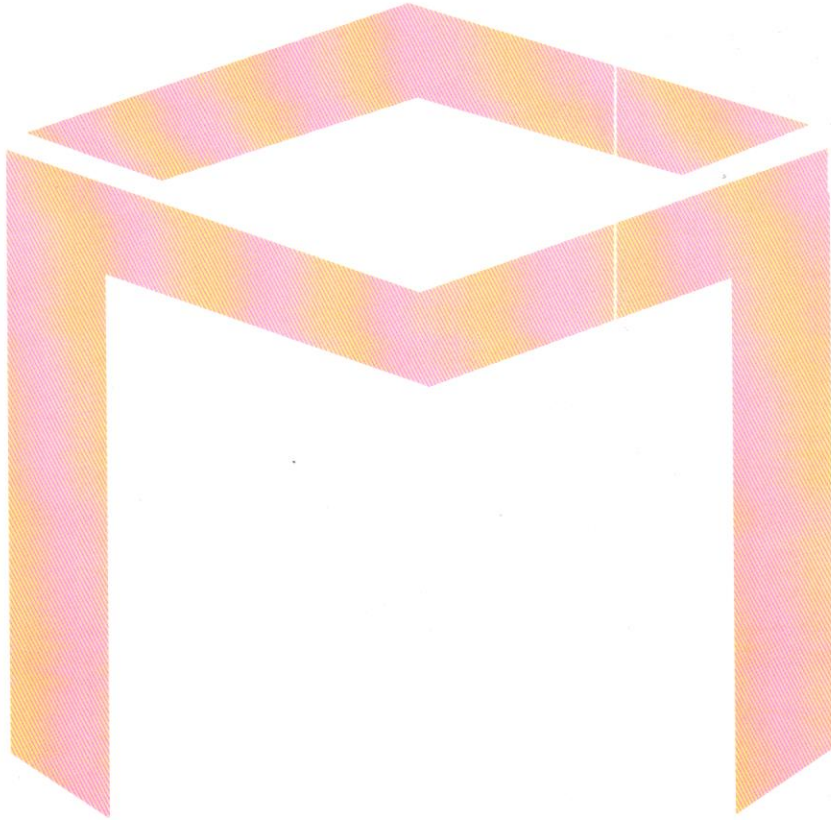


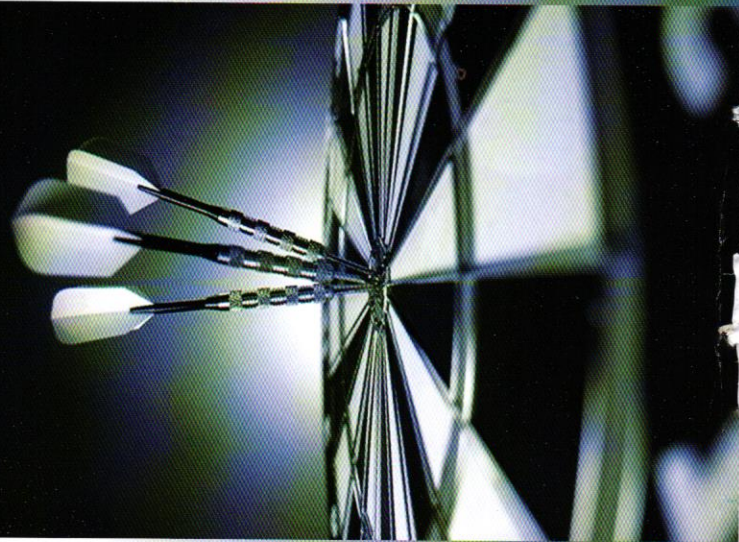
ANNUAL REPORT

2017



Meghna Insurance Company Limited
মেঘনা ইন্স্যুরেন্স কোম্পানি লিমিটেড

Mission & Vision



Vision

To be a market leader in providing integrated total quality and highest standard of insurance services in all areas of our work in order to uphold our status as one of the best service providers in the insurance industry of Bangladesh.

Mission

Our mission is to be the best performing Insurance Company in the country providing high quality product and services backed by the latest technology and a team of highly motivated personnel.

Objective

- To meet customers' demand with the utmost care.
- To provide insurance protection to eligible property holders.
- To ensure maximum protection of shareholders' investment.
- To provide secured employment environment.
- To develop corporate culture and promote good corporate governance.
- To maintain transparency in disclosures.

AT A GLANCE

2017	Gross Premium Income BDT 412.34mn(2016: BDT 471.47mn)
	Net Premium Income BDT 240.15mn(2016: BDT 353.18mn)
	Underwriting Profit BDT 33.44 mn (2016: BDT 33.06 mn)
	Earnings Per Share BDT 2.26mn(2016: BDT 1.59mn)
	Total Assets BDT 678.67mn(2016: BDT 669.32mn)
	Authorized Capital BDT (1000mn)
	Number of Branches 46

CREDIT RATING

Particulars	CLAIM PAYING ABILITY	
	2017	2016
Surveillance rating	A+	A+
Outlook	Stable	Stable

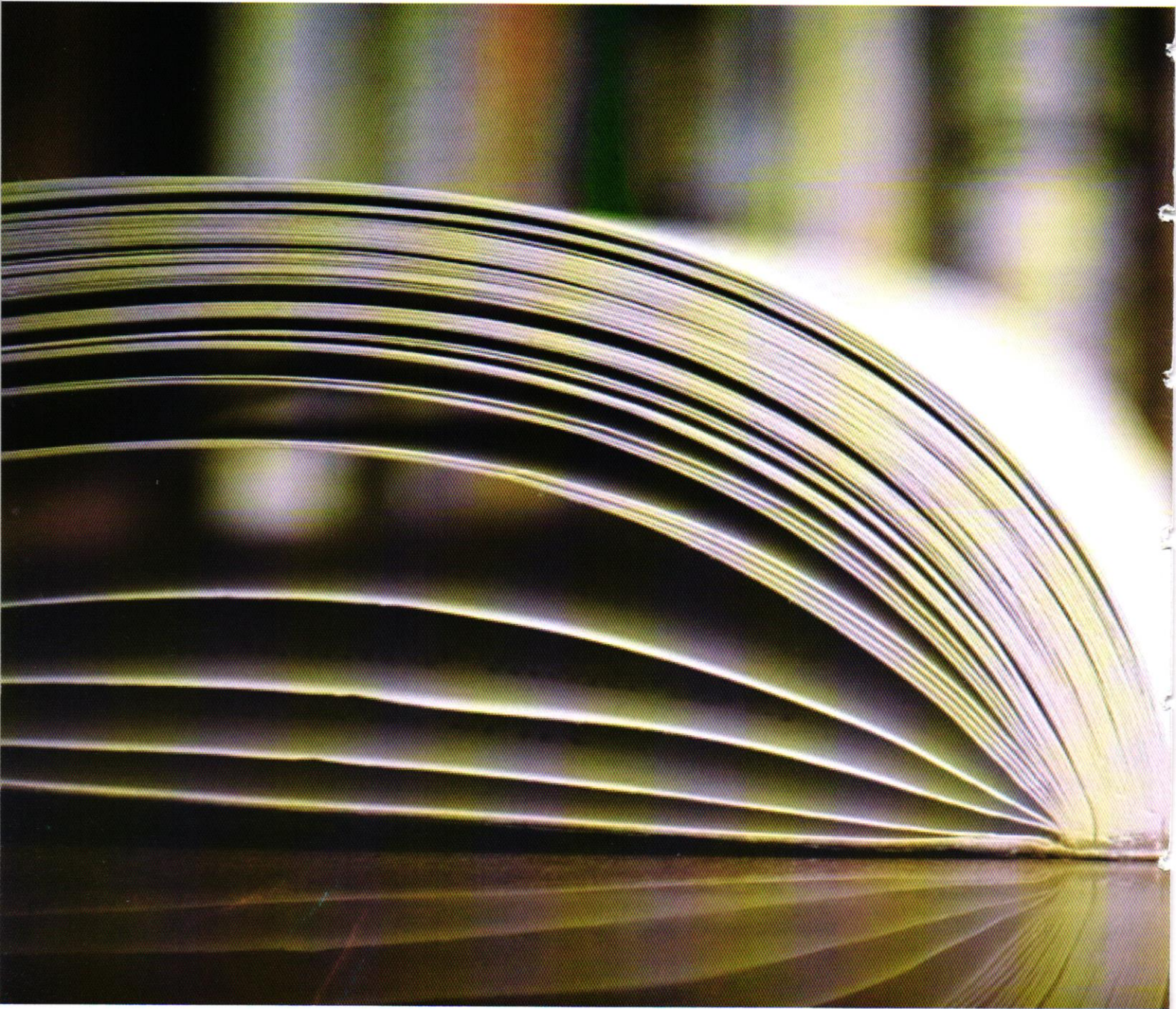


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CORPORATE INFORMATION



Chief Executive Officer (CEO)
Dr. AKM Sarwar Jahan Zamil

Name of the Company

Meghna Insurance Company Limited

Legal Form

A Public Company limited by share incorporated in Bangladesh on March 18, 1996 under the Companies Act-1994 and Insurance Act 1938.

Nature of the Business

All kinds of insurance business and indemnity business other than life

Registered Office

Banashilpa Bhaban (6th Floor)
73 Motijheel C/A, Dhaka-1000
Phone : + 880 2-9551366
Fax : + 880 2-9557796
E-mail : info@micl.com.bd
Website: www.micl.com.bd

Auditor

Fames & R
Chartered Accountants

Tax Consultant

M. Islam & Co

LET TER OF TRANSMITTAL

All Shareholders
Bangladesh Securities and Exchange Commission
Insurance Development and Regulatory Authority
Registrar of Joint Stock Companies & Firms
All Concerned Authorities

Subject: Annual Report for the year ended December 31, 2017

Dear Sir (s),

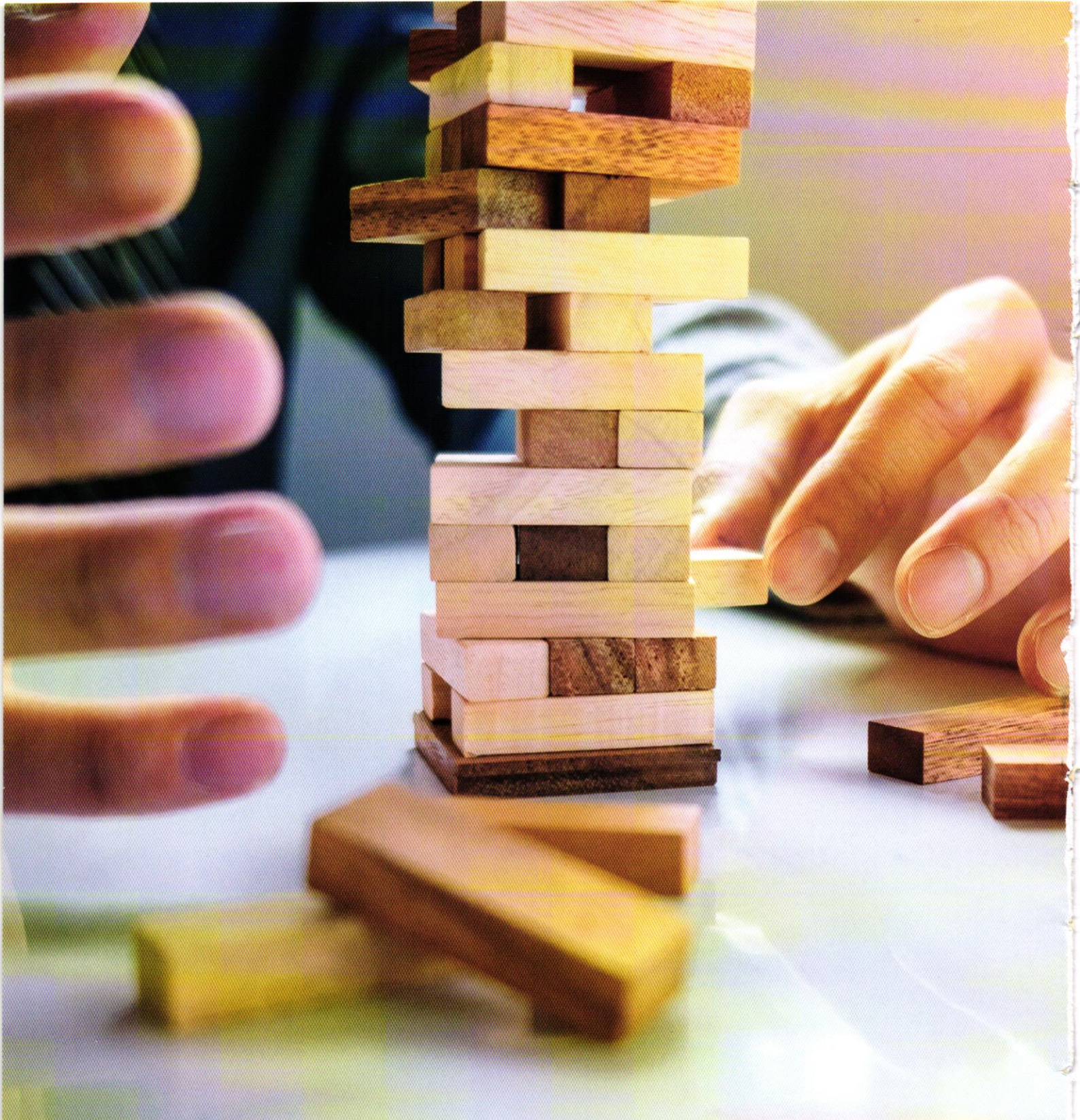
We are pleased to enclose herewith a copy of the Annual Report 2017 of Meghna Insurance Company Limited together with the Audited Financial Statements for the year ended December 31, 2017 and the reports of the Auditor and the Directors for your kind perusal and record.

Best regards

Yours faithfully,



Md. Anwar Ullah
Additional Managing Director
Company Secretary & Head of HR



MOVING FORWARD
TOGETHER



Meghna Insurance Company Limited
মেঘনা ইন্স্যুরেন্স কোম্পানি লিমিটেড

নোটিশ ২২তম বার্ষিক সাধারণ সভা


এতদ্বারা মেঘনা ইন্স্যুরেন্স কোম্পানি লিমিটেড-এর সকল সম্মানিত শেয়ারহোল্ডারগণকে জানানো যাচ্ছে যে, কোম্পানীর ২২তম বার্ষিক সাধারণ সভা আগামী সেপ্টেম্বর ১৯, ২০১৮ ইং রোজ বুধবার বেলা ১১:৩০ ঘটিকায় সিক্স সিজনস, হেমস্ট এবি (লেভেল- ২), বাড়ি- ১৯, রোড- ৯৬, গুলশান- ২, ঢাকা- ১২১২ ঠিকানায় অনুষ্ঠিত হবে। উক্ত সভার আলোচ্যসূচী নিম্নে দেয়া হলো:

আলোচ্যসূচীঃ

০১. ডিসেম্বর ৩১, ২০১৭ ইং সমাপ্ত বছরের নিরীক্ষিত আর্থিক বিবরণী, নিরীক্ষকের প্রতিবেদন এবং পরিচালক মন্ডলীর প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।
০২. ডিসেম্বর ৩১, ২০১৭ ইং সমাপ্ত বছরের লভ্যাংশ ঘোষণা সম্পর্কে আলোচনা ও সিদ্ধান্ত গ্রহণ।
০৩. ২০১৮ ইং বছরের জন্য কোম্পানীর বিধিবদ্ধ নিরীক্ষক নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।
০৪. কোম্পানীর সংঘবিধির সংশ্লিষ্ট বিধান অনুযায়ী পরিচালনা পর্ষদের সদস্যবৃন্দের অবসর গ্রহণ ও পুনঃনিয়োগের অনুমোদন।

কোম্পানীর সকল শেয়ারহোল্ডারগণকে নির্ধারিত সময়ে উক্ত সভায় উপস্থিত থাকার জন্য বিনীত অনুরোধ করা হলো।

