and estimates with respect to the potentially adverse financial and liquidity effects of PILIL's risks and uncertainties have been made.

## DIVIDEND

The Board does not propose any dividend for the year 2019 as no distributable surplus was available.

## DISCLOSURE REQUIRED UNDER CLAUSE 6(2) OF BSEC NOTIFICATION NO.: SEC/CMRRCD/2009-193/07/ADMIN DATED: 01.09.2020 REGARDING REASONS FOR THE COMPANY'S FAILURE IN OPERATING AND PERFORMING PROFITABLY, IDENTIFY RESPONSIBLE PERSON, MEASURES TAKEN AND BUSINESS PLAN PROPOSED

As we have mentioned earlier, the present BoD was reconstituted on 21 October 2018. At that time, the Company was facing extreme challenges due to huge unsettled claims, severe liquidity crisis, customer dissatisfaction, reputational issues and declining business, etc. In such a situation, the outgoing owners transferred ownership to the present owner and the new Board took the control.

After taking over the charge, the BoD tried to identify the specific reasons and persons responsible for such situation. It found that poor business and investment strategies, excessive management cost, over-staffing, inefficiency and dishonesty of some employees, mismanagement, wanton mishandling of assets, poor IT infrastructure, absence of integrated software and lack of governance were the key reasons. In the process it also identified a number of persons responsible for that situation.

After identifying the specific reasons and persons responsible, The BoD has immediately taken appropriate corrective measures- some of them are ongoing. It has

- Given its best effort primarily in arranging fund for payment of outstanding claims. It has so far paid off tk. 153 crore in outstanding claim up to August 2020 from October 2018.
- Formulated effective strategies for boosting up revenue and market penetration, specially through shifting its business focus on group insurance.
- Established 'one-stop customer service' to provide expedited services and quick redress of grievances to regain the customer satisfaction.
- Directed its tremendous effort to install full-featured integrated ERP software for business process automation.



- Shut down a number of recurrently loss making Units and thus reduced the management cost to a great extent.
- Right-sized the number of employees by removing dishonest, inefficient but highly paid employees at the same time recruiting and upgrading efficient and skilled employees.
- Reduced the usage of office space in Head Office and Units using the spaces optimally and thus reduced the cost materially.
- Also reduced the number of cars used by the staff and in pool and saved huge costs.
- Reengineered most of the core business processes mainly through introduction of computerized system and automation for eliminating redundancies in resource utilization e.g. time, cost, staff etc.
- Strengthened risk management and control system and corporate governance through implementation of ERM Framework, and COSO Framework for Internal Control.

In addition to the above measures taken by the BoD, it has also taken legal measures against dishonest employees identified embezzling the fund of the Company. As of now 34 nos. of litigations are ongoing against them and two are imprisoned and a substantial amount of embezzled money has already been recovered.

As a result of the measures taken, Premium collection during the year reached Tk. 66.21 crore as against Tk. 58.87 crore in 2018 recording a growth of 12.50% in 2019 and group insurance revenue has been increased almost 100% over last year. On the other hand, management expenditure was reduced with a strenuous effort by 34.85% from Tk. 39.13 crore in 2018 to Tk. 25.48 crore in 2019. Also, as part of fulfilling our primary commitment, we have paid off Tk. 68.75 crore in settling overdue claims in the year 2019.

### **BUSINESS PLAN FOR 2020**

Keeping in view the effect of pandemic and the above scenario, Padma Life has revised its business plan and strategy for survival and growth. As, due to restricted in-person interactions on account of the lockdown measures etc. and grave global economic recession, we assume that premium income against Individual (Ekok) and Micro (DPS) insurance may not grow sufficiently despite all possible measures.

Therefore, in addition to taking all necessary steps to boost up selling Individual (Ekok) and Micro (DPS) insurance, collecting renewal premium and reviving lapsed policies, our business plan redirects company's major efforts and focus on 'Group life Insurance' as opposed to individual schemes.

Under group insurance category, every attempt will be made, in addition to increasing sale of employees' life insurance schemes, to bring Banks' depositors and investors of some specific categories under group life insurance coverage. In this regard, considerable progress has already been made. Agreement with corporate clients (e.g. banks, financial institutions and other corporate entities) has already increased manifold. As mentioned above, group insurance revenue has been increased almost 100% over last year.

Our business plan also encompasses elimination of unnecessary costs and optimal use of resources. We are committed to continue our efforts as mentioned above to reduce excessive cost and make the business profitable.

We are hopeful, by the grace of Allah SWT, through implementing our well-crafted and pragmatic business and action plans we will be able to make PILIL one of the country's best life insurance company, Insha-Allah.

## BOARD MEETINGS

The Directors of PILIL meet on a regular basis. A detail statement showing attendance of the Directors in the Board Meetings is placed as under:

Sl. No.	Name of Directors	Position	Meeting held	Attended
01	Professor N R M Borhan Uddin Ph.D (Representative of Pavilion International Ltd.)	Chairman	08	08
02	Dewan Nurul Islam, FCA, MBA (Representative of Crest Holdings Ltd.)	Vice Chairman	08	07
03	Mr. Humayun Bokhteyar, FCA, ACPA (Representative of Unitex LP Gas Ltd.)	Director	08	08
04	Md. Zahirul Islam (Representative of Unitex Petroleum Ltd.)	Director	08	06
05	Mrs. Zaman Ara Begum (Representative of Affinity Assets Ltd.)	Director	08	07
06	Dr. Md. Nurul Aktar Chowdhury	Independent Director	08	07
07	Dr. Mohammad Nayeem Abdullah	Independent Director	08	08
08	Professor Dr. Serajul Hoque	Independent Director	08	08
09	Md. Belal Hussain, FCA	Independent Director	08	07

## SHAREHOLDING PATTERN

Shareholding position of Directors and other related parties at the end of 2019 is as under:

Sl. No.	Directors	No. of shares held	Share holding Ratio	Comments
01.	Professor N R M Borhan Uddin Ph.D (Representative of Pavilion International Ltd.)	28,10,720	7.23%	
02	Dewan Nurul Islam, FCA, MBA (Representative of Crest Holdings Ltd.)	26,98,120	6.94%	
03	Mr. Humayun Bokhteyar, FCA, ACPA (Representative of Unitex LP Gas Ltd.)	30,93,600	7.96%	
04	Md. Zahirul Islam (Representative of Unitex Petroleum Ltd.)	25,32,780	6.51%	
05	Mrs. Zaman Ara Begum (Representative of Affinity Assets Ltd.)	23,88,320	6.14%	
06	Dr. Md. Nurul Aktar Chowdhury (Independent Director)	1,000	-	
07	Dr. Mohammad Nayeem Abdullah (Independent Director)	1,000	-	
08	Professor Dr. Serajul Hoque (Independent Director)	1,000	-	
09	Md. Belal Hussain, FCA (Independent Director)	-	-	
<b>Total:</b>		<b>1,35,26,540</b>	<b>34.79%</b>	

Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children, Executives & shareholders holding 10% or more

Sl. No.	Particulars	No. of shares held	Shareholding Ratio	Comments
b.1	Directors/Executives	1,35,26,540	34.79%	
b. 2	Chief Executive Officer	Nil	-	
b. 3	Chief Financial Officer	Nil	-	
b. 4	Head of Internal Auditor	Nil	-	
b.5	Company Secretary	Nil	-	
c	Executives	Nil	-	
d	Shareholders holding 10% or more voting rights	Nil		
<b>Total:</b>		<b>1,35,26,540</b>	<b>34.79%</b>	



## RETIREMENT AND ELECTION/RE-ELECTION OF DIRECTORS

### Sponsor Directors:

In accordance with the Articles 96 of the Articles of Association of the Company, two directors shall retire by rotation from office at the 20th Annual General Meeting. The retiring directors are:

- i. Mr. Dewan Nurul Islam, FCA, MBA
- ii. Mr. Humayun Bokhteyar, FCA, ACPA

Being eligible they offered themselves for re-election.

### Public Shareholder Directors:

In accordance with the provision under Article 96 of the Article of Association of the Company and as provided under Insurance Act & Rules, Public notification with regard to election of Public Subscribers' Director has been published in the 2 (two) national Dailies, but no nomination papers were received from the shareholders for election.

### Independent Directors:

As per the BSEC's Corporate Governance Guidelines dated 03 June 2018, (i) At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors, (ii) Independent Director(s) shall be appointment by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM), and (iii) the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.

Accordingly, the Board of Director of PILIL appointed 4 (four) Independent Directors and such appointments have subsequently been approved by the shareholders in the last AGM. Therefore, no independent director needs to be appointed in this AGM.

## APPOINTMENT/RE-APPOINTMENT OF AUDITORS

### Financial Auditor:

The Company's statutory auditors Kazi Zahir Khan & Co., Chartered Accountants, shall retire in the 20th Annual General Meeting and are eligible for reappointment. Since the said auditor is interested for reappointment for the year 2020, the BoD has endorsed the recommendation of Audit Committee for reappointment at a remuneration of BDT 1,20,000 including income tax. As such the matter is placed before the 20th AGM for kind approval.

### Compliance Auditor:

Shafiq Basak & Co., Chartered Accountants was the Corporate Governance Auditors for the year 2019. Since the said auditor is interested for reappointment as compliance auditor for the year 2020, the BoD has endorsed the recommendation of Audit Committee for reappointment at a fee of Tk. 25,000 including income tax and the matter is placed before the AGM for kind approval.

## CORPORATE GOVERNANCE

The Directors of PILIL are committed in adopting the highest governance standard and implementing them in protecting the interests of shareholders, policy holders and all other stakeholders. The Company has complied with all necessary guidelines under BSEC notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018. A certificate of Compliance required under the said Guidelines, as provided by Shafiq Basak & Co., Chartered Accountants, is annexed in the Annual Report 2019.



### **Audit Committee:**

The Committee plays an important role to ensure transparency, accountability in the operations of the Company and confirming that the activities are conducted within the framework of principles and policies as laid down by the Board, as well as the guidelines of the Securities and Exchange Commission's notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018. The Audit Committee reviewed the financial statements of the company for the year ended 31st December, 2019 audited by the External Auditors stressing on the importance of the successful compliance within the company.

### **Nomination and Remuneration Committee (NRC):**

In compliance with Notification No. BSEC/CMRRCD/2006-158/207/Admin and dated June 03, 2018 issued by the Bangladesh Securities & Exchange Commission, Padma Islami Life Insurance Ltd. formed a Nomination and Remuneration Committee (NRC). The NRC is responsible or accountable to the Board and to the Shareholders of the Company. One meeting of NRC was held during the year 2019.

