PROGRESSIVE INSURANCE COMPANY LTD.

PRIC/CEO/2019 026
April 30, 2019

PAKISTAN STOCK EXCHANGE LIMITED
RECEIVED
9352
KARACHI

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: Dues against Annual Listing Fee, SECP Supervisory Fee and removal of suspension of Trading of PRIC shares in PSX

Dear Sir,

With reference to your letter dated April 1, 2019 under your reference no. PSX/Gen-1418 on the subject cited above.

Please find enclosed cheaques of Rs.541, 626/- and Rs.15, 000/- on account of outstanding annual listing fee and SECP supervisory fee respectively from 2009/till 2019.

You are requested to waive off the surcharge on late fee, if there is any, as the company was dormant.

We are pleased to inform you that we have complied all the default of PSX regulations such as 5.11.1(c)(d)(e) relating to non-holding of AGM, non-submission of Annual Audited Accounts and non-payment of dues of the Exchange. In this regards, you are requested to remove our company from defaulter segment and restore the trading of our company shares in PSX, as soon as possible, so that we can issue right shares to raise our capital as required by S.E.C.P.

As requested by you we are also enclosing the Business Plan of the Company.

We hope that you would be kind enough to put the company on Active Trading as soon as possible, and remove it from the defaulter segment.

Thanking you in anticipation.

Yours Sincerely,

Syed Sabur Rehman
Chief Executive Officer

502, Park Avenue, 24-A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75350, Pakistan.
PABX: (+92 21) 34551045, 34553146, 34326777 Fax : (+92 21) 34520655
E-mail : info@progressivesgroup.com Website : www.progressivesgroup.com

PROGRESSIVE INSURANCE COMPANY LIMITED

BUSSINESS PLAN

2019-2023

TABLE OF CONTENTS

REGISTERED NAME

Progressive Insurance Company, The Company is registered with Securities & Exchange Commission of Pakistan.

Summary

This Business plan is made for the revival of Progressive Insurance Company Ltd. A Company listed on the Pakistan Stock Exchange. The Company was de-listed by the Pakistan Stock Exchange, due to non compliance of certain requirements.

Two years ago the sponsors decided to reactivate the Company, and have fulfilled all the requirements of Securities & Exchange Commission of Pakistan.

The Company has requested the Pakistan Stock Exchange to put it back on active trading list, so that further right shares of approximately Three Hundred and Sixty Million Rupees will be issued to enhance the Capital requirement of Securities & Exchange Commission of Pakistan.

The Sponsors have already injected rupees Ten Million given as a loan to the company which is interest free loan to the Company to pay dues of Securities & Exchange Commission of Pakistan, Pakistan Stock Exchange and other outstanding payments...

This Business Plan is made on conservative calculations.

Identify.

- Profitable and low Risk insurance business specially Marine and Travel Insurance policy.
- Develop a profitable property portfolio generating income by investing the surplus funds in high yield treasury bills after giving the dividends to our shareholders.
- Provide small business with affordable insurance business package for fire and theft. Safe health cover to the youth and middle aged persons.
- Formulate plans to have good brokerage agents where the company does not have its offices.
- Investigate new markets, providing and introducing new products in the insurance sector.

Our goals are:

- To re-establish Progressive Insurance as the market leader in personalized service and value-priced insurance products.

- Establish good working relationships with our past insurers.

- Investigate new markets that meet our marketing criteria providing products suitable to our economic and social climate; and insurance policies.

- Provide sales incentives to our staff to meet their sales goals.

Progressive Insurance is dedicated to providing insurance products that provide quality protection with value pricing. We wish to establish a successful partnership with our clients, our staff members, companies, that respect the interests and goals of each party.

Success will be measured by our clients choosing us because of their belief in our ability to meet or exceed their expectations of price, service, and expertise.

In order to implement our strategic goals, we will focus on developing the following tools.

1. Knowledgeable, friendly staff that can empathies with our consumers needs and circumstances, especially in handling a loss.

2. Policies that meet or exceed the expectations of our clients, and that are affordable and understandable.

3. Policies and endorsements delivered on time.

4. A commitment to an annual insurance review for all of our clients. We believe in personal contact and service will be the cornerstone of our success.

