কর্ণফুলী ইনস্যুরেন্স কোম্পানী লিঃ
KARNAPHULI INSURANCE COMPANY LTD.

ANNUAL REPORT
2017

REGISTERED OFFICE

Biman Bhaban (3rd floor)
100, Motijheel Commercial Area, Dhaka-1000
Phone: PABX 9564808-9, 9569043, Fax : 8802 9555802
E-mail: kicl@kiclbd.com, kiclshare@yahoo.com; Web: www.kiclbd.com.

AMARSTOCK

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AMAR STOCK

LETTER OF TRANSMITTAL

To
All the Shareholders,
Bangladesh Securities and Exchange Commission,
Insurance Development and Regulatory Authority (IDRA),
Dhaka Stock Exchange Limited and
Chittagong Stock Exchange Limited.

Sub: Submission of Annual Report for the year ended December 31, 2017.

Dear Sir,

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

Sincerely yours
For Karnaphuli Insurance Company Ltd.



(F. J. M. Hafiza Sultana)
Company Secretary

AMAR STOCK

কর্ণফুলী ইনস্যুরেন্স কোম্পানী লিঃ
KARNAPHULI INSURANCE CO. LTD.
Registered office: Biman Bhaban (3rd floor), 100, Motijheel C/A., Dhaka.

Notice of the 31st Annual General Meeting

All concerned are notified that the 31st Annual General Meeting of the Company will be held on Wednesday the 27th June, 2018 at 10:30 a.m. at Institution of Diploma Engineers, 160/A, Kakrail, VIP Road, Dhaka to transact the following business:

AGENDA

1. To receive and adopt the Audited Accounts of the Company for the year ended 31st December, 2017 together with the reports of Directors and Auditors thereon.
2. To declare dividend for the year 2017.
3. To elect Directors as per articles of association of the Company.
4. To appoint Auditors for the year 2018 and fix up their remuneration.

By order of the Board of Directors

(F.J.M. Hafiza Sultana)
Company Secretary

Dated, Dhaka
17th April, 2018

Notes :

1. The **'Record date'** is Sunday the **20th May, 2018.** The shareholders whose names will appear in the Share Register of the company (Certificate & Depository) at the close of business on the record date, will be eligible to attend the meeting and dividend.
2. A member entitled to attend and vote at the meeting may appoint another person as his/her proxy to attend and vote on his/her behalf. The Proxy form duly stamped must be deposited at the Company's Registered Office not later than 48(Forty Eight) hours before the time scheduled for the meeting.
3. The shareholders are requested to update their BO account with mailing address, contact number, bank details and 12 digits Taxpayer Identification Number (TIN) through Depository Participant before record date. Those individual shareholders who will fail to update 12 digits TIN shall be subject to deduction of Advance Income Tax (AIT) @ 15% instead of @ 10% on cash dividend as per regulation.
4. Entry to the Annual General Meeting is reserved only for the shareholders or his /her proxy. No guests and children shall be allowed entrance in the meeting.
5. As per directive of Bangladesh Securities and Exchange Commission no food or gift will be arranged at the Annual General Meeting.

VISION & MISSION

Our Vision

Our Vision is to attain maximum customer satisfaction by delivering excellent services and make the company bigger with integrity and professionalism.

Our Mission

Serving the nation with significant contribution to the national economy through specialized, personalized & relentless services to the customers with excellent team spirit to ensure steady growth of the Company and maximum return to shareholders.

Corporate Philosophy

Our customers, employees and shareholders are equally important to us. We want to achieve strong corporate growth through risk management inclusion. We provide solutions at a minimum cost based on a level of satisfaction of all segment of our customers, thus also contributing to the prosperity of our employees and shareholders.

With a firm commitment to provide solutions, We are constantly developing innovative and technologically advanced products and services that satisfy our customer needs. We offer cutting edge compensation package and good work environment to our employees. Embracing a creative corporate culture. We increase the share values according to the expectations of the shareholders, which has given us path to the growth and progress.

Core values of Karnaphuli Insurance Co. Ltd.

1. Priority to customer/clients
Being service oriented organization, we give first priority to our customer in extending our services, engage ourselves to buildup durable relationship with them and differences if any arises is solved through mutual discussion.

2. Organization above Self
We believe that organizational interest is above all the individual interest. So, all efforts are concentrated at the interest of organization.

3. Trust
We believe that there cannot be teamwork without mutual trust. Trust is fundamental to our business and guides all internal and external interactions.

4. High Standards
We believe that excellence can be achieved only by setting benchmarks that challenge our full potential as an organization and as individuals.

5. Shared Ownership
We believe in everybody sharing in achieving best result both in organization and team efforts.

6. Spirit of Adventure
We believe in continuous innovation and creativity to meet challenges head-on since we deal with unforeseen risks.

7. Respect for Diversity
We believe that diversity is our strength. We recognize team members having varying backgrounds, competencies, ideas and constructive action helps better understanding.

PRODUCTS AND SERVICES

1. **Conventional**
   Fire & allied perils Insurance viz
   Riot and Strike damage (R&SD)
   Malicious damage (MD)
   Flood & Cyclone
   Earthquake (Fire & Shock)
   Aircraft damage
   Bursting of pipe line
2. **Marine Cargo Insurance & Marine Hull Insurance**
3. **Motor Insurance**
   a) Motor Insurance for commercial use
   b) Motor Insurance for private use
4. **Miscellaneous Insurance**
   Burglary
   Workman's compensation
   Employer's liability
   Hotel Owners All Risk (HOAR)
   Personal Accident Insurance
   Peoples personal Accident Insurance
   Personal Accident (Air Travel)
   Product liability Insurance
   Public Liability Insurance
   Professional Indemnity Insurance
5. **Corporate**
   Risk Management
   Industrial All Risk Insurance including Machinery Insurance and business interruption
   Property All Risk Insurance including business interruption
6. **Engineering Insurance**
   Machinery Breakdown Insurance (MBD)
   Deterioration of Stocks (DOS)
   Boiler and Pressure Vessel (BPV)
   Erection all Risk (EAR)
   Contractor All Risk (CAR)
   Electrical Equipment Insurance (EEI)
   Contractor Plant and Machinery (CPM)
   Loss of Profit following Machinery Breakdown
7. **Financial**
   Cash in safe
   Cash in Transit
   Cash on Counter
   Fidelity Guarantee
   Bank lockers Insurance
   A.T.M. Booth Insurance
8. **Investment and portfolio Management**
   Underwriting
   Pre-IPO placement syndication
   Trusteeship

MAR STOCK

MANAGEMENT

Chief Executive Officer

A.N.M. Fazlul Karim Munshi

Chief Consultant

Md. Musleh Uddin

Additional Managing Director

A.H.M. Anwar Newaj Khan
Abul Fazal Dost Mohd. Khan
Md. Rakibuddin Bhuiyan
Md. Mahfuzur Rahman

Deputy Managing Director

Mohammad Mostafa
Md. Towhidul Anwar

Asstt. Managing Director

Md. Motiur Rahman

Company Secretary

F. J. M. Hafiza Sultana

Chief Financial Officer (CFO)

Md. Moin Uddin, ACS

Incharge (Underwriting)

Mir Shahjahan Kabir

General Manager

Md. Salimullah
Jabed Abbas Siddique
Md. Mosharaf Hossain
Ruhul Amin Titu
K.M. Azmol Hossain
Md. Abdul Mokim Shaikh
Md. Faizul Hoque
Sultana Raziya
Md. Manjur Rahman

Director (Marketing)

Md. Hafizullah

Sr. Deputy General Manager

Md. Zainal Abedin Sarkar
Krishna Roy
Gopal Chandra Saha
Amor Krishna Paul
Md. Mizanur Rahman
Md. Aminul Islam
Md. Shahadat Hossain
Mohammad Azharul Karim
Md.Fayez Bhuyan
Md.Iqbal Hossain

Deputy General Manager

A.K.M. Rezaul Karim
Md. Shah Alam Khan
Bani Das
Md. Zahurul Islam
Md. Showkat Hossain Khan
Sayed Anwar
Ayaz Mahmud Natvi
Md. Abdul Kader

Incharge (Admn. & Estt.)

M. A. Khaleque Mia

Incharge (Claims Deptt.)

Md. Fakharuddin (Salim)

Incharge (Re-insurance)

Humayun Kabir

Head of Internal Audit

Sankar Kumar

Head of IT

Muhammad Saruar Hossain

AMAR STOCK

CORPORATE INFORMATION

Name of the Company	:	Karnaphuli Insurance Co. Ltd.
Date of Incorporation of the Company	:	November 23, 1986
Registration Number	:	C-17002 of 1986-1987
Registered with the Department of Insurance	:	November 25, 1986
Obtained Certificate for Commencement of Business	:	November 23, 1986
Nature of Bussiness	:	Non Life Insurance Business
Registered Office	:	Biman Bhaban (3rd floor) 100, Motijheel C/A, Dhaka-1000
Telephone Number	:	PABX 9564808-9, 9569043
Fax No.	:	880-2-9555802
Web Site	:	www.kiclbd.com.
Email	:	kiclshare@yahoo.com
Authorised Capital	:	600.00 Million
Issued, subscribed and paid up capital	:	407.04 Million
Prospectus issued for flotation of public shares	:	December 18, 1994
Subscription opened	:	December 29, 1994
Subscription closed	:	January 07, 1995
Amount of public subscription	:	Tk. 30.00 Million
Amount of total subscription received	:	Tk. 300.00 Million
Listing in Dhaka Stock Exchange	:	March 20, 1995
First trading of shares on Dhaka Stock Exchange floor	:	March 20, 1995
First A.G.M. of public shareholders	:	August 09, 1995
Purchase of commercial plot at Motijheel, Dhaka	:	April 30, 1998
Dematerialization of shares	:	April 16, 2006
Rights share issued	:	April 21, 2010
Change in the denomination of Face Value (BDT 10/-) and Market Lot (From 20 to 100)	:	October 3, 2010
No. of Share Holders	:	9471
Auditor	:	A. Wahab & Co. Chartered Accountants Hotel Purbani Annex-2, 4th floor, 1, Dilkusha, C/A, Dhaka-1000
Tax Adviser	:	ADN Associates, 176, Bijoy Nagar, Dhaka
Corporate Governance Compliance Auditor	:	Hussain Farhad & Co. Chartered Accountants H-15, R-12, BI-F, Niketon, Dhaka-1212.
Banker	:	Dhaka Bank Limited, Foreign Exchange Branch, Biman Bhaban, Motijheel, Dhaka

FINANCIAL HIGHLIGHTS AT A GLANCE

TAKA IN MILLION
(When Applicable)

Particulars	2012	2013	2014	2015	2016	2017
Authorised Capital	600.00	600.00	600.00	600.00	600.00	600.00
Paid up Capital	369.20	369.20	369.20	387.66	407.04	407.04
Gross Premium Income	276.38	265.14	274.83	280.76	294.87	306.15
Net Premium Income Less Re-Insurance	156.69	165.99	139.66	148.08	162.14	165.58
Underwriting Profit	49.96	40.18	36.84	35.98	40.05	45.67
Total Investment	747.98	790.89	817.28	747.27	741.39	787.29
Investment Income	59.67	74.76	72.60	24.90	56.89	57.05
Net Profit before Tax	86.95	92.26	90.50	44.25	80.25	87.06
Net Profit after Tax	57.62	62.66	59.50	19.05	55.25	61.26
Dividend Amount	46.15	46.15	46.52	40.70	40.70	44.77
Dividend Paid (Cash)	12.50%	7.50%	7.00%	10.00%	10.00%	6.00%
Dividend Paid (Stock)	-	5%	5%	-	-	5.00%
Fixed Deposit (FDR)	500.47	525.92	556.47	640.27	645.18	585.41
Investment in bond, Share Debenture & Unit Fund	22.24	20.36	19.53	3.40	4.38	11.66
Total Assets	1,117.27	1,194.63	1,238.72	1216.93	1,231.33	1307.56
Earning Per Share	1.56	1.70	1.53	0.47	1.36	1.51
Net Asset Value Per Share (NAVPS)	19.42	19.87	20.95	19.11	19.50	20.06
No. of Share Holder's	16.812	17,384	16,215	16,183	11,210	9471
Required Solvency Margin	62.99	66.69	57.41	62.84	65.27	65.27
Available Solvency Margin	439.80	427.39	585.87	369.95	338.59	338.18
Market Rate of Share	31.10	24.30	17.40	11.80	15.70	17.60

AMARSTOCK

PHOTOGRAPHS OF 30TH ANNUAL GENERAL MEETING



A view of Annual General Meeting.



Chairman, Nizam Uddin Ahmed delivers speech in the AGM.



Shareholder's view of 30th AGM.

PHOTOGRAPH WITH HONOURABLE PRIME MINISTER



Insurance Association Contributed the Honourable Prime Minister's Relief & Welfare Fund.

PHOTOGRAPHS OF OTHER ACTIVITIES



Discussion meeting with valued Client.



Opening Ceremony of Pabna Branch.

BOARD OF DIRECTORS



A view of Board of Director's meeting.

Chairman	:	Nizam Uddin Ahmed
Vice Chairman	:	Nasir Uddin Ahmed
Directors	:	Hasina Nizam Raquiba Banu Riaz Uddin Ahmed Sabita Ferdaushi Sharmin Nasir Dilruba Sharmin Umme Khadiza Meghna Lt. Col. M. Shamsuddin Ahmed (Retd.) (Representative of Nizam-Hasina Foundation) N.C. Rudra (Representative of Meghna Life Insurance Co. Ltd.)
Independent Director	:	Professor Md. Mohiuddin Professor Md. Ansar Ali Mohammed Farooq
Chief Executive Officer (CEO)	:	A.N.M. Fazlul Karim Munshi

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Mr. Nizam Uddin Ahmed

Chairman

Mr. Nizam Uddin Ahmed is the chairman of the Board of Directors of Karnaphuli Insurance Company Limited. He is an eminent business personality in Bangladesh. He comes of a renowned Muslim family. He had his Masters Degree in Journalism and LLB from Dhaka University in 1971 He is the Chairman of Meghna Life Insurance Co. Ltd., a leading life Insurance Company in the country. He also Director of Meghna Life Securities and Investment Limited & founder Chairman of Nizam Hasina Foundation.

He is the Former Director of Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) and Former Vice-President of Bangladesh Insurance Association & Director Bangladesh Chamber of Industries (BCI). He is a former member of parliament. Mr. Nizam Uddin Ahmed through his visionary thinking, dedication and skill engaged himself in many socio-cultural activities and established many charitable organizations like as mosque, madrasha, college and old home in Bhola.

He traveled many countries like UK, Canada, Saudi Arabia, Malaysia Thailand, Japan, Singapore, Taiwan, Korea, Indonesia, Australia and India



Mr. Nasir Uddin Ahmed

Vice - Chairman

Mr. Nasir Uddin Ahmed is the Vice-Chairman of the Company. He was born in October, 1975 in a respectable Muslim family. He has obtained his BBA Degree from North South University in 1999. A visionary entrepreneur Mr Nasir Uddin Ahmed is a Director of Meghna life Insurance Co. Ltd. & Nizam Hasina Foundation. He is also Chairman of Meghna Life Securities and Investment Limited. He is an executive committee member of Bangladesh Insurance Association (BIA) and Chairman of Standing committee on insurance and NBFI of FBCCI. He attended various training, seminars & conferences in Bangladesh as well as in the foreign countries like U.K. USA, Australia, E-U Countries, Hong Kong, Malaysia, Thailand, Japan Indonesia, Taiwan, Singapore etc. and thus he enriched his knowledge what he optimized best at the fields he involved with.



Mrs. Hasina Nizam

Mrs. Hasina Nizam is a sponsor Director of Karnaphuli Insurance Company Limited. She comes of a respectable Muslim family of Barishal. She is a graduate in Political Science from Eden College, Dhaka. She is the Vice Chairperson of Meghna Life Insurance Co. Ltd. a leading Life Insurance Company in the country and Director of Nizam Hasina Foundation and Director of Meghna Life Securities and Investment Limited. She is involved with various social works and welfare. She traveled many countries.

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Mrs. Raquiba Banu

Mrs. Raquiba Banu is a sponsor Director of Karnaphuli Insurance Co. Ltd. She was born in an illustrious muslim family of Jashore. Her father late Ahmed Ali Sarder was a Member of National Assembly (MNA) of the then East Pakistan. Mrs. Raquiba Banu is a sponsor Shareholder of Nawapara Jute Mills Ltd.

Having a sophisticated social family background Mrs. Raquiba Banu took lot of interest to establish a Private Insurance Company in 1986 and invested in Karnaphuli Insurance Co. Ltd. as its Sponsor Director. Mrs. Raquiba Banu was married to Mr. Fakhrul Islam Munshi, a former State Minister of Finance, Government of the Peoples Republic of Bangladesh. She takes lot of interest in socio-cultural activities and extends hands of co-operation and assistance to the needy people of the country.

A widely traveled business lady Mrs. Raquiba Banu visited India, Hong Kong, Thailand, Malaysia, Singapore, U.K., Canada & U.S.A.



Mr. Riaz Uddin Ahmed

Mr. Riaz Uddin Ahmed, a Sponsor Director of Karnaphuli Insurance Co. Ltd. comes from a well educated and Industrialist family. He obtained his BBA degree from Sunway College, a renowned educational Institute of Kualalampur, Malaysia with distinction.

A well experienced entrepreneur Mr. Riaz Uddin Ahmed believes in innovation and creativity, As such he also took part in Meghna Life Insurance Co. Ltd. as its Director. He is also a Vice Chairman of Meghna Life Securities and Investment Limited. A very capable insurance personality Mr. Ahmed attended many Seminars, Symposium, Conferences and Summit in Bangladesh and abroad. His knowledge driven suggestion and guidance in the capacity of a Director of both Karnaphuli Insurance Co. Ltd. and Meghna Life Insurance Co. Ltd. rose to a reasonable height.

A valiant social worker Mr. Riaz Uddin Ahmed visited India, Thailand, Singapore, Malaysia, Australia and United Kingdom.



Mrs. Sabita Ferdaushi

Mrs. Sabita Ferdaushi a Sponsor Director of Karnaphuli Insurance Co. Ltd. She comes from a respectable Muslim family. She is the daughter of Late Mustafizur Rahman, former Member of Parliament from Sandwip (Chattagram-3). Her brother Mr. Mahfuzur Rahman is also the Member of running Parliament, Govt. of the Peoples Republic of Bangladesh from the same constitution. She has obtained Masters Degree from University of Dhaka in 1992. She is involved with many social activities and Welfare Organizations.

She traveled many countries of the world like India, Hong Kong, Thailand Malaysia, Singapore, U.K., Canada and Australia.