### **DECLARATION OR CERTIFICATION BY THE CEO AND THE CFO TO THE BOARD**

The Details of discussion of declaration by the CEO and Finance Controller is appended separately.

### **DECLARATION OR CERTIFICATION BY THE SHARIAH BOARD**

A declaration by the Shariah Committee on compliance with Islamic Shariah is appended separately.

### **MANAGEMENT DISCUSSION & ANALYSIS ON THE COMPANY'S POSITION AND OPERATION**

#### **Services to Policyholders:**

The reputation and progress of the company largely depend on rendering prompt and quality service to the policyholders. Keeping this in view, we have further strengthened our Services and launched a One-stop Service center. Additionally, the company has settled and paid off Survival Benefit up to the certain amount from Zonal Head Quarter to expedite services to the Policyholders. During the year, the Company has settled Maturity & Claims of significant amount totaling to Tk. 68.75 crores.

#### **Human Resource Practices:**

PILIL is committed to providing equal opportunities to all employees, irrespective of their gender, race, nationality, ethnic origin, or religion. PILIL is an inclusive employer and values diversity in its employees. These extend to recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal. Our corporate goal is to improve staff engagement by measuring and responding to staff members' views and willingness to exert extra effort to achieve business success.

We provide necessary support to staff in order to manage change effectively. We credit the strength of our people for our organization's success, their understanding of strategy and goals, as well as their satisfaction with the work they do and how it contributes, are of critical importance.

We continue our efforts to create and maintain a highly skilled and motivated workforce. Through our succession planning initiatives, leadership capacity is identified and developed to ensure ongoing success through adequate training and motivation. The Manpower strength of the company at the end of 2019 was 592.

#### **Information Technology:**

Information and Communication Technology (ICT) has become indispensable for Insurance Companies in ensuring smooth operation and providing efficient services. Recognized this fact the Board has adopted a comprehensive ICT policy for the company.

ICT system of PILIL has been revamped by strengthening and securing the automation of services. The highly experienced and trained ICT professionals are working on implementing and developing the company's online integrated full-featured (Enter) ERP System and other ICT infrastructure and constantly innovating and writing in-house programs to meet the needs of the company. Local Area Network (LAN) and other technologies have been in operation in the Head office and Branch offices.

### **Corporate Social Responsibility:**

The Directors are sincere to discharge corporate responsibilities to the society. As a part of discharging corporate social responsibilities, PILIL has initiated a number programs and has been sponsoring various welfare activities, besides patronizing cultural activities in the country since its inception.

### **ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I take this unique opportunity to thank all our honorable Shareholders, Directors, our valued policyholders and Managing Director & CEO (CC), all employees of our Company for their continued support & co-operation. I also express my sincere gratitude to our Members of Shariah Board, the Office of the Insurance Development and Regulatory Authority, Concerned Ministries, Registrar of Joint Stock Companies & Firms, Bangladesh Securities and Exchange Commission, Office of Dhaka & Chittagong Stock Exchanges, our Bankers and other esteemed well-wishers for their tremendous co-operation, support & confidence.

On behalf of Board of Directors,



**Prof. N R M Borhan Uddin, Ph.D**  
Chairman, Board of Directors





শফিক বসাক এন্ড কোং  
SHAFIQ BASAK & CO.

CHARTERED ACCOUNTANTS

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**Partners:**  
Md. Shafiqul Islam, FCA  
Sampad Kumar Basak, FCA  
Sarwar Mahmood, FCA  
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**CERTIFICATE OF COMPLIANCE ON CONDITIONS OF THE CORPORATE GOVERNANCE GUIDELINES TO**  
**THE SHAREHOLDERS OF**  
**PADMA ISLAMI LIFE INSURANCE LIMITED**

[As required under the Bangladesh Securities and Exchange Commission (BSEC)]

We have examined the compliance status to the Corporate Governance Code by **Padma Islami Life Insurance Limited** for the year ended on 31 December 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place: Dhaka  
Dated: September 03, 2020

**Md. Shafiqul Islam, FCA**  
**Partner**  
SHAFIQ BASAK & CO.  
Chartered Accountants



INDEPENDENT MEMBER OF  
**ABACUS**  
WORLDWIDE

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# Padma Islami Life Insurance Limited

For the year ended 31st December 2019

## STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE CODE

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission vide notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is presented below:

Condition	Title	Compliance status (Put✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	<b>Board of Directors</b>			
1(1)	Size of the Board of Directors: The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		Total 09 (Nine) Board Members
1.(2)	<b>Independent Directors</b>			
1(2) (a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		
1(2) (b) (i)	For the purpose of this clause "independent director" means a director) who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1(2) (b) (ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1(2) (b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2) (b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2) (b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2) (b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2) (b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2) (b)(viii)	Who is not independent director in more than 5 (five) listed companies;	✓		
1(2) (b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1(2) (b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(ii) c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		

1(2)(ii) d)	the post of independent director(s) can not remain vacant for more than 90 (ninety) days	✓		
1(2) (ii) e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years];	✓		
1(3)	<b>Qualification of Independent Director.</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)	Independent director shall have following qualifications:			
(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	N/A		
(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	N/A		
(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	N/A		
(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	None		
1(4)	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)	<b>The Directors' Report to Shareholders</b>			
	The Board of the company shall include the following additional statements	✓		

	or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-	✓		
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	N/A		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	None		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	None		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	None		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	None		
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	None		Not significant variance
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance	✓		

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

1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
2.	<b>Governance of Board of Directors of Subsidiary Company.</b>	None		
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	N/A		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	N/A		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	N/A		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	N/A		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A		
3.	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-</b>			
3(1)	(1) Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3(2)	<b>Requirement to attend Board of Directors' Meetings:</b> The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3(3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or	✓		



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

	presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.			
5(5)	<b>Role of Audit Committee</b> The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;	✓		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	oversee hiring and performance of external auditors;	✓		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	review the adequacy of internal audit function;	✓		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	N/A		
5(6)	<b>Reporting of the Audit Committee</b>			
5(6)(a)	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;	None		
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	None		
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	None		
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	None		
5(6)(b)	<b>Reporting to the Authorities:</b> If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	None		
5(7)	<b>Reporting to the Shareholders and General Investors:</b> Report on activities carried out by the Audit Committee, including any report made to	✓		

	the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			
6.	<b>Nomination and Remuneration Committee (NRC).-</b>			
6(1)	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	✓		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6(2)	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	None		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	None		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6(3)	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	✓		
6(4)	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the	✓		

	minutes and such minutes shall be confirmed in the next meeting of the NRC.			
6(5)	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7.	<b>External or Statutory Auditors.-</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	financial information systems design and implementation;	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	broker-dealer services;	✓		
7(1)(v)	actuarial services;	✓		
7(1)(vi)	internal audit services or special audit services;	✓		
7(1)(vii)	any service that the Audit Committee determines;	✓		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		

7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8.	<b>Maintaining a website by the Company.</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9.	<b>Reporting and Compliance of Corporate Governance.</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		



## **Annexure-A**

### **[As per condition No. 1(5)(xxvi)]**

Date: 27.07.2020

#### **The Board of Directors**

Padma Islami Life Insurance Limited

Head office: Padma Life Tower

Dhaka-1000.

#### **Subject : Declaration on Financial Statements for the year ended on 31st December 2019.**

##### **Dear Sirs,**

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. SEC/CMRCD2006-158/207/Admin/80 dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Padma Islami Life Insurance Limited for the year ended on 31st December, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure therefrom has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

(i) We have reviewed the financial statements for the year ended on 31st December, 2019 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Md. Morshed Alam Siddiqui  
Chief Executive Officer (C.C)



(Shakhawat Hossain)  
Chief Financial Officer (CFO)



## AUDIT COMMITTEE REPORT

### For the Year 2019

Pursuant to the Notification issued by BSEC on Code of Corporate Governance, the BoD of PILIL formed the Audit Committee (the Committee) with its ToR as below:

Sl. No.	Name of Members	Designation	Committee Status
01	Mr. Md. Belal Hussain, FCA	Independent Director	Chairman
02	Md. Zahirul Islam	Director	Member
03	Mrs. Zaman Ara Begum	Director	Member
04	Prof. Dr. Serajul Hoque	Director	Member
05	Md. Morshed Alam Siddiqui	Chief Executive Officer (C.C)	Member
06	Md. Abu Sayed Sarker	Company Secretary (Acting)	Secretary

#### **TOR OF THE AUDIT COMMITTEE :**

##### **Constitution of the Audit Committee**

1. The Audit Committee shall be composed of at least 3 (three) members, who shall be directors of the company, including at least 1 (one) independent director.
2. The Board of Directors shall appoint members of the Audit Committee. It shall also select 1 (one) member, who shall be an independent director, to be its Chairman. Qualification of the members shall conform to the requirements of the Corporate Governance Guidelines.
3. When the term of service of any member expires or there is any circumstance causing any member to be unable to hold office until expiration of the term of service, thus making the number of the members to be lower than 3 (three), the Board of Directors shall appoint new member(s) to fill the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy (ies) to ensure continuity of the performance of work of the Audit Committee.
4. The company secretary shall act as the Secretary of the Audit Committee.

##### **Meetings of the Audit Committee**

1. The meetings of the Audit Committee shall be presided over by its Chairman.

##### **Meetings of the Audit Committee**

1. The meetings of the Audit Committee shall be presided over by its Chairman.
2. The quorum of a meeting of the Audit Committee shall constitute by majority of members and shall not constitute without at least 1 (one) independent director.
3. The Audit Committee shall hold at least 4 (four) meetings in a year to perform its duties and responsibilities.
4. The Audit Committee may invite the Chief Executive Officer, Head of Internal Audit or any other officials to attend the meeting.
5. The Audit Committee may request the internal and/or external auditors to submit valuation/evaluation report(s) on any specific issue.



6. All the observations/findings/recommendations of the Audit Committee shall be recorded in the minutes of the Committee.
7. The Secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance and shall circulate the minutes of meetings of the Committee to all members of the Committee.

