

annual report 2019



MERCANTILE INSURANCE COMPANY LTD.

SYMBOL OF TRUST AND SECURITY



Mercantile Insurance Company Ltd.

Annual Report 2019

annual
report | 2019



মার্কেটিল ইন্স্যুরেন্স কোম্পানী লিঃ
MERCANTILE INSURANCE COMPANY LTD.
SYMBOL OF TRUST AND SECURITY

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TO

All Respected Shareholders

&

Bangladesh Securities and Exchange Commission (BSEC)

Insurance Development & Regulatory Authority (IDRA)

Registrar of Joint Stock Companies & Firms (RJSC&F)

Dhaka Stock Exchange Limited (DSE)

Chattogram Stock Exchange Limited (CSE)

Central Depository Bangladesh Limited (CDBL)

Bangladesh Bank

Bangladesh Insurance Association

Department of insurance ministry of finance

**Sub: Annual Report of Mercantile Insurance Company Ltd. for the year ended
December 31, 2019**

Dear Sir(s)

We are pleased to enclose copy of annual report for the year ended December 31, 2019, for your kind information.

The report includes audited financial statements i.e Balance sheet, profit or loss account, statement of cash flows, statement of changes in equity and notes to the financial statement of consolidated and separate bases for the year ended 31 December 2019 for your kind information & record.

With best regards

Your's Faithfully



Abdur Rahman

SEVP & Company Secretary





Rating AA⁻

*The Company has been rated as
grade AA⁻
by the Government approved Credit Rating agency
Alpha Credit Rating Ltd.*

RATING : AA⁻

Date of Surveillance Rating : 31 December 2019
Surveillance Rating 2019 : Long Term AA⁻
Short Term ST-2
Outlook : Stable
Surveillance Rating 2018 : AA⁻
Surveillance Rating Validity : September 07, 2021

RATING: "AA-" DENOTES:

"High Claims paying ability.
Protection factors are good and there is
an expectation of variability in risk
over time due to economic
and / or underwriting conditions."



Name of the Company	Mercantile Insurance Company Ltd.
Legal Form	A Public Limited Company incorporated in Bangladesh on March 19, 1996 under the Insurance Act, 1938 and listed in Dhaka Stock Exchange Limited and Chittagram Stock Exchange Limited.
Commencement of Business	May 05, 1996
Registered with the Department of Insurance	May 13, 1996
Registered & Head Office	Red Crescent House (1 st Floor), 61, Motijheel C/A, Dhaka – 1000
Telephone No.	88-02-9557662-5
Fax No.	88-02-9562301
Website	www.mercantileins.com
E-mail	mercantileins@yahoo.com, mercantileins2017@gmail.com
Chairman	M. Kamal Uddin
Chief Executive Officer	Firoz Ahmed
Company Secretary	Abdur Rahman
CFO	Md. Abdus Salam
Authorised Capital	Tk.100.00 Crore
Paid up Capital	Tk.43.10 Crore
Face Value per share	Tk. 10.00
Market category	'A'
Credit Rating	Long term AA- , Short term ST-2 , Outlook Stable
Start of Trading with DSE	7 December 2004
Start of Trading with CSE	21 May 2009
Auditors	Kazi Zahir Khan & Co. Chartered Accountants Shamsunnahar & Wazi Complex, 8th Floor, Suite-9B, 31/C/1, Topkhana Road, Segun Bagicha, Dhaka- 1000. Tel: 57160824, Fax: +880-2-57160821
Tax Adviser	Talukder & Associates Eastern Mansion, 67/9, Kakrail, (2 nd Floor) Room No. 05, Dhaka – 1000. Bangladesh





Our Mission

To become a leading insurance company of Bangladesh excelling in every aspect of its business and in delivering its obligations as a good corporate citizen to its clients, employees, shareholders, public and to the country.

Our Vision

To be an innovative, profitable, best customer service provider in insurance companies than other and to enhance clients' trust on wealth, employers value and rapid growth in Shareholders equity.

Our Services

Industrial all risks insurance

Marine Insurance

Fire Insurance

Personal Accident Insurance

Motor Insurance

Contractors All Risk Insurance

Tsunami and Earthquake Insurance

Business interruption and machinery breakdown Insurance

Health Insurance including overseas mediclaim Insurance

Money Insurance Such as Cash in safe cash-in transit, Cash on Counter and ATM Booth

Riot and Strike Damage Insurance

Erection All Risk Insurance etc.

Our Motto

Committed to cordial Services Trough "Trust and Security"



CHAIRMAN

M. Kamal Uddin

VICE-CHAIRMAN

Mohammad Nabi Ullah

CHAIRMAN, EXECUTIVE COMMITTEE

Al-haj Md. Nurul Amin

CHAIRMAN, NOMINATION & REMUNERATION COMMITTEE

Md. Shah Alam
Independent Director

CHAIRMAN, AUDIT COMMITTEE

Khondokar Moinur Rahman
Independent Director

DIRECTORS

Abdul Haque
Al-haj Mohammed Solaiman
Md. Serajul Islam
Abdur Rahman
Dr. Md. Mizanur Rahman
Mahtabuddin Chowdhury
Al-haj Abdul Mannan Mazumder
M. Nasir Uddin
Wahid Ibn Reza
Aziz Mohammad Ershadullah Chowdhury
Farhana Islam Sonia
Azad Mostafa
Shafique Ahmed
Barrister Saad Quadir Bin Solaiman
Nurul Azim Sunny

CHIEF EXECUTIVE OFFICER

Firoz Ahmed





Brief Profile of Directors

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Brief Profile of Director



Mercantile Insurance Company Ltd.

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M. Kamal Uddin

Chairman

Mr. M. Kamal Uddin is a sponsor Director of Mercantile Insurance Co. Ltd. He is the chairman of Board of Directors of Mercantile Insurance Co. Ltd. for consecutive 9 (nine) years and contributed exceptional role for the establishment, development & progress of the company since the inception of the company.

As a prominent business icon he is in the leading part of some business houses and industries.

He is the Managing Director of Chittagong Builders & Machinery Ltd, Merchant Securities Ltd, China Builders & Machineries Ltd., Sifang Machine House Ltd., Merchant Auto Ltd., CBM Parts House and CBM Consortium.

He is a Director of Social Islami Bank Ltd., Mercantile Islami Life Insurance Ltd., ASM Chemical Industries Ltd., Central Hospital Ltd., Sifang Securities Ltd., HURDCO International School, Universal Health Services & Research Ltd.,

His business career is versatile and his association with various types of business and well reputed organizations which makes him a forward looking and progressive businessman which has already reached him in an enviable height.

He is a Trec Holder of Dhaka Stock Exchange Limited.



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Mohammad Nabi Ullah

Vice-Chairman

Mr. Mohammad Nabi Ullah is the Vice-Chairman of Mercantile Insurance Co. Ltd. He made himself as an astute and efficient businessman and has achieved remarkable reputation and success in Business and industrial sector.

He is the Managing Director of United Leather Industries (Pvt.) Ltd., United Plastic Wood Industries (Pvt.) Ltd., M. Hossain Cotton Spinning Mills (Pvt.) Ltd. and M. Hossain Spinning (Pvt.) Ltd. respectively.

It may be mentioned that times and again he visited many countries of the world like Kingdom of Saudi Arabia, China, Singapore, Malaysia, Taiwan, Thailand, USA, Europe, Australia, Indonesia, England in connection with business promotion & expansion.



Brief Profile of Director



Mercantile Insurance Company Ltd.

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Al-haj Md. Nurul Amin

Chairman, Executive Committee

Al-haj Md. Nurul Amin is Director of Mercantile Insurance Company Ltd. He is the Chairman of Executive Committee. Mr. Nurul Amin is a renowned and successful business personality and involved with a number of business community.

He is the Managing Director of Electro Mart Ltd. & Trade International Industries Ltd.

He is a Director of EXIM Bank Ltd. He is the Proprietor of Sunny Agency, Amin International, Noor Holdings and Amin Electronics.

Mr. Nurul Amin has travelled in many countries for the purpose of business development and expansion. He is actively involved with various socio-cultural organization and educational Institutions for the welfare of the state and of discipline through providing employment in many aspects.

He is a founder of Shamsul Karim College, Shamsul Karim Madrasa, Amin Newaz Girls High School & Shamsul Karim Kallyan Trust, Trustee Feni University etc.



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Abdul Haque

Ex-Chairman

Mr. Abdul Haque is a Sponsor Director of Mercantile Insurance Co. Ltd. He has also elected as Chairman for 8 terms as well.

He is involved in versatile business house and earned a notable fame in different kind of businesses and community work for his activities in home and abroad.

He is the Chairman of (Shamol Bangla Media Limited) Bangla Vision 24 hours Satellite TV channel.

Royal Green Products Limited.
ISO 9001:2008 (Concrete Spc Pole Factory)

Royal Green Securities Limited (Member of Dhaka Stock Exchange Limited)

He is also the Managing Director of Evergreen Dyes and Chemicals Industries Ltd. Evergreen Textile Limited.

He was also the President of Dhaka Stock Exchange Limited.

He has achieved spontaneous expertise in Dyes and Chemicals also in SPC Pole Factory Industry.

He is also involved with different kind of Social and Education activities etc.



Brief Profile of Director



Mercantile Insurance Company Ltd.



Al-haj Mohammed Solaiman

Ex-Chairman

Al-haj Mohammed Solaiman is a Director of Mercantile Insurance Co. Ltd. He was elected as Chairman of the company for consecutive two years.

He is involved in versatile business houses like Insurance, Trading and Electronics.

He is the Chairman of HURDCO International School.

Managing Director of Paradise Corporation (Pvt.) Ltd.

Director of Central Hospital Ltd., Eden Multicare Hospital Ltd., Epic Health Care & Proprietor of Paradise Electronics.

His Contribution towards socio-cultural and professional activities are remarkable.

It may be mentioned that he has visited many countries of the world in connection with business development and promotion.





Md. Mizanur Rahman PhD

Sponsor Director

Dr. Md. Mizanur Rahman, the sponsor director of Mercantile Insurance Company Ltd., was born at Gopalganj town. His father Al-hajj M A Latif was a well-known personality of this town and a reputed headmaster of government high school and a District Education.

Dr. Rahman enjoyed his early life at Bankpara in his home-town Gopalganj. During his school and college life he was an active and enthusiastic boy-scout and senior Rover mate which helped him nourish his leadership qualities. He had his post graduation from the University of Dhaka. He was also a senate life member and registered graduate of Dhaka University. He had his LL.B (NUB), MBA and PhD from USA.

He was the vice-chairman of Mercantile Insurance Company Ltd (2001-02, 2008-09,

2016-18), Chairman Audit Committee (2011-12) and Chairman Executive Committee (2013-15).

He is the Chairman of AL-Mizan Group and director of A P Radiant Knitting Dyeing Ltd. He has also contributed a lot in journalism for a long time and worked in this profession as a publisher and founder-editor of The Daily Prime.

To know the unknown and to see the unseen Dr. Rahman as a passionate tourist widely visited many countries of Asia, Africa, Europe, America and Australia.

He believes that hard work and determination could be the key to success in life.





Md. Serajul Islam

Sponsor Director

Mr.Md. Serajul Islam is sponsor Director of Mercantile Insurance Co. Ltd.

He has earned fame in business community for his integrity. He is the proprietor of M/s. Badal Mill Store.

Mr. Serajul Islam is a former Director of Sadharan Bima Corporation. He is also director of A P Radiant Knitting Dyeing Ltd. He attended

many conferences instituted in Asia, Europe and USA. Moreover, he visited many countries of the world for the purpose of business promotion.

Apart from business carrier he is associated with many socio-cultural activities.





Abdur Rahman

Sponsor Director

Mr. Abdur Rahman is one of the sponsor director of Mercantile Insurance Co. Ltd. He is acquainted with a number of industries and business institutions.

He is the Chairman of Evergreen Textiles Limited. Fraulen Fashion Ltd. (100% Export Oriented Compliance Knit Garments), R.N. Trading Ltd., and the Proprietor of G.N. International.

Mr. Abdur Rahman visited a number of countries for business promotion which includes U.K, U.S.A., Australia, Germany, Switzerland, Korea, Canada, Taiwan etc.



Brief Profile of Director



Mercantile Insurance Company Ltd.



Mahtabuddin Chowdhury

Director

Mr. Mahtabuddin Chowdhury is a Director of Mercantile Insurance Co. Ltd.

He is the Managing Director of Shetu Corporation Ltd., Shetu Agro Industries Ltd., Oroni International Ltd. & C-Maart Securities Ltd.

It may be mentioned that he has visited many countries of the world in connection with the business development and promotion.

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Al-haj Abdul Mannan Mazumder

Director

Al-haj Abdul Mannan Mazumder is a Director of Mercantile Insurance Co. Ltd.

Mr. Mazumder is involved with a number of socio-cultural & welfare organizations.

He has earned a notable fame in business community through his integrity and remarkable business activities. His diversified business affiliation includes Electronics, Trading, C&F Agency etc. He is the Chairman of Nexgen Properties and Proprietor of Motaleb Enterprise.

He travelled in many countries of the world for business purposes in several times.



Brief Profile of Director



M. Nasir Uddin

Director

Mr. M. Nasir Uddin is a Director of Mercantile Insurance Co. Ltd. He engaged himself in business profession soon after the completion of education. As a young business personality, his business affiliation is diversified.

He is the Managing Director of Sifang Securities Ltd. He is the Director of Chittagong Builders & Machinery Ltd., China Builders & Machinery Ltd., Merchant Securities Ltd., Mercantile Islami Life Insurance Ltd., HURDCO International School and ASM Chemical Industries Ltd.

Apart from his business he is also involved with many socio-cultural activities with rural and urban areas.

He visited China, Singapore, Saudi Arabia in business and religious purpose.





Wahid Ibn Reza

Director

Mr. Wahid Ibn Reza is the only son of Professor Mohammad Razaul Karim and Advocate Late Suraya Karim Munny. He obtained B.Sc in Mechanical Engineering from Bangladesh University of Engineering & Technology (BUET) and Bachelor of Fine Arts in Film Production from University of British Colombia.

Before moving to North America, Mr. Wahid was a familiar face in Bangladesh Entertainment Industry. He acted as lead in various television films and was lead for couple television comedy series. He also worked as a model, anchor and comedian in front of screen. He had the pleasure of working with country legend writer Late Humayun Ahmed and youth icon Mr. Mostafa Sarwar Farooki and multinational houses such as BBC world service trust, Behind the camera he worked as head writer for advertising company grey worldwide. He also wrote several television films and series for local television network in Bangladesh.

Mr. Wahid has been successfully working in VFX and animation production in the last seven years in North America. He has worked on Emmy nominated series such as Game of Thrones, rick and morty. He also worked on Oscar nominated films such as doctor strange and guardians of the Galaxy Vol-2. Currently, Mr. Wahid is working on an animated series for one of the biggest animated studios in Canada, Atomic Cartoons Inc.

Mr. Wahid Ibn Reza is a Director of Mercantile Insurance Co. Ltd. His direct involvement with many cultural organization is remarkable. He is blessed with some responsibilities given by his parents.

He visited many countries of the World.



Brief Profile of Director



Mercantile Insurance Company Ltd.

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Nurul Azim Sunny

Director

Mr. Nurul Azim Sunny is a Director of Mercantile Insurance Company Limited. He is the son of Al-haj Nurul Amin & Mrs. Ifat Akter Alin.

He is also the Director of Electro Mart Ltd., Trade International Industries Ltd., and Proprietor of Azim Enterprise.

He obtained Master of Accounting from Macquarie University of Australia, BBA from North South University.

Mr. Nurul Azim has travelled in many countries for the purpose of business development and expansion. He is actively involved with various socio-cultural organization and educational institutions for the welfare of the state and of discipline through providing employment in many aspects.



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Firoz Ahmed

Chief Executive Officer

Mr. Firoz Ahmed obtained his B.Sc (Hon's) M.Sc degree from Dhaka University. Just after completion of Post Graduation he started his service career with Central Insurance Co. Ltd.

He joined in the Mercantile Insurance Co. Ltd. Subsequently, due to his extra ordinary performances he was awarded the responsibility of dignified post and position.

He attended many training courses on Claims, Re-Insurance, Underwriting, Administration and successfully completed the courses securing satisfactory results which was conducted by Bangladesh Insurance Academy & Bangladesh Insurance Association. Since he belongs to pleasant personality with amiable disposition and strong ability in building good team spirit with appropriate motivation and commendable leadership the Board of Directors of the company entrusted him with the current charge

of Managing Director in several times before his being appointed as MD & CEO by the Insurance Development & Regulatory Authority.

However, In 3rd January 2018 Insurance Development & Regulatory Authority (IDRA) appointed him as a Chief Executive Officer of Mercantile Insurance Company Limited. Since then, he is discharging the duties and responsibilities successfully with reputation and satisfaction of all as well as the Regulatory Authorities and Management of the Company.

He is associated with many socio-cultural and welfare organization in rural and urban areas.

He travelled in India, Malaysia, Thailand & Saudi Arabia.



CHIEF EXECUTIVE OFFICER

Firoz Ahmed

DEPUTY MANAGING DIRECTOR

Md. Abu Obydul Hasan
Md. Altaf Hossain
Bazlur Rahman

SENIOR EXECUTIVE VICE-PRESIDENT & COMPANY SECRETARY

Abdur Rahman

SENIOR EXECUTIVE VICE-PRESIDENT

Md. Azim Uddin

EXECUTIVE VICE-PRESIDENT

Md. Nazrul Islam

EXECUTIVE VICE-PRESIDENT & CFO

Md. Abdus Salam

DEPUTY VICE-PRESIDENT

Sarwar Alam

ASSTT. VICE-PRESIDENT

Nayan Tara Saha
Md. Delwar Hossain

SENIOR MANAGER

Md. Habibur Rahman Chowdhury
Farhana Habib

MANAGER, INVESTORS' RELATION DEPARTMENT

Jesmin Akter





CHIEF EXECUTIVE OFFICER

Firoz Ahmed

DEPUTY MANAGING DIRECTOR

Md. Abu Obydul Hasan
Md. Altaf Hossain
Bazlur Rahman

SENIOR EXECUTIVE VICE-PRESIDENT & COMPANY SECRETARY

Abdur Rahman

SENIOR EXECUTIVE VICE-PRESIDENT

Md. Azim Uddin

EXECUTIVE VICE-PRESIDENT

Md. Nazrul Islam
Md. Rashedur Rahman
Md. Jabed Akhter

EXECUTIVE VICE-PRESIDENT & CFO

Md. Abdus Salam

SENIOR VICE-PRESIDENT

Delip Kumar Majumder
Md. Helal Uddin
Md. Joynal Abedin Mazumder
Md. Rashedul Islam

VICE-PRESIDENT

Md. Ismail

DEPUTY VICE-PRESIDENT

Sarwar Alam
Abdul Bari Chowdhury
Hamidul Alam Chowdhury

ASSTT. VICE-PRESIDENT

Nayan Tara Saha
Md. Delwar Hossain

SENIOR MANAGER

Md. Habibur Rahman Chowdhury
Farhana Habib
Md. Asaduzzaman



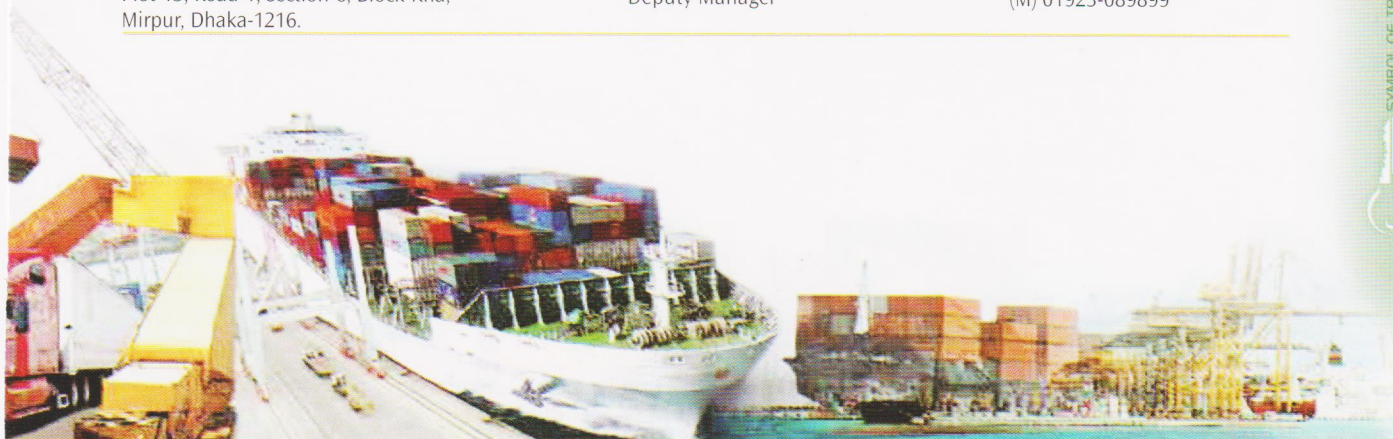
Our Branches



Mercantile Insurance Company Ltd.