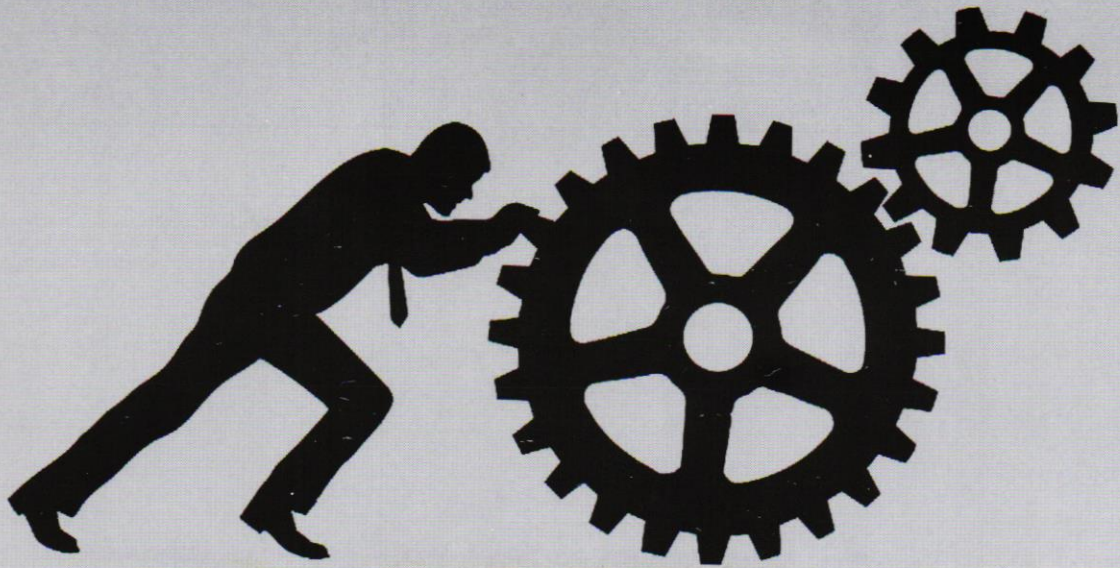
পরিচালনা পর্ষদের আদেশক্রমে


(মোঃ আনোয়ার উল্লাহ)
কোম্পানি সচিব

তারিখ: সেপ্টেম্বর ০৩, ২০১৮ ইং

দ্রষ্টব্যঃ

- (ক) কোম্পানীর শেয়ার রেজিস্টার সেপ্টেম্বর ১১, ২০১৮ ইং থেকে সেপ্টেম্বর ১৮, ২০১৮ ইং তারিখ পর্যন্ত বন্ধ থাকবে (উভয় দিন অন্তর্ভুক্ত)।
- (খ) সভায় উপস্থিত ও ভোট প্রদানের অধিকারপ্রাপ্ত সম্মানিত শেয়ারহোল্ডারগণ যদি কোন কারণে সভায় উপস্থিত হতে না পারেন তবে তিনি তার পরিবর্তে একজন অনুমোদিত প্রতিনিধি নিয়োগ করতে পারবেন। অনুমোদিত প্রতিনিধি নিয়োগের জন্য বার্ষিক সাধারণ সভা অনুষ্ঠিত হওয়ার সময়ের ৪৮ ঘণ্টা পূর্বে কোম্পানীর নিবন্ধিত অফিসে যথাযথ রাজস্ব স্ট্যাম্প সংযুক্তপূর্বক ফরম অফ প্রক্সি দাখিল করার জন্য অনুরোধ করা হলো।
- (গ) শেয়ারহোল্ডারগণের আবাসিক ঠিকানা বা যোগাযোগের ঠিকানা পরিবর্তন হলে তা কোম্পানীর নিবন্ধিত অফিস বনশিল্প ভবন (৭ম তলা), ৭৩ মতিঝিল বা/এ, ঢাকা- ১০০০ ঠিকানায় যথাসময়ে জানানোর জন্য অনুরোধ করা হলো।



CORPORATE ETHOS

Our Spirit

We undertake our quest with the enthusiasm of entrepreneurs and excited by the constant search for innovation. We value performance achieved with integrity. We will attain success as a world class leader with each and every one of our people contributing with passion and an unmatched sense of integrity.

Our Strategy

Our strategy is to build long-term partnerships with the customers/clients. With their support, we aim to maximize the potential of our business-through a combination of enhanced quality of service, creative marketing, competitive pricing and cost efficiency.

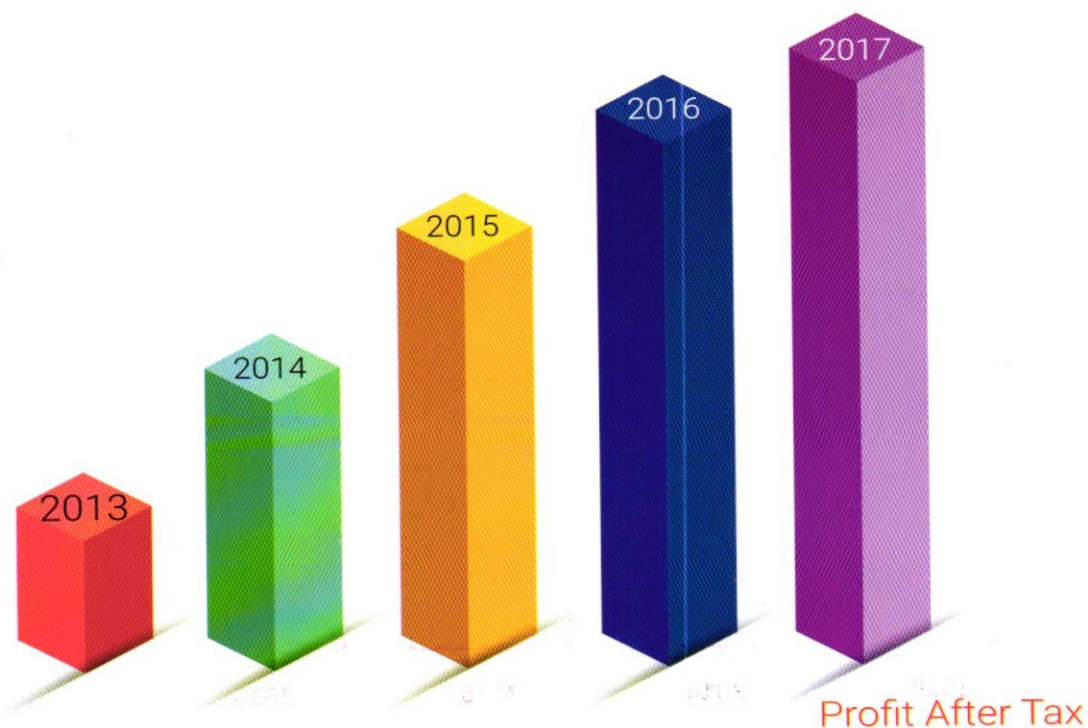
Core Value

- Integrity
- Performance
- Service
- Safety
- Responsibility
- Efficiency
- Transparency

KEY FINANCIAL HIGHLIGHTS

Annexure A
(Figure in Million)

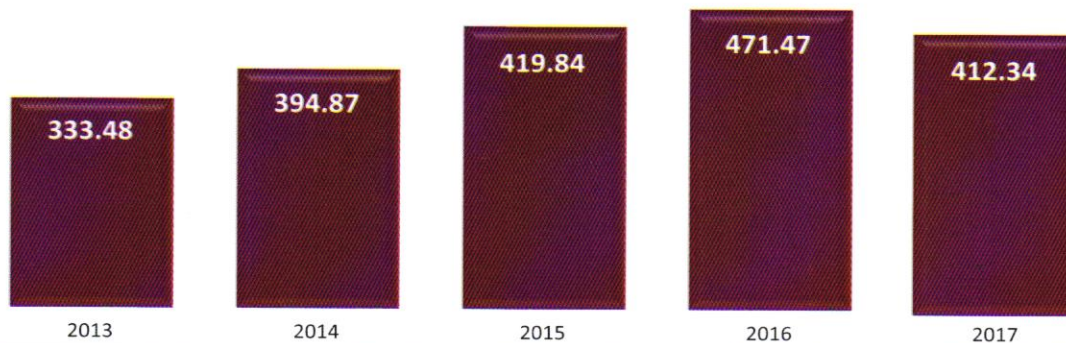
Particulars	2017	2016	2015	2014	2013
Gross Premium Income	412.34	471.47	419.84	394.87	333.48
Net Premium Income	240.15	353.18	296.83	265.57	216.26
Net Claim	8.32	13.21	12.31	4.82	33.44
Underwriting Profit	33.44	33.06	18.74	12.23	34.10
Investment Income	13.87	13.00	15.93	17.02	15.54
Profit before Tax	16.03	15.00	14.31	13.03	36.36
Profit after Tax	15.77	10.98	13.08	10.09	24.63
Paid up Capital	69.00	69.00	69.00	69.00	60.00
Share Holder's Equity	163.36	147.74	136.81	123.73	113.64
Total Liability	402.98	376.52	305.27	258.34	186.89
Total Reserve	190.50	220.13	186.56	161.07	140.84
Total Asset	678.67	669.32	564.39	491.72	391.36
Total Investment	217.64	197.11	184.47	170.36	156.78
Fixed Asset	217.86	30.68	36.16	39.26	31.58
Earning Per Share	2.26	1.59	1.93	1.79	4.11
Book Value per Share (NAVPS)	23.68	21.41	19.83	19.45	18.94



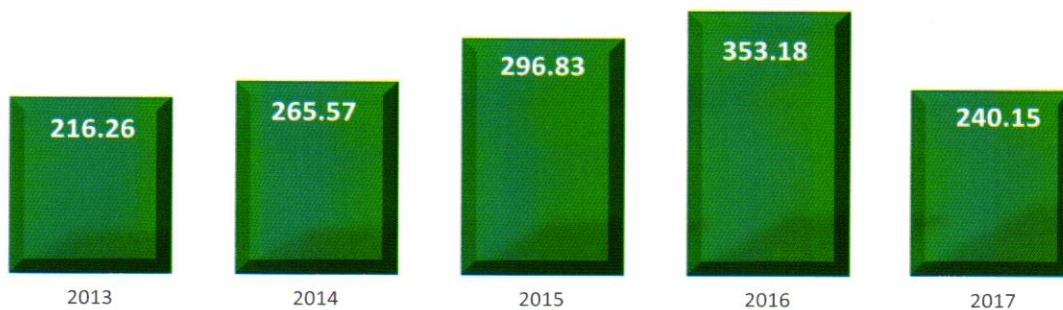
MEGHNA INSURANCE COMPANY LTD

Financial Highlights

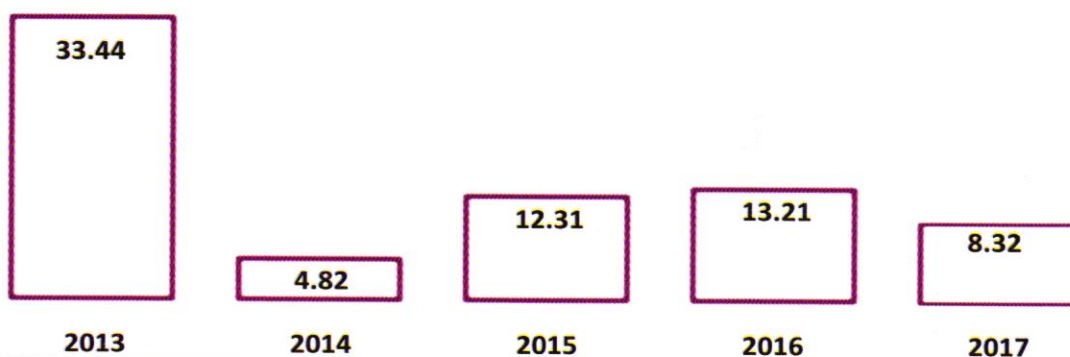
Gross Premium (Amount in million)



Net Premium (Amount in million)



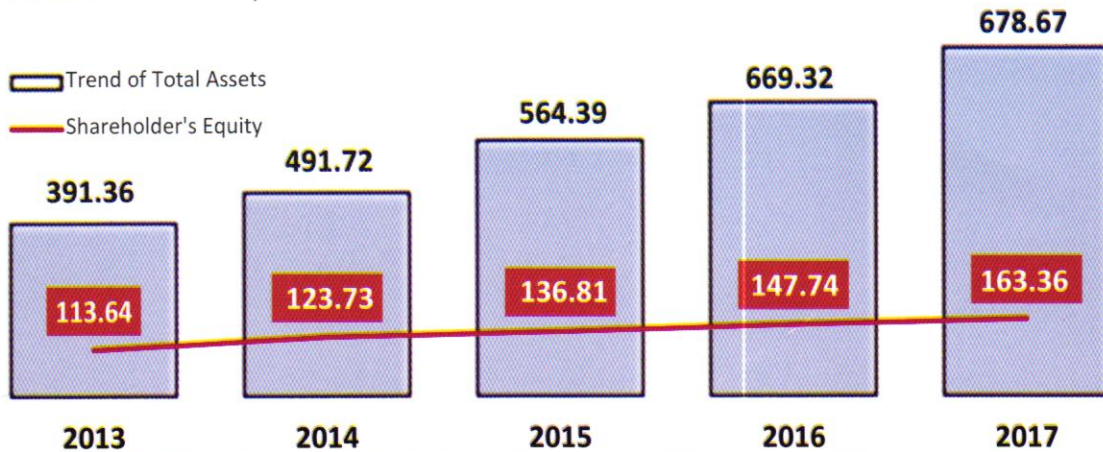
Net Claim (Amount in million)



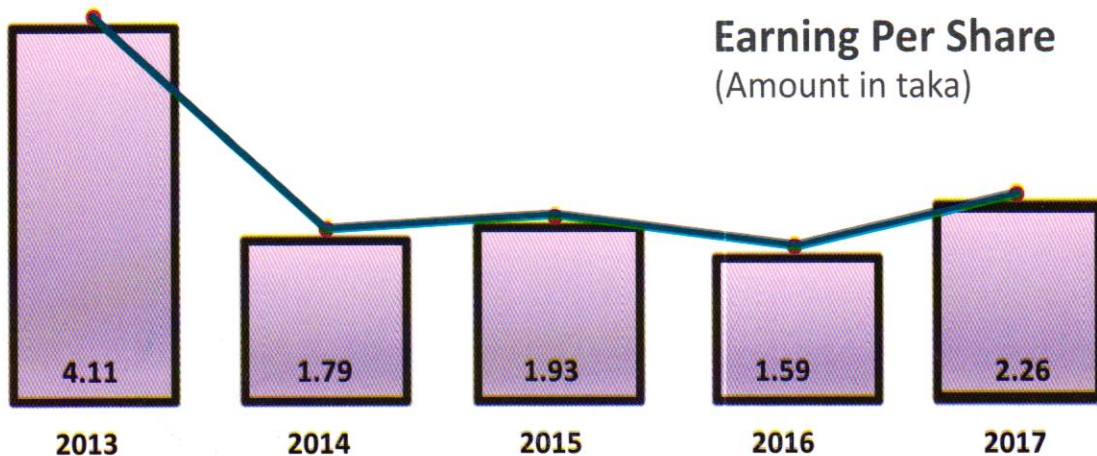
Underwriting Profit & Net Profit (Amount in million)



Total Assets & Shareholder's Equity (Amount in million)



Earning Per Share (Amount in taka)



PRODUCTS & SERVICES



Motor Insurance

Private Vehicle insurance.
Commercial Vehicle Insurance.
Motor Cycle Insurance.



Marine Insurance

Marine Cargo Insurance.
Marine Hull Insurance.
Ship Builder's Liability Insurance.
Goods in Transit Insurance.
Freight Insurance.

Fire Insurance

Fire & Allied Peril Insurance
Fire Package Insurance
Property All risks including
Machinery Breakdown &
Business Interruption.
Power Plant Operational
Package Insurance.





Engineering Insurance

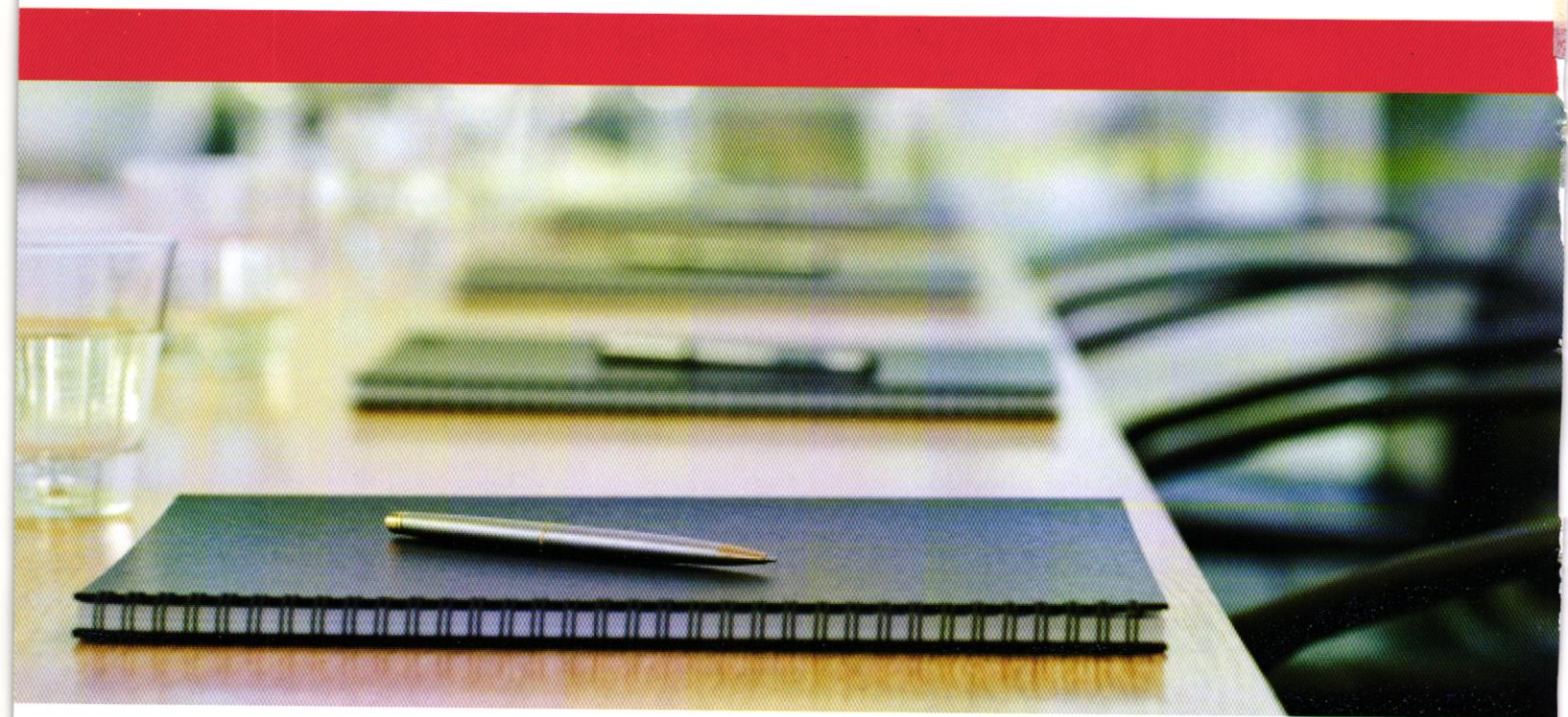
Contractors' All Risks Insurance.
Erection All Risks Insurance.
Boiler & Pressure Vessel insurance.
Machinery Breakdown Insurance.
Deterioration of Stock Insurance.
Contractors' Plant and Machinery Insurance.
Electrical Equipment Insurance.
Industrial All Risk Insurance.