Vision & Mission Statement

Progressive Insurance Company Limited will be striving hard to provide its clients with the highest quality insurance available to the people within its target market.

To strengthen the roots of the company, lifting it way past other companies to standout and emerge as one of the leading Insurance Companies of Pakistan.

To grow as a professional and trusted business entity with the objective to play a leading role in the progress of insurance industry and to provide cost effective risk management solutions to its policy-holders/ participants through highest level of quality and safeguard interest of the policy holders, shares holders, re-insurance, business associate's partners as a whole.

Management Team

The Company is seeking for highly skilled employees that have more than 10 years of experience in the insurance field. Through there expertise, we will be able to bring enough premium for the operations of the business and profitability within its first year of operations.

We will stress to our insured client the importance of good communication. We will inform about insurance that our clients wishing in-depth discussions about their policy and how they can get the most value for their money spent on insurance policy.

Competitive Comparison

Our company's strength lies in the quality and depth of our products. We will have a call center open twenty four hours to help and guide them and give the best possible quotation.

Customer Profile

Progressive Insurance Company's average client will be small medium and large companies and individuals.

- Our main goal will be to convince and attract people to have their property insured.

- Presently the housing sector is under performed in the property insurance and house contents.

- The scope is tremendous and we need to educate people to have insurance against, fire & theft.

For this there will be a marketing plan.

Marketing Plan

Progressive Insurance Company intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market.

Marketing Strategies

At the onset of operations, Progressive Insurance Company intends to develop/expand its referral network from local accountants, advocate, and real estate brokerages that will continually refer its customers to Progressive Insurance Company.

Additionally, Management expects that local word-of-mouth referrals will also be an immense asset to the business as the Company expands its market reach into other areas of the target market. The business will also develop numerous relationships with local businesses and professional organizations. Management will also focus on developing the business name within the community by sponsoring a number of local events and remain active in the community.

Progressive Insurance Company will also advertise via the Internet and through traditional print media for the local markets. This strategy will include television advertising, local and National newspapers.

Strategy and Implementation Summary

Build an Insurance Partnership.

The customer does not want to shop every year for a new company. We will concentrate on building a long term relationship with our customers and make the client and our staff appreciates the value of a long-term relationship.

Focus on target markets. We will focus on personal and business customers that we identify and select to insure, make our brand that customers choose us.

Pricing

Customers are especially sensitive to value. We will ensure that our price and service are perceived to be good value to our client.

We will offer several payment options to our clients that are convenient to the client, not just to the company.

Example - payment on insured's preferred day of month, and accepting payment by credit or debit card.

Since many insured are on a fixed income and receive their income on a set day of each month or a paycheck on a particular day. We will give them three days of free insurance as grace period.

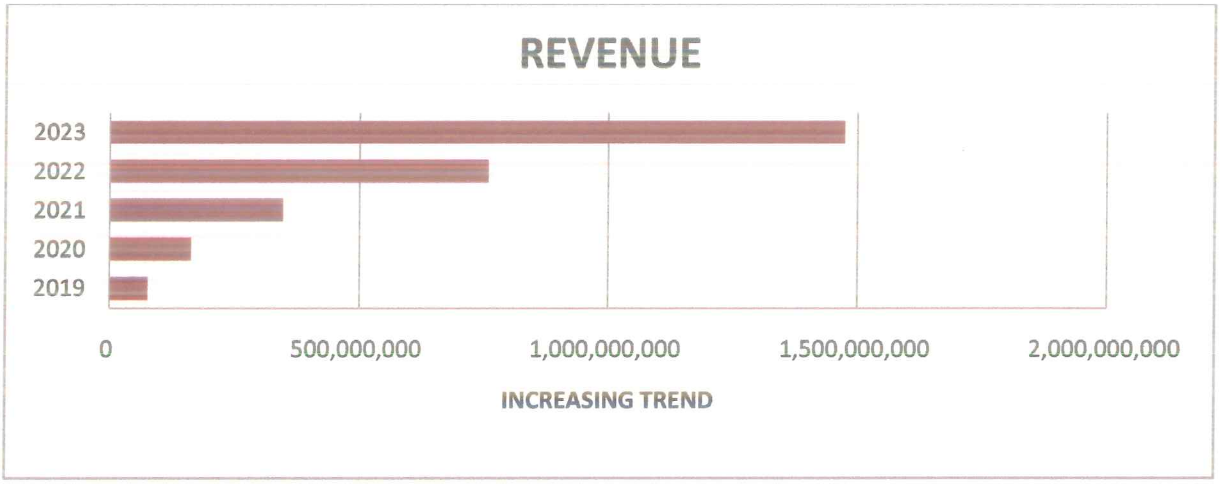
We are seeing our commercial markets now moving toward basic coverage and limiting the "bells and whistles," all-risk products available to only those clients who have modern, well-managed, profitable, low-risk operations. This should help stabilize pricing and, even more important, ensure that there is an insurance market available for most risks. Continued insistence by the industry on better protection, i.e. fire and burglar alarms, upgrading of buildings, etc, have started to lower loss ratios, we will ensure that the middle class gets burglar alarms and fire extinguishers at subsidized rates.

