



# DIRECTORS' REPORT

## TO THE SHAREHOLDERS OF SINGER BANGLADESH LIMITED



Dear Esteemed Shareholders,

The Board of Directors of Singer Bangladesh Limited (Singer) is pleased to present the