



PROSPECTUS

RELIANCE INSURANCE LIMITED

(A Public Company with limited liability of Shareholders incorporated on 20th March 1988 under the Companies Act, 1913)

SUBSCRIPTION OPENS:
MAY 16, 1995

Public Issue of 3,00,000 Ordinary Shares at Tk 285 each (including a premium of Tk 185 per share)

SUBSCRIPTION CLOSES:
MAY 25, 1995

REGISTERED OFFICE
BSB BUILDING (11th Floor)
8, RAJUK AVENUE
DHAKA 1000, BANGLADESH

AUTHORISED CAPITAL
TAKA 10,00,00,000 DIVIDED
INTO 10,00,000 ORDINARY
SHARES OF TAKA 100 EACH

UNDERWRITTEN BY
NATIONAL BANK LIMITED

PART I
ISSUED SHARE CAPITAL

HIGHLIGHTS OF THE ISSUE

- The Company has a proven track record for over seven years, during which time it has accumulated considerable goodwill, experience and know-how.
- The Company has a wide network of 27 (twenty-seven) branch offices through the country in all the commercially important centres.
- The sponsors/directors of the Company are engaged in various other enterprises, which are a source of business for the Company.
- With the acceleration of growth in economic activities and the further opening up of the insurance business from the public to the private sector, the Company is expected to take its due shares of the growth of the market.

RISK FACTORS

- The Company may be subjected to substantial claims made against it in the event of devastating fire, cyclonic storms, rough seas, and other natural disasters.
- Increased competition from the new entrants in the business if the government awards new licences in future.

ISSUE OF CAPITAL

	Par value Taka	Premium Taka
1. Issued & Paid-up Capital 3,00,000 ordinary shares of Tk.100 each (50% of the issued capital) have been subscribed and paid for in cash in full by the sponsors of the Company.	3,00,00,000	---
2. Now offered for subscription 3,00,000 ordinary shares of Tk.100 each at Tk.285 each (i.e. at a premium of Tk.185 each) to the general public for subscription in cash in full, out of which ICB Unit/Mutual Fund shall have the option for preferential allotment upto 15% and employees of Reliance Insurance Ltd. upto 5%.	3,00,00,000	5,55,00,000
	6,00,00,000	5,55,00,000

JUSTIFICATION FOR SHARE PREMIUM:

The issue price of Tk.285 per share, including a premium of Tk.185 per share has been determined on the basis of Net Asset Value (NAV) of the Company at 31.12.94, as per the audited accounts. The calculation is as follows:-

	Taka
a) NAV as at 31.12.94	8,52,57,206
b) No. of ordinary shares	3,00,000
c) Net asset value per ordinary shares (a) - (b)	284.19
d) Share premium being the difference between NAV and par value of ordinary shares	184.19 (say 185)

CONDITIONS OF OFFER AND ALLOTMENT OF SHARES:

- Investment Corporation of Bangladesh Unit/Mutual Funds and employees of Reliance Insurance Limited shall have the right of preferential allotment of 15% and 5% of the shares offered to the general public respectively. Any part of such offer for subscription not taken up by them will be allotted to the general public in the manner as may be determined by SEC. If oversubscribed, the basis of allotment will be determined as per the approval of the SEC. No employee of the Company shall, however, be allotted more than 100 shares.
- After deducting shares subscribed by ICB Unit/Mutual Funds and employees of Reliance Insurance Limited, the basis of allotment of shares to the General Public will be as follows:
2,40,000 ordinary shares of Tk.100 each at Tk.285 each (i.e. at a premium of Tk.185 each) are being offered to the general public as follows:-

i. 55% shares, i.e. 1,32,000 ordinary shares, are being offered to the applicants for 50 shares	3,76,20,000
ii. 10% shares, i.e. 24,000 ordinary shares, are being offered to the applicants for exceeding 50 but upto 500 shares	68,40,000
iii. 10% shares, i.e. 24,000 ordinary shares, are being offered to the applicants for exceeding 500 but upto 1,000 shares	68,40,000
iv. 10% shares, i.e. 24,000 ordinary shares, are being offered to the applicants for exceeding 1,000 but upto 5,000 shares	68,40,000
v. 15% shares, i.e. 36,000 ordinary shares, are being offered to the applicants for over 5,000 shares for financial institutions, insurance, financial & market intermediary companies, excluding sponsors group of companies.	1,02,60,000
TOTAL	6,84,00,000

