

## IPO Details

Sikder Insurance Company Limited (SICL) will raise BDT 160.0 Mn (USD 1.45 Mn) through Initial Public Offering (IPO) under fixed price method. The fund will be used for investing in FDR, capital market, floor purchase, and covering IPO expenses.

General Public would be allowed to subscribe BDT 10,000 (USD 90.9), subject to maintaining minimum capital market investment of BDT 50,000 (USD 454.5). Under "Institutional" quota, eligible investors (EI) would have to maintain a minimum capital market investment of (i) BDT 15.0 Mn (USD 0.14 Mn) for approved pension funds, recognized provident funds and approved gratuity funds; and (ii) BDT 30.0 Mn (USD 0.27 Mn) for other EIs. The cut-off date for minimum investment is Dec 13, 2023.

The breakdown of the IPO proceeds is shown below:

Use of IPO	Mn USD	Mn BDT	% of Proceed
Investment in FDR	0.36	40.0	25.00%
Investment in Shares	0.44	48.0	30.00%
Floor Purchase	0.55	60.9	38.04%
IPO Expenses	0.10	11.1	6.96%
<b>Total</b>	<b>1.45</b>	<b>160.0</b>	<b>100.0%</b>

## Company Brief

Sikder Insurance commenced its operations on July 29, 2013. The insurer has 27 branches across the nation, offering a wide variety of services including Fire insurance, Marine & Marine Hull Insurance, Motor Insurance, and Miscellaneous Insurance.

## Competitive landscape

Currently, 46 non-life insurance companies are operating in Bangladesh. In 2022, non-life insurance segment constituted ~32.2% of the overall insurance market in terms of gross premium. Based on last two years of gross premium, the following listed companies are comparable peers of SICL: Agrani Insurance, Desh General Insurance, and Purabi General Insurance. Based on gross premium, SICL held 0.58% share of the non-life insurance market in 2021.

## Industry Outlook

According to Insurance Development and Regulatory Authority (IDRA), gross premium collection in the non-life insurance industry was BDT 46.2 Bn in 2022 (2021: BDT 42.5 Bn). Per capita insurance premium in Bangladesh was USD 12.0 in 2022, while insurance penetration (in terms of GDP) was 0.4%. This indicates the sector has scope to grow further considering the expected rise in per capita income and higher awareness of the benefits of insurance.

## Ownership Structure

The company is a family-owned business of the Sikder group. Sponsors and Directors currently own 100.0% of the pre-IPO shares, which in post-IPO would stand at 60.0%.

## Product details & Brand Identity

SICL provides several services in the following categories: 1) Fire, 2) Marine and Marine Hull, 3) Motor, and 4) Miscellaneous.

## Financial Performance

Net premium of SICL expanded by 70.6% YoY in 2022, reaching BDT 202.4 Mn. However, net premium expanded at 5-yr CAGR of 8.0% during 2018-2022. SICL's income-generating assets in terms of total assets in 2022 are as follows: cash and cash equivalents (10.5%), investment in shares (72.8%), and

## IPO Summary

DSE Ticker	SICL
IPO Proceeds	(Mn BDT) 160.0
New Shares Issued	(Mn) 16.0
Pre- IPO No. of Shares	(Mn) 24.0
Post IPO No. of Shares	(Mn) 40.0
Pre-IPO Paid-up Capital	(Mn BDT) 240.0
Post-IPO Paid-up Capital	(Mn BDT) 400.0
Face Value	(BDT) 10.0
Accounting Year End	December
Auditor	G. Kibria & Co
Issue Manager and Underwriter	Sonar Bangla Capital Management Limited
Sector	General Insurance
GICS Mapping	40301040

