

Directors' Report

**To
The Members,
Sena Kalyan Insurance Company Limited,**

The Board of Directors of Sena Kalyan Insurance Company Limited are pleased to welcome you to the 10th Annual General Meeting of the Company and place before you the Directors' Report along with the Audited Financial Statements and the Auditors' Report for the year ended 31st December 2022 for your kind perusal and approval.

Industry Outlook and Possible Future Development

According to the Sigma Research Publication (no.6/2022) on world insurance by the Swiss Re Institute, the global insurance industry faces multiple pressures this year but we are expecting rate hardening to regain momentum in response. Higher interest rates should be a silver lining as inflation pressure abates in 2023 and 2024, supporting investment results and profitability. Inflation remains the number one industry concern. We forecast high inflation in cost components relevant for insurers, such as construction and healthcare that suggests insurers' claims and costs could rise markedly in 2022 and 2023, even without considering changes in claims frequency and natural catastrophe activity. We expect that total global insurance premiums to decline slightly in 2022, with a gradual recovery but still below-trend real premium growth for the next two years. In non-life insurance, slowing global growth and inflation will likely cut real premium growth to below 1% this year, with a recovery as inflation eases and the hard market goes on. Global non-life insurance return on equity (ROE) is expected to halve to just 3.4% in 2022 as underwriting performance and investment results are weaker, but rebound to a 10-year high in 2024 as the interest rate tailwind and potential rate hardening take effect.

Geographically Bangladesh is located in the South Asia where insurance sector is emerging due to modest GDP growth rate and high density of population in the 'SAARC' region. In the last decade, the insurance sector of the South Asian market has been rapidly emerging, particularly in Sri Lanka and in India. There is a significant insurance penetration rate i.e. 3.69% in India despite the fact that the Indian growth has been occasioned by agriculture and health insurance. However; their highest premium generating premium portfolio, is automobile insurance. So, human capital development at CRC can smooth the way for tariff revisions/adjustment that would contribute to market development. They would be determining premium based on pricing components that includes risk premium, expenses, profit and commission. In comparison with Sri Lankan market, Bangladesh insurance has a lot of scopes to expand. The market premium in Sri Lanka is higher than that of Bangladesh though Sri Lankan population is about one-third of Bangladesh.

In spite of the stable growth rate (around 4%) of the Bangladesh insurance industry in the last few years, the expansion of the insurance business, particularly the non-life sector, has experienced a downward trend in the year 2022 because of poor investment and slowdown of economic activities led by the political unrest. The experts have the fear of what the industry was likely to have the similar experience in 2023.

The Economy of Bangladesh has rapidly been shifting from agricultural to the services sector. The role so played by the service sector is burgeoning as well. Insurance is one of the ingredients of the financial services industry, which has a lot to play if it is promoted properly. In this comprehensive and ultimate guide on the insurance sector of Bangladesh, we will walk you through the itineraries of the market. Let's delve into the insurance market of Bangladesh.

According to the statistics of Bangladesh Insurance Association (BIA), the gross premium income of non-life private sector insurance companies increased from Tk. 21,038 million in 2021 to Tk. 22,670 million in 2022 with a growth rate of 7.76%. In Bangladesh, the marine insurance is considered to be the lifeguard for the non-life insurance business. Marine insurance completely depends on imports which has continuously being disturbed by the political unrest but the market is expected to improve in 2023.

Talking about the market Size and present position, the Insurance Industry of Bangladesh is promising and having huge growth potentials.

Insurance penetration rates in Bangladesh:

- Combined Premium in proportion to GDP is 0.09% (Life-0.07% and Non-life-0.02%)
- Bangladesh ranks 76th in the world
- World market share is 0.02 percent
- Combined life and non-life insurance market premium is BDT 76,785 million
- Per capita spending on insurance is USD 2.6

Our non-life insurance market continues to be extremely overcrowded when compared with developing countries including our neighbors. The situation has obviously given rise to intense and unhealthy competition among the existing players. At the same time, with the deteriorating standard of clients’ services, public trust on insurance continues to diminish. Much need to be done to remedy the situation. In line with the country’s impressive GDP growth, the insurance industry should not grow by addressing its manifold problems.

