

AUDITORS' REPORT
ON
THE ASSETS REVALUATION
OF
CENTRAL INSURANCE
COMPANY LIMITED



Central Insurance Company Limited
Registered Office: **Central Insurance Bhaban - 1**
7-8 Motijheel C/A, Dhaka –1000

Report on Valuation of Assets

Background

1. **Central Insurance Company Limited (CICL)** was incorporated in Bangladesh on 12th November, 1987 under the Companies Act, 1994 as a Private Limited Company subsequently the company is listed as a publicly traded Company and its shares are traded on the Dhaka & Chattogram Stock Exchange. The present authorized capital of the company is Taka 1,000,000,000 (One Hundred Core) divided into 100,000,000 (Ten Core) Ordinary shares of Taka 10 each and its Paid up Capital is Taka 470,829,000 divided into 47,082,900 Ordinary shares of Taka 10 each as of 31 December 2019.
2. The registered office of the company is situated at Central Insurance Bhaban – 1, 7-8 Motijheel C/A, Dhaka –1000.
3. Central Insurance Company Limited is a leading and prominent Insurance Company in the country's insurance sector having all kinds of lucrative insurance products and services. It is a first generation insurance company which was established by a group of renowned and enthusiastic business entrepreneurs of the country. Central Insurance Company Limited started its operation with a Paid- Up Capital of Taka 30 million against an authorized capital of Taka 100 million being sponsored by a group of individual linked to reputed business concern.

As per Financial statement of December 31, 2019, the Company has earned Gross Premium income Taka 362.12 Million. Total assets of the company stand Taka 1,859.60 million and investment becomes Taka 226.07 million. Since inception to December 31, 2019 the Company has paid various claims amounting around Taka 30.05 Billion in favor of the Policy holders as well as to be aligned with recent approaches of the government towards a more digitalized and brighter future of the country. Company has established leading position in country's insurance sector through paying highest dividend to his shareholder's and maximum policy bonuses to his policyholders since inception.

Introduction

4. **Central Insurance Company Limited** contacted with FAMES & R, Chartered Accountants for valuation of their assets as of 31 December 2019. Valuation is required to be done for absolute internal consumption of the Cycle's existing Directors. CICL's has 30 numbers of Branches/ Offices all over Bangladesh. Out of which major business activities is in Dhaka and Chattogram.



Scope of the Work

5. In the above context the scope of the work has been considered to be as follows:
- Review of all the legal documents of the company;
 - Review of last three years audit reports;
 - Physical verification of Central Insurance Bhaban land with building, Central Insurance Bhaban-2 spaces in Kawran Bazar and in Chattogram;
 - Identifying all other assets through verification by manager and also appointed valuer;

6. Basis of Valuation:

There is no hard and fast rule to determine the value of assets. In case of valuation of Floor in different locations of the country consultants considered the current value of the mentioned location in the market, based on the collected information from the local people, information of current sales cost of per square feet floor space and also the information from the local authority and local people. Individual floor space information of the company in Chottogram has given below:

Floor Spaces:

Individual one floor space in CDA Agrabad commercial area of Chottogram, name of the building "Atlas Rang's Plaza", 2529 sft of East side of 7th floor.

7. In case of constructed building of the company consultants considered the current value of the building in the market based on the collected information from the local people, information of current sales cost of per square feet space and also collected information from the local authority and local people. Building cost has been measured by the appointed Surveyors Company considering the communication, utility and the other existing facility, present cost of the construction materials, cost of labor as well as taking into consideration the materials used for construction of the office space and the quality of the building's finishing work, fixture, fittings and also similar types of office space being purchased and sold during the last six months in the locality.

Small structural cost has been measured by the appointed Surveyors Company based on present condition of the building. Building information of the Company in different parts of the Dhaka city has been given below:

Building in Motijheel:

- I. Individual five (5) storied first class constructed building at 7-8 Motijheel C/A, Dhaka -1000 as the name of building "Central Insurance Bhaban - 1" and head office is situated in same building. As per approved plan we have seen 5961 square feet in each floor but in our physical verification we found 5738 square feet in each floor. Particulars in details about Land & Building with pictorial views have been given in Annexure - A.
- II. Individual single storied first class construction building at 7-8 Motijheel C/A, Dhaka -1000 has been used as Sub-station. Area of the building is



360 square feet. Particulars in details about Land & Building with pictorial views have been in Annexed – B.