### **Duties and Responsibilities of the Audit Committee:**

#### **1. The Audit Committee shall be responsible for the following:**

- a. To oversee the financial reporting process of the company.
  - b. To monitor choice of accounting policies and principles.
  - c. To monitor Internal Control and Risk management processes.
  - d. To oversee hiring (appointment) of external auditors.
  - e. To oversee the performance of external auditors.
  - f. To review, along with the management, the annual financial statements before submission to the Board for approval.
  - g. To review, along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.
  - h. To review the adequacy of Internal control and audit function.
  - i. To review statement of significant related party transactions submitted by the management.
  - j. To review Management Letters/ Management Report/ Letter of Internal Control Weakness issued by the statutory auditors.
  - k. To conduct a post-audit review of the audit findings including any significant suggestions for improvements provided to management by the statutory auditors.
2. The Audit Committee shall review whether all the applicable Rules, Regulations, Guidelines, Notifications, Directives, etc. framed/issued by the regulatory authorities have been complied with.
  3. The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:
    - i. report on conflicts of interests;
    - ii. suspected or presumed fraud/ irregularity and material defect in internal control system;
    - iii. suspected infringement of laws, including securities related laws, rules and regulations;
    - iv. any other matter which shall be disclosed to the Board of Directors immediately.
  4. The Audit Committee shall prepare a report on activities carried out by itself, including reporting to the Board of Directors, during the year and disclose such report to the Share holders and General Investors through the annual report of the company.

## REPORT ON ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE

**In discharging its duties and responsibilities, during the year 2019, the Audit Committee of PILIL:**

1. Held a total of 05 (five) meetings. Attendance status was as below:

Sl. No.	Name of Members	Designation	Meeting Held	Meeting Attended
01	Mr. Md. Belal Hussain, FCA	Chairman	05	05
02	Md. Zahirul Islam	Member	05	05
03	Mrs. Zaman Ara Begum	Member	05	03
04	Prof. Dr. Serajul Hoque	Member	05	05
05	Md. Morshed Alam Siddiqui	Chief Executive Officer (C.C)	05	05
06	Md. Abu Sayed Sarker	Company Secretary (Acting)/Secretary	05	05
07	CFO		05	05
08	Head of Internal Audit		05	05

2. Reviewed the quarterly and annual financial statements of 2019 and recommended for approval
3. Considered and made recommendation to the Board on the appointment and remuneration of financial and compliance auditors;
4. Approved the Internal Audit Plan, monitored progress and effected revisions when necessary;
5. Discussed Internal Audit reports and findings in detail with auditors and members of Management.

On behalf of the Audit Committee



**Md. Belal Hussain, FCA**

Chairman of the Audit Committee, PILIL

Dated: July 29, 2020



# Padma Islami Life Insurance Ltd.

## KEY FINANCIAL INDICATORS (KFI)

Amount in Million Taka

Sl. No.	Particulars	Year				
		2015	2016	2017	2018	2019
01	First Year Premium Income	528.97	530.20	421.33	82.75	131.67
02	Renewal Premium Income	895.30	795.09	646.39	470.83	459.85
03	Group & Health Insurance Premium	11.40	5.33	17.60	35.20	70.59
04	Gross Premium	1435.67	1330.63	1085.32	588.78	662.11
05	Reinsurance Premium	2.07	1.42	0.75	10.15	2.14
06	Net Premium (4-5)	1433.59	1329.20	1084.57	578.63	659.97
07	Retention Ratio (6/4) (%)	99.86%	99.89%	99.93%	98.28%	99.68
08	First Year Premium Income Growth (%)	7.78	0.23	(20.53)	(80.36)	59.12
09	Renewal Premium Income Growth (%)	(15.35)	(11.19)	(18.70)	(27.16)	(2.33)
10	Gross Premium Income Growth (%)	(10.17)	(7.32)	(18.44)	(45.75)	12.45
11	First Year Commissions Paid for acquisition of life insurance business	239.44	210.65	147.08	62.37	55.98
12	Second Year Commissions paid for acquisition of life insurance business	15.27	7.82	8.04	4.03	4.61
13	Third and Later Year Commissions paid for acquisition of life insurance business	37.13	35.84	28.30	11.38	10.89
14	Total Commissions paid of acquisition of life insurance business (11+12+13)	291.84	254.32	183.42	77.73	71.48
15	First Year Commissions/First Year Premium (%)	44.31%	39.33%	33.51%	34.65%	34.92%
16	Second Year Commissions/Second Year Renewal Premium (%)	10.00%	10.00%	10.00%	10.00%	10.00%
17	Third and Later Year Commissions/Third and Later Year Premium (%)	5.00%	5.00%	5.00%	5.00%	5.00%
18	Management Express	861.42	655.89	572.13	393.29	294.55
19	Allowable Management Expenses	610.30	597.35	479.67	264.32	252.06
20	Excess Management Expenses (18-19)	251.12	58.54	92.46	128.97	42.48
21	Excess Management Expenses Ration (%)	41.15%	9.80%	19.28%	48.79%	12.47%
22	Overall Management Expenses Ration (%)	60.00%	49.29%	52.72%	66.80%	39.12%
23	Renewal Expenses Ratio (%)	43.04%	22.48%	29.85%	21.38%	15.54%
24	Claims paid	873.20	1145.55	1928.23	862.99	687.52
25	Claims/Gross Premium (%)	60.82%	86.09%	177.66%	180.91	103.84
26	Total Commission Expenses/Gross Premium (%)	20.33%	19.11%	16.90%	13.20%	10.80%
27	Investment Income	166.89	100.39	72.68	79.67	69.65
28	Investment Income/Gross Premium (%)	11.62%	7.54%	6.70%	13.53%	10.52%
29	Yield on Life Fund (%)	5.46%	3.48%	3.68%	6.18%	4.96%
30	Conservation Ratio (%)	56.02%	55.38%	48.58%	43.38%	78.10%
31	Second Policy Year Lapse Ratio (%) by number of Policies	64.47%	49.55%	50.83%	81.72%	82.91%
32	Third Policy Year Lapse Ratio (%) by number of polities	71.46%	71.79%	65.01%	85.66%	92.67%
33	Fourth Policy Year Lapse Ratio (%) by number of polities	77.52%	67.11%	65.21%	85.19%	94.48%
34	Fifth Policy Year Lapse Ratio (%) by number of polities	80.19%	53.38%	57.44%	88.38%	96.01%
35	Sixth Policy Year Lapse Ratio (%) by number of polities	83.61%	79.80%	78.68%	89.12%	97.00%
36	Second Policy Year Lapse Ratio (%) by Premium Amount	62.40%	78.67%	52.23%	80.16%	85.51%
37	Third Policy Year Lapse Ratio (%) by Premium Amount	59.25%	74.00%	64.78%	85.13%	93.18%
38	Fourth Policy Year Lapse Ratio (%) by Premium Amount	75.42%	80.70%	69.43%	84.41%	94.99%



39	Fifth Policy Year Lapse Ratio (%) by Premium Amount	78.14%	83.75%	72.87%	87.24%	96.66%
40	Sixth Policy Year Lapse Ratio (%) by Premium Amount	81.25%	70.59%	75.49%	88.36%	96.10%
41	Market Price per Share (in BDT) at year end	27.30	28.20	50.20	25.00	17.40
42	Dividend yield (%)	-	7.09%	-	-	-
43	Outstanding Premium as at 31st December	117.01	111.14	109.84	96.18	144.47
44	Total Investment as at 31st December	1494.62	1191.85	757.34	480.08	458.26
45	Life Fund as at 31st December	3142.91	2730.34	1288.26	453.97	209.79
46	Total Assets as at 31st December	3637.25	3313.39	2389.40	2238.66	2238.88
47	Paid Up Capital as at 31st December	324.00	324.00	388.80	388.80	388.80
48	Paid Up Capital/Total Asset (%)	8.91%	9.78%	16.27%	17.37%	17.14%
49	Net cash flow from operating activities	16.18	(36.09)	(78.37)	(66.87)	(51.05)
50	Net cash flow from Investing activities	(25.37)	(45.12)	32.16	26.20	(6.60)
51	Net cash flow from Financing activities	0.00	6.62	(6.62)	50.00	40
52	Net change in cash and cash equivalent	(9.19)	(74.59)	(52.83)	9.43	(17.65)

**53. First Year and Renewal Premium Income (Amount in Million Taka)**

Year	2015	2016	2017	2018	2019	Description
	540.368	535.537	438.927	65.205	131.671	Premium against new policies issued
2015	N/A	83.849	190.317	28.148	17.692	Renewal Premium out of the policies issued in 2015
2016	N/A	N/A	253.278	40.398	26.579	Renewal Premium out of the policies issued in 2016
2017	N/A	N/A	N/A	47.728	28.726	Renewal Premium out of the policies issued in 2017
2018	N/A	N/A	N/A	N/A	12.524	Renewal Premium out of the policies issued in 2018

**54. Number of First Year and Renewal Policies**

Year	2015	2016	2017	2018	2019	Description
	47,535	34,511	34,174	9594	10398	Number of new policies issued
2015	N/A	28,720	16,742	3515	1850	Number of policies renewed out of the policies issued in 2015
2016	N/A	N/A	16,969	5085	2753	Number of policies renewed out of the policies issued in 2016
2017	N/A	N/A	N/A	5069	2512	Number of policies renewed out of the policies issued in 2017
2018	N/A	N/A	N/A	N/A	1757	Number of policies renewed out of the policies issued in 2018

Dividend was not declared for 2019 due to non availability of Actuarial Valuation Report.