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Mrs. Sharmin Nasir

Mrs. Sharmin Nasir was born in a renowned Muslim family in 1983. She obtained the Bachelor Degree in Social Welfare from Govt. Girls College, Barishal in 2004. With keen interest she invested in Meghna Life Insurance Co. Ltd. and Karnaphuli Insurance Co. Ltd. and become a member of Board of Directors of Meghna Life Insurance Co. Ltd. as well as the Director of Karnaphuli Insurance Co. Ltd. She is also a shareholder of Meghna Life Securities and Investment Limited. She traveled many countries for business purpose. She is also involved with many socio-cultural works and Welfare Organizations. She traveled many countries of the world like Thailand, Singapore, Malaysia, Australia and UK.



Mrs. Dilruba Sharmin

A well educated entrepreneur Mrs. Dilruba Sharmin was a meritorious student of Vicarunnessa Noon School and College. She is daughter of a Banker and wife of an Industrialist. Mrs. Dilruba Sharmin takes keen interest in business, specially in Insurance Business. As such she invested in Meghna Life Insurance Co. Ltd. and became a member of the Board of Directors of Meghna Life Insurance Co. Ltd. She is also a shareholder of Meghna Life Securities and Investment Limited. She was duly elected as a Director of Karnaphuli Insurance Company Ltd. She traveled many countries of the world like Thailand, Singapore, Malaysia, Australia and UK.



Umme Khadiza Meghna

Umme Khadiza Meghna was born in a family of entrepreneurs. She is a young lady with amiable disposition. She is promising and ambitious. She has keen interest in business affairs and is planning to build up a career accordingly. She traveled many countries.



Mr. N.C. Rudra

(Nominee of Meghna Life Insurance Co. Ltd.)

Mr. N.C. Rudra is the Chief Executive Officer of Meghna Life Insurance Co. Ltd. He started his career in Delta Life Insurance Company Limited in 1991 and worked up to 1998. He left the job and worked as an Actuarial Associate in S.A. Chaudhuri & Company Limited up to 2006. He joined Meghna Life Insurance Company Limited in May 2006 as a Senior Executive Officer (Technical Affairs) and promoted to the rank of Deputy Managing Director in June 2010. He was chosen by the Board of Directors to entrust the responsibility of Chief Executive Officer of the company. Mr. Rudra is an M. Sc. in Applied Mathematics from Dhaka University who obtained First Class. He received training at home and abroad. He passed a few Actuarial subjects from the Society of Actuaries, USA. He is associated with socio-cultural activities.

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Lt. Col. M. Shamsuddin Ahmed (Retd.)

(Nominee of Nizam Hasina Foundation)

Lieutenant Colonel M. Shamsuddin Ahmed (Retd.) has completed B.Sc. degree in 1965. He studied in Military Engineering College at Risalpur. Obtained Diploma from United State Army Engineering School in advance engineering course during 1982-83 and Advance Field Engineering Training from China in 1988. He served in Bangladesh Army up to 1996, during the service tenure he contributed in Military Intelligence at Army Head Quarter, Chief Instructor of Army Military Intelligence School, Chief Instructor of Army Engineering School and Commanding Officer of an Engineer Battalion in Kuwait. He is serving in Meghna Life Insurance Co.Ltd. as Director since 2002. During his service he worked as member/convener of various committees.

He traveled many countries of the World USA, U.K., India, Singapore, China, Saudi Arabia and Kuwait for his training and business purpose. He has enriched his knowledge and experience during the period of his world tour. He is also associated with a number of social organizations viz, RAOWA CLUB, army Golf Club & Mainamoti Golf Club, Kumilla & Bangladesh International English Medium School Dhaka Cantonment.



Professor Md. Mohiuddin

Independent Director

Professor Md. Mohiuddin is an Independent Director of the Karnaphuli Insurance Company Limited. He is also chairman of the audit committee. He has completed his B.Com. (Hons.) M. Com. in Management from Dhaka University. He started his career as Bangladesh Civil Service education cadre and retired as Director General (DG) of National Academy for Education Management (NAEM) in the year 2007. During his service tenure he has been performing responsibilities in various positions in education sector as Professor and Chairman, Department of Management in Govt. Jagannath College, Dhaka College, Kabi Nazrul Islam Govt. College and Principal of Khulna Azam Khan Govt. Commerce College. Director, Directorate of Inspection and Audit, Ministry of Education and Chairman Barishal Education Board. He is an eminent educationalist and authors of various books viz Industrial Psychology, Personal Management, Business Communication, Human Resource Management and Organizational behavior which books are used as text book of National University in Honours and Masters Degree level.

He has visited many countries like UK, Australia, Japan, Singapore, India, Saudi Arabia & Malaysia.

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Professor Md. Ansar Ali

Independent Director

Professor Md. Ansar Ali is Independent Director of Karnaphuli Insurance Company Limited w.e.f 29-09-2014. He is also Chairman of Audit Committee of Meghna Life Insurance Co. Ltd. He was born in 1949 in a respectable muslim family. He did his BA (Hons.) and Masters in Economics in 1971 & 1972 respectively from Rajshahi University. He started his career as a Lecturer in Economics in B.M. College, Barishal. He worked as Deputy Director Admin and Finance of NAEM. In NAEM he worked as Co-ordinator of Educational Administration and Management Training Courses for Heads of Educational Institutions (College, School & Madrasha). A good number of publications on different topics are there in his credit.

Professor Md. Ansar Ali retired in 2006 as Joint Director, Directorate of Inspection and Audit, Ministry of Education, Government of Bangladesh.



Mohammed Farooq

Independent Director

As a Career Diplomat he travelled across four continents as a representative of Bangladesh for promoting and enhancing bilateral ties with the global community. The scheme of his commitments as diplomat also largely involved in strengthening and establishing new business ties for Bangladesh within the international forum. His foreign assignment as diplomat include Bucharest, Bulgaria, Bhutan, Australia, Malaysia, Brunei, Washington, Los Angeles and The Philippines. During his long career Mr. Farooq served as Ambassador of Bangladesh to The Philippines. During the period as Ambassador he was involved in an educational exchange programmed between Bangladesh and The Philippines. He had the opportunity to process the ADB funds and soft loans and grants. He also involved with the Colombo Plan Staff College as a member of the member countries, involved and closely worked with IRRI for the promotion of Rice Research in Bangladesh. He actively participated as a member of OIC Peace Committee to monitor the Peace Process amidst the Muslim citizens in Mindanao. He was honorary citizen of Bagnio. Mr. Farooq attended several international seminar, workshop and meeting in various capitals. Besides, he also attended SAARC Summits, Trade Fairs, and Business Council etc.

Education:

Dhaka University (1966-1970)

* B. Com Honours
* M. Com major in Business Administration
* Proficient knowledge in Law and Economics
* Diploma in Russian language and international relation.

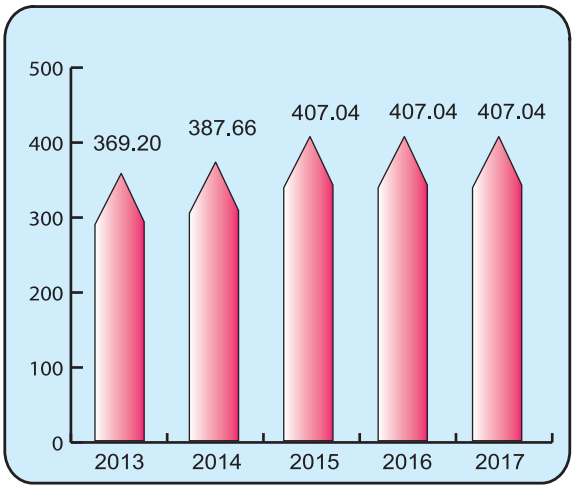
Languages:

Fluent in Bangla and English as well as proficient in Urdu, Hindi, Romanian and Russians.

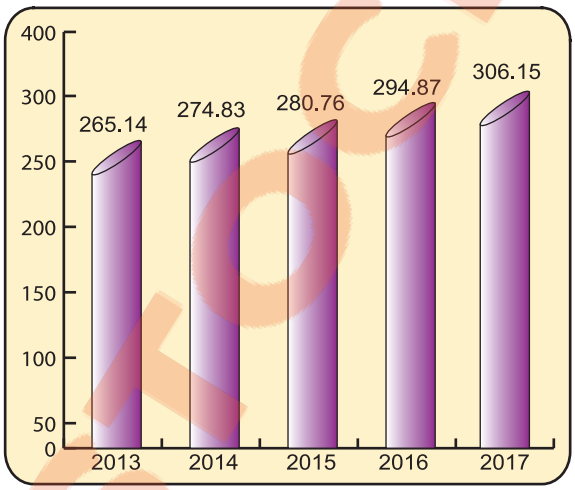
ACHIEVEMENT OF KARNAPHULI INSURANCE

Taka in Million

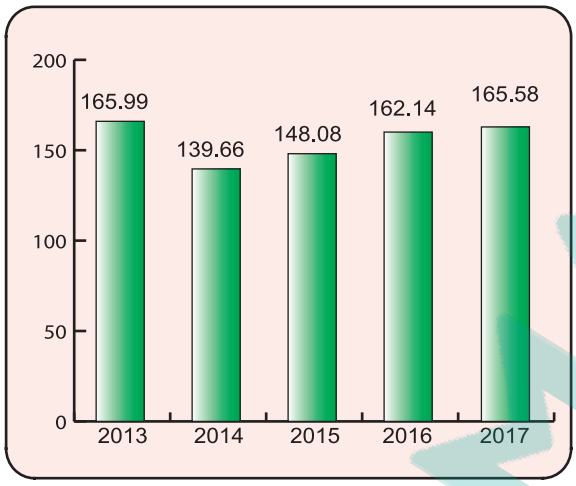
Paid up Capital



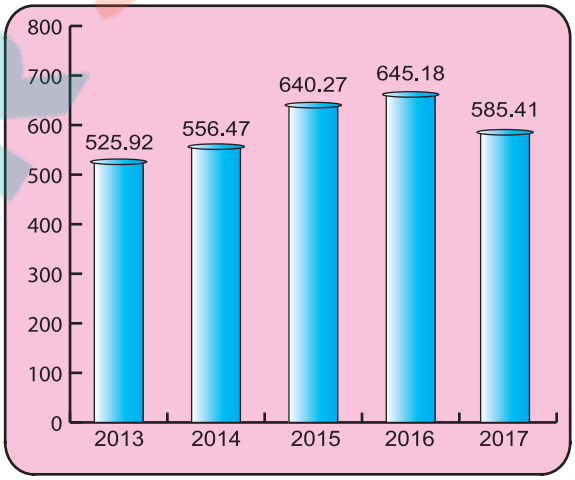
Gross Premium Income



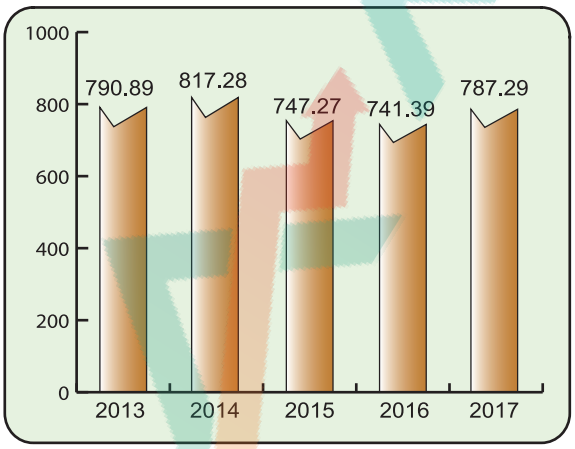
Net Premium Income Less Re-insurance



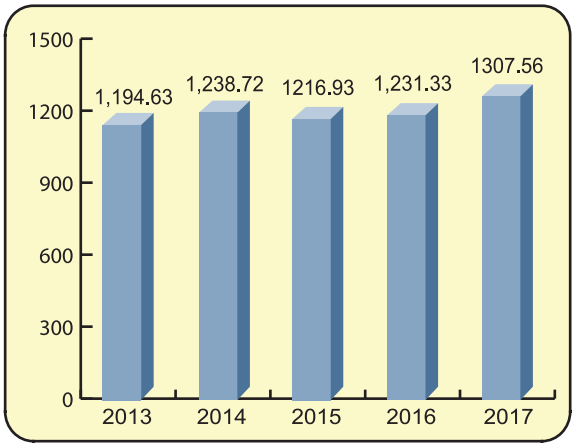
Fixed Diposit



Total Investment



Total Assets



CHAIRMAN'S REPORT



Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamu Alaikum

I am thankful to you all being able to present myself before you at this 31st Annual General Meeting. I, as such, grateful to Almighty Allah. I, on behalf of Board of Directors and as well on my behalf hereby extend my heartiest thanks and welcome you all. I now place before you the annual report on account of 31st December, 2017 so prepared on over all activities of the Company during the period along with Financial Statement and the Audit Report.

Honourable Shareholders, like other years I do hereby able to be a present due to the active co-operation of Board of Directors, Company's Executive, Employees, Honourable Clients, IDRA, BSEC, RJSC, DSE, CSE & present herewith a good news about increases of business with over all development. There are un-ethical race in non-life insurance resulting the existence of unpleasant circumstances prevails in the Industry. But, in 2017, the business performance in our Company raised which amounts to Tk. 30,61,52,191/-. The difference of improvement in premium between 2016 to 2017 is Tk. 1,12,80,599/-. The increase in investment stands to Tk.78,72,95,740/- and total assets now stands worth to Tk. 130,75,59,369/-.

You will also be pleased to know that we achieved "Credit Rating as AA- for the period 2017-2018" and rated by Alpha Credit Rating Ltd. This rating reflects our strong Financial and dealings the Company affairs intelligently.

It is my belief that the financial account shall be more rich in the incoming days only because of the way the Chief Executive Officer (Managing Director) of the Company has been leading the Company with dedication and hard working. I have given instruction like of other years that the Chief Executive Officer should discharge duties and responsibilities keeping in mind to increase business, to appoint Development Officers to arrange training program for officials, to extend utmost service to the clients, to follow the orders of IDRA and above all to proper execution of Rules and Regulations.

It was not possible to shift the Company's office to our own building in 2017 because of unavoidable circumstances. I am hopeful that it might be possible to shift Head Office along with 2 (two) Branch Offices in newly constructed building in this year. If it is so, this will help saving 1.00 (One) Crore Taka per year.

This is for your kind information that the Board of Directors in its meeting held on 17th April, 2018 proposed dividend at the rate 6% cash and 5% bonus share for the period ended 31st December, 2017.

In fine, I pray for good health and long life of you all.

Allah Hafez,

(Nizam Uddin Ahmed)
Chairman

চেয়ারম্যানের প্রতিবেদন



বিস্‌মিল্লাহির রাহমানির রাহিম
প্রিয় শেয়ারহোল্ডারবৃন্দ
আসসালামু আলাইকুম

কোম্পানীর ৩১তম বার্ষিক সাধারণ সভায় আপনাদের সম্মুখে উপস্থিত হতে পেরে আমি নিজেকে ধন্য মনে করছি। এ জন্য মহান আলাহ্ রাব্বুল আলামীনের নিকট জানাই কৃতজ্ঞতা। কোম্পানীর পরিচালনা পর্ষদ এর পক্ষ থেকে আপনাদের সবাইকে জানাচ্ছি আন্তরিক অভিনন্দন ও স্বাগতম। আপনাদের সম্মুখে আমি ২০১৭ সালের ৩১ ডিসেম্বর সমাপ্ত বছরের কোম্পানীর সার্বিক কর্মকান্ডের উপর ভিত্তি করে বার্ষিক হিসাব ও আর্থিক বিবরণীসহ অডিট রিপোর্ট উপস্থাপন করছি।

সম্মানিত শেয়ারহোল্ডারবৃন্দ আমি প্রতি বছরের ন্যায় বোর্ড অব ডাইরেক্টরস এর সকল সদস্যবৃন্দ, কোম্পানীর সকল কর্মকর্তা ও কর্মচারীবৃন্দ, সম্মানিত বীমা গ্রহীতাগণ, আইডিআরএ, বিএসইসি, আরজেএসসি, ডিএসই, সিএসসি সকলের সার্বিক সহযোগিতায় এবারও কোম্পানীর ব্যবসা বৃদ্ধি এবং উন্নয়নের সংবাদ নিয়ে হাজির হতে পেরেছি। নন-লাইফ বীমা শিল্পে যে অসম প্রতিযোগিতা এবং প্রতিকুল পরিবেশ বিরাজ করছে তথাপিও গত ২০১৭ সালে ব্যবসা বৃদ্ধি পেয়ে কোম্পানীর গ্রস প্রিমিয়াম আয় হয়েছে ৳ঃ ৩০,৬১,৫২,১৯১/- টাকা। যা পূর্ববর্তী বছরের প্রিমিয়াম আয় থেকে ৳ঃ ১,১২,৮০,৫৯৯/- টাকা বেশী। মোট বিনিয়োগ বৃদ্ধি পেয়ে ৳ঃ ৭৮,৭২,৯৫,৭৪০/- টাকা হয়েছে এবং মোট সম্পদের পরিমাণ দাড়িয়েছে ৳ঃ ১৩০,৭৫,৫৯,৩৬৯/- টাকা।

আপনারা আরও জেনে খুশী হবেন যে, আমাদের কোম্পানী ২০১৭-২০১৮ সালের জন্যে "আলফা ক্রেডিট রেটিং লিঃ" কর্তৃক 'এএ-' রেটিং প্রাপ্ত এবং উহা কোম্পানীর দৃঢ় আর্থিক ও কৌশলগত ভিত্তিরই বহি: প্রকাশ।

মুখ্য নির্বাহী কর্মকর্তা জনাব এ,এন,এম, ফজলুল করিম মুন্সী যে ভাবে নিষ্ঠা এবং কর্মদক্ষতা দিয়ে কোম্পানী চালিয়ে যাচ্ছেন তাতে আমি আশা করি সামনের দিন গুলোতে কোম্পানীর আর্থিক অবস্থা আরও সুদৃঢ় হবে। আমি বরাবরের মত, ব্যবসা বৃদ্ধি, নতুন উন্নয়ন কর্মকর্তা নিয়োগদান, কর্মকর্তাদের প্রশিক্ষণ প্রদান, বীমা গ্রহীতাদেরকে অধিকতর সেবা প্রদান, আইডিআরএ কর্তৃক জারিকৃত নির্দেশনামা এবং নিয়ম-কানুন যথাযথভাবে পালন করে কাজ করার জন্য মুখ্য নির্বাহী কর্মকর্তাকে পরামর্শ দিয়েছি। কোম্পানীর নিজস্ব ভবনে অফিস স্থানান্তর প্রক্রিয়া অনাকাঙ্খিত পরিস্থিতিতে ২০১৭ সালে সম্ভব হয়ে উঠেনি। আশা করছি এ বছরের মধ্যে দু'টি শাখা অফিস সহ প্রধান কার্যালয় কোম্পানীর নিজস্ব ভবনে স্থানান্তর করা সম্ভব হবে এবং এতে করে বছরে অন্তত: ১.০০ কোটি টাকা সাশ্রয় হবে।

আপনাদের অবগতির জন্য জানাচ্ছি যে, ১৭ এপ্রিল ২০১৮ তারিখের পরিচালনা পর্ষদের সভায় ২০১৭ সালের জন্য সম্মানিত শেয়ারহোল্ডারদের জন্য লভ্যাংশ হিসেবে নগদ ৬% এবং ৫% বোনাস শেয়ার প্রদানের সুপারিশ করা হয়েছে।

পরিশেষে আপনাদের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনা করছি।
আল্লাহ্ হাফেজ,

(নিজাম উদ্দিন আহমদ)
চেয়ারম্যান

REPORT OF THE CHIEF EXECUTIVE OFFICER



Bismillahir Rahmanir Rahim
Dear Shareholders
Assalamu Alaikum

I, herewith submit myself to God as at the Marcy of Him it becomes possible for me for the second time to place Annual report in its 31st Annual General Meeting. At the very outset, I remember with gratitude to all those Honourable Directors, Shareholders and Associates who have left us forever. I pray for their salvation.
Honourable Shareholders, you are all aware that to discharge the responsibilities by Chief Executive Officer of the Company is not that easy at the present un-ethical competition so prevails in the Insurance Industry. At this affairs too, I could make it possible to continue the development of Company's affairs due to the support extended by Board of Directors, honourable clients and the officers and staff serving the Company.