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Name of Branch & Address	Branch in-charge	Phone/Mobile
Bogura Branch 2 No. Rail Gate, Jhawtola Bogura Town, Bogura.	Md. Abu Obydul Hasan Deputy Managing Director	(051) 51244, (M) 01711317116 E-mail:
Khulna Branch 7 Old Jashore Road Nizam Chamber (3rd floor), Khulna.	Md. Altaf Hossain Deputy Managing Director	(041) 720645, (M) 01716421994, 01558325965 Fax: 041-813546
Gulshan Branch Islam Mansion, House No. 39, Road No. 126 Circle-1, Gulshan, Dhaka-1212	Bazlur Rahman Deputy Managing Director	58815073 (R), 58815075 (Off.) (M) 01819174274, 01199125181
Jashore Branch Jess Tower, M.K.Road (3rd Floor), Jashore	Md. Javed Akhter Executive Vice-President	(0421) 68818, (M) 01711329290 Fax: 0421-68818
Rangpur Branch Chainika Cloth Center (3rd Floor) Taltola Road, Rangpur	Md. Rashedur Rahman Executive Vice-President	0521-55626 (M) 01713224466 01711780040
Narayangonj Branch 26 (New) S. M. Maleh Road (4th Floor) Tanbazar, Narayangonj	Delip Kumar Majumdar Senior Vice-President	7630440 (M) 01742548508, 01552440142 Fax: 7630440
Agrabad Branch 18 SK. Mujib Road Agrabad, Chattogram	Md. Helal Uddin Senior Vice-President	(031) 726631, 726632 (M) 01716429627 Fax: 031-726632
Khatungonj Branch 336 Khatungonj (1st Floor) Chattogram	Md. Joynal Abedin Mazumder Senior Vice-President	(031) 611850, 611851 (M) 01819397222, 017141903003 Fax: 031-611851
Mogh-Bazar Branch 17 Mogh Bazar(4th floor) New Eskaton Road, Dhaka-1000	Md. Rashedul Islam Senior Vice-President	58316926, 48322361 (M) 01741775544 Fax: 48322361 E-mail: mi.cl.mgb@gmail.com
Bangshal Branch 121/2, North South Road (4th floor West), Bangshal, Dhaka	Md. Ismail Vice-President	9556895, 9583227 (M) 01817092043 Fax: 7175729
Jubilee Road Branch 573 Jubilee Road Enayet Bazar, Chattogram	Hamidul Alam Chowdhury Deputy Vice-President	(031) 635167, 624067 (M) 01711903003 Fax: 031-624067
B.B. Avenue Branch 29 B.B. Avenue Hamid Mansion(3rd Floor), Dhaka	Abdul Bari Chowdhury Deputy Vice-President	9550489, 9569224 (M) 01711147488 Fax: 95550489
Motijheel Branch 61 Motijheel C/A. (10th level) Dhaka-1000	Md. Asaduzzaman Senior Manager	9571397, 9571286 (M) 01721308198 Fax: 02-9571286
Hatkhola Branch 33/1 Road Sayed Nazrul Islam Sarak (Hatkhola) Jakaria Bhaban (2nd Floor), Dhaka -1203	Md. Abdur Rahim Deputy Manager	47110861, 9515754 (M) 01712982833
Mirpur Branch Plot-13, Road-1, Section-6, Block-Kha, Mirpur, Dhaka-1216.	Md. Mizanur Rahman Deputy Manager	58052301 (M) 01923-089899



SYMBOL OF TRUST AND SECURITY



Notice of The 24th Annual General Meeting

Notice is hereby given that the 24th Annual General Meeting (AGM) of Mercantile Insurance Company Limited will be held Virtually by using Digital Platform on "Zoom" apps on Sunday 27 September 2020 at 11:00 a.m. to transact the following business:-

1. To receive and adopt the Directors Report, the Auditors' Report and the Audited Financial Statements for the year ended 31 December 2019 and thereon.
2. To declare 7% (Seven percent) cash Dividend only to all shareholders for the year ended 2019 as recommended by the Board of Directors (subject to approval of the forth coming AGM).
3. To elect/ Re-elect Directors as per the relevant legislation.
4. To consider appointment of Auditors for the year 2020 and to fix their remuneration.
5. To appoint Compliance Auditors for the year 2020 and to fix their remuneration.
6. To transact any other business of the Company with the permission of the Chair.

Dated, Dhaka
21 July 2020

By order of the Board of Directors

(Abdur Rahman)
SEVP & Company Secretary

Notes:

1. The Record date is 16/08/2020 . The Shareholders whose name will be appeared in the depository register of the company on the record date, will be eligible to attend the 24th Annual General Meeting (AGM) and entitled to receive the dividend, as approved.
2. A member entitled to attend and vote at this virtual AGM may appoint a Proxy to attend and vote in his/her stead. The scanned copy of "Proxy Form" duly filled, signed and stamped at BDT 20/- must be sent through email to mercantileins2017@gmail.com no later than 72 hours before commencement of the AGM.
3. Concerned Depository Participants (DP)/Stock Brokers are requested to provide us with a list of their margin loan holders who hold MICL shares, as on record date with details of shareholders' name, BO ID, Shareholding position, Cash dividend receivable, Income tax etc. within 16 August 2020, along with the name of the contact person to the Share Department of the Company or at mercantileins2017@gmail.com, otherwise dividend will be paid to bank account of the member whose name would appear on the Record Date.
4. The members will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging into the system the members' need to put their 16-digit BO ID/Folio Number and other credential as proof of their identity through the mentioned E-mail.
5. Shareholders are requested to login into the system prior to starting of the meeting. The webcast will start at 10:00 am. Full login process to the digital platform on "Zoom" apps meeting will also be available in the Company's website www.mercantileins.com . For any technical difficulties in accessing the virtual meeting, the members' are requested to contact at the Head Office 02-9557662-65 within office hours from 10.00 am to 5.00 pm sharp.
6. The soft copy of Annual Report-2019 will be forwarded to the email address of the shareholders available in their BO account maintained with Depository Participant (DP). The Annual Report- 2019 and Proxy Form will be available in the Company's website at www.mercantileins.com



The Audit Committee of Mercantile Insurance Co. Ltd. was constituted by the Board of Directors to monitor, analyse and audit the overall activities of the Company and report to the Board and AGM ensuring and certifying that the financial statements reflect in the annual report a true and fair view :

Audit Committee:

1. Khondokar Moinur Rahman	Chairman
2. Al-haj Md. Nurul Amin	Member
3. Aziz Mohammad Ershad Ullah Chowdhury	Member

Committee meetings held:

In the year 2019 the Committee Constituted 04 (four) meetings where it reviewed and analysed thoroughly, the matters relating to Branch Control, Internal Audit, Administration Control, Finance and Accounts. Head of Internal Audit and Company Secretary were invited to attend all meetings. Concerned departmental heads and other members of the management were also invited to attend the meetings as and when required. The proceedings of the committee meetings containing suggestions, guidelines, observations to irregularities and solutions arisen problems were regularly placed before to the Board of Directors for information.

Roles and responsibilities of of Audit Committee:

The jurisdiction of the Audit Committee include the following matters :

- i. Oversee the financial reporting process.
- ii. Monitor the accounting policies and principles.
- iii. Monitor Internal Control and Risk Management process.
- iv. Oversee of external auditors and their functions.
- v. Scrutinize the annual financial statements before submission to the board for approval.
- vi. Scrutinize the quarterly and half yearly financial statements before submission to the board for approval.
- vii. Determine the adequacy of internal audit functions.
- viii. Review statements of party transactions submitted by the management.
- ix. Review of appropriateness and or weaknesses in management letters/letters of internal control as detected by statutory auditors.

The Committee performed the following functions :

- i. Reviewed the existing management policies of the Company and monitored its internal control and business affairs through routine schedule.
- ii. Developed, collated and finalised through a number of meetings, a Audit Manual of the Company and recommended the same for approval of the Board of Directors.
- iii. Approved Annual Audit Planning for the year 2019.
- iv. Reviewed the business reports of Branches and special reports thereof and suggested for ameliorating and corrective measures/actions as & where required.





- v. Reviewed the Financial Accounts for the year 2019 as compiled and placed by the management and recommended the same for approval of the Board.
- vi. The Committee, uphold the roles and regulations recently imposed by the Insurance Development and regulatory Authority, emphasised & monitored for immediate execution of replacing the FDRs held with different Banks.

Finally, the Audit Committee express its sincere thanks to the members of the Board of Directors, key management personnel, internal audit, IT, Claim & re-insurance, U/W department and all employees for their utmost dedication for achieving transparency in performance and all sorts of co-operation extended to the committee in discharging its responsibilities.

Khondokar Moinur Rahman

Independent Director

&

Chairman

Audit Committee



Financial statements are normally prepared on the basis that a company is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the company has neither the intention for the need to liquidate or curtail materially the scale of its operations if so, the basis used is disclosed on the other hand listed companies are required by BSEC to report on its ability to continue as going concern.

The Board of Directors of Mercantile Insurance Company Limited has made annual assessment about whether there exist material uncertainties which may cast significant doubt upon the Company's ability to continue as going concern. The Director's assessment of whether the Company is a concern involves making appropriate inquiries including review of budget, forecast, assumptions and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to company's ability to continue as a going concern for the foreseeable future.

Positive Net Current Assets

- Positive operating cash flows
- Positive key financial ratios
- Consistent payment of dividends
- Credibility in payment of obligations
- Performance growth
- Positive underwriting results and trends

Operating indications:

- No key management turnover
- Good business expansion
- Spread of business across diverse clientele.
- Good market reputation and clients satisfaction
- Good corporate environment and employee satisfaction

Other Indications:

- Maintenance of sufficient capital base as required by law
- Strong equity base
- Strong Claim paying ability (CPA)
- Anticipates no significant in legislation or government policy.





Date: 21/07/2020
The Board of Directors
Mercantile Insurance Company Ltd.
61 Motiheel C/A, Dhaka-1000

Subject: Declaration on Financial Statement for the year ended on 31st December 2019.

Dear Sirs,
Pursuant to the condition No. I(5)(xxvi) imposed vide the Commission's Notification No.BSEC/CMRRCE/2006-158/207/Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

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

In this regard, we also certify that:-

- 1) We have reviewed the financial statements for the year ended 31 December 2019 and to the best of our knowledge and belief
- 2) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 3) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- 4) There are to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

(Firoz Ahmed)
Chief Executive Officer (CEO)

Md. Abdus Salam
Chief Financial Officer(CFO)



Report of the Nomination & Remuneration Committee

The company has formed a Nomination & Remuneration Committee (NRC) as a sub-committee of the Board, has been constituted by 2 Independent Director and another members of the Board in line with the newly imposed Corporate Governance Code Md. Shah Alam who represent in the Board as Independent Director is also the Chairman of the Committee. During the year 1 (one) NRC Meeting was held. The name of the members & their attendance of the meeting was accordingly recorded:

Role of the NRC:

The roles and responsibilities of the NRC have been clearly mentioned in the Terms and References (TOR) of the Committee as approved by the Board of Directors of Mercantile Insurance Company Limited. The Committee discharged its responsibility by holding a meeting and provided the Board it's observation considering current situation and suggested what need to be adopt/insert/amend by the company. In the meeting the committee assist/recommended the Board to determine the qualifications, attributes, experiences etc. of directors and top level executives and determine their remuneration and as well.

Evaluation Criteria of Directors/Top Level Executive of the Company:

The evaluation/assessment of the Directors and the Top Level Executive of the Company is to be conducted as and when required and to satisfy the requirements of the Corporate Governance Code and as well as company's policy. The following criteria may assist in determining how effective the performances of the Directors/TLE have been:

- i. Leadership & stewardship abilities;
- ii. Contributing to clearly define corporate objectives & plans;
- iii. Communication of expectations & concerns clearly with subordinates;
- iv. Obtain adequate, relevant & timely information from external sources;
- v. Review & approval achievement of strategic and operational plans, objectives, budgets;
- vi. Regular monitoring of corporate results against projections;
- vii. Identify, monitor & mitigate significant corporate risks;
- viii. Assess policies, structures & procedures;
- ix. Direct, monitor & evaluate KMPs, senior officials;
- x. Review management's succession plan;
- xi. Effective meetings;
- xii. Assuring appropriate board size, composition, independence, structure;
- xiii. Clearly defining roles & monitoring activities of committees;
- xiv. Review of corporation's ethical conduct;

Activities of NRC during the year:

During the year the NRC accomplished the following activities:

- i. Reviews the status of the Board composition along with their qualification, experience, attributes, independence of board members made recommendation thereof;
- ii. Reviewed the top level executives of the company and placed at different levels and determine their selection criteria, remuneration based on performance among others etc.
- iii. Putting recommendation on the draft code of conduct of the Chairperson, other Board members & Chief Executive Officer to Board.
- iv. Reviews the company's human resources policy and recommended on it.
- v. Oversee other issues within the Code of Conduct of the NRC.

Reporting By The NRC To The Board:

The NRC Committee regularly reports on its work to the Board and the report includes a summary of the matters addressed in the meeting. The NRC expressing its view to the Board that the nomination, retirement, re-election & remuneration of directors & top level executives are adequate for presetting true and fair view of the Administration & HR department and also expressed that the internal control of the company is quite well.

Md. Shah Alam
Independent Director
Chairman NRC

Abdur Rahman
Company Secretary &
Member Secretary of NRC





Company's 5 years Performance at a Glance

FIGURES IN MILLION (TAKA)

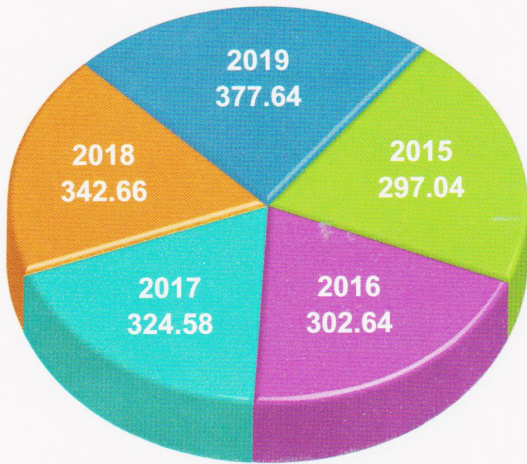
Financial Performance	2019	2018	2017	2016	2015
Gross Premium Income	377.64	342.66	324.58	302.64	297.04
Net Premium Income	191.01	191.38	185.14	174.33	169.83
Underwriting Profit	9.25	2.09	5.99	12.40	10.55
Investment & Others Income	74.14	64.36	73.56	83.41	79.70
Net Profit before Tax	76.95	59.57	71.40	87.90	83.08
Reserve & Fund	342.60	323.53	309.59	281.08	260.89
Investments & FDR	1009.17	975.74	997.61	987.29	952.25
Paid up Capital	430.95	430.95	430.95	430.95	430.95
Shareholders Equity	788.53	774.15	778.44	748.24	706.50
Total Assets	2164.57	1779.34	1380.26	1345.06	1304.09
Dividend	30.17	30.22	43.10	43.10	30.22
Dividend Percentage	07% Cash	10% B. Group Cash	10% Cash	10% Cash	10% B. Group Cash
No. of Shares (restated)	43,095,360	43,095,360	43,095,360	43,095,360	43,095,360
No. of Branches	15	14	14	14	17
Earning per Share	1.43	1.11	1.29	1.40	1.43
Net Asset Value (NAV)	18.27	17.93	18.03	17.32	16.39

Credit Rating	2019	2018	2017	2016	2015
Long Term	AA-	AA-	AA-	A+	A+
Short Term	ST-2	AR-2	AR-2	AR-2	AR-2
Outlook	Stable	Stable	Stable	Stable	Stable

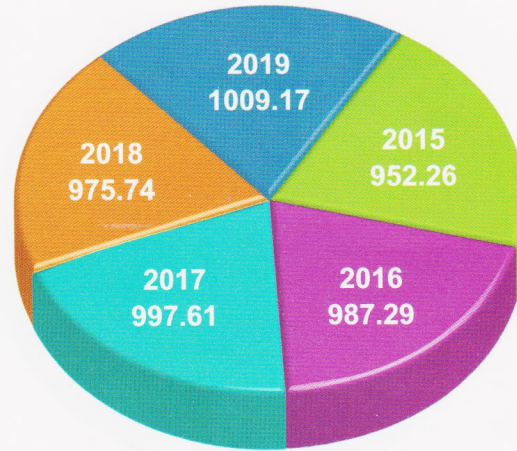


FIGURES IN MILLION (TAKA)

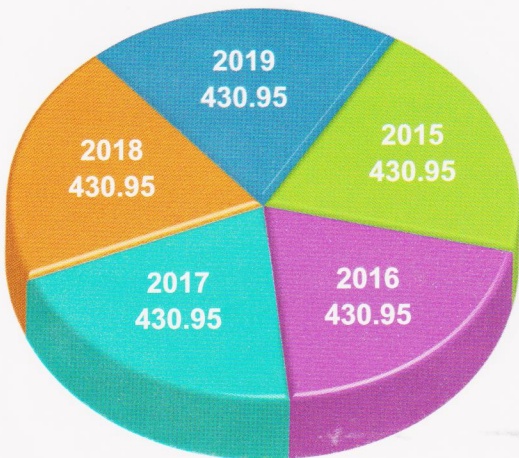
GROSS PREMIUM



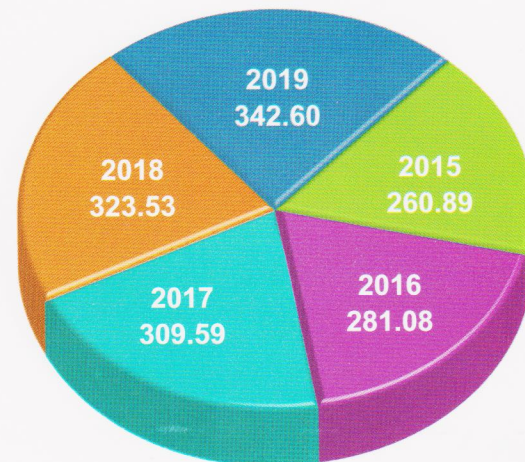
INVESTMENT & FDR



PAID UP CAPITAL



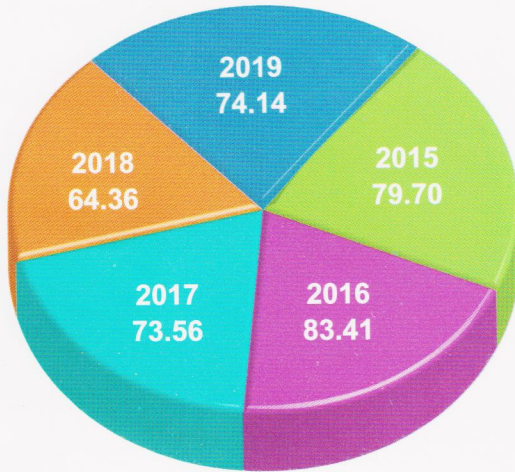
TOTAL RESERVE & FUND



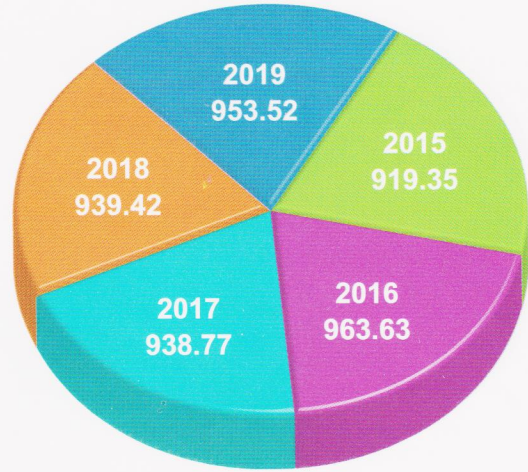


FIGURES IN MILLION (TAKA)

