CRISL

Setting global standard at national level

Credit Rating Report

Credit Rating Information and Services Limited
Founder Member. Association of Credit Rating Agencies in Asia (ACRAA), Manila, Philippines
Joint Venture with JCR- VIS Credit Rating Company Ltd. Pakistan
www.crislbd.com

CREDIT RATING REPORT On DHAKA INSURANCE LIMITED

REPORT: RR/7745/15

Address:
CRISL
Nakshi Homes
(4th & 5th Floor)
6/1A, Segunbagicha,
Dhaka-1000
Tel: 9530991-4
Fax: 88-02-9530995
Email:
crisldhk@crislbd.com

Analysts:
Md. Asiful Huq
asif@crislbd.com

Md. Zillur Rahman
zillur@crislbd.com

CPA Rating: A

Outlook: Stable

Rating :
Based on Financials up to December 31, 2014

DHAKA INSURANCE LIMITED

ACTIVITY
Non-Life Insurance

DATE OF INCORPORATION
January 4, 2000

COMMENCEMENT OF BUSINESS
January 4, 2000

CHAIRMAN
Mrs. Hamida Rahman

CHIEF EXECUTIVE OFFICER
A.Q.M Wazed Ali

EQUITY
Tk.670.90 Million

TOTAL ASSETS
Tk.1,425.57 Million

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's Claim Paying Ability Rating is valid for only one year from the date of rating. After the above period, the rating will not carry any validity unless the company goes for rating surveillance. ***CRISL followed Insurance Rating Methodology published in CRISL website www.crislbd.com***

	Claim Paying Ability
CPA Rating	A
Outlook	Stable
Date of Rating: October 29, 2015	**Valid up to: October 28, 2016**

1.0 RATIONALE

CRISL has reaffirmed the Claim Paying Ability (CPA) rating of Dhaka Insurance Limited (DIL) to 'A' (pronounced as single A) based on the financials up to December 31, 2014 and other relevant qualitative and quantitative information up-to the date of rating. The above rating reflects DIL's good underwriting performance, average solvency and sound liquidity, good fixed asset investment, experienced management team etc.

DIL sources significant business from renowned group of companies. The company continues to deliver improved services taking due care of the compliance requirements with good underwriting and financial performance. Based on the financial statement of 2014, its underwriting profit rose to Tk.86.49 million from Tk.82.11 million in 2013. With the same token, gross profit margin and net profit margin have been found to be good and moved upward to 75.09% and 38.72% in 2014 from 73.25% and 37.48% in 2013 respectively. However, Profit after Tax (PAT) moved downward to Tk.68.91 million from Tk.83.88 million during the above periods respectively. CRISL views DIL's investment strategy is diversified having around 80% of its funds remaining in cash and deployed in fixed deposits as well as in fixed assets while rest 20% in capital market.

The capital base of the company stood at Tk.375.00 million, a bit below from regulatory minimum level of Tk.400.00 million, however, above capital base stood at Tk.401.25 million as on September 30, 2015. The company has significant investment in fixed asset of Tk.318.66 million on 37.50 decimal land at Purana Paltan Line and Wari, Dhaka. Moreover, DIL is constructing 17 storied tower for its Corporate office at Purana Paltan Line, Dhaka and has already invested Tk.96.28 million in 2014 which has enhanced its overall solvency and investment quality.

On the other hand, DIL faces challenges from low business income and market share, decline some profitability indicators, low Internal Capital Generation Ratio (ICGR), consecutive underwriting loss in miscellaneous segment due to high management expense; however, reduction of above expense will enhance its overall performance. CRISL expects the company to continue to adopt a prudent underwriting approach, improve business and underwriting performance in miscellaneous segment.

CPA rated in this category is adjudged to offer high claim paying ability. Protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions.

CRISL also views the company with "Stable Outlook" from the industry viewpoint for overall industry growth and policy and regulations implicated by regulatory authority as well as new Insurance Act. CRISL believes that the company will be able to maintain its fundamentals in foreseeable future.

For President & CEO
Sarwat Amina
Executive Vice President
Credit Rating Information and Services Ltd.