## শরীয়াহ্ বোর্ডের প্রতিবেদন

৩১ ডিসেম্বর ২০১৯ সমাপ্ত বছরের জন্য



বিসমিল্লাহির রাহ্মানির রাহীম ।

মুহতারাম শেয়ারহোল্ডারবৃন্দ,

আলহামদুলিল্লাহি রাব্বিল আ'লামীন, ওয়াসসালাতু ওয়াসসালামু আ'লা রাসুলিহিলকারীম ওয়া আ'লা আলিহী ওয়া আসহাবিহী আজমাঈন।

পদ্মা ইসলামী লাইফ ইন্স্যুরেন্স লিমিটেড এর শরিয়াহ্ বোর্ড ২০১৯ সালে সবাই মিলিত হয়ে লাইফ ইন্স্যুরেন্স সংক্রান্ত সার্বিক কার্যক্রম, কাগজপত্র, ডকুমেন্টস্ ইত্যাদি পর্যবেক্ষণ ও পর্যালোচনাপূর্বক কোম্পানীর পক্ষ থেকে পেশকৃত বিভিন্ন বিষয়ে শরয়ী মতামত প্রদান এবং কোম্পানীর বীমা কার্যক্রমকে পরিপূর্ণভাবে শরিয়াহ্ সম্মত করার প্রয়োজনীয় দিক নির্দেশনা প্রদান করে।

শরীয়াহ্ বোর্ড লক্ষ্য করেছে যে, দেশে প্রচলিত বীমা আইনের অধীনে কোন কোন বিষয়ে পরিপূর্ণভাবে শরীয়াহ্ নীতিমালা অনুসরণ করা সম্ভব না হলেও কোম্পানী তাদের সার্বিক কার্যক্রমে যথাসম্ভব শরীয়াহ্ পরিপালনে সচেষ্ট রয়েছে বলে প্রতিয়মান হয়েছে।

আইনগত কারণে চুক্তিপত্রে সন্নিবেশিত করা সম্ভব না হলেও কোম্পানী আভ্যন্তরীণভাবে তাকাফুল (তবাররু) তহবিল গঠন করে পৃথক হিসেবে সংরক্ষণ করছে।

সুদসহ প্রাপ্ত অন্যান্য সন্দেহজনক আয় পৃথক করে সাদাকা তহবিল গঠনের মাধ্যমে জনকল্যাণের জন্য উক্ত অর্থ আলাদাভাবে সংরক্ষণ করা হয়েছে।

শরীয়াহ্ বোর্ড আশা করে আইনগত বাধা দূর হলে শরীয়াহ্ পরিপালনে কোম্পানী তাদের সদিচ্ছার পূর্ণাঙ্গ বাস্তব প্রতিফলন ঘটাতে সক্ষম হবে, ইনশাআল্লাহ্।

শরীয়াহ্ বোর্ড কোম্পানীর সার্বিক উন্নয়নের জন্য মহান আল্লাহ রাব্বুল আলামীনের দরবারে তৌফিক কামনা করছে।

4529

(মুফতী মাওলানা ছাঈদ আহমদ মুজাদ্দেদী)

## চেয়ারম্যান

শরীয়াহ বোর্ড

পদ্মা ইসলামী লাইফ ইনসিওরেন্স লিমিটেড



অধ্যাপক মাও: এবিএম মাছুম বিল্লাহ

সদস্য সচিব

শরীয়াহ বোর্ড

পদ্মা ইসলামী লাইফ ইনসিওরেন্স লিমিটেড

# **Auditor's Report & Audited Financial Statements for the Year 2019**



কাজী জহির খান এন্ড কোং  
KAZI ZAHIR KHAN & CO.  
Chartered Accountants  
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# Independent Auditor's Report To The Shareholders of Padma Islami Life Insurance Limited.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying Financial Statements of Padma Islami Life Insurance Ltd. ('company') which comprise Balance Sheet (Statement of Financial Position) as at December 31, 2019, and the Life Revenue Account (Statement of Profit or Loss and other Comprehensive Income Account), Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Matter of Emphasis

We draw attention to the following matters, though our opinion is unqualified in respect of the same:

- The company has not estimated of deferred Tax Assets/ Liabilities at this stage.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of financial statements for the year 2019. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.





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Risk	Our Responsibility
<p><b>Property, Plant &amp; Equipment</b></p> <p>The carrying value of property, plant &amp; equipment amounts to Taka 860,653,846. This represents a significant amount in the company's statement of financial position as at 31 December 2019</p> <p>There is a risk of:</p> <ul style="list-style-type: none"> <li>determining which costs meet the criteria for capitalization;</li> <li>determining the date on which the assets is recognized to property, plant and equipment and depreciation commences;</li> <li>the estimation of economic useful lives and residual values assigned to Fixed asset.</li> </ul> <p>We identified the carrying value of property, plant and equipment as a key audit matter because of the high level of management judgment involved and because of its significance to the financial statements.</p>	<p>Our audit procedures to assess the carrying value of property, plant &amp; equipment included the following:</p> <p>Our audit procedures included controls testing and substantive procedures covering, in particular:</p> <ul style="list-style-type: none"> <li>Assessing the design, implementation and operating effectiveness of key internal controls over the completeness, existence and accuracy of property, plant and equipment including the key internal controls over the estimation of useful economic lives and residual values;</li> <li>Assessing, on a sample basis, costs capitalized during the year by comparing the costs capitalized with the relevant underlying documentation, which included purchase agreements and invoices, and assessing whether the costs capitalized met the relevant criteria for capitalization.</li> <li>Testing the key controls over the management's judgment in relation to the accounting estimates of the depreciable lives and residual values of property, plant and equipment.</li> <li>Reconcile on a sample basis the additional capitalized costs for the year to the underlying invoices and supporting documents.</li> <li>We reviewed minutes of board meetings for approval of the total capitalization cost.</li> <li>We assessed the company's capitalizations policy for compliance with IAS 16 and tested the</li> </ul>



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	<p>expenditure capitalized against the capitalizations policy.</p> <ul style="list-style-type: none"> <li>• We traced payments to supporting documents.</li> <li>• We assessed the adequacy of the disclosures of the financial statements</li> </ul>
See note no 19.0 and Annexure to the financial statements.	
<b>Valuation of Life Fund</b>	
<p>Valuation of life fund involves complex and subjective judgments about future events, both internal and external to the business, for which small changes in assumptions can result in material impacts to the valuation of these liabilities.</p> <p>At 31 December 2019, the company reported total balance under the head of Life Insurance Fund of BDT 209,785,977 (2018: BDT 456,356,136).</p>	<p>The work to address the valuation of life fund included the following procedures:</p> <ul style="list-style-type: none"> <li>• Understood the governance process in place to determine the life fund.</li> <li>• Reviewed the actuarial report and assessed the reasonableness of the assumptions used to estimate the liability.</li> <li>• Tested key judgment and controls over the liability, including the preparation of the manually calculated components. We focused on the consistency in treatment and methodology period-on-period.</li> </ul> <p>Based on the work performed and the evidence obtained, we consider the assumption used to be appropriate.</p>
See note no. 6.00 to the financial statements	
<b>Premium Income</b>	
<p>Gross insurance premiums amount of Tk. 662,109,389 is comprise the net premiums amount of Tk. 659,966,485 is received for the whole period of cover provided by contracts entered into during the accounting period. Given the important nature, connections to other items to the financial statements and sensitivity of the item we believe this area pose high level of risk.</p>	<ul style="list-style-type: none"> <li>• Carried out cut-off testing to ensure unearned premium income has not been included in the premium income.</li> <li>• On a sample basis reviewed policy to ensure appropriate policy stamp was affixed to the contract and the same has been reflected in the premium register.</li> <li>• Ensured on a sample basis that the premium income was being deposited in the designated bank account.</li> </ul>

	<ul style="list-style-type: none"> <li>• Tested on a sample basis to see that appropriate VAT was being collected and deposited to bank through Treasury Challan.</li> <li>• For a sample of insurance contracts tested to see if appropriate level of reinsurance was done and whether that reinsurance premium was deducted from the gross premium.</li> </ul>
	<ul style="list-style-type: none"> <li>• Applying specialist judgment ensured if there is any impairment of the reinsurer.</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938 (as amended in 2010), Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.</li> </ul>
See note no. 21.00 to the financial statements	

## Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. We have not been provided the Director's report and other information contained within the annual report except the financial statements to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## We have nothing to report on going concern

We are required to report if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of the financial statements. We have nothing to report in these respects.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and



Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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



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

### Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and relevant notifications issues by Bangladesh Securities and Exchange Commission, we also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
- As per section 62(2) of the Insurance Act 1938 (amended in 2010), in our opinion to the best of our knowledge and belief an according to the information and explanation given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the Revenue Accounts and the of the Company;
- The information and explanations required by us have been received and found satisfactory.
- As per regulation 11 of part 1 of the third schedule of the Insurance Act 1938 (amended in 2010), in our opinion to the best of our information and as shown by its books, the company during the year under report has not paid any commission in any outside Bangladesh in respect of any its Business re-insured abroad;
- The Balance Sheet (Statement of Financial Position), and the Life Revenue Accounts (Statement of Profit and Loss and Comprehensive Income Account), Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of account and returns; and
- The expenditure was incurred for the purpose of the Company's business.
- The company has complied with relevant laws and regulations pertaining to reserves.

Nurul Hossain Khan FCA  
Membership No.-240  
**Kazi Zahir Khan & Co.**  
**Chartered Accountants**

Dated: Dhaka  
July 30, 2020



**PADMA ISLAMI LIFE INSURANCE LTD.**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

CAPITAL AND LIABILITIES	Notes	Amount in Taka	
		2019	2018
SHAREHOLDERS' CAPITAL			
Authorized Capital			
100,000,000 Ordinary Shares of Tk.10/- each		1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up			
38,880,000 Ordinary Shares of Tk.10/- each	5.0	388,800,000	388,800,000
Balance of Fund and Accounts			
Life Insurance Fund	6.0	209,785,977	456,356,136
Share Value Fluctuation Reserve			
Sadaka Fund (Padma Welfare Fund)		24,369,202	24,444,201
Amount due to other persons or bodies Carrying on Insurance Business	7.0	1,007,932	5,608,509
Liabilities and Provisions		1,614,913,978	1,378,002,262
Estimated Liabilities in Respect of Outstanding claims whether due or intimated.	8.0	582,842,620	739,878,665
Sundry Creditors	9.0	130,080,358	136,132,598
Premium Deposits	10.0	1,991,000	1,991,000
Long Term Loan (Non-Cost Bearing loan)	11.0	900,000,000	500,000,000
Total Capital and Liabilities		2,238,877,089	2,253,211,109

Annexed notes form an integral part of these Financial Statements.

  
Chief Executive Officer

  
Director

  
Director

  
Chairman

Signed as per annexed report of even date

Dated, Dhaka  
30 July, 2020

  
Kazi Zahir Khan & Co.  
Chartered Accountants

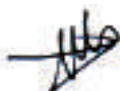
**PADMA ISLAMI LIFE INSURANCE LTD.**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

PROPERTY AND ASSETS	Notes	Amount in Taka	
		2019	2018
<b>Loan on Policies</b>			
Within their surrender value	12.0	559,889	592,973
Investments	13.0	458,258,525	396,806,485
Un-realized Loss on Investment		50,547,269	11,757,147
Outstanding Premium	14.0	144,472,114	96,182,153
Profit, Dividend & Rent Accrued but not Due	15.0	29,568,692	22,968,311
Advances, Deposits and Prepayments	16.0	348,496,328	303,540,717
<b>Cash, Bank and Other Balances</b>		<b>344,991,928</b>	<b>521,507,256</b>
Fixed Deposit with Banks	17.0	40,600,324	83,271,578
SND & CD with Banks	18.0	303,537,015	437,826,175
Cash in Hand		854,589	409,503
<b>Other Assets</b>		<b>861,982,344</b>	<b>899,856,066</b>
Padma Life Tower & Other Fixed Assets (At Cost Less Depreciation)	19.0	860,653,847	896,507,330
Printing, Stationery & Stamps in Hand	20.0	1,328,497	3,348,736
<b>Total Property and Assets</b>		<b>2,238,877,089</b>	<b>2,253,211,109</b>

Annexed notes form an integral part of these Financial Statements.