- The applicants of minimum lot of 50 shares shall be accommodated fully if the subscription is within Tk.3,76,20,000. In case of oversubscription the allotment shall be made by lottery among such applicants in the presence of authorised representatives of SEC, DSE, ICB and the member of the Board of the company (RIL).
- Allotment amongst applicants for lots other than the minimum lot shall be made proportionately in case of oversubscription.
- In case any difficulty arises with respect to implementation of paragraphs (c) and (d) above the allotment of shares to applicants will be made in such manner as may be determined by the SEC.
- Applications for shares below 50 shares will not be entertained. Applicants may apply for 50 (fifty) shares or multiple thereof.
- There are no founders, management or deferred shares. At present there is no intention to issue any preference shares.
- No payment has been or is intended to be made to the Promoters, Directors or other persons for promotion of the Company and no shares has been agreed to be issued for consideration other than cash.
- The MINIMUM SUBSCRIPTION on which the Directors will proceed to allotment is the full amount of the present issue which amount, in the opinion of the Directors, must be raised in order to provide fund required by the Company.

PURPOSE OF THE ISSUE:

The purpose of the issue is to raise funds for augmenting the equity base for deployment in business operations of the company, and also in compliance with condition number 10 of the Consent Order issued by the then Controller of Capital Issues under the Capital Issues (Continuation of Control) Act, 1947. The share premium to be raised shall be used in accordance with the provisions of Section 57(2) of the Companies Act, 1994.

PART II
UNDERWRITING, COMMISSION, BROKERAGE ETC

A. UNDERWRITING:

- The Public Offering of 3,00,000 ordinary shares has been underwritten by **NATIONAL BANK LIMITED.**
- If and to the extent the shares hereby offered to the General Public shall not have been subscribed and fully paid in cash, the underwriter will, within 30 (thirty) days of being duly called upon by the Company to do so, subscribe and pay for, or procure subscribers to subscribe and pay for in cash in full the shares not so subscribed.

B. UNDERWRITING COMMISSION:

The underwriter will be paid an underwriting commission at the rate of 0.50% of the offered value of shares underwritten by it. Simultaneously with calling upon the underwriter to subscribe and pay or procure subscribers to subscribe and pay for any number of shares, the Company will pay to the underwriter an additional commission at the rate of 0.50% of the offered value of the shares required to be subscribed by it.

DIRECTORS' OPINION:

In the opinion of the directors, the resources of the underwriter are sufficient to discharge its underwriting obligation.

D. COMMISSION TO BANKERS/FINANCIAL INSTITUTIONS TO THE ISSUE:

Commission at the rate of 0.25% of the collection of subscription money will be paid to the bankers/financial institutions to the issue for the services to be rendered by them.

E. BROKERAGE:

The Company will pay brokerage to the members of Dhaka Stock Exchange Limited at 1% of the nominal value of shares allotted in respect of applications bearing their rubber stamp. Neither the brokerage to the brokers nor the commission to the bankers/financial institutions shall be payable in respect of the shares taken up by the underwriter.

F. PRELIMINARY EXPENSES:

The preliminary expenses of the Company in connection with this public issue are expected not to exceed Tk.45,00,000 (Taka forty five lac).

G. EXEMPTION FROM INCOME TAX:

Such income of an assessee as may be invested in the shares of the Company will qualify for investment tax credit to the extent provided under Section 44(2) for the purpose of paragraph 8(b) of part B of the Sixth Schedule to the Income Tax Ordinance, 1984.

PART III

APPLICATION FOR SHARES AND ALLOTMENT

APPLICATION:

- Application for shares may be made for any number of shares subject to a minimum number of 50 (fifty) shares or multiple thereof and should be made on the Company's printed form which is attached to this prospectus as Appendix 1. Additional copies of the prospectus and the application forms may be obtained from the Registered Office of the Company, the Dhaka Stock Exchange Limited or from any of the bankers/financial institutions to the issue. If adequate forms are not available, intending investors may have the same printed/cyclostyled/typed or photocopied.

"Consent of the Securities and Exchange Commission (SEC) has been obtained to the issue of share capital under the Securities and Exchange Ordinance, 1969 as amended in 1993 by an order of which a complete copy is open to public inspection at the registered office of the Company. It must be distinctly understood that in giving this consent the Commission does not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinion expressed with regard to them."

A dated and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies, Bangladesh, as required by section 138 (1) of the Companies Act, 1994.