- III. Individual Single storied second class construction building in 7-8 Motijheel C/A, Dhaka –1000 has been used as Store and total area of the building is 960 Square feet. Particulars in details about Land & Building with pictorial views have been given in Annexed – C.
- IV. Individual single storied second class construction building at 7-8 Motijheel C/A, Dhaka –1000 has been used as Security and total area of the building is 1000 Square feet. Particulars in details about Land & Building with pictorial views have been in Annexed –D.

Building in Kawran Bazar:

- I. Individual Seven (7) storied first class construction building at Plot # 31, Ward # 26, Bir Uttam C.R. Datta Road, Bipanon C/A, Bangla Motor, Shahabag, Dhaka. Name of the building is "Central Insurance Bhaban". As per approved plan we have seen total area is **17444.59 square feet** but in our physical verification we found total area is **20640 square feet**. Particulars in details about Land & Building with pictorial views have been given in Annexed –E.

Factors considered for revaluation of building

We have taken into account the following factors:

- Year of construction.
- Useable life, criteria of construction.
- Present cost of construction of identical nature, quantum, and quality.
- The depreciated value of the current cost of construction of the building and.
- Construction rate allowed or charged by the PWD.

The valuation of building belongs to Dhaka, Central Insurance Company Ltd. was conducted using a combination of approaches and accounting valuation technique. In order to evaluate the current market value of the Central Insurance Company's building, the price recently fixed for Building by the government of a similar type, size and purpose in the same location of Dhaka, Central Insurance Company Ltd. was obtained.

Factors considered for revaluation of Building & Accompanying Facilities:

- Location of the building.
- Commercial importance of the building.
- Accessibility/ communication to the building.
- Long term possession right on the building.
- Demand / scarcity of building in the area.
- Size of the building.
- Recent sale prices of the building adjacent to the relevant property.
- Rate of property from the point in view of respective/ concerned authorities and,
- Building actually in possession of the company.



8. In case of Land of the company, consultants considered the current value of the land in the market, based on the collected information from the local people, information of current sales cost of per decimal of land and also collected information from the local authority and local people. On many occasions, it is observed that the value of the plot may vary among the land side by side without any solid reason though both the plots have equal facilities. So, in fact it is difficult task to get the steady price of any land, which may fluctuate customer to customer. We have as such valued the land on the basis of our personal contact with the local people at random basis and also considering its situation, importance, present used, communication facilities, available utilities and similar types of land being purchased and sold during the last six months.

Other details information of land of the company in two different parts in Dhaka has been given below:

Land area:

- I. One Plot is located in Dhaka South City Corporation at Motijheel. Total commercial land is **29.77 decimal** or **18.04 katha** in a high value area demarcated by burnt bricks boundary wall at all sides. Accessibility of the land is very easy and in comfort zone. The land has commercial importance; particulars in details about Building in Land with pictorial views have been given in Annexed – F.

- II. One Plot is located in Dhaka South City Corporation at **Plot # 31, Ward # 26, Bir Uttam C.R. Datta Road, Bipanon C/A, Bangla Motor, Shahabag, Dhaka**. Total commercial land is **03.175 decimal** or 5.24 katha in a high value area demarcated by burnt bricks boundary wall at all side. Accessibility of the land is very easy and in comfort zone. The land has commercial importance; particulars in details about Building in Land with pictorial views have been in Annexed – G.

Identification of the asset revalued

The Land and Building were identified through verification of documents and records, physical examination, other sources and procedures to the possible extent.

Fair Value

The Fair Value of Land and Building & Accompanying Facilities have been shown in the **Annexure-A-1**.

We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS's), is effectively the same as "Market Value". Our opinion of Fair Value and Market Value is based upon the scope of work and source of information attached.

Ownership

Our valuation only pertains to the total value of each property and on the assumption that each asset can be sold under full management control. Our valuation does not take



account of any liability to pay guarantees to any co-investors and lender in respect of Land and Building and Accompanying Facilities.

Market Conditions

In respect of the assets located in Bangladesh:

During our valuation work we did not observe any seller who intends to sell the same or similar type of Land, floor space and building in the locality but different types of land and floor space sales information has been collected from the locality.