Organizational Plan and Personnel Summary

Corporate Organization

Sales Forecasts

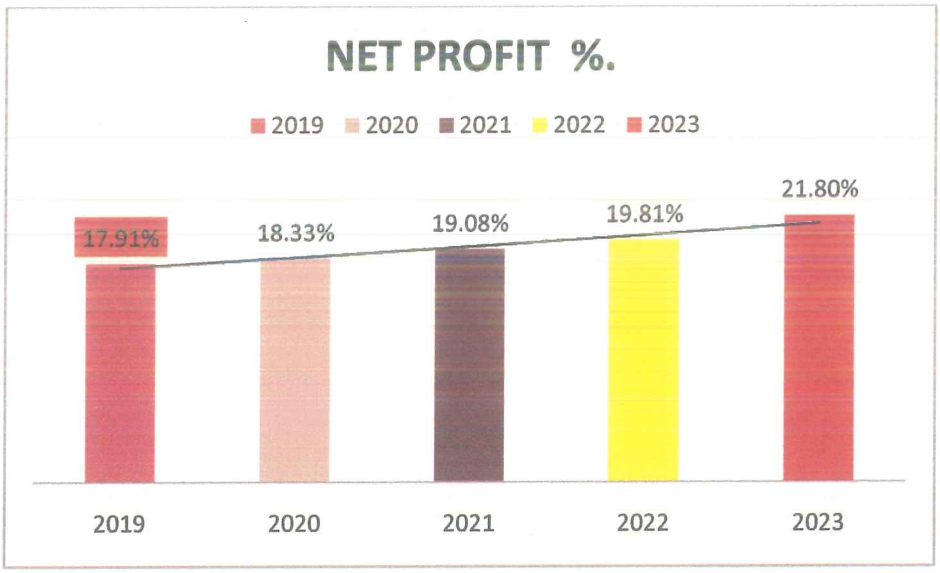
The Company and its management expect a strong rate of growth at the start of operations. Below is the expected revenue for the next 5 years.