Miscellaneous Insurance

Burglary & House Breaking Insurance.
Cash-in-Transit Insurance.
Cash-in-Safe Insurance.
Cash-on-Counter Insurance.
ATM Booth Insurance.
Bank Lockers Insurance.
Credit Card Fraud & Forgery Insurance.
Fidelity Guarantee Insurance.
Banker's Blanket Insurance.
Workmen's Compensation Insurance.
Personal Accident Insurance.
People's Personal Accident Insurance.
Public Liability Insurance.
Overseas Medi-Claim Insurance.
Professional Indemnity Insurance.





Board of Directors

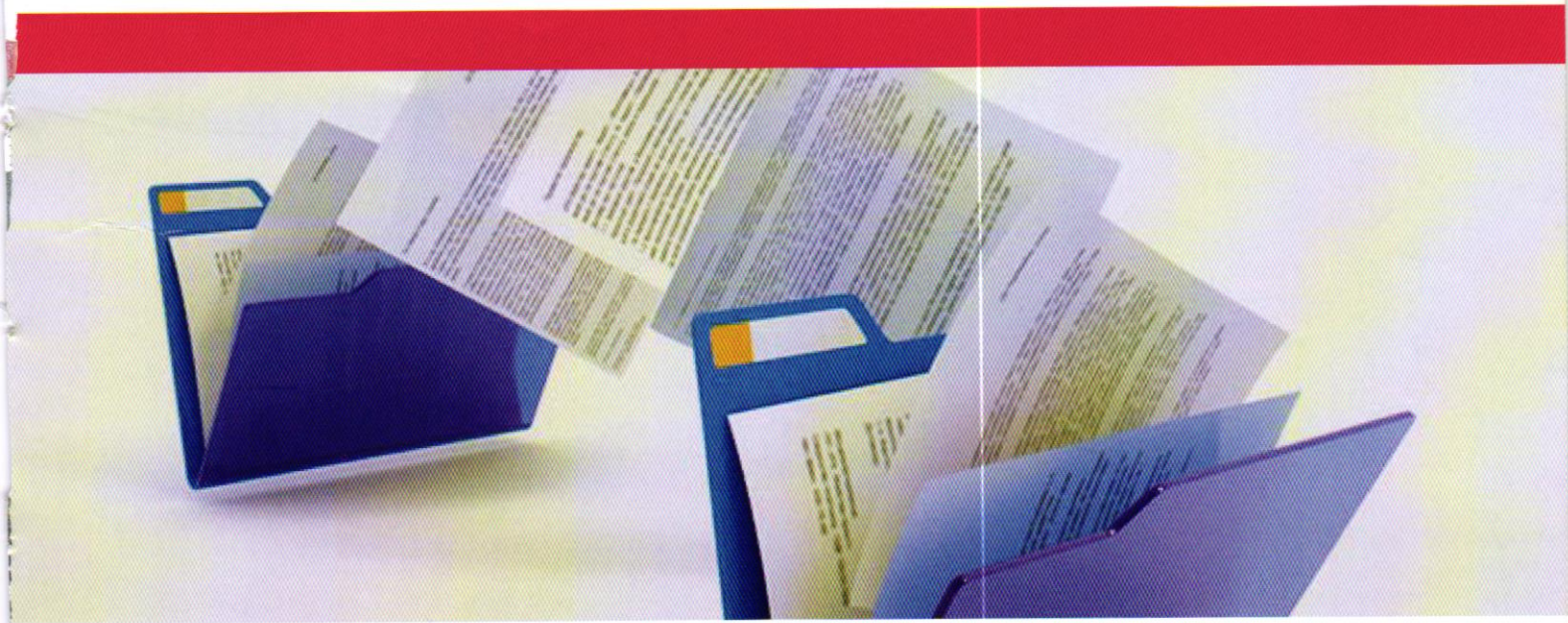
Chairperson: Sabrina Choudhury

Vice Chairman: Musfiq Rahman

Directors: Ishtiaque Ahmed Chowdhury
Col. Md. Abdul Matin (Retd.)
Manwar-Uz-Zaman
Nahid Zaman
Shahnaz Matin
Mohammed Alais Miah
Farida Akhter

Independent Directors: Mujibur Rahman Chowdhury
Saiful Islam Khan

Chief Executive Officer: Dr. AKM Sarwar Jahan Zamil



Audit Committee

Chairman : Saiful Islam Khan

Member : Sabrina Choudhury

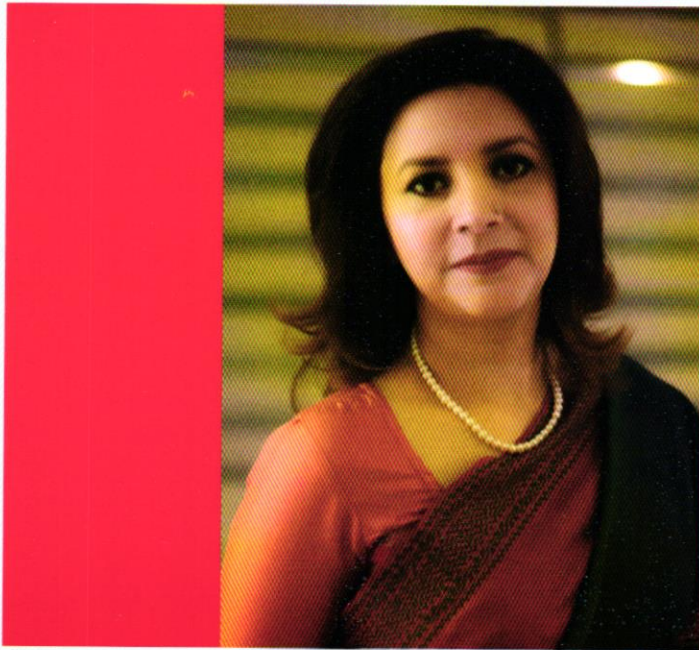
Musfiq Rahman

Col. Md. Abdul Matin (Retd)

Ishtiaque Ahmed Chowdhury

Manwar-Uz-Zaman

Dr. AKM Sarwar Jahan Zamil, CEO



CHAIRPERSON'S ROUND UP

Distinguished Shareholders

It is truly an immense pleasure for me to welcome you all to the 22nd Annual General Meeting of Meghna Insurance Company Limited on behalf of the Board of Directors. I would like to take this moment to convey my appreciation for your continued trust on us. Your cordial participation since the inception is sparkling confidence on the Company. Thank you all and wishing you a very nice day.

I always consider the Annual General Meeting (AGM) as a yearly Corporate Parliamentary system where our honorable shareholders exchange their views, share their opinions in setting strategic guidelines for the company in the upcoming years for keeping up continuous growth of the company. Perhaps, this is the reason why I always try to arrange the AGM in such a way so that we can interact with our valued Shareholders.

Over the year 2017, our company has gone through various stages adapting with the current stages of exploring modern insurance and setting up platforms for insurance businesses, focusing on insurance management. We are focused on maintaining ethical corporate governance, implementing an internal control system and risk management framework in place, and complying with legal provisions and statues. As one of the founders of the company, I'm honored indeed to have witnessed its growth and expansion towards being the company it is today.

Like the previous years the Board of Directors has allowed the Management enabling them to exercise their freedom in practicing good corporate governance all through. We played top supervisory role and guided them where necessary

I believe all you are aware that 2017 was not up to mark for the economy, the capital markets and financial services industry. Despite being a competitive and challenging year, Meghna Insurance Company Limited has once again been rated A+ (Single A plus) based on its financial statements ended 31st December 2017 stating Insurance Companies under these categories have a high capacity to meet policyholders' obligations and provide policyholders' benefits.

In line with our vision which is to prove our integrity and credibility to the clients by extending excellent services to them. I feel proud that we are now able to work in fully automated system in all our Branch Offices and provide online business support to the valued Customers. Meghna Insurance has cemented itself as a brand image through operations of an expanded network of Branches

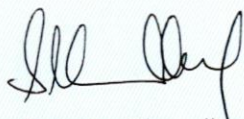
While we are encouraged by the results achieved, we equally believe that there are still much to be done, confronting challenges and opportunities ahead to scale new heights. We remain committed to the relentless pursuit of providing value-added products and services to our stakeholders and delivering profit to our shareholders in the upcoming years. You would be inspired to know that our prime objective is now to enter into the capital market through IPO. All our endeavors are concentrated to the IPO so that we can enter into IPO in the year 2019.

Looking to the future, our promises to our clients and our expectations from our shareholders, the workforce and quality services of our staff, and the prosperous economic, insurance business development make us more aware of our duties and mission. We'll remain true to our original aspiration and pursue our vision of company values.

Finally, I would like to express my profound gratitude to our valued shareholders, customers for their continued loyalty and confidence in us. We highly appreciate our regulatory bodies, well-wishers for extending co-operations, suggestions and guidance in running the business successfully. I would also like to record my sincere thanks to our employees, Management teams for their dedicated services for the growth of the Company.

I firmly believe our concerted efforts will keep uninterrupted flow of development of Meghna Insurance Company Ltd in the years to come.

Thanking you,



Sabrina Choudhury

Chairperson



Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamualikum

On behalf of Meghna Insurance Company Ltd, I would like to express my deepest appreciation for the support of our customers, business partners and all employees for their wholehearted co-operation and contribution to our organization. I am honored to report to you about the company's progress and performance during 2017 and welcome you all in the 22nd Annual General Meeting of Meghna Insurance Company Limited.

During 2017, the Company earned gross premium of Tk. 412.34 million. Underwriting profit achieved by the Company was Tk. 33.44 million as against Tk. 33.06 million in 2016. The underwriting result along with income from investment despite having tough competitive insurance market and investment scenario has exhibited positive growth.

Our Company celebrates another eventful and exciting year and has achieved outstanding performance during the year 2017 compared to the market in terms of quantitative and qualitative aspects. No doubt we have to encounter various predicaments resulting from volatile business scenario and uncertainties, yet we have attained success in almost all areas of our activities.

You will be glad to know that Meghna Insurance Company is being run with a difference, which is evident in ensuring Services First, Operational Excellence, Customer Focus, Risk Management, IT Solution, New Business Development, Operating Procedure and Training, Highly complied transparent and Corporate Governance and last but not the least wealth maximization. One of our aims in this context is to secure the confidence of investors, clients, employees and the general public in our corporate activities bringing about improved operational and internal management system.

We are looking at restructuring our human resources, encouraging re-skilling and individual functional expertise. This will help us to enhance our human resource productivity on the one hand while also helping us to preserve the qualitative improvement on the other. With a view to building up efficient trained manpower, we send our staff on regular basis to participate in many Courses organized by Bangladesh Insurance Association, Bangladesh Insurance Academy, BIPD, Academy for Learning etc. Money Laundering, an area which has been given much emphasis by the Central Bank, is being taken adequate care by arranging various training of the staff and other concerned associates in this regard.

We believe that improved service levels, good corporate governance practices and compliance of rules and regulations can have a significant impact on the company's sustainability.

Meghna Insurance Company Limited has been functioning actively as per directives from the Insurance Development and Regulatory Authority (IDRA), abiding by the prudential rules and regulations. Our IT infrastructure has further been strengthened to provide the clients with services under automation system. Also our web based communication system has been improved so that our valued clients get their respective services promptly that saves time and energy.

We would like to express our gratitude and regards to respected hon'ble Chairperson and members of Board who have been always providing their support and guidance with their expert and prudent knowledge, expertise and vision during the last twenty years. We would also like to express our gratitude to our valued shareholders for their best co-operation and confidence.

Thanking you



Dr. AKM Sarwar Jahan Zamil

Chief Executive Officer



REPORT OF THE BOARD OF
DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders

Assalamu Alaikum

On behalf of the Board of Directors of Meghna Insurance Company Limited, I would like to welcome you to the 22nd Annual General Meeting (AGM) of the Company. I would also like to express my heartfelt gratitude to you for your continuous support, co-operation and trust placed on us. I am very happy to place before you the Directors' Report along with Audited Financial Statements and the Auditors, Report for the year ended 31st December, 2017 for your review.

The Global Economy

According to the latest projections, world economic growth is projected to pick up to 2.7 percent in 2017 from a sluggish rate of 2.3 percent last year. Advanced-economy growth is expected to recover moderately to 1.8 percent in 2017. In the Euro Area and Japan, supportive monetary and, to a lesser extent, fiscal policies should help support activity this year. In emerging and developing economies, growth is projected to accelerate to 4.2 percent in 2017 from 3.4 percent in 2016. With the recovery in commodity prices, particularly oil, the divergence in growth outlooks between commodity exporters and importers is set to narrow. In China, growth is projected to moderate to 6.5 percent in 2017. This outlook reflects soft external demand, heightened uncertainty about global trade, and slower private investment. The new U.S. administration is expected to diverge sharply from the policy path trod by its predecessor. Because developments in the U.S. economy, the world's largest, have effects far beyond its shores, the changes in policies will likely have substantial global implications. The new policy path would also have implications for inflation and asset prices. A tightening of U.S. financial conditions, whether due to faster-than-expected U.S. Federal Reserve policy tightening or other reasons, would be felt across global financial markets, and could have adverse effects on emerging and developing economies that rely heavily on external financing. Until specific proposals are known, it is difficult to comprehensively assess the overall impact of these policy changes on U.S. and global activity. But, whatever course the United States eventually charts, a protracted period of uncertainty about economic policy direction by itself would be a drag on global growth and investment. Another significant concern clouding the outlook is the substantial slowdown in investment growth in emerging market and developing economies in recent years. Investment growth in these economies has tumbled from 10 percent, on average, in 2010 to about 3.5 percent in 2016.

The weakness in investment has been most pronounced in the largest emerging markets and commodity-exporting emerging and developing economies, but has now spread to the majority of these economies. In fact, investment growth is below its long-term average in the greatest number of countries in last 25 years, except during serious global downturns.

The Bangladesh Economy and Business Environment

Bangladesh's economy for the next two fiscal years is pinning hopes on strong domestic demand, exports, investment and remittance. Activity in the country would grow at an average of 6.7 percent a year over fiscals 2018-2020, benefiting from strong domestic demand and strengthening exports. Low interest rates and improved infrastructure are expected to lift investment. Remittances are expected to rebound as growth firms up in Gulf Cooperation Council countries. The government has set a target of 7.4 percent GDP growth for the current fiscal year. The country's economy is projected to grow 6.4 percent in 2017-18. Commodity importers across Asia continued to register solid growth, in line with potential rates, supported by robust domestic demand and strengthening exports.

