

► Directors' Report

Early part of 2022, the economy returning to normalcy, the crisis in Ukraine dampened the prospects of a post-pandemic recovery.

The Directors have the pleasure of presenting to the members their annual report together with the audited financial statements of the Company for the year ended on December 31, 2022.

This report has been prepared in compliance with the Section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.

Principal Activities

The principal activities of the Company continued to be the manufacturing and marketing of home appliances, consumer electronics and furniture on cash, credit as well as other financial services available to qualified customers.

Management Discussion and Analysis of Business

The past two years have been marked by significant macroeconomic challenges, primarily due to the COVID-19 outbreak and its spillover effects. While the early part of 2022 had seen the economy regaining some stability and returning to normal operations, the crisis in Ukraine had a limiting effect on trade opportunities in the region, which could have further indirect and direct implications for the Bangladesh Economy.

The home appliances industry was also been impacted by global supply chain disruptions, freight hikes, taka devaluation against the US dollar, energy crises, and price hikes of essential commodities. Consequently, the Company marginally shifted the increased costs to consumers, given the price sensitivity of the consumer

durables category. Sales decreased in quantity, with consumers only purchasing products that were deemed necessary due to the lingering uncertainty. The decline in exports and imports was anticipated to decrease consumption and investment demand, with increased costs of international trade affecting industries that relied on cross-border supply chains.

Despite these adversities, the Company achieved a revenue of Tk. 17.1 billion, 8.1% higher than the previous year. However, the operating profit was Tk. 943 million, 26.9% lower than the previous year, while the net profit before tax was Tk. 378 million, 56.8% lower than the previous year.

The Management Discussion and Analysis by the Managing Director and the Chief Executive Officer on page 24 provides further details on the Company's affairs and highlights important events that occurred during the year. The Financial Review on pages 62 to 65 elaborates on the financial results of the Company. These reports are an integral part of the Directors' Report.

Property, Plant, and Equipment

During the year under review, the Company invested a sum of 585.4 million as regular addition in property, plant, and equipment. Movement in properties, plants and equipment during the year is disclosed under note 3 and Annexure-1 of the Financial Statements.

Market Value of Freehold Properties

Freehold lands and buildings of the Company were revalued by an

Independent Assessor and the results are reflected in our Financial Statements. The appreciation in value was been credited to the revaluation reserve, after deducting taxes in accordance with IFRS regulations.

The last valuation was carried out on December 31, 2022, and the Board of Directors approved the valuation report on the valuation of properties (freehold land and building). The revaluation surplus amounted to Tk. 135 million. The details of the valuation are available in the Auditors' Report on page 92 and Note 12.1 to the Financial Statements.

The objective of this valuation was to determine the fair value of the Company's properties in the financial statements for the year ended December 31, 2022.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for financial statements is given on page 67 of this report.

Corporate and Financial Reporting Framework

in accordance with the Bangladesh Securities and Exchange Commission's Corporate Governance Code 2018, the Board of Directors is pleased to confirm the following:

Industry Outlook and Possible Future Development

The household appliances market is highly competitive and price sensitive. In addition to the typical

Demonstration of Compliance

Statutory Auditors

Report Reflects a Clean Audit Outlook

Corporate Governance Compliance Auditors

Governance of the Company is Highly Satisfactory

Credit Rating

Achieved AAA+ Rating in long term and ECRL-1 for the Short Term Credit Ratings

business competition, the after effects of the coronavirus pandemic, the global crisis caused by the Ukraine war, global supply chain disruption, freight hikes, taka devaluation in terms of US Dollars, energy crisis, and price hikes of essential commodities created significant challenges with repercussions on the economy.

Apart from these challenges, Singer maintained its position as a leader in the industry by providing high-quality products at competitive prices and a wide range of after-sales services, taking advantage of growth opportunities in sales challenges in 2022.

Despite the uncertainty in the global economy, the government of Bangladesh was been making sincere endeavors to restore economic activities and went for different stimulus packages which would certainly help the industry to minimize the loss during the pandemic. We hope that the situation will return to normalcy in 2023 and thereby sales, as well as profitability in the post-pandemic era will be adequate.