	2019	2020	2021	2022	2023
REVENUE	75,985,956	161,998,337	345,888,587	759,855,458	1,473,976,984

Gross Profit Analysis

Net Profit Analysis



PROJECTED BALANCE SHEET

PROGRESSIVE INSURANCE

Annexure 1

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER

Amounts in PKR Rupees

ASSETS	2019	2020	2021	2022	2023
Non - current assets					
Tangible Assets	505,927,883	546,373,674	594,619,464	727,310,255	1,073,185,255
Investment in securities	4,171,384	4,220,820	16,743,642	20,225,594	22,221,886
Investment in properties	9,285,785	12,968,689	13,656,586	15,458,455	25,656,256
	519,385,051	**563,563,183**	**625,019,692**	**762,994,304**	**1,121,063,397**
Current assets					
Insurance/ Reinsurance receivables	23,118,803	21,950,496	46,389,867	100,377,889	156,242,235
Prepayment	1,000,048	2,500,102	3,526,620	4,856,550	8,989,560
Loan and other Receivables	2,235,878	503,684	895,986	1,254,553	1,885,856
Cash and cash equivalents	6,174,782	5,662,923	(1,492,131)	(20,827,706)	(156,276,166)
	32,529,511	**30,617,205**	**49,320,342**	**85,661,286**	**10,841,486**
TOTAL ASSETS	**551,914,562**	**594,180,387**	**674,340,033**	**848,655,590**	**1,131,904,883**
EQUITY AND LIABILITIES					
Share Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Deposit from Sponsor	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Retained earnings	9,526,788	30,316,676	76,523,355	181,913,271	376,424,445
Unrealized gain on investment	1,649,169	3,655,859	4,525,420	7,160,870	9,926,720
Total equity	**525,175,956**	**547,972,534**	**595,048,775**	**703,074,141**	**900,351,165**
Current & Non-current Liabilities					
Insurance/ Reinsurance Payables	5,594,806	16,761,921	46,941,161	103,561,711	183,494,603
Unearned Premium Reserves	643,800	587,852	835,058	989,658	998,955
Strategic finance facility	20,000,000	28,000,000	30,000,000	40,000,000	45,000,000
Other non current liabilities	500,000	858,080	1,515,040	1,030,080	2,060,160
Total current & non-current liabilities	**26,738,606**	**46,207,853**	**79,291,259**	**145,581,449**	**231,553,718**
TOTAL EQUITY AND LIABILITIES	**551,914,562**	**594,180,387**	**674,340,033**	**848,655,590**	**1,131,904,883**

BUSINESS RATIOS

PROGRESSIVE INSURANCE COMPANY

	2019	2020	2021	2022	2023
NET PROFIT RATIO	12.54%	12.83%	13.36%	13.87%	14.58%
GROSS PROFIT RATIO	18.67%	18.98%	19.63%	20.35%	21.27%
CURRENT RATIO	5.21	1.76	1.03	0.82	0.06
DEBT EQUITY RATIO	0.05	0.08	0.13	0.21	0.26
RETURN ON EQUITY	3%	5%	11%	21%	31%
ORDINARY SHARE CAPITAL / TOTAL ASSETS	0.95	0.92	0.88	0.83	0.80
TOTAL LIABILITIES / TOTAL ASSETS	0.048447	0.077767	0.117583	0.171544	0.20457

PROFIT AND LOSS STATEMENTS

PROGRESSIVE INSURANCE COMPANY LTD.

Annexure 2

Amounts in PKR Rupees

	2019	2020	2021	2022	2023
Net insurance premium	75,985,956	161,998,337	345,888,587	759,855,458	1,333,643,889
Net insurance claims	(32,547,685)	(66,132,351)	(139,132,140)	(312,334,414)	(563,106,708)
Net commission and other acquisition costs	(2,659,508)	(5,183,947)	(10,895,490)	(23,175,591)	(46,810,900)
Insurance claims and acquisition expenses	**(35,207,193)**	**(71,316,298)**	**(150,027,630)**	**(335,510,006)**	**(609,917,608)**
Management expenses	(26,595,085)	(59,939,385)	(127,978,777)	(269,748,688)	(440,102,483)
Underwriting results	**14,183,678**	**30,742,655**	**67,882,180**	**154,596,765**	**283,623,797**
	18.666%	18.977%	19.625%	20.346%	21.267%
Rental income	928,579	1,296,869	1,365,659	1,545,846	2,565,626
Other income	75,986	161,998	345,889	759,855	1,333,644
Other expenses	(398,546)	(849,681)	(1,814,186)	(3,985,442)	(6,994,962)
Results of operating activities	**606,018**	**609,186**	**(102,638)**	**(1,679,741)**	**(3,095,693)**
Finance cost	(1,180,000)	(1,652,000)	(1,770,000)	(2,360,000)	(2,655,000)
Profit before tax	**13,609,697**	**29,699,841**	**66,009,541**	**150,557,024**	**277,873,105**
Income tax expense	(4,082,909)	(8,909,952)	(19,802,862)	(45,167,107)	(83,361,931)
Total Profit for the Period / Year after tax	**9,526,788**	**20,789,888**	**46,206,679**	**105,389,917**	**194,511,173**
Net Profit %	*12.54%*	*12.83%*	*13.36%*	*13.87%*	*14.58%*