Sena Kalyan Insurance Company Ltd, stepped into the insurance industry at the later part of 2013, when the global economy had been slowly recovering from the shock of recession. Hence, our journey into the industry didn’t have an easy start. However, our Company is very different from other non-life companies in the industry with its unique shareholding structure and purposes of business. It makes our journey easier to reach our valued partners with the “Sena Kalyan” brand, which has already earned considerable respect in the business community of Bangladesh. However, non-life insurance business in the present context faces many challenges and impediments, what posed serious difficulties in our business development. In spite of such constraints, we have been able to increase our business at a steady pace due to our hard work, vigilance, strict financial discipline, good management and improved customer services. Sena Kalyan Insurance Company Limited has already established itself firmly in the industry through its potential dealings, organizational supremacy and sound claim paying ability.

Segment-wise or product-wise performance

Gross Premium Income

In the period from 03 September 2013 to 31 December 2022, the company has earned a gross premium income of Tk. 3,827,178,767.00 (including public sector business). Since our incorporation in the insurance industry of Bangladesh, we had been very careful to select business partners, what has given us a slow but steady build up.

Year	Gross premium (in Million Taka)	Growth (%)
2022	800.57	2.61%
2021	780.23	34.40%
2020	580.52	0.77%
2019	576.09	58.32%
2018	363.87	38.45%

Business Segment-wise Gross Premium Income (in Million Taka):

Business Segments	2022	2021	Growth (%)
Fire Insurance	194.51	163.0	19.33%
Marine Insurance	182.25	134.31	35.69%
Motor Insurance	16.39	26.71	-38.63%
Miscellaneous Insurance	407.42	456.17	-10.69%

Segregation of Net Premium:

Business Segments	2022		2021		Growth (%)
	Amount (in Million Taka)	Business Mix of Net Premium (%)	Amount (in Million Taka)	% of Total Net Premium	
Fire Insurance	100.09	29.06%	86.53	31.30%	15.67%
Marine Insurance	154.52	44.86%	111.69	40.40%	38.35%
Motor Insurance	15.45	4.48%	25.96	9.39%	-40.49%
Miscellaneous Insurance	74.39	21.60%	52.28	18.91%	42.29%
Total	344.45	100.00%	276.46	100.00%	24.59%

Claims

We are very prompt and sincere in respect of settlement of claims. We have been providing satisfactory customer services and continuously trying to improve it further. During the period of reporting, the company has settled the claim of Tk. 210,488,276.00, while Tk. 183,122,508.00 is already provisioned for settlement of intimated claims at the earliest.

Claim and Loss Ratio:

Year	Net Claim (in Million Taka)	Change (%)
2022	189.67	1273.43%
2021	13.81	-35.24%
2020	21.33	139.89%
2019	8.89	-85.90%
2018	63.05	498.78%

Segregation of Net Claim:

Business Segments	2022		2021		Growth (%)
	Amount (in Million Taka)	Business Mix of Net Premium (%)	Amount (in Million Taka)	% of Total Net Premium	
Fire Insurance	56.19	29.63%	(1.01)	-7.30%	5663.37%
Marine Insurance	25.74	13.57%	11.30	81.79%	127.79%
Motor Insurance	26.66	14.05%	2.81	20.33%	848.75%
Miscellaneous Insurance	81.08	42.75%	0.72	5.18%	11161.11%
Total	189.67	100.00%	13.81	100.00%	1273.43%

Financial Performance

Performance of the company in terms of key performance indicators has been shown in a separate statement under title "Five Years Financial Highlights" Moreover, some highlights are given in items below:

Capital Adequacy:

The following table shows a gradual increase in the shareholders' equity.

Year	Shareholder's Equity (in Million Taka)	Change (%)
2022	806.67	7.79%
2021	748.37	47.84%
2020	506.20	17.33%
2019	431.44	24.60%
2018	346.26	6.08%

Solvency Margin:

The following table shows that the solvency margin of the company is above the required level.