Despite the challenges posed by the COVID-19 pandemic, the GDP of Bangladesh demonstrated sustained growth over the years, with an average rate of 7% in the recent years. In fact, during the last three years, the pandemic period, the country's average GDP rate remained above 6%, above the economic growth rates of the South Asian nations. These figures suggest that the economy is not only rebounding to pre-pandemic levels but is also poised to exceed them. The

International Monetary Fund (IMF) has projected a GDP growth rate of 6% for Bangladesh in the current fiscal year 2023.

Although the penetration levels of most the consumer durables in Bangladesh are currently low, the country's transition from a Least Developed Country to a Developing Country is expected to drive demand for such products and thus will have a positive impact on modern living, benefiting Singer products. Additionally, Bangladesh's young and expanding population, of which only 15% belongs to the affluent middle-class segment, is projected to triple by 2025, offering a sizable market for durables that offer convenience and luxury.

Moreover, Bangladesh's achievement of 99% electricity coverage, making it one of the few countries in South Asia to do so, is expected to accelerate the demand for consumer durables in the near future. As the population, electrification, and urbanization continue to grow, they are expected to enhance people's income levels,

thereby boosting their purchasing power. With our extensive presence throughout the country, we believe we are well-positioned to benefit from these growth opportunities. As a long-standing player in the home appliances sector, we are confident in our ability to leverage the country's 99% electricity coverage in 2023 and beyond.

New state of art manufacturing facility

The Company took an investment initiative of 78 million US dollars in the Singer's new manufacturing facility. New manufacturing plant will be placed on 135,000 sqm land (35 acres) and this project will be a flagship execution of Bangladesh Special Economic Zone in terms of its design, construction and project planning. The facility will create employment opportunities for up to 4,000 people and also will develop local suppliers base who will cater to the industry in the future and thus imports will decrease in this sector. Singer's new state-of-the-art



▶ Directors' Report

manufacturing facility will be built according to the gold standards of LEED. Details of new project are available in the Management Discussion and Analysis on page 24.

However, the realization of these predictions depended on the duration of the pandemic and its spillover impact, as well as the resolution to the trade constraints stemming from the ongoing crisis in Ukraine. As there was no indication of a resolution to the crisis, there might be lingering uncertainty in the world economy, which could have both direct and indirect repercussions on the Economy of Bangladesh.

Segment Information

The segment information for the purpose of evaluating performance is presented in notes 38R to the Financial Statements in this report and is consistent with the total sales value. Products were sold through our own retail sales channels, such as Singer Mega, Singer Plus, and also through wholesale dealers (Singer Pro) as well as corporate sales channels.

Risk and Concern

Our business might also be affected by risks and uncertainties presently not known to us or that we currently believe those to be immaterial. However, the supply chain might pose some challenges if the health crisis in China persisted. Details of Risk Factors and the ways of determining how best we could handle such events are given on the Risk Management report on pages 54 to 56 of this report.

Margin Analysis

The cost of goods sold for the year 2022 was Tk. 13.2 billion and it was 12.4 % higher than that of the previous year. The gross profit margin was 23% for the year 2022 and the previous year's gross margin was 26%. The net profit margin for the year 2022 was 0.4%. Details are discussed in the Financial Review on page 62 of this report.

Extraordinary Events

During the period, the Company's profit after tax decreased to Taka 73 million from Taka 518 million in 2021, indicating a decline of 86% compared to the previous year. The primary reason for the decline was the aftermath of the

COVID-19 pandemic. Moreover, Russia's invasion of Ukraine dampened the prospects of a post-pandemic recovery, and economic activities remained subdued throughout the year due to the adverse impact of freight, energy, and food price shocks. These factors were further exacerbated by the significant depreciation of the Taka against the US Dollar, resulting in a substantial increase in import costs. The rise in logistic costs globally also put pressure on commodity prices.

In addition, the full-scale checking of imported refrigerator raw materials by customs, instead of sample checking and the incremental rentals of storage space had a further detrimental impact on the Company. Furthermore, the effective tax rate was much higher than the nominal tax rate due to the minimum tax provision of tax laws, which was mainly affected by the change in the sales mix between the trade goods and the produced goods, leading to a significant increase in the current tax provision.