It is to note here that the Gross Income in 2017 comes to Tk. 30,61,52,191/- which is higher by Tk.1,12,80,599/- in comparison with last year. The paid capital as at present raised to Tk.40,70,,39,590/- and existing properties worth to Tk. 130,75,59,369/-. The investment amount now stands to Tk.78,72,95,740/-. You will also be pleased to note that we are awarded with Credit Rating at AA− for the period 2017-2018 rated by Alpha Credit Rating Ltd. This reflects the strong financial stability based on intelligent supervision. It is pre-requisite to improve the internal supervision, co-ordination, to underwrite profitable risk with due analysis. It is for this reason that we have introduced a high power committee comprising with Senior Officials who are assigned with the Job of suggesting day to day affairs. We also give due importance to encourage the respective officials to explore new business, to improve services to the clients, and also to settle genuine claim within a shortest possible time.

There are internal training program to develop the skill and to effectively introduce present digital system with a view to increase the efficiency of the existing employees. We could not shift our office to newly constructed building in 2017 for an unavoidable circumstances. We are hoping to shift Head Office along with 2(two) branches to the new building in this year. On such implementation, there will be saving of 1.00 crore in a year. I believe that over all scenario of the Company in particular to financial capacity shall go on rising although there exists un-healthy atmosphere. We have been following strictly the Rules and Regulations of Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchange & Insurance Development and Regulatory Authority (IDRA). While drawing conclusion, I would like to extend my heartiest thanks and gratitude for the continuous co-operation and guideline so given to me by IDRA, BSEC, DSE, Board of Directors & in particular to Honourable Chairman & Vice Chairman. In addition to the above, I would also like to extend thanks to officers & employees who are considered to be a key of success in rendering the day to day works effectively.
May Allah be blessed all of us.
Allah Hafez,

(A N M Fazlul Karim Munshi)
Chief Executive Officer

মুখ্য নির্বাহী কর্মকর্তার প্রতিবেদন



বিস্‌মিল্লাহির রাহমানির রাহিম

প্রিয় শেয়ারহোল্ডারবৃন্দ

আস্‌সালামু আলাইকুম

মুখ্য নির্বাহী কর্মকর্তা হিসেবে যোগদান করার পর আমি দ্বিতীয়বারের মত কর্ণফুলী ইন্সুরেন্স কোম্পানী লিমিটেড এর ৩১তম বার্ষিক সাধারণ সভায় বার্ষিক প্রতিবেদন পেশ করার সুযোগ লাভের জন্য শুকরিয়া আদায় করছি। বক্তব্যের প্রারম্ভেই আমি গভীর শ্রদ্ধার সাথে স্মরণ করছি সে সকল সম্মানিত পরিচালকবৃন্দ, শেয়ারহোল্ডারবৃন্দ এবং আমার সহকর্মীবৃন্দকে যারা এ পৃথিবী ছেড়ে পরপারে চলে গিয়েছেন। একই সাথে আমি তাঁদের বিদেহী আত্মার চিরশান্তি কামনা করছি।

সম্মানিত শেয়ারহোল্ডারবৃন্দ, আপনারা সকলেই অবহিত আছেন, বর্তমানে বীমা ব্যবসায় যে অসম প্রতিযোগিতা বিরাজ করছে তাতে মুখ্য নির্বাহী কর্মকর্তা হিসেবে যথাযথভাবে দায়িত্ব পালন করা মোটেই সহজসাধ্য নয়। তথাপিও আমি আপনাদের পরিচালনা পর্ষদ, বীমা গ্রহীতা এবং কোম্পানীতে কর্মরত কর্মকর্তা ও কর্মচারী সহ সকলের সহযোগিতায় আমার সাধ্যমত কর্মপ্রক্রিয়া চালিয়ে এবারও উন্নয়নের ধারা অব্যাহত রাখতে সক্ষম হয়েছি।

উলেখ্য যে, ২০১৭ সালে কোম্পানীর গ্রস প্রিমিয়াম আয় হয় ৳ঃ৩০,৬১,৫২,১৯১/- টাকা মাত্র যা পূর্ববর্তী বছরের প্রিমিয়াম আয় হতে ৳ঃ১,১২,৮০,৫৯৯/- টাকা বেশী। বর্তমানে কোম্পানীর মোট মূলধনের পরিমাণ বৃদ্ধি পেয়ে ৳ঃ৪০,৭০,৩৯,৫৯০/- টাকা এবং সম্পদের পরিমাণ ৳ঃ১৩০,৭৫,৫৯,৩৬৯/- টাকা এবং বিনিয়োগ এর পরিমান বৃদ্ধি পেয়ে ৳ঃ৭৮,৭২,৯৫,৭৪০/- টাকা দাড়িয়েছে।
আপনারা আরও জেনে খুশী হবেন যে, আমাদের কোম্পানী ২০১৭-২০১৮ সালের জন্যে "আলফা ক্রেডিট রেটিং লিঃ" কর্তৃক এএ- রেটিং প্রাপ্ত এবং উহা কোম্পানীর দৃঢ় আর্থিক ও কৌশলগত ভিত্তিরই বহি: প্রকাশ।

কোম্পানীর ব্যবসা ও উন্নয়ন কল্পে গৃহীত পদক্ষেপ সমূহের মধ্যে শাখা ও বিভাগীয় পর্যায়ে অভ্যন্তরীন যোগাযোগ ও সমন্বয় ব্যবস্থার উন্নতি, ব্যবসা আহরণের ক্ষেত্রে লাভ-লোকসানের বিশ্লেষন পূর্বক পদক্ষেপ গ্রহণের নির্দেশনা অন্যতম এবং এজন্যে উচ্চ পর্যায়ের কর্মকর্তাদের সমন্বয়ে একটি সার্বক্ষনিক পরামর্শ সেল গঠন করা হয়েছে। নতুন নতুন ব্যবসা সংগ্রহের প্রতি সংশ্লিষ্টদেরকে উৎসাহিত করা, গ্রাহকদের সেবার মান বৃদ্ধি করা এবং তাদের যৌক্তিক বীমা দাবী দ্রুততম সময়ের মধ্যে পরিশোধ করা। কর্মকর্তাদের দক্ষতা বৃদ্ধির লক্ষ্যে বিষয় ভিত্তিক অভ্যন্তরীন প্রশিক্ষণের এবং তথ্য প্রযুক্তি প্রয়োগের উপর বিশেষ জোর দেয়ার প্রক্রিয়া চলমান রাখা হয়েছে। কোম্পানীর নিজস্ব ভবনে অফিস স্থানান্তর প্রক্রিয়া অনাকাঙ্খিত পরিস্থিতির জন্যে ২০১৭ সালে সম্ভব হয়ে উঠেনি। আশা করছি এ বছরের মধ্যে দু'টি শাখা সহ প্রধান কার্যালয় কোম্পানীর নিজস্ব ভবনে স্থানান্তর করা সম্ভব হবে এবং এতে করে বছরে অন্তত: ১.০০ কোটি টাকা সাশ্রয় হবে। বীমা শিল্পে দৃশ্যমান বর্তমানের নানা প্রতিকূলতার মধ্যেও আমি আশা পোষন করছি যে, উল্লেখিত পদক্ষেপ সমূহ গ্রহণের সুবাদে কোম্পানীর আর্থিক ভিত্তিসহ সার্বিক অবস্থার উত্তরোত্তর সুদৃঢ় হবে। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, ঢাকা ও চট্টগ্রাম ষ্টক এক্সচেঞ্জ সহ নিয়ন্ত্রক সংস্থা সমূহের বিধি-বিধান সমূহ সঠিক ভাবে পরিপালন করা হচ্ছে।

পরিশেষে ধারাবাহিক সহায়তা ও দিক নির্দেশনা প্রদানের জন্যে আমি আইডিআরএ, বিএসইসি, ডিএসই, কোম্পানীর পরিচালনা পর্ষদ বিশেষ করে মাননীয় চেয়ারম্যান এবং ভাইস চেয়ারম্যান মহোদয়কে জানাই আন্তরিক ধন্যবাদ ও কৃতজ্ঞতা। আরো ধন্যবাদ জানাতে চাই কোম্পানীর কর্মযজ্ঞের প্রাণ/উৎস আমার প্রিয় সকল কর্মকর্তা ও কর্মচারীদেরকে। মহান আলাহ তা'আলা সকলের মঙ্গল করুন।

আল্লাহ হাফেজ,

(এ এন এম ফজলুল করিম মুন্সী)
মুখ্য নির্বাহী কর্মকর্তা।

PROFILE OF KARNAPHULI INSURANCE CO. LTD.

Karnaphuli Insurance Company Limited (KICL) is a first generation and top-tier non-life insurance company. Karnaphuli Insurance was incorporated on 23rd November 1986 as a public limited company. The Company obtained the certificate of registration for carrying on general insurance business from Controller of Capital Issues on 23rd November, 1986, and started its commercial operation on 25th November, 1986 under the lincese of Controller of Insurance. The Company authorised to transact all class of general insurance business.
It has been maintaining strong capital base, ethical business standards, corporate culture and corporate governance, superior underwriting skills and dynamic investment management since its inception.
The Company listed with DSE in the year of 1995.

PAID UP CAPITAL

Karnaphuli Insurance Company was started its journey with paid up capital of 3.00 crore. At present the Company's paid up capital is Tk. 40.70 crore and authorized capital Tk. 60.00 crore.

CREDIT RATING

The Company has been rated as "AA-" (Pronounced as Dobble A minus) for long term, ST-2 for short term and outlook is stable based on its premium collection, core services, strong liquidity position, cautious underwriting process, satisfactory dividend policy & expeditious settlement of claims, by Alpha Credit Rating Limited.

NETWORK

Karnaphuli Insurance with a network of 28 branches covering strategic financial centres of Dhaka, Chattagram, Rajshahi, Khulna, Barishal, Sylhet, Rangpur, Bagura and other important district town has been providing whole hearted services to the doorsteps of the clients. It has active presence in capital market. The Company is always eagerly ready to fulfill the needs of all its clients with high profitability & balanced growth. KICL has earned excellent market reputation and absolute confidence of its valued clients.

BOARD OF DIRECTORS

The Board of Karnaphuli Insurance has been comprise with 14 Directors including 3 independent directors as on 31 December, 2017 as per section 76 (1) of Insurance act 2010 and notification of Bangladesh Securities and Exchange Commission.
The Directors of the company represent different business group, reputed industrialists and journalist with a name and fame in the whole business community of the country.
The Board is chaired by Mr. Nizam Uddin Ahmed, an eminent business person and well reputed industrialist. Former Director of FBCCI, Former Vice President of Bangladesh Insurance Association, Former Director of Bangladesh Chamber of Industries. Mr. Nizam Uddin Ahmed has diversified business exposures. He also the Chairman of Meghna Life Insurance Co. Ltd, Director of Meghna Life Securities and Investment Limited and Chairman of Nizam Hasina Foundation and all other Directors are well educated and young business leader.

MANAGEMENT

The company has a smart knowledgeable and efficient management team to run the general insurance business and day to day affairs of the company. They achieve the confidence of the client and other stake holder management team of KICL has long experience and expertise in the field of non-life insurance business.

BUSINESS STRATEGY

The Company is focused on few strategic issues encompassing change in Management the short to long period through the implementation of various policies, processes and activities to ensure continuous, sustainable and qualitative growth, with the sole objectives of Institution building. An effective cluster management program has implemented. Branch management is now being continually exposed to mature thoughts and ideas through mentors resulting in qualitative improvement of their business and operational activities.
The branches directly underwrite all classes of business under guidance and supervision of head office. The business operation of the branches are monitored and controlled by the underwriting department of head office. Internal Audit department quarterly audits all branches and departments of head office. Claim department directly handles the claims. The company has a re-insurance treaty arrangement with Sadharan Bima Corporation (SBC) and Foreign Re-insurer. On special cases the company arranges special rate for valued clients. For diversification of business the company invests it fund in land, shares, bond market and FDR.

DIRECTORS REPORT TO THE SHAREHOLDERS

Dear Shareholders,
Assalamu Alaikum,

On behalf of the Board of Directors of Karnaphuli Insurance Company limited and on my behalf I have pleasure to welcome you all in this 31st annual general meeting of your company. I take this opportunity to present before the Annual Report along with the audited financial statement of the company for the year ended 31st December, 2017.
Board of Directors has been reviewed the perfomance of the company for the year 2017 and A. Wahab & Co. Chartered Accountants has properly audit the accounts and prepared the report in compliance with section 184 of the Company's Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/admin/44 dt.7 August, 2012.
Karnaphuli Insurance is very much concerned about interest of the clients and shareholders. The following information will help our clients/shareholders to take positive decisions.

INDUSTRY OUTLOOK

According to the report published by International Monetary Fund (IMF), this is expected that the stronger momentum experienced in 2017 will carry into following two years, 2018 and 2019, with the global trend revised up to 3.9% for those two years. Emerging Asia would grow at around 6.5 % over 2018–19, mostly at the same pace as in 2017.
Apart from the global economy, Bangladesh is among the top 17 out of 134 countries in the list of GEP predictions that are projected to have a growth rate of 6.4 % or more in 2017-18 as per World Bank Group. Moreover, strong domestic demand and strengthening exports will assist to remain GDP at 6.7% a year over fiscal years 2018-2020.
Along with the strong economic growth, the non-life sector in advanced Asian markets maintained mid-single digit growth momentum, mostly led by growth in the auto insurance segment. The worldwide insurance industry is projected to grow at 4% during 2017–18, mainly driven by a double digit growth in the life business in emerging markets. Real growth in progressive markets is likely to continue subdued over the next two years owing to limited development in macroeconomic conditions and persistently low interest rates. Developing markets would remain as the growth driver for premiums, with estimates in non-life business projected to improve to 6% and an anticipated low double digit growth in the life business.
During the year 2017, the net profit of the company was Tk. 8.70 crore which was Tk. 8.03 crore during the last year i.e. raised by 8.50%. The Gross Premium income of the Company has increased to Tk. 30.61 crore from Tk. 29.49 crore comparing to the last year which is increased by 3.83%.
The insurance market of Bangladesh seems to be overcrowded compared to the neighboring South Asian countries. Hence, the non-life insurance market is getting competitive for existing and new companies. The industry trend would largely depend on the customer's perception of insurance. However, the trend could be upwarded if proper initiative is taken by the government, strong trust of consumer and introduction of attractive products by insurance companies could also contribute to this sector simultaneously.

YEAR WISE PERFORMANCE FOR THE LAST FIVE YEARS

Year wise performance of the company for the last six years is shown page 9.

Segment-wise performance:
In line with the general practices, the underwriting business of the company covers fire insurance, marine insurance, motor insurance and miscellaneous insurance business, the directors are pleasure to report that in 2017 Karnaphuli Insurance Company had another year of growth in premium earnings.
Segment-wise performance of your company given bellow:

Gross Premium Income:

Year	Gross Premium	Growth
2017	306,152,191	3.82%
2016	294,871,592	5.02%
2015	280,757,465	2.16%
2014	274,832,716	3.65%
2013	265,141,594	(4.07%)
2012	276,380,445	18.84%

BUSINESS RESULT (Product Wise Performance)

During the period under review the Company procured gross premium amounting toTk. 306,152,191 against Tk. 294,871,592 in 2016. The growth of premium collection is 3.82%. We earned underwriting profit of Tk. 45,670,465 againest Tk. 40,051,940 in 2016.

Particulars	2017				2016
	Fire Taka	Marine Taka	Motor & others Taka	Total Taka	Total Taka
A. Gross Premium (Including SBC and Government Business)	136,813,233	88,417,630	80,921,328	306,152,191	294,871,592
B. Re-insurance premium ceded	76,924,233	26,623,739	37,023,822	140,571,794	132,727,350
C. Net Premium (A-B)	**59,889,000**	**61,793,891**	**43,897,506**	**165,580,397**	**162,144,242**
Direct Business :					
D. Commission on re-insurance premium ceded including profit commission	29,700,459	8,227,932	8,252,918	46,181,309	37,828,853
E. Claim settled and provided (Net)-(i)	10,364,145	1,448,873	4,459,162	16,272,180	11,156,381
F. Management expenses- (ii)	55,479,749	30,585,947	24,959,573	111,025,269	104,722,472
G. Agency Commission	19,741,496	10,575,542	82,59,732	38,576,770	37,862,265
H. Total Direct Expenses (D-E-F-G)	**(55,884,931)**	**(34,382,430)**	**(29,425,549)**	**(119,692,910)**	**115,912,265**
I. Adjusted fund balance for unexpired risk (Opening Balance less Closing Balance)	1,071,588	(1,261,125)	(27,485)	(217,022)	(6,180,037)
Net Underwriting Profit (C+H+I)	**5,075,657**	**26,150,336**	**14,444,472**	**45,670,465**	**40,051,940**

INCOME AND PROFIT

Gross Income in the year 2017 stood Tk.103,964,483 against Tk. 98,006,822 in 2016. Net Profit before tax Tk. 87,066,481 out of which underwriting profit is Tk. 45,670,465 in 2017 against Tk. 40,051,940 in 2016. Income from other heads are shown below:

Taka in '000

		2017	2016	2015
1.	Interest received from FDR and BGTB	45,879	52,278	56,347
2.	Dividend Income on Share	5,337	3,955	3,870
3.	Sale proceed on Share	5,830	660	(34,729)
4.	Miscellaneous Income	1,248	1,061	409
5.	Underwriting Profit	45,670	40,052	35,981
		103,964	**98,006**	**61,878**

PROFIT DISTRIBUTION

Particulars	2017	2016	2015
1. Reserve for exceptional loss	15,600,000	15,000,000	14,071,080
2. Provision for Tax	25,800,000	25,000,000	25,200,000
3. Proposed dividend for shareholder	44,774,355	40,703,959	40,703,959

PREMIUM INCOME

The Company earned a premium of Tk. 306,152,191 for the year 2017 against Tk. 294,871,592 in 2016. Out of this Tk. 257,178,468 came from private sector and balance of Tk. 48,973,723 as public sector business received from Sadharan Bima Corporation.