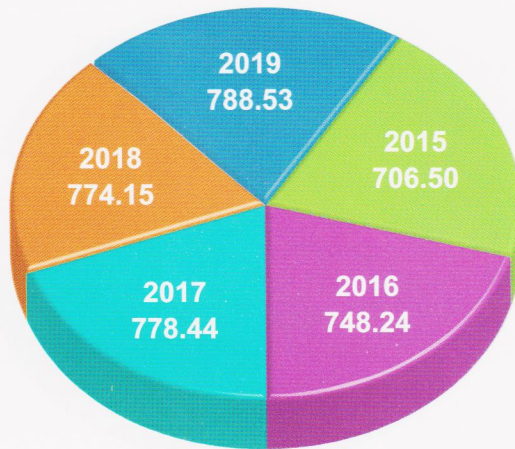
INVESTMENT & OTHER INCOME



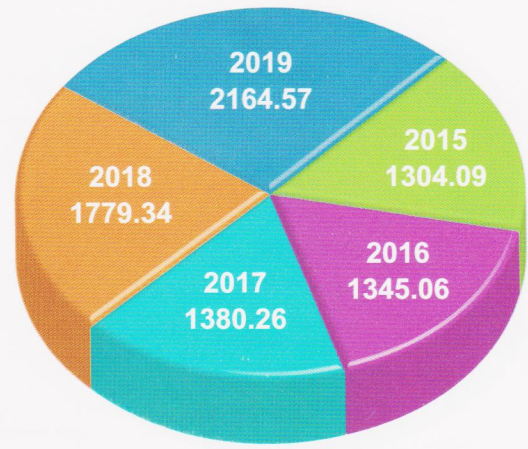
CASH & BANK BALANCES



SHAREHOLDERS EQUITY



TOTAL ASSETS



SYMBOL OF TRUST AND SECURITY

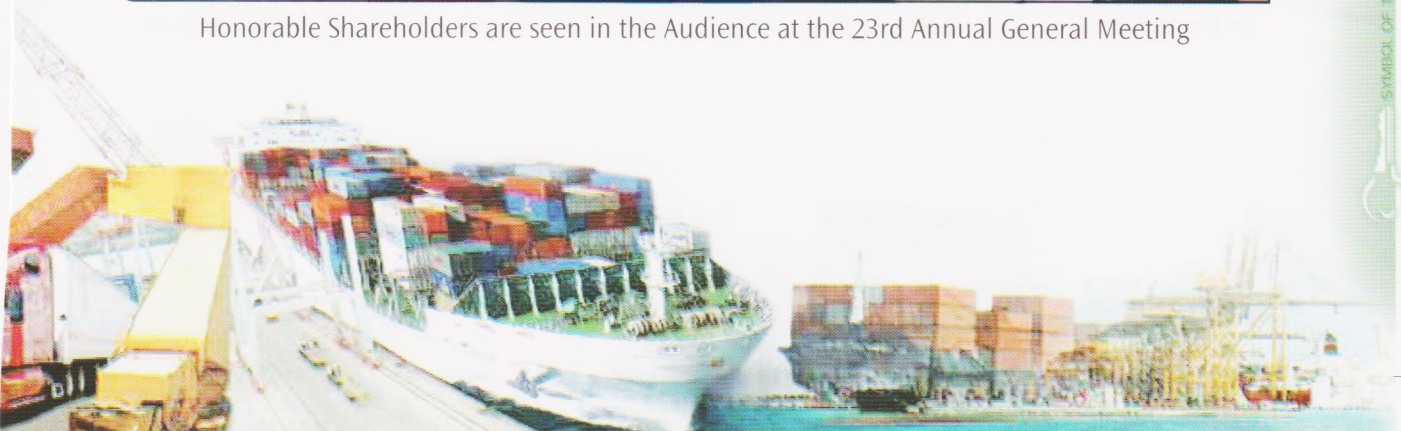




Honorable Shareholders are in the line to collect their attendance slip to attend the 23rd Annual General Meeting.



Honorable Shareholders are seen in the Audience at the 23rd Annual General Meeting





Annual Report 2019



A View of 23rd Annual General Meeting held at IDEB Bhaban on 30th June 2019



Honorable Members of the Board of Directors Congratulate the Re-elected Chairman M. Kamal Uddin at the Head office while Chief Executive Officer of the company was also present in the function.

SYMBOL OF TRUST AND SECURITY

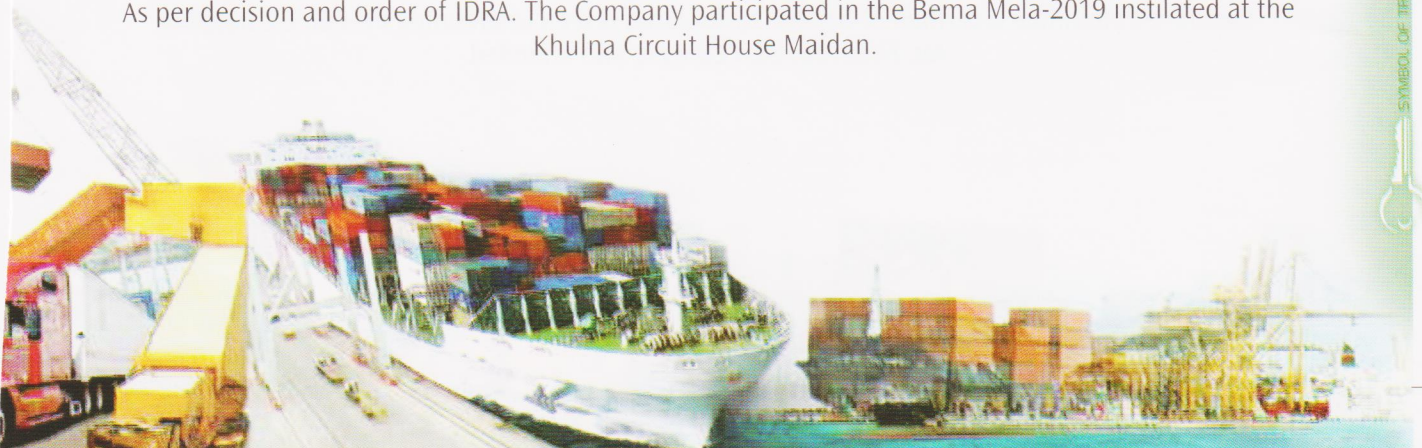




M Kamal Uddin Honorable Chairman, Executive Committee Chairman Al-haj Nurul Amin and Directors are seen in the gathering of 23rd Annual General Meeting.



As per decision and order of IDRA. The Company participated in the Bima Mela-2019 instigated at the Khulna Circuit House Maidan.





A Partial view of the board of Directors 182nd meeting held on 30th June 2019.



Executive Committee Chairman Al-haj Md. Nurul Amin is seen to presiding over an E.C meeting. Mr. Firoz Ahmed, CEO were also attended.



Company's Report to Shareholders'

(Under section 184 of the Companies Act, 1994)



Mercantile Insurance Company Ltd.

Annual Report 2019

We are pleased to Place report that:

- i) The financial statement prepared by the Management of the Company present fairly its affairs, the result of its operation, cash flows and changes in shareholders equity
- ii) Proper books of account of the Company have been maintained
- iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment
- iv) International Financial Reporting Standard (IFRS), International Accounting Standards (IAS) as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom 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
- ix) During the year ended December 31, 2019 the Board of Directors held 09 meetings and the Directors serving on the Board attended in aggregate 60% of the total number of meetings.

1.4 (K) The pattern of shareholding :

As at December 31, 2019 the pattern of shareholding are given below:

- i) Shareholdings of Parent/Subsidiary/Associate Companies and other related parties: NIL
- ii) Shareholding of Directors, sponsor shareholders, Managing Director & CEO, Company Secretary, CFO and other executives are as under:

(a) Directors/Sponsors

Sl No.	BO Name	Status	No. of Share	% of total no.
01	M. Kamal Uddin	Chairman	8,62,400	2.00%
02	Mohammad Nabi Ullah	Vice-Chairman	8,62,400	2.00%
03	Al-haj Md. Nurul Amin	Chairman, Executive Committee	8,61,907	2.00%
04	Abdul Haque	Sponsor Director	8,62,400	2.00%
05	Al-haj Mohammed Solaiman	Director	8,61,907	2.00%
06	Dr. Md. Mizanur Rahman	Sponsor Director	10,34,880	2.40%
07	Md. Serajul Islam	Sponsor Director	8,61,907	2.00%
08	Abdur Rahman	Sponsor Director	8,62,400	2.00%
09	Mahtabuddin Chowdhury	Director	8,98,509	2.08%
10	Al-haj Abdul Mannan Mazumder	Director	8,62,400	2.00%
11	M. Nasir Uddin	Director	8,64,689	2.00%
12	Wahid IBN Reza	Director	10,35,880	2.40%
13	Nurul Azim Sunny	Public Shareholder Director	8,72,277	2.02%
14	Farhana Islam Sonia	Public Shareholder Director	3,24,742	0.75%
15	Azad Mustafa	Public Shareholder Director	5,351	0.012%
16	Shafique Ahmed	Public Shareholder Director	2,870	0.006%
17	Aziz Mohammad Ershad Ullah Chowdhury	Public Shareholder Director	5600	0.012%
18	Mahmood Rahman	Sponsor	2,87,302	0.66%
19	Mohammad Ali Asghar	Sponsor	2,87,302	0.66%
20	Syed Noor Alam	Sponsor	1,23,200	0.28%
21	Barrister Saad Quadir Bin Solaiman	Public Shareholder Director	2,500	0.005%
22	Hasin Sultana	Placement Holder	1,30,592	0.30%
23	Shajjad Mustafa	Placement Holder	4,58,227	1.06%
24	Khondokar Moinur Rahman	Independent Director	-	-
25	Md. Shaha Alam	Independent Director	-	-
			1,32,31,642	30.70318%

01	Firoz Ahmed	Chief Executive Officer	Nil	Nil
02	Abdur Rahman	SEVP & Company Secretary	Nil	Nil
03	Md. Azim Uddin	Senior Executive Vice President	Nil	Nil
04	Md. Nazrul Islam	Executive Vice President	Nil	Nil
05	Md. Abdus Salam	Executive Vice President & CFO	Nil	Nil



SYMBOL OF TRUST AND SECURITY



Corporate governance is the system by which companies are directed and controlled by the Management in the best interest of all the stakeholders, thereby ensuring greater transparency and timely financial reporting.

The maintenance of effective corporate governance remains a key priority of the Board of Mercantile Insurance Co. Ltd. To exercise clarity about Directors responsibilities towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the Company and create a culture of openness and accountability. Mercantile Insurance Co. Ltd. (MICL) considers that its corporate governance practices comply with all the aspects of SEC Notification No. SEC/CMMRRCD/2006-158/207/ Admin/80 dated 03 June, 2018. In addition to establishing high standards of corporate governance, MICL also considers best governance practices in its activities. The independent role of Board of Directors, separate and independent role of Chairman and Chief Executive Officer, distinct role of Company Secretary, Chief Financial Officer, different Board Committees allow MICL to achieve excellence in best corporate governance practices.

Board of Directors Composition

The Board of MICL considers that its membership should comprise of directors with an appropriate mix of skills, experience and personal attributes that allow the Directors, individually and the board, collectively, to discharge their responsibilities and duties, under the law, efficiently and effectively, understand the business of the Company assess the performance of the Management.

The Board of MICL comprise of twenty Directors who possess a wide range of skills and experience cover a range of professions, business and service. Each of our Directors brings in independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensure that the activities of the Company are always conducted with adherence to strict and highest possible ethical standards and in the best interest of the stakeholders.

The Directors are appointed by the shareholders in the Annual General Meeting. Casual vacancies if any are filled by the Board in accordance with the stipulations of the Companies Act, 1994 and Article of the Company. In addition, one third of the Directors retires from the Board every year in the AGM, and re-elected eligible for re-election.

Role and Responsibilities of the Board

The Board is committed to achieve superior financial performance and long term prosperity, while meeting stakeholders' expectations of sound corporate governance practice. The Board determines the corporate governance arrangements for the Company. As with all its business activities, the Board is proactive in respect of corporate governance and puts in all place those arrangements which it consider are in the best interest of the Company and its shareholders, and consistent with its responsibilities to other stakeholders.

The Board of Directors is in full control of the Company's affairs and is also fully accountable to the shareholders. They firmly believe that the success of the Company largely depends on the credible corporate governance practices adopted by the Company. Taking this into consideration, the Board of Directors of MICL sets out its strategic focus and oversees the business and related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company. In discharging the above responsibilities, the Board carries out, the following functions as per the charter of the Board.



- Determine, monitor and evaluate strategies, policy, management performance criteria and business plan.
- Periodic and timely reporting to the shareholders on the affairs, progress and performance of the Company.
- Ensuring proper decision making and accountability structure throughout the Company so that the staff down the line is fully accountable to the corporate management.
- Delegation to Board Committees and Management and approval of transactions in excess of delegated level.
- Approval of major capital expenditure proposals.
- Critical evaluation of all proposals which require Board's approval and/or directives.
- Regular review of financial performance and overdue situation.
- Appointment and evaluation of the performance of the top Management positions.
- Ensuring that the senior management team has the necessary skill and experience to perform their function effectively in the best interest of the Company.
- Monitoring the adequacy, appropriateness and operation of internal controls.

Conduct for the Board Members

The Board of Directors of MICTL is committed to the highest standards of conduct in their relationships with its employees, customers, members, shareholders, regulator and the public. A Director of MICTL always seeks to use due care in the performance of his/her duties, be loyal to the Company, act in good faith and in a manner such Director reasonably believes to be not opposed to the best interests of the Company. Endeavour's to avoid having his or her private interest interfere with the interest of the Company. Maintains the confidentiality of information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated or if such information is in the public domain.

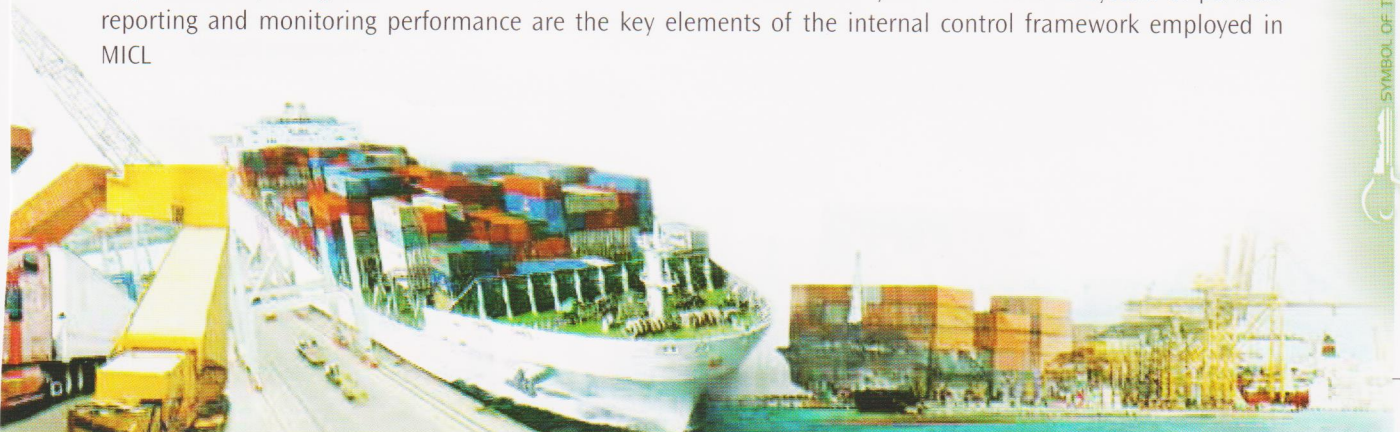
Board Meetings

The meetings of the Board of Director of MICTL are normally held at the Registered and Corporate Head Office of the Company. Meeting is scheduled well in advance and the notice of each Board Meeting is given in writing to each Director by the Company Secretary.

The Company Secretary prepares the detailed agenda for the meeting. The Board papers comprising the agenda, explanatory notes and proposed regulations are circulated to the Directors in advance for their review. The Members of the Board have completed access of all information of the Company enabling them to work efficiently. Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer always attend the Board Meeting and other Senior Management is invited to attend Board Meeting to provide additional inputs to the items being discussed by the Board and make necessary presentations.

Internal Control

The Board is responsible for ensuring that the Company has an adequate and effective control system in place. The Company's internal control system have been designed by the Audit Committee with reasonable assurance that assets are safeguarded against unauthorized use by the employees/or management and/or third parties, transactions are authorized and properly recorded and material error and irregularities are either prevented or detected with in a reasonable period of time. Properly designed management structure, clearly defined responsibilities, delegation or authorities, establishment of accountability at each level and system of periodic reporting and monitoring performance are the key elements of the internal control framework employed in MICTL





AHMED ZAKER & Co.
CHARTERED ACCOUNTANTS

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E-mail: azcbangladesh@ahmed-zaker.com
Web: www.ahmed-zaker.com

Certificate on compliance of Corporate Governance Guidelines

Report to the Shareholders of Mercantile Insurance Company Ltd. on compliance on the corporate governance code

We have examined the compliance status to the Corporate Governance Code by Mercantile Insurance Company Limited for the year ended December 31, 2019. This code relates to the notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of the Bangladesh Securities & Exchange Commission.