(Figures in BDT million)

Particulars	For the year 2022	For the year 2021
Available Solvency	1,041.92	877.52
Required Solvency	186.47	169.50
Solvency Margin (times)	5.59	5.18

Re-insurance Utilization and Risk Retention Ratio:

The Company has re-insurance treaty agreement with Shadharan Bima Corporation (SBC). Besides, we place Facultative Reinsurance coverage to XL CATLIN (UK), GIC (INDIA), New India (INDIA), WACIA Re (AFRICA), MANDARIN RE(MALAYSIA), CICARE(AFRICA), KLAPTON(UK), The New India Assurance Co. (Gift City) (INDIA), Saudi Re (SAUDI ARABIA), AL AHLEIA(KUWAIT), MISR(EGYPT), BEST RE(MALAYSIA), HDI Global Specialty SE (London) through Deinon Insurance broker LLC and others broker against all classes of general insurance business.

You may be aware that usually high-risk retention level signals inadequate reinsurance protection while low risk retention level hampers profitability. Segment-wise Risk Retention Ratios of the Company for the last few years are shown in the table below:

Particulars	Year-wise Risk Retention Ratio (%)				
	2022	2021	2020	2019	2018
Fire Insurance	51.46%	53.07%	44.28%	49.74%	53.99%
Marine Insurance	84.79%	83.16%	74.57%	59.39%	74.58%
Motor Insurance	94.23%	97.20%	100.00%	99.84%	98.17%
Miscellaneous Insurance	18.26%	11.46%	38.65%	30.17%	16.50%
Total	248.74%	244.89%	257.50%	239.14%	243.24%

Reserve Adequacy:

As Sena Kalyan Insurance Company Limited embarked into the business at the end of 2013, the company was not in a position to cater for expected amount of reserve fund in 2014. However, we took all steps to ensure the appropriate quantity of reserve fund and successfully created a reserved fund of Tk. 355,872,215.00 by the end of 2022.

The following table shows reserve adequacy of the company:

Year	Amount of Reserve (in Million Taka)	Change (%)
2022	355.87	29.03%
2021	275.82	39.45%
2020	197.79	41.54%
2019	139.74	70.14%
2018	82.13	44.95%

Profitability:

Since the source of revenue of the company is premium income from underwriting business under fire insurance, marine insurance, motor insurance and miscellaneous insurance businesses and other income like income from investments, its profitability depends upon these sources.

We have earned an underwriting profit of Tk. 82,294,297.00 in 2022 compared to profit of Tk. 80,985,987.00 in 2021. Our efforts to increase more premium income and to increase our market share have proved to be efficient with overwhelming support from our partners. Our expenditure on management has increased by 15.64% but on the other hand gross premium income has increased by 2.61%. After providing for agency commission, management expenses and depreciation, the net profit before tax & WPPF stood at Tk. 136,238,672.00 in 2022, compared to profit of Tk. 121,780,251.00 in the previous year.

The following table shows the contributions of different business segments in the underwriting profit (loss):

Business Segments	Contribution to Underwriting Profit (%)				
	2022	2021	2020	2019	2018
Fire Insurance	16.58%	14.37%	-18.61%	36.54%	171.01%
Marine Insurance	55.77%	49.80%	40.93%	30.82%	203.77%
Motor Insurance	17.66%	19.94%	56.69%	32.58%	127.64%
Miscellaneous Insurance	10.00%	15.90%	20.99%	0.06%	-402.42%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Underwriting Performance/Quality:

Underwriting is the process of evaluating, prudent financial modeling, feasible risk pricing and acceptance of the risk based on the material facts disclosed by the prospect.

Underwriting process starts with the receipt of material facts/ proposal form, the concerned underwriter analyzes all the information and takes decision whether he/she accepts the risk or not, if it is accepted then he/she has to offer/quote the prospect with premium, relevant terms, conditions & exclusions.

In SKICL, we started our journey of underwriting management wef. the 5th day of November’2013 under the visionary leadership of Brig Gen Shafique Shamim, psc (Retd). It is worth noted here that Sena Kalyan Insurance Company Limited is one of the 4th Generation/youngest insurance companies in Bangladesh. At the very beginning we started to underwrite mostly tariff driven risk /business viz. Fire, Marine, Motor & Miscellaneous which is approximately 70% of the share of Bangladesh Non-life insurance market.