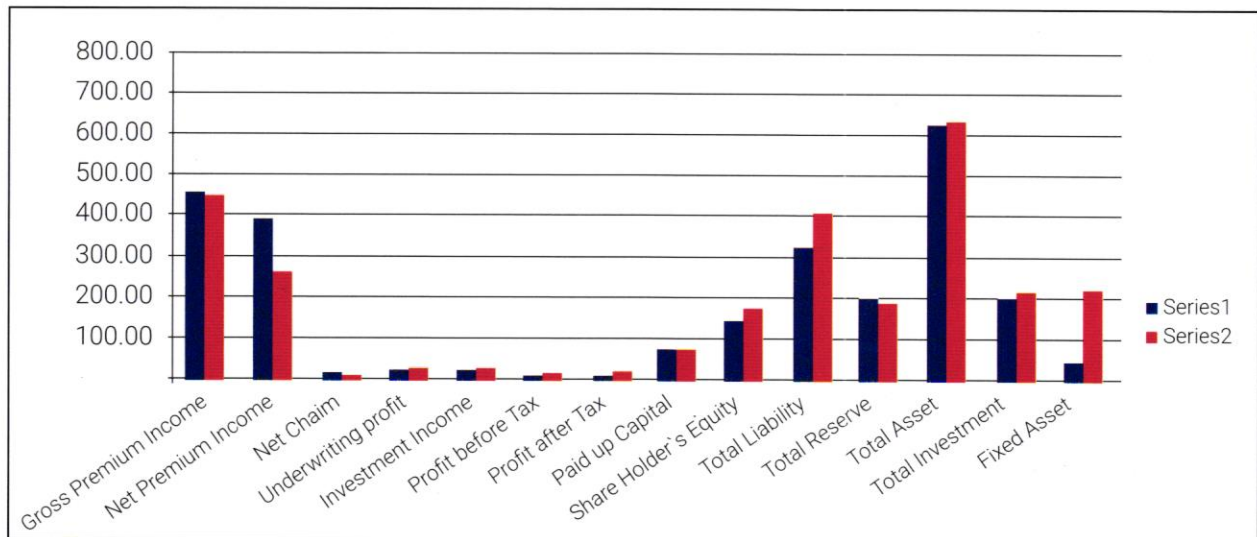
Main downside risks to the outlook for Bangladesh include fiscal slippages and a setback in implementation of reforms to improve corporate and financial sector balance sheets. Balance sheet weakness for corporate continued to weigh on private investment as corporate debt overhangs and high levels of non-performing loans have been long-standing concerns in the country. Remittance inflows have been subdued recently due to fiscal consolidation and growth slowdowns in the Middle East, which constitutes roughly half of remittances to South Asia. A protracted slowdown in remittance inflows would weigh on domestic consumption in countries such as Bangladesh. Growth in potential output (full-employment output) is languishing below its longer-term and pre-crisis average both globally and among emerging market and developing economies. The economy benefitted from a number of advantages from the perspective of macroeconomic management that were sustained from the previous fiscal year (FY2016-17). The resilience of Bangladesh economy has been persistently tested over time. The economy is moving forward despite global macroeconomic volatility, energy shortage and structural constraints. Bangladesh has the potential to emerge as a regional economic and logistics hub.

Global Insurance Scenario

The insurance industry is a major component of the economy by virtue of the amount of premiums it collects, the scale of its investment and, more fundamentally, the essential social and economic role it plays by covering personal and business risks. Statistics showed diverging trends in terms of premiums collected by insurance companies across countries. In just over half of the reporting countries, insurance companies experienced an increase in direct gross premiums written in real terms, irrespective of whether they engage in life or non-life insurance activities. Increases in gross claims paid in 2017 were likely due to natural disasters in some countries, such as in Canada (wildfires) and Ecuador (earthquake). In 2017, insurance companies operating non-life business (i.e. non-life insurers) exhibited positive real net investment rates of return in all reporting countries. Preliminary data for 2017 show an increase in non-life gross premiums of domestic insurance companies in 40 out of the 43 reporting countries, compared to 2016. Gross premiums of domestic insurance companies rose in real terms in 15 countries in non-life sectors (e.g. in the United States, Belgium, Finland and Norway were the only three countries in the sample where premiums declined in both sectors in real terms. The downward trend in non-life premiums in Finland is due to a change in the reporting population as a major non-life insurance company became a branch of its parent company in Sweden (and is therefore not considered a domestic company anymore in 2017). Growth rate trends were diverse in the non-life sector. Lithuania recorded the strongest growth of non-life gross premiums in real terms in 2017 (24.1%), driven by prices of motor third-party liability policies rising. By contrast, non-life gross premiums decreased the most in Bolivia in 2017 among reporting countries (-9.8%). The largest amounts of premiums were recorded in France, Germany (USD 0.2 trillion each) and the United States (USD 2.8 trillion). However, the highest growth rates were achieved by countries with lower total premiums.

Operational Result and Performance of the Company

Meghna Insurance Company Limited established in 1996 has stepped into 22 years of its successful operation. During the year under review the company achieved competitive growth in all aspects of its operation. A brief summary of operational performance and growth during the year 2017 compared to 2016 is as follows:



The underwriting profit and net profit before income tax of the company during the year 2017 were Tk 33.44 million and Tk 16.03 million respectively. According to the current trend of performance we believe that the company will be in a better position to earn a respectable profit in the next year.

Claim Settlement

The Company always attaches much importance towards prompt settlement of claims which is deemed to be the prime service rendered to the valued insured. The Company has so far settled the claims within shortest possible time on receipt of required papers/documents from the claimants and has thus built up a reputation in this regard. In the year 2017, the total claim settled in terms of value was Tk 83.18 million.

Branch Network

The Company has now been operating with 46 branches covering a wide range of commercial zones all over the country. The above branches have assisted the company to position itself to increase revenue in the coming days as well as serve the insurance needs of large section of business communities all over the country.

Corporate Governance Compliance Report

Good corporate governance is vital for efficient and effective business operation to achieve the set corporate goal. In line with the best practice, the corporate governance system and practices in MICTL are designated to ensure adequate internal control in operational activities, transparency and accountability. The Board of Directors has always emphasized that the company conducts itself as a good corporate entity and comply with corporate behavior and guidelines as well as adhere to all applicable rules and regulations. It is also ensured that duties and responsibilities are appropriately segregated among the Board, Executive Committee, Audit Committee and Management to provide sufficient check & balance and flexibility for smooth conduct of business. The Board, Executive Committee and Audit Committee provide leadership and direction to the Management, approve strategic and major policy decisions and oversee the Management to attain predetermined goals and corporate objectives of the Company.

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission (BSEC) vide notification no. SEC/CMRRCD/2006-158/134/ Admin/44, dated August 7, 2012 are being enclosed at annexure- C.

Risk Management

As an entity engaged exclusively in the business of Insurance, Meghna Insurance Company Ltd obviously has to undertake risks of diverse nature, a good number of which are peculiar to the Insurance industry. It also has to counter concerns arising out of adverse developments in the industry and economic arena. These factors can be summarized as strategic risks, underwriting risks, reinsurance risks, investment risks, liquidity risks and socio-politico-economic risks. The Company monitors such risks from time to time, keeping abreast of relevant developments and takes correctives and/or preventive measures as may be necessary to protect its interests to the fullest extent.

Corporate Social Responsibility (CSR) Activities

The company has continued its endeavors to deliver economic and social benefits to the community in discharge of its Corporate Social Responsibility (CSR) and has extended financial assistance to Management and Resources Development Initiatives.

Information Technology (IT)

Information and Communication Technology (ICT) has become indispensable for insurance companies in ensuring smooth operation and providing efficient service. MICTL has recognized this fact and the Board of Directors have adopted a comprehensive ICT policy for the company.

Meghna Insurance Company Limited has engaged highly experienced and well trained professionals for maintaining and developing the company's IT infrastructure. The IT professionals are constantly innovating and producing in-house programs to meet the needs of the company's diversified products and services. MICTL IT division has successfully completed a Wide Area Network (WAN) to connect all branch offices in greater Dhaka and Chittagong region on real time basis, thereby providing seamless connectivity and prompt clients, services.

Board Meeting and Committee Meeting

The Board of Directors is responsible for providing guidelines, policy formulation for effective and efficient operations and ensures strict Compliance with the laws of the regulatory authority. The Board has formed four committees namely, Executive Committee, Audit Committee, Claim Committee and Management Committee and delegated responsibilities as per the corporate guidelines. Meetings of different committees are held on regular basis.

Corporate and Financial Reporting Framework

The Board of Directors of MICTL, in accordance with SEC Notification No. SEC/CMMRCD/2006-158/134/Admin/44 dated August 7, 2012, confirm compliance with the financial reporting framework as follows:

We report that:

- i) The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow statements and changes in equity.
- ii) Proper books of account of the company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- iv) International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) There are no significant doubts upon the company's ability to continue as a going concern.

- vii) There are no significant deviations from last year in operating result of the company.
- viii) The key operating and financial data of preceding five years have been provided in annexure-A
- ix) During the year ended December 31, 2017 the Board of Directors held sufficient meetings and the attendance of Directors serving on the Board aggregate 80 percent of the total number of meetings.
- x) As on December 31, 2017 shareholdings pattern of the company are shown in annexure-B.

Credit Rating

The company has been assigned credit rating of A+ (Single A Plus) on the basis on its financial statements ended December 31, 2017 which indicates Insurance Companies under this category have a high capacity to meet policyholder's obligations and provide policyholder's benefits relative to other insurance companies in the same market.

Directors

In terms of the Articles 115 of the Articles of Association of the company, the following directors shall retire and they are eligible for re-election:

1. Mr. Col.Md.Abdul Matin
2. Mr.Mohammed Alais Miah
3. Ms. Farida Akhter
4. Ms. Nahid Zaman

Auditors

The Auditor of the company Fames & R Chartered Accountants will retire at the 22nd Annual General Meeting and have consented to continue for the year 2017, being eligible for re-appointment under Section 211 (3) of the companies Act-1994.

Business Prospects

You will be happy to know that the on-going program to upgrade the company's services, the Company has introduced advance training program, settlement of claims within a shortest possible time and establishment of link with forcing reinsurance etc. With the trend of economic recovery and regulatory compliance, it is expected that the company would be able to further improve its overall performance, especially in the areas of still large untapped market particularly health insurance, corporate business houses, non-traditional products like householders comprehensive insurance etc and thus increase the volume of business to a greater height. Besides we have also taken up a program to diversify investment portfolio so as to strengthen the financial base of the company.

Conclusion

The Board of Directors of the Company take this opportunity to express their sincerest thanks and deep sense of gratitude to Shareholders, Valued Clients, Patrons and well wishers for their continued support and active co-operation in building up the company. The Board also expresses their sincere gratitude to the Insurance Development and Regulatory Authority (IDRA), all concerned Government offices including Ministry of Finance, Ministry of Commerce, Sadharan Bima Corporation (SBC), Bangladesh Bank, all Commercial Banks and Financial Institutions and Bangladesh Insurance Association (BIA).

The Board would also like to take the opportunity to acknowledge and offer thanks to the executives and member of the staff for their dedicated service and hard work for the company. Our strong commitment to high standard of service and professionalism has earned for the company one of the leading positions in the insurance industry. We hope that they will continue with their sincere efforts and spirit to strive for better performance and excellence for the coming year.

May Allah bestow us His Guidance

For and on behalf of the Board of Directors



Sabrina Choudhury

Chairperson



DIRECTORS' CERTIFICATE

As per Regulations contained in the first Schedule of the Insurance Act 1938 and as per Section 63(2) of the Insurance Act 2010.

1. The Values of investments in shares and debentures have been taken at cost and the quoted value thereof mentioned wherever available.
2. The Value of all assets as shown in the Balance Sheet and classified form "AA" Annexed have been duly reviewed as at 31st December 2017 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realizable or market values under the several heading as enumerated in the annexed form.
3. All expenses of Management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine and Miscellaneous Insurance Business have been duly debited to the related Revenue Accounts and profit & loss Accounts

Chief Executive Officer

Director

Vice Chairman

Chairman



MANAGEMENT TEAM

Chief Executive Officer (CEO)

Dr. AKM Sarwar Jahan Zamil

**Additional Managing Director & Company Secretary
Head of HR & Admin**

Md. Anwar Ullah, MBA

Additional Managing Director & CFO

Md. Habib Jamal, FCA

**Assistant Managing Director
Finance & Accounts Department**

Mohammad Monir Hossain

**Senior General Manager
Claim & Re-Insurance Department**

Md. Kabir Ahmed

**General Manager
Internal Audit Department**

Shamsuddin Ahmed

**Senior Deputy General Manager
Business Promotion & Branch Control Department**

Md. Golam Al Mamun

**Assistant General Manager
Underwriting Department**

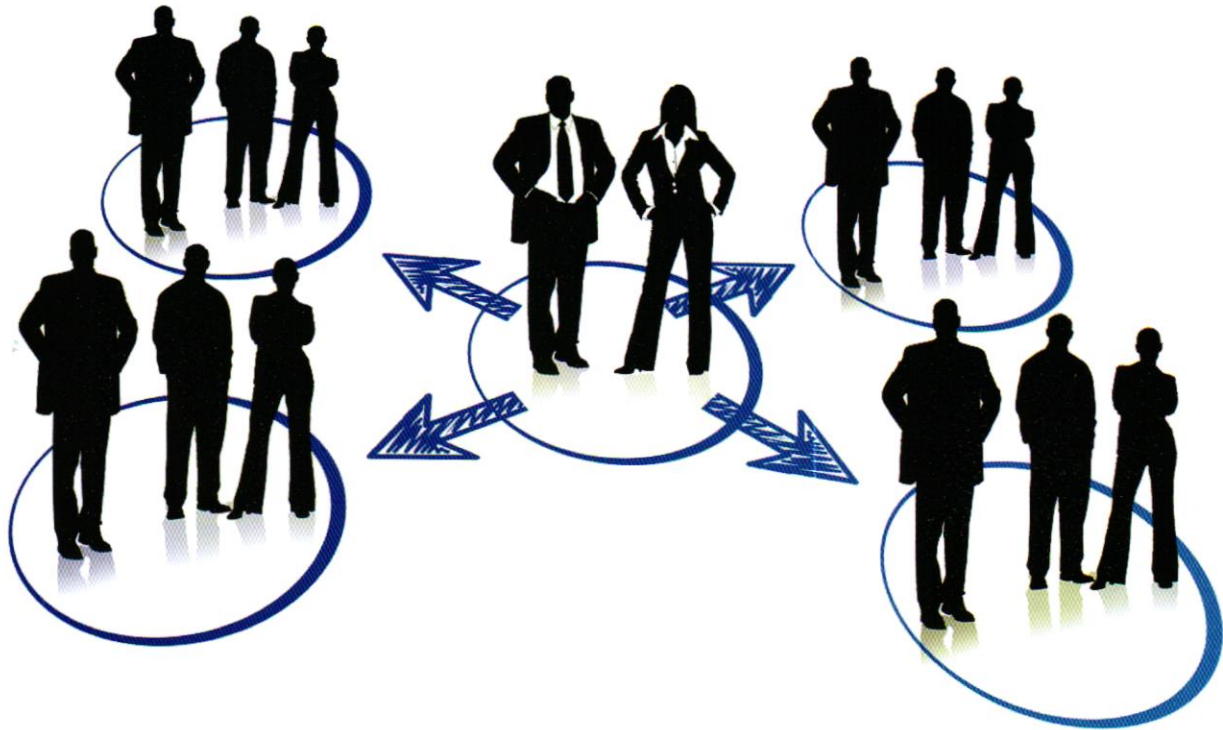
Abu Naser Miajee

**Manager
Information Technology Department**

Asheque Matin

MANAGEMENT TEAM

EXECUTIVES IN-CHARGE OF BRANCHES



Additional Managing Director

Prof. M A Zaher Chowdhury
Akbar Hossain
Khudiram Samadder
Kazi Md Azhar Hossain

Deputy Managing Director

M A Mannan
A F M Nazrul Islam
A Momen Bhuiyan
Md Shahidul Alam
Md. Golam Mostafa
B M Salim Reza
H K Afsary
Md Khalilur Rahman

Assistant Managing Director

Md Feroze Miah (Feroze Shahe)
Nasir Khan
Khairul Amin Jamil
Md. Farhad Alam
Md. Aminul Islam
Md. Jahangir Mollah

Senior General Manager

Md Shahjahan Ali
Md Delwar Hossain
Mahmud Karim
Arif M Moinuddin Chowdhury
Dipok Kumar Shaha
Md. Nurul Islam
Md. Siddikur Rahman
SM Feroz Shah
Md. Mostafa Kamal
Md. Azizul Islam

General Manager

Md Gias Uddin
Md. Mashiur Rahman Bhuiyan
Md. Zillur Rahman
Md. Nurul Islam Sheikh
Md. Mizanur Rahman
AKM Hafizur Rahman
Md. Moula Box Masum

Senior Deputy General Manager

Md. Mahbub Islam

Deputy General Manager

Joyanta Kumar Roy
S.M. Osman Ali
Md. Amir Hossain Patwary
Md. Azmal Hossain Khan
Md. Haider Ali (Tushar)