Without the benefit of stabilized market conditions, lack of liquidity in the market and no transactional evidence, it is very difficult to quantify, with any certainty, the impact such risks associated with the country on the valuation of assets. Whilst we believe the valuation provided with a reasonable assessment of the value of the assets in a more stable market, it would be very difficult to achieve a successful sale of the properties in the short term, and any such sale could potentially achieve a price lower than the figures reported. Our valuations should therefore not be relied upon without further investigation and advice being obtained. We recommend that the situation and the valuations of this asset should be under regular review.

Detail approach of valuation:

Net worth of the Company

9. Net worth of the Company computed from their audited balance sheet as on December 31 2019 is Tk.1,258,376,197. Say Taka 126 Crore. According to our current valuation, revaluated amount of only "Floor Space and Land & Building" comes to Taka **1,863,109,352** as against Written down value of Taka 459,884,581. Item –wise value is as under:

Particular of the Assets	Written Down Value	Amount of Revaluation	Revaluation Surplus
Floor Spaces	37,629,266	38,535,000	905,734
Land (Motijheel)	267,930,000	1,443,845,000	1,175,915,000
Land (Bangla Motor)	43,200,000	183,400,000	140,200,000
Building (Motijheel)	820,561	70,948,000	70,127,439
Building (Bangla Motor)	110,304,754	126,381,352	16,076,598
Total :	459,884,581	1,863,109,352	1,403,224,771



10. To determine the current value of Land, Building and floor Spaces, we have considered the following major issues:
- Area of Flat/ Floor spaces & Location of Land Map;
 - Accessibility, Connectivity and Communications;
 - Commercial importance of Land;
 - Long term possession right to the Land;
 - Size of the Land in Motijheel C/A area;
 - Recent sale prices of the Land adjacent to the relevant property;
 - Construction structural design of the building & material used;
 - Utilities Facilities availed;
 - Fixture & Fittings;
 - Demand /Scarcity of the Flat/Floor spaces in that particular areas and
 - Scarcity of the Land in that particular area.

Considering the CICL's almost all existing assets like Flat/Floor Spaces, Building and Lands are in posh area in Dhaka & Chattogram Cities. So, the current values of the assets are very much valuable and market sensitive.

The Valuation Report

11. As per assignment the consultant is required to conduct an analysis about the existing business policy and various documents provided by the management of the company. Some other relevant information has been collected from same business community.

For valuation purpose, Company's audited financial statements of December 31, 2019 have been considered.

12. To reach at the market value of the net worth items as described in the above paragraphs are considered and computation made as follows:



Annexure-A-1

Summary of Fixed Asset Valuation
As at 31st December, 2019

Sl No.	Particular of Assets	Written Down Value	Amount of Revaluation	Revaluation Surplus
	Floor Spaces :			
1	"Atlas Rangs Plaza", Plot # 07, Ward # 36, Agrabad Commercial Area, Doublemoring, Chittagong	37,629,266	38,535,000	905,734
2	Sub- total (A)	37,629,266	38,535,000	905,734
3	Building :			-
4	"Central Insurance Bhaban", Plot # 31, Ward # 26, Bir Uttam C.R. Datta Road, Bipanon C/A, Bangla Motor, Shahabag, Dhaka	110,304,754	126,381,352	16,076,598
5	"CIC Tower", Plot # 7 & 8, Ward # 09, Motijheel C/A, Motijheel, Dhaka-1000	820,561	70,948,000	70,127,439
6	Sub Total : (B)	11,125,315	197,329,352	86,204,037
7	Free Land :			
8	Motijheel Land	267,930,000	1,443,845,000	1,175,915,000
9	Bangla Motor Land	43,200,000	183,400,000	140,200,000
10	Sub Total : (C)	311,130,000	1,627,245,000	1,316,115,000
11	Grand Total : (A+B+C)	459,884,581	1,863,109,352	1,403,224,771



