

Director's Report



Annual Report 2009

Directors' Report

Bismillahir Rahmanir Rahim
DEAR SHAREHOLDERS,
Assalamu Alaikum

On behalf of the Board of Directors I have the pleasure to welcome you all to the 14th 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, 2009.

Despite the adverse impacts and heartiest competition due to globalization, Challenges of free market economy and various internal restrictions of the year'2009 this year is glorious and illuminative for the highlighting some national and international aspect of economic picture in respect of Bangladesh for your information.

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.

At present there are 43 General Insurance Company in the private sector and 1 in the public sector. So, to procure and expand insurance business is very hard because, comparatively the number of Insurance in the limited insurance market. Number of Insurance Company & quantity of business is completely inconsistent in the field of Insurance 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 form 1st January to December 31, 2009.

Company's Performance

For the year ended 31st December'2009

	Taka in Million
Gross Premium	154.28
Re-Insurance Premium Ceded	72.58
Investment Income	15.00
Profit on sale of Shares	3.38
Net Profit (before Tax)	38.54
Reserve for Unexpired Risk	41.19
Reserve for Exceptional Losses	59.73
General Reserve	5.00
Total Assets	450.34

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PROFIT

The company earned a net profit before tax Tk.38.53 Million in 2009 as against Tk.22.71 million in 2008, which is @41% increase over the last year.

Earning per share (EPS)

Earning per share after tax

Earning per share after tax & reserve for exceptional losses

Taka in Million

2009	2008	Growth %
18.05	12.11	32.91%
12.60	6.19	50.87%

PROFIT AND LOSS ACCOUNT

The Company earned a net profit of Tk.38.53 during the year under review as under

Taka in Million

Income from investment

Underwriting Profit

Dividend received

Profit on sale of Shares

Profit on sale of Fixed Assets & Others

Less: Management Expenses

(Not applicable to any particular Fund or Account)

Profit before taxation and appropriation

Current year profit as above

Un-appropriated profit of last year

Total

The above profit of the Company has been appropriated as under

Reserve for exceptional losses

General Reserve

Provision for Taxation

Proposed Dividend

Balance carried to Balance Sheet

Total

2009	2008
14.88	21.65
30.46	6.85
0.12	0.08
3.38	3.75
0.08	0.13
48.92	32.46
10.39	9.75
38.53	22.71
38.53	22.71
0.16	0.08
38.69	22.79
8.17	8.88
2.80	0.20
11.46	4.55
--	9.00
16.26	0.16
38.69	22.79

PROPOSED DIVIDEND

Considering the profit of the Company for the year 2009 the Board of Directors has been pleased to recommend to declare 10% Stock Dividend/Bonus Share to the Shareholders for an amount of Tk.1,50,00,000/- only subject to approval in the 14th Annual General Meeting.

RIGHT SHARE

The Board of Directors recommended for raising paid up capital by issuing Right Share at the rate of 01(one) (R) : 01(one) i.e. one right share for every 01(one) share at Tk.150/- each (including premium of Tk.50/-) on paid up capital after considering stock dividend for the year ended 2009 subject to approval of EGM, the Security & Exchange Commission (SEC) and the regulatory authority.

AUDITORS

The auditors M/s. Mahfel Huq. & Co. Chartered Accountants will retire in the 14th AGM and they have already expressed their intention in writing for being re-appointed as auditor for the year 2010.

RETIREMENT & RE-ELECTION OF DIRECTORS

In accordance with the provision of clauses 112, 113 & 114 of the Article of Association of Company the following-sponsor Directors retire and being all of them offer themselves for re-election :

1. Mr. Abdul Haque
2. Mr. Md. Serajul Islam
3. Mr. M. Kamal Uddin
4. Mr. Mahmood Rahman
5. Al-Haj Mohammed Hossain

Also as per Articles of Association of the Company the following Directors re-presenting Public Shareholders (Group-B) shall retire and being eligible may offer themselves for re-election.

1. Mr. Abu Mukim Chowdhury
2. Mr. Mahtab Haque

FUTURE PROSPECT

It is expected that the year 2010 will be a good year in many respects. Because, 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.

Directors' Report

ACKNOWLEDGEMENT

The Board of Directors' deeply appreciated the gracious co-operation extended by the Government of the peoples Republic of Bangladesh. Particularly, The Ministry of Commerce, Ministry of Finance, The Chief Controller of Insurance, The Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms. The Board also like to record its appreciation for the services rendered by Sadharan Bima Corporation, Dhaka Stock Exchange & Chittagong Stock Exchange Ltd. The Board express its deep gratitude to respected shareholders of the Company for their support and guidance. The Board also would like to thank all schedule 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 Managing Director, Deputy Managing Directors, Senior Executive Vice Presidents, Senior 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.

In the end I pray to almighty Allah for the continuous worthy and development of the company.

For the Board of Director.



(Abdul Haque)

Chairman