Assistant General Manager

Md. Mahbubul Alam

Senior Manager

Sujon Ahmed
Md. Ariful Islam

Manager

Md. Nurun Nabi
Md. Surut Zaman

Deputy Manager

Md. Shah Alam

PATTERN OF SHAREHOLDING

as on 31st December 2017

A. Shareholding by Companies, Directors and Shareholders:

Annexure B

Name Of Shareholders	Category	No. of Shares	Amount In Taka
Ms. Sabrina Choudhury	Director	375,500	37,55,000
Mr. Musfiq Rahman	Director	138,000	13,80,000
Ms. Farida Akhter	Director	287,500	28,75,000
Ms. Nahid Zaman	Director	138,000	13,80,000
Ms. Shahnaz Matin (nominated by M/S AA Marketing Company Ltd)	Director	289,500	28,95,000
Col.Md.Abdul Matin (nominated by M/S AA Marketing Company Ltd)	Director	Do	Do
Mr.Ishtiaque Ahmed Chowdhury (nominated by M/S. SABCO Trading Ltd)	Director	300,000	30,00,000
Mr.Mohammed Alais Miah (nominated by M/S. SABCO Trading Ltd)	Director	Do	Do
Mr.Manwar-Uz-Zaman (nominated by M/S City Capital Market Services Limited)	Director	365,000	36,50,000
Mr. Ishtiaque Ahmed Chowdhury	Individual Shareholder	300,000	30,00,000
Ms. Shahnaz Matin	Individual Shareholder	817,000	81,70,000
Ms. Jotsna Ara Begum	Individual Shareholder	575,000	57,50,000
Mr. Aiman Barik Choudhury	Individual Shareholder	228,000	22,80,000
Barrister Sadat Khan	Individual Shareholder	143,750	14,37,500
Mr. Zeeshan Khan	Individual Shareholder	143,750	14,37,500
Ms. Ainab Choudhury	Individual Shareholder	326,500	32,65,000
Mr. F.K. Patwary	Individual Shareholder	575,000	57,50,000
Mr. Zoynal Abedin Chowdhury	Individual Shareholder	287,500	28,75,000
Mrs.Marina Ahmed	Individual Shareholder	287,500	28,75,000
Mr. M.A. Hannan	Individual Shareholder	402,500	40,25,000
Mr. Abul Hashem	Individual Shareholder	402,500	40,25,000
Mr. Mohammad Enayetullah	Individual Shareholder	287,500	28,75,000
Mr. Azizul Haque	Individual Shareholder	57,500	5,75,000
Ms. Shamima Haider Chowdhury	Individual Shareholder	57,500	5,75,000
Late Abdul Wahid	Individual Shareholder	57,500	5,75,000
M/S Matsy Enterprises Ltd Chief Executive Officer	Corporate Shareholder	57,500 Nil	5,75,000 Nil

B. Shareholders by others:

Company Secretary	Nil	Nil
Chief Financial Officer	Nil	Nil
Head of Internal Audit	Nil	Nil
Parent/Subsidiary/Associate and Other related parties	Nil	Nil
Shareholding of top five executives	Nil	Nil

Compliance Report on BSEC NOTIFICATION

Annexure C

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/ admin/44 dated August 07, 2012 issued under section 2CC of the Securities and Exchange Ordinance 1969 is presented below:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.1	Board's Size: The number of the Board members of the Company shall not be less than 5 (fi ve) and more than 20 (twenty)	✓		
1.2	Independent Directors:	✓		As Per Insurance Act 2010
1.2(i)	At least one fifth (1/5) of the total number of directors in the Company's Board shall be Independent Directors			As Per Insurance Act 2010
1.2(ii)(a)	Who either does not hold share in the company or holds less than one (1%) shares of the total paid up shares of the company	✓		
1.2(ii)(b)	Who is not sponsor of the Company and is not connected with any sponsor or director or shareholder who holds one percent or more shares of the Company	✓		
1.2(ii)(c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2(ii)(d)	Who is not a member, director or offi cer of any stock exchange;	✓		
1.2(ii)(e)	Who is not a shareholder, director or offi cer of any member of stock exchange or an intermediary of the capital market;	✓		
1.2(ii)(f)	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;	✓		
1.2(ii)(g)	Who shall not be an independent director in more than 3 (three) listed companies;	✓		
1.2(ii)(h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFi);	✓		
1.2(ii)(i)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2(iii)	Independent Director(s) shall be appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM);	✓		
1.2(iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		Subsequently Complied
1.2(vi)	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.	✓		
1.3	Qualification of Independent Director (ID)	✓		
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3(ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	✓		

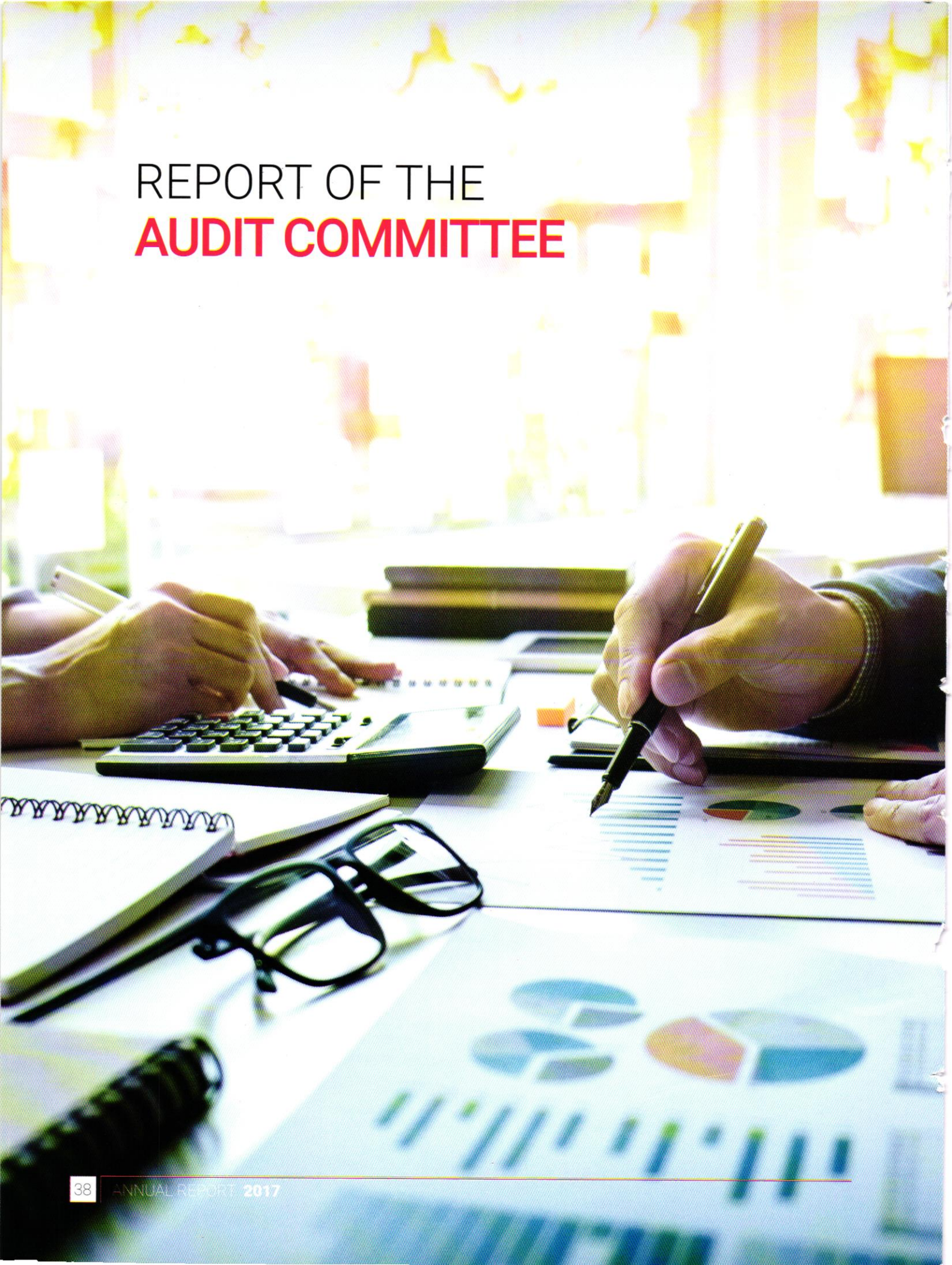
Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			No such deviation occurred
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		
1.5	Directors Report to Shareholders shall include following additional statements on			
1.5(i)	Industry outlook and possible future developments in the industry	✓		
1.5(ii)	Segment-wise or product-wise performance	✓		
1.5(iii)	Risks and concerns	✓		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss			No such item exists
1.5(vi)	Statement of all related party transactions	✓		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments			No such item exists
1.5(viii)	Annex planation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			No such event occurred
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			No such event occurred
1.5(x)	Remuneration to directors including independent directors	✓		
1.5(xi)	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)	Proper books of account of the issuer company have been maintained.	✓		
1.5(xiii)	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)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), 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)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5(xvi)	There are no significant doubts 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 thereof should be disclosed.	✓		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.			N/A
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			N/A
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.			06 Meetings with more than 50% Attendance.
1.5(xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-	✓		
1.5(xxi)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);			N/A
1.5(xxi)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5(xxi)(c)	Executives;	✓		
1.5(xxi)(d)	Share holders holding ten percent(10%) or more voting interest in the company (name wise details).	✓		
1.5(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-	✓		
1.5(xxii)(a)	A brief resume of the director;	✓		
1.5(xxii)(b)	Nature of his/her expertise in specific functional areas;	✓		
1.5(xxii)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.0	Chief Financial Officer(CFO), Head of Internal Audit and Company Secretary(CS):			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
2.2	Requirement to attend the Board Meetings: The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3.0	Audit Committee			
3.0(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3.0(ii)	The Audit Committee shall assist the Board of Directors 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.	✓		
3.0(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	Constitution of the Audit Committee			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director.	✓		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.1(iv)	Filling of casual vacancy in the Audit Committee	✓		
3.1(v)	The company secretary shall act as the secretary of the Committee	✓		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without Independent Director			N/A
3.2	Chairman of the Audit Committee			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.			N/A
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)			Will be ensured
3.3	Role of Audit Committee			
3.3(i)	Oversee the financial reporting process	✓		
3.3(ii)	Monitor choice of accounting policies and principles	✓		
3.3(iii)	Monitor Internal Control Risk management process	✓		
3.3(iv)	Oversee hiring and performance of external auditors	✓		
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval	✓		
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3(vii)	Review the adequacy of internal audit function	✓		
3.3(viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	✓		
3.3(x)	Declaration to Audit Committee by the company regarding utilization of IPO/RPO, Right issue money.			N/A
3.4	Reporting of the Audit Committee			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1(ii)(a)	Report on conflicts of interests;			No such event found
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			No such event found
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;			No such event found
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.			No such event found
3.4.2	Reporting to the Authorities: Reported to the Board of Directors about anything which has material impact on the financial condition and results of operation			No such event found
3.5	Reporting to the Shareholders and General Investors: Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii)			No such event found
4.0	External/Statutory Auditors: The issuer company should not engage its external/statutory auditors to perform the following services of the company, namely:-			
4.0(i)	Appraisal or valuation services or fairness opinions.	✓		
4.0(ii)	Financial information systems design and implementation.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4.0(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4.0(iv)	Broker-dealer services.	✓		
4.0(v)	Actuarial services.			N/A
4.0(vi)	Internal Audit service.	✓		
4.0(vii)	Any other services that the Audit Committee determines.	✓		
4.0(viii)	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.	✓		
5.0	Subsidiary Company			
5.0(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
5.0(ii)	At least 1(one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
5.0(iii)	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
5.0(iv)	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
5.0(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
6.0	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO): The CEO and CFO shall certify to the Board that -			
6.0(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief.	✓		
6.0(i)(a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6.0(i)(b)	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.	✓		
6.0(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 violation of the company's code of conduct.	✓		
7.0	Reporting and Compliance of Corporate Governance			
7.0(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.			N/A
7.0(ii)	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.	✓		

REPORT OF THE **AUDIT COMMITTEE**



Report of the AUDIT COMMITTEE

The Audit Committee held scheduled meetings throughout the year. The objectives of the meetings were to review the internal operational activities in a greater detail. During the year under review the Committee looked after the following activities:

- Regular review of the monthly, quarterly financial statements.
- Review of the internal audit department functions.
- Reviewed the internal Auditors reports and suggested appropriate actions where needed. Internal Auditors were also advised to carryout audit of all the branches in each year. Branch audit reports are required to ensure their effectiveness and suggest appropriate information where required.
- Review of the financial statements before it is placed before the auditors.
- The Audit Committee approved the internal audit plan and gave direction to the Internal Auditor where appropriate for carrying out in depth audit to ensure that the Company or its assets are not exposed to undue risk.

On behalf of the Committee



Saiful Islam Khan
Chairman
Audit Committee

AUDITORS' REPORT

AUDITORS' REPORT

TO THE SHAREHOLDERS OF MEGHNA INSURANCE COMPANY LIMITED

We have audited the accompanying financial statements of **Meghna Insurance Company Limited** which comprise the Statement of Financial Position (Balance Sheet) as at 31st December, 2017 and the Statement of Comprehensive Income (Profit and Loss Account) along with Revenue Accounts, Statement of Cash Flows, Statement of Change in Equity for the year ended 31st December 2017 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements whether due to fraud or error. In making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS) give a true and fair view of the state of the company's affairs as at 31st December 2017 and the results of its operations and cash flows for the year then ended and comply with the

Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958 and other applicable laws and regulations.

We also report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examinations of those books and (where applicable) proper returns adequate for the purpose of our audit have been received from branches not visited by us.
- (c) The company's Statement of Financial Position (Balance Sheet), Statement of Comprehensive Income (Profit and Loss Account) and Statement of Cash Flow dealt with by the report are in agreement with the books of account and returns ;
- (d) The expenditure was incurred for the purpose of the company's business.
- (e) As per Section 40C(2) of the Insurance Act 2010 as amended ,we certify the to the best of our knowledge and belief and 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 related Revenue Accounts and the Statement of Comprehensive Income (Profit and Loss Account) of the company ; and
- (f) As per regulation 11 of part 1 of the third schedule of the Insurance Act 2010 as amended, We certify that to the best of our information and shown by its books, during the year under report the company has not paid any person any commission in any from outside Bangladesh in respect of any of its business re-insurance abroad.

Dated: 29 July 2018
Place: Dhaka



FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Statement of Financial Position

As at 31 December, 2017

		Amount in Taka 2017	Amount in Taka 2016	Notes		Amount in Taka 2017	Amount in Taka 2016
Capital and liabilities							
Share Capital					Property and assets		
Authorized capital		1,000,000,000	1,000,000,000				
100,000,000 ordinary shares of Tk. 10 each	4.00				Investment:		
Issued, subscribed and paid up capital					Treasury Bond	25,000,000	25,000,000
69,000,000 ordinary shares of Tk. 10 each	4.00	69,000,000	69,000,000		Investment in shares	3,890,174	3,659,296
					Interest, dividend and rent receivable	4,313,287	3,665,411
Reserve or contingency accounts:	5.00	94,357,702	78,737,556				
Reserve for exceptional losses	5.01	76,734,663	63,734,663		Amounts due from other Persons or Bodies carrying on insurance business	73,985,366	64,044,956
Retained earnings	5.02	17,623,039	15,002,893				
					Sundry debtors	558	558
Balances of funds and accounts:	6.00	96,142,467	141,394,236		Advance, deposit & prepayments	107,740,732	325,394,097
Fire		47,063,841	41,891,187		Short term investment	188,750,000	168,450,000
Marine (Cargo)		36,915,109	50,845,962				
Marine (Hull)		137,018	198,818		Cash and cash equivalents:	54,627,232	46,838,317
Motor		10,117,678	45,366,467		Cash in hand	15,465,980	14,560,071
Miscellaneous		1,908,820	3,091,802		Cash at bank	39,161,252	32,278,246
Premium deposit	7.00	16,189,622	3,673,104				
					Property, plant & equipments	220,364,768	32,268,143
Liabilities and provisions:		402,982,326	376,515,883		Stock of printing, stationery & stamps	217,857,837	30,677,859
Estimated liability in respect of outstanding claims, whether due or intimated	8.00	75,023,780	7,707,107			2,506,931	1,590,284
Amounts due to other persons or bodies carrying on insurance business	9.00	143,882,260	212,106,082				
Long Term loan	10.00	76,577,785	81,110,017				
Short Term loan	11.00	42,363,065	-				
Sundry Creditors	12.00	13,500,176	24,227,379				
Provision for Current & Deferred Tax	13.00	51,635,260	51,365,297				
		678,672,117	669,320,778			678,672,117	669,320,778

Net Assets value per share

23.68 **21.42**

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman

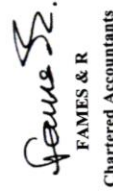

Chief Executive Officer

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018

Place: Dhaka


Director


FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Statement of Comprehensive Income