After ceding Tk. 140,571,794 as re-insurance premium, the net premium income for the year amounted to Tk. 165,580,397 against Tk. 162,144,242 in 2016.

RISK & CONCERN

Karnaphuli Insurance Company engaged exclusively in the business of insurance. The insurance industry in Bangladesh, particularly Non-life insurance Company is facing difficult times since long and risk management is at the top agenda. Risk factors can be summarized as follows:

a) OPERATIONAL RISK

Operational risk in relation to insurance business are underwriting risk, regulatory risks and re-insurance risk. Karnaphuli Insurance has developed its underwriting policy/guideline. The Company passes on some of its risks to another re-insurer for reducing underwriting risk.

b) FINANCIAL RISK

Financial risk involve liquidity and investment risks and claims reserving risk, Karnaphuli Insurance prefers a conservative investment policy guided by the Board and its performance in terms of liquidity position, investment portfolio, cash flow status, claims, reserve position etc are regularly monitored by the Board.

c) STRATEGIC RISK

Strategic risk are mostly associated with the rival marketing moves for penetrating in the insurance market. In order to retain its position and steeping toward betterment, Karnaphuli Insurance prefers to adopt its business strategy based on focus to market penetration and particulars concentration to market segment which is greatly dependent on market information.

EXTRA ORDINARY GAIN OR LOSS

No extraordinary gain or loss in the year of 2017 but interest income on FDR significantly reduce by 64 lac due to down trend of interest rate.

RELATED PARTY TRANSACTION

The Company has no related party except Meghna Life Insurance Co. Ltd. and Meghna Life Securities and Investment Ltd. The Group Insurance of the employees of the company has been done with Meghna Life Insurance Co. Ltd. Karnaphuli Insurance Company is represented in the Board of Meghna Life Insurance Co. Ltd. and Meghna Life is also the Director of Karnaphuli Insurance Co. Ltd.

Name of Company	Relationship	Nature of Transaction	Amount (Tk.)
Meghna Life Insurance Co. Ltd.	Common Directorship	Group Insurance Premium paid	404,126
		Dividend Paid (gross) to Meghna life Ins. Co. Ltd.	1,445,827
		Dividend received (gross) from Meghna Life Ins. Co. Ltd.	1,280,662
Meghna Life Securities and Investment Ltd.		Paid Commission against buy & sale of share	797,735

UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES

The Company issued right shares in the year of 2010 and the proceeds fully invested in the form of FDR & company's operational activities.

VARIANCE WITHIN THE FINANCIAL YEAR

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

BOARD OF MEETING ATTENDANCE AND REMUNERATION OF DIRECTORS

During the year 2017 the total 6 (Six) Board Meetings were held. The attendance and remuneration of the Directors are given below:

Name of Directors	Status	Board Meetings Held	Meetings Attended	Remuneration Taka
Mr. Nizam Uddin Ahmed	Chairman	6	6	30,000
Mr. Nasir Uddin Ahmed	Vice- Chairman	6	6	30,000
Mrs. Hasina Nizam	Director	6	5	25,000
Mr. Riaz Uddin Ahmed	Director	6	6	30,000
Mrs. Raquiba Banu	Director	6	3	15,000
Mrs. Sabita Ferdaushi	Director	6	6	30,000
Mrs. Sharmin Nasir	Director	6	5	25,000
Mrs. Dilruba Sharmin	Director	6	6	30,000
Ms. Umme Khadiza Meghna	Director	6	5	25,000
Lt. Col. M. Shamsuddin Ahmed (Retd.) Representative of Nizam Hasina Foundation	Director	6	6	30,000
Mr. N. C. Rudra Representative of Meghna Life Insurance	Director	6	5	25,000
Professor Md. Mohiuddin	Independent Director	6	6	30,000
Professor Md. Ansar Ali	Independent Director	6	4	20,000
Mr. Mohammed Farooq	Independent Director	6	5	25,000
Mr. A. N. M. Fazlul Karim Munshi	Chief Executive Officer	6	6	30,000
			Total	**4,00,000**

MEETING HELD BY THE AUDIT COMMITTEE DURING THE YEAR 2017 IS STATED AS FOLLOWS

Name of Directors	Status	Meetings Held	Meetings Attended	Remuneration Taka
Professor Md. Mohiuddin (ID)	Chairman	4	4	8,000
Mr. Nasir Uddin Ahmed (Director)	Member	4	4	8,000
Mr. Riaz Uddin Ahmed (Director)	Member	4	4	8,000
			Total	**24,000**

BOOKS OF ACCOUNTS

Proper Books of Accounts of the Company were maintained properly.

ACCOUNTING POLICIES

Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgement.

APPLICATION OF BAS, IFRS, IAS & BFRS

Bangladesh Accounting Standards (BAS), International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

THE SYSTEM OF INTERNAL CONTROL

The system of internal control was sound and was implemented and monitored effectively. The Internal Audit Department of the company regularly checks the accuracy and reliability of its accounting data and takes initiative to promote the operational efficiency. The management is accountable for the implementation of the internal control systems and its principles. The financial data have been reviewed, confirmed and reported regularly to the Board of Directors.

GOING CONCERN

There are no significant doubts about the Company's ability to continue as a going concern. The management has taken into consideration its liquidity status, projected cash flow based on the market situation and its performance in the past years in support of the assumption.

SIGNIFICANT DEVIATIONS FROM LAST YEARS OPERATING RESULTS

There were no significant deviations from last year operating results of the company. But Investment income reduced significantly due to low interest rate offered by the bank.

SUMMARY OF KEY OPERATING AND FINANCIAL DATA OF FIVE PRECEDING YEARS (TAKA IN '000)

	2017	2016	2015	2014	2013	2012
Underwriting profit as per revenue account	45,670	40,051	35,981	36,838	40,184	49,963
Income from Interest, Dividend	51,216	56,234	60,217	70,655	71,185	67,180
Other income	7,078	1,721	(34,320)	1,941	3,572	(7,447)
Total income	**103,964**	**98,006**	**61,878**	**109,435**	**114,940**	**109,696**
Expenses of management (P/L Account)	16,898	(17,753)	(17,625)	(18,938)	(22,684)	(27,748)
Net profit before tax	**87,066**	**80,253**	**44,253**	**90,497**	**92,256**	**86,949**
Provision for tax	25,800	25,000	25,200	31,000	(29,595)	(29,330)
Net profit after tax	**61,266**	**55,253**	**19,053**	**59,497**	**62,661**	**57,619**
Surplus brought forward	404	855	36,577	2,365	1,605	655
Reserves	**61,670**	**56,108**	**55,630**	**61,862**	**64,266**	**58,274**
Exceptional loss	(15,600)	(15,000)	(14,071)	(13,149)	(15,752)	(15,669)
Dividend equalization fund	-	-	-	-	-	-
General	-	-	-	-	-	-
Diminution in value of investment	-	-	-	-	-	(29,851)
Surplus carried forward	**46,070**	**41,108**	**41,559**	**48,713**	**48,514**	**12,754**

DIVIDEND POLICY

The net profit of the Company is Tk. 87,066,481 for the year 2017. Reserve for exceptional loss is maintained for Tk. 15,600,000/- The Board of Directors' of the Company recommended 5% stock dividend and 6% cash dividend to the shareholders out of the surplus available for distribution at the end of the year 2017, subject to the approval of the shareholders in the 31st annual general meeting to be held on 27th June, 2018. The Company always dispatched/credited dividend to the shareholders within the stipulated time.

NUMBER OF BOARD MEETINGS HELD DURING THE YEAR SHOWN ON PAGE 28.

THE PATTERN OF SHARE HOLDING AS AT December 31, 2017

a) Parent/Subsidiary/Associated companies and other related Parties : (1) Meghna Life InsuranceCo. Ltd. hold 2,445,827 shares.

b) Shareholding of Directors and their Spouse & Children:

Name of Directors	Status	Total Shares	Percentage (%)
Mr. Nizam Uddin Ahmed	Chairman	1,183,484	2.91
Mr. Nasir Uddin Ahmed S/o Nizam Uddin Ahmed	Vice Chairman	1,198,478	2.94
Mrs. Hasina Nizam W/o Nizam Uddin Ahmed	Director	1,898,844	4.67
Mr. Riaz Uddin Ahmed S/o Nizam Uddin Ahmed	Director	1,290,599	3.17
Mrs. Raquiba Banu	Director	814,164	2.00
Mrs. Sabita Ferdaushi	Director	814,301	2.00
Mrs. Sharmin Nasir W/o Nasir Uddin Ahmed	Director	41,365	0.10
Mrs. Dilruba Sharmin W/o Riaz Uddin Ahmed	Director	42,807	0.11
Ms. Umme Khadiza Meghna D/o Nizam Uddin Ahmed	Director	414,223	1.02
Lt. Col. M. Shamsuddin Ahmed (Retd.) Representative of Nizam Hasina Foundation	Director	819,500	2.01
N.C. Rudra Representative of Meghna Life Insurance Co. Ltd.	Director	2,445,827	6.00
Professor Md. Mohiuddin	Independent Director	Nil	
Professor Md. Ansar Ali	Independent Director	Nil	
Mohammed Farooq	Independent Director	Nil	

c) Share Holding of Directors Children:

Mr. Rashed Uddin Ahmed S/o Lt. Col. M. Shamsuddin Ahmed (Retd.)	Shareholder	117,562	0.29

d) SHAREHOLDING OF CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY, CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND THEIR SPOUS & MINOR CHILDREN : NIL

e) SHAREHOLDING OF TOP FIVE EXECUTIVES : NIL

f) SHAREHOLDERS HOLDING 10% OR MORE : NIL

APPOINTMENT OF DIRECTOR:

In accordance with the provision of articles of association of the company one-third of the total number of Directors shall retired from the office and being eligible they offer themselves for re-election as per provision of articles of association of the company. Accordingly from group "A" shareholder Mr. Nasir Uddin Ahmed and Mrs. Raquiba Banu retire and being eligible they offer themselves for re-election and Directors representing Group "B" Mrs. Sharmin Nasir and Mrs. Dilruba Sharmin shall retire and being eligible they offer themselves for re-election.

APPOINTMENT OF INDEPENDENT DIRECTOR:

To comply with the BSEC's requirment the Board of Directors has appoint 3 (three) Independent Director which was duly approval in the AGM. The first term of Professor Md. Ansar Ali was expire on 28.09.2017and the Board has re-appoint Professor Md. Ansar Ali for further period of one term w. e. f. 29.09.2017 to 28.09.2020. The appointment of Professor Md. Ansar Ali to be placed in the 31st AGM of the company for approval by the shareholders.

THE BRIEF RESUME OF THE DIRECTOR ARE INCORPORATE ON THE PAGE 14 TO 18

NAME OF THE COMPANIES IN WHICH THE PERSON ALSO HOLDS THE DIRECTORSHIP AND THE MEMBERSHIP OF COMMITTEE OF BOARD.

Name of Director	Position of the other's Company
Mr. Nizam Uddin Ahmed	Chairman, Meghna Life Insurance Co. Ltd. Chairman, Nizam Hasina Foundation Director, Meghna Life Securities and Investment Limited.
Mr. Nasir Uddin Ahmed	Chairman of Meghna Life Securities and Investment Limited. Director, Meghna Life Insurance Co. Ltd. Member, Audit Committee, Meghna Life Insurance Co. Ltd. Director, Nizam Hasina Foundation
Mrs. Hasina Nizam	Vice Chairman, Meghna Life Insurance Co. Ltd. Director, Nizam Hasina Foundation Director, Meghna Life Securities and Investment Limited.
Mr. Riaz Uddin Ahmed	Vice Chairman, Meghna Life Securities and Investment Limited. Director, Meghna Life Insurance Co. Ltd. Member, Audit Committee, Meghna Life Insurance Co. Ltd. Director, Nizam Hasina Foundation
Mrs. Sharmin Nasir	Director, Meghna Life Insurance Co. Ltd. Shareholder, Meghna Life Securities and Investment Limited.
Mrs. Dilruba Sharmin	Director, Meghna Life Insurance Co. Ltd. Shareholder, Meghna Life Securities and Investment Limited.
Ms. Umme Khadiza Meghna	Director, Meghna Life Insurance Co. Ltd.
Professor Md. Ansar Ali	Independent Director, Meghna Life Insurance Co. Ltd. Chairman, Audit Committee, Meghna Life Insurance Co. Ltd.
Lt. Col. M. Shamsuddin Ahmed (Retd.)	Director, Nizam Hasina Foundation.

CREDIT RATING

The Karnaphuli Insurance Company Limited has been rated "AA–" for long term and ST-2 for short term by Alpha Credit Rating Limited based on its premium collections, core services expeditions, settlement of claim, strong liquidity position and cautious underwriting process and sufficient solvency.

BRANCH

The Company has 28 branches all over Bangladesh. The Company has opened a new branch at Pabna.

ASSETS

Total Asset of the Company at the end of year 2017 stood at Tk. 1,307,559,369.

RESERVE

To protect the risk factors of the company it is very essential to have a good amount of reserve fund for company. The company created a reserve fund in line with recommendation of the Insurance Act and Income Tax Ordinance. The reserve for exceptional losses increased to Tk. 194,671,713 which is higher by 8.71 % over last year.

RESERVE FOR EXCEPTIONAL LOSSES ADEQUACY **(Tk. In '000)**

	2017	2016	2015	2014	2013
Reserve for exceptional losses	194,671	179,071	164,071	150,000	136,851

INVESTMENT PROFILE

Karnaphuli Insurance Company make a diversification investment policy. We invested our fund in the capital market, FDR and Govt. Trasery Bond. We did not take more FDR for down trend interest rate offered by Bank. Year wise investment break up is provided below:

Taka in '000

	2017	2016	2015
In Share & Unit Fund	113,935	41,159	31,384
In Debenture	2,680	2,680	2,680
In Fixed Deposit	585,415	645,184	640,273
in BGTB	25,000	25,000	25,000
	727,030	**714,023**	**699,337**

CLAIM

Taka in '000

During 2017 Karnaphuli Insurance Company settled claim of Tk. 20,271,000 against Tk. 45,730,227 in 2016.

	2017		2016		2015	
	Claim	% of	Claim	% of	Claim	% of
Fire	14,364	70.86	29,576	64.67	50,007	51.40
Marine	1,448	7.14	10,746	23.50	39,880	7.62
Motor & others	4,459	22.00	5,408	11.83	7,415	7.62
	20,271	**100.00**	**45,730**	**100.00**	**97,302**	**100.00**

Gross claim decreased by Tk. 25,459,000 to that of previous year registering a down trend of 56%.

NET CLAIM

Karnaphuli Insurance shares its underwriting risk with SBC and foreign Re-insurer. After adjustment of recoveries net claim paid by the company amounted to Tk.16,272,180 in the year 2017. Year wise net claim is shown below:

Taka in '000

	2017	2016	2015	2014	2013
Net Claim	16,272	11,156	25,783	11,124	13,949

PROFIT / INCOME

The Company earned a net profit after tax Tk. 61,266,481 during the year 2017. The underwriting profit has increased 14% compared with previous year. Underwriting profit for the year is Tk. 45,670,465 against Tk. 40,051,940 in 2016. The Company earned interest on fixed deposit amounting to Tk. 45,879,438. Current years dividend income was Tk. 5,337,040 and profit from sale of shares was Tk. 5,830,026.

DISCUSSION ON PROFIT & PROFITABILITY

Profitability

The main sources of income were underwriting, interest of FDR, sale of shares and dividend on investment and other miscellaneous income.

Underwriting performance

Taka in '000

	2017	2016	2015	2014	2013
Fire	5,075	6,966	3,269	5,675	4,381
Marine	26,150	22,366	20,304	19,339	27,061
Motor	4,988	6,247	6,627	6,362	7,215
Miscellaneous	9,457	4,472	5,781	5,461	1,526
	45,670	**40,051**	**35,981**	**36,837**	**40,183**

CONFLICT OF INTEREST

Board of Directors is aware about the matter of conflict of interest relating with the Company. Any related party transactions or any other matter relating with conflict of interest have been inform to the Board and accordingly presented in the report as disclosed of the matter.

SOLVENCY MARGIN

Under the section 43 of Insurance Act 2010, the Company has maintained the required solvency margin. During 2017 Company's solvency margin was above the required level. Karnaphuli Insurance required solvency margin of Tk. 65.27 million whereas the Company's available solvency was Tk. 338.18 million which reflected strong financial base of the company.

SOFTWARE DEVELOPMENT & IT DIVISION

The management has established an Information Technology (IT) department headed by experienced and professional IT personnel. Since 1995 the share department of Karnaphuli Insurance have been introducing computer system and software of share management system has been developed by IBCS Primax Information System (CIIS) in the Company and as such most of the branches are connected in one networking system.

COMPANY'S CORPORATE WEBSITE

Karnaphuli Insurance has upgraded its website with a new look and including more information. In addition to company's profile, vision, mission, products and services, change of Director and Management, the Quarterly, Half yearly, Annual results and any price sensitive Information are regularly published through its website at ***www.kiclbd.com***.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Karnaphuli Insurance has been giving due importance and making contribution towards various activities as a part of its CSR. The Company have contributed to the Honourable Prime Minister's Relief Fund.

FAIRNESS OF FINANCIAL STATEMENT

The financial statements along with the notes thereon have been prepared inconformity with the Company Act 1994, Insurance Act 2010, Securities and Exchange Commission Rules 1987. These statements present fairly the Company's state of affairs, the results of its operation, cash flow and changes in equity. In compliance with BSEC notification dated 7 August, 2012 Chief Executive Officer and Chief Financial Officer have given the declaration about the fairness of the financial statements shown in page 40.

RE-INSURANCE

The main task of Re-insurance is to spread the risk to different shoulders for having wide range protection. It is applicable only when certain risk measured by valuation exhausts the limitation of underwriter's capabilities as per agreement reached between Underwriter and Re-insurer. This agreement is executed between Underwriter and Re-insurer at the beginning of each year. This arrangement may be made either directly or through Broker. The agreement is mainly based on statistics of performance through-out the year. As per rule, while arranging such agreement the Insurance Company/Underwriter needs to surrender net re-insurance balance quarterly to Re-insurer through Statement of Accounts. On getting confirmation, Re-insurance premium is needed to remit to Re-insurer. Re-insurer by virtue of such agreement, extends agreed commission and claims recovery to the ceding Company. This agreement is renewable in each year subject to no objection from either side. At the moment, our lead Re-insurer is Sadharan Bima Corporation (SBC) and General Insurance Corporation (GIC) of India.