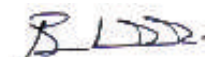
Chief Executive Officer



Director



Director



Chairman

Signed as per annexed report of even date

Dated, Dhaka  
30 July, 2020

  
**Kazi Zahir Khan & Co.**  
Chartered Accountants

**PADMA ISLAMI LIFE INSURANCE LTD.**  
**LIFE REVENUE ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Particulars	Notes	Amount in Taka	
		2019	2018
BALANCE OF FUND AT THE BEGINNING OF THE YEAR		456,356,136	1,288,257,466
		456,356,136	1,288,257,466
<b>PREMIUM LESS RE-INSURANCE</b>	21.0		
First year premium (Ekok Bima)		108,636,653	68,010,695
First year premium (Khudra Bima)		23,035,129	14,741,074
<b>Total First year Premium</b>		<b>131,671,782</b>	<b>82,751,769</b>
Renewal premium (Ekok Bima)		403,687,007	390,752,982
Renewal premium (Khudra Bima)		56,161,769	80,077,779
<b>Total Renewal Premium</b>		<b>459,848,776</b>	<b>470,830,761</b>
		<b>591,520,558</b>	<b>553,582,530</b>
Group Insurance Premium		70,588,831	35,199,199
<b>Gross premium</b>		<b>662,109,389</b>	<b>588,781,729</b>
Less: Re-Insurance premium		2,142,904	10,150,899
<b>Net Premium</b>		<b>659,966,485</b>	<b>578,630,830</b>
Profit, Dividend and Rent	22.0	69,651,867	79,669,993
Other Income	23.0	5,886,638	6,111,700
		<b>75,538,505</b>	<b>85,781,693</b>
<b>Total</b>		<b>1,191,861,126</b>	<b>1,952,669,989</b>
First year premium, where the maximum Premium paying period is			
Single		19,474,604	14,273,664
Two years			
Three years			
Four years			
Five years			
Six years		118,575	
Seven years			
Eight years		18,397,269	14,244,000
Nine years			
Ten years		13,920,420	8,502,715
Eleven years		10,960	
Twelve years or over		79,749,954	45,731,390
(Including throughout life)			
		<b>131,671,782</b>	<b>82,751,769</b>

**CLAIMS UNDER POLICIES (INCLUDING PROVISION FOR CLAIMS DUE OR INTIMATED) LESS RE-INSURANCE**

	<b>687,524,476</b>	<b>1,065,178,454</b>
By Death	7,635,301	38,307,000
By Maturity	450,414,985	772,582,737
By Survival	158,766,271	181,248,800
By Surrender	3,495,845	3,065,132
By Others	67,212,074	69,974,785

**EXPENSES OF MANAGEMENT**

**Commission**

	<b>71,481,970</b>	<b>77,725,670</b>
(a) Commission to Insurance Agents (less that on Re-Insurance)	45,978,520	59,491,117
(b) Allowances and Commission Other than Commission included in Sub-Item (a) above	25,503,450	18,234,553

	<b>183,309,036</b>	<b>313,576,758</b>
Salaries etc. (Other than to agents and those contained in the allowances and commission)	147,367,503	201,499,242
Festival Bonus	2,825,064	17,562,888
Conveyance	1,065,246	3,590,841
Board & Other Meeting Fees	1,048,800	1,484,149
Audit Fees	189,000	156,000
Shariah Meeting Fees	55,200	93,750
Medical Expenses	36,780	1,009,060
Professional Fees & Legal Exp	54,729	1,489,544
Registration & Renewal Fees	834,140	2,377,860
Advertisement & Publicity Expenses	123,305	1,349,982
Printing	1,442,933	6,570,949
Stationery	2,204,515	3,248,649
Policy Stamp Expenses	385,550	989,960
Revenue Stamp Expenses	299,190	312,797
Postage & Courier bills	582,456	1,424,393
Telephone & Fax	459,894	1,994,590
Training, Recruitment Expenses	300,000	834,470
Meeting Expenses	-	187,707
Office Rent	9,364,909	22,341,490
Office Maintenance Expenses	1,930,824	3,349,464
Gas, Water & Electricity Charges	4,268,397	9,928,442
Electric Expenses	195,176	469,296
Car Fuel & Lubricants	774,039	2,485,282
Car Repairs & Maintenance	770,151	3,455,487
Car Renewal, Registration & Insurance	555,445	1,343,840
Bank Charges & Others	927,437	1,651,594
Paper & Periodicals	19,889	42,400
Entertainment	773,525	1,279,849
Mobile, Internet & Telephone Bills	1,317,008	922,866
Seminar & Conferences	-	17,535
Fees, Donation & Subscription	1,218,677	1,344,876
Carriage Expenses	-	89,295

Prize & Contest Expenses	-	754,000
Trade License	80,742	59,499
Service Charge	1,341,752	6,880,113
General Expenses	-	145,000
Annual General Meeting	185,385	271,813
Contribution for Provident Fund	-	10,115,134
Group Insurance Premium (Expense )	-	452,652
IT Expenses	311,375	-

<b>OTHER EXPENSES</b>	<b>39,759,667</b>	<b>39,832,971</b>
Depreciation on Fixed Assets	36,389,741	37,442,114
Vat on Office Rent	3,369,926	2,390,857

<b>Total Expenses</b>	<b>982,075,149</b>	<b>1,496,313,853</b>
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<b>Balance of Fund at the end of the year as shown in the Balance Sheet 2019</b>	<b>209,785,977</b>	<b>456,356,136</b>
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<b>Total</b>	<b>1,191,861,126</b>	<b>1,952,669,989</b>
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Annexed notes form an integral part of these Financial Statements.



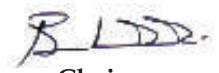
Chief Executive Officer



Director



Director



Chairman

Signed as per annexed report of even date

Dated, Dhaka  
30 July, 2020



**Kazi Zahir Khan & Co.**  
Chartered Accountants

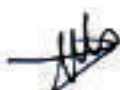
**PADMA ISLAMI LIFE INSURANCE LTD.**  
**STATEMENT OF LIFE INSURANCE FUND**  
**AS AT 31 DECEMBER 2019**  
**(As per Sub-Section-2 of Section-26 of Insurance Act 2010)**

Particulars	Amount in Taka	
	2019	2018
<b>A. ASSETS</b>		
Loan on Insurer's policies within their surrender value	559,889	592,973
Investments	508,805,794	408,563,632
Outstanding Premium	144,472,114	96,182,153
Profit, Dividend & Rent accrued but not due	29,568,692	22,968,311
Advances, Deposits & Prepayments	348,496,328	303,540,717
Cash, Bank and Other Balances	344,991,928	521,507,256
Fixed Assets (at cost less depreciation)	860,653,847	896,507,330
Printing & Stationery Stamps in Hand	1,328,497	3,348,736
	<b>2,238,877,089</b>	<b>2,253,211,109</b>
<b>B. LIABILITIES</b>		
Amount due to other persons or bodies carrying on insurance business	1,007,932	5,608,509
Estimated Liabilities in Respect of Outstanding claims whether due or intimated	582,842,620	739,878,665
Sundry Creditors	130,080,358	136,132,597
Sadaka Fund (Padma Welfare Fund)	24,369,202	24,444,201
Long Term Loan	900,000,000	500,000,000
Premium Deposit	1,991,000	1,991,000
	<b>1,640,291,112</b>	<b>1,408,054,972</b>
<b>C. Gross Fund (A - B)</b>	<b>598,585,977</b>	<b>845,156,137</b>
<b>D. Shareholders' Capital (Paid-up Capital)</b>	<b>388,800,000</b>	<b>388,800,000</b>
<b>E. Life Insurance Fund as at 31 December 2019 (C - D)</b>	<b>209,785,977</b>	<b>456,356,137</b>

Annexed notes form an integral part of these Financial Statements.



Chief Executive Officer



Director



Director



Chairman

Signed as per annexed report of even date

Dated, Dhaka  
30 July, 2020



**Kazi Zahir Khan & Co.**  
Chartered Accountants



**PADMA ISLAMI LIFE INSURANCE LTD.**  
**FORM "AA"**  
**CLASSIFIED SUMMARY OF THE ASSETS**  
**AS AT 31 DECEMBER 2019**

Class of Assets	Book Value	Market Value	Remarks
INVESTMENTS	508,805,794	458,258,525	Realizable Value
<b>CASH, BANK &amp; OTHER BALANCES</b>	<b>344,991,928</b>	<b>344,991,928</b>	
Cash on Fixed Deposit with Banks	40,600,324	40,600,324	Book Value
Current & STD Accounts with Banks	303,537,015	303,537,015	Book Value
Cash in Hand	854,589	854,589	Book Value
Interest, Dividend & Rent Accrued but not due	29,568,692	29,568,692	Realizable Value
<b>OTHER ASSETS</b>	<b>1,355,510,675</b>	<b>1,355,510,675</b>	
Outstanding Premium	144,472,114	144,472,114	Realizable Value
Printing, Stationery & Stamps in Hand	1,328,497	1,328,497	At Cost
Advances, Deposits & Prepayments	348,496,328	348,496,328	Realizable Value
Loan on policies	559,889	559,889	Realizable Value
Fixed Assets (At cost less depreciation)	860,653,847	860,653,847	Written Down Value
<b>TOTAL</b>	<b>2,238,877,089</b>	<b>2,188,329,820</b>	

Annexed notes form an integral part of these Financial Statements.

  
**Chief Executive Officer**

  
**Director**

  
**Director**

  
**Chairman**

Signed as per annexed report of even date

Dated, Dhaka  
30 July, 2020

  
**Kazi Zahir Khan & Co.**  
Chartered Accountants

**PADMA ISLAMI LIFE INSURANCE LTD.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

For the year ended December 31, 2019						
Particulars	Share Capital	Share Premium	General Reserve	Reserve for Exceptional Losses	Retained Earnings	Total Taka
Equity as on 01 January 2019	388,800,000	-	-	-	-	388,800,000
Addition during the year (Bonus Share)	-	-	-	-	-	-
Equity as on 31 December 2019	388,800,000	-	-	-	-	388,800,000

For the year ended December 31, 2018						
Particulars	Share Capital	Share Premium	General Reserve	Reserve for Exceptional Losses	Retained Earnings	Total Taka
Equity as on 01 January 2018	388,800,000	-	-	-	-	388,800,000
Addition during the year (Bonus Share)	-	-	-	-	-	-
Equity as on 31 December 2018	388,800,000	-	-	-	-	388,800,000

Annexed notes form an integral part of these Financial Statements.