For the year ended 31 December, 2017

Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016	Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016
Expenses of management (Not applicable to any particular fund or account)	24.00	21,995,726	23,711,760	Income from Investment and Others (Not applicable to any particular fund or account)	25.00	14,502,986	14,188,808
		9,104,305	7,781,510				
Audit fees		217,380	217,350				
Depreciation		8,771,925	7,159,535				
Directors fees		115,000	404,625				
Workers' Profit Participation Fund	12.01	801,968	750,275	Profit/(loss) transferred from :		33,438,374	33,060,233
Balance for the period carried to Profit & Loss Appropriation Account		16,039,361	15,005,496	Fire insurance revenue account		18,139,451	(4,649,634)
				Marine insurance revenue account		24,213,328	22,374,798
				Marine Hull insurance revenue account		123,694	8,506,921
				Motor insurance revenue account		(9,114,761)	14,411,157
				Miscellaneous insurance revenue account		76,662	(7,583,009)
		47,941,360	47,249,041			47,941,360	47,249,041

Profit and Loss Appropriation Account
For the year ended 31 December 2017

Provision for Income Tax during the year	13.01	1,281,836	846,137	Balance brought forward from last year		15,002,893	17,075,255
Provision for Deferred tax	13.04	(1,011,873)	3,180,380	Net Profit/(Loss) for the year brought down		16,039,361	15,005,496
Reserve for exceptional losses		13,000,000	13,000,000				
Unrealised loss for Investment in share		149,252	51,341				
Balance transferred to the Statement of Financial Position (Balance Sheet)		17,623,039	15,002,893				
		31,042,253	32,080,751			31,042,253	32,080,751
Earning per share	26.00	2.26	1.59				

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman


Vice Chairman


Chief Executive Officer


Director

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018
Place: Dhaka



FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Consolidated Revenue Account
For the year ended 31 December, 2017

Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016	Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016
Claims under policies less re-insurance	28.00	83,175,562	13,205,719	Balance of account at the beginning of the year		141,394,236	118,750,450
Paid during the year		15,858,889	16,962,138	Premium less re-insurance	27.00	240,150,641	353,187,363
Add : Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated		75,023,780	7,707,107	Commission on re-insurance		26,809,803	29,906,127
		90,882,669	24,669,245				
Less: Claims outstanding at the end of the previous year		7,707,107	11,463,526				
Agent commission		57,791,720	64,352,930				
Management expenses	29.00	137,806,557	249,830,822				
Gross profit transferred to profit and loss account		33,438,374	33,060,233				
Balance of account at the end of the year as shown in the statements of financial position(Balance sheet)							
Reserve for unexpired risks being 100% for Marine Hull & 40% for other net premium income of the year		96,142,467	141,394,236				
		408,354,680	501,843,940			408,354,680	501,843,940

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman


Vice Chairman


Chief Executive Officer


Director

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018
Place: Dhaka


FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Fire Insurance Revenue Account
 For the year ended 31 December, 2017

Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016	Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016
Claims under policies less re-insurance	28.00	12,129,377	6,570,818	Balance of account at the beginning of the year		41,891,187	35,243,952
Paid during the year		(3,097,564)	11,665,133	Premium less re-insurance	27.00	117,659,603	104,727,967
Add : total estimated liability in respect of outstanding claims at the end of the period whether due or intimated		18,743,797	3,516,856	Commission on re-insurance		14,945,485	19,337,155
		15,646,233	15,181,989				
Less : Claims outstanding at the end of the previous year		3,516,856	8,611,171				
Agent commission		22,680,725	25,104,016				
Management expenses	29.00	74,482,881	90,392,688				
Profit transferred to profit and loss account		18,139,451	(4,649,634)				
Balance of account at the end of the year as shown in the statements of financial position(Balance sheet)							
Reserve for unexpired risks being 40% of net premium income of the year		47,063,841	41,891,187				
		<u>174,496,275</u>	<u>159,309,074</u>			<u>174,496,275</u>	<u>159,309,074</u>

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman


Vice Chairman


Chief Executive Officer


Director

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018
Place: Dhaka


FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Marine Cargo Insurance Revenue Account

For the year ended 31 December, 2017

Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016	Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016
Claims under policies less re-insurance	28.00	27,224,468	3,614,383	Balance of account at the beginning of the year		50,845,962	47,543,237
Paid during the year		4,543,868	3,661,858	Premium less re- insurance	27.00	92,287,773	127,114,906
Add : Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated		23,169,581	488,981	Commission on re-insurance		7,573,808	7,504,508
		27,713,449	4,150,839				
Less: Claims outstanding at the end of the previous year		488,981	536,456				
Agent commission		19,610,472	21,252,806				
Management expenses	29.00	42,744,166	84,074,702				
Profit transferred to profit and loss account		24,213,328	22,374,798				
Balance of account at the end of the year as shown in the statements of financial position(Balance sheet)							
Reserve for unexpired risks being 40% of net premium income on marine cargo of the year.		36,915,109	50,845,962				
		150,707,543	182,162,651			150,707,543	182,162,651

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman


Vice Chairman


Chief Executive Officer


Director

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018
Place: Dhaka


FAMES & R
Chartered Accountants


Meghna Insurance Company Limited
Marine Hull Insurance Revenue Account
For the year ended 31 December, 2017

Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016	Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016
Claims under policies less re-insurance	28.00	621	(8,663,095)	Balance of account at the beginning of the year		198,818	28,449
Paid during the year		621	(8,663,095)	Premium less re- insurance	27.00	137,018	198,818
Add : Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated		-	-	Commission on re-insurance		5,655	8,438
		621	(8,663,095)				
Less: Claims outstanding at the end of the previous year		-	-				
Agent commission		-	-				
Management expenses	29.00	80,158	193,061				
Profit transferred to profit and loss account		123,694	8,506,921				
Balance of account at the end of the year as shown in the statements of financial position(Balance sheet)							
Reserve for unexpired risks being 100% of net premium income on marine hull of the year		137,018	198,818				
		<u>341,491</u>	<u>235,705</u>			<u>341,491</u>	<u>235,705</u>

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:



Chairman



Vice Chairman



Chief Executive Officer

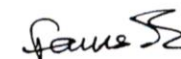


Director

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018

Place: Dhaka



FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Motor Insurance Revenue Account

For the year ended 31 December, 2017

Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016	Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016
Claims under policies less re-insurance	28.00	44,819,496	10,026,768	Balance of account at the beginning of the year		45,366,467	33,403,091
Paid during the year		14,320,364	9,731,397	Premium less re-insurance	27.00	25,294,196	113,416,168
Add: Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated		33,110,402	2,611,270	Commission on re-insurance		996,968	108,274
		47,430,766	12,342,667				
Less: Claims outstanding at the end of the previous year		2,611,270	2,315,899				
Agent commission		14,935,732	16,762,850				
Management expenses	29.00	10,899,486	60,360,291				
Profit/(loss) transferred to profit and loss account		(9,114,761)	14,411,157				
Balance of account at the end of the year as shown in the statements of financial position(Balance sheet)							
Reserve for unexpired risks being 40% of net premium income of the year		10,117,678	45,366,467				
		<u>71,657,631</u>	<u>146,927,533</u>			<u>71,657,631</u>	<u>146,927,533</u>

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman


Vice Chairman


Chief Executive Officer


Director

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018
Place: Dhaka


FAMES & R
Chartered Accountants

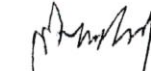
Meghna Insurance Company Limited
Miscellaneous Insurance Revenue Account

For the year ended 31 December, 2017

Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016	Particulars	Notes	Amount in Taka 2017	Amount in Taka 2016
Claims under policies less re-insurance	28.00	(998,400)	1,656,845	Balance of account at the beginning of the year		3,091,802	2,531,720
Paid during the year		91,600	566,845	Premium less re-insurance	27.00	4,772,051	7,729,504
Add: Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated		-	1,090,000	Commission on re-insurance		3,287,887	2,947,752
		91,600	1,656,845				
Less: Claims outstanding at the end of the previous year		1,090,000	-				
Agent commission		564,791	1,233,258				
Management expenses	29.00	9,599,866	14,810,080				
Profit/(loss) transferred to profit and loss account		76,662	(7,583,009)				
Balance of account at the end of the year as shown in the statements of financial position(Balance sheet)							
Reserve for unexpired risks being 40% of net premium income of the year		1,908,820	3,091,802				
		<u>11,151,740</u>	<u>13,208,976</u>			<u>11,151,740</u>	<u>13,208,976</u>

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman


Vice Chairman


Chief Executive Officer


Director

Signed in terms of our separate report of even date annexed.

Dated : 24 July 2017
Place: Dhaka


FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Statement of Change in Equity

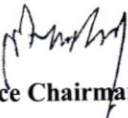
For the year ended 31 December, 2017

(Amount in Taka)

Particulars	Share Capital	Reserve for Exceptional Losses	Retained Earning	Total
Balance as on January 01, 2017	69,000,000	63,734,663	15,002,893	147,737,556
Reserve for exceptional losses for the year	-	13,000,000	(13,000,000)	-
Reserve for investment losses	-	-	(149,252)	(149,252)
Provision for income tax			(1,281,836)	(1,281,836)
Provision for deferred tax			1,011,873	1,011,873
Profit for the year	-	-	16,039,361	16,039,361
Balance as on December 31, 2017	69,000,000	76,734,663	17,623,039	163,357,702
Balance as on January 01, 2016	69,000,000	50,734,663	17,075,254	136,809,917
Reserve for exceptional losses for the year	-	13,000,000	(13,000,000)	-
Reserve for investment losses	-	-	(51,341)	(51,341)
Provision for income tax			(846,136)	(846,136)
Provision for deferred tax			(3,180,380)	(3,180,380)
Profit after tax and prior year's adjustment	-	-	15,005,496	15,005,496
Balance as on December 31, 2016	69,000,000	63,734,663	15,002,893	147,737,556

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman


Vice Chairman


Chief Executive Officer


Director

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018
Place: Dhaka


FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Statement of Cash Flow

For the year ended 31 December, 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Cash flows from operating activities :			
Receipts from premium and others		363,364,312	400,375,477
Payments for claim ,managemet expenses and other		(323,394,238)	(356,116,694)
Income from Investment and others		13,432,021	14,014,860
Income tax paid		(16,183,535)	(24,555,992)
Net Cash from operating activities		37,218,560	33,717,651
Cash flows from Investing activities :			
Acquisition of property, plant & equipment (after adjustment with advance)		47,087,662	(1,679,041)
Disposal of property, plant & equipment		170,000	-
Advance paid against purchase of office space & Others		-	(71,771,581)
Investment in share		(3,739,239)	(515,309)
Sales of Investment		3,696,423	2,127,000
Short term investment (Net)		(20,300,000)	(13,200,000)
Net Cash used in Investing activities		(67,260,478)	(85,038,931)
Cash flows from Financing activities :			
Receipt of Long Term Loan		27,000,000	52,500,000
Repayment of Long Term Loan		(31,532,232)	(7,079,262)
Receipt of Short Term Loan		54,109,929	-
Repayment of Short Term Loan		(11,746,864)	-
Net cash from financial activities		37,830,833	45,420,738
Net Increase/(Decrease) in cash & cash equivalents during the year		7,788,915	(5,900,542)
Cash and cash equivalents at the beginning of the year		46,838,317	52,738,859
Cash and cash equivalents at the end of the year		54,627,232	46,838,317
Net Operating Cash Flows per Share (NOCFS)		5.39	4.89

The annexed notes 1 to 36 form an integral part of these Financial Statements, which were approved by the Board of Directors on 29 July 2018 and were signed on its behalf by:


Chairman



Vice Chairman


Chief Executive Officer


Director

Signed in terms of our separate report of even date annexed.

Dated : 29 July 2018
Place: Dhaka


FAMES & R
Chartered Accountants

Meghna Insurance Company Limited
Notes to the Financial Statements
 For the year ended 31 December, 2017

1. The company and its activities

1.1 Legal form of the company

Meghna Insurance Company Limited was incorporated with Registrar of Joint Stock Companies & Firms, Bangladesh as a private company limited by shares bearing certificate of incorporation number C- 30434(1650)/96 March 18, 1996 under the Companies Act (XVIII)1994.

1.2 Registered office of the company

The registered office of the company is located at Banashilpa Bhaban (6th floor), 73 Motijheel C/A, Dhaka-1000.

1.3 Principal activities and nature of the business

The principal activities of the company are to carry on all kinds of insurance, guarantee and indemnity business other than life insurance business.

2. Basis of preparation and presentation of financial statements

2.1 a) Statement of compliance

The financial statements of the Company have been prepared in conformity with the Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Insurance Act 1938 (as amended in 2010), the Insurance Rules 1958, and other rules & regulations applicable in Bangladesh. The policies, wherever appropriate, are explained in the succeeding notes.

b) Compliance of Bangladesh Accounting Standards (BASs)

In preparing and presenting financial statements, considering relevant for the significant accounting issues of the company, following BASs have been implemented by the company, which were issued by the Institute of Chartered Accountants (ICAB) formulated in the light of the BASs originally issued by the International Accounting Standards Board and the conditions and practices prevailing in Bangladesh, and valid as on the balance sheet date:

SI No.	Name of BAS	No. of BAS	Status
1	Presentation of Financial Statements	1	Complied
2	Statements of Cash Flows	7	Complied
3	Accounting Policies, Changes in Accounting Estimates and Errors	8	Complied
4	Events after the Reporting Period	10	Complied
5	Income Tax	12	Complied
6	Property, plant and equipment	16	Complied
7	Revenue	18	Complied
8	Related party transaction	24	Complied
9	Financial instruments' presentation	32	Complied
10	Earnings per share	33	Complied
11	Provision, Contingent Liabilities and Contingent Assets	37	Complied

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2.2 Other regulatory compliance

The company also required to comply with the following laws and regulations in addition to the above mentioned compliances:

- i) The Income Tax Ordinance, 1984
- ii) The Income Tax Rules, 1984
- iii) The Value Added Tax Act, 1991
- iv) The Value Added Tax Rules, 1991
- v) Stamp Act, 1899

2.3 Basis of measurement

The financial statements have been prepared on Going Concern Basis and the elements of financial statements have been measured at "Historical Cost". Revenues and expenses are recognized on Accrual Basis in accordance with the Generally Accepted Accounting Principles.

2.4 Responsibility for preparation and presentation of financial statements

The board of directors 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 provisions of the framework for the "Presentation of Financial Statements" of Bangladesh Accounting Standard (BAS)-1.

2.5 Reporting period

Generally, the accounting period of the company is from January to December of every Gregorian calendar year. Here, the financial statements of the company have been prepared for the period ended 31st December, 2017.

2.6 Components of the financial statements

According to the Bangladesh Accounting Standards (BASs) 1 "Presentation of Financial Statements", the complete set of financial statements includes the following components:

- i) Statement of Financial Position (Balance Sheet)
- ii) Statement of Comprehensive Income (Profit and Loss Account)
- iii) Statement of Cash Flows
- iv) Statement of Changes in Equity
- v) Notes to the financial statements

2.7 Use of estimates and judgment

The preparation of financial statements in conformity with BASs/BFRSs require management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on going concern basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The preparation of financial statements in conformity with BASs/BFRSs require management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Meghna Insurance Company Limited
Notes to the Financial Statements

For the year ended 31 December, 2017

2.8 Functional & presentation currency

These financial statements are prepared in Bangladeshi Taka, which is the company's functional currency as well as the presentational currency.

2.9 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature of the function are presented separately unless are immaterial.

3.0 Significant accounting policies & applications

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of BAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements. Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per BAS-1.

3.1 Cash and cash equivalents

According to BAS 7 "Statement of Cash Flows", cash in hand and demand deposit, and cash equivalents are short-term highly liquid investment that are ready to convertible to known amounts to cash and which are to an insignificant risk of changes in value. BAS 1 "Presentation of Financial Statements" provides that Cash and Cash Equivalents are not restricted in use. Considering the provisions of BAS 1 and BAS 7, cash in hand and bank balances has been considered as cash and cash equivalents.

3.2 Statement of cash flows

Statement of Cash Flows has been prepared in accordance with BAS 7 "Statement of Cash Flows" and the cash flow from operating activities have been presented under direct method as considering the provision of paragraph 19 of BAS 7 which provides that "Enterprises are encouraged to report cash flow from operating activities using the direct method".

3.3 Events after the Reporting Period

In compliance with the requirements of BAS 10: Events after the Reporting period, Post balance sheet event that provide additional information about the company's position at the balance sheet date are reflected in the financial statements where applicable and events after the balance sheet date that are disclosed in the notes when material.

3.4 Non-current asset

a) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured initially at cost and subsequently at cost less accumulated depreciation in compliance with Bangladesh Accounting Standard (BAS) 16 Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any direct cost for bringing the asset to its working condition for its intended use. Expenditures incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. Software and all up gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Financial Statements

For the year ended 31 December, 2017

Subsequent expenditure on property, plant and equipment

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation

Property, plant & equipment are stated at their historical cost less accumulated depreciation and accumulated impairment loss in accordance with BAS 16 "Property, Plant and Equipment".