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

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

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

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

Date: September 08, 2020
Dhaka

Ahmed Zaker & Co.
Chartered Accountants
Zaker Ahmed, FCA
Managing Partner





বিস্মিল্লাহির রাহমানির রাহিম
সম্মানিত শেয়ারহোল্ডারবৃন্দ, আস্সালামু আলাইকুম

মার্কেন্টাইল ইনস্যুরেন্স কোম্পানী লিঃ এর ২৪তম বার্ষিক সাধারণ সভায় পরিচালনা পর্ষদের পক্ষ থেকে আপনাদের সকলকে আন্তরিক কৃতজ্ঞতা ও শুভেচ্ছা জানাচ্ছি। সম্মানিত শেয়ারহোল্ডারবৃন্দ আপনাদের অব্যাহত সমর্থন ও সার্বিক সহযোগিতায় কোম্পানির অব্যাহত অগ্রগতিতে আমরা খুবই আনন্দিত।


আপনাদের উপস্থিতি আমাদেরকে অনুপ্রাণিত করেছে এবং আমরা মনে করি যে আমাদের এই সভা সাফল্য মন্ডিত হয়েছে আপনারা আমাদের সাথে একমত হবেন যে, অর্থনৈতিক দিক থেকে আমরা একটি শ্রম সাধ্য ও কঠিন সময় অতিক্রম করছি। সকল রকম প্রতিকূল পরিস্থিতি, মুদ্রাস্ফিতির উচ্চ হার, তারল্য সংকট, অস্থিতিশীল মুক্তবাজার অর্থনীতি, অব্যাহত প্রতিকূল মূলধন বৃদ্ধি, অসম প্রতিযোগিতা উপক্ষে করেও আমরা আরও একটি বছর সফলতার মধ্য দিয়ে সমাপ্ত করতে সক্ষম হয়েছি। ২০১৯ইং সালের এই ব্যবসায়িক সাফল্যের জন্য আমরা মহান আল্লার কাছে শুকরিয়া আদায় করছি। গতানুগতিক ব্যবসা আহরণের ধারাবাহিকতা বজায় রাখার ক্ষেত্রে নতুন উৎসাহ উদ্দীপনা নিয়ে বৈচিত্র্য পূর্ণ কর্মসূচী গ্রহণের মাধ্যমে ও যথাযথঃ নিরাপদ বিনিয়োগের মাধ্যমে আমরা ২০১৯ইং সাল অতিক্রম করেছি। যা কোম্পানীকে একটি অনুকূল অর্থনৈতিক অগ্রযাত্রায় সহায়ক শক্তি হিসাবে কাজ করেছে। শক্তিশালী পুনঃবীমা নীতি গ্রহণ এবং সুষ্ঠু ঝুঁকি ব্যবস্থাপনা পদ্ধতি অবলম্বনের মাধ্যমে আমাদের ব্যবসায়িক অংশীদার এবং

গ্রাহকগণকে সম্ভাব্য সকল প্রকার উন্নত ও দ্রুত সেবা প্রদান করতে সক্ষম হয়েছি। বীমা খাতে ব্যবসা আহরণের ক্ষেত্রে তীব্র প্রতিযোগিতার মুখোমুখি হয়েও মার্কেন্টাইল ইনস্যুরেন্স কোম্পানী প্রায় সকল ক্ষেত্রে উন্নয়ন অব্যাহত রাখতে সক্ষম হয়েছে। বিগত প্রায় দুই যুগ ধরে দেশের অর্থনৈতিক অগ্রগতির ক্ষেত্রে বীমা ব্যবসার মাধ্যমে দেশের উন্নয়নে অবদান রাখতে বদ্ধ পরিকর হয়েছে। আমি দৃঢ়ভাবে বিশ্বাস করি কোম্পানির প্রতি আপনাদের আস্থা আছে যে, অনাগত ভবিষ্যতে কোম্পানি সকল বিরূপ প্রতিযোগিতামূলক পরিস্থিতিতে উন্নয়ন অব্যাহত রাখতে সক্ষম হবে।

আপনারা জেনে আনন্দিত হবেন যে, পরিচালনা পর্ষদ প্রয়োজনীয় মুনাফা বন্টন ও সঞ্চিতে রিজার্ভ সংরক্ষণ করে সকল দিক বিবেচনায় কোম্পানীর সকল শেয়ারহোল্ডারগণের মধ্যে ২০১৯ইং সালের জন্য ৭% নগদ লভ্যাংশ প্রদানের প্রস্তাব করেছেন। আমরা বিশ্বাস করি যে, আগামী দিনগুলিতেও প্রবৃদ্ধির ধারা অব্যাহত থাকলে এর চেয়েও বেশী সুবিধা দানে অবদান রাখতে সক্ষম হবে।

আমি পরিচালনা পর্ষদের পক্ষ থেকে আমাদের সম্মানিত গ্রাহক, শেয়ারহোল্ডারবৃন্দ, শুভানুধ্যায়ী, গণপ্রজাতন্ত্রী বাংলাদেশ সরকার, বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ (আইডিআরএ), অর্থ মন্ত্রণালয়, বানিজ্য মন্ত্রণালয়, বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটিজ এন্ড একচেঞ্জ কমিশন, জাতীয় রাজস্ব বোর্ড, রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানীজ এন্ড ফার্মস, সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিমিটেড, বাংলাদেশ ইনস্যুরেন্স এসোসিয়েসন, ঢাকা স্টক একচেঞ্জ লিমিটেড, চট্টগ্রাম স্টক একচেঞ্জ লিমিটেড সহ নিয়ন্ত্রক সংস্থা সমূহের সঠিক দিক নির্দেশনা ও সূচিস্তিত পরামর্শ প্রদানের জন্য কৃতজ্ঞতা প্রকাশ করছি।

পরিশেষে, সংশ্লিষ্ট সকলের দীর্ঘায়ু ও সাফল্য কামনা করে সবাইকে ধন্যবাদ জানিয়ে শেষ করছি।


(এম. কামাল উদ্দিন)
চেয়ারম্যান





In the name of Allah, the most merciful, the most graceful. Distinguished Shareholders,

It is a pleasure and privilege on the part of Board of Directors to welcome you all to the 24th Annual General Meeting of Mercantile Insurance. I, on behalf of the Board of Directors, would like to express my profound gratitude and felicitations to all the respected shareholders for their continuous support in achieving a better performance of the company. I also would like to take the opportunity to thank you to make the event successfully.

You will agree that our economy is going through a tough time. Against all the unfavorable conditions like high inflation rate, liquidity crisis in the money market, increasing adverse capital situation, Mercantile Insurance Co. Ltd. has successfully completed another one year, I am thankful to the Almighty Allah for the business success of the Company in 2019.

In 2019, we went on a spirit of continuous business diversification program like Invest in secured Financial Instrument, establishment of non-traditional business. This provided a positive impact in the growth of the Company with a strong re-insurance and risk management system.

Mercantile Insurance Company Ltd has been steadily making progress in almost every sphere of it's business in spite of intensified competition in insurance sector and the economic challenges as a corporate body with more than 2 decades. The company is committed to contribute to the economy of the country. I strongly believe that it will manage the circumstances prudentially and keep the pace of growth in upcoming years.

In this year, our success was possible because of our committed, dedicated and loyal members of management team. So, I would like to thanks to the CEO Mr. Firoz Ahmed, Deputy Managing Directors, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, all Branch-In-Charges, Officers and stuff of the company for their excellent work, with their sincerity, dedication and whole hearted devotion and committed efforts to the challenging duty and responsibility and hope that they will look forward to achieve better results in the coming days.

The Board of Directors of the company making necessary reserves and provisions in the appropriation of profit, proposes and recommends for declaration of 7% cash dividend to the all shareholders of the company for the year 2019.

We always complied with the rules and regulations of the Regulatory Bodies. However I would like to extend our gratitude to the Ministry of Finance, Ministry of Commerce, Government of the peoples Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Insurance Development & Regulatory Authority (IDRA), National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Insurance Association, Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and all other regulatory authorities for their valuable guidance, support & co-operation.

I would also like to express my appreciation to the fellow Board Members for their valuable contributions throughout the year. Finally once again my thanks to the Honorable Shareholders, Business Partners, Clients and the Well-wishers without whom our success would not be possible. Almighty Allah with infinite mercy may bestow upon us compassion and also blessing on us.

Thanking you
on behalf of the Board of Directors

M. Kamal Uddin
Chairman



বিস্মিল্লাহির রাহমানির রাহীম
সম্মানিত শেয়ারহোল্ডারবৃন্দ
আসসালামু আলাইকুম,

মার্কেটাইল ইস্যুরেন্স কোম্পানী লিমিটেড এর পরিচালনা পর্ষদের পক্ষ থেকে আমি অত্যন্ত আনন্দের সাথে কোম্পানীর ২৪তম বার্ষিক সাধারণ সভায় আপনাদেরকে স্বাগত জানিয়ে ২০১৯ইং সালের ৩১ শে ডিসেম্বর সমাপ্ত বছরের নিরীক্ষিত হিসাব বিবরণী আপনাদের বিবেচনা ও অনুমোদনের জন্য উপস্থাপন করছি। কোম্পানীর ২০১৯ইং সালের কার্যক্রম পরিচালকদের প্রতিবেদনে বিস্তারিত উল্লেখ করা হয়েছে।

বর্তমান তীব্র প্রতিযোগিতামূলক বাজার, অর্থনীতির চ্যালেঞ্জ, জটিল বিশ্ব পরিস্থিতি এবং আভ্যন্তরীণ নানরূপ প্রতিকূলতা সত্ত্বেও ২০১৯ইং ছিল কোম্পানী প্রতিষ্ঠার পর থেকে সাফল্যের ধারাবাহিকতায় দীর্ঘ আরও একটি বছর। আলােচ্য বছরে কোম্পানীর সামগ্রিক কার্যক্রমের মূল্যায়নের সুবিধার্থে ২০১৯ইং সালে আন্তর্জাতিক অর্থনৈতিক অঙ্গণ এবং বাংলাদেশের অর্থনীতির একটি সংক্ষিপ্ত চিত্র এখানে তুলে ধরা হলো।

ইস্যুরেন্স ইন্ডাস্ট্রি পরিস্থিতি

ব্যবসা-বাণিজ্যের অবিচ্ছেদ্য অংশ হচ্ছে নন-লাইফ ইস্যুরেন্স। দেশের ব্যবসা-বাণিজ্য ও শিল্পায়নের সামগ্রিক গতিধারার উপর নন-লাইফ ইস্যুরেন্স ব্যবসার গতি প্রকৃতি অনেকাংশে নির্ভরশীল। সীমিত পরিসরে বীমা বাজারে পরিধির সাথে বহু সংখ্যক প্রতিষ্ঠানের মধ্যে প্রতিযোগিতা হওয়ায় পরিস্থিতি তীব্রতর হয়ে উঠেছে। যা হোক, বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ ইতিবাচক উদ্যোগ নেয়ায় বীমা শিল্পে শৃংখলা ও আর্থিক উন্নতি আসতে শুরু করেছে।

আমাদের সামগ্রিক কার্যক্রম ও ব্যবসায়িক সাফল্য

বিদ্যমান তীব্র প্রতিযোগিতা ও প্রতিকূল পরিস্থিতির মধ্যে একটি সুষ্ঠু পরিকল্পনা গ্রহণ করে কার্যকর নেটওয়ার্ক, দক্ষ ব্যবস্থাপনা ও দ্রুততর সেবা প্রদানের কার্যকর ব্যবস্থা গ্রহণের ফলে অত্র কোম্পানী প্রতিষ্ঠার পর হতে পরবর্তী বছর সমূহে সাফল্যের ধারাবাহিকতা বজয়া রেখে ২০১৯ সালেও সাফল্য অর্জনের প্রচেষ্টা অব্যাহত রয়েছে এবং নিজেদের অবস্থানকে অনেকাংশে সুসংহত করতে পেরেছে।

আমি পরিচালনা পর্ষদের ২০১৯ইং সালের ১ জানুয়ারি হতে ৩১ শে ডিসেম্বর পর্যন্ত কার্যক্রমের উপর সংক্ষিপ্ত সম্মানিত শেয়ার হোল্ডারদের সমীপে উপস্থাপন করছিঃ

কার্যক্রমের ফলাফল

গ্রস প্রিমিয়াম আয়
নীট প্রিমিয়াম আয়
বিনিয়োগ এবং অন্যান্য থেকে আয়
নীট মুনাফা (কর প্রদান পূর্ব)
আয়কর প্রভিসন
মোট সঞ্চিতি
বিনিয়োগ ও এফডিআর
মোট সম্পদের পরিমাণ

মিলিয়ন (টাকা)

৩৭৭.৬৪
১৯১.০১
৭৪.১৪
৭৬.৯৫
১৫.৩০
৩৪২.৬০
১০০৯.১৭
২১৬৪.৫৭





লাভ লোকসান হিসাবঃ
মুনাফা বন্টন হিসাব নিম্নে বিশদভাবে বর্ণিত হলোঃ

অস্বাভাবিক ঝুঁকির জন্য সঞ্চিতি
সাধারণ সঞ্চিতি
আয়কর প্রভিসন
উদ্বৃত্ত ব্যালেন্সশীট স্থানান্তর

মিলিয়ন (টাকা)

১৯১.০১
০.২০
১৫.৩০
৩৫.৭৬

প্রস্তাবিত লভ্যাংশ

কোম্পানীর ২৪তম বার্ষিক সাধারণ সভার অনুমোদন সাপেক্ষে পরিচালনা পর্ষদ ৩১ ডিসেম্বর ২০১৯ইং সালে সকল শেয়ারহোল্ডারগণের জন্য ৪৩,০৯,৫৩,৬০০/- টাকা পরিশোধিত মূলধনের উপর ৭% হিসাবে ৩,০১,৬৬,৭৫২/- টাকা ক্যাশ ডিভিডেন্ট প্রদানের সুপারিশ করেছেন।

ক্রেডিট রেটিং

ব্যবসায়িক সফলতা এবং আর্থিক বিবরণীর উপর ভিত্তি করে আলফা ক্রেডিট রেটিং লিমিটেড মার্কেন্টাইল ইন্স্যুরেন্স কোম্পানীকে দীর্ঘ মেয়াদে AA-, স্বল্প মেয়াদে ST-2 এবং Outlook-stable প্রদান করেছেন।

নিরীক্ষক নিয়োগ

কোম্পানীর নিরীক্ষক মেসার্স কাজী জহির খান এন্ড কোং চার্টার্ড একাউন্ট্যান্টস, সামছুন নাহার এন্ড ওয়াজী কমপ্লেক্স (৯ম তলা), ফ্ল্যাট-৯-বি, ৩১/সি/১, তোপখানা রোড, সেগুনবাগিচা, ঢাকা-১০০০। ২৪তম বার্ষিক সাধারণ সভায় অবসর গ্রহণ করবেন। পুনরায় মেসার্স কাজী জহির খান এন্ড কোং চার্টার্ড একাউন্ট্যান্টস, নিরীক্ষক হিসাবে ২০২০ সালের জন্য নিয়োগ প্রাপ্তির লক্ষে লিখিত আবেদনপত্র জমা দিয়েছেন।

পরিচালকবৃন্দের অবসর গ্রহণ ও পুনঃনির্বাচন

কোম্পানীর আর্টিকেলস অব এসোসিয়েশনের ১১২, ১১৩ এবং ১১৪ নং ধারানুযায়ী নিম্নবর্ণিত পরিচালকবৃন্দ অবসর গ্রহণ করবেন এবং যোগ্য বিধায় পুনঃনির্বাচনের জন্য আগ্রহ প্রকাশ করেছেন :

০১. আলহাজ্ব মোঃ নূরুল আমিন
০২. ড. মোঃ মিজানুর রহমান
০৩. মোঃ নবীউল্লাহ
০৪. এম. নাছির উদ্দিন



ভবিষ্যৎ

আশা করা যাচ্ছে যে, ২০২০ সাল অনেক দিক থেকেই আশা ব্যঞ্জক হবে। কারণ আমাদের কোম্পানীর পরিচালনা পর্ষদ যে কোন চ্যালেঞ্জ মোকাবেলা করার জন্য ব্যয় নিয়ন্ত্রন সহ অন্যান্য উন্নয়নমূলক কর্মকান্ড বৃদ্ধি করার প্রতি সচেষ্ট রয়েছেন। কম খরচে গুণগত ও মানসম্পন্ন ব্যবসা বৃদ্ধি, ব্যবসার পোর্টফলিও বহুমাত্রিক করা এবং অপ্রচলিত ব্যবসার ঝুঁকি গ্রহণ করা, বাহুল্য খরচ বর্জন করা, বিদেশী কোম্পানীর সাথে কম খরচে পুনঃবীমা করার সম্ভাবনা যাচাই করা, শেয়ারহোল্ডারদের তহবিল অধিক লাভজনক খাতে বিনিয়োগ করা, পেশাগত দক্ষতা বৃদ্ধি করা, সম্মানিত গ্রাহকদের প্রতি উন্নত সেবা প্রদান করা সহ বৈজ্ঞানিক পদ্ধতি প্রচলন করার প্রতি ও সর্বদা সজাগ দৃষ্টি রাখা হচ্ছে। আমরা নিশ্চিত এবং অত্যন্ত আশাবাদী যে, আমাদের সম্মানিত গ্রাহক এবং শেয়ারহোল্ডারদের আন্তরিক সহযোগিতায় আমরা আগামীতে আরও একটি সফল বছর উপহার দিতে পারবো।

কৃতজ্ঞতা

আমি পরিচালনা পর্ষদ এর পক্ষ থেকে আমাদের গ্রাহক, শেয়ারহোল্ডার এবং শুভানুধ্যায়ীদের অব্যাহত সমর্থন ও সহযোগীতার জন্য আন্তরিক মোবারকবাদ জানাই। সেই সাথে বীমা উন্নয়ন ও নিয়ন্ত্রন কর্তৃপক্ষ (আইডিআরএ), অর্থ মন্ত্রণালয়, রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানীজ এন্ড ফার্মস, সাধারণ বীমা কর্পোরেশন, বাংলাদেশ ব্যাংক, সকল বাণিজ্যিক ও আর্থিক প্রতিষ্ঠান, সিকিউরিটিজ এ্যান্ড একচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ লিঃ, চট্টগ্রাম স্টক এক্সচেঞ্জ লিঃ, বাংলাদেশ ইন্স্যুরেন্স এসোসিয়েশন, সেন্ট্রাল রেটিং কমিটি এবং বাংলাদেশ ইন্স্যুরেন্স একাডেমী ও অডিটর সহ সংশ্লিষ্ট সকল সরকারী ও বেসরকারী আর্থিক প্রতিষ্ঠান সমূহকে বিভিন্ন ক্ষেত্রে সহযোগীতা দানের জন্য আন্তরিকভাবে কৃতজ্ঞতা জানাই।

একই সঙ্গে কোম্পানীর মুখ্য নির্বাহী কর্মকর্তা ফিরোজ আহাম্মদ, উপ-ব্যবস্থাপনা পরিচালকগণ, সিনিয়র এক্সিকিউটিভ ভাইস প্রেসিডেন্টগন, এক্সিকিউটিভ ভাইস প্রেসিডেন্টগন, সিনিয়র ভাইস প্রেসিডেন্টগন, ভাইস প্রেসিডেন্টগন সহ সকল শাখা প্রধান ও সর্বস্তরে কর্মরত কর্মকর্তা ও কর্মচারীবৃন্দকে তাঁদের অক্লান্ত পরিশ্রম, কর্তব্যপরায়ণতা ও নিষ্ঠার সহিত দায়িত্ব পালনের জন্য ধন্যবাদ জানাচ্ছি।

পরিশেষে আমি কোম্পানীর অব্যাহত উন্নতি ও সমৃদ্ধির জন্য পরম করুনাময় সর্বশক্তিমান আল্লাহ্ তালার নিকট প্রার্থনা করছি ও আপনাদের সমর্থন, সহযোগীতা ও শুভকামনা এবং একই সঙ্গে আপনাদের সকলের সুস্বাস্থ্য, দীর্ঘায়ু ও মঙ্গল কামনা করে শেষ করছি।

আল্লাহ্ হাফেজ

পরিচালক মন্ডলীর পক্ষে



এম. কামাল উদ্দিন
চেয়ারম্যান





Bismillahir Rahmanir Rahim
DEAR SHAREHOLDERS,
Assalamu Alaikum

On behalf of the Board of Directors I have the pleasure to welcome you all to the 24th Annual General Meeting of Mercantile Insurance Company Ltd. and pleased to place the annual report and the audited Accounts of the company for the year ended December 31, 2019.

SITUATION OF INSURANCE INDUSTRY

There are existing two flows in the Insurance industry in our Country. One of them is General insurance and the other is Life Insurance. The part and parcel of business is based on General insurance business.

Till 2014 there was 45 Non-Life Insurance Companies in the private sector and 1 state owned sadharan Bima Corporation. In 2019 another 2 Non-life companies in private sector came into market and made the competition acute. So, to procure and expand insurance business is very hard because, comparatively large number of Insurance company in the limited insurance market. Number of Insurance Company & volume of business is inconsistent in the field of Insurance Industries. However, due to the major initiatives taken by IDRA more discipline and financial strength are reflecting in the Industries.

Now the Board of Directors would like to present the precise report to the Shareholders on the operation of the Company for the period from 1st January to December 31, 2019.

Company's Performance

For the year ended 31st December'2019

	Taka in Million
Gross Premium	377.64
Net Premium Income	191.01
Investment & other Income	74.14
Net Profit (before Tax)	76.95
Provision for Taxation	15.30
Total Reserve	342.60
Investment & FOR	1009.17
Total Assets	2164.57



PROFIT AND LOSS APPROPRIATION ACCOUNT

Appropriation of Profit is shown below:

	Taka in Million
Reserve for exceptional losses	191.01
General Reserve	0.20
Provision for Taxation	15.30
Balance carried to Balance Sheet	35.76

PROPOSED DIVIDEND

Considering the profit of the Company for the year 2019 the Board of Directors has been pleased to recommend to declare Tk. 3,01,66,752/- only being 7% Cash Dividend to the all Shareholders subject to approval in the 24th Annual General Meeting.

CREDIT RATING

Based on strong financial position Alpha Credit Rating Ltd. has offered AA- for Long Term, ST-2 for Short Term and outlook-stable for Mercantile Insurance Co. Ltd.

AUDITORS

M/S. Kazi Zahir Khan & Co. Chartered Accountants, Shamsunnahar & Wazi Complex, 8th Floor, Suite-9B, 31/C/1, Topkhana Road, Segun Bagicha, Dhaka- 1000. will retire in the 24th Annual General Meeting. In the meantime M/S. Kazi Zahir Khan & Co. Chartered Accountants has applied in writing for being appointed as auditor for their year 2020.