  
**Chief Executive Officer**

  
**Director**

  
**Director**

  
**Chairman**

Signed as per annexed report of even date

Dated, Dhaka  
 30 July, 2020

  
**Kazi Zahir Khan & Co.**  
 Chartered Accountants

**PADMA ISLAMI LIFE INSURANCE LTD.**  
**STATEMENT OF CASH FLOWS**  
**AS AT 31 DECEMBER 2019**

Particulars	Amount in Taka	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collection from Premium	611,676,524	588,434,886
Investment income and other income received	25,506,687	71,838,199
Payment for Claims	(849,086,099)	(862,986,639)
Payment for Management Expenses and others	(298,582,674)	(465,997,432)
<b>Net Cash Flows used operating activities</b>	<b>(510,485,562)</b>	<b>(668,710,986)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,728,162)	(11,374,232)
Proceeds from sale of Fixed Asset	36,940,558	-
Investment made during the Period	(100,242,162)	274,414,071
<b>Net Cash Flows from investing activities</b>	<b>(66,029,766)</b>	<b>263,039,839</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/ Decrease in Loan from Bank	-	-
Increase/ Decrease in Long term Loan	400,000,000	500,000,000
<b>Net Cash Flows from financing activities</b>	<b>400,000,000</b>	<b>500,000,000</b>
<b>Net increase/Decrease in cash and cash equivalents</b>	<b>(176,515,328)</b>	<b>94,328,852</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>521,507,256</b>	<b>427,178,404</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>344,991,928</b>	<b>521,507,256</b>

Annexed notes form an integral part of these Financial Statements.

  
**Chief Executive Officer**

  
**Director**

  
**Director**

  
**Chairman**

Signed as per annexed report of even date

Dated, Dhaka  
30 July, 2020

  
**Kazi Zahir Khan & Co.**  
Chartered Accountants

**Padma Islami Life Insurance Limited**  
**Notes to the Financial Statements**  
**As at & for the year ended December 31, 2019**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

Padma Islami Life Insurance Limited was incorporated on April 26, 2000 as a Public Limited Company under the Companies act 1994 and was registered with the Department of Insurance on April 30, 2000. The Company is engaged in Life Insurance Business.

The Company went for Public issue in March 2012 and the Shares of the Company are listed in both Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd.

**2. Components of the Financial Statements**

The Financial Statements include the following Components:

- i) Balance Sheet
- ii) Life Revenue Account
- iii) Statement of Cash Flows
- iv) Changes in Shareholders' Equity and
- v) Accounting Policies and Explanatory Notes
- vi) Classified Summary of assets (Form AA)
- vii) Statement Life Insurance Fund.

**3. Basis of Presentation and Statement of Compliance**

The following underlying assumptions, measurement bases, laws, rules, regulations and accounting pronouncements have been considered in preparing the Financial Statements:

- Going concern
- Accrual unless stated otherwise (except branch office)
- Historical cost Convention
- The Insurance Act. 2010 as amended
- The Insurance Rule 1958
- The Companies Act. 1994
- The Securities and Exchange Commission Rules-1987
- The Income Tax Ordinance 1984
- The International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountant of Bangladesh (ICAB)
- Any other applicable legislation.

**4. Significant Accounting Policies**

**4.01 Revenue recognition**

New business premiums are recognized once the related policies /First Premium Receipts (FPR) have been issued and the premiums received by the Company. Premium received before issuance of FPR are recognized as liability. Renewal outstanding premium under the policies are recognized as income within financial period of which premium are subsequently received.

## 4.02 Investments

### i) Investment in Govt. Securities

Investments in Govt. Securities are recognized as per the guidelines of IFRS-39. Profit on investments is accounted for on accrual basis.

### ii) Investment in Shares

Investment in Shares is considered at market price at Balance Sheet date. Unrealized loss due to fall of Market Price i.e; Difference between cost price and market price is considered separately as Un-realized Gain/(Loss) on Investment.

## 4.03 Depreciation on Fixed Assets

Depreciation on Fixed Assets has been calculated adopting diminishing balance method on all classes and on the estimated useful life of Fixed Assets. Methods and rates of providing depreciation are consistently applied in relation to previous year (s).

Category of Fixed Assets	Rate of Depreciation
Padma Life Tower	5%
Flat and Building	5%
Furniture & Fixtures	15%
Office Decoration	20%
Office Equipment	15%
Motor Vehicles	20%
Electric Installation	10%
Telephone Installation	10%
Sign Board	20%

## 4.04 Inventories

Inventories comprising of Printing Materials, Stocks of Stationary and Stamps have been valued at lower of cost and net realizable value as outlined in IAS-2.

## 4.05 Taxation

Provision for taxation is based on taxable income determined under the Fourth Schedule of the Income Tax Ordinance on the basis of Actuarial Valuation Report and the Accounts.

Tax provision has not been made in the financial statements during the year due to business recession and no actuarial valuation has been conducted since 2017.

As the profits and gains from Life Insurance Business are determined under the 4<sup>th</sup> Schedule of the ITO, the Management feels it is not necessary to make estimate of deferred Tax Assets/ Liabilities at this stage as per provision of IAS-12.

#### **4.06 Commission**

Commission to Insurance Agents (less that received on Re-Insurance) represents First Year Commission, Renewal Commission and Group Commission. Allowance and Commission (Other than Commission to Insurance Agents less that on Reinsurance) represent Filed Officers Salary and Allowances including incentive Bonus.

#### **4.07 Risk and uncertainties for use of estimates in preparation of Financial Statements**

Preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenue and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as long term contracts, depreciation and amortization, employees benefit plans, taxes, reserves and contingencies.

#### **4.08 Statement of Cash Flows**

Statement of Cash Flows is prepared on Direct Method in accordance with IAS-7.

Cash Flows from Operating Activities have been presented under Direct Method as outlined in the Securities and Exchange Rules 1987.

Cash and Cash equivalents comprise of cash in hand, Cash at Banks including Fixed Deposits and other balances which were available for use of the Company without any restriction and it also includes Collection in hand which are fully collected subsequently.

#### **4.09 Employees' Benefit Plans IAS-19**

##### **i) Provident Fund**

The Company operates a recognized contributory Provident Fund for all its regular employees. The Provident Fund is administered by the Board of Trustees and is funded both by contributions from employees and from the Company @ 10% of the basic pay.

##### **ii) Gratuity**

According to management decision Gratuity Fund Payable amounting Tk. 32,648,642.00 will be transfer to Gratuity Fund near future.

#### **4.10 Responsibility for Preparation and presentation of Financial Statements**

The Management of the Company is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act. 1994 and as per the provision of The Framework for the preparation and presentation of Financial Statements issued by the international Accounting Standards Committee (IASC) as adopted by the institute of the Chartered Accountants of Bangladesh (ICAB).



#### 4.11 Claims

Survival Benefit, claims and annuities are accounted for when due for payment. Death claims and all others claims are accounted for when intimated. Provision for outstanding death claims has been made based on the intimation of the death claims received up to 31 December 2018.

#### 4.12 Reporting period

Financial Statement of the Company covers one Calendar year from January 01 to December 31, 2019.

#### 4.13 Comparative

Comparative information have been disclosed in respect of the previous years for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

#### Re-Arrangement

Previous year's figure has been re-arranged whenever considered necessary to ensure better comparability with the current year's presentation without causing any impact on the profit and value of assets and liability as reported in the Financial Statement.

#### Re-Statement

In finalizing the financial statements for the year ended December 31, 2019 some figures of previous year were restated to conform the provisions in accordance with para 22, 42 & 49 of BAS-8: "Accounting Policies, Changes in Accounting Estimates and Errors". During the year the following accounting policies and errors have been rectified in compliance with IAS-8.

- A) Correction is made for wrongly charging of depreciation of Land value and Advance against 6th -7th Floor of Padma Life Tower and necessary adjustment has been made with Life Insurance Fund Retrospective effects were considered for previous years also.
- B) Correction is made for wrongly considering Un-realized Gain/ (Loss) on Investment as revenue expenditure and necessary adjustment has been made with Life Insurance Fund. Retrospective effects were considered for previous years also.

#### 4.13 Reporting currency

The figures in the financial statement represent Bangladesh Currency (Taka). Figures have been rounded off to the nearest Taka.

## 5.0 SHARE CAPITAL

### Authorized Capital

100,000,000 Ordinary Shares of Tk.10 each.

Amount in Taka	
2019	2018

1,000,000,000 1,000,000,000

### Issued, Subscribed & Paid-up

38,880,000 Ordinary Shares of Tk.10 each fully paid-up

388,800,000 388,800,000

### Distribution Schedule of Paid-up Capital

Category of Shareholders	Share holding(%)	2019	2018
Sponsor	0.35	135,265,400	135,265,400
General Public	0.65	253,534,600	253,534,600

As per listing Regulations 20(2) of the Stock Exchange regarding shareholding position of different categories of investors and the number of shareholders and percentage as on 31 December 2019 is given below:

Category of Share Holders	Share Holding Range	No. of Shares	No. of Share Holders	Share Holding %
	501-300000	3000	3	0.0077%
Sponsor	300001-400000	-	-	-
	400000-700000	-	-	-
	700001-1000000	-	-	-
	1000001-2000000	-	-	-
	2000001-2500000	2,388,320	1	6.14%
	2500001-3000000	8,041,620	3	20.683%
	3000001-3500000	3,093,600	1	7.957%
	<b>Sub Total</b>	<b>13,526,540</b>	<b>8</b>	<b>34.79%</b>
General Public	001-5000	4,355,966	4867	11.20%
	5001-10000	1,562,494	207	4.02%
	10001-20000	1,808,214	129	4.65%
	20001-30000	918,554	37	2.36%
	30001-50000	1,363,741	34	3.51%
	50001-100000	1,217,625	18	3.13%
	100001-500000	2,888,523	14	7.43%
	500001-1000000	3,000,304	4	7.72%
	1000001-1500000	4,690,039	4	12.06%
	1500001-2000000	3,548,000	2	9.13%
	<b>Sub Total</b>	<b>25,353,460</b>	<b>5316</b>	<b>65.21%</b>
	<b>Total</b>	<b>38,880,000</b>	<b>5324</b>	<b>100.00%</b>

## 6.0 LIFE INSURANCE FUND

This consists of accumulated balance of revenue surplus

Opening Balance

Add: Increase/(Decrease) in Life Revenue Account during the year

456,356,136	1,288,257,466
(246,570,159)	(831,901,330)
<b>209,785,977</b>	<b>456,356,136</b>

## 7.0 AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS

The amount represents the balance due to SCOR GLOBAL LIFE SE, SINGAPORE BRANCH on account of share of re-insurance commission and share of claim after adjustment of re-insurance premium due to them. The balance to SCOR GLOBAL LIFE SE, SINGAPORE BRANCH has been accounted for the year ended 31 December 2018.