## Income Statement

Mn BDT	2018A	2019A	2020A	2021A	2022A
<b>Income from Rev. A/C</b>	<b>6</b>	<b>19</b>	<b>-11</b>	<b>39</b>	<b>34</b>
Fire Insurance	-7	-3	-35	11	88
Marine Insurance	2	15	18	24	16
Motor Insurance	7	5	10	7	4
Misc. Insurance	4	3	-4	-3	-74
<b>Interest &amp; Other Income</b>	<b>16</b>	<b>15</b>	<b>88</b>	<b>14</b>	<b>13</b>
<b>Total Income</b>	<b>22</b>	<b>35</b>	<b>77</b>	<b>53</b>	<b>47</b>
Management Expenses	11	11	9	7	8
<b>Profit Before Tax</b>	<b>10</b>	<b>23</b>	<b>65</b>	<b>44</b>	<b>37</b>
<b>Profit After tax</b>	<b>8</b>	<b>18</b>	<b>50</b>	<b>29</b>	<b>29</b>
Pre-IPO EPS	0.34	0.73	2.09	1.19	1.22
Post IPO EPS	0.20	0.44	1.25	0.72	0.73

## Balance Sheet

Mn BDT	2018A	2019A	2020A	2021A	2022A
<b>Shareholders' Equity</b>	<b>474</b>	<b>445</b>	<b>398</b>	<b>546</b>	<b>690</b>
Paid-up Capital	240	240	240	240	240
Reserve/Contingency A/C	234	205	158	306	450
<b>Total Liabilities</b>	<b>1,068</b>	<b>1,069</b>	<b>1,087</b>	<b>1,017</b>	<b>1,123</b>
Balance of Funds & A/C	62	51	43	47	81
Due to other Insurances	12	15	12	12	42
Estimated claims	36	45	96	98	132
Provision for Taxation	5	11	25	38	46
<b>Non-Current Assets</b>	<b>1,265</b>	<b>1,211</b>	<b>1,150</b>	<b>1,264</b>	<b>1,415</b>
Fixed Assets	20	18	25	21	19
Investment in Share	1,220	1,168	1,060	1,192	1,320
<b>Current Assets</b>	<b>277</b>	<b>303</b>	<b>335</b>	<b>298</b>	<b>398</b>
Due from other Insurances	30	35	35	33	129
Sundry Debtors	20	39	75	65	71
Cash	222	222	221	197	190
<b>Total Assets</b>	<b>1,542</b>	<b>1,514</b>	<b>1,485</b>	<b>1,563</b>	<b>1,813</b>
Pre-IPO NAVPS	19.8	18.5	16.6	22.7	28.7
Post IPO NAVPS	11.9	11.1	9.9	13.6	17.2

## Cash Flow Statement

Mn BDT	2018A	2019A	2020A	2021A	2022A
Operating Activities	49	14	87	65	54
Investing Activities	-293	-2	-13	-1	-2
Financing Activities	289	-12	-75	-88	-59
<b>Net Cash Flows</b>	<b>45</b>	<b>-0</b>	<b>-1</b>	<b>-24</b>	<b>-6</b>

investment in treasury bond (1.4%). Note, SICL has invested BDT 1.07 Bn in National Bank Ltd. (4.94% of total shares), which is also under the control of Sikder family. The market value of the investment stood at BDT 1.32 Bn at the end of 2022. Additionally, the insurer has BDT 676 Mn in loans outstanding (from sister concerns) in 2022, which represented 37.3% of total assets.

The following table provides a breakdown of product-wise net premium collection over the past three years.

(Figures in BDT Mn)

Product Segment	2020	2021	2022
Fire	53	24	28
Marine Cargo	26	59	136
Marine Hull	0	0	0
Motor	12	9	13
Miscellaneous	16	28	26

### Pricing

Pre-IPO EPS in 2022 was BDT 1.22, whereas post-IPO EPS would be BDT 0.73. Pre-IPO NAVPS was BDT 28.73 in 2022, whereas post-IPO NAVPS would stand at BDT 17.24. Offer price per share is BDT 10.00, implying a **Pre-IPO P/E of 8.2x and Pre-IPO P/NAV of 0.35x**.