RETIREMENT & RE-ELECTION OF DIRECTORS

In accordance with the provision of clauses 112,113 & 114 of the Articles of Association of the Company the following sponsor Directors will retire and intended for re-election :

1. Al-haj Md. Nurul Amin
2. Dr. Md. Mizanur Rahman
3. Md. Nabiullah
4. M. Nasir Uddin





FUTURE PROSPECT

The Board of Directors of our Company is following a pragmatic policy to face the situation with constant monitoring of cost elements and other area where economy can be enforced. Procurement of quality business with less procurement cost, diversification of business portfolio having emphasis in underwriting non-traditional risk, avoiding non-productive expenditures, exploring possibility of re-insurance abroad at a competitive cost, more productive investment of shareholders' fund, development of professionalism, top class service to the clients, scientific marketing thrust will be our avowed motto to continue the progress of the company. We are confident that with the sincere support of our valued clients and shareholders, our company will usher in another year of success.

ACKNOWLEDGEMENT

The Board of Directors' deeply appreciated the gracious co-operation extended by the Government of the peoples Republic of Bangladesh. Particularly, Ministry of Finance, Insurance Development and Regulatory Authority (IDRA), Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. The Board also like to put on record its appreciation for the services rendered by express its deep gratitude to respected shareholders of the Company for their support and guidance. The Board also would like to thanks Bangladesh Bank, all scheduled Banks and Financial Institutions, valued clients, patrons and well wishers who have been extending their continued support, co-operation and encouragement.

The Director's also put on record their thanks to the Chief Executive Officer Mr. Firoz Ahmed, Deputy Managing Directors, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice-Presidents, Vice-Presidents, all Branch in-charges, Officers and staff of the Company for their excellent work, with their sincere, dedicated and whole hearted devotion and committed efforts to the challenging duty and responsibility and hope that they will look forward to achieve better results in the coming days.

At the end I pray to almighty Allah for the continuous progress of the company.

For the Board of Directors.

M. Kamal Uddin
Chairman



Compliance Report on BSEC Notification



Mercantile Insurance Company Ltd.

Report on Compliance of Corporate Governance Guidelines of Mercantile Insurance Company Limited BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018

Annual Report 2019

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	

Status of compliance with the conditions imposed by the commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 issued under section 2CC of the Securities and Exchange ordinance, 1969 is presented below:

1	Board of Directors			
1(1)	Size of the Board of Directors	Complied	-	
1(2)	Independent Directors			
1(2)(a)	1/5th of the total number of Board of Directors	Complied	-	
1(2)(b)(i)	Does not hold any share or less than 1% shares of the total paid-up share of the Company	Complied	-	Not holding any share of the company
1(2)(b)(ii)	Not a Sponsor of the Company	Complied	-	
1(2)(b)(iii)	Who has not been an executive of the company in immediately procedure 2(two) financial years	Complied	-	
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise with the company or its subsidiary or associated companies.	Complied	-	
1(2)(b)(v)	Who is not a member of TREC (Training Right Entitlement Certificate) holder, director or officer of any stock exchange.	Complied	-	
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	Complied	-	
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or executive during the preceding 3(three) years of the concerned companies statutory audit firm or audit firm engaged in internal audit services or conducting special audit or professional certifying compliance of this code	Complied	-	
1(2)(b)(viii)	Who is not independent director in more than 5(five) listed companies	Complied	-	
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NBFI (Non-Bank Financial Institution)	Complied	-	
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude	Complied	-	
1(2)(c)	Shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM)	Complied	-	
1(2)(d)	Post of independent director(s) cannot remain vacant for more than 90(ninety)days	Complied	-	
1(2)(e)	Tenure of independent directors' office shall be for a period of 03(three) years, which may be extended for 1(one) tenure only.	Complied	-	
1(3)	Qualification of Independent director	Complied	-	
1(3)(a)	Shall be a knowledgeable individual with integrity able to ensure compliance with financial laws, regulatory requirements and corporate laws	Complied	-	



SYMBOL OF TRUST AND SECURITY



Compliance Report on BSEC Notification

Mercantile Insurance Company Ltd.

Annual Report 2019

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association	Complied	-	
1(3)(b)(ii)	Should be a Corporate Leader	Complied	-	
1(3)(b)(iii)	Formal official of government or statutory or autonomous or regulatory body in the position not below 5th grade of the national pay scale.	Complied	-	
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business studies or Law.	Complied	-	
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a CA/CMA/CFA/CCA/CPA or Chartered Management Accountant/CS or equivalent qualification	Complied	-	
1(3)(c)	The independent director shall have at least 10(ten) years of experiences in any field mentioned in clause (b)	Complied	-	
1(3)(d)	Relaxation in special cases subject to prior approval of the commission	-	-	Not Applicable (No Special Case arose)
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The position of Chairperson of the board and MD and/or CEO of the company shall be filled by different individuals.	Complied	-	
1(4)(b)	MD and/or CEO of a listed Company shall be elected from among the non-executive directors of the company.	Complied	-	
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company.	Complied	-	
1(4)(d)	The board shall clearly define respective roles and responsibilities of the chairperson and the managing director or chief executive officer.	Complied	-	
1(4)(e)	In absence of Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Boards meeting	Complied	-	
1(5)	The Directors' Report to Shareholders	Complied	-	
1(5)(i)	Industry outlook and possible future developments in the industry	Complied	-	
1(5)(ii)	Segment-wise or product-wise performance	Complied	-	
1(5)(iii)	Risks and concerns including internal and external risk factor, threat to sustainability and negative impact on environment	Complied	-	
1(5)(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	Complied	-	
1(5)(v)	Discussion on continuity of any extra ordinary activities and their implications	Complied	-	
1(5)(vi)	Detailed discussion and statement on related party transactions	Complied	-	
1(5)(vii)	Statement of utilization of proceeds from public issues, rights issues and/or through any others instruments	Complied	-	
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	-	-	
1(5)(ix)	Explanation on any significant variance occurs between Quarterly Financial Performance and Annual Financial Statements	Complied	-	

SYMBOL OF TRUST AND SECURITY



Compliance Report on BSEC Notification



Mercantile Insurance Company Ltd.

Annual Report 2019

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
1(5)(x)	Remuneration to directors including independent directors	Complied	-	
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 change in equity	Complied	-	
1(5)(xii)	Proper books of account of the issuer company have been maintained	Complied	-	
11(5)(xiii)	Appropriate accounting policies has been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	Complied	-	
1(5)(xiv)	International Accounting Standards (IAS) OR International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements ad any departure therefrom has been adequately disclosed.	Complied	-	
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	Complied	-	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	-	-	Not Applicable
1(5)(xvii)	Statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	Complied	-	
1(5)(xviii)	Significant deviation from last year's operating results of the issuer company shall be highlighted and the reasons there of shall be explained	Complied	-	
1(5)(xix)	Key operating and financial data of at least preceding 5(five) years shall be summarized.	Complied	-	
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons there of shall be given	-	-	7% Cash Dividend for all shareholder
(5)(xxi)	Boards statement to the effect that no bonus shares or stock dividend has been declared as interim dividend	-	-	Not Applicable
(5)(xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed	Complied	-	
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (name wise details)	Complied	-	
1(5)(xxiii)(a)	Parent/Subsidiary/Associate Companies and other related parties (name wise details)	-	-	Not Applicable
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, Head of internal Audit and Compliance and their spouses and minor children (name wise details)	Complied	-	
1(5)(xxiii)(c)	Executives	Complied	-	
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	-	-	Not Applicable
1(5)(xxiv)(a)	A brief resume of the director in case of appointment or reappointment	Complied	-	
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas	Complied	-	
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board	Complied	-	



SYMBOL OF TRUST AND SECURITY



Compliance Report on BSEC Notification

Mercantile Insurance Company Ltd.

Annual Report 2019

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
1(5)(xxv)	Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	Complied	-	
1(5)(xxv)(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes	Complied	-	
1(5)(xxv)(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding 5(five) years explaining reasons thereof	Complied	-	
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	Complied	-	
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the global	Complied	-	
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements and concerns mitigation plan of the company	Complied	-	
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position shall be explained to the shareholders in the next AGM	Complied	-	
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) disclosed in page- 87	Complied	-	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition no. 9 disclosed in page- 48 and 54	Complied	-	
1(6)	Meeting of the Board of Directors			
1(6)	Compliance under Bangladesh Secretarial Standards (BSS)	Complied	-	
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC)	Complied	-	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	Complied	-	
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	-	-	Not Applicable
2(b)	At least 1(one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	-	-	Not Applicable
2(c)	The minutes of subsidiary to be placed in the meeting of holding company	-	-	Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	-	-	Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company	-	-	Not Applicable

SYMBOL OF TRUST AND SECURITY



Compliance Report on BSEC Notification



Mercantile Insurance Company Ltd.

Annual Report 2019

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
3	Managing Director (MD) or Chief Executive Officer(CEO), Chief Financial Officer(CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment	Complied	-	
3(1)(a)	Board shall appoint a MD or CEO, Company Secretary, CFO and HIAC	Complied	-	
3(1)(b)	The positions of the MD, CEO, CS, CFO and HIAC shall be filled by different individuals.	Complied	-	
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	Complied	-	
3(1)(d)	Clearly defined respective rules, responsibilities and duties of the CFO, the HIAC and the CS	Complied	-	
3(1)(e)	MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board and be disseminate to the Commission and stock exchange(s)	-	-	Not Applicable
3(2)	Requirement to attend Board Of Directors Meetings			
3(2)	The MD or CEO and CFO of the company shall attend the meeting of the board	Complied	-	
3(3)	Duties of Managing Director (MD) OR Chief Executive Officer(CEO) and Chief Financial Officer(CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that have reviewed financial statements for the year and that to the best of their knowledge and belief	Complied	-	
3(3)(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	Complied	-	
3(3)(a)(ii)	The statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	Complied	-	
3(3)(b)	The MD or CEO and COF to certify that there are no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of its members	Complied	-	
3(3)(c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report	Complied	-	
4	Board of Directors' Committee			
4(i)	Audit committee	Complied	-	
4(ii)	Nomination and remuneration committee	Complied	-	
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an audit committee as a sub-committee of the board	Complied	-	
5(1)(b)	The audit committee shall assist the board in insuring that the financial statements reflect true and fair view of the state of affairs	Complied	-	
5(1)(c)	The Audit Committee shall be responsible to the Board the duties of the Audit Committee shall be clearly set forth in writing	Complied	-	

SYMBOL OF TRUST AND SECURITY





Compliance Report on BSEC Notification

Mercantile Insurance Company Ltd.

Annual Report 2019

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
5(2)	Constitution to the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3(three) members.	Complied	-	
5(2)(b)	Board shall appoint members of the Audit Committee who shall be non-executive director of the company excepting Chairperson of the Board and shall include at least 1(one) independent director			
5(2)(c)	All members of the Audit committee should be “financially literate” and at least 1(one) members shall have accounting or related financial management background and 10(ten) years of such experience	Complied	-	
5(2)(d)	When the term of service of any committee member expires or there is any circumstance causing any committee member to be unable to hold office before expiration of the term of service	-	-	No such event occurred
5(2)(e)	The company secretary shall act as the secretary of the Committee.	Complied	-	
5(2)(f)	The quorum of the audit committee meeting shall not constitute without at least one independent director			
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select Chairperson of the Audit Committee who will be Independent Director	Complied	-	
5(3)(b)	Absence of the Chairperson of the Audit Committee members to elect one and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	Complied	-	
5(3)(c)	Chairperson of the audit committee shall remain present in the AGM	Complied	-	
5(4)	Meeting of the Audit Committee	Complied	-	
5(4)(a)	The audit committee shall conduct at least its 4 meeting in a financial year	Complied	-	
5(4)(b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher where presence of an independent director is a must.	Complied	-	
5(5)	Role of Audit Committee	Complied	-	
5(5)(a)	Oversee the financial reporting process	Complied	-	
5(5)(b)	Monitor choice of accounting policies and principles	Complied	-	
5(5)(c)	Monitor Internal Audit and Compliance to ensure that it is adequately resourced	Complied	-	
5(5)(d)	Oversee hiring performance of external auditors	Complied	-	
5(5)(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption	Complied	-	
5(5)(f)	Review along with the management, the annual financial statements before submission	Complied	-	
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission	Complied	-	
5(5)(h)	Review the adequacy of internal audit function	Complied	-	
5(5)(i)	Review the management’s discussion and analysis before disclosing in the Annual Report	Complied	-	
5(5)(j)	Review statement of all related party transactions submitted by the management	Complied	-	

SYMBOL OF TRUST AND SECURITY



Compliance Report on BSEC Notification



Mercantile Insurance Company Ltd.

Annual Report 2019

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
5(5)(k)	Review management letters or letter of internal control weakness issued by statutory auditors	Complied	-	
5(5)(l)	Oversee determination of audit fees based on scope and magnitude and evaluate the performance of external auditor	Complied	-	
5(5)(m)	Oversee whether IPO or RPO or RSO proceeds utilized as per the published prospectus	-	-	Not Applicable
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The audit committee shall report on its activities to the board	Complied	-	
5(6)(a)(ii)(a)	Report on conflicts of interests	-	-	No such event occurred
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements	-	-	No such event occurred
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation	-	-	No such event occurred
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the board immediately	-	-	No such event occurred
5(6)(b)	Reporting to the Authorities	-	-	No such event occurred
5(7)	Reporting to the Shareholders and General Investors	-	-	No such event occurred
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors.			
6(1)(a)	The company shall have an NRC as a sub-committee of the Board.	Complied	-	
6(1)(b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications.	Complied	-	
6(1)(c)	The Terms of Reference of the NRC shall be clearly set forth in writing	Complied	-	
6(2)	Constitution of the NRC	Complied		
6(2)(a)	The Committee shall comprise of at least three members including an Independent Director	Complied	-	
6(2)(b)	All members of the Committee shall be non-executive directors	Complied	-	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board	Complied	-	
6(2)(d)	The board shall have removed and appoint any member of the committee	Complied	-	
6(2)(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.	Complied	-	
6(2)(f)	The chairperson of the committee may appoint any external expert	Complied	-	
6(2)(g)	The company secretary shall act as the secretary of the committee	Complied	-	
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance	Complied	-	
6(2)(i)	No member of the NRC Shall receive either directly or indirectly	Complied	-	
6(3)	Chairperson of the NRC	Complied		
6(3)(a)	The board shall select one member of the NRC to be Chairperson of the Committee who shall be an independent director	Complied	-	
6(3)(b)	Absence of chairperson, the remaining members may elect one of them; the reason of absence of the regular Chairperson shall be duly recorded in the minutes	-	-	No such event occurred

SYMBOL OF TRUST AND SECURITY





Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
6(3)(c)	Chairperson of the NRC shall attend the AGM	Complied	-	
6(4)	Meeting of the NRC	"	-	
6(4)(a)	The NRC shall conduct at least one meeting in a financial year	"	-	
6(4)(b)	The chairperson of the NRC may convene any emergency meeting	"	-	
6(4)(c)	Quorum of NRC meeting, presence of 2 or 2/3 members whichever is higher, where presence of an independent director is must	"	-	
6(4)(d)	Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting	"	-	
6(5)	Role of NRC	"	-	
6(5)(a)	NRC shall be independent and responsible to the board and to the shareholders	"	-	
6(5)(b)(i)(a)	The level of composition of remuneration is reasonable and sufficient	"	-	
6(5)(b)(i)(b)	The relationship of remuneration to performance for clear and meets appropriate performance benchmark	"	-	
6(5)(b)(i)(c)	Remuneration to director top level executive involves a balance between fixed and incentive pay reflecting short and long term performance	"	-	
6(5)(b)(ii)	Consideration age gender experience	"	-	
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down and recommend their appointment and removal to the Board	"	-	
6(5)(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board.	"	-	
6(5)(b)(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.	"	-	
6(5)(b)(vi)	Developing recommending and reviewing annually the company's human resources and training policies	"	-	
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report.	"	-	
7	External or Statutory Auditors	"	-	
7(1)	Issuer company shall not engage its external auditors to perform the following	"	-	
7(1)(i)	Appraisal or valuation service opinions	Complied	-	
7(1)(ii)	Financial information systems design and implementation	Complied	-	
7(1)(iii)	Book-keeping and other services related to the accounting records	Complied	-	
7(1)(iv)	Broker-dealer services	Complied	-	
7(1)(v)	Actuarial services	Complied	-	
7(1)(vi)	Internal or special audit services	Complied	-	
7(1)(vii)	Any services that the Audit Committee may determine	Complied	-	
7(1)(viii)	Audit or certification services on compliance of corporate governance	Complied	-	



Compliance Report on BSEC Notification



Mercantile Insurance Company Ltd.

Annual Report 2019

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
7(1)(ix)	Any other service that may create conflict of interest	Complied	-	
7(2)	No partner or employees of the external audit firms shall process any share of the company they company at least during the tenure of their audit assignment of that company			
7(3)	Representative of external or statutory auditors in the shareholders meeting (AGM or EGM)	Complied	-	
8	Maintaining a website by the Company			
8(1)	The company shall have official website	Complied	-	
8(2)	The website functional from the date of listing	Complied	-	
8(3)	Available the details discloser on its website as required under the listing regulations	Complied	-	
9	Reporting and compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing professional Accountant or Secretary on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	Complied	-	
9(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM.	Complied	-	
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the director's report whether the company has complied with these conditions or not	Complied	-	



SYMBOL OF TRUST AND SECURITY

Directors' Certificate

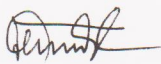
SYMBOL OF TRUST AND SECURITY



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, we certify that :

1. The value of investment as shown in the Balance Sheet has been taken at the cost.
2. The value of assets as shown in the Balance Sheet and as classified on Form "AA" annexed have been duly reviewed as at December 31, 2019 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realisable or market value under the several headings as enumerated in the annexed form.
3. All expenses of management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business have been duly debited to the related Revenue Accounts and Profit & Loss Account.



Firoz Ahmed
Chief Executive Officer



M. Nasir Uddin
Director



Abdul Haque
Director



M. Kamal Uddin
Chairman

Dated: July 21, 2020
Place: Dhaka





Opinion

We have audited the accompanying Financial Statements of Mercantile Insurance Company Limited, which comprise the Statement of Financial Position as at December 31, 2019, and the Statement of Profit or Loss and other Comprehensive Income, Profit or Loss Appropriation Account, Consolidated Insurance Revenue Account, Fire Insurance Revenue Account, Marine & Marine Hull Insurance Revenue Account, Motor Insurance Revenue Account, Miscellaneous Insurance Revenue Account, Statement of Changes in Shareholder's Equity, Statement of Cash Flows for the year then ended, Form "AA" as at December 31, 2019 and a summary of significant accounting policies and other explanatory information disclosed in Note 1- 29.

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

Basis for Opinion

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

Matter of Emphasis

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

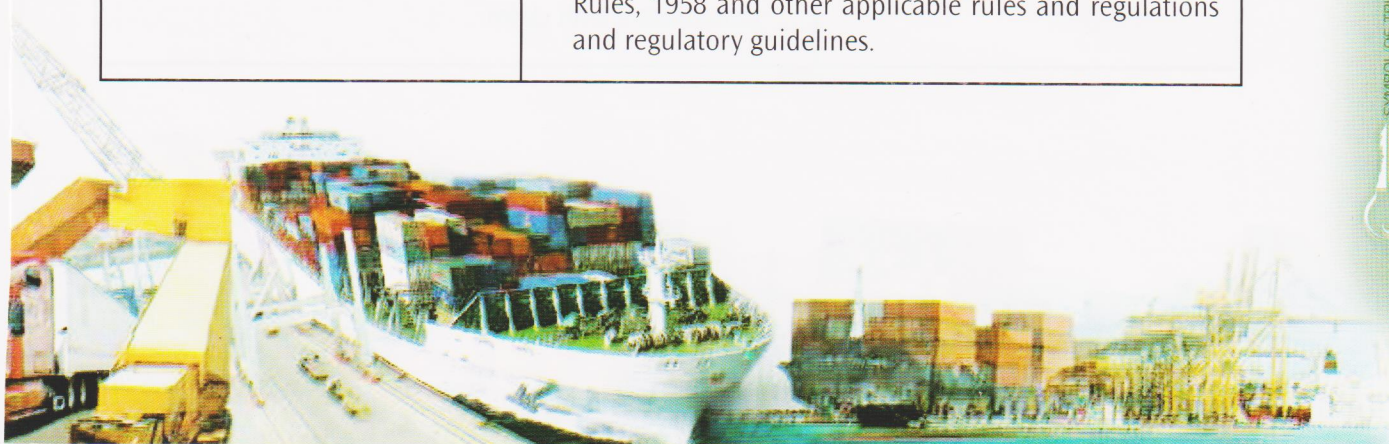
- We draw attention to Note'10.00 & Annexure-A Property, Plant & Equipment, the company has not yet done any valuation of assets as per IAS 16 "Property, Plant and Equipment", and has not maintained appropriate assets register.
- As per IAS-24, related party transactions should be disclosed. The Company has not reflected "Related party disclosure" properly.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters were addressed in the context of our audit of the consolidated and separate financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
<p>Premium Income: Gross general insurance premiums comprise the total premiums received for the whole period of cover provided by contracts entered into during the accounting period.</p> <p>Given the important nature, connections to other items to the financial statements and sensitivity of the item we believe this area present high level of audit risk.</p> <p>At The Year end of the year 2019, the company reported total gross premium income of BDT 377,645,444(2018: BDT 342,664,168).</p>	<p>With respect to Premium income in respect of various types of insurance we carried out the following procedures:</p> <ul style="list-style-type: none"> • Carried out analytical procedures and recalculated premium income for the period. • The design and operating effectiveness of key controls around premium income recognition process. • Carried out cut-off testing to ensure unearned premium income has not been included in the premium income. • On a sample basis reviewed policy to ensure appropriate policy stamp was affixed to the contract and the same has been reflected in the premium register. • Ensured on a sample basis that the premium income was being deposited in the designated bank account. • Tested on a sample basis to see that appropriate VAT was being collected and deposited to bank through Treasury Challan. • For a sample of insurance contracts tested to see if appropriate level of reinsurance was done and whether that reinsurance premium was deducted from the gross premium. • Applying specialist judgment ensured if there is any impairment of the reinsurer. • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938 (as amended in 2010), Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.