Application has been made to the Dhaka Stock Exchange Limited (DSE) for admission of the Shares of the Company for dealings on the stock market and for their quotation on the Dhaka Stock Exchange Limited. If, for any reason, the application for listing is not accepted by Dhaka Stock Exchange Limited within 6 (six) weeks of the closure of the subscription lists, the allotment against application in response to the prospectus shall be void, and the subscription money received from the applicants shall be refunded within 30 (thirty) days of the expiry of the said 6 (six) weeks. In case of failure to refund the subscription money to the applicants within the said thirty days, the directors, in addition to the Company, shall be responsible collectively and severally to refund the money with interest at 5% above the bank rate.

THE SUBSCRIPTION LIST OF 300,000 ORDINARY SHARES OF TAKA 100 EACH AT TAKA 285.00 INCLUDING A PREMIUM OF TAKA 185.00 PER SHARE BEING OFFERED WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MAY 16, 1995 AND WILL CLOSE ON MAY 25, 1995 AT THE CLOSE OF BANKING HOURS.

- All completed application forms together with remittance for the full amount payable on application should be lodged with any of the following bankers/financial institutions to the issue

National Bank Limited
Foreign Exchange Branch, Dhaka.
Motijheel Branch, Dhaka.
Dilkusha Branch, Dhaka.
Elephant Road Branch, Dhaka.
Mohakhali Branch, Dhaka.
Bangshal Branch, Dhaka.
Kawran Bazar Branch, Dhaka.
Agrabad Branch, Chittagong.
Rangpur Branch, Rangpur.
Dinajpur Branch, Dinajpur.
Kushtia Branch, Kushtia.
Pabna Branch, Pabna.

Arab Bangladesh Bank Limited
Principal Branch, BCIC Bhaban, Dhaka.
Motijheel Branch, Dhaka.
Agrabad Branch, Chittagong.
Rajshahi Branch, Rajshahi.
Khulna Branch, Khulna.

IFIC Bank Limited
Federation Branch, Dhaka.
Dhanmandi Branch, Dhaka.
Shantinagar Branch, Dhaka.
Gulshan Branch, Dhaka.
Jessore Branch, Jessore.
Khulna Branch, Khulna.
Agrabad Branch, Chittagong.

Sonali Bank
Dhaka Cantonment Branch, Dhaka.
Mymensingh Branch, Mymensingh.

The City Bank Limited
Johnson Road Branch, Dhaka.
Islampur Road Branch, Dhaka.
Tanbazar Branch, Narayanganj.
Khatunganj Branch, Chittagong.

National Credit & Commerce Bank Limited
Magbazar Branch, Dhaka.
Mirpur Branch, Dhaka.

Banque Indosuez
Motijheel Branch, Dhaka.

ANZ Grindlays Bank
Dhaka Main Branch, Dilkusha, Dhaka.
Chittagong Main Branch, Agrabad, Chittagong.

American Express Bank Limited
Main Branch, Motijheel C. A., Dhaka.

Investment Corporation of Bangladesh
Head Office, BSB Building, Dhaka.
Chittagong Branch, Pine View, Chittagong.
Rajshahi Branch, Star Bhaban, Rajshahi.
Khulna Branch, KDA Bhaban, Khulna.
Sylhet Branch, Chamber Building, Sylhet.
Barisal Branch, Hemayetuddin Road, Barisal.

Comilla Branch, Comilla.
Bogra Branch, Bogra.

- Bangladeshi nationals including Non-Resident Bangladeshis (NRBs) working/residing abroad and foreign nationals shall also be entitled to apply for the shares offered to the general public.
- Payments may be made to any one of the above mentioned banks/financial institutions either in cash or by cheque or pay order or demand draft. If payment is made by cheque, pay order or demand draft it should be made payable to the bank/financial institution to which it is sent and should be marked "A/C RELIANCE INSURANCE LIMITED" and should bear the crossing "A/C PAYEE ONLY" and must be drawn on a bank/financial institution in the same town of the bank/financial institution to which application form is sent.
- An applicant cannot submit more than two applications, one in his own name and another jointly with another person. In case an applicant makes more than two applications, those in excess of two applications shall not be considered for allotment purposes.
- Joint application from more than two persons will not be accepted. In the case of a joint application both persons must sign the application form. In such a case correspondence will be made with the person whose name appears first.
- Application must be in the full name of individuals and not in the name of firms, minors or persons of unsound mind. Applications for financial institutions, banks, insurance companies and financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.
- Application not in conformity with the above mentioned requirements and the instructions contained in the application form (Appendix 1) are liable to be rejected without assigning any reason to the applicant.
- The subscription collected by the Bankers to the Issue will be remitted to Company's authorised account STD A/c No. 0236001845, National Bank Ltd., Dilkusha Branch, Dhaka. Public subscription money cannot be utilised for the purpose for which money has been raised, before allotment to the successful applicants and refund to the unsuccessful applicants.