FUTURE OF THE COMPANY

Karnaphuli Insurance Co. Ltd. have been functioning its insurance activities since 1986 with all the name and fame. It has so far gained financial solvency with satisfaction and earned reputation in settling claim within due time. In view of the above, the entire day to day affairs of the Company are maintained by skilled officials having technical know-how. The growth of the Company is satisfactory. As such, this Company shall function much better in future because of adoption of valued policies covering the entire operational activities of the company, including managerial, investment, training and staff welfare. In fine, we are confident to enjoy one of the best Credit Rating duly reflecting our best of financial and managerial capabilities. At the moment, this Company enjoys "AA_" Credit Rating.

ACKNOWLEDGEMENT

Board of Directors expresses its sincere thanks and gratitude to all valued clients, shareholders and well wishers for their positive support, active co-operation and constructive suggestion.

The Board of Directors also extend heartiest thanks and profound gratitude to Ministry of Finance, IDRA, BSEC, Bangladesh Bank, all Scheduled Banks, Sadharan Bima Corporation, Financial Institutions, Dhaka Stock Exchange Ltd., Central Depository Bangladesh Ltd. for their co-operation and assistant extended during the year.

We would also appreciate and thanks the management team, all executives, officers and employees for their contribution to the progress of the company.

Thank you all

On behalf of the Board



Nizam Uddin Ahmed
Chairman

REPORT OF CORPORATE GOVERNANCE

Corporate governance is the system of processes, customs and policies of internal control which protect the interests of the stakeholders. The Company believes in adopting the best and follows the principles of transparency and accountability, Integrity, ethical behavior and sustainable organization practices in the area of corporate governance. The Board of Directors formulates the Vision, Objectives & Strategic goals and the Management executes the directives in a professional way and safeguards the asset of the Company.

BOARD COMPOSITION

The Board comprised of 14 (Fourteen) members including three Independent Director. All of them are professionally skilled and experienced. Their experience, professional expertise and personal attribute enable them to execute their responsibility individually and collectively to perform duties efficiently and effectively. They contribute to the Company's strategy, policy formulation and steady growth. The profiles of all Directors are given on page 14 to 18. Director from public shareholders are appointed by the shareholders in the Annual General Meeting. As per Articles of Association the one third of the Directors retires from the Board every year in the Annual General Meeting but remain eligible for re-election. The Chairman of the Board is elected by the board members. A list of Directors are presented page 28.

ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board is collectively responsible to the Company's shareholders as laid down in its Articles of Association and relevant law and regulations. The Board effectively sets the strategy and policies and monitors the operations of the Company. The Board of Directors also ensures the best practice of corporate governance. Directors are skill to provides prudent guidance in the field of Insurance Business. The Board of Directors of Karnaphuli Insurance always take initiatives to ensure the Company's prosperity by collectively, directing the Company's operation regarding business and financial issues. The Board reviews the achievement of goal of the Company in consideration with the its vision and mission. They consider the Company's future opportunities, weakness and risk factors.

The Board of Director provides a report for the shareholder in the Annual General Meeting about the performance of Company and future plans and strategic development of the Company. The Board delegates the power to the management to execute, monitor and implementation of Company's polices strategies and business plan. The Board awarded its employees who had excellent performance in their respective fields. The Board maintains good relation with shareholder & policy holder.

ROLE OF THE CHAIRMAN

Chairman of the Board shall be elected amongst the member of the Board. The Chairman is the non Executive Director and the leader of the Board. He hold the senior most position of the Company. He is responsible for the effective performance of the Board. The Chairman facilitate the effective contribution of the all Directors. Chairman shall ensure that the Board has full governance of the Company's business and that the board is alert to its obligation to the Company, shareholders management and policy holder under the law. Chairman sets the agenda for discussion at board meeting & annual general meeting. Under the strong leadership of Chairman the Board adopts a prompt and constructive approach to making decision, time to time reviewing and monitoring the strategy policy and development of the Company. Recommend the committee of the Board and their composition, review their performance and suitability and make such adjustment are deemed necessary. Ensure that the Board and committee meeting are conducted is an efficient, effective and focused manner. It ensure that the corporate governance of the Company is maintain in line with the notification of BSEC. Chairman shall act as the principal of the Board and counselor for CEO including helping to define problems, review strategy maintain, accountability and sound relationship with shareholders and other stakeholders. Chairman appraise, monitoring and evaluating the performance of the Chief Executive Officer (CEO). The Chairman fixed the remuneration, terms & condition and tenure of CEO in consultation with the Board.

ROLE OF CHIEF EXECUTIVE OFFICER (CEO)

Chief Executive Officer (CEO) is a non-voting director of the Board, holding no share but with executive power. CEO is appointed by the Board of Directors, subject to approval of the IDRA. The duties and responsibilities of CEO are clearly defined in the articles of Association and the guideline of the IDRA. CEO must present the Company's financial and business position in each board meeting for Directors understanding and guidance. CEO is overall responsible and accountable for running the business and day to day financial and operational actives of the company and implementation of the Board strategy and policy. Under prudent leadership of CEO a group of talented executives are performing efficiently within the jurisdiction of power delegated by the Board.

INDEPENDENT DIRECTOR

In compliance with BSEC notification Company appointed 3 (three) Independent Directors which was one fifth of total Directors. Professor Md. Mohiuddin, Professor Md. Ansar Ali and Mohammed Farooq are Independent Director. They are free from any business and no pecuniary relationship with the Company. So that they can exercise of their Independent judgement & advice. The board believes their best experience and knowledge enable there to provide effective and constructive contribution to the company.

QUALIFICATION OF INDEPENDENT DIRECTOR

The Independent Director nominated by the board. They are highly qualified and knowledgeable person. Details are inserted on Page 17 & 18.

CHAIRMAN & CHIEF EXECUTIVE OFFICER (CEO) OF THE COMPANY ARE DIFFERENT INDIVIDUAL

The Chairman and Chief Executive Officer (CEO) of the Company are different body with separate functions and responsibilities. Chairman of the Company shall be elected from amongst the Directors of the Company. Chairman is the non Executive Director and CEO is Executive Director. CEO is appointed by the Board of Directors subject to approval of the Insurance Development & Regulatory Authority (IDRA).

ROLE OF COMPANY SECRETARY

The company secretary conveys the board meetings and prepares the agenda in consultation with the Chairman of the Board of Directors and Chief Executive Officer. The agenda for meeting of the Board together with relevant supporting documents are circulated in advance of the meeting. The Secretary is accountable to the board for ensuring that the board procedures are followed and that applicable rules and regulations. The Company Secretary attends the meeting regularly and notes down the matter of the meeting for preparing the minutes. He performs a bridge among the Board, Management and Shareholders. Company Secretary also act as Secretary of the audit Committee.

CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETORY

Chief Financial Officer, Company Secretary and Head of Internal Audit are three Individual persons. Their role & responsibilities are different. Chief Financial Officer looks after the day to day all financial transaction of the Company. He attends the board meeting regularly. Role and responsibility of Chief Financial Officer and Head of Internal Audit are defined by the Board of Directors. Internal auditor performs the audit of day to day affairs of all department of head office and all branches of the Company and submits report to Chief Executive Officer and Chairman Audit Committee.

OTHER'S COMMITTEES

For smooth functioning of the Company different committees are comprised of Senior Executives. Each Committee is responsible and accountable for the effective operation of their assigned business area. The segregation of such business areas and the individuals entrusted with the responsibility of its monitoring are illustrated below:

Business Development Committee

Mr. Nasir Uddin Ahmed
Mr. A.N.M. Fazlul Karim Munshi
Mr. Md. Hafizullah
Mr. A.H.M Anwar Newaj Khan
Mr. Abul Fazal Dost Mohd. Khan
Mr. Md. Z.A. Sarker

Suddhachar and Naitikota Committee

Mr. Md. Hafizullah
Mrs. F.J.M. Hafiza Sultana
Mr. Meer Shajahan Kabir
Mr. Md. Moin Uddin
Mr. Md. Z.A. Sarker

Claim & Re-insurance Committee

Mr. Nizam Uddin Ahmed
Mr. Nasir Uddin Ahmed
Mr. A.N.M. Fazlul Karim Munshi
Mr. Md. Musleh Uddin
Mr. Md. Hafizullah
Mr. A.H.M Anwar Newaj Khan
Mr. Md. Moin Uddin
Mr. Md. Fakhar Uddin (Salim)

Money Laundering Committee

Mr. Meer Shajahan Kabir
Mr. Md. Z.A Sarkar
Mr. Md. Salimullah
Mr. Krishna Roy

ANTI-MONEY LAUNDERING ACTIVITIES

The Company establish anti-money laundering committee consisting 4 (Four) members headed by Meer Shajahan Kabir, General manager Underwriting Department. They function under advice of the Board of Director. All the concern branches/department have been instructed to remain alert from motive of money launder's in connection with insurance underwriting and claims settlement. If any suspicious activities of any insured are found in connection of insurance document the concern branches are immediately inform to the chief money laundering compliance officer.

Karnaphuli Insurance Co. Ltd. running the business with applying transparency and accountability and maintain good corporate governance. Karnaphuli Insurance Co. Ltd. always maintain excellent relationship with their shareholders and customers. They believe that the shareholders are not only owner of the Company they also good adviser.

AUDIT COMMITTEE

Audit Committee of Karnaphuli Insurance Company Ltd. acts as the Sub-Committee of the Board of Directors. The Committee assists the Board of Directors' in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company. The Audit Committee is responsible to the Board of Directors of the Company.

Audit Committee is comprised of 3 (three) Directors nominated by the Board. The Committee is headed by Director who is an Independent Director of the Board. The Secretary of the Audit Committee is the Company Secretary. It operates according to the terms and conditions of the Board and Bangladesh Securities and Exchange Commission notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012.

REPORTING BY THE COMMITTEES TO THE BOARD

Each committee regularly reports on their work to the Board.

APPOINTMENT AUDITORS

Auditors M/s. A. Wahab & Co., Chartered Accountants retire in the Annual General Meeting and M/s. A. Wahab & Co., Chartered Accountants have completed 3 consecutive Years. M/s. Siraj Khan Basak & Co. Chartered Accountant applied and expressed their intention to be appointed as auditors of the Company for the year 2018. As suggested by the audit committee the Board of Directors recommended the appointment of M/s. Siraj Khan Basak & Co. as an auditor of the Company for the year 2018. The appointment of auditors and their proposed remuneration is to be placed before the Annual General Meeting for approval of the shareholders.

EXTERNAL/STATUTORY AUDITORS

External/Statutory Auditors of Company A.Wahab & Co chartered Aecountants Act as per the guideline of ICAB and BSEC's notification no. SEC/CMRRCD/2006-158/134/Admin/44 dt. 7 Aug, 2012. External Auditors is not engage to perform the services of the Company which is restricted by the above mentioned notification.

SUBSIDIARY COMPANY

Karnaphuli Insurance Company Limited has no subsidiary Company.

COMPLIANCE WITH THE LAW

The Company complied all the applicable legal obligation and regulatory requirement of Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Ltd. and Insurance Development & Regulatory Authority.Respective officers are responsible for ensuring proper compliance with applicable laws and regulation. Corporate Compliance Auditor M/s. Hussain Farhad & Co., Chartered Accountants was appointed by the board of director to conduct corporate compliance certification as per requirement of Bangladesh Securities and Exchange commission. Accordingly M/s. Hussain Farhad & Co,. Chartered Accountants after verification issued compliance certificate which is given on the Page 41.

COMMUNICATION WITH SHAREHOLDER

The company encourage communication with shareholders throughout the year and welcomes their participation at the Annual General Meeting. The annual general meeting decides on the appropriation of net-income, election of board members and appointment of the Auditors. Karnaphuli Insurance Company Limited regularly provide all information like as quarterly, half yearly and annual financial statements, price sensitive information through two daily newspapers, one online paper and website **www.kiclbd.com** of the Company in time.

DIRECTORS REPORT TO SHAREHOLDERS

(Under Section 184 of the Companies Act,1994)

WE ARE PLEASED TO REPORT THAT:

i) The financial statement prepared by the management of the Company presents fairly it's 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 the accounting estimates are based on reasonable and prudent judgement.

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 there from has been adequately disclosed.

v) The system of internal control is sound in design and has been effectively implemented and monitored.

vi) There is no significant doubts upon the Company's ability to continue as on going concern.

vii) There is no significant deviations from last year in operating results of the Company.

viii) The key operating and financial data of the last five years have been provided on page 29.

ix) During the year ended 31st December, 2017 the Board of Directors held 6 (Six) meetings and the Directors serving on the Board attended in aggregate 88.89% of the total number of meetings. The attendance record of the Director is shown on page 28.

(Nizam Uddin Ahmed)
Chairman

DIRECTORS CERTIFICATE

As per Rule 7 (a) of Part 1 of First Schedule of the Insurance act 1938 and Section 63 (2) of Insurance Act 2010

We certify that :

1. The value of investment as shown in the Balance Sheet has been taken at cost.

2. The Value of assets shown in the Balance Sheet has been reviewed as at 31st December, 2017 and in our believe the assets set forth in the Balance Sheet are shown in the aggregate amount not exceeding their realisable or market value under the several headings enumerated therein.

3. All expenses of management wherever incurred whether directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous have been fully debited to the respective revenue accounts as expenses.

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

AMAR STOCK

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Company has been formed as per directives of Bangladesh Securities and Exchange Commission. The committee held 4 (Four) meetings during the year 2017. Audit Committee examined and reviewed the balance sheet along with financial statement of the Company for the year 2017 submitted by M/s. A. Wahab & Co., Chartered Accountants and recommended to place it before the Board.

Composition of Audit Committee:

1. Professor Md. Mohiuddin (Independent Director): Chairman
2. Mr. Nasir Uddin Ahmed (Director): Member
3. Mr. Riaz Uddin Ahmed (Director): Member
4. Mrs. F. J. M. Hafiza Sultana (Company Secretary): Secretary

Duties and Responsibilities of the Audit Committee

The Audit Committee shall be responsible for the following:

To oversee the financial reporting process of the Company

To monitor choice of accounting policies and principles

To monitor Internal Control risk management process

To oversee hiring process (appointment) and performance of external auditors

To review the annual financial statements before submission to the Board for approval

To review the quarterly and half yearly financial statements before submission to the Board for approval

To review the internal audit function

To review the statement of significant related party transactions

To review weakness issued by statutory auditors

Functions carried out during the year:

The committee had overseen the financial reporting process, reviewed and monitored accounting policies and principals, internal control risk management process, hiring (appointment) and performance of the external auditors.

The committee reviewed and examined the draft balance sheet, financial statement and recommended to place before the Board of Director for its consideration and approval.

The committee reviewed the quarterly and half-year financial statement of accounts for proper submission of the Board of Director.

The committee reviewed the adequacy of internal audit function and the integrity of financial statement of the company to ensure to that these reflect true and fair view of the company's state of the affairs for the year ended 31st December 2017 and did not find any material deviation, discrepancies or any adverse finding/observation in the area of reporting.

The committee reviewed the statement of significant related party transaction and statutory auditor's observation on internal control.

Dated, Dhaka
April 22, 2018

Chairman
Audit Commitee

RESPONSIBILITY STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Including Duties as Per Condition No. 6 of Corporate Governance Guidelines

The financial statements are prepared in accordance with Bangladesh Accounting Standards issued by the Institute of Chartered Accountants of Bangladesh (ICAB) and in compliance with Insurance Act 2010, Company Act 1994, the Securities and Exchange rules 1987 and the Listing Regulations of the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

We are responsible for establishing and maintaining proper internal control system. We have designed such control or caused such control to be designed under our supervision, to ensure that material information relating to the Company is made known to us and for safeguarding the Company's assets and preventing and detecting fraud and error.

We have evaluated the effectiveness of the Company's internal control system and satisfied that the internal control system were effective as of the end of the period under review. Moreover significant estimates and accounting policies that involve a high degree of complexity and judgement were discussed with our external auditors and the audit committee of the Board.

We certify to the Board that:

(i) We have reviewed financial statements for the year 2017 and that to the best of our knowledge and belief:

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

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

(ii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

Dated, Dhaka
April 22, 2018

Md. Moin Uddin, ACS
Chief Financial Officer

A.N.M. Fazlul Karim Munshi
Chief Executive Officer

HFC | HUSSAIN FARHAD & CO.
CHARTERED ACCOUNTANTS

COMPLIANCE CERTIFICATE
ON
CORPORATE GOVERNANCE GUIDELINES
TO THE SHAREHOLDERS OF
KARNAPHULI INSURANCE CO.LTD.

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Karnaphuli Insurance Co. Ltd. as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006-158/134/ Admin/44, dated August 07, 2012 and the subsequent amendment made thereon.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the company. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implernentations thereof adopted by the company for ensuring the compliance of conditions of Corporate Governance Guidelines anci proper reporting of compliance status on the attached statement on the basis of evidences obtained and representation received thereon from the management of the company. It is neither an audit nor expression of opinion on the financial statements of the company.

To the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification and applicable to the company for the year ended December 31, 2017.