Opening Balance

Add. Intimated during the year

5,608,509	1,342,032
2,142,904	10,150,899

	7,751,413	11,492,931
Less. Adjustment against Re-Insurance Claim Received	-	-
	7,751,413	11,492,931
Less. Paid during the year	6,743,481	5,884,422
	1,007,932	5,608,509
Less. Commission during the year	-	-
	1,007,932	5,608,509

## 8.0 ESTIMATED LIABILITIES IN RESPECT OF OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED

### a) Death Claim

Opening Balance	37,635,301	8,165,058
Add. Claim intimated during the year	18,434,170	38,307,000
	56,069,471	46,472,058
Less. Re-Insurance claim received	-	-
	56,069,471	46,472,058
Less. Paid during the year	19,392,993	8,836,757
Closing Balance	36,676,478	37,635,301

### b) Maturity Claim

Opening Balance	691,626,686	512,936,770
Add. Claim intimated during the year	515,960,742	772,582,737
	1,207,587,428	1,285,519,507
Less. Paid during the year	673,418,224	593,892,821
Closing Balance	534,169,204	691,626,686

### c) Survival Benefit

Opening Balance	6,695,833	12,377,300
Add. Claim intimated during the year	14,951,863	181,248,800
	21,647,696	193,626,100
Less. Paid during the year	14,892,512	186,930,267
Closing Balance	6,755,184	6,695,833

### d) Surrender Claim

Opening Balance	3,920,845	4,207,722
Add. Claim intimated during the year	3,495,995	3,065,132
	7,416,840	7,272,854
Less. Paid during the year	2,175,086	3,352,009
Closing Balance	5,241,754	3,920,845

<b>Total</b>	<b>582,842,620</b>	<b>739,878,665</b>
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## 9.0 SUNDRY CREDITORS

Audit Fees Payable	258,000	120,000
Company's Reg. & Ren. Fees Payable	5,595,195	5,498,155
Telephone, E-mail & Internet Bill	171,280	252,235
Electricity Gas & Water Bills Payable	735,772	418,668
Printing & Stationary Payable	470,600	3,262,030
Advertisement & Publicity	35,680	233,527
Office Rent Payable	2,441,250	3,924,190
Agency Commission Bill Payable	10,887,798	5,798,822

Certificate & License Fee	13,913,001	13,434,336
Staff Security Deposit	8,637,928	9,803,628
Motor Workshop Enlist Money	-	40,000
Security for Motor Car	1,123,450	1,123,450
Earnest Money Refundable	294,379	294,379
Security for Office Rent	5,092,109	5,176,495
Salary & Allowances	115,170	-
Legal & Professional fee	2,700	-
Medical Expenses	28,840	-
Repair & Maintanance	78,370	-
Bank Charge	545	-
Cleaning & Washing	1,600	-
Annual General Meeting	49,000	-
Development Expense	54,180	-
Car Fuel & Lubricant	10,000	-
Car Registration & Renewals	138,808	-
Advance Against Car Sales	2,752,570	-
Tax at Source Payable	28,384,411	24,262,490
VAT at Source Payable	435,664	249,044
Provident Fund	-	13,687,629
Gratuity Fund	32,648,642	32,648,642
Other Security Deposit (Third Party)	213,416	394,878
Provision for Income Tax	15,510,000	15,510,000
<b>Total</b>	<b>130,080,358</b>	<b>136,132,598</b>

#### 10.0 PREMIUM DEPOSIT

Balance break-up is as under:

Opening Balance	1,991,000	5,845,625
Add. Addition during the year (1st year Premium)	-	1,991,000
	<b>1,991,000</b>	<b>7,836,625</b>
Less. Realized & adjusted during the year	-	5,845,625
Closing Balance	<b>1,991,000</b>	<b>1,991,000</b>

#### 11.0 LONG TERM LOAN (Non-cost bearing loan)

Unitex Petroleum Limited	180,000,000	100,000,000
Unitex LP Gas Limited	180,000,000	100,000,000
Crest Holding Limited	180,000,000	100,000,000
Pavilion Intl. Limited	180,000,000	100,000,000
Affinity Assets Limited	180,000,000	100,000,000
<b>Total</b>	<b>900,000,000</b>	<b>500,000,000</b>

#### 12.0 LOAN ON POLICIES

This balance represent the amount sanctioned to policy holders against policies within their surrender value.

Opening Balance	592,973	474,590
Add. Payment during the year	-	185,028
	<b>592,973</b>	<b>659,618</b>
Less. Realized & adjusted during the year	33,084	66,645
Closing Balance	<b>559,889</b>	<b>592,973</b>

#### 13.0 INVESTMENTS

<b>Investment in Govt. Securities</b>	<b>237,700,000</b>	<b>237,700,000</b>
Statutory Deposit with Bangladesh Bank (Note: 13.01)	15,000,000	15,000,000
Bangladesh Govt. Treasury Bond	222,700,000	222,700,000
<b>Investment in Shares</b>	<b>109,558,525</b>	<b>68,106,485</b>
Which is lower than the Cost (Note: 13.02)	109,558,525	68,106,485

<b>Investment in Others</b>	<b>111,000,000</b>	<b>91,000,000</b>
Al-Manar Hospital	21,000,000	11,000,000
Investment in Bond/ Mutual Fund (SIBL)	70,000,000	80,000,000
Nuvistia Pvt. Ltd.	20,000,000	

<b>Total</b>	<b>458,258,525</b>	<b>396,806,485</b>
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### 13.01 Statutory Deposit with Bangladesh Bank

<b>Treasury Bond</b>	<b>15,000,000</b>	<b>15,000,000</b>
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In compliance with section 7(1) of Insurance Act 1938, the amount has been deposited into Bangladesh Bank for which the Bank has issued 5 years Bangladesh Govt. Treasury Bond in favor of the Company with interest @ 11.60% per annum.

### 13.02 INVESTMENT IN SHARES AT MARKET PRICE

Name of the Company	Face Value Per Share (Tk.)	No of Unit	Avg. Cost per unit (Tk)	Cost Price (Tk.)	Market Value (Tk.)
Name of the Company	Face Value Per Share	No of Unit	Avg. Cost per unit (Tk)	Cost Price (Tk.)	Market Value (Tk.)
ADENTEL	10	18968	30.00	569,040	-
BSCCL	10	10000	150.31	1,503,100	938,000
ESQUIRENIT	10	10760	40.00	430,400	304,508
FORTUNE	10	186340	28.61	5,330,842	4,285,820
GENEXIL	10	392	8.70	3,409	26,420
New Line	10	4282	9.35	40,023	63,374
Runner Auto	10	7566	71.43	540,450	450,177
Singer BD	10	5000	202.76	1,013,814	902,000
SS Steel	10	40510	28.14	1,139,938	911,475
UPGDCL	10	1100	362.35	398,588	269,830
Zaheen Spin	10	900000	9.93	8,932,830	8,190,000
Bashundhara Paper Mills Ltd.	10	10807	80.00	864,560	497,122
Beximco	10	57726	73.08	4,218,599	796,619
Fortune	10	3895050	34.69	135,120,201	91,923,180
<b>Total</b>				<b>160,105,794</b>	<b>109,558,525</b>

#### 14.0 OUTSTANDING PREMIUM

Opening Balance	96,182,153	109,840,834
Add. Outstanding premium for the year	144,472,114	96,182,153
	<b>240,654,267</b>	<b>206,022,987</b>
Less. Realised & adjusted during the year	96,182,153	109,840,834
	<b>144,472,114</b>	<b>96,182,153</b>

#### 15.0 PROFIT, DIVIDEND & RENT ACCRUED BUT NOT DUE

Bangladesh Bank	1,000,995	1,000,995
Bangladesh Bank (BGTB)	20,796,874	12,015,643
Exim Bank Ltd.	515,271	598,665
Social Islami Bank Ltd.	289,333	89,511
Shahjalal Islami Bank Ltd.	40,685	91,116
First Security Islami Bank Ltd.	606,016	818,858
AB Bank Ltd.	486,644	1,075,693
Re-Insurance Profit Commission	2,384,764	2,384,764
Social Islami Bank Ltd. (SIBL Bond)	3,448,110	4,893,066
<b>Total</b>	<b>29,568,692</b>	<b>22,968,311</b>

#### 16.0 ADVANCES, DEPOSITS AND PREPAYMENTS

Salary (Admn.)	433,754	449,528
Office Rent	1,750,949	2,800,756
Adv. Income Tax (deduction at sources)	118,074,738	114,431,640
Development Staff	28,444,363	30,348,074
Other Dev. Expenses	410,974	415,387
Travelling & Conv. (Dev. & Admin)	154,264	75,234
Adv. Against Expenses	1,135,495	66,970
Advance Head Office Building, Land, Flat & Fixed Assets	119,860,127	105,029,033
Seminar & Conference	-	718,227
Sundry Debtors	78,231,664	49,205,868
<b>Total</b>	<b>348,496,328</b>	<b>303,540,717</b>

#### 17.0 FIXED DEPOSIT WITH BANKS

##### a) MTDR AGAINST GENERAL FUND

Exim Bank Bangladesh Ltd.	4,756,397	12,692,498
Exim Bank Bangladesh Ltd., Motijheel Branch, Dhaka.	4,756,397	12,692,498
Shahjalal Islami Bank Ltd.	-	5,246,749
Shahjalal Islami Bank Ltd., Foreign Exchange Branch, Dhaka	-	5,246,749

Social Islami Bank Ltd.	22,843,927	9,400,000
Social Islami Bank Ltd., New Eskaton Branch, Dhaka	22,843,927	9,400,000

AB Bank Ltd.	-	45,134,584
AB Bank Ltd., Islami Banking Branch,	-	45,134,584

##### b) MTDR AGAINST TAKAFUL FUND

First Security Islami Bank Ltd.	13,000,000	10,797,747
First Security Islami Bank Ltd., Mohammadpur Branch, Dhaka.	13,000,000	10,797,747
<b>Total</b>	<b>40,600,324</b>	<b>83,271,578</b>

#### 18 SND/STD & CD ACCOUNTS WITH BANKS

Bank Balances	303,537,015	437,826,175
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The bank balance consisting of number of SND/STD and number of CD Bank Accounts maintained with different banks through the country which were duly reconciled.