Related Party Transaction

The Company did not engage in any Related Party Transaction that could potentially conflict with the interest of the Company as a whole. All transactions, contracts, or arrangements with related parties, as defined under IAS 24, that the Company entered into during the year were conducted in the normal course of business. Details of related party transactions along with the

rationale for the such transaction have been disclosed in note 33 on page 111 of the Financial Statements.

Variance within the Financial Year

There was no event of significant variance between quarterly financial performances during the year under review.

Fairness of Financial Statements

The Financial Statements and accompanying notes are in accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020. These statements accurately reflect the Company's financial conditions, operating results, cash flows and changes in equity.

As per the Bangladesh Securities and Exchange Commission's Corporate Governance Code 2018, the Chief Executive Officer and the Chief Financial Officer have provided their declarations affirming the accuracy and fairness of the Financial Statements which are shown on page 34 of the report.

Books of Accounts

Proper books of accounts of the Company were maintained.

Accounting Policies

Appropriate accounting policies were consistently applied in the preparation of the Financial Statements and the accounting estimates were based on reasonable and prudent judgment.



Application of IAS and IFRS

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in the preparation of the Financial Statements and any departure therefrom has been adequately disclosed.

Internal Control

The systems of internal controls were sound in design and were effectively implemented and monitored.

Shareholders Rights

The Company upholds the principle of equal shareholders' rights regardless of their shareholdings. Quarterly and half-yearly Financial Statements and annual reports are distributed to all shareholders and they are encouraged to attend the shareholders' meeting. During the Annual General Meeting, shareholders are invited to vote on the adoption of the Annual Financial Statements and the Directors' Report, the election of the Board members, the appointment of Auditors, the appointment of the Managing Director and other matters which require their participation.

Going Concern/Forward-Looking Statement

There are no significant doubts about the Company's ability to continue as a going concern. The Board of Directors has reviewed the Company's business plan and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on a Going Concern basis.

We are confident that we are in a prime position to generate stable returns and remain the industry leader, leveraging our strengths and outperforming our competitors. In 2022, we expected to roll out a new product range to cater to various segments in this emerging market.

Significant Deviations from the Last Year's Operating Result

The significant deviations from the last year in the operating results of the Company have been highlighted in the report and the reasons thereof have been duly explained.

Key Operating and Financial Data for the last Six Years

The key operating and financial data for the last six years are annexed on page 61.

Dividends

Dividend Distribution Policy

Pursuant to Bangladesh Securities and Exchange Commission directives, the Board adopted a Dividend Distribution Policy, which was placed on the website of the Company and also on page 66 of this report.

Declaration and payment of dividends

Based on the performance of the Company, the Board of Directors is pleased to recommend a cash dividend @ 10 % for the year 2022. The said dividend on shares outstanding is subject to the approval of the Shareholders at the ensuing Annual General Meeting scheduled to be held on Tuesday, April 11, 2023. Based on the approval the dividend will be distributed within 30 days after the Annual General Meeting.

No stock dividend has been recommended by the Board of Directors for the year 2022.

Unclaimed dividends

Details of outstanding and unclaimed dividends previously declared and

paid by the Company are shown on the page 124 of this report.

Bangladesh Secretarial Standards (BSS)

Bangladesh Secretarial Standards (BSS) issued by the Institute of Chartered Secretaries of Bangladesh (ICSB) were followed in conducting the meetings of the Board of Directors as well as those of its Committees, general meetings and also in keeping records.

Besides, the Company ensured compliance with all BSS published up to the reporting period to maintain transparency, accountability and good governance practices, thereby promoting trust and confidence among its stakeholders.

Pattern of Shareholding

The pattern of shareholding is provided on page 41.

Corporate Governance Compliance Report

Singer Bangladesh Limited strictly followed the good Corporate Governance principles outlined on pages 46 to 49 and complied with all Corporate Governance requirements required by the Bangladesh Securities and Exchange Commission. Corporate Governance Compliance Report is shown in Annexure-C of this report.

Additionally, to fulfill the requirements of the Corporate Governance Code

Financial Results and Appropriations

The Directors are pleased to report the financial results for the year 2022 and recommend the following appropriations:

Particulars	Taka in '000	
	2022	2021
Profit before taxation	378,143	875,925
Less: Provision for tax	305,035	357,451
Profit after tax	73,108	518,474
Add: Unappropriated profit brought forward	1,237,798	1,593,914
Adjustment for amalgamation	-	(262,581)
Other comprehensive income	(11,588)	(17,392)
Prior year's adjustment	2,992	3,599
Profit available for distribution	1,302,310	1,836,015
Less: Appropriations (Dividend)	99,703	598,217
Unappropriated profit C/F	1,202,607	1,237,798

Directors' Report

2018 issued by the Bangladesh Securities and Exchange Commission, Itrat Husain & Associates, Chartered Secretaries in Practice, issued the Corporate Governance Compliance Certificate which is shown on page 35 of this report.

Contribution to the National Exchequer

During the year under review, the Company paid Taka 5,848 million to the National Exchequer in the form of corporate income tax, customs duties, and value-added taxes.

Credit Rating

The Company achieved an AAA+ rating in the long term and ECRL-1 for the short term for maintaining a strong and stable outlook for consecutive nine years from Emerging Credit Rating Limited.

Reserves

The total Reserves of the Company stood at Tk. 689 million, details of which are given in Note 12 and the Statement of Changes in Equity in the Financial Statements.

Events subsequent to Balance Sheet

The Board of Directors in their meeting held on January 25, 2023, recommended 10% cash dividend for the year 2022.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to employees and the Government have been made up to date.

Share Information

The authorized capital was Taka 2,500,000,000 (two billion & five hundred million) and the paid-up capital was Taka 997,028,380 (nine hundred ninety seven million and twenty eight thousand three hundred eighty). The distribution of shareholding and market value of shares are given on page 125 of this report.

Earnings per share, dividend per share and net assets per share are shown in the Financial Highlights section on page 61 of the Annual Report.

Board of Directors

The Board of Directors of the Company possesses the essential qualifications as required by the BSEC Corporate Governance Code 2018. With outstanding academic backgrounds and extensive education, they possess the skills to make informed decisions that benefit the Company. Additionally, the Directors' extensive experience in their respective fields brings a high level of knowledge and expertise to the Boardroom. The Company's highly qualified and experienced Board of Directors ensures that it can effectively navigate the challenges of the current business landscape and seize opportunities for growth and development.

The brief profiles of all Directors including their directorship of other companies are provided in the section of "Board of Directors" of this report on the pages from 12 to 15.

Appointment of Independent Director

The tenure of Mr. Masud Khan, Independent Director of the Company will be completed on April 27, 2023. During his three-year tenure as a Member of the Board, as the Chairman of the Audit Committee and as a Member of NRC, Mr. Khan played a great role in exactly what the governance code and Board expected from an Independent Director. According to the recommendation of the Nomination and Remuneration Committee, the Board of Directors re-appointed Mr. Masud Khan as Independent Director of the Company for another three-year term with effect from April 27, 2023 subject to the approval from Bangladesh Securities and Exchange Commission.

Board Meetings Attendance

Name of Members	Board Position	Meetings held	Attendance
Dr. Fatih Kemal Ebiclioglu	Chairman	7	6
Mr. M. H. M. Fairoz	Managing Director	7	7
Mr. Masud Khan	Independent Director	7	7
Mr. Reazul Haque Chowdhury	Independent Director	7	7
Mr. Hakan Hamdi Bulgurlu	Director	7	7
Mr. Cemal Can Dincer	Director	7	7
Mr. Polat Sen	Director	7	7

Re-election of Directors

Dr. Fatih Kemal Ebiclioglu and Mr. Hakan Hamdi Bulgurlu retired from the office under Article 81 of the Articles of Association of the Company. Being eligible, Dr. Fatih Kemal Ebiclioglu and Mr. Hakan Hamdi Bulgurlu have offered themselves for reelection. The Board recommends their reappointment.

Remuneration to Directors

This information is incorporated in Notes 21.3 of the notes to the Financial Statements on page 100 regarding the "Directors Fees and Remuneration" mentioning figures concerning the remuneration of the Managing Director including fees for the Independent Directors' attendances at meetings.