See note #21.00 of the financial statements.

Fair value reserve on Investment of marketable securities:

The company makes a number of investments in the listed securities in stock exchange. Income generated from the investments (realized gain and dividend received) is credited to the Profit or Loss Account.

This item has significant impact on net asset value of the company and equity balances might be prone to misreporting as large unreported fall in the value of any holding may wipe out the value of the portfolio and hamper the distribution capability of the company.

At The Year end of the year 2019, the company reported investments in the listed securities in stock exchange BDT 87,192,728 at Market Value.

We tested the design and operating effectiveness of key controls around monitoring, valuation and updating of prices of the positions held by the company from trusted sources. Additionally, we performed the following:

- Obtained year-end share holding positions from the company and through directional testing assessed the completeness of the report.
- " Ascertained the valuation of the holding as per IFRS 13.
- Reviewed the assumptions used for the valuation models for any unquoted securities.
- Recalculated unrealized gain or loss at the year end.
- Carried out cut-off testing to ensure unrealized gain or loss was recognized in correct period.
- Obtained the MICTL report and share portfolio and cross checked against each other to confirm unrealized gain or loss.
- Check the subsequent positioning of this unrealized amount after the year end.
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938 (as amended in 2010), Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.

See note #12.00 of the financial statements.

Estimated liability in respect of outstanding claims whether due or intimated and claim payment:

This account represents the claim due or intimated, and

We tested the design and operating effectiveness of controls around the due and intimated claim recording process.

We additionally carried out the following substantive testing's around this item

- Obtained the claim register and tested for completeness of claims recorded in the register on a sample basis.
- Obtained a sample of claimed policy copy and crosscheck it with claim.



<p>related balance of recoverable from reinsurer, from the insured and involves significant management judgment and risk of understatement. In extreme scenario this item may have going concern implications for the company.</p> <p>At the year end the 2019, the company reported total balance under the head of the estimated liability in respect of outstanding claims whether due or intimated and claim payment of BDT 157,000,000.</p>	<ul style="list-style-type: none"> ● Obtained a sample of survey reports cross checked those against respective ledger balances and in case of discrepancy carried out further investigation. ● Obtained and discussed with management about their basis for estimation and challenged their assumptions where appropriate. ● Reviewed the claim committee meeting minutes about decision about impending claims. ● Tested a sample of claims payments with intimation letter, survey report, bank statement, claim payment register and general ledger. ● Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938 (as amended in 2010), Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.
<p>See note #7.00 to the financial statement</p>	





Other information

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

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

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

We have nothing to report on going concern

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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

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

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

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





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

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

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

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
- c) The Company management has followed relevant provisions of laws and rules in managing the affairs of the Company and proper books of accounts, records and other statutory books have been properly maintained and (where applicable) proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- d) As per section 63(2) of the Insurance Act 2010, in our opinion to the best of our knowledge and belief 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 of the Company;



- e) We report that to the best of our information and as shown by its books, the company during the year under report has not paid any person any commission in any form, outside Bangladesh in respect of any its business re-insured abroad;
- f) The Balance sheet, Profit & Loss Appropriation Account, Profit & Loss account, related Revenue Accounts, Statement of Changes in Equity and Statement of Cash Flows of the Company together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- g) The expenditure was incurred for the purpose of the Company's business;

Dated: Dhaka
July 21, 2020



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





Particulars	Notes	Amount in Taka	
		31-Dec-19	31-Dec-18
Shareholders Equity & Liabilities :			
Share Capital			
Authorised Capital		1,000,000,000	1,000,000,000
Issued, Subscribed & Paid-up capital	3.00	430,953,600	430,953,600
Share Premium (Less issue expense & taxes)		74,814,125	74,814,125
Reserve or Contingency Accounts:			
Reserve for exceptional losses	4.00	227,105,313	208,004,244
General Reserve		19,900,000	19,700,000
Profit & Loss Appropriation Account		35,757,765	40,674,627
Balance of Fund & Accounts			
Fire Insurance Business	5.00	13,907,938	32,242,033
Marine Insurance Business		65,337,992	49,154,107
Motor Insurance Business		5,288,554	4,817,099
Miscellaneous Insurance Business		11,059,198	9,616,415
Liabilities & Provision			
Premium Deposit	6.00	14,430,957	25,204,344
Estimated liability in respect of outstanding claims whether due or intimated	7.00	157,000,000	174,500,000
Amount due to other person or bodies carrying on insurance business	8.00	940,900,154	558,420,286
Sundry Creditors	9.00	168,113,649	151,243,824
Total Shareholders Equity & Liabilities :		2,164,569,245	1,779,344,704
Assets:			
Non-Current Assets:			
Property, Plant & Equipment	10.00	31,089,069	34,863,342
Bangladesh Govt. Treasury Bond		25,000,000	25,000,000
Deferred Tax Assets	11.00	1,144,315	1,279,567
Current Assets:			
Investment in Shares	12.00	87,192,728	65,765,782
Accrued Interest, Dividend And Rent	13.00	6,229,767	5,627,650
Amount due from other persons or bodies carrying on insurance business	14.00	912,971,540	575,920,794
Sundry Debtors	15.00	6,555,133	4,245,819
Cash and Bank balance	16.00	953,521,388	939,416,352
Advance Income Tax	17.00	139,933,176	127,035,119
Stamps in hand		932,129	190,279
Total Assets:		2,164,569,245	1,779,344,704
Net Assets Value Per Share (NAVPS)		18.27	18.14

The annexed notes 1 to 29 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Date: July 21, 2020

Place: Dhaka

KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS



Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019



Mercantile Insurance Company Ltd.

Annual Report 2019

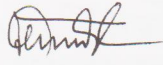
Particulars	Notes	Amount in Taka	
		2019	2018
Operating Profit/(loss) Transferred From:		9,248,525	2,008,619
Fire Insurance Revenue Account		(79,385,021)	(60,155,541)
Marine Insurance Revenue Account		65,808,673	47,922,815
Motor Insurance Revenue Account		6,915,209	3,208,174
Misc. Insurance Revenue Account		15,909,664	11,033,171
Non-Operating Income (Not applicable to any fund or Account):		74,139,732	64,363,705
Interest, Dividend & Rent Income 18.00	18.00	73,959,732	64,183,705
Other Income 19.00	19.00	180,000	180,000
Total Income:		83,388,257	66,372,324
Expenses of Management (Not applicable to any fund or Account):		6,433,386	6,806,490
Registration & Renewal		930,439	846,076
Directors' Fees		768,000	736,700
Audit Fees		112,500	62,500
Depreciation		4,622,447	5,161,214
Net Profit/(Loss) transferred to Profit or Loss Appropriation Account		76,954,871	59,565,834
Total:		83,388,257	66,372,324
Earnings per Share (EPS)		1.43	1.11

Profit or Loss Appropriation Account

For the year ended December 31, 2019

Particulars	Notes	Amount in Taka	
		2019	2018
Opening Balance of appropriation accounts		40,674,629	65,105,869
Net Profit/(Loss) transferred from		76,954,871	59,565,837
Total profit/(loss) after tax		117,629,500	124,671,706
Appropriation:		81,871,734	83,997,077
Stock Dividend issued/Cash dividend		30,214,781	43,095,360
Prior year Adjustment for deferred tax upto December 31, 2016			
Reserve for exceptional losses		19,101,069	19,137,676
General Reserve		200,000	1,000,000
Income tax expenses		15,298,750	11,798,472
Unrealized (gain)/loss on investment in share		17,057,134	8,965,569
Undistributed Balance transferred to Balance sheet		35,757,766	40,674,629
Total:		117,629,500	124,671,706

The annexed notes 1 to 29 form an integral part of these financial statements.



Chief Executive Officer


Director


Director


Chairman

Signed as per our separate report on same date.


KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS

Date: July 21, 2020
Place: Dhaka



SYMBOL OF TRUST AND SECURITY



Consolidated Revenue Account

For the year ended December 31, 2019

Annual Report 2019

Particulars	Notes	Amount in Taka	
		2019	2018
Opening balance of Reserve for unexpired risks		95,829,653	102,027,395
Premium Less Re-insurance		191,010,693	191,376,756
Commission on Re-insurance Ceded		41,145,109	33,873,928
Total:		327,985,455	327,278,079
Claims under policies less Re-insurance		79,589,499	96,693,760
Paid during the year		97,089,499	71,193,760
Claims outstanding at the end of the year		157,000,000	174,500,000
Claims Outstanding at the end of the previous year		(174,500,000)	(149,000,000)
Agency Commission	23.00	45,146,757	41,372,087
Expenses of Management		98,406,993	91,373,962
Profit/(Loss) transferred to Profit or Loss Account		9,248,524	2,008,617
Closing balance of Reserve for unexpired risks		95,593,682	95,829,653
Total:		327,985,455	327,278,079

The annexed notes 1 to 29 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Date: July 21, 2020

Place: Dhaka

KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS

SYMBOL OF TRUST AND SECURITY



Fire Insurance Revenue Account

For the year ended December 31, 2019

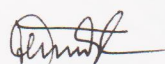


Mercantile Insurance Company Ltd.

Annual Report 2019

Particulars	Notes	Amount in Taka	
		2019	2018
Opening balance of Reserve for unexpired risks	21.00	32,242,032	21,563,926
Premium Less Re-insurance		27,815,876	64,484,064
Commission on Re-insurance Ceded		24,671,458	17,424,978
Total:		84,729,366	103,472,968
Claims under policies less Re-insurance		93,768,587	71,378,202
Paid during the year		101,768,587	66,378,202
Claims outstanding at the end of the year		80,000,000	88,000,000
Claims Outstanding at the end of the previous year		(88,000,000)	(83,000,000)
Agency Commission		18,184,763	19,226,729
Expenses of Management		38,253,099	40,781,546
Profit/(Loss) transferred to Profit or Loss Account		(79,385,021)	(60,155,541)
Closing balance of Reserve for unexpired risks		13,907,938	32,242,032
Total:		84,729,366	103,472,968

The annexed notes 1 to 29 form an integral part of these financial statements.


Chief Executive Officer



Director


Director


Chairman

Date: July 21, 2020
Place: Dhaka

Signed as per our separate report on same date.


KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS

SYMBOL OF TRUST AND SECURITY





Particulars	Notes	Amount in Taka	
		2019	2018
Opening balance of Reserve for unexpired risks		49,154,107	63,867,478
Premium Less Re-insurance	21.00	130,499,313	98,025,665
Commission on Re-insurance Ceded		11,300,993	11,214,616
Total:		190,954,413	173,107,759
Claims under policies less Re-insurance		(10,204,694)	18,851,190
Paid during the year		(5,204,694)	3,851,190
Claims outstanding at the end of the year		45,000,000	50,000,000
Claims Outstanding at the end of the previous year		(50,000,000)	(35,000,000)
Agency Commission		22,398,375	18,136,209
Expenses of Management		47,614,067	39,043,439
Profit/(Loss) transferred to Profit or Loss Account		65,808,673	47,922,814
Closing balance of Reserve for unexpired risks		65,337,992	49,154,107
		190,954,413	173,107,759

The annexed notes 1 to 29 form an integral part of these financial statements.


Chief Executive Officer



Director


Director


Chairman

Date: July 21, 2020
Place: Dhaka

Signed as per our separate report on same date.


KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS



Motor Insurance Revenue Account

For the year ended December 31, 2019




Mercantile Insurance Company Ltd.

Annual Report 2019

Particulars	Notes	Amount in Taka	
		2019	2018
Opening balance of Reserve for unexpired risks		4,817,099	6,577,845
Premium Less Re-insurance	21.00	10,577,108	9,634,197
Commission on Re-insurance Ceded			
Total:		15,394,207	16,212,042
Claims under policies less Re-insurance		(1,120,754)	4,186,130
Paid during the year		379,246	686,130
Claims outstanding at the end of the year		14,000,000	15,500,000
Claims Outstanding at the end of the previous year		(15,500,000)	(12,000,000)
Agency Commission		1,347,402	1,234,891
Expenses of Management		2,963,796	2,765,748
Profit/(Loss) transferred to Profit or Loss Account		6,915,209	3,208,174
Closing balance of Reserve for unexpired risks		5,288,554	4,817,099
Total:		15,394,207	16,212,042

The annexed notes 1 to 29 form an integral part of these financial statements.


Chief Executive Officer


Director


Director


Chairman

Signed as per our separate report on same date.

Date: July 21, 2020
Place: Dhaka


KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS



SYMBOL OF TRUST AND SECURITY



Particulars	Notes	Amount in Taka	
		2019	2018
Opening balance of Reserve for unexpired risks		9,616,415	10,018,147
Premium Less Re-insurance	21.00	22,118,396	19,232,830
Commission on Re-insurance Ceded		5,172,658	5,234,334
Total:		36,907,469	34,485,311
Claims under policies less Re-insurance		(2,853,641)	2,278,238
Paid during the year		146,359	278,238
Claims outstanding at the end of the year		18,000,000	21,000,000
Claims Outstanding at the end of the previous year		(21,000,000)	(19,000,000)
Agency Commission		3,216,217	2,774,258
Expenses of Management		9,576,031	8,783,229
Profit/(Loss) transferred to Profit or Loss Account		15,909,664	13,033,171
Closing balance of Reserve for unexpired risks		11,059,198	9,616,415
Total:		36,907,469	34,485,311

The annexed notes 1 to 29 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Date: July 21, 2020

Place: Dhaka

KAZI ZAHIR KHAN & CO.
 CHARTERED ACCOUNTANTS



Statement of Changes in Equity

For the year ended December 31, 2019



Mercantile Insurance Company Ltd.

Annual Report 2019

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Profit and Loss Appropriation	Total Taka
Opening balance	430,953,600	74,814,125	208,004,245	19,700,000	40,674,629	774,146,599
Profit after Tax during the year	-	-	-	-	61,656,121	61,656,121
Transfer to General reserve	-	-	-	200,000	(200,000)	-
Cash Dividend	-	-	-	-	(30,214,781)	(30,214,781)
Reserve for Exceptional Losses	-	-	19,101,069	-	(19,101,069)	-
Unrealized gain/(Loss) on share	-	-	-	-	(17,057,134)	(17,057,134)
As at December 31, 2019	430,953,600	74,814,125	227,105,314	19,900,000	35,757,766	788,530,805

Statement of Changes in Equity

For the year ended December 31, 2018

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Profit and Loss Appropriation	Total Taka
Opening balance	430,953,600	74,814,125	188,866,569	18,700,000	65,105,869	778,440,163
Profit after Tax during the year	-	-	-	-	47,767,365	47,767,365
Transfer to General reserve	-	-	-	1,000,000	(1,000,000)	-
Cash Dividend	-	-	-	-	(43,095,360)	(43,095,360)
Reserve for Exceptional Losses	-	-	19,137,676	-	(19,137,676)	-
Unrealized gain/(Loss) on share	-	-	-	-	(8,965,569)	(8,965,569)
As at December 31, 2018	430,953,600	74,814,125	208,004,245	19,700,000	40,674,629	774,146,599

The annexed notes 1 to 29 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Date: July 21, 2020

Place: Dhaka

KAZI ZAHIR KHAN & CO.
 CHARTERED ACCOUNTANTS



SYMBOL OF TRUST AND SECURITY

**Statement Of Cash Flow**

For the year ended December 31, 2019

Particulars	Amount in Taka	
	2019	2018
Cash Flow from Operating Activities:		
Collection from Premium and Commission	295,622,153	285,174,277
Management Expenses, Commission, Re-Insurance & Claims	(238,676,301)	(216,444,493)
Income tax paid	(12,898,057)	(26,801,600)
Net Cash Provided by Operating Activities: (A)	44,047,795	41,928,184
Cash Flow from Investing Activities:		
Purchase/sale of Share	(1,847,345)	2,715,570
Interest/Dividend Received	2,967,542	2,967,542
Acquisition of Property, Plant & Equipment	(848,175)	(4,402,503)
Net Cash Used by Investing Activities: (B)	272,022	1,280,609
Cash Flow from Financing Activities:		
Dividend Paid	(30,214,781)	(42,563,731)
Net Cash Used by Financing Activities: (C)	(30,214,781)	(42,563,731)
Net Cash inflow/ outflow(A+B+C)	14,105,036	645,061
Opening Cash & Bank balance at the year	939,416,351	938,771,290
Cash & Bank balance at the end of the year	953,521,387	939,416,351

The annexed notes 1 to 29 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Date: July 21, 2020

Place: Dhaka

KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS



Classified Summary of Assets

As at December 31, 2019



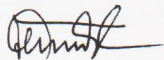
Mercantile Insurance Company Ltd.


Annual Report 2019

Sl. No.	Particulars	Amount in Taka
1	Bangladesh Govt. Treasury Bond	25,000,000
2	Shares	87,192,728
3	Fixed Deposit	896,976,198
4	Cash at Bank (STD & CD A/c)	44,556,434
5	Cash in hand	11,988,756
6	Interest Accrued	6,229,767
7	Sundry Debtors (including advance, deposits & pre-payments)	6,555,133
8	Advance Income Tax	139,933,176
9	Amount due from other person or bodies carrying on Insurance business	912,971,540
10	Non-Current Assets (at cost less depreciation)	31,089,069
11	Stamps in hand	932,129
	Total Taka	2,163,424,930

Certified that the value of all assets have been reviewed and the said assets have been set forth in the Balance Sheet at amount not exceeding their realizable or Market Value.

The annexed notes 1 to 29 form an integral part of these financial statements.


Chief Executive Officer


Director


Director


Chairman

Signed as per our separate report on same date.

Date: July 21, 2020
Place: Dhaka


KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS



SYMBOL OF TRUST AND SECURITY



The Net Asset Value per share stands at Tk.18.27. The calculation of net asset value per share is given below:

Sl. No.	Particulars	Amount in Taka	Net Amount in Taka
	ASSETS		
1	Property, Plant & Equipment	31,089,069	
2	Investment	112,192,728	
3	Interest, Dividend & Rent Outstanding Accrued Interest	6,229,767	
4	Amount due from other persons of bodies carrying on insurance business	912,971,540	
5	Sundry Debtors including Advance, deposits & Prepayments	6,555,133	
6	Cash & Cash Equivalent	953,521,388	
7	Advance Income Tax	139,933,176	
8	Stamps in hand	932,129	
	A. Total Assets (1 to 8)		2,163,424,930
	LIABILITIES		
1	Balance of funds and Accounts	95,593,682	
2	Liabilities and provisions	1,280,444,760	
	B. Total Liabilities (1 to 2)		1,376,038,442
	Net Assets (A-B)		787,386,488
	Number of Shares of Tk.10.00 each		43,095,360
	Net Assets Value per Share		18.27

The annexed notes 1 to 29 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Date: July 21, 2020

Place: Dhaka

KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS



Notes to the Financial Statements

For the year ended December 31, 2019



Mercantile Insurance Company Ltd.