Place: Dhaka
Date: 10 May 2018

Hussain Farhad & Co.
Chartered Accountants

AMAR STOCK

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

(Report under condition no. 7.00)

Condition No.	Titles	Compliance Status (Put P in the appropriate column)		Remarks
		Complied	Not Complied	
1. BOARD OF DIRECTORS				
1.1 Board Size	The number of the Board members of the company shall not be less than 5 (five) and more than 20 (twenty).	✓		The Board of KICL is comprised of 14 Directors.
1.2 Independent Directors	(i) At least one fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors.	✓		There are three Independent Directors in the KICL Board namely: Professor Md. Mohiuddin, Professor Md. Ansar Ali and Mr. Mohammed Farooq.
	ii) For the purpose of this clause "Independent Director" means a director.			
	a) does not hold any share or holds less than 1% shares of the total paid-up capital.	✓		The Independent Directors have declared their compliances
	b) who or his family members are not connected with the company's any sponsor or Director or shareholder who holds 1% or more shares.	✓		Do
	c) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		Do
	d) who is not a member, director or officer of any Stock Exchange.	✓		Do
	e) who is not a shareholder, director or officer of any member of Stock Exchange or any intermediary of the capital market.	✓		Do
	f) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	✓		Do
	g) who shall not be an Independent Director in more than 3 (three) listed companies.	✓		Do
	h) who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	✓		Do
	i) who has not been convicted for a criminal offence involving moral turpitude.	✓		Do
	(iii) The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM.	✓		Do
	(iv) The Post of Independent Director(s) can't remain vacant for more than 90 (ninety) days.			Not Applicable
	(v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
	(vi) The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		

Condition No.	Titles	Compliance Status (Put P in the appropriate column)		Remarks
		Complied	Not Complied	
1.3 Qualification of Independent Directors	(i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
	(ii) Independent Director should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences.	✓		
	(iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4 Chairman of the Board and Chief Executive Officer	The positions of the Chairman of the Board and CEO of the companies shall be filled by different individuals. Chairman of the company shall be elected from among the Directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO.	✓		Chairman - Mr. Nizam Uddin Ahmed CEO - A.N.M. Fazlul Karim Munshi
1.5 The Directors' Report to Shareholders	(i) Industry outlook and possible future developments in the industry.	✓		
	(ii) Segment-wise or product-wise performance.	✓		
	(iii) Risks and concerns.	✓		
	(iv) A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	✓		
	(v) Discussion on continuity of any Extra-Ordinary gain or loss.			Not Applicable as no extra-ordinary gain or loss occurred in this financial year.
	(vi) Basis for related party transactions a statement of all related party transactions should be disclosed in the annual report.	✓		Included in Annual Report
	(vii) Utilization of proceeds from public issues, rights issues and/or through any others instruments.			Not applicable as no proceeds from public issues, rights issues and/or through any others instruments.
	(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			Do
	(ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			Not applicable as no significant variance occurred between Quarterly and Annual Financial Statements.
	(x) Remuneration to Directors including Independent Directors.	✓		The Directors' report complied with the guideline.
	(xi) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		Do
	(xii) Proper books of account of the issuer company have been maintained.	✓		Do

Condition No.	Titles	Compliance Status (Put P in the appropriate column)		Remarks
		Complied	Not Complied	
	(xiii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		Do
	(xiv) International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		Do
	(xv) The system of internal control is sound in design and has been effectively implemented and monitored.	✓		Do
	(xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		Do
	(xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		Do
	(xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		Do
	(xix) If the issuer company has not declared dividend (cash or stock) for the year the reasons thereof shall be given.			Not Applicable
	(xx) The number of Board meetings held during the year and attendance by each Director shall be disclosed.	✓		The Directors' report complied with the guideline
	(xxi) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by-			
	(a) Parent / Subsidiary / Associated Companies and other related parties (name wise details);	✓		Do
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details):	✓		Do
	(c) Executives:			Not Applicable
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).			Not Applicable
	(xxii) In case of the appointment/re-appointment of a Director the company shall disclose the following information to the shareholders-			The Directors' report complied with the guideline.
	(a) a brief resume of the Director.	✓		Do
	(b) nature of his/her expertise in specific functional areas.	✓		Do
	(c) names of companies in which the person also holds the Directorship and the membership of committees of the Board.	✓		Do

Condition No.	Titles	Compliance Status (Put P in the appropriate column)		Remarks
		Complied	Not Complied	
2.00 CHIEF FINANCIAL OFFICER (CFO), A HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)				
2.1 Appointment	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		CFO - Md. Moin Uddin, Head of Internal Audit - Mr. Sankar Kumar and CS- F.J.M. Hafiza Sultana
2.2 Requirement to attend the Board Meetings	Attendance of (CFO) and the Company Secretary in the Board meetings.	✓		
3.00 AUDIT COMMITTEE				
	(i) The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
	(ii) The Audit Committee shall assist the Board of Directors' in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
	(iii) The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1 Constitution of Audit Committee	(i) The Audit Committee shall be composed of at least 3 (three) members.	✓		The Audit Committee is consisted of 03 members
	(ii) The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the company and shall include at least 1 (one) Independent Director.	✓		Do
	(iii) All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience: -The term Financially literate means the ability to read and understand the Financial Statement i.e Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have Accounting or related Financial Management expertise if she/he processes professional qualification or accounting/finance graduate with at least 12 (twelve) years of corporate management /professional experiences.	✓		All the members are qualified as per BSEC's Guidelines
	(iv) Casual vacancy in Audit Committee (AC) shall be filled by the Board.			Not Applicable
	(v) The company secretary shall act as the secretary of the Committee.	✓		Stated in the meeting minutes of Audit Committee
	(vi) The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director.	✓		Do
3.2 Chairman of the Audit Committee	(i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director.	✓		Professor Md. Mohiuddin has been appointed as an Independent Director of the Board of Directors and Chairman of the Audit Committee.
	(ii) Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		

Condition No.	Titles	Compliance Status (Put P in the appropriate column)		Remarks
		Complied	Not Complied	
3.3 Role of the Audit Committee	(i) Oversee the financial reporting process.	✓		Stated in the meeting minutes of Audit Committee
	(ii)Monitor choice of accounting policies and principles.	✓		Do
	(iii)Monitor Internal Control Risk management process.	✓		Do
	(iv) Oversee hiring and performance of external auditors.	✓		Do
	(v) Review along with the management, the annual financial statements before submission to the board for approval.	✓		Do
	(vi) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		Do
	(vii) Review the adequacy of internal audit function.	✓		Do
	(viii) Review statement of significant related party transactions submitted by the management.	✓		Do
	(ix) Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		Do
	(x) When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus.			Not applicable as no money is raised through IPO/RPO/rights issues in this financial year
3.4 Reporting of the Audit Committee	3.4.1. Reporting to the Board of Directors:			
	(i) The Audit Committee shall report on its activities to the Board of Directors.			The Audit Committee does not report.
	(ii) The Audit Committee shall immediately report to the Board of Directors on the following findings, if any-			
	(a) conflicts of interests.			Not Applicable
	(b) suspected or presumed fraud or irregularity or material defect in the internal control system.			Not Applicable
	(c) suspected infringement of laws, including securities related laws, rules and regulations.			Not Applicable
	(d) any other matter which shall be disclosed to the Board of Directors immediately.			Not Applicable
	3.4.2. Reporting to the Authorities:			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			Not Applicable

Condition No.	Titles	Compliance Status (Put P in the appropriate column)		Remarks
		Complied	Not Complied	
3.5 Reporting to the Shareholders and General Investors	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.			Not Applicable
4.00	**EXTERNAL/STATUTORY AUDITORS**			
	(i) Non-engagement of external/ statutory auditors in appraisal or valuation services or fairness opinions.	✓		
	(ii) Non-engagement of external/ statutory auditors in financial information systems design and implementation.	✓		
	(iii) Non-engagement of external/ statutory auditors in book-keeping or other services related to the accounting records or financial statements.	✓		
	(iv) Non-engagement of external/ statutory auditors in broker-dealer services.	✓		
	(v) Non-engagement of external/ statutory auditors in actuarial services.	✓		
	(vi) Non-engagement of external/ statutory auditors in internal audit services.	✓		
	(vii) Non-engagement of external/ statutory auditors in any other service that the Audit Committee determines.	✓		
	(viii) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
	(ix) Audit/certification services on compliance of corporate governance as required under clause (i) of condition no 7.	✓		
5.00	**SUBSIDIARY COMPANY**			
	(i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable
	(ii) At least 1 (one) Independent Director on the Board of Directors of the holding company shall be a Director on the Board of Directors of the subsidiary company.			Not Applicable
	(iii) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			Not Applicable
	(iv) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			Not Applicable
	(v) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable

FINANCIAL STOCK

Condition No.	Titles	Compliance Status (Put P in the appropriate column)		Remarks
		Complied	Not Complied	
6.00	**DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)**			
	(i) The CEO and CFO will certify to the Board-			
	(a) That they have reviewed the financial statement and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		Stated in the Responsibility Statement of CEO & CFO.
	(b) That they have reviewed the financial statement and believe that these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		Do
	(ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		Do
7.00	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE**			
	(i) The company shall obtain a certificate from practicing a Professional Chartered Secretary/Accountants (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
	(ii) The Directors of the company shall state, in accordance with the Annexure attached, in the Directors' report whether the company has complied with these conditions.	✓		

AMBER STOCK

A. Wahab & Co.
Chartered Accountants

AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
KARNAPHULI INSURANCE COMPANY LIMITED

We have audited the accompanying Balance Sheet of **Karnaphuli Insurance Company Limited** as of December 31, 2017 and the Related Profit and Loss Account, Revenue Accounts, Statement of Changes in Shareholders' Equity and Statement of Cash Flows for the year then ended.

Management's responsibility for the financial statements:
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility:
Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation financial statement.

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

Opinion:
In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of December 31, 2017 and of the results of its operations and its Cash Flows for the year then ended and comply with the Companies Act, 1994, Insurance Act, 2010 and Insurance Rules 1958, Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We report that:

i) We have obtained information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii) In our opinion, proper books of account as required by law have been kept by the company.

iii) The company's Balance Sheet, Profit and Loss Account, Revenue Accounts, Statement of Changes in Equity and Statement of Cash Flows dealt with by the report are in agreement with the books of account and returns;

iv) The expenditure incurred was for the purposes of the company's business;

v) As per Section 63(2) of the Insurance Act, 2010 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit & Loss Account of the Company; and

vi) As per Regulation-11 of Part-I of the Third Schedule of the Insurance Act, 2010 as amended, we certify that to the best of our information and as shown by its books, the Company during the year under report has not paid any person any commission in any form outside Bangladesh in respect of any of its business re-insured abroad.

Dated: Dhaka, April 22, 2018

A. Wahab & Co.
Chartered Accountants

Karnaphuli Insurance

Balance Sheet As At

CAPITAL AND LIABILITIES	Notes	2017 Taka	2016 Taka
AUTHORISED CAPITAL			
60,000,000 Ordinary shares of Tk. 10.00 each		**600,000,000**	**600,000,000**
SHAREHOLDERS EQUITY			
Issued, Subscribed & Paid up Capital		**762,429,256**	**741,866,734**
40,703,959 Ordinary shares of Tk.10.00 each	7	407,039,590	407,039,590
Share premium account		114,647,103	114,647,103
Reserve for Exceptional Losses	8	194,671,713	179,071,713
Profit and Loss Appropriation Account		46,070,850	41,108,328
Depreciation fund Account	6	53,954,954	51,816,608
BALANCE OF FUND ACCOUNT		**62,714,213**	**62,497,191**
Fire insurance business account		23,544,059	24,615,647
Marine insurance business account		22,969,392	21,708,267
Miscellaneous insurance business account		16,200,762	16,173,277
PREMIUM DEPOSIT	9	14,042,620	21,803,803
LIABILITIES AND PROVISIONS			
Estimated liability in respect of outstanding claims whether due or intimated	10	62,039,677	55,283,685
Amount due to other persons or bodies carrying on insurance business	11	42,431,231	43,697,941
Sundry Creditors	12	50,702,262	20,922,186
Provision For Taxation	13	259,245,156	233,445,156
		1,307,559,369	**1,231,333,304**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Dated: Dhaka, April 22, 2018

CHIEF EXECUTIVE OFFICER

DIRECTOR

Company Limited

December 31, 2017

PROPERTY AND ASSETS	Notes	2017 Taka	2016 Taka
INVESTMENT AT COST			
Deposit with Bangladesh Bank (Bangladesh Govt. Treasury Bond)	1	25,000,000	25,000,000
Investment in share , debenture & Bond	2	116,614,944	43,839,001
AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	3	132,136,644	127,207,885
SUNDRY DEBTORS AND ADVANCES	4	304,064,331	278,079,974
CASH AND BANK BALANCES	5	643,781,029	675,313,213
OTHER ACCOUNTS		**85,962,421**	**81,893,231**
Fixed assets (At Cost)	6	84,608,071	80,462,881
Stock of printing and stationery		525,500	601,500
Security deposit		828,850	828,850
		1,307,559,369	**1,231,333,304**

These financial statements were approved by the Board of Directors as on April 17, 2018.

Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

AMAR STOCK

Karnaphuli Insurance

Profit and Loss Account

PARTICULARS	Notes	2017 Taka	2016 Taka
EXPENSES OF MANAGEMENT			
(Not applicable to any fund or account)			
Directors Remuneration	18	424,000	644,000
Advertisement and publicity	19	396,120	2,007,819
Donation and subscription	20	300,000	420,000
Festival & Incentive Bonus	21	9,799,872	9,309,289
Audit fees	22	100,000	100,000
Fees and renewal	23	1,186,974	1,282,223
Legal fee		70,900	454,947
Depreciation	6	4,620,136	3,535,290
Net profit for the year carried down to Profit and Loss Appropriation Account		87,066,481	80,253,254
		103,964,483	**98,006,822**

Profit and Loss
for the year ended

Reserve for exceptional loss	8	15,600,000	15,000,000
Provision for taxation	13	25,800,000	25,000,000
Balance transferred to balance sheet	24	46,070,850	41,108,328
		87,470,850	**81,108,328**
Earning Per Share (EPS)	26	**1.51**	**1.36**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Dated: Dhaka, April 22, 2018

CHIEF EXECUTIVE OFFICER

DIRECTOR

AMAR STOCK

Company Limited

for the year ended December 31, 2017

PARTICULARS	Notes	2017 Taka	2016 Taka
INTEREST DIVIDEND AND RENTS (Not applicable to any fund or account)			
Interest received and accrued	14	45,879,438	52,278,434
Dividend and debenture interest	15	5,337,040	3,955,581
OTHER INCOME			
Miscellaneous receipt	16	1,247,514	1,060,712
Profit/Loss on sale proceeds of shares	17	5,830,026	660,155
PROFIT TRANSFERRED FROM	25	**45,670,465**	**40,051,940**
Fire revenue account		5,075,657	6,965,716
Marine revenue account		26,150,336	22,365,780
Miscellaneous revenue account		14,444,472	10,720,444
		103,964,483	**98,006,822**

Appropriation Account

December 31, 2017

Balance brought forward from previous year	404,369	855,074
Net profit transferred from Profit and Loss Account	87,066,481	80,253,254
	87,470,850	**81,108,328**

These financial statements were approved by the Board of Directors as on April 17, 2018.

Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

AMARSTOCK

Karnaphuli Insurance

Fire Insurance Revenue Account

PARTICULARS	Notes	2017 Taka	2016 Taka
CLAIMS UNDER POLICIES LESS: RE-INSURANCE		10,364,145	491,891
Agency commission		19,741,496	19,808,575
Expenses of Management	25	55,479,749	53,488,812
Profit/ (Loss) for the year transferred to Profit and Loss account		5,075,657	1,215,002
BALANCE OF ACCOUNT AT THE END OF THE YEAR AS SHOWN IN BALANCE SHEET			
Reserve for unexpired risks being 40% of the premium income of the year		23,544,059	24,615,647
		114,205,106	**99,619,927**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Dated: Dhaka, April 22, 2018

CHIEF EXECUTIVE OFFICER

DIRECTOR

AMAR STOCK

Company Limited

for the year ended December 31, 2017

PARTICULARS	2017 Taka	2016 Taka
BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR		
Reserve for unexpired risks	24,615,647	22,431,433
Premium less-re-insurance	59,889,000	52,337,503
Commission on re-insurance ceded	22,068,771	24,850,991
Profit Commission	7,631,688	-
	114,205,106	**99,616,927**

These financial statements were approved by the Board of Directors as on April 17, 2018.

Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

AMAR STOCK

Karnaphuli Insurance

Marine Insurance Revenue Account

PARTICULARS	Notes	Marine cargo Taka	Marine Hull Taka	2017 Taka	2016 Taka
CLAIMS UNDER POLICIES LESS: RE-INSURANCE		1,448,252	621	1,448,873	5,734,033
Agency commission		10,011,841	563,701	10,575,542	10,123,585
Expenses of management	25	29,016,311	1,569,636	30,585,947	28,278,589
Profit/(Loss) for the year Transferred to Profit & Loss Account		25,995,415	154,921	26,150,336	22,365,780
BALANCE OF ACCOUNT AT THE END OF THE YEAR AS SHOWN IN BALANCE SHEET					
Reserve for unexpired risks being 40% of the marine cargo and 100% of the marine hull premium income of the year		22,918,651	50,741	22,969,392	21,708,267
		89,390,470	**2,339,620**	**91,730,090**	**88,210,254**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Dated: Dhaka, April 22, 2018

CHIEF EXECUTIVE OFFICER

DIRECTOR

Company Limited
for the year ended December 31, 2017

PARTICULARS	Marine Cargo Taka	Marine Hull Taka	2017 Taka	2016 Taka
BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR				
Reserve for unexpired risks	20,808,781	899,486	21,708,267	22,749,482
Premium less: re-Insurance	61,606,132	187,759	61,793,891	56,545,912
Commission on re-insurance ceded	5,618,833	928,465	6,547,298	6,802,633
Profit commission	1,356,724	323,910	1,680,634	2,112,227
	89,390,470	**2,339,620**	**91,730,090**	**88,210,254**

These financial statements were approved by the Board of Directors as on April 17, 2018.
Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

AMAR STOCK

Karnaphuli Insurance

Miscellaneous Insurance Revenue Account

PARTICULARS	Notes	Motor Taka	Miscellaneous Taka	2017 Taka	2016 Taka
CLAIMS UNDER POLICIES LESS: RE-INSURANCE		4,014,247	444,915	4,459,162	4,930,457
Agency commission		2,704,846	5,554,886	8,259,732	7,930,105
Expenses of management	25	7,821,271	17,138,302	24,959,573	22,955,071
Profit/(Loss) for the year Transferred to Profit & Loss Account		4,987,796	9,456,676	14,444,472	10,720,444
BALANCE OF ACCOUNT AT THE END OF THE YEAR AS SHOWN IN BALANCE SHEET					
Reserve for unexpired risks being 40% of the motor and miscellaneous premium income of the year		6,095,342	10,105,420	16,200,762	16,173,277
		25,623,502	**42,700,199**	**68,323,701**	**62,709,354**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Dated: Dhaka, April 22, 2018

CHIEF EXECUTIVE OFFICER

DIRECTOR

AMARSTOCK

Company Limited

for the year ended December 31, 2017

PARTICULARS	Motor Taka	Miscellaneous Taka	2017 Taka	2016 Taka
BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR				
Reserve for unexpired risks	7,370,570	8,802,707	16,173,277	13,024,738
Premium less: re-Insurance	17,728,065	26,169,441	43,897,506	43,069,324
Commission on re-insurance ceded	524,867	6,873,735	7,398,602	6,340,310
Profit commission	-	854,316	854,316	274,982
	25,623,502	**42,700,199**	**68,323,701**	**62,709,354**

These financial statements were approved by the Board of Directors as on April 17, 2018.

Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

AMAR STOCK

Karnaphuli Insurance Co. Ltd.

FORM "AA"

Classified Summary of Assets

as at December 31, 2017

PARTICULARS	AMOUNT	REMARKS
CLASSIFICATION OF ASSETS		
Bangladesh Treasury Bond (Deposit with Bangladesh Bank)	25,000,000	At Cost
Investment in Shares & Unit Fund	50,199,770	At Cost
Investment in Debenture	2,679,846	At Cost
Investment in Shares & Unit Fund	63,735,328	At Cost
Cash on Fixed, STD and Current Deposit	638,235,451	Realizable Value
Cash in hand and stamps	5,545,578	Realizable Value
Sundry debtors, advance and deposits	304,064,331	Book Value
Stock of printing materials in hand	525,500	Physical Balance
Fixed assets	84,608,071	At Cost
Security deposit	828,850	Realizable Value
	1,175,422,725	

Note: Accumulated depreciation on all the fixed assets amounting to Taka. 53,954,954 has been shown under depreciation fund account.

The annexed notes from 1 to 28 form an integral part of these financial statements.These financial statements were approved by the Board of Directors as on April 17, 2018.

CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR | **CHAIRMAN**

Subject to our separate report of even date.