13. Re-casted Balance Sheet as on December 31, 2019 giving effect of the above computation is shown below:

Restated Balance Sheet	
as at December 31, 2019	
Particulars	2019 (Taka)
CAPITAL AND LIABILITIES	
SHAREHOLDERS CAPITAL	
Authorized:	
100,000,000 Ordinary Shares of Tk. 10 each fully paid up	1,000,000,000
Issued, Subscribed and Paid up:	
47,082,900 Ordinary Shares of Tk. 10 each fully paid up	470,829,000
Share Premium	
11,233,580 Ordinary shares of Tk. 5 each	56,167,900
Reserve for Contingency Account	2,038,040,486
Reserve for exceptional losses	286,810,356
General Reserve	29,000,000
Investment Equalization Fund	19,600,000
Dividend Equalization Fund	22,500,000
Revaluation Reserve	1,609,824,409
Profit & Loss Appropriation Account	70,305,721
Balance of Fund & Account	96,563,582
Fire Insurance Business Account	39,047,641
Marine Insurance Business Account	37,874,984
Motor Insurance Business Account	14,907,122
Misc. Insurance Business Account	4,733,835
Deposit Premium	21,792,362
Liabilities & Provisions	97,396,411
Estimated liability in respect of outstanding claims whether due or intimated	34,831,160
Amount due to other persons or bodies carrying on insurance business	62,565,251
Sundry Creditors	471,032,245
(Including provisions for expenses & Taxes)	
Other Liabilities (Bank Overdraft)	11,004,631
Total:	3,262,826,617



Particulars	2019 (Taka)
Investment (at cost)	226,068,714
Outstanding Premium	-
Interest, Dividend & Rent Outstanding	25,595,435
Accrued Interest	-
Amount due from other persons or bodies carrying on insurance business	189,734,497
Sundry Debtors	340,287,722
Cash and Cash Equivalents	587,124,322
Fixed Deposits Accounts	573,925,000
Current and STD Accounts	13,091,538
Cash in Hand	107,784
Fixed Assets	1,892,868,338
Property, Building and Land Development	1,863,109,352
Plant, Office Equipments & Other Fixed Assets	29,758,986
Other Assets	1,147,589
Stock of Stationery	589,560
Security Deposit	162,175
Insurance Stamps in Hand	395,854
Total:	3,262,826,617



14. Composition of team

Considering the importance of the work and the Asset needed to be identified and valued, a team consisting of members with different esteemed professional background and experience was formed. The team consisted of the following professionals:

Name of Professional	Qualification	Assigned position	Experience
Mr. A S Manjurul Hoque, FCA	B.Com (Hon's)M.Com (Acct.), Dhaka University, Dhaka	Review Partner	28 Years
Ms Fouzia Haque, FCA	M.Com, Dhaka University, Dhaka.	Engagement Partner	12 Years
Mr. Al-Amin	B.S.S , National University	Senior Surveyor	14 Years
Mr. Kabir Hossain	CA Part-1 Qualified	Manager	6 Years
Mr. Tahsin Tofa	Asst. Manager	Team Member	5 Years

Concluding declaration with Fairness Opinion, Observation and Limitation

15. The physical inspection and survey was carried out by FAMES & R, Chartered Accountants and Modern Surveyors Limited respectively.

- The valuation has been undertaken in accordance with the International Valuation Standards (IVS) and verified the ownership, possession and use of the assets are due to the Company. In conducting the valuation other relevant standards has also been considered.
- We certify that the valuation as detailed above is fair and reasonable as on date and our responsibility is restricted within the physical existence of the property and the value thereof. Our responsibility is limited to exercise of reasonable care.
- In conducting the valuation we have maintained the fundamental principles of ethical conduct. We have tried our best to maintain integrity and objectivity in every step to complete the valuation.
- It is hereby declare that apart from working as professional surveyor and valuator, we FAMES & R, Chartered Accountants and Modern Surveyors



Limited have no interest whatsoever directly or indirectly in the subject matter of this report.

- We hereby declare that we have no interest directly or indirectly in any manner whatsoever in the subject matter in this report. We have maintained our professional behavior and also proved our professional competency to complete the report.
- It may be mentioned here that, legal matters of the proposed property(s) have not verified by us. This report does not intend to relieve any party from its contractual obligation and is issued without any prejudice.
- We also hereby declare that we will maintain the confidentiality of the report with a high level of professional manners.

We would like to thank the management and staffs of the company for their assistance and co-operation during the valuation process.



Fouzia Haque, FCA

Partner

FAMES & R

Chartered Accountants

Date : 14th March, 2021

Place : Dhaka