Annual Report 2019

1. Legal status and nature of the company

(a) Legal status

MERCANTILE INSURANCE COMPANY LIMITED was incorporated as a public limited company on MARCH 19, 1996 and obtained the certificate of commencement of business as on May 5, 1996 under the Companies Act 1994, RJSC registration Dated March 19, 1996 and IDRA Registration (Insurance Dated January 01, 2020). The company obtained insurance license from the Controller of Insurance, Government of People's Republic of Bangladesh, was obtained with effect from 13th May, 1996. MERCANTILE INSURANCE COMPANY LIMITED went for public issue in 2004 and the shares of the company are listed in both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

(b) Address of Registered Office and Principal Place of Business:

The registered office of the Company is at Red Crescent Bhaban 61, Motijheel C/A, Dhaka-1000, Bangladesh.

(c) Principal Activities of the Company

The principal activities of the company are to carry on all kinds of non-life insurance business. There were no significant changes in the nature of the principal activities of the company during the year 2019 under review.

2. Significant Accounting Policies & Other Relevant Information

(a) Basic of Accounting Preparation:

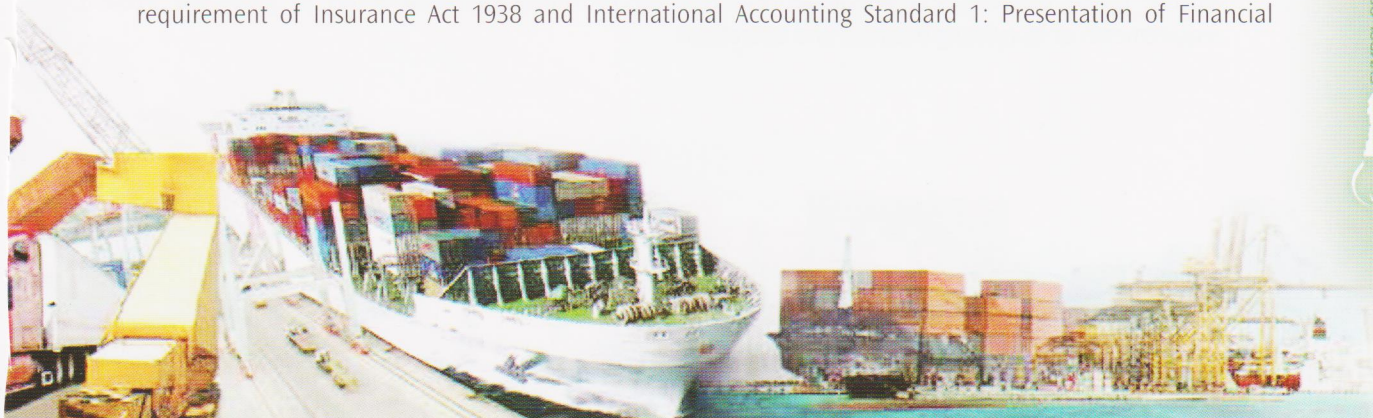
The financial statements of the company under reporting have been prepared under historical cost convention on a going concern concept and on accrual basis in accordance with Generally Accepted Accounting Principles and practice in Bangladesh. Disclosure of financial information as required by Insurance Act 2010 have been complied with while preparing statement of financial position, statement of comprehensive income and revenue accounts for specific classes of insurance business in the form set forth in the first, second and third schedule of the Insurance Act and also in compliance with the Companies Act 1994.

(b) Management Responsibility

The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and existing accounting standards and applicable laws.

(c) Directors Responsibility Statements:

The Board of Directors are also responsible for the preparation and Presentation of financial statements under section 183 of the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, listing regulation of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd and as per the provision of "The International Accounting Standards Committee" (IASC). Being the general-purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by per requirement of Insurance Act 1938 and International Accounting Standard 1: Presentation of Financial



SYMBOL OF TRUST AND SECURITY

Statements. A complete set of financial statements comprise:

- i) Statement of Financial Position as at December 31, 2019;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2019;
- iii) Statement of Profit and Loss Appropriation Account for the year ended 31 December 2019;
- iv) Consolidated Revenue Account for the year ended December 31, 2019;
- v) Fire Insurance Revenue Account for the year ended December 31, 2019;
- vi) Marine Insurance revenue Account for the year ended December 31, 2019;
- vii) Motor Insurance Revenue Account for the year ended December 31, 2019;
- viii) Miscellaneous Insurance Revenue Account for the year ended December 31, 2019;
- ix) Statement of Changes in Equity for the year ended December 31, 2019;
- x) Statement of cash flows for the year December 31, 2019;
- xi) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended December 31, 2019;

(d) Date of Authorization

The Board of Directors has authorized these financial statements on 21 July, 2020.

(e) Compliance Statements and General Rules & Regulations

The financial statements have been prepared and disclosures of information have been made in accordance with the requirements of Insurance Act, 2010, Insurance rules, 1958, the companies Act, 1994, the Securities and Exchange Rules, 1987, the listing Regulations of Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd, and Guidelines, rules and regulations issued from time to time by the Insurance Development and Regulatory Authority (IDRA).

To comply with the International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

(f) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for investments in stock exchanges which are measured at fair value.

(g) Functional and Presentational Currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk.), which is the company's functional currency. All information presented in Taka has been rounded to the nearest Taka (BDT).

(h) Going Concern Basis

The company has adequate resources to continue in the operation for the foreseeable future. For this reason, the Directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources for providing sufficient funds to meet the present requirements of its existing business and operations.



Notes to the Financial Statements

For the year ended December 31, 2019



Mercantile Insurance Company Ltd.

Annual Report 2019

(i) Reporting Period

Financial statements of the company consistently cover one calendar year from 1 January 2019 to 31 December 2019.

(j) Branch Accounting

The company has 14th branches under its umbrella without having any overseas branch up to the year ended December 31, 2019. The accounts of the branches are maintained at the Head Office level. Only petty cash books are maintained at the branch level for meeting day to day cash expenses.

(k) Significant Accounting Policies

i) Revenue Recognition (IFRS-15)

Revenue is recognized in accordance with International Financial Reporting Standards (IFRS-15): Revenue from Contracts with Customers, unless otherwise mentioned or otherwise guided by the separate IAS/IFRS or by Directives of the regularity Authority.

ii) Underwriting Premium Income

Premium income is recognized when insurance policies are issued and premium collected. The sum of premium income as appeared in classified Revenue Accounts is net of the refund made, Re-insurance Ceded and Re-insurance premium on PSB.

iii) Public Sector Business (PSB)

As per Government Decision effective from April 1990, 100% Public Sector Insurance Business is being underwritten by SadharanBima Corporation (SBC), 50% being retained by SBC and the balance is equally distributed to 47 private sector insurance companies.

The premium in respect of Company's share of Public Sector Insurance Business (PSB) is accounted for in the year in which the relevant statement of accounts from SadharanBima Corporation is received. The statements of accounting period from January 01, 2019 to December 31, 2019 have been received from SBC and the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly. Such method of account for the Public Sector Insurance Business (PSB) has been consistently followed.

iv) Re-insurance Ceded and Accepted

" Re-insurance Ceded and Accepted with SadharanBima Corporation

Necessary adjustment in respect of Re-insurance ceded and accepted in Bangladesh has duly been made in respective Revenue Account as per Treaty between the company and SadharanBima Corporation (SBC).

" Re-Insurance with Foreign Re-insurer

Fifty percent of the re-insurable non-life insurance business shall be re-insured with SadharanBima Corporation and the remaining fifty percent of such business may be re-insured either with the SBC or with any other insurer whether in or outside Bangladesh.

SYMBOL OF TRUST AND SECURITY





v) **Cover Notes Converted into Policy (CCP)**

Amounts received against issue of cover notes that have not been converted into policy are not recognized as income. The cover notes which were previously issued are converted into insurance policy at the expiry of nine months as per circular of the then Chief Controller of Insurance.

vi) **Investment Income**

• Interest on FDRs and 10 year Bangladesh Government Treasury Bond (BGTB) are recognized on accrual basis. Interest on STD/SND/PLS account and other income are recognized as when amount credited to our account.

• Cash Dividend Income and Stock Dividend from Investment:

Dividend income on investment in shares, if any, are recognized on cash basis and shown in Profit & Loss account. For stock dividend, received by the company against its investment, number of shares increased effecting decrease in average cost of investment.

vii) Valuation of Fixed Assets:

• Property, Plant & Equipment:

All fixed assets are stated at cost less accumulated depreciation as per International Accounting Standard (IAS)-16, "Property, Plant & Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

• Recognition of Fixed Assets:

The company recognizes in the carrying amount of an item of Property, Plant & Equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the items can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repairs and maintenance other than major replacements renewals and or betterment of the assets are charged off as revenue expenditure in the period in which it is incurred.

• Depreciation on Property, Plant & Equipment:

Property, Plant & Equipment is depreciated following the reducing balance method on the basis of life expectancy of the assets in accordance with IAS-16. Depreciation on addition of fixed assets has been charged when it is available for use. The Property, Plant & Equipment are depreciated at the following rates:

Items	Rate
Building and floor space	2.5%
Furniture & Fixtures	10%
Electrical office equipment	15%
Office decoration	10%
Air-Cooler	15%
Motor & Other Vehicles	20%
Telephone Installation	20%
Sundry Assets	25%



Notes to the Financial Statements

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Mercantile Insurance Company Ltd.

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The value of all assets as shown in the Balance Sheet and in the annexed Classified Summary of Assets drawn up in accordance with from "AA" of part II of the First Schedule of the Insurance Act 1938, have been reviewed and the balances are in agreement with the Balance Sheet amount and Form AA amount. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and recognized in the statement of comprehensive income.

• Impairment of Assets

As per International Accounting Standards (IAS) 36: The carrying amounts of the company's non-current assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive income. Considering the present conditions of the assets, management concludes that there is no such indications exist.

• Sale of fixed assets

Sale 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 IAS 16.

viii) Employees Retirement Benefit Scheme

Mercantile Insurance Company Ltd offers a number benefit plans for all permanent Employees of the company which include Contributory Provident Fund, Gratuity Fund, Earn Leave Benefit, Festival Bous and Incentive Bonus on profit which have been accounted for in accordance with the provision of International Accounting Standards (IAS) 19, "Employee's Benefit" basis of enumeration the above benefits schemes operated by the company.

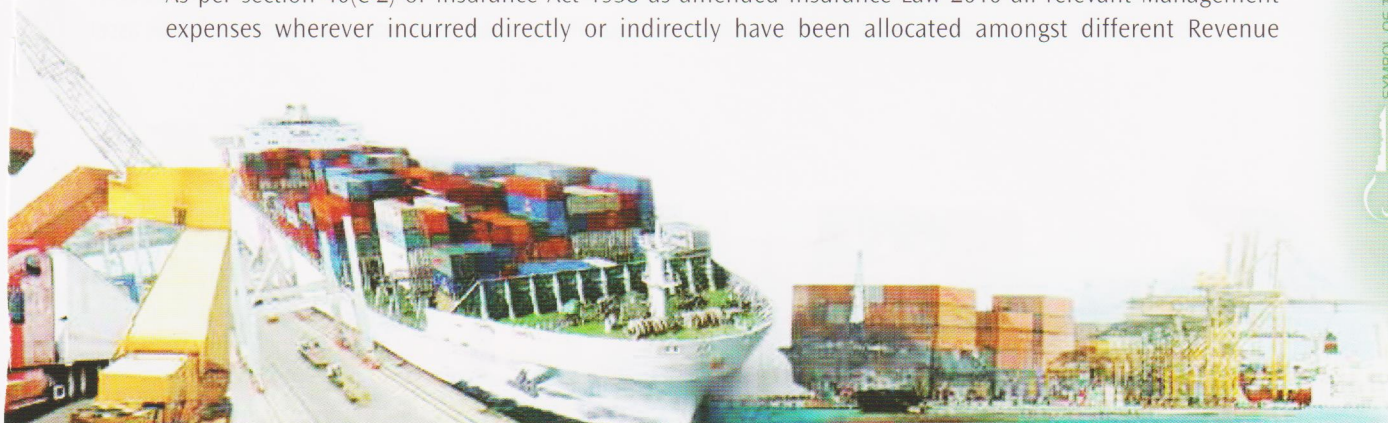
We are currently not maintaining workers profit participation fund which is the requirement of Bangladesh labor law (amendments) 2013 & Dhaka stock exchange limited. We will start maintaining the WPPF @ 5% on net profit after Tax immediately.

ix) Balance of Funds & Accounts (Un-expired Risk Reserve)

Surplus/deficit on Revenue Accounts has been arrived at after making necessary provision for un-expired risk @ 50% of net premium income on Fire, Marine Cargo, Motor, Miscellaneous and 100% on Marine Hull business concern.

x) Allocation of Expenses of Management

As per section 40(C-2) of insurance Act 1938 as amended Insurance Law 2010 all relevant Management expenses wherever incurred directly or indirectly have been allocated amongst different Revenue



SYMBOL OF TRUST AND SECURITY



Accounts in respect of Fire, Marine, Motor and Miscellaneous insurance business on pro-rata basis at their respective gross premium Income.

xi) Cash Flow Statement:

Cash Flow Statement is prepared in accordance with IAS -7' and International Accounting Standard (IAS) -7 Cash Flow Statement' and the cash flow from the operating activities has been presented under direct method as prescribed by the Bangladesh Securities and Exchange Rules -1987. Cash Flow statement is broken down into operating activities, investing activities, and financing activities. The calculation of Net Operating Cash Flow per share(NOCFPS) has been given in Note#25.00

xii) Foreign Currency Transaction:

All Foreign Currency Transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transaction as per Bangladesh Accounting Standard (BAS) -21: " The effects of Changes in Foreign Exchange Rate".

xiii) Cash and Bank balance:

Cash and Bank balance include cash in hand, cash at banks which are held and available for use by the Company without any restriction.

xiv) Appropriation during the Year:

In accordance with "IAS-1" Presentation of Financial Statements" the appropriations for the year have been reflected in the statement of change in equity.

xv) Stock of Stationery & Forms:

Stock of Stationery & Forms has been valued at cost price or net realizable value whichever is lower.

xvi) Re-arrangement of Head of Accounts:

To comply with the International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, during the year 2013, we have re-arranged some of Heads of Accounts.

xvii) Recognition of Expenses and Taxes:

Expenses are recognized on the basis of a direct association between the cost incurred and the earning of specific heads of income. All expenditure incurred has been charged to the Statement of Comprehensive Income in the running business and in maintaining the Property, Plant and Equipment's in state of efficiency.

xviii) Borrowing Costs:

In accordance with International Accounting Standard (IAS-23) borrowing Costs that are directly attributable to the acquisition and construction of a qualifying asset from part of the cost of that asset



Notes to the Financial Statements

For the year ended December 31, 2019



Mercantile Insurance Company Ltd.

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and therefore, should be capitalized. Other borrowing costs are recognized as an expense.

xix) Provision for Income Taxes:

The company has made the income tax provision on the basis of IAS-12 "Income Taxes" and Income Tax Ordinance, 1984 as amended time to time.

● Current Tax Provision:

A provision @ 37.50% on the profit except dividend income of the company has been provided during the year. However, provision @ 20% is made on dividend income of the company.

● Deferred Taxes:

Deferred tax is provided for all temporary differences comprising between the tax base of assets and liabilities and their carrying amounts in financial statements in accordance with the provision of IAS-12.

xx) Reserve or Contingencies Accounts:

● Reserve for Exceptional losses:

As per Para 6 of 4th Schedule of Income Tax Ordinance, 1984 to meet the exceptional losses, company sets aside ten percent of the premium income of the year in which it is set aside from the balance of the profit to Reserve for exceptional losses. As per Insurance Act 1938 as amended 2010, 10% statutory reserve is maintained out of profit by the company to meet any possible future claims on net premium income during the year.

● Investment Fluctuation Fund (Fair Value Reserve):

The company made investments in the capital market having a large portfolio and income generated from the investment (realized gain and dividend received) is credited to the statement of comprehensive Income. The company has made a provision considering the average movement of market price as the capital market of Bangladesh is volatile and market price of the stocks and shares are changes very frequently and any effect on increase or decrease are transferred to the investment Fluctuation Fund subsequently.

● General Reserve Fund:

The company creates a General Reserve Fund from the current year profit to avoid future contingency.

xxi) Segment Reporting:

A business segment is a distinguishable component of the company that is engaged in providing services that are subject to risks and returns and are different from those of other business segments. The company accounts for segment reporting of operating results of each segment. The Company has four primary business segments for reporting purposes namely Fire, Marine, Motor and Miscellaneous.



SYMBOL OF TRUST AND SECURITY



xxii) Earnings Per Share (EPS) :

The company calculates Earning Per Share (EPS) in accordance with IAS -33: "Earnings Per Share", which has been shown on the Statement of Comprehensive Income (Profit and Loss) in the Financial Statements. The Calculation of Earnings Per Share (EPS) has been given in Note no#24.00

xxiii) Comparative Information:

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year financial statements. Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS-8: "Accounting Policies, Changes in Accounting Estimates and Errors"

xxiv) Event after the Reporting Period (Balance Sheet Date):

The proposed dividend is not recognized as a liability in the balance sheet in accordance with the IAS-10 Events after the reporting period. The board of directors in its 180st Meeting held on April 30 2019 decided to recommend payment of 7% cash dividend for All Shareholders only for the year 2019.

xxv) Transactions with Related Parties (IAS-24)

As per International Accounting Standards: 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. During the year under review the company has not carried out the transaction with related parties in the normal course of business and no arm's length basis.

xxvi) Reporting Currency

The financial statements are prepared and presented in Bangladesh Taka (BDT), which is the company's financial currency. A sizeable amount have however been received in foreign currency.



Notes to the Financial Statement

For the year ended December 31, 2019



Mercantile Insurance Company Ltd.