Depreciation is recognised in profit or loss on a diminishing balance method over the estimated useful lives of each component of an item of property, plant and equipment. For addition to property, plant and equipment, depreciation has been charged on additions from the date of the asset come in use. Land is not depreciated.

The rates at which property, plant and equipment are depreciated for current years are as follows:

Particulars	Depreciation rate
Office equipment	15%
Furniture & fixture	10%
Computer & Accessories	25%
Motor Vehicles	20%
Leasehold improvement	25%
Other assets	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Disposal of property, plant and equipment

Sales price of fixed assets are determined on the basis of fair value of the assets. Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and carrying amount of the asset and is recognized in profit or loss account as per provision of BAS 16: property, plant and equipment.

Impairment of assets

Property, plant and equipment are reviewed for impairment whenever events indicate that the carrying amount of a cash-generating unit (smallest identifiable group of assets that generates cash flows which are largely independent of the cash flows from other assets or groups of assets) may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss would be recognized in the statement of comprehensive income to the extent that the carrying value exceeds the higher of the asset's fair value less costs to sell and its value in use.

Intangible assets

Intangible assets (computer software) are recorded at historical cost less accumulated amortization, these are amortized on reducing balancing method using the rate at 25%.

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For the year ended 31 December, 2017

Intangible assets

Intangible assets (computer software) are recorded at historical cost less accumulated amortization, these are amortized on reducing balancing method using the rate at 25%.

3.5 Investment in share

Investments are initially recognized at cost including acquisition charges with the investments. After initial recognition investments in marketable ordinary shares have been valued at market price on an aggregate portfolio basis. Investment in non-marketable shares have been valued at cost. Full provision for diminution in value of shares as on closing of the year on aggregate portfolio basis is made in the financial statements.

3.6 Short term investment

The investment in fixed deposits with different banks which is not matured within the period of three months are considered as short term investment as they are not highly liquid investment with convertible to known amount to cash.

3.7 Premium and claim

The total amount of premium earned on various classes insurance business underwritten during the period has been duly accounted for in the books of account of the company and while preparing the financial statements the effect of re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the period whether due or intimated have also been reflected in order to arrive at the net underwriting profit for the period.

3.8 Revenue recognition

a) Premium recognition

Premium is recognized as revenue when it is received against any insurance policies issued after satisfying the following conditions as prescribed by BAS 18 "Revenue Recognition":

- i) The significant risks and rewards of ownership of the policies have been transferred to the policyholder;
- ii) The amount of revenue was measured reliably;
- iii) It was probable that the economic benefits relating to the transactions will flow to the company;
- iv) Neither continuing managerial involvement nor effective control usually associated with ownership of the policy was retained by the company; and
- v) Cost relating to the transactions was measured reliably.

The sum of premium income as appeared in classified Revenue Account in net of the refund made, Re-insurance ceded and Re-insurance premium on Public Sector Insurance Business (PSB). The premium in respect of the company's share of Public Sector Business (PSB) as well as re-insurance business is accounted for in the year with the relevant statements of the accounts from Shadharan Bima Corporation are received.

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Amounts received against issue of Cover Notes which have not been converted into Policy are recognized as income at the earlier of Cover Notes converted into Policy or after expiry of two years of Cover Notes in accordance with Shadharan Bima Corporation's Circular.

b) Re-insurance Commission

Re-insurance commission are recognized as revenue over the period in which the related services are performed. Necessary adjustment in respect of re-insurance ceded and accepted in Bangladesh has been made in respect of Revenue Accounts as per Agreement made between the company and Shadharan Bima Corporation (SBC).

C) Investment Income

Interest on Short Term Deposit/Fixed Deposit Receipts (FDR) and Treasury bond are recognized as revenue on accrual basis. Dividend income is recognized on accrual basis in the period in which the dividend is declared and approved in AGM whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized and loss is incurred. Interest on Fixed Deposit Interest income from fixed deposit is recognized on an accrual base in the period in which the income is accrual.

3.09 Benefits, Claims and expenses recognition

a) Gross benefits and claims

General insurance claims include all claims occurring during the year and related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous year.

b) Re-insurance Claims

Re-insurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

3.10 Employee benefit schemes

The company has a contributory provident fund for its regular employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is contributed equally by the company and the employees.

3.11 Taxation

Income tax on earnings for the year comprises current and deferred tax and is based on the applicable tax law in Bangladesh. It is recognized in the income statement as tax expense.

Current tax

Current tax is the expected tax payable on the taxable income for the year, based on tax rates (and tax law) which are enacted at the reporting date, including any adjustment for the tax payable in previous periods. Current tax for current and prior periods is recognized as a liability (or asset) to the extent that it is unpaid (or refundable). Provision for income tax has been made at best estimate keeping in view the provisions of Income Tax Ordinance 1984 and amendment made thereto from time to time. Applicable rate of income tax for the company is 42.5%.

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Deferred tax

The company has accounted for deferred tax as per BAS – 12 “Income Taxes”.

3.12 Provision, reserve and contingencies

a) Provision for outstanding claims

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date.

b) Provision for un-expired risk

Surplus/(Deficit) on Revenue Accounts has been arrived at after making necessary provision for un-expired risk @ 40% of net premium income on all business except Marine Hull insurance for which provision has been made @ 100% on net premium income concerned.

c) Reserve for exceptional losses

A statutory reserve is maintained as requirement of paragraph 6(2) of 4th schedule of the income tax ordinance 1984.

d) Unrealized gain / (loss) on investment

The company made investments in the capital market in a large portfolio. Income from such investments (realized gain and dividend received) is credited to the statement of comprehensive income. Unrealized capital gain/ loss, if any, on investment in the capital market at the year-end is provided to profit and loss appropriation account.

3.13 Allocation of total management expense

Total related management expenses have been allocated among the different Revenue Accounts as percentage basis of their respective gross premium income.

3.14 Earnings Per Share

Earnings per Share (EPS) has been calculated in accordance with Bangladesh Accounting Standard – 33 “Earnings Per Share” and shown on the face of profit and loss appropriation account and computation thereof is shown in note no. 26.

Basic Earnings Per Share:

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding for the year.

Basic Earnings:

This represents earnings for the period ended on December 31, 2017 attributable to the ordinary shareholders.

Diluted Earnings Per Share:

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future i.e, potential shares, without inflow of resources to the company against such issue. There was no such commitment during the year and accordingly no dilution is required in the year 2017.

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

3.15 Related party disclosure

As per Bangladesh Accounting Standards (BAS) 24 "Related Party Disclosures", 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 other party in making financial and operating decisions. The company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties.

3.16 Events after Reporting date

There is no material adjusting or non-adjusting events after the reporting period

3.17 Contingent liability and contingent assets

The company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements. A contingent liability is probable obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not within the control of the company or present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

3.18 Branch accounting

The company has 46 branch offices with no overseas branch as on 31st December 2017. Accounts of the branches are maintained at the head office.

3.19 Consistency of presentation

In accordance with the BFRS framework for the presentation of financial statements together with BAS 1 and BAS 8, the company applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, and amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS – 8.

3.20 Comparative Information

Comparative information has been disclosed in respect of the period ended December 31, 2017 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements.

3.21 General

Figures appearing in these Financial Statements have been rounded off to the nearest taka.

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Particulars	Amount in Taka			
	2017	2016		
4.00 Share Capital				
4.01 Authorized Capital				
100,000,000 ordinary shares of Tk 10 each	1,000,000,000	1,000,000,000		
4.02 Issued, subscribed & paid up capital				
6,900,000 ordinary shares of Tk 10 each fully paid up	69,000,000	69,000,000		
4.03 Shareholding structure				
Sponsors	69,000,000	69,000,000		
Financial and other institution (including ICB)	-	-		
General public	-	-		
	69,000,000	69,000,000		
4.04 Distribution schedule of shares				
A distribution schedule of each class of equity setting out the number of holders and percentage of holding in the different categories as on 31.12.2017 is given as follows:				
Range of share holding	No. of shares	No. of shareholders	Shareholdings %	% of total paid up capital
50001-100000	287,500	5	4.17%	4.17%
100001-150000	460,000	3	6.67%	6.67%
200001-250000	575,000	2	8.33%	8.33%
300001-350000	805,000	2	11.67%	11.67%
400001-450000	1,035,000	2	15.00%	15.00%
450001-600000	1,725,000	3	25.00%	25.00%
600001-650000	747,500	1	10.83%	10.83%
1000001-2000000	1,265,000	1	18.33%	18.33%
	6,900,000	19	100.00%	100.00%
5.00 Reserve or contingency account				
Reserve for exceptional losses [Note No. : 5.01]			76,734,663	63,734,663
Retained earnings [Note No. : 5.02]			17,623,039	15,002,893
			94,357,702	78,737,556
5.01 Reserve for Exceptional losses				
Opening balance			63,734,663	50,734,663
Addition during the year			13,000,000	13,000,000
			76,734,663	63,734,663
This represent profit set-aside up to the period under review as expenses to meet exceptional losses. This reserve has been created as requirement of paragraph6(2) of 4th Schedule of the Income Tax Ordinance 1984				
5.02 Retained earnings				
Balance brought forward from last year			15,002,893	17,075,254
Add: Net profit during the year			16,039,361	15,005,497
			31,042,254	32,080,751
Less: Provision for income tax			1,281,836	846,137
Provision for deferred tax			(1,011,873)	3,180,380
Unrealised loss for Investment in share			149,252	51,341
Reserve for exceptional losses			13,000,000	13,000,000
			17,623,039	15,002,893
Surplus carried forward				

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Particulars	Amount in Taka	
	2017	2016
6.00 Balances of fund & accounts		
Fire insurance business	47,063,841	41,891,187
Marine insurance business (Cargo)	36,915,109	50,845,962
Marine insurance business (Hull)	137,018	198,818
Motor insurance business	10,117,678	45,366,467
Miscellaneous insurance business	1,908,820	3,091,802
	96,142,467	141,394,236

These balances of fund have been arrived at after making necessary provision for un-expired risk based on following percentages on premium income excluding Public Sector Business at the following rates.

Particulars	Net Premium (without SBC)	%	Balance of Fund	
			31.12.17	31.12.16
Fire insurance business	117,659,603	40%	47,063,841	41,891,187
Marine insurance business (Cargo)	92,287,773	40%	36,915,109	50,845,962
Marine insurance business (Hull)	137,018	100%	137,018	198,818
Motor insurance business	25,294,196	40%	10,117,678	45,366,467
Miscellaneous insurance business	4,772,051	40%	1,908,820	3,091,802
	240,150,641		96,142,467	141,394,236

7.00 Premium deposit

Marine cargo	16,189,622	3,673,104
	16,189,622	3,673,104

This amount represents the un-adjusted balance of premium as received against cover notes over the years which no policy has been issued upto the end of the period.

8.00 Estimated liability in respect of outstanding claims claims whether due or intimated

The break-up of the amount is noted below:

Fire	18,743,797	3,516,856
Marine (Cargo)	23,169,581	488,981
Marine (Hull)	-	-
Motor	33,110,402	2,611,270
Miscellaneous	-	1,090,000
	75,023,780	7,707,107

9.00 Amount due to other persons or bodies carrying on insurance business

Amount due to SBC	143,882,260	212,106,082
Payable against co-insurance premium	-	-
Overseas re-insurer	-	-
	143,882,260	212,106,082

private sector insurance companies on account of re-insurance and co-insurance premium as December 31, 2017

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Particulars	Amount in Taka	
	2017	2016
10.00 Long term loan		
Opening balance	81,110,017	35,689,279
Add: Loan taken during the year	27,000,000	52,500,000
	108,110,017	88,189,279
Less: Loan repaid during the year	31,532,232	7,079,262
Closing balance	76,577,785	81,110,017
This represents loan from IDLC Finance Ltd which is repayable within 7 years .The loan is secured against registered mortgage of Flat valued Tk.180,607,468.		
11.00 Short term loan :		
Opening balance	-	-
Add: Loan taken during the year	54,109,929	-
	54,109,929	-
Less: Loan repaid during the year	11,746,864	-
Closing balance	42,363,065	-
Details of short term loan is as under		
Short term loan with SIBL	4,890,921	
Short term loan with BASIC	8,852,975	
Short term loan with IFIC	5,401,396	
Short term loan with Bank Asia	6,048,783	
Short term loan with Al Arafah	9,240,793	
Short term loan with Southeast	3,730,925	
Short term loan with Exim	4,197,272	
	42,363,065	
The loan is secured against lien of fixed deposit.		
12.00 Sundry Creditors		
Salary payable	186,628	2,277,541
Audit fees payable	170,100	170,100
Office rent payable	590,883	470,042
Others bill payable	497,866	497,866
Stamp payable	700,000	900,000
Provision for company con. to PF.	1,988,961	1,918,645
Provision for employee con. to PF.	281,056	1,809,413
Tax payable against salary	373,712	189,570
Tax payable against office rent	-	666,446
Tax payable - Survey fee	-	427,888
Tax payable - Advertisement	48,526	8,209
Tax payable at source	-	556,829
Tax payable-Printing	108,021	108,215
Tax payable - Agent commission	2,900,000	5,150,337
VAT payable - Survey fee	-	691,347
VAT payable - Printing	-	583,304
VAT payable - Advertisement	-	82,760
VAT payable -Office rent	-	1,804,579
VAT payable-Postage	3,692	4,058
VAT payable at source	-	967,886
VAT payable - Premium	2,601,620	2,417,869
Security Deposit	130,000	100,000
Excess Deposit	-	307,333
Payable against Contribution to WPPF	12.01	2,919,111
		2,117,143
		13,500,176
		24,227,380

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Particulars	Amount in Taka				
	2017	2016			
12.01 Contribution to WPPF					
This is made up as follows:					
Opening Balance	2,117,143	1,366,869			
Add: Contribution this year	801,968	750,275			
	2,919,111	2,117,143			
Profit before WPPF	16,841,329	15,755,771			
Contribution to WPPF	801,968	750,275			
The amount is computed @ 5% of net profit before Income Tax (but after charging such contribution) as per provision of Bangladesh labour Law,2006 (as amended in July 2013) has been provided in the year.					
12.02 Allocation of WPPF					
A.Workers' Participation Fund (80%)	2,335,289	1,693,715			
B.Workers' Welfare Fund (10%)	291,911	211,714			
C.Bangladesh Labour Welfare Foundation (10%)	291,911	211,714			
	2,919,111	2,117,143			
	2017	2016			
13.00 Provision for income tax					
Current tax	49,208,145	47,926,309			
Deferred tax	2,427,116	3,438,988			
	51,635,260	51,365,297			
13.01 Provision for current income tax					
Opening Balance	47,926,309	47,080,172			
Add: Addition during the year [Note - 13.02]	1,281,836	846,137			
	49,208,145	47,926,309			
Less: Adjustment during the year	-	-			
	49,208,145	47,926,309			
13.02 Provision for current income tax during the year					
	Income in Taka				
Classes of income	2017	2016	Tax Rate		
Business income	2,995,393	1,977,943	42.50%	1,273,042	840,627
Dividend income	43,968	27,550	20.00%	8,794	5,510
Share income	-	-	10.00%	-	-
				1,281,836	846,137
13.03 Provision for deferred income tax					
Opening Balance				3,438,988	258,608
Add: Addition during the year				(1,011,873)	3,180,380
				2,427,116	3,438,988
Less: Adjustment during the year				-	-
				2,427,116	3,438,988

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Particulars	Amount in Taka	
	2017	2016

13.04 Deferred Tax Liability

a Deferred Tax liability is arrived at as follows:

Particulars	Amount (Taka) 31.12.2017	Amount (Taka) 31.12.2016
Book Value of Depreciable Fixed Assets	217,857,837	30,677,859
Less: Tax base Value	212,146,977	22,586,122
Taxable Temporary difference	5,710,860	8,091,737
Book value of Gratuity Payable	-	-
Less: Tax base Value	-	-
Deductible Temporary difference		
Net Taxable Temporary Difference	5,710,860	8,091,737
Applicable Tax Rate	42.50%	42.50%
Deferred Tax Liabilities	2,427,115	3,438,988

b Deferred Tax Expenses/Income

Particulars	Amount (Taka) 31.12.2017	Amount (Taka) 31.12.2016
Closing Deferred Tax Liabilities	2,427,115	3,438,988
Opening Deferred Tax Liabilities	3,438,988	258,608
Deferred Tax Expenses/ (Income)	(1,011,873)	3,180,380

13.05 Status of income tax assessment:

Accounting year	Assessment year	Position
2008	2009-10	Reference case to High Court
2009	2010-11	Reference case to High Court
2010	2011-12	Reference case to High Court
2011	2012-13	Reference case to High Court
2012	2013-14	Reference case to High Court
2013	2014-15	Reference case to High Court
2014	2015-16	Reference case to High Court
2015	2016-17	Appeal before Commissioner
2016	2017-18	Assessment under process

14.00 Property, plant and equipment

A. Cost

Opening balance	76,669,453	74,990,412
Add: Addition during the period	196,036,127	1,679,041
	272,705,580	76,669,453
Less: Sales during the period	164,500	-
	272,541,080	76,669,453

B. Accumulated depreciation

Opening balance	45,991,594	38,832,059
Add: Charged during the period	8,771,925	7,159,535
	54,763,519	45,991,594
Less: Adjustment during the period	80,276	-
	54,683,243	45,991,594

C. Written down value (A-B)

	217,857,837	30,677,859
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A schedule of property, plant and equipment is given in Annexure - A.