Board Meetings Attendance

The Board comprises of 7 Members of whom 2 are Independent Directors. The Chairman of the Board is Non-Executive Director. During the year 2022, seven meetings were held. The Board Members' attendance are shown below.

Board Committee Meetings Attendance

The Audit Committee met four times and the Nomination and Remuneration Committee met three times and attendance records are shown in the Audit Committee Report and Nomination and Remuneration Committee Report respectively on page 42 and 45.

The Directors who could not attend the meetings were granted leaves of absence.

Shareholdings of Directors and Senior Executives

Shareholdings of the Directors at the beginning of the year and at the end of the year 2022 are shown in Annexure-I of this report.

Appointment of Auditors

- a) As per Section 210 of the Companies Act 1994, the Company's Statutory Auditors Rahman Rahman Haq, Chartered Accountants retired at the 43rd Annual General Meeting as the Auditors of the Company.

Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) order No. SEC/CMRRCD/2009-193/104/ Admin dated July 27, 2011, the retiring Auditors Rahman Rahman Haq, Chartered Accountants are eligible for reappointment as Statutory Auditors for 2023.

The Audit Committee has recommended appointing Rahman Rahman Haq, Chartered Accountants as the Auditors of the Company for the year 2023.

The Directors have endorsed the recommendation of the Audit Committee for the appointment of Rahman Rahman Haq, Chartered Accountants as the Auditors of the Company for the year 2023.

- b) Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) order No. SEC/CMRRCD/2009-193/104/ Admin dated July 27, 2011, the retiring Corporate Governance Auditors Itrat Husain & Associates, Chartered Secretaries are not eligible for reappointment as Corporate Governance Auditors for 2023.

The Audit Committee has recommended appointing S. F. Ahmed & Co., Chartered Accountants as the Corporate Governance Compliance Auditors of the Company for the year 2023. The Directors have endorsed the recommendation of the Audit Committee for the appointment of S. F. Ahmed & Co. as the Corporate Governance Compliance Auditors of the Company for the year 2023.

Human Resources

The Company considers its employees as the key factor in its competitiveness and is committed to their development. The Company ensures equal opportunities in the workplace regardless of race, religion, gender, or

when it comes to hiring, Singer values competency and strives to recruit the best workforce. The Company has a long-standing reputation for providing a great working environment and employee facilities, making it one of the leading companies in the country. Throughout the year under review, the relationship between the Management and the employees was excellent.

Compliance with Laws and Regulations

The Company maintained a strong commitment to compliance with all applicable laws and regulations, demonstrating a responsible and ethical approach to business operations. The Management and the employees responsible for compliance remained vigilant and dedicated to uphold the Company's legal obligations throughout the reporting period. The Company's policies and procedures were designed to ensure timely and effective compliance with all relevant laws and regulations. As a result, the Company was able to maintain its reputation for integrity and adherence to ethical business practices.

Environmental Protection

To the best of the Board's knowledge, the Company was not engaged in any activity which might prove harmful to the environment. The Company adopted the sustainable practices in the production process, using eco-friendly materials, also focusing on improving energy efficiency in its appliances, which could significantly reduce the carbon footprint of households. By prioritizing environmental sustainability, the Company fulfilled its corporate social responsibility and also created a growing consumer demand for eco-friendly products, especially for the cooling series. Details are shown in the report on Environment on page 1 & 21.

Conclusion

The Board extends its heartfelt gratitude to the entire workforce of Singer Bangladesh Limited for their unwavering commitment and dedication, which has been

What's next?



Singer's new state-of-the-art manufacturing facility will be built according to the gold standards of LEED. Details of new project are available in the Management Discussion and Analysis on page ----.



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instrumental in driving the Company's success. The Board would also like to take this opportunity to express its sincere gratitude to all the stakeholders, including the shareholders, the customers, the suppliers, and the regulatory authorities, for their continuous support and trust in the Company. Their unwavering support has been instrumental in helping the Company to navigate through the challenging business landscape and to achieve its objectives.

In favour of the Board of Directors.

M. H. M. Fairoz
Managing Director

Kazi Ashiqur Rahman
Company Secretary

Dhaka, January 25, 2023