### 19.0 PADMA LIFE TOWER & OTHER FIXED ASSETS SCHEDULE ( At Cost less Depreciation)

		Amount in Taka	
		2019	2018
<b>A. COST:</b>			
Opening Balance		1,276,925,187	1,275,885,955
Add: Addition during the year		2,728,162	11,374,232
		<u>1,279,653,349</u>	<u>1,287,260,187</u>
Less: Disposal/ Adjustment during the year		25,860,000	10,335,000
Closing Balance		<u>1,253,793,349</u>	<u>1,276,925,187</u>
<b>B. ACCUMULATED DEPRICIATION:</b>			
Opening Balance		380,417,857	352,180,073
Add: Addition during the year		36,389,741	37,442,114
		<u>416,807,598</u>	<u>389,622,187</u>
Less: Disposal/ Adjustment during the year		23,668,096	9,204,330
Closing Balance		<u>393,139,502</u>	<u>380,417,857</u>
<b>Fixed Asset (At cost less depreciation) (A-B)</b>		<u>860,653,847</u>	<u>896,507,330</u>

Details are given in the fixed assets schedule (ANNEXURE - A).

### 20.0 PRINTING, STATIONERY & STAMPS IN HAND

Printing Materials	1,215,377	2,590,855
Stationery	-	284,581
Stamps in Hand	113,120	473,300
<b>Total</b>	<u>1,328,497</u>	<u>3,348,736</u>

### 21.0 PREMIUM INCOME LESS RE-INSURANCE

SL.	Type of Premium	Gross Premium	Re-Insurance	Net Premium
i	First year premium (Ekok Bima)	108,636,653	2,142,904	106,493,749
ii	First year premium (Khudra Bima)	23,035,129		23,035,129
iii	Renewal premium (Ekok Bima)	403,687,007		403,687,007
iv	Renewal premium (Khudra Bima)	56,161,769		56,161,769
v	Group Premium	70,588,831		70,588,831
<b>Total 2019</b>		<b>662,109,389</b>	<b>2,142,904</b>	<b>659,966,485</b>
<b>Total 2018</b>		<b>588,781,729</b>	<b>10,150,899</b>	<b>578,630,830</b>
<b>Total 2017</b>		<b>1,085,320,257</b>	<b>754,081</b>	<b>1,084,566,176</b>

### 22.0 PROFIT, DIVIDEND AND RENT

Profit on Fixed Deposit	7,720,125	10,799,693
Profit on STD A/C with Bank	3,579,247	1,145,555
Profit on BGTB	30,303,106	23,239,128
Dividend Income	3,648,297	4,911,733
Income from Office Rent	22,082,769	23,005,419
Re-Ins. Profit/Commission	2,318,323	2,384,764
Profit on Mutual Fund/Bond	-	14,183,701
<b>Total</b>	<u>69,651,867</u>	<u>79,669,993</u>

### 23.0 OTHER INCOME

Gain On Sale of Fixed Assets	12,587,538	2,078,328
Service Charge	3,171,290	262,191
Printing Materials, Forms & Stamps	243,265	528,821
Miscellaneous	10,155,972	3,242,360
Realized Gain or Loss on Share	(20,271,427)	-
<b>Total</b>	<b>5,886,638</b>	<b>6,111,700</b>

#### 24.0 CAPITAL EXPENDITURE COMMITMENT

The Board of Directors of the Company in its 126th Board Meeting held on November 23, 2014 approved for purchasing of 2 nos. of floor comprising of ( 5831.73\*2)=11,663.46 square feet @ Tk. 13,000/- per square feet from the land owner of Padma Life Tower Which comes to Tk. 15,16,24,980/-. Payment made Tk 11,00,00,000/- up to 31st December, 2018 and the balance of Tk. 4,16,24,980/- remains outstanding as on 31.12.2019.

#### 25.0 CONTINGENT LIABILITY AND CONTINGENT ASSET - BAS-37

There is no Contingent Liability and Contingent Asset of the Company as at 31.12.2019

#### 26.0 CREDIT FACILITY AVAILABLE TO THE COMPANY

There was no credit facility available to the Company under any contract as on December 31, 2019 other than trade credit available in the ordinary course of Business

#### 27.0 COMPANIES ACT 1994, SCHEDULE XI PART-II [NOTE 3 (P) (VI) 5]

i) Number of employees drawing salary above Tk.3000 per month	581	931
ii) Number of employees drawing salary below Tk.3000 per month	-	-

#### 28.0 PAYMENT IN FOREIGN CURRENCY

Payment for Re-Insurance Operation during the year.	6,743,481	5,884,422
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#### 29.0 POST BALANCE SHEET EVENTS

There is no significant event that has occurred between the Balance Sheet date and the date when the Financial Statements were authorized for issue by the Board of Directors except the following:

The company assuming significant impact of Covid-19 pandemic in its business in the subsequent period. Due to country wide lockdown business development team including the field officers had difficulties to reach existing and potential policy holder, which has adversely affected quality of business. The company is trying to overcome the challenges to maintain normal business.

### 30.0 Related Party Disclosure (IAS - 24)

As per International Accounting Standards (IAS) - 24 "Related Party Disclosure" parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the party in making financial and operating decision.

#### Related Party Transactions:

Name of the Party	Relationship	Nature of transaction	Transaction value for the year ended December 31, 2019		Balance outstanding as at December 31, 2019	
			2019	2018	2019	2018
Pavilion International Ltd.	Shareholder	Non Cost Bearing Loan	80,000,000	100,000,000	18,000,000	100,000,000
Crest Holdings Ltd.	Shareholder		80,000,000	100,000,000	18,000,000	100,000,000
Unitex LP Gas Ltd.	Shareholder		80,000,000	100,000,000	18,000,000	100,000,000
Unitex Petroleum Ltd.	Shareholder		80,000,000	100,000,000	18,000,000	100,000,000
Affinity Assets Ltd.	Shareholder		80,000,000	100,000,000	18,000,000	100,000,000

### 31.0 PAYMENTS / PERQUISITES TO DIRECTORS / OFFICERS

The aggregate amounts paid/provided during the year in respect of Directors and Officers of the Company as defined in the Securities and Exchange Rules 1987 are disclosed below:

Particulars	Amount in Taka					
	2019			2018		
	Managing Director	Directors	Officers	Managing Director	Directors	Officers
Board & Com. Meeting Fee	-	1,104,000	-	-	1,577,900	-
Basic Salary	2,022,000	-	88,420,502	3,240,000	-	107,788,052
House Rent	808,800	-	36,841,876	1,296,000	-	43,115,221
Other Allowances	539,200	-	24,930,189	864,000	-	28,743,381
<b>Total</b>	<b>3,370,000</b>	<b>1,104,000</b>	<b>150,192,567</b>	<b>5,400,000</b>	<b>1,577,900</b>	<b>179,646,654</b>

#### GENERAL

- (i) Figures have been rounded off to the nearest Taka.
- (ii) Last year's figures have been re-arranged wherever necessary to conform to the current year's presentation.

**PADMA ISLAMI LIFE INSURANCE LIMITED**  
**FIXED ASSETS SCHEDULE**  
 (At Cost less Depreciation)  
 As at December 31, 2019

SL No	Name of Assets	Cost			Depreciation Rate (%)	Depreciation				Written Down Value (Tk.)
		Opening	Addition during the year	Disposal During the Year		Opening	During the year	Disposal During the Year	Total	
1	Padma Life Tower	690,503,450	-	-	5%	185,108,366	25,269,754	-	210,378,120	480,125,330
2	Land & Land Development	286,419,904	-	-		-	-	-	-	286,419,904
3	Flat & Building	80,518,550	-	-	5%	23,555,179	2,848,169	-	26,403,348	54,115,202
4	Furniture & Fixture	56,738,896	483,205	-	15%	45,913,806	1,696,244	-	47,610,051	9,612,050
5	Office Equipment	33,971,853	750	-	15%	25,261,672	1,306,640	-	26,568,312	7,404,291
6	Office Decoration	15,769,119	964,737	-	20%	12,595,009	827,769	-	13,422,779	3,311,077
7	Motor Vehicles	101,414,339	-	25,860,000	20%	80,203,060	3,803,875	23,668,096	60,338,839	15,215,500
8	Electric Installation	3,805,254	1,257,470	-	10%	2,140,065	292,266	-	2,432,331	2,630,393
9	Telephone Installation	2,099,716	22,000	-	10%	1,241,715	88,000	-	1,329,715	792,001
10	Sign Board	5,684,106	-	-	20%	4,398,983	257,025	-	4,656,008	1,028,098
	<b>Total</b>	<b>1,276,925,187</b>	<b>2,728,162</b>	<b>25,860,000</b>		<b>380,417,857</b>	<b>36,389,741</b>	<b>23,668,096</b>	<b>393,139,503</b>	<b>860,653,846</b>

## ANNEXURE - A

Registered Office: Padma LifeTower, 115, Kazi Nazrul Islam Avenue, Dhaka-1000.

I/We.....  
of.....  
being a member of Padma Islami Life Insurance Limited do hereby appoint Mr./Mrs./Miss.....  
of.....  
as my/our Proxy to attend and vote for me/us on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the Company to be held virtual  
by using digital platform on September 26, 2020 at 11.00 am. to transact the following business.  
Signed this:.....day of .....2020.

**Revenue  
Stamp  
Tk. 20/-**

[illegible]

Dated.....

Signature Verified  
Authorized Signatory  
Padma Islami Life Insurance Ltd.



Registered Office: PadmaLifeTower, 115, Kazi Nazrul Islam Avenue, Dhaka-1000.

Name of Member/Proxy.....

[illegible]

Dated.....

bring the Attendance Slip at the Meeting.

(2) Member are also requested to note that the Annual General Meeting can only be attended by the honorable Members or properly constituted Proxy. Therefore any friend or children accompanying with honorable Members or Proxy can not be allowed into the meeting.