Since we had vision to position our company as one of the leading insurers with planned company growth level, we started to assess & accept the risk of non tariff business e.g. Aviation, 5 star hotels, Power Plant, Spinning, Composite Textile Mills, all kinds of liability business, viz. Professional Indemnity, Public Liability, Comprehensive General Liability etc.

In the light of above, corporate insured’s recognized us as prudent & competent underwriter/insurer in regard to all non-tariff business portfolio & risks exceeding Bangladesh Country Limit. Currently we are the lead insurer for Aviation Risk with its allied perils in Bangladesh based on our prudent underwriting competency & facultative support from the world class reinsurer(s) through Lloyd’s reinsurance broker house.

However, we are now focusing on inclusive insurance viz. Livestock insurance fostering business-oriented livestock keepers of Bangladesh using local NGO’s as our alternative distribution channels i.e. NGOs. Livestock are becoming agriculture’s most economically important sub sector, with demand in Bangladesh for animal foods projected to be double over the next 20 years with huge export potential. We are also in the process of underwriting Medical Evacuation Insurance to cover medical expenses with air transportation facility in a level 3 hospital in designated mission area. We are also planning to tap stand alone Health insurance compensating medical expenses for both in patients & out patients

of corporate insured. We have also plan to underwrite Freight Forwarders' Liability Insurance, Payment/Loan Protection Insurance, Bankers' Blanket Bond Insurance etc to wide our non-life insurance market share in Bangladesh.

The following table shows the segment-wise underwriting performance of the company in the last few years.

Business Segments	Year-wise Underwriting performance (million)				
	2022	2021	2020	2019	2018
Fire Insurance	13.64	11.64	(12.43)	27.58	18.59
Marine Insurance	45.89	40.33	27.35	23.27	22.15
Motor Insurance	14.53	16.14	37.88	24.60	13.88
Miscellaneous Insurance	8.23	12.88	14.02	0.05	(43.75)

Investment Profile

The size of investment portfolio of the Company as on 31 December 2022 stood at Tk. 1,231,438,961.00. The investment portfolio comprises 10-years Bangladesh Government Treasury Bonds, Fixed Deposits & Shares with various commercial banks and financial institutions.

The following table shows the status of the investment portfolio of the company in the last year comparing with those of the previous year.

Components of Investment	2022		2021	
	Amount (in Million Taka)	% of Total Investment	Amount (in Million Taka)	% of Total Investment
Fixed Deposit	1,084.87	88.10%	979	90.28%
Shares Investment	59.43	4.83%	24	2.25%
BGTB & Zero Coupon Bond	87.14	7.07%	81	7.48%
Total	1,231.44	100%	1,084	100%

Segregation of Investment Income and Other Income:

The following table shows the status of the contributions of different sources in the investment income and other income in the last year comparing with those of the previous year.

Components of Investment	2022		2021	
	Amount (in Million Taka)	% of Total Investment Income & Other Income	Amount (in Million Taka)	% of Total Investment Income & Other Income
Investment Income	57.12	84.08%	43.80	80.61%
Interest Income	0.78	1.14%	0.83	1.53%
Dividend	2.76	4.06%	0.51	0.94%
Profit from Sale of Shares	2.03	2.99%	3.74	6.89%
Other Income	5.25	7.73%	5.45	10.02%
Total	67.93	100.00%	54.34	100.00%

Motor Vehicle

The management of the company is always very careful about full compliance of relevant instructions from IDRA about provision and procurement of equipment. As such, we are procuring motor vehicles for the head office and branches gradually as per the IDRA circular on this matter. As on 31 December 2022, the company has 15 motor vehicles for its head office and branches.

Risks and Concerns

As Sena Kalyan Insurance continues to invest in new ways to gain a better understanding of the dynamic and constantly changing risk environment, it remains at the forefront of risk and resilience, enhancing risk mitigation strategies for businesses, governments and the civil society as well as informing the public policy agenda at large.

A detailed report on the risk management framework has been made separately on page no. 136.

Cost of Goods Sold, Gross Profit Margin & Net Profit Margin

SKICL is not a manufacturing company. It is a non-life insurance company in Bangladesh. Cost of Goods Sold, Gross Profit Margin & Net Profit Margin is not considered to prepare financial statements. Therefore, comparative analysis of financial performance is elaborately discussed on the presentation on financial indicators on page no. 87.