ALLOTMENT:

- The Company reserves the right to accept any application in whole or in part. If an application is not accepted in full or in part, the money received on an application will be refunded to the applicant within 40 days of closing of subscription by cheque without interest. In case of joint application, money received on an application will be refunded without interest to the person who is named first in the application.
- But if refund is made after 40 (forty) days of closure of subscription, the directors, in addition to the company, shall be responsible collectively and severally to refund the money with interest at 5% above the bank rate.
- Successful applicants will be notified by the despatch of letters of allotment by registered post. Letters of allotment/refund warrant will be issued within 40 (forty) days of the closing of the subscription list and share certificates will be issued within 90 (ninety) days of the date of letters of Allotment.

PART IV

RIGHTS OF SHAREHOLDERS

- Voting Rights:**
The voting rights of the shareholders shall be strictly proportionate to the number of shares held by them respectively. Upon show of hands, every shareholder entitled to vote and be present in person or by attorney or proxy shall have one vote. Upon a poll every shareholder entitled to vote and be present in person or by attorney or proxy shall have one vote for every share held by him.
- Transfer of Shares:**
Subject to the provisions of the Articles of Association of the Company and other laws and regulations in force, shares of the Company are freely transferable.
- Dividend Policy:**
The company follows a strategy of stable and rewarding dividend policy for a fair return on investment by the shareholders and simultaneously allow for building up of retained earnings and reserves that would enable sustained growth of the company.
- Periodical Information to Shareholders:**
The Directors shall present the Financial Statements as required under the law and International Accounting Standards. Financial Statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent period and present with the objective of providing maximum disclosure as per law and International Accounting Standards to the shareholders regarding the financial and operational position of the Company.

PART V

COMPANY'S OBJECTS AND PROSPECTS

HISTORICAL BACKGROUND:

- Since emergence of Bangladesh as an independent nation, insurance industry was nationalised along with banking and major industrial sectors of jute, textile, sugar and other heavy industries. Under the nationalised scheme only two Corporations in the name and style of Sadharan Bima Corporation (General Insurance Corporation) and Jiban Bima Corporation (Life Assurance Corporation) were set up by government for carrying out general and life business respectively. While no private Bangladeshi owned enterprise was allowed either in general or life business, foreign owned companies were allowed to carry out life assurance business. With gradual liberalisation of investment in industry and commerce, insurance business was also extended to private sector since 1985. As a result of this, a number of companies were set up. Reliance Insurance Limited was the fourteenth company in general insurance business.
- The Company was incorporated on 20 March 1988 and was entitled to commence business by virtue of the Certificate of Commencement of Business issued by the Registrar of Joint Stock Companies on 22 March 1988. The Company obtained Certificate of Registration issued by the Controller of Insurance on 7 April 1988.
- The Company carries on the business of all types of insurance except life insurance. It has 27 (twenty seven) branches, one local office with its head office at Dhaka. The branches are situated at:
Dhaka (local office) Moulvi Bazar, Dhaka Jubilee Road, Chittagong
Bangshal, Dhaka Kawran Bazar, Dhaka Khulna
Mymensingh Narayanganj Kushtia
Narsingdi Agrabad, Chittagong Madaripur
Khatunganj, Chittagong Bogra Barisal
Cox's Bazar Rangpur Pabna
Jessore Rajshahi Dinajpur
Chuadanga Comilla Thakurgaon
Sattkhira Jhenidah Faridpur

04. The company's business operations are being carried out in the following areas:

- Underwriting Fire Insurance
- Underwriting Marine (Cargo and Hull) Insurance
- Underwriting Miscellaneous Insurance
- Underwriting of Public Issue of Shares and Debentures
- Investment in shares and debentures

The year-wise business volume is given below:

	1990	1991	1992	1993	1994
(a) Fire	35.19	36.74	42.74	60.69	51.84
(b) Marine	5.10	68.45	72.02	84.90	98.15
(c) Misc.	23.33	24.96	28.93	37.78	46.92
(d) Gross Claim	113.62	130.15	143.69	183.37	196.91
	45.40	238.73	37.05	64.02	73.64

(Taka in million)