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3.00 Share Capital: Tk. 430,953,600

Authorised Capital:

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

Amount in Taka	
31-Dec-19	31-Dec-18

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

Issued, Subscribed & Paid-up Capital:

43,095,360 Ordinary Shares of Tk.10/= each

430,953,600 430,953,600

Total:

430,953,600 **430,953,600**

This is made up as follows

Category of Shareholders	No. of Share	% of holding	Amount (Tk.)
1. Sponsors & Sponsor Directors	13,231,642	30.70%	132,316,420
2. Genral Public	16,511,528	38.31%	165,115,280
3. Institution	13,352,190	30.98%	133,521,900
Total:	43,095,360	100%	430,953,600

Classification of Shareholders as per their share holdings

i) Sponsors & Directors

Class Interval	No. of Shares	No. of Share Holder	% of holdings	% of Total Paid-up capital
001-500	Nil	Nil	Nil	Nil
501-5000	5,370	2	0.04	0.01
5001-10000	10,951	2	0.08	0.03
10001-20000	Nil	Nil	Nil	Nil
20001-30000	Nil	Nil	Nil	Nil
30001-40000	Nil	Nil	Nil	Nil
40001-50000	Nil	Nil	Nil	Nil
50001-100000	Nil	Nil	Nil	Nil
100001-1000000	11,144,561	17	84.23	25.86
1000001 and above	2,070,760	2	15.65	4.81
Total of (i)	13,231,642	23	100	30.70

ii) General Public & Institutions

Class Interval	No. of Shares	No. of Share Holder	% of holdings	% of Total Paid-up capital
001-500	137,429	947	0.46	0.32
501-5000	1,676,734	1068	5.61	3.89
5001-10000	1,046,767	141	3.51	2.43
10001-20000	1,219,083	79	4.08	2.83
20001-30000	872,917	34	2.92	2.03
30001-40000	939,195	26	3.14	2.18
40001-50000	483,165	9	1.62	1.12
50001-100000	2,001,643	27	6.70	4.64
100001-1000000	21,486,785	32	71.95	49.86
1000001 and above			0.00	0.00
Total of (i)	29,863,718	2,363	100.00	69.30
Grand Total (i+ii)	43,095,360	2,386	Nil	100.00

4.00 Reserve or Contingency Accounts: Tk. 282,763,078

This is made up as follows

Particulars

Reserve for exceptional losses

Note: 4.01 227,105,313 208,004,243

General reserve

Note: 4.02 19,900,000 19,700,000

Profit & Loss appropriation accounts

Note: 4.03 35,757,765 40,674,629

Total:

282,763,078 **268,378,872**



SYMBOL OF TRUST AND SECURITY



4.01 Reserve for Exceptional Losses: Tk. 227,105,313

This is made up as follows

Particulars

Opening Balance
Add: addition during the year
Closing balance:

Amount in Taka	
31-Dec-19	31-Dec-18
208,004,244	188,866,568
19,101,069	19,137,676
227,105,313	208,004,244

4.02 General Reserve: Tk. 19,900,000

This is made up as follows

Particulars

Opening Balance
Add: addition during the year
Closing balance:

19,700,000	18,700,000
200,000	1,000,000
19,900,000	19,700,000

4.03 Profit or Loss Appropriation Accounts: Tk. 35,757,765

This is made up as follows

Particulars

Opening Balance
Addition during the year
Stock dividend/Cash dividend
Reserve for exceptional losses
General Reserve
Income tax expenses
Unrealised gain/(Loss) in share
Closing balance:

40,674,629	65,105,869
76,954,870	59,565,837
(30,214,781)	(43,095,360)
(19,101,069)	(19,137,676)
(200,000)	(1,000,000)
(15,298,750)	(11,798,472)
(17,057,134)	(8,965,569)
35,757,765	40,674,629

This represents the balance of retained profit after provision of Reserve for exceptional losses, provision for Income Tax & General Reserve

5.00 Balance of fund & accounts: Tk. 95,593,682

This is made up as follows

Particulars

Fire Insurance Business
Marine Insurance Business
Motor Insurance Business
Miscellaneous Insurance Business
Total:

13,907,938	32,242,032
65,337,992	49,154,107
5,288,554	4,817,099
11,059,198	9,616,415
95,593,682	95,829,653

This is reserve for unexpired risks has been made on net premium income at following rates:

Class of Business	Net Premium	Rate	Balance of Fund & Accounts
Fire Insurance	27,815,876	50%	13,907,938
Marine Cargo Insurance	130,322,643	50%	65,161,322
Marine Hull Insurance	176,670	100%	176,670
Motor Insurance	10,577,108	50%	5,288,554
Miscellaneous Insurance	22,118,397	50%	11,059,198
Total	191,010,694		95,593,682

6.00 Premium Deposit: Tk. 14,430,957

This is made up as follows

Particulars

Premium Deposit
Total:

14,430,957	25,204,344
14,430,957	25,204,344

The balance represents the amount received against cover-notes but risks have not been intimated within 31st December, 2019 but subsequently converted into Policies by 31 March, 2020



Notes to the Financial Statement

For the year ended December 31, 2019



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Amount in Taka	
31-Dec-19	31-Dec-18

7.00 Estimated Liability in Respect of Outstanding Claims Whether Due or Intimated: Tk. 157,000,000

This is made up as follows

Particulars

Fire Insurance	80,000,000	88,000,000
Marine Insurance	45,000,000	50,000,000
Motor Insurance	14,000,000	15,500,000
Miscellaneous Insurance	18,000,000	21,000,000
Total:	157,000,000	174,500,000

8.00 Amount due to other persons or bodies carrying on insurance business: Tk. 940,900,154

This is made up as follows

Particulars

Sadharan Bima Corporation & others insurance company	940,900,154	558,420,286
Total:	940,900,154	558,420,286

9.00 Sundry Creditors: Tk. 168,113,649

This is made up as follows

Particulars

Value added Tax (VAT)	Note: 9.01	2,655,815	2,058,153
Audit Fees		547,500	547,500
Legal Fees		66,190	66,190
Provident Fund	Note: 9.02	254,913	408,954
Unclaimed Dividend		9,391,699	9,438,339
Salary & Allowances	Note: 9.03	3,073,689	2,085,379
Provision for Income Tax		142,088,499	126,789,749
Advance against Car Hire Purchase		9,975,344	9,789,560
Office Rent		60,000	60,000
Total:		168,113,649	151,243,824

VAT of Tk. 26,55,815.00, Provident Fund Tk. 2,54,913.00, Salary & Allowances Tk. 30,73,689.00 have since been paid off.

9.01 Audit Fees: Tk. 547,500

This is made up as follows:

Particulars

Statutory Audit Fees-2019	112,500	112,500
Statutory Audit Fees-2018	35,000	35,000
Statutory Audit Fees-2013	70,000	70,000
Special Audit Fees-2012	70,000	70,000
Special Audit Fees-2011	65,000	65,000
Special Audit Fees-2010	65,000	65,000
Special Audit Fees-2009	65,000	65,000
Special Audit Fees-2008	65,000	65,000
Special Audit Fees-2007	65,000	65,000
Total:	547,500	547,500



SYMBOL OF TRUST AND SECURITY



9.02 Unclaimed Dividend: Tk. 9,391,699

This is made up as follows:

Particulars

For the year-2004
 For the year-2005
 For the year-2006
 For the year-2007
 For the year-2008
 For the year-2009 (Fraction)
 For the year-2010(Fraction)
 Right Issue Excess Deposit
 For the year-2013
 For the year-2014
 For the year-2015
 For the year-2016
 For the year-2017
 For the year-2018

Total:

Amount in Taka	
31-Dec-19	31-Dec-18

653,425	653,425
513,900	513,900
556,575	556,575
475,654	475,654
718,920	718,920
1,800	1,800
194,401	194,401
55,350	55,350
2,642,848	2,642,848
1,715,897	1,716,482
211,885	212,470
822,685	1,099,923
529,046	596,591
299,313	-
9,391,699	9,438,339

Refund & Dividend warrant for the years 2004 to 2017 already issued. As per BSEC rule but no claim have been made by the share holders up to the date of 31st December 2019

9.03 Provision for Income Tax: Tk. 142,088,499

This is made up as follows:

Particulars Accounting year ended	Assessment Year
31-12-2013	2014-2015
31-12-2014	2015-2016
31-12-2015	2016-2017
31-12-2016	2017-2018
31-12-2017	2018-2019
31-12-2018	2019-2020
31-12-2019	2020-2021
Total:	Total

31-Dec-19	31-Dec-18
27,650,468	27,650,468
23,588,222	23,588,222
21,624,791	21,624,791
26,997,398	26,997,398
15,447,214	15,447,214
11,481,656	11,481,656
15,298,750	
142,088,499	126,789,749

Against the provision a sum of Tk. 1,42,088,499 has been paid within 31.12.2019 including Income Tax deducted at source as Advance Income Tax. (Note -17)

10.00 Property, Plant & Equipment: Tk. 31,089,069

This is made up as follows:

Particulars

A. Cost:

Opening Balance
 Addition during the year
Closing Balance:

90,080,992	85,678,491
848,175	4,402,503
90,929,167	90,080,994

B. Accumulated depreciation:
 Opening Balance
 Depreciation Charged during the year
Closing Balance:

55,217,655	50,056,441
4,622,443	5,161,214
59,840,098	55,217,655

Written down value on cost (A-B)

31,089,069	34,863,339
-------------------	-------------------

The details shown in Annexure-A

11.00 Deferred Tax Assets: Tk. 1,144,315

This is made up as follows:

Particulars

Opening balance
 Deferring Tax Expenses during the year on Cost(11.01)
Total:

1,279,567	1,596,383
(135,252)	(316,816)
1,144,315	1,279,567



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11.01 Deferred Tax Expenses during the year ended 31st december 2019

recognised in the statement of Profit or Loss and other comprehensive income (Profit and Loss account) and the statement of financial position as per IAS-12 Income Taxes.

Carrying amount of property, Plant and equipment excluding land

Particulars		
Asset Base WDV	31,089,066	34,863,337
Tax Base WDV	34,140,569	38,275,516
Total taxable/(deductible) temporary Difference	(3,051,503)	(3,412,179)
Tax rate	37.50%	37.50%
Closing Deferred Tax Liability/(Asset)	(1,144,314)	(1,279,567)
Opening Deferred Tax Liability/(Asset)	(1,279,567)	(1,596,383)
Deferred tax (income)/expense for the year	135,253	316,816

12.00 Investment in Shares: Tk. 87,192,728

This is made up as follows:

Name of the Company	2019		2018	
	Cost Value	Market Value	Cost Value	Market Value
LAFSURCEML	1,403,133	672,000	1,403,133	870,000
Dutch Bangla Bank Ltd.			4,596,140	2,888,000
EXIM Bank Ltd.	14,774,361	12,423,000	14,774,361	14,514,000
Islami Bank	34,114,650	31,783,278		
Lanka Bangla Finance	82,302	24,138	82,302	34,731
NCC Bank Ltd.	7,092,157	7,882,092	7,092,157	9,946,451
Popular Life	407,764	531,000	407,764	682,800
Prime Bank Ltd.	8,090,190	5,005,000	8,090,190	4,977,500
RAK Ceramic	2,124,503	1,041,810	2,124,503	1,287,000
Social Islami Bank Ltd.	875,054	751,410	875,054	762,300
Standard Bank Ltd.	29,885,360	23,691,800	29,885,360	26,378,000
Uttara Bank Ltd.	3,400,385	1,387,200	3,400,385	1,425,000
Royal Green Capital Market Ltd	2,000,000	2,000,000	2,000,000	2,000,000
Total:	104,249,859	87,192,728	74,731,349	65,765,782

13.00 Accrued Interest, Dividend And Rent: Tk. 6,229,767

This is made up as follows:

Particulars

Interest, Dividend And Rent Outstanding

Total:

Amount in Taka	
31-Dec-19	31-Dec-18

6,229,767	5,627,650
6,229,767	5,627,650

The above amount represents interest accrued but not due during the year.

14.00 Amount due to other persons or bodies carrying on insurance business: Tk. 912,971,540

This is made up as follows:

Particulars

Sadharan Bima Corporation & others insurance company

Total:

912,971,540	575,920,794
912,971,540	575,920,794

This represents amount due from Sadharan Bima Corporation on Public Sector Business and other Insurance Companies on Co-Insurance Scheme.

15.00 Sundry Debtors: Tk. 6,555,133

This is made up as follows:

Particulars

Advance against Office Rent

Security deposit

Total:

Note: 15.01

6,019,430	3,710,116
535,703	535,703
6,555,133	4,245,819

Regular adjustments have been made on advance against office rent



SYMBOL OF TRUST AND SECURITY



15.01 Security deposit: Tk. 535,703

This is made up as follows:

Particulars

CDBL
Bangladesh Red Crescent Society
Total:

Amount in Taka	
31-Dec-19	31-Dec-18
300,000	300,000
235,703	235,703
535,703	535,703

16.00 Cash & Bank balance: Tk. 953,521,388

This is made up as follows:

Particulars

Cash In hand
Fixed Deposit Receipt
STD & CD Accounts
Total:

11,988,756	4,365,347
896,976,198	884,969,512
44,556,434	50,081,493
953,521,388	939,416,352

*F DR has been produced before the Auditors for their physical verification

17.00 Advance Income Tax: Tk. 139,933,176

This is made up as follows:

Particulars

Opening balance
Addition during the year

Adjustment during the year

127,035,119	100,233,519
12,898,057	26,801,600
139,933,176	127,035,119
-	-
139,933,176	127,035,119

The advance tax paid in different years fall adjustable with the assesses tax liabilities subject to disposal of Cases under Tribunal and High Court.



Notes to the Financial Statement

For the year ended December 31, 2019



Mercantile Insurance Company Ltd.

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Amount in Taka	
2019	2018

18.00 Interest, Dividend & Rent Income: Tk. 73,959,732

This is made up as follows:

Particulars

Interest on FDR
Interest on STD
Interest on Bangladesh Govt. Treasury Bond
Dividend Received
Total:

68,416,092	57,799,482
401,597	630,181
2,786,500	2,786,500
2,355,543	2,967,542
73,959,732	64,183,705

19.00 Other Income: Tk. 180,000

This is made up as follows:

Particulars

Rent Income
Total:

180,000	180,000
180,000	180,000

20.00 Income tax expenses: Tk. 15,298,750

This is made up as follows:

Particulars

Current tax
Deferred tax
Total:

15,163,497	11,481,656
135,253	316,816
15,298,750	11,798,472

21.00 Premium Less Re-Insurance:

2019

Class of Business	Direct Business	P.S.B. (S.B.C.)	Total Business	Re-Insurance Ceded	Net Premium
Fire	121,231,754	12,576,881	133,808,635	105,992,759	27,815,876
Marine	149,322,500	22,065,836	171,388,336	40,889,023	130,499,313
Motor	8,982,681	2,643,048	11,625,729	1,048,621	10,577,108
Misc.	21,441,446	39,381,298	60,822,744	38,704,347	22,118,397
Total	300,978,381	76,667,063	377,645,444	186,634,750	191,010,694

2018

Class of Business	Direct Business	P.S.B. (S.B.C.)	Total Business	Re-Insurance Ceded	Net Premium
Fire	128,178,194	8,851,645	137,029,839	72,545,775	64,484,064
Marine	120,908,063	15,941,944	136,850,007	38,824,342	98,025,665
Motor	8,232,613	2,502,156	10,734,769	1,100,572	9,634,197
Misc.	18,495,056	39,554,497	58,049,553	38,816,723	19,232,830
Total	275,813,926	66,850,242	342,664,168	151,287,412	191,376,756

22.00 Un-Realize Gain/(Loss) on Investment: Tk. 17,057,134

This is made up as follows:

Particulars

Un-Realize Gain/(Loss) on Investment
Total:

17,057,134	8,965,569
17,057,134	8,965,569



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Amount in Taka	
2019	2018

23.00 Agent Commission

As directed by the Insurance Development & Regulatory Authority (IDRA) Vide Circular No-Non- Life-32/2012 Dated 01/04/2012 appropriate steps have been taken in payment of agency commission and the following payment has been made to the agency license holders as agent commission:

Particulars

Fire	18,184,763	19,226,729
Marine & Marine Hull	22,398,375	18,136,209
Motor	1,347,402	1,234,891
Miscellaneous	3,216,217	2,774,258
Total	45,146,757	41,372,087

It may be mentioned that as per the ITO, 1984 U/S-53 at source Tax has been deducted from Agent commission and has been deposited to the Bangladesh Bank through Challan Within 15th day of the following month.

24.00 Calculation of Earning Per Share

S.I.No Particulars

a.	Profit before tax	76,954,871	59,565,834
b.	Income Tax Expense (Note-20.00)	(15,298,750)	(11,798,472)
c.	Earning attributable to the shareholder	61,656,121	47,767,362
d.	Number Ordinary Shareholders	43,195,360	43,195,360
e.	Earning Per Share	1.43	1.11

25.00 Calculation of Net Operating cash flow per share

S.I.No Particulars

a.	Net cash provided by Operating Activities	61,656,121	41,928,184
b.	Number Ordinary Shareholders	44,047,795	43,195,360
c.	Net Operating cash flow per share (NOCPFS)	1.02	0.97

27.00 SUBSEQUENT EVENT

There was no significant event that has occurred between the Balance sheet date and the date when the financial statements are authorised for issue by the Board of Directors.

28.00 GENERAL

- There was no Bank Guarantee issued by the Company on behalf of their directors.
- The Board of Directors received no remuneration from the Company other than fees for attending the Board meetings.
- No credit facilities as on 31st December, 2019 availed by the Company under any contract other than trade credit available in course of business.
- Figures have been re-arranged wherever necessary for the purpose of comparison.
- Total number of employees are 355 engaged for whole year whose service has been confirmed and drawn salary as per company's approved Service Rules and pay scale.



Notes to the Financial Statement

For the year ended December 31, 2019



Mercantile Insurance Company Ltd.

Annual Report 2019

29.00 Name of IAS	IAS No.	Status of application
Presentation of Financial Statements	1	***
Inventories	2	Applied
The Statements of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates & Errors	8	Applied
Events After the Reporting Period	10	Applied
Income Tax	12	Applied
Property, Plant & Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Govt. Grants and Disclosure of Govt. Assistance	20	N/A
The Effects Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting & reporting by Retirement Benefit Plans	26	Applied
Separate Financial Statements	27	N/A
Investment In Associates & joint Ventures	28	Applied
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment Of Assets	36	Applied
Provisions, Contingent Liabilities & Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition & Measurement	39	***
Investment Property	40	Applied
Agriculture	41	N/A
Name of IFRS	IFRS No.	Status of application
First time Adoption of IFRSs	1	Applied
Share based payment	2	N/A
Business Combination	3	N/A
Insurance Contracts	4	***
Non-Current Assets Held for Sales & Discontinued Operation	5	N/A
Exploration For & Evaluation of Mineral Resources	6	N/A
Financial Instrument: Disclosure	7	***
Operating Segment	8	N/A
Financial Instrument	9	Applied
Consolidated Financial Statements	10	N/A
Joint Arrangement	11	N/A
Disclosure of interest in other Entitles	12	Applied
Fair Value Measurement	13	Applied
Regulatory Deferred Accounts	14	Applied
Revenue From Contracts with Customers	15	Applied

*** Mercantile Insurance Company Limited management has followed the principales of IAS & IFRS consistently in the reperation of the financial statements to that extent as applicable to Insurance Company. Some of the standards have not been complied with, about which IDRA has special guideline.



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Schedule of Property, Plant & Equipment

As at December 31, 2019

Annual Report 2019

Particulars	Cost				Rate of Dep.	Depreciation				Written down value
	As on 01.01.2019	Addition during the year	Adjustment during the year	As on 31.12.2019		As on 01.01.2019	Charged during the year	Adjustment during the year	As on 31.12.2019	
Building & Floor Space	6,175,000	-	-	6,175,000	2.5%	451,643	143,084	-	594,727	5,580,273
Furniture & Fixture	14,952,066	226,840	-	15,178,906	10%	10,250,032	481,273	-	10,731,305	4,447,601
Electrical & Office Equipment	7,747,887	491,450	-	8,239,337	15%	4,203,345	583,643	-	4,786,988	3,452,349
Office Decoration	21,550,909	78,535	-	21,629,444	10%	13,917,646	768,461	-	14,686,107	6,943,337
Air-Cooler	1,463,277	47,500	-	1,510,777	15%	1,210,009	42,772	-	1,252,781	257,996
Motor & Other Vehicle	36,346,505	-	-	36,346,505	20%	23,526,981	2,563,903	-	26,090,884	10,255,621
Telephone Installation	1,510,460	3,850	-	1,514,310	20%	1,348,560	32,945	-	1,381,505	132,805
Sundry Assets	334,888	-	-	334,888	25%	309,439	6,362	-	315,801	19,087
As on December 31, 2019	90,080,992	848,175	-	90,929,167		55,217,655	4,622,443	-	59,840,098	31,089,069
As on December 31, 2018	85,678,489	4,402,503	-	90,080,992		50,056,441	5,161,214	-	55,217,655	34,863,337

The annexed notes 1 to 29 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Date: July 21, 2020
Place: Dhaka

KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS

SYMBOL OF TRUST AND SECURITY



PROXY FORM

I/We.....
of.....
being a shareholder of Mercantile Insurance Company Limited and a holder of..... (Number of Shares) Ordinary Shares do hereby appoint Mr. /Mrs.
of.....
as my/our proxy, to vote for me/us and on my/our behalf at the 24th Annual General Meeting of the company to be held on **Sunday, the 27th September 2020 at 11:00 A.M.** by Virtual/Digital Platform AGM Link **<http://www.mercantileins.com/agm>**

Signed on this Day of.....2020

Signature of Proxy.....

Signature of Shareholder.....

Folio No.....

Folio No.....

BO A/C No.....

BO A/C No.....



Notes:

- 1) The Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
- 2) Signature of the Shareholder should match with the Specimen Signature registered with the Company.



মার্কাটাইল ইন্স্যুরেন্স কোম্পানী লিমিটেড
MERCANTILE INSURANCE COMPANY LTD.
SYMBOL OF TRUST AND SECURITY

ATTENDANCE SLIP

I do hereby record my attendance at the 24th Annual General Meeting of the company to be held on **Sunday, the 27th September 2020 at 11:00 A.M.** by Virtual/Digital Platform AGM Link **<http://www.mercantileins.com/agm>**

Name of shareholder/Proxy.....

Folio or BO A/C No.

Signature Dated:

NOTE:

1. Shareholders attending the meeting in person or by proxy are requested to complete this Attendance Slip.
2. Signature of Shareholder or Proxy must conform to the specimen signature recorded with the Company.
3. Please bring this Attendance Slip with you. Admission into the Meeting Room may not be permitted without it.
4. Any friend or children accompanying with honorable shareholders/proxy will not be allowed to the meeting.