Disclosure Regarding Extra-ordinary Gain or Loss

During the year there were no such events of extraordinary nature and the company did not suffer or gain any loss or gain from such activities.

Management Expenses

Management expenses amounted to Tk. 111,945,721.00 in 2022. The expenses have been apportioned @24.30% to Fire, 22.76% to Marine Cargo & Hull, 2.05% to Motor & 50.89% to miscellaneous revenue accounts. Even after providing with our share in the Sena Kalyan Sangstha's commitment to help the distressed families of freedom fighters and retired armed forces' personnel of Bangladesh, (which is a major part of our Corporate Social Responsibility), we have successfully brought down the management expenses within appreciable limit.

Disclosure Regarding Related Party Transaction

In the ordinary course of business, related party transactions take place with other entities that fall within the term related party as defined in IAS 24: Related Party Disclosure. A statement on the related party transactions has been disclosed under item no. 34 of the notes of the financial statements.

Disclosure Regarding Utilization of Proceeds from Public Issues, Rights Issues and/or any other Instruments

After completing IPO formalities, trading of shares of our company was started in both Dhaka Stock Exchange and Chittagong Stock Exchange on 07 November 2021.

Present status of utilization of proceeds from IPO is mentioned below:

Sl No.	Area of utilization of IPO fund	Amount as per prospectus	Status of Utilization
01	Investment in Capital Market: a. Govt. Treasury Bond/ Mutual Funds b. Investment in Capital Market in Bangladesh	30,000,000 32,000,000	100%
02	Investment in FDR With Scheduled Commercial Banks	62,000,000	100%
03	Land/Real Estate	25,000,000	100%
04	IPO Expenses	11,000,000	100%
Total		160,000,000	100%

The updated report regarding utilization of proceeds of IPO of the Company is also available in the Company's website.

Deterioration of Financial Results

Not any other indicators of financial results deteriorated after the Company goes for Initial Public Offering (IPO).

Disclosure Regarding Variance in the Annual Financial Statements

Although the company had issued 1.60 crore shares through IPO in 2021, there was no significant difference in financial performance. The financial performances of the company for the last two years are given below:

Financial performance analysis:

BDT in Million except ratios & per share item

Particulars	2022	2021	Growth (%)
Gross premium	800.57	780.23	2.61%
Net premium	344.45	276.46	24.59%
Underwriting profit	82.29	80.99	1.61%
Investment & other income	67.93	54.34	25.01%
Net profit before tax	129.75	115.98	11.87%
Net profit after tax	114.33	106.15	7.71%
Earnings per share	2.86*	3.83	-25.37%
NOCFPS	4.45*	8.89	-49.94%
Paid-up capital	400.00	400	0.00%
Shareholders' equity	806.67	748.37	7.79%
Total assets	1,483.71	1,381.81	7.37%
Total liability	677.04	633.44	6.88%
NAVPS	20.17*	26.99	-25.28%

*EPS, NAV & NOCFPS have been decreased from the last year due to increase number of shares from 27,726,027 (weighted average share) to 40,000,000.

Directors' Remuneration

Directors are not eligible for any other remuneration other than the attendance fee for the Board and its committee Meetings. During the year 2022, a total amount of Tk. 236,664/= (Excluded VAT) was paid to the Directors as Remuneration / Meeting Attendance Fees and travel expenses.

Details of the Directors' attendance record are shown in Annexure-II.

Disclosure on Preparation and Presentation of Financial Statements

The Directors of SKICL, in conformance with the BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, confirm compliance with the financial reporting framework for the following:

- The financial statements, prepared by the management of SKICL make a fair presentation of its activities, operational details and results, cash flow information and changes in equity structure;
- Proper books and accounts of the Company have been maintained;
- Appropriate accounting policies, including International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS)/ as applicable/adopted in Bangladesh, have been consistently applied in preparation of the financial statements. Any change or deviation has been adequately disclosed;
- Accounting estimates are based on reasonable and prudent judgment;
- Internal control processes have been properly designed and effectively implemented and monitored;
- Minority shareholders have been duly protected as have effective means of redress;
- No significant doubt exists upon the Company's ability to continue as a going concern;
- Comparative analysis of significant deviations has been highlighted and the reasons have been explained in the sections above.