Dated: Dhaka, April 22, 2018

A. Wahab & Co.
Chartered Accountants

Karnaphuli Insurance Company Limited

Statement of Changes in Shareholder's Equity
For the year ended 31 December, 2017

Particulars	Share Capital	Share Premium	Reserve for Exceptional Loss	Retained Earning	Total
Balance as at January 01, 2017	407,039,590	114,647,103	179,071,713	41,108,328	741,866,734
Cash Dividend 2016	-	-	-	(40,703,959)	(40,703,959)
Net Profit for the year	-	-	-	87,066,481	87,066,481
Reserve for Exceptional Loss	-	-	15,600,000	(15,600,000)	-
Provision for taxation	-	-	-	(25,800,000)	(25,800,000)
Balance as at December 31, 2017	**407,039,590**	**114,647,103**	**194,671,713**	**46,070,850**	**762,429,256**

Statement of Changes in Shareholder's Equity
For the year ended 31 December, 2016

Particulars	Share Capital	Share Premium	Reserve for Exceptional Loss	Retained Earning	Total
Balance as at January 01, 2016	407,039,590	114,647,103	164,071,713	41,559,033	727,317,439
Cash Dividend 2015	-	-	-	(40,703,959)	(40,703,959)
Net Profit for the year	-	-	-	80,253,254	80,253,254
Reserve for Exceptional Loss	-	-	15,000,000	(15,000,000)	-
Provision for taxation	-	-	-	(25,000,000)	(25,000,000)
Balance as at December 31, 2016	**407,039,590**	**114,647,103**	**179,071,713**	**41,108,328**	**741,866,734**

The annexed notes from 1 to 28 form an integral part of these financial statements.
These financial statements were approved by the Board of Directors as on April 17, 2018.

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

Subject to our separate report of even date.

Dated: Dhaka, April 22, 2018

A. Wahab & Co.
Chartered Accountants

Karnaphuli Insurance Company Limited

Statement of Cash Flow
For the year ended December 31, 2017

	Notes	2017 Taka	2016 Taka
A. Cash Flow from Operating Activities :			
Collection from premium and other receipts		289,120,062	237,105,372
Payment against agency commission, claim less re-insurance, management expense		178,093,653	167,989,296
Income tax paid and deducted at source		29,462,777	27,818,709
Net Cash Flow from Operating Activities :		**81,563,632**	**41,297,367**
B. Cash flow from Investing Activities :			
Purchase of fixed assets		(6,711,190)	(9,081,707)
Investment In MTB Mutual Fund		(52,850,000)	(10,118,000)
Investment in share and Securities		(116,788,984)	(48,467,555)
Sale proceeds of Motor Car		1,265,250	1,690,000
Sale proceeds of share and securities		102,693,067	49,470,925
Net Cash used from Investing Activities		**(72,391,857)**	**(16,506,337)**
C. Cash Flow from Financing Activities :			
Dividend Paid		(40,703,959)	(40,703,959)
Net Cash Flow from Financing Activities		**(40,703,959)**	**(40,703,959)**
D. Net Increase in Cash and Cash Equivalent (A+B+C)		(31,532,184)	(15,912,929)
E. Cash and Cash Equivalent at the beginning of the year		675,313,213	691,226,142
F. Cash and Cash Equivalent at the end of the year	**5.00**	**643,781,029**	**675,313,213**
Net Operating Cash Flow Per Share (NOCFPS)	**26.02**	**2.00**	**1.01**

The annexed notes from 1 to 28 form an integral part of these financial statements. These financial statements were approved by the Board of Directors as on April 17, 2018.

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

Subject to our separate report of even date.

Dated: Dhaka, April 22, 2018

A. Wahab & Co.
Chartered Accountants

KARNAPHULI INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

A. Background

Karnaphuli Insurance Company Limited is a Public Limited Company registered under the Companies Act, 1994 and engaged in general insurance business as per Insurance Act, 2010. The Company was incorporated in 1986. The main objectives of the company are to carry on all kinds of insurance business other than life.

B. Significant Accounting Policies and Other Relevant Information

i. Basis of Accounting

The accounts have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention. The company has adopted relevant International Accounting Standards as were adopted in Bangladesh under the title Bangladesh Accounting Standards (BAS) with reference to disclosures of accounting policies, valuation of investment such as long term and current investments.

ii. Basis of Presentation

The Balance Sheet has been prepared in accordance with the regulations as contained in part-I of the First Schedule. Revenue Account of each class of general insurance business has been prepared in accordance with the regulations as contained in Part-I of the Third Schedule and as per form 'F' as set forth in part-II of Third Schedule of Insurance Act, 1938 as amended from time to time. The Cash Flow Statement has been prepared using direct method.

iii. Premium Income

The total amount of premium earned on various classes of insurance business underwritten during the year, the gross amount of premium earned against various policies, the amount of re-insurance premium due to Sadharan Bima Corporation, the amount of re-insurance commission earned and the amount of claims less re-insurance settled during the year have all been duly accounted for in the books of accounts of the Company and while preparing the final statements of accounts, the effect of re-insurance accepted and re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the year, whether due or intimated have also been duly reflected in order to arrive at the net underwriting profit for the year.

iv. Interest on Statutory and Other Investments

Interest earned on statutory investments of Taka 2.50 Crore lying with Bangladesh Bank in the Form of Bangladesh Treasury Bonds has been accounted for at the prescribed rate. Besides, interest received from banks on STD accounts and FDR accounts have been duly credited to the Profit and Loss Account.

v. Gain on Sale of Share/ Dividend Income

Gain/loss on sale of shares and dividend income earned during the year has been shown in the Profit and Loss Account.

vi. Management Expenses

Management expenses as charged to Revenue Accounts amounting to Taka 111,025,269 is approximately 36.27% of net premium of Taka 306,152,191 earned during the year. The expenses have been apportioned @ 49.97% to Fire, 27.55% to Marine and 22.48 % to miscellaneous business as per management decision.

vii. Provision for Unexpired Risks

Before arriving at the surplus of each class of business necessary Provision for Unexpired Risks have been created at the rate of 40% on all business except on Marine Hull business for which the provision was made @ 100% of the total premium for the year 2017.

viii. Depreciation on Fixed Assets

Depreciation on Fixed Assets have been charged as per diminishing balance method. Depreciation charged for full year on previous year's assets and depreciation charged on current year's addition when it is available for use as per requirement of BAS -16.

Category of Assets	Rate of depreciation
Furniture and Fixtures	10%
Motor Vehicles	20%
Office and Electrical Equipment	20%
Decoration	15%
Computer & Accessories	30%
Other	20%

x. Operation

During the year under audit, the Company earned Premium of Taka 306,152,191 (includes public sector business of Taka 48,973,723) and the net underwriting profit thereon was Taka 45,670,465 as against Taka 40,051,940 in the preceding year.

xi. Public Sector Business

Public Sector Business upto June 2017 has been accounted for consistantly on the basis of Statement received from Sadharan Bima Corporation (SBC).

xii. Taxation

Income Tax:

Income Tax Assessment of the company has been completed up-to the Assessment year 2006-2007 (Income year 31 December 2005). Assessment for 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013 & 2013-2014 are appeal pending with High Court and 2014-2015, 2015-2016, 2016-2017 are appeal pending with Tribunal and 2017-2018 is under process.

xiii. Employee Benefit Plan (BAS-19)

The company maintain a contributory provident fund for its employees. Every eligible employee contributes @ 10% of his basic salary on a monthly basis and the company also contributes an equal amount to the fund. The fund is approved by the National Board of Revenue.

xiv. Reserve for Exceptional Loss :

As per the provision of paragraph 6 (2) of the 4th schedule of Income Tax Ordinance 1984 the company is entitled to make provision under Reserve for Exceptional Loss up to 10% of premium income. Hence Tk. 15,600,000 has been provided during the year.

xv. Others

i) Provision for income tax has been made in accordance with the best estimate of the management based on the prevailing Income Tax law.

ii) During the year interest on investment in Bangladesh Treasury Bonds and Debenture as well as Dividend on shares have been accounted for as income on receipt basis.

iii) Investments in shares have been shown at cost.

iv) Figures have been rounded off to the nearest taka and previous year's figures have been re-arranged for the purpose of comparison where felt necessary.

BALANCE SHEET:

1. Deposit with Bangladesh Treasury Bond: Taka 25,000,000

The amount represents the value of Bangladesh Treasury Bond at cost which is held with Bangladesh Bank as statutory deposit under Insurance Act, 2010.

2. Investment in Share,Debenture & Bond:

The details are as follows:

		Taka
A.	Share at cost	50,199,770
B.	Unit Funds	63,735,328
C	Debentures	2,679,846
		116,614,944

Further details are given below:

A. Shares at cost: Taka 50,199,770

SL. No.	Name of the Company	Quantity	Book Value as at 31-12-2017	Market Value as at 31-12-2017
1	APEXWEAV	21,800	417,332	119,900
2	APEXFOOT	3,100	1,061,145	1,018,660
3	APOLOISPAT	44,000	888,222	726,000
4	ARAMIT	600	220,693	200,640
5	ATCSLGF	90,000	1,116,394	1,080,000
6	BARKAPOWER	9,200	356,461	316,480
7	BBS	6,600	317,859	252,120
8	BDCOM	16,275	528,928	442,680
9	BDTHAI	170	4,550	4,862
10	BEACONPHAR	17,000	376,294	362,100
11	BERGERPBL	660	537,763	1,361,580
12	BRACBANK	2,000	208,184	216,800
13	BSC	20,000	961,970	934,000
14	CITYBANK	12,000	633,016	638,400
15	CVOPRL	4,854	1,163,498	1,004,778
16	DBH	1,197	162,325	162,792
17	DSHGARME	1,443	418,679	344,733
18	FARCHEM	16,000	370,696	312,000
19	GENNEXT	500	4,867	4,700
20	GLAXOSMITH	200	195,332	310,160
21	GQBALLPEN	1,500	144,150	135,000
22	HEIDELBCEM	1,600	742,379	679,840
23	ICB	4,750	815,063	760,000
24	ICBEPMF1S1	175,862	1,401,575	1,248,620
25	ICBSONALI1	51,000	474,708	428,400
26	IDLC	11,500	996,530	980,950
27	IFILISMF1	150,000	1,095,101	1,125,000
28	IPDC	8,000	395,955	400,800
29	JAMUNABANK	7,000	159,952	154,000
30	KDSLTD	6,148	441,530	409,457
31	KPCL	8,000	543,596	468,000
32	LAFSURCEML	2,000	138,483	139,800
33	LANKABAFIN	9,000	488,955	430,200
34	MARICO	480	402,209	530,928
35	MEGHNALIFE	672,347	18,383,932	40,273,585
36	MERCANBANK	14,000	370,271	369,600
37	MIDASFIN	400	13,774	17,880

AMAR STOCK

SL. No.	Name of the Company	Quantity	Book Value as at 31-12-2017	Market Value as at 31-12-2017
38	MJLBD	11,500	1,348,129	1,254,650
39	MONNOFABR	33,500	499,150	259,625
40	NAHEEACP	6,847	62,246	502,570
41	NILOYCEM	3,000	255,000	153,900
42	OAL	400	8,690	8,160
43	ONEBANKLTD	13,000	322,625	312,000
44	PENINSULA	6,000	175,178	139,800
45	PHPMF1	32,375	240,840	207,200
46	PRIMETEX	21,000	638,681	525,000
47	QSMDRYCELL	20,000	1,676,106	1,550,000
48	RECKITTBEN	900	1,144,537	1,598,580
49	RENATA	1,350	724,479	1,517,670
50	RSRMSTEEL	28,000	1,937,462	1,730,400
51	TUNGHAI	30,000	455,860	306,000
52	UPGDCL	8,700	1,577,934	1,575,570
53	WMSHIPYARD	240	7,909	7,032
54	BDZIPER	1,300	227,734	24,050
55	CDBL	571,181	1,570,710	5,711,810
56	EXCELSHOE	661	50,223	9,915
57	HR-TEX	103	1,018	1,957
58	MAQENTER	50	5,000	1,887
59	MARKBD	34	6,800	-
60	MEGHNASHRM	260	11,729	5,720
61	MITATEX	480	24,931	28,800
62	PADMACEM	15,000	258,750	-
63	PARAGOAN	34	3,800	-
64	WONDERTOYS	200	11,880	880
		Total:	**50,199,770**	**75,798,621**

The aggregate market value of the shares as on 31/12/2017 stood at Tk. 75,798,621 as against cost Tk. 50,199,770.

B. Unit Funds :

SL. No.	Name of company	Quantity	Book value	Market Value (31/12/2017)
1	ICB Islamic Unit Fund	50,036	687,000	5,153,371
2	2nd ICB Unit Fund	10,344	80,328	113,784
3	MTB Unit Fund	2,010,000	20,768,000	21,105,000
4	Prime Finance 2nd MF	1,000,000	10,700,000	10,200,000
5	Sandhani Life Fund (Unit-1)	1,000,000	10,450,000	10,750,000
6	Sandhani Life Fund (Unit-2)	1,000,000	10,650,000	10,750,000
7	Rupali Life Ins. MF	1,000,000	10,400,000	10,200,000
		Total	**63,735,328**	**68,272,155**

C. Debentures :

SL. No.	Name of company	Quantity	Total Cost as on 31/12/2017	Total Cost as on 31/12/2016
1	Beximco Knitting Limited	1,480	2,055,722	2,055,722
2	Beximco Fisheries Limited	457	489,444	489,444
3	Beximco Denimes Limited	82	114,455	114,455
4	Bangladesh Zipper Limited	101	20,225	20,225
		Grand Total	**2,679,846**	**2,679,846**

3. Amount Due From Other Persons or Bodies Carrying on Insurance Business :

The above balance is made-up of the following amounts:

Particulars	2017 Taka	2016 Taka
S.B.C. (Claim paid against Re-Insurance) (i)	586,985,586	571,578,827
GIC (Claim paid against Re- Insurance) (ii)	284,348,134	257,213,051
S.B.C. (Co-Insurance Premium Govt. Business)	145,573,660	135,641,830
Co- Insurance Share Premium receivable from other Insurance Company	6,732,550	6,069,178
Claim recoverable from other Insurance Company's	2,243,855	2,243,855
	1,025,883,785	**972,746,741**
Less: Amount due to S.B.C for Re-insurance (iii)	(662,102,192)	(640,365,560)
Less: Amount due to GIC for Re-insurance (iv)	(231,644,949)	(205,173,296)
	132,136,644	**127,207,885**

i. SBC (Claim Paid against Re-Insurance)

The break-up of the amount is noted below :	2017 Taka	2016 Taka
SBC (Claim paid against Re-insurance)	687,650,054	672,243,295
Add: Amount received from S.C.B during the year	-	-
Less: Amount paid by S.B.C upto 2016	(100,664,468)	(100,664,468)
Balance at 31 December	**586,985,586**	**571,578,827**

ii. GIC (Claim Paid against Re-Insurance)

The break-up of the amount is noted below :	2017 Taka	2016 Taka
GIC (Claim paid against Re-insurance)	335,031,295	307,896,213
Less: Amount received from GIC during the year	-	-
Less: Amount paid by GIC upto 2016	(50,683,161)	(50,683,161)
Balance at 31 December	**284,348,134**	**257,213,052**

iii. Amount Due to SBC for Re-Insurance

	2017 Taka	2016 Taka
Amount due to SBC for Re-Insurance	795,805,544	766,712,544
Less: Amount paid by KIC upto 2016	126,346,984	118,601,450
During the year	7,356,368	7,745,534
	133,703,352	126,346,984
Balance at 31 December	**662,102,192**	**640,365,560**

iv. Amount due to General Insurance Corporation (GIC), India for Re-Insurance:

	2017 Taka	2016 Taka
Amount due to GIC for Re-Insurance	302,130,435	269,563,479
Less: Amount paid by KIC upto 2016	64,390,183	56,516,727
During the year	6,095,303	7,873,456
	70,485,486	64,390,183
Balance at 31 December	**231,644,949**	**205,173,296**

The amount due to other person or organizations has been shown under note-11.

4. Sundry Debtors and Advances :

Particulars	2017 Taka	2016 Taka
Salary (Name wise list verified)	42,372	162,710
Office rent	2,870,994	2,723,198
Income tax advance (i)	262,091,007	232,610,075
Income tax refundable (ii)	567,589	567,589
Pre I.P.O. Placement Share	9,753,200	9,753,200
Mr. Zamal Uddin Khandaker, Ex.Incharge, Comilla Branch (iii)	-	380,000
House building advance	1,048,567	701,067
Advance development expenses and agency commission	24,787,896	28,927,103
Decoration	200,000	-
Aman Cotton & Fibres	251,040	-
Meghna Life Securities	431,086	-
Deposit Clearing	2,020,579	2,255,032
	304,064,331	**278,079,974**

i. Income Tax Advance :

a) The break-up is noted below:

Accounting Year	Assessment Year	Advance tax Taka	Assessed tax Taka	Remarks
31/12/2000	2001-2002	6,107,694	6,285,037	Prayer for rectification of mistake U/S-173
31/12/2001	2002-2003	5,614,848	6,927,444	Appeal pending with High Court
31/12/2002	2003-2004	5,820,361	7,969,351	Lying With Higher Authorities
31/12/2003	2004-2005	13,631,272	14,510,551	Lying With Higher Authorities
31/12/2005	2006-2007	4,604,995	-	Lying With Higher Authorities
31/12/2006	2007-2008	11,016,113	17,978,280	Appeal pending with High Court
31/12/2007	2008-2009	5,565,059	12,689,743	Appeal pending with High Court
31/12/2008	2009-2010	5,190,407	-	Appeal pending with High Court
31/12/2009	2010-2011	11,869,602	-	Appeal pending with High Court
31/12/2010	2011-2012	15,177,694	-	Appeal pending with High Court
31/12/2011	2012-2013	24,686,493	-	Appeal pending with High Court
31/12/2012	2013-2014	27,197,135	-	Appeal pending with High Court
31/12/2013	2014-2015	30,910,433	-	Appeal pending with Tribunal
31/12/2014	2015-2016	29,415,296	-	Appeal pending with Tribunal
31/12/2015	2016-2017	25,614,106	-	Appeal pending with Tribunal
31/12/2016	2017-2018	24,739,550	-	Assessment under Process
31/12/2017	2018-2019	14,929,949		Return to be filed
		262,091,007	**66,360,406**	

b) The advance tax paid in different years falls adjustable with the assessed tax liabilities subject to disposal of appeals and tribunals. The shortfall of tax of relevant years will be met out of reserve for tax. An amount of Taka 14,929,949 has been paid as advance tax during the year as shown below:

AIT (Paid in Cash):

For the Assessment year 2017-2018	9,500,000
Deduction at source (Dividend on share)	1,052,980
Deduction at source (Interest on STD Account)	107,202
Deduction at source (Interest on FDR)	4,177,199
Tax on Unit Fund Sale	17,568
Advance Car Tax	75,000
Total:	**14,929,949**

ii. Income Tax Refundable :

The amount of Tk.567,589 is refundable for the years noted below on revision of assessments as per Appeal Orders.