PROGRESSIVE INSURANCE

STATEMENT OF CASH FLOWS

Annexure 3

Amounts in PKR Rupees

		2019	2020	2021	2022	2023
CASH FLOW FROM OPERATING ACTIVITIES						
Total profit for the year/period		**9,526,788**	**20,789,888**	**46,206,679**	**105,389,917**	**194,511,173**
Adjustments for:						
Depreciation		56,214,209	66,954,209	79,754,209	103,359,209	89,825,000
Unrealized gain on investment		1,649,169	2,006,690	869,562	2,635,450	2,765,850
Operating loss before working capital changes		**67,390,165**	**89,750,788**	**126,830,449**	**211,384,576**	**287,102,023**
Increase /(Decrease) in working capital						
Income Tax Paid		(344,500)	(454,600)	(520,000)	(609,000)	(780,500)
Rent Received		473,500	504,200	540,000	668,000	861,000
Commission paid		(129,000)	(49,600)	(20,000)	(59,000)	(80,500)
(Increase) in Insurance and reinsurance receivables		(23,118,803)	1,168,307	(24,439,371)	(53,988,022)	(55,864,347)
Decrease/(Increase) in Prepayment		(1,000,048)	(1,500,054)	(1,026,518)	(1,329,930)	(4,133,010)
Decrease/(Increase) in loans and Other receivables		(2,235,878)	1,732,194	(392,302)	(358,567)	(631,303)
Increase in accruals and other payables		5,594,806	11,167,115	30,179,240	56,620,550	79,932,893
Increase in Unearned Premium reserves		643,800	(55,948)	247,206	154,600	9,297
(Decrease)/ Increase in other current liabilities		500,000	358,080	656,960	(484,960)	1,030,080
Net cash flows from operating activities	(i)	**47,774,042**	**102,620,482**	**132,055,665**	**211,998,247**	**307,445,633**
CASH FLOW FROM INVESTING ACTIVITIES						
Additions to Vehicles and equipment		(562,142,092)	(107,400,000)	(128,000,000)	(236,050,000)	(435,700,000)
Additions to investments		(9,285,785)	(3,682,904)	(687,897)	(1,801,869)	(10,197,801)
Net cash (used) in investing activities	(ii)	**(571,427,877)**	**(111,082,904)**	**(128,687,897)**	**(237,851,869)**	**(445,897,801)**

CASH FLOW FROM FINANCING ACTIVITIES					
Increase in investment	(4,171,384)	(49,437)	(12,522,822)	(3,481,953)	(1,996,292)
Capital introduced during the year/period	500,000,000	-	-	-	-
Deposit for capital (transferred)/ introduced	14,000,000	-	-	-	-
Strategic finance facility	20,000,000	8,000,000	2,000,000	10,000,000	5,000,000
Net (withdrawals)/introduced during the year/period	-	-	-	-	-
Net cash provided in fin (iii)	**529,828,617**	**7,950,564**	**(10,522,822)**	**6,518,048**	**3,003,708**
Net increase in cash and c (i+ii+iii)	6,174,782	(511,859)	(7,155,054)	(19,335,575)	(135,448,460)
Cash and cash equivalents at the beginning of the period	-	**6,174,782**	**5,662,923**	**(1,492,131)**	**(20,827,706)**
Cash and cash equivalents at the end of the period,	**6,174,782**	**5,662,923**	**(1,492,131)**	**(20,827,706)**	**(156,276,166)**

Cash and cash equivalents at the end of the period comprises of:

Cash and cash equivalents	6,174,782	5,662,923	(1,492,131)	(20,827,706)	(156,276,166)
	6,174,782	**5,662,923**	**(1,492,131)**	**(20,827,706)**	**(156,276,166)**