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Particulars	Amount in Taka	
	2017	2016
15.00 Investment in Treasury Bond		
National Investment Bond	25,000,000	25,000,000
	25,000,000	25,000,000

This amount represents investment in 5 years National Investment Bond at the simple interest rate of 8.35% p.a. which is considered as statutory deposit under Insurance Act, 1938.

16.00 Stock of printing, stationery & stamps		
Stationery	848,045	956,538
Insurance stamp	1,658,886	633,746
	2,506,931	1,590,284

17.00 Amount due from other persons or bodies carrying on insurance business		
Receivable from Sadharan Bima Corporation	73,985,366	64,044,956
Co-insurance premium receivable	-	-
Co-insurance claim receivable	-	-
	73,985,366	64,044,956

This amount represents the receivable from commission, claim and other receivable from Sadharan Bima Corporation as on December 31, 2017

18.00 Investment in shares

This represents company's investment in shares of the following public limited company:

Particulars	Amount in Taka	
	2017	2016
BSCCL	3,158,984	3,308,236
National Feed Mills Ltd.	-	62,260
ICLFORMULA	-	288,800
Natinal Tubes	731,190	-
	3,890,174	3,659,296

Value of shares have been shown at cost or market price which ever is lower. Unrealized loss has been charged in Profit & Loss appropriation account.

19.00 Sundry debtors

The balance is made up as under:

Green Delta Financial Services	558	558
	558	558

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Particulars	Amount in Taka	
	2017	2016
20.00 Advance, deposit & prepayments		
Advance against office space purchased	-	151,200,000
Advance income tax	84,444,236	68,260,701
Advance against office rent	5,037,893	5,778,124
Agent balance	10,137,443	38,127,603
Advance against salary	2,163,707	4,043,362
Advance against lease rental	-	135,170
Security deposits with T& T	121,863	121,863
Deposit clearing	-	17,331,317
VAT collection control A/c	-	81,043
Stamp collection control A/c	-	62,909
Advance to head of branch	5,076,469	5,275,019
Advance to branch	-	650,900
Advance -work in progress	-	33,493,957
Multitude Architect	459,000	459,000
SB Securities Ltd	121	73,129
Prime Finance Capital Mgt Ltd	300,000	300,000
	107,740,732	325,394,097
21.00 Interest, dividend and rent receivable		
Opening Balance	3,665,411	4,589,814
Add: Addition during the year	4,909,187	8,161,133
	8,574,598	12,750,947
Less: Adjustment during the year	4,261,311	9,085,536
	4,313,287	3,665,411
22.00 Short term investment		
Opening Balance	168,450,000	155,250,000
Add: Addition during the year	30,200,000	45,500,000
	198,650,000	200,750,000
Less: Encashment during the year	9,900,000	32,300,000
	188,750,000	168,450,000
This represents the amount invested in fixed deposits with banks which are to be matured over the period of three months, break-up of which is given below:		
6 months term FDR	49,600,000	54,600,000
12 months term FDR	139,150,000	113,850,000
	188,750,000	168,450,000
23.00 Cash and cash equivalents		
Cash in hand [Note No. : 23.01]	15,465,980	14,560,071
Cash at bank [Note No. : 23.02]	39,161,252	32,278,246
	54,627,232	46,838,317
23.01 Cash in hand		
Head office	638,322	314,623
Branch office	14,827,658	14,245,448
	15,465,980	14,560,071
23.02 Cash at bank		
Fixed Deposit	1,500,000	1,500,000
Short term deposit	35,869,038	27,782,931
Current deposit	1,792,214	2,995,315
	39,161,252	32,278,246

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

Particulars	Amount in Taka	
	2017	2016
24.00 Expenses of management		
(not applicable to any particular fund or account)		
Advertisement and publicity	1,928,452	487,758
AGM Expenses	50,000	110,267
Donation and subscription	1,355,000	642,000
Interest on loan	13,968,466	10,316,358
Lease rental	-	-
Legal and professional fees	1,325,790	331,200
Meeting and conference	921,495	1,307,903
Registration fees	2,446,523	1,695,884
Fine & Penalty	-	8,612,686
Credit Rating Fees	-	112,504
Web page Development	-	95,200
	21,995,726	23,711,760
25.00 Income from Investment and Others		
Interest, dividend	13,870,359	13,002,433
(not applicable to any particular fund or account)		
Dividend income	43,968	27,552
Miscellaneous income	165,570	60,472
Profit / (Loss) on sale of share	337,313	1,098,351
Profit / (Loss) on sale of assets	85,776	-
	14,502,986	14,188,808
26.00 Earning Per share (EPS)		
The earning per share of the company is as follows:		
A. Number of shares:		
Shares outstanding at the beginning of the year	6,900,000	6,900,000
Bonus share issued during the year	-	-
	6,900,000	6,900,000
Weight:		
Shares outstanding at the beginning of the year	100.00%	100.00%
Bonus share issued during the year	0.00%	0.00%
Weighted average number of shares:		
Shares outstanding at the beginning of the year	6,900,000	6,900,000
Bonus share issued during the year	-	-
	6,900,000	6,900,000
B. Earnings attributable to shareholders		
Earning attributable to ordinary share holders (profit after tax)	15,620,146	10,978,979
C. Basic Earning per share [B/A]	2.26	1.59

Earning per share is calculated in accordance with BAS 33 "Earning Per Share" which has been shown on the face on Profit & Loss Appropriation Accounts.

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

27.00 Premium less re-insurance

Class of Business	Gross Premium	Re-insurance accepted	Re-insurance ceded	Net premium 31.12.17	Net premium 31.12.16
Fire	222,864,029	-	105,204,426	117,659,603	104,727,967
Marine (Cargo)	127,897,002	-	35,609,229	92,287,773	127,114,906
Marine (Hull)	239,846	-	102,828	137,018	198,818
Motor	32,612,907	-	7,318,711	25,294,196	113,416,168
Miscellaneous	28,724,250	-	23,952,199	4,772,051	7,729,504
	412,338,034	-	172,187,393	240,150,641	353,187,363

During the year the premium income from Motor has declined due to reducing substantially underwriting Motor vehicle comprehensive, commercial vehicle and high risk involvement vehicle.

28.00 Claims under policies less re-insurance

Class of Business	Paid	Estimated liability	Previous year's balance	Net claim	
				2017	2016
Fire	(3,097,564)	18,743,797	3,516,856	12,129,377	6,570,818
Marine (Cargo)	4,543,868	23,169,581	488,981	27,224,468	3,614,383
Marine (Hull)	621	-	-	621	(8,663,095)
Motor	14,320,364	33,110,402	2,611,270	44,819,496	10,026,768
Miscellaneous	91,600	-	1,090,000	(998,400)	1,656,845
	15,858,889	75,023,780	7,707,107	83,175,562	13,205,719

Fire claim negative balance Tk. 3,097,564 represents claim received against re-insurance more than claim paid during the year

29.00 Management expenses

These expenses have been charged to revenue account on product basis of gross premium earned or direct business as under:

Class of Business	Amount in Taka	
	2017	2016
Fire	74,482,881	90,392,688
Marine (Cargo)	42,744,166	84,074,702
Marine (Hull)	80,158	193,061
Motor	10,899,486	60,360,291
Miscellaneous	9,599,866	14,810,080
	137,806,557	249,830,822

Management expense has decreased during the year compared with that of previous year due to reducing business development expense.

Meghna Insurance Company Limited

Notes to the Financial Statements

For the year ended 31 December, 2017

30.00 Board Meeting

During the year 2017, the company had a Board of Directors consisting of 12 members and held 6 meetings throughout the year. Board of Directors of the company has formed other committees and sub committees like Executive Committee, Claims Committee and Audit Committee. Regular meeting of these committees were also held during this year.

31.00 Number of employees

The company had 686 numbers of employees for the whole period, there is no employee getting remuneration less than Tk.3,000 per month.

32.00 Capital Expenditures Commitment

There was no capital expenditure commitment as at 31st December, 2017.

33.00 Claim not acknowledged as debt

There was no claim against the company acknowledged as debt as on 31st December, 2017.

34.00 Un-availed credit facilities

There was a credit facility available to the company from IDLC Finance Ltd and Schedule Banks under any contract availed of as on 31st December, 2017 other than trade credit available in the ordinary course of business.

35.00 Contingent Liability

There was a demand of Tk.132,722,879 by the income tax authority for payment of tax in excess of the amount of management expenses claimed by the company during the accounting years from 2011 to 2015. The company filed a writ to the High court division of the honorable supreme court of Bangladesh. The company is very much hopeful to get Judgement in its favor. Except this there are no contingent assets or liabilities and unrecognized contractual commitments at the balance sheet date.

36.00 Insurance Act Relevant Information

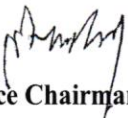
- a) During the year under review nothing was paid to the directors of the company other than board meeting and committee meeting attendance fee.
- b) During the year under review no compensation was allowed to the chief executive officer of the company or any member of the board for special service rendered.
- c) During the year nothing was earned as per premium against guarantees issued.

Meghna Insurance Company Limited
Form "AA"
Classified Summary of Assets

As at December 31, 2017

Class of assets	Amount in Taka		Remarks
	31.12.17	31.12.16	
Investment:			
i) Deposit with National Bank Ltd.	25,000,000.00	25,000,000.00	At Cost
(10 years Investment Bond @ 12.10% Interest)	16,000,000.00	16,000,000.00	
(15 years Investment Bond @ 7.79% Interest)	9,000,000.00	9,000,000.00	
ii) Investment in shares	3,890,174.00	3,659,296.00	Market Value (value as less than book
iii) Amount due from other persons or bodies	73,985,366.00	64,044,956.00	Book Value
Cash, cash equivalent & short term investment:			
i) Short term investment in FDR	188,750,000	168,450,000	Book Value
ii) Cash at Bank	39,161,252	32,278,246	Book Value
iii) Cash in hand	15,465,980	14,560,071	Book Value
Interest accrued but not due	4,313,287	3,665,411	Book Value
Sundry debtors, advance, deposits and	558	558	Book Value
Fixed Assets (at cost less depreciation)	217,857,837	30,677,859	Written down Value
Advance & Prepayments	107,740,732	325,394,097	Book Value
Stock of printing, stationery & stamps	2,506,931	1,590,284	Book Value
	678,672,117	669,320,778	


Chairman


Vice Chairman


Chief Executive Officer


Director

Dated: 29 July 2018

Place: Dhaka

Meghna Insurance Company Limited

Class Wise Underwriting Results

for the year ended 31 December, 2017

Particulars	Fire	Marine Cargo	Marine Hull	Motor	Misc.	Total Taka
Gross Premium	222,864,029	127,897,002	239,846	32,612,907	28,724,250	412,338,034
	222,864,029	127,897,002	239,846	32,612,907	28,724,250	412,338,034
Less: Premium on re-insurance ceded	105,204,426	35,609,229	102,828	7,318,711	23,952,199	172,187,393
Net premium income	117,659,603	92,287,773	137,018	25,294,196	4,772,051	240,150,641
Add: Commission on RI ceded	14,945,485	7,573,808	5,655	996,968	3,287,887	26,809,803
Add: Last year unexpired risk	41,891,187	50,845,962	198,818	45,366,467	3,091,802	141,394,236
Total Taka (A)	174,496,275	150,707,543	341,491	71,657,631	11,151,740	408,354,680
Less : Net claim	12,129,377	27,224,468	621	44,819,496	(998,400)	83,175,562
Less: Agency commission	22,680,725	19,610,472	-	14,935,732	564,791	57,791,720
Less: Management expenses	74,482,881	42,744,166	80,158	10,899,486	9,599,866	137,806,557
Less: Reserve for unexpired risk	47,063,841	36,915,109	137,018	10,117,678	1,908,820	96,142,467
Total Taka (B)	156,356,824	126,494,215	217,797	80,772,392	11,075,078	374,916,306
Underwriting Profit/Loss (A-B)	18,139,451	24,213,328	123,694	(9,114,761)	76,662	33,438,374


Chairman


Vice Chairman


Chief Executive Officer


Director

Meghna Insurance Company Limited

Schedule of Fixed Assets

As at 31 December, 2017

Annexure - A

Sl. No.	Particulars	Cost				Amount before charging depreciation	Rate of Dep. (%)	Depreciation				Written Down Value as on 31.12.2017
		As at 01.01.2017	Addition during the year	Sale / Adjustment the year	As at 31.12.2017			As at 01.01.2017	Charged during the year	Sale / Adjustment the year	As at 31.12.2017	
1.	Furniture and Fixture	4,957,406	953,521	-	5,910,927	4,001,735	10%	1,909,192	400,174	-	2,309,366	3,601,562
2.	Motor Vehicles	47,938,163	10,770,500	164,500	58,544,163	29,974,009	20%	28,570,154	5,994,802	80,276	34,484,680	24,059,483
3.	Office Decoration	6,659,348	1,362,036	-	8,021,384	3,661,012	20%	4,360,372	732,202	-	5,092,574	2,928,810
4.	Computer	2,436,418	863,180	-	3,299,598	1,822,514	30%	1,477,084	546,754	-	2,023,838	1,275,760
5.	Air Conditioner	4,097,263	1,000,100	-	5,097,363	2,103,270	20%	2,994,093	420,654	-	3,414,747	1,682,616
6.	Office Equipment	9,539,032	470,922	-	10,009,954	3,990,882	15%	6,019,072	598,632	-	6,617,704	3,392,250
7.	Crockeris	131,823	8,400	-	140,223	19,750	25%	120,473	4,938	-	125,411	14,813
8.	Software	910,000	-	-	910,000	368,845	20%	541,155	73,769	-	614,924	295,076
9.	Office space including land	-	180,607,468	-	180,607,468	180,607,468	10%	-	-	-	-	180,607,468
	Total-2017	76,669,453	196,036,127	164,500	272,541,080	226,549,485		45,991,595	8,771,925	80,276	54,683,244	217,857,837
	Total-2016	74,990,412	1,679,041	-	76,669,453	37,837,394		38,832,059	7,159,536	-	45,991,595	30,677,858

- Notes: i) Depreciation has been charged on diminishing balance method on the cost of individual assets.
ii) Since the office space did not come under use as such no depreciation has been charged during the year.

PROXY



Meghna Insurance Company Limited
মেঘনা ইন্স্যুরেন্স কোম্পানি লিমিটেড

Meghna Insurance Company Limited
Banashilpa Bhaban (6th Floor), 73 Motijheel C/A, Dhaka 1000

PROXY FORM

I/We
of being a member of Meghna Insurance Company Limited,
do hereby appoint Mr./Ms..... of.....
as my/our proxy to attend and vote on my/our behalf at the 22nd Annual General Meeting of the Company to be held on
Sep 19, 2018 at 11:30 am at Six Seasons Hotel Ltd., House 19, Road 96, Gulshan-2, Dhaka-1212 and at any adjournment
thereof.

As witness my/our hand this Day of2018.

.....
(Signature of Proxy) Revenue Stamp
Tk. 20.00
(Signature of Member)

FOLIO NO. FOLIO NO.

No. of Shares held:

1. A member entitled to attend and vote in the AGM may appoint a Proxy to attend and vote on his/her behalf.
2. The Proxy Form, duly filed and stamped must be deposited at the Registered Office of the Company, not later than 48 (Forty Eight) hours before the time fixed for the meeting.
3. Signature of the Member(s) must be in accordance with the Specimen Signature recorded with the Company.

.....
(Authorized Signature)
Meghna Insurance Company Limited

.....
(Signature Verified)



Meghna Insurance Company Limited
মেঘনা ইন্স্যুরেন্স কোম্পানি লিমিটেড

Meghna Insurance Company Limited
Banashilpa Bhaban (6th Floor), 73 Motijheel C/A, Dhaka 1000

ATTENDANCE SLIP

We do hereby record my/our attendance at the 22nd Annual General Meeting of the Company being held on
Sep 19, 2018 at 11:30 am at Six Seasons Hotel Ltd., House 19, Road 96, Gulshan-2, Dhaka-1212, Bangladesh.

Name of the Member(s)/Proxy:

Folio No. of Member:

Folio No. of Proxy holder:

No. of Shares held:

.....
Signature of member(s)/Proxy

- Note:**
1. Please present this attendance slip at the registration counter on or before the time fixed for the meeting.
 2. The meeting can only be attended by the honorable shareholder/proxy holder. Therefore, any other person(s) except shareholder/proxy holder cannot be allowed into meeting.

PROXY

ATTENDANCE SLIP