### Lock-in requirements

Lock-in period is 3 years for directors and sponsors, who hold 60.0% of post-IPO shares. IPO shares offered to the employees (6.0% of post-IPO) are subject to a lock-in period of 2 years.

### Listing Conditions

SICL shall not declare or distribute any dividend/bonus shares before listing with any Exchange from the date of consent and shall not increase its paid-up capital through issuance of stock dividend for next four years from the first trading day at the exchanges.

### ESG Footprints:

#### Environment Footprints:

No such reporting is provided yet.

#### Social Footprints

No such reporting is provided yet.

#### Corporate Governance

The board of Sikder Insurance consists of 10 members, among them, 6 hails from the Sikder family, and 2 are independent directors. Professional qualification of the two independent directors are not available. Among the directors, Mohtasim Billah Khan is one of the individual owners of NBL Capital & Equity Management Ltd., while Salah Uddin Khan is also a director of HNS Developer, JM Builders Limited, and founder of JM Filling Station.

**Once listed, Sikder Insurance would trade in the main board of DSE & CSE under 'N' category.**

### Ratios

Particulars	2018A	2019A	2020A	2021A	2022A
Market share (Net premium)	0.94%	0.67%	0.57%	0.58%	0.87%
Current ratio (x)	2.92	2.53	1.85	1.43	1.26
Net Premium to Gross Premium	--	--	36.2%	39.6%	59.0%
Management expense to Net Premium	67.5%	78.4%	74.6%	71.0%	54.0%
Net Claims to Net premium	16.9%	10.2%	52.2%	2.6%	18.1%
Agency commission to Net Premium	21.6%	22.8%	14.3%	5.8%	18.3%
Underwriting profit to Net premium	3.7%	15.4%	-10.3%	32.6%	16.8%
Return on equity	1.4%	3.8%	11.9%	6.1%	4.7%
Return on assets	0.5%	1.1%	3.3%	1.9%	1.7%

\* Market Share (Net Premium) calculation excludes Sadharan Bima (SBC)

\*\* 2022 Market share is based on unaudited figures from IDRA

### Comparable and Trading Multiples

DSE Ticker	Market Cap (BDT Mn)	TTM Earnings (BDT Mn)	Latest NAV (BDT Mn)	P/E (x)	P/NAV (x)
AGRANINS	1,267	63	656	19.8x	1.9x
DGIC	1,324	38	475	34.1x	2.8x
GLOBALINS	1,322	55	543	24.1x	2.4x
JANATAINS	1,571	62	688	25.2x	2.3x
MEGHNAINS	1,396	93	577	15.0x	2.4x
PURABIGEN	1,531	66	798	23.3x	1.9x

### Shareholding Details

Name	Position	No. of shares (Mn)	Pre-IPO share-holding	Post-IPO share-holding
Mohtasim Billah Khan	Director	0.80	3.3%	2.0%
Salah Uddin Khan	Director	0.80	3.3%	2.0%
Nasim Sikder	Chairperson	2.40	10.0%	6.0%
Lisa Fatema Haque Sikder	Director	1.92	8.0%	4.8%
Monica Sikder Khan	Director	1.60	6.7%	4.0%
Jonas Sikder Khan	Director	1.60	6.7%	4.0%
Jeffrey Khan Sikder	Director	1.60	6.7%	4.0%
Mandy Khan Sikder	Director	1.60	6.7%	4.0%
Mamtazul Haque Sikder	Shareholder	2.00	8.3%	5.0%
Dipu Haque	Shareholder	2.00	8.3%	5.0%
Sean Haque Sikder	Shareholder	1.92	8.0%	4.8%
John Haque Sikder	Shareholder	1.92	8.0%	4.8%
Rick Haque Sikder	Shareholder	1.92	8.0%	4.8%
Ron Haque Sikder	Shareholder	1.92	8.0%	4.8%

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