ACCOUNTING YEAR	ASSESS MENT YEAR	ADVANCED TAX Taka	ASSESSED TAX Taka	REFUNDABLE Taka	ADJUSTED AMOUNT Taka	BALANCE Taka	REMARKS
31/12/91	1992-93	3,376,476	2,669,321	707,155	632,877	74,278	"Adjustment with asstyr.1998-99 year 1998-99"
31/12/92	1993-94	4,887,512	4,241,447	646,065	646,065	-	Do
31/12/96	1997-98	5,772,903	2,976,534	2,796,369	2,583,429	212,940	Do
31/12/97	1998-99	5,031,936	2,439,710	2,592,226	2,311,855	280,371	"Adjustment with asstt.yr2000-01 year 2000-2001"
		19,068,827	**12,327,012**	**6,741,815**	**6,174,226**	**567,589**	

5. Cash and Bank Balances :

The above amount is made up as follows and represents the position after adjusting bank overdrafts:

Particulars	2017 Taka	2016 Taka
Cash in hand		
Cash	2,938,610	2,460,676
Stamps	2,606,968	304,876
	5,545,578	**2,765,552**

Cash in hand is inclusive of expenses incurred at branch level suspense but which are yet to be booked to the expenses Account.

Cash at bank		
Fixed Deposits	585,415,824	645,184,824
CD and STD Accounts	52,819,627	27,362,837
	638,235,451	672,547,661
	643,781,029	**675,313,213**

i. Cash balances have been certified by the branch management along with the certified Returns furnished by the branches.

ii. Interest on FDR has been credited to the Profit and Loss Account on receipt basis.

iii. 36 STD Accounts and 1 CD Account with an aggregate Balance of Tk. 674,209 remain inoperative.

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6. Fixed Assets :

Schedule of Fixed Assets are as follows:

PARTICULARS	COST					DEPRECIATION				Net Book Value at 31 December 2017 Taka	Net Book Value at 31 December 2016 Taka
	Balance as at 1 January 2017 Taka	Addition during the year Taka	Adjustment during the year Taka	Total at 31 December 2017 Taka	Rate	Balance as at 1 January 2017 Taka	Charge for the year Taka	Adjustment during the year Taka	Total at 31 December 2017 Taka		
Land and land Development	7,445,345	-	-	7,445,345	0%	-	-	-	-	7,445,345	7,445,345
Furniture and Fixtures	7,300,319	283,683	-	7,584,002	10%	5,996,804	138,061	-	6,134,865	1,449,137	1,303,515
Motor Vehicles	21,167,683	5,738,850	2,566,000	24,340,533	20%	7,702,018	3,046,833	2,481,790	8,267,061	16,073,472	13,465,665
Lease Asset (Motor Vehicle)	14,538,154	-	-	14,538,154	20%	11,489,281	609,775	-	12,099,056	2,439,098	3,048,873
Office Equipment	1,623,694	-	-	1,623,694	20%	1,593,054	6,128	-	1,599,182	24,512	30,640
Decoration	12,293,663	10,400	-	12,304,063	15%	11,015,379	193,043	-	11,208,422	1,095,641	1,278,284
Motor Cycles	1,316,385	-	-	1,316,385	20%	1,250,329	13,211	-	1,263,540	52,845	66,056
Ceiling Fans	248,225	-	-	248,225	20%	245,071	631	-	245,702	2,523	3,154
Bicycles	40,400	-	-	40,400	20%	40,254	29	-	40,283	117	146
Telephone Installation	825,695	-	-	825,695	20%	805,425	4,054	-	809,479	16,216	20,270
Air-Coolar	4,438,468	153,150	-	4,591,618	20%	3,886,301	125,002	-	4,011,303	580,315	552,167
Carpet	695,032	-	-	695,032	20%	681,938	2,619	-	684,557	10,475	13,094
Electric Equipment	3,252,916	50,400	-	3,303,316	20%	2,818,435	95,296	-	2,913,731	389,585	434,481
Computer	3,234,402	474,707	-	3,709,109	30%	2,547,063	296,281	-	2,843,344	865,765	687,339
Software	2,042,500	-	-	2,042,500	30%	1,745,256	89,173	-	1,834,429	208,071	297,244
	80,462,881	**6,711,190**	**2,566,000**	**84,608,071**		**51,816,608**	**4,620,136**	**2,481,790**	**53,954,954**	**30,653,117**	**28,646,273**

7. issued, Subscribed and Paid up Capital :

Percentage of Share holdings

Category of shareholdings	No. of shares	% of holdings	2017 Taka	2016 Taka
Sponsors	11,912,621	29.27	119,126,210	104,676,210
Financial Institution (including ICB)	5,953,360	14.62	59,533,600	59,790,460
General Public	22,837,978	56.11	228,379,780	242,572,920
	40,703,959	**100%**	**407,039,590**	**407,039,590**

Fraction figures are rounded off.

interval	No. of shares	No. of shareholders	Total holdings 2017	Total holdings 2016
01-5000	6,571,844	8,973	13.31	16.15
5001-20000	3,829,573	350	8.10	9.41
20001-50000	1,821,205	61	4.76	4.47
50001-100000	2,725,040	38	6.56	6.69
100001-300000	4,368,167	22	8.48	10.73
300001-500000	2,946,215	9	8.63	7.24
500001-1000000	5,007,107	9	16.15	12.30
1000001-1500000	7,410,536	6	17.82	18.21
1500001-2000000	6,024,272	3	16.19	14.80
Total of (i)	**40,703,959**	**9,471**	**100**	**100**

8. Reserve for exceptional losses :

Particulars	2017 Taka	2016 Taka
Balance as 1 January 2017		164,071,713
Add: Reserve for 2017	179,071,713	15,000,000
Closing Balance	15,600,000	**179,071,713**
	194,671,713	

9. Premium Deposit : Taka 14,042,620

The amount represents the accumulated balance of premium received against cover notes for which policies had not been issued within 31 December 2017.

10. Estimated liability in respect of outstanding claims whether due or intimated :

Particulars	2017 Taka	2016 Taka
Fire	31,299,422	28,220,347
Marine	24,781,428	22,908,391
Motor	2,824,819	2,531,382
Miscellaneous	3,134,008	1,623,565
	62,039,677	**55,283,685**

11. Amount due to other persons or bodies carrying or insurance business

Particulars	2017 Taka	2016 Taka
Amount due to S.B.C. for Re-Insurance	662,102,192	640,365,560
Amount due to General Insurance Corporation India Pvt. Ltd. (GIC)	231,644,949	205,173,296
Withdrawal premium (SBC)	13,049,732	16,602,049
Withdrawal premium (GIC)	14,841,788	13,497,145
Transfer (SBC)	8,516,184	7,346,689
Transfer (GIC)	3,652,562	3,881,093
Co-Insurance Share Premium	2,370,965	2,370,965
	936,178,372	**889,236,797**
Less: Amount transfer to amount due from (Adj. for SBC)	(662,102,192)	(640,365,560)
Add/Less: Amount transfer to amount due from (Adj. for GIC)	(231,644,949)	(205,173,296)
	42,431,231	**43,697,941**

The amount due from other persons or organization amounting to Taka 662,102,192 and Taka 231,644,949 as shown under note -3 (iii) and 3 (iv) represents the balance due from SBC and GIC respectively.

12. Sundry Creditors :

Particulars	2017 Taka	2016 Taka
Staff income tax deducted	83,675	75,821
Provision for incentive bonus	4,000,000	4,000,000
Payable to other parties	8,546,250	7,741,559
Payable to Audit Fee	100,000	100,000
VAT	2,449,819	2,866,231
Income tax payable	2,455,399	2,455,399
Unpaid Dividend Account	33,067,119	3,683,176
Closing Balance	**50,702,262**	**20,922,186**

13. Provision for Taxation :

Particulars	2017 Taka	2016 Taka
Balance at 1 January 2017	233,445,156	208,445,156
Add: Provision for taxation	25,800,000	25,000,000
	259,245,156	**233,445,156**

Provision for taxation during the year has been made with due consideration of reserve after exceptional loss and concessional rate of income tax on dividend income.

Provision for taxation during the year has been made with due consideration of reserve after exceptional loss and concessional rate of income tax on dividend income.

Year- wise break-up of the balance is noted below

Accounting year	Assessment year	Amount Taka	Remarks
31/12/2000	2001-2002	4,183,761	Prayer for rectification of mistake U/S-173
31/12/2001	2002-2003	4,015,824	Appeal pending with High Court
31/12/2002	2003-2004	5,753,506	Lying with higher authorities
31/12/2003	2004-2005	9,263,783	Lying with higher authorities
31/12/2005	2006-2007	5,758,449	Lying with higher authorities
31/12/2006	2007-2008	8,219,682	Appeal pending with High Court
31/12/2007	2008-2009	4,567,400	Appeal pending with High Court
31/12/2008	2009-2010	5,813,686	Appeal pending with High Court
31/12/2009	2010-2011	8,215,669	Appeal pending with High Court
31/12/2010	2011-2012	14,258,396	Appeal pending with High Court
31/12/2011	2012-2013	23,270,000	Appeal pending with High Court
31/12/2012	2013-2014	29,330,000	Appeal pending with High Court
31/12/2013	2014-2015	29,595,000	Appeal pending with Tribunal
31/12/2014	2015-2016	31,000,000	Appeal pending with Tribunal
31/12/2015	2016-2017	25,200,000	Assessment under Process
31/12/2016	2017-2018	25,000,000	Return filed.
31/12/2017	2018-2019	25,800,000	Return to be filed.
		259,245,156	

14. Interest received and accrued :

	2017 Taka	2016 Taka
Interest received on STD Account	933.823	891,119
Interest received on FDR	42,114,815	48,639,438
Interest Received on Bangladesh Treasury Bond	2,830,800	2,747,877
	45,879,438	**52,278,434**

Interest on FDR & BGTB has been accounted for on receipt basis as per previous practice.

15. Dividend and debenture interest (gross) :

	2017 Taka	2016 Taka
The dividend and debenture interest received during the year comprisesof the following:		
Dividend Income	5,337,040	3,955,581
Debenture Interest	-	-
	5,337,040	**3,955,581**

16. Miscellaneous receipt :

	2017 Taka	2016 Taka
Interest on house building Loan	66,474	93,224
Profit on Sale on Motor Car	1,181,040	892,488
	1,247,514	**985,712**

17. PROFIT/LOSS ON SALE PROCEED OF SHARE

	2017 Taka	2016 Taka
Profit on Sale Precedes on Share during the year	5,830,026	660,155
	5,830,026	**660,155**

18. Director's remuneration : Taka 424,000

Board meeting attendance fee paid to Directors during the year.

19. Advertisement and publicity :

	2017 Taka	2016 Taka
Calendar & Dairy	-	1,053,450
Advertisement & Publicity	396,120	954,369
	396,120	**2,007,819**

20. Donation and subscription :

	2017 Taka	2016 Taka
Bangladesh Insurance Association	-	200,000
Insurance Development & Regulatory Authority	-	220,000
Prime Minister's Relief & Welfare Fund	300,000	-
	300,000	**420,000**

21. Festival & Incentive bonus : Taka 9,799,872

The balance comprises 2 (two) Eid Festival Bonus & 2 (two) Incentive Bonus.

22. Auditors' fees :

	2017 Taka	2016 Taka
Statutory audit Fee	100,000	100,000
	100,000	**100,000**

23. Fees and renewals :

The amount of Taka 1,186,974 deposited in Bangladesh Bank against renewal of Fire, Marine & Misc. Insurance Business as per Insurance Act 2010.

24. Net profit for the year and its appropriation :

	2017 Taka	2016 Taka
Underwriting Profit as per Revenue Account	45,670,465	40,051,940
Interest income	45,879,438	52,278,434
Dividend and debenture interest	5,337,040	3,955,581
Other income (amount includes miscellaneous income)	1,247,514	1,060,712
Profit on sale of shares	5,830,026	660,155
	103,964,483	**98,006,822**
Less : Expenses of management as per Profit and Loss Account (Not Applicable to any fund or Account)	(16,898,002)	(17,753,568)
Surplus	**87,066,481**	**80,253,254**
Less: Reserve for exceptional losses	((15,600,000)	(15,000,000)
	71,466,481	**65,253,254**
Add : Surplus brought forward	404,369	855,074
	71,870,850	**66,108,328**
Less : i) Provision for taxation	(25,800,000)	(25,000,000)
Surplus carried forward	**46,070,850**	**41,108,328**

25. Profit and Loss Account :

The summarised position of net underwriting profit earned during the year 2017 is as follows:

Particulars	Fire Taka	Marine Taka	Motor & others Taka	Total Taka
A. Gross premium (including SBC & Government Business)	136,813,233	88,417,630	80,921,328	306,152,191
B. Re-Insurance premium ceded	76,924,233	26,623,739	37,023,822	140,571,794
C. Net Premium (A - B)	**59,889,000**	**61,793,891**	**43,897,506**	**165,580,397**
Direct Business :				
D. Commission on re-Insurance premium Ceded including profit commission.	29,700,459	8,227,932	8,252,918	46,181,309
E. Claim settled & provided (Net)-(i)	10,364,145	1,448,873	4,459,162	16,272,180
F. Management expenses- (ii)	55,479,749	30,585,947	24,959,573	111,025,269
G. Agency commission	19,741,496	10,575,542	8,259,732	38,576,770
H. Total Direct Expenses (D-E-F-G)	**(55,884,931)**	**(34,382,430)**	**(29,425,549)**	**(119,692,910)**
I. Adjusted fund balance for unexpired risk (Opening Balance less Closing Balance)	1,071,588	(1,261,125)	(27,485)	(217,022)
Net Underwriting Profit [C-H+I)]	**5,075,657**	**26,150,336**	**14,444,472**	**45,670,465**

i. The summarised position of claim settled (Net):

Particulars	Fire Taka	Marine Taka	Motor & others Taka	Total Taka
Gross claim settled	42,586,972	5,252,450	4,218,607	52,058,029
Less: Re-Insurance Claim Recovery during the year	(35,301,902)	(5,676,614)	(1,563,325)	(42,541,841)
	7,285,070	(424,164)	2,655,282	9,516,188
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	31,299,422	24,781,428	5,958,827	62,039,677
Less : Outstanding claims at the end of the previous year	(28,220,347)	(22,908,391)	(4,154,947)	(55,283,685)
Net Claim Amount	**10,364,145**	**1,448,873**	**4,459,162**	**16,272,180**

ii. Apportionment of management expenses:

Revenue accounts	Percentage	Amount Taka
Fire	49.97%	55,479,749
Marine	27.55%	30,585,947
Motor & Others	22.48%	24,959,573
	100.00%	**111,025,269**

26.01 Earnings per share (EPS) after Tax (Restated)

Earnings per share (EPS) is calculated in accordance with Bangladesh Accounting Standard-33, which has been shown on the face of profit and loss account.

Basic earnings per share has been calculated dividing the net profit for the year attributable to Ordinary Shareholders by the number of Ordinary shares outstanding during the year.

		31.12.2017	31.12.2016
The above balance is made up as follows:			
Total Number of shares (2017)		40,703,959	40,703,959
Number of ordinary shares		**40,703,959**	**40,703,959**
Net profit before Tax		87,066,481	80,253,254
Less: Provision for Tax		25,800,000	25,000,000
Net profit after Tax		**61,266,481**	**55,253,254**
		61,266,481	**55,253,254**
		40,703,959	**40,703,959**
Earning Per Share (Restated)	**Taka**	**1.51**	**1.36**

26.02 Net Operating Cash Flow Per Share (NOCFPS) Restated

NOCFPS =	**Net Cash Provided by Operation Activities**	**81,563,632**	**41,297,367**
	Number of Share	**40,703,959**	**40,703,959**
	=	**2.00**	**1.01**

27. Post Balance Sheet Event:

Proposed Dividend:

i. The Board of Directors has recommended in it's 196th meeting held on April 17, 2018 for payment of 6% Cash dividend and 5% stock Devidend on paid up capital out of the surplus available for distribution at the end for the year 2017, which is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

28. Relevant Information

i. During the year 2017 an amount of Taka 424,000 was paid to the Directors of the Company as Board Meeting attendance fee @Taka 5,000.00 and Audit Committee attendants fee @ Taka 2,000.00 for attending each meeting.

ii. During the year under review no compensation was allowed by the company to the Chief Executive.

iii. There was no credit facilities as on 31/12/2017 availed by the Company under any contract other than trade credit availed in the course of business and shown as overdrafts in the account.

iv. There exists no liability of contingent nature and also there lies no such claim which may be considered to be a debt.

v. The number of permanent employees engaged for the whole year who received a total annual remuneration of Taka 36,000 and above was 280.

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

Dated: Dhaka, April 22, 2018

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2018/033

BAPLC

*Date of issue :*February 14, 2018

Renewed Certificate

This is to certify that

KARNAPHULI INSURANCE COMPANY LIMITED

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

This certificate remains current until 31st December **2018.**

Bangladesh Association of Publicly Listed Companies ★ BAPLC

Secretary-General
(Acting)

LANKABANGLA stock

Karnaphuli Insurance Company Limited
Branch Incharges & Branches

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Mr. Md. Abdul Kader
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Phone: 073166063.

Karnaphuli Insurance Company Limited

Biman Bhaban (3rd floor), 100, Motijheel Commercial Area, Dhaka.

PROXY FORM

I/ We .....

Address .....

being a Member of KARNAPHULI INSURANCE CO. LTD. and a holder of .....

share against registered Folio/BO No. .....

hereby appoint Mr./ Ms. ..... of .....

.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the **31st Annual General Meeting** of the Company to be held on Wednesday the 27th June, 2018 at 10:30 a.m. at Institution of Diploma Engineers, 160/A, Kakrail, VIP Road, Dhaka and at any adjournment thereof.

Signature of the Member .....

Signature of the proxy .....

Date: .....

Revenue Stamp Tk. 20/-

Note:

i) The Signature of the appointee should match with the specimen signature registered with Karnaphuli Insurance Company Ltd.

ii) This form of proxy after duly filled, must be deposited to the Karnaphuli Insurance Company Ltd. Head Office, Biman Bhaban (3rd floor), 100, Motijheel Commercial Area, Dhaka, at least 48 (forty eight) hours before the time fixed for the Annual General Meeting.

Karnaphuli Insurance Company Limited

Biman Bhaban (3rd floor), 100, Motijheel Commercial Area, Dhaka.

ATTENDANCE SLIP

I hereby record my attendance at the 31st Annual General Meeting of the Karnaphuli Insurance Company Ltd. as a shareholder of .....shares/Proxy of the Company.

Name of the member/ proxy .....

Address .....

Member's Folio/BO No. .....

Signature of the member/proxy ..... Date .....

Note:

i). Please present this slip at the Reception Desk.

ii). Shareholders attending meeting in person or by proxy are requested to complete the attendance slip and submit it before entering the meeting hall.

AMARSTOCK

AMAR STOCK