Effective Internal Control System

The Board takes the responsibility for the oversight of SKICL's business and management, including risk management and putting up effective internal controls. The Directors state that the systems of internal control are sound and have been implemented and monitored effectively. Details of the Internal Control System of the Company have been reported on page no. 128.

Human Resources

At SKICL, our people are our greatest asset. It is one of our utmost priorities that the employees are taken care of. We try to provide our people a congenial work environment, opportunity to hone their skills, and apt compensation and rewards that drive their motivation and work performance- one of the key reasons for our continued success.

The Company believes that its Human Resources (HR) gives it a significant competitive edge in terms of knowledge and experience. It has continued its policy of recruiting the best people and implementing programs to develop and retain high quality human resources in its various divisions/departments. In line with this Policy, the needbased internal and external training at both home and abroad, is regularly and systematically arranged. The Company also ensures attractive compensation packages and rewards including employee's safety and health including the family members to some extent to assure their retention and provide job satisfaction.

A separate report on human resources has been presented on page no. 153 of this report.

Information Technology

The Present Condition of IT and MIS of Sena Kalyan Insurance Co. Ltd.

Sena Kalyan Insurance Company Limited has the most flexible & Secure IT department with some experienced, energetic and intelligent IT specialist.

In this modern world, IT departments have traditionally been the sole proprietor of technology within organizations with the responsibility of ensuring that all the technical aspects of an organization are running smoothly to fulfill such responsibility.

SKICL IT department's main responsibilities are -

- Managing and protecting the information technology.
- Managing and protecting the data resource.
- Managing and protecting the system applications.

IT department is strictly involved in providing the infrastructure for automation, the governance for the use of the network and operating systems, and assistance in providing the operational units the functionality we need.

The information technology department in an organization is also responsible for the architecture, hardware, software, and networking of computers of the company. IT professionals working in this department perform a number of duties to ensure that employees have full access to the computer systems. Professionals working in the department may be responsible for one area of IT for the company.

SKICL IT department have typically been organized and staffed in accordance with the below framework, which can be seen as a framework describing a traditional IT department.

Present Condition

The IT department of Sena Kalyan Insurance Company is moving forward with time. Sena Kalyan Insurance Company has been using ERP software Enterprise resource planning (ERP) since its inception as per the guidelines of company management and insurance regulatory authority. As a result, the work of the company has become much easier. Also, Sena Kalyan Insurance Company is providing e-money receipts through UMP software managed by Insurance Regulatory Authority, so customers can print money receipts online very quickly and easily.

Recently Sena Kalyan Insurance Company has almost completed the development of its own apps. With the app fully launched, any customer can easily get insurance from anywhere in the world. And if he falls into an accident, he can inform the company much faster than before and raise the claim for compensation. As a result, people's confidence in the insurance sector will increase.

Our Future Plan:

Sena Kalyan Insurance Company has been working with the time for the development of the insurance sector along with itself. Sena Kalyan Insurance Company is working with a group of young people to build an online infrastructure to provide online basic services. As a result, the day is not far away when insurance services will reach the doorstep of people. Everyone will be able to take any insurance related services including taking insurance and raising insurance claims very easily.

In this growing up insurance industry, we have some future plan to make our business more secure and user friendly. That's why we take some initiatives.

The main purpose of the MIS is to give managers feedback about their own performance; top management can monitor the organization as a whole. Information displayed by the MIS typically shows "actual" data over against "planned" results and results from a year before; thus, it measures progress against goals.

- At First, We recognize the major resource of our organization like capital, time and capacity.
- We design apps to make a smooth root between the clients, employees and the management. That's why we make some update plan so that it is possible to recognize information as a valuable resource like money and capacity.
- It is necessary to link its acquisition, storage, usage and disposal as per the business needs for meeting the business objectives. So we need MIS flexible enough to deal with the changing information, needs of the organization. It should be open system. The designing of such an open system is a complex task. It can be achieved keeping in view the plan of the business management of the organization.

Strategy for the Plan achievement

- Development Strategy: An online, a batch, a real time. Technology platform.
- System development strategy: Structured Systems Analysis and Design Method (SSADM) SSAD or Object-oriented technology (OOT) OOT. Database VS conventional etc.
- Resources for system development: In house VS external, customized development VS the use of packages.
- Manpower composition: Analyst, programmer skills and know-how.
- The architecture of the Management Information Systems MIS—It provides a system structure and their input, output and linkages. It also provides handling of systems & subsystems by way of simplification, coupling and decoupling of subsystems
- The system development schedule—A schedule is made for the development of the system. Unless the systems are fully developed, their integration is not possible.

Hardware and software plan

- Giving due regard to the technical and operational feasibility, the economics if investment is worked out. Then the plan of procurement is made after selecting the hardware and software.
- The selection of the architecture, the approach to the development and choice of hardware and software are the strategic decisions and it is needed to be taken very carefully.
- Following points to consider.
- The organization's strategic plan should be the basis for the MIS strategic plan.
- The IS development schedule should match with the implementation schedule of the business plan.
- The choice of information technology is a strategic business decision and not a financial decision.

Functional Managerial Information

- The functional information is defined as a set of information required by the functional head in conducting the administration and management of the function.
- Functional information is largely factual, statistical and detailed in multi-dimensions of the function. Such information is used for planning, budgeting and controlling the operations of the function.

- Eg. If you take sales information, it can be processed in several ways such as product, product groups, market segment, geographic zone, locations etc.
- The functional information can be accessed on the following three parameters:
- The work design
- The responsibility
- The functional objectives

Credit Rating

Alfa Credit Rating Limited has rated the Company in 2022 with “AA” in the long term and ST-2 for the Short Term based on audited financial statements and other available information up to the date of rating declaration. The outlook on the rating is Stable. The rating reflects the strengths of the Company which is backed by a strong team of management.

Contribution to National Economy

SKICL contributes to the national exchequer in the form of income tax, VAT & Excise duty. The company’s contribution to the national exchequer is given below:

Amount in BDT

Particulars	December 31, 2022	December 31, 2021
Income Tax paid on Company’s income	14,129,209.00	19,714,784.00
Tax collected at source on behalf of Government	10,950,516.00	3,717,713.00
VAT collected at source on behalf of Government	2,999,327.00	
Value Added Tax (VAT)	17,914,850.00	21,525,415.00
Excise Duty	986,482.00	745,870.00
Total	46,980,384.00	45,703,782.00

Protection of Minority Shareholders

In compliance with Corporate Governance Code by BSEC, SKICL strives to establish accountability, transparency as well as protect the interest of minority shareholders. The shareholders have voting rights in proportion to the number of shares. The shareholders are entitled to dividend and paid if declared.

SKICL protects the interest of minority shareholders by providing flow of information towards and keep them updated through necessary means. The Code of Compliance followed by the company ensures the affairs of Company being conducted or the power of directors are being exercised in a manner that is not prejudicial to any of the shareholders visa- vis minority shareholders.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business without significant fluctuation in value. The accompanying financial statements do not include any adjustments, which indicate that Sena Kalyan Insurance Company Limited will be unable to continue as a going concern.

Deviations from the Last Year’s Operating Results

There were no significant deviations from the last year’s operating results of the Company.

Key Operating and Financial Data of Preceding Five Years

The key operating and financial data of last preceding 5 (five) years have been disclosed on page no. 52 of this annual report.

Proposed Dividend

The Board of Directors at the time of considering the financial statements for the year ending 31 December 2022 have recommended 12% cash dividend [i.e., Tk. 1.20 per share] from the distributable profits of the Company, which will be placed before the shareholders in the forthcoming AGM for approval.

The Members of the Board agreed in principle and declared that pursuant to the Corporate Governance Code 2018, the Board shall not declare bonus share or stock dividend as interim dividend.

Board meetings

The Directors of SKICL meet on a regular basis. A detail statement showing Attendance of the Directors in the Board Meetings has been shown on page no. 84.

Pattern of Shareholding

Shareholding patterns of the Company as at the end of 2022 has been shown in Annexure-iii of this report.

Directors' Appointment & Re-appointment

As per Articles of Association of Sena Kalyan Insurance Company Limited, Directors nominated by Sena Kalyan Sangstha will be Ex-officio. As per the Companies Act, any Director appointed by the Board to fill the casual vacancies since last Annual General Meeting shall retire in the next Annual General Meeting. Accordingly, the following Directors shall retire in the forthcoming Annual General Meeting and being eligible, they are seeking re-election to the Board.

■	Maj Gen Iftekhar Anis, BSP, awc, afwc, psc, PEng (representing SKS)
■	Cdre Mahmud Hossain, (ND), NPP, BCGMS, ndc, psc (representing SKS)
■	Air Cdre Md Shaharul Huda, BSP, ndc, psc (representing SKS)
■	Brig Gen Md Shakhawat Hossain, ndu, psc (representing SKS)
■	Brig Gen Md Rashidul Alam, BGBMS, PBGMS (representing SKS)
■	Brig Gen AKM Asif Iqbal, BVM, BAMS, ndc (representing SKS)
■	Brig Gen Mohd Muinul Haq Mamun, psc (representing SKS)

At present, all the Board Directors of the Company are nominated by SKS except the Independent Directors. According to the BSEC's Corporate Governance Code -2018, the appointed Independent Directors have been approved by the Shareholders in the 8th AGM of the Company.

The profiles of Directors of the Company have been presented on page nos. 26 to 34 of the Annual Report.

Appointment of Auditors

Mahfel Huq & Co., Chartered Accountants have been serving SKICL for last 3 (three) terms as statutory auditors and will retire in the forthcoming AGM. According to the BSEC's rules, they are not eligible for further re-appointment.

As a result, the audit committee has recommended to appoint FAMES & R, Chartered Accountants, as the statutory auditors at a remuneration of BDT 2.00 lac excluding VAT and the Board of Directors has endorsed the same.

Hence, the agenda for the appointment of Statutory Auditors (FAMES & R) will be placed before the shareholders for their approval.

Appointment of Complaisance Auditor

Mahfel Huq & Co., Chartered Accountants have expressed their interest to act as the Corporate Governance Compliance Auditor of the Company for the year 2023. As a result, the audit committee has recommended to appoint Mahfel Huq & Co., Chartered Accountants, as the Corporate Governance Compliance Auditor at a remuneration of BDT 50,000 excluding VAT and the Board of Directors has endorsed the same.

Hence, the agenda for the appointment of Corporate Governance Compliance Auditor (Mahfel Huq & Co.) will be placed before the shareholders for their approval.

Management's Discussion and Analysis

Management Discussion and Analysis signed by Managing Director & CEO presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements are stated at page no. 87.

Corporate Governance

The Directors of SKICL are committed in adopting the highest governance standard and implementing them in protecting the interests of shareholders, policy holders and all other stakeholders. A detailed report on corporate governance has been given herewith separately.

Acknowledgment

The Directors take this opportunity to express heartfelt gratitude to, all the valued shareholders, clients and all well-wishers in home and aboard for their wholehearted co-operation and active support in discharging the responsibilities reposed on the Board during the year under review.

The Directors express sincere gratitude would be to the Insurance Development and Regulatory Authority, Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission, Government and Non-Government organizations, Sadharan Bima Corporation, Dhaka and Chittagong Stock Exchanges, Bangladesh Insurance Association and all the Scheduled Banks and Leasing Companies for their sincere support and whole hearted cooperation.

The Directors express deep appreciation for the services and loyalty of the executives, officers and employees of the Company at all levels without which results could have not been achieved.

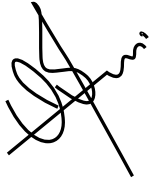
The Directors like to thank and express gratitude to Managing Director & CEO, Brig Gen Md Shafique Shamim, psc (Retd) for his hard work, commitment and dedication to the development of the Company.

At the last but not the least certainly, the Directors express their sincerest gratitude to all clients for their loyalty and patronage over the period.

With our very best regards to all our valuable shareholders, we promise to continue the growth with your support.

Thank you all.

On behalf of the Board



Maj Gen Iftekhar Anis, BSP, awc, afwc, psc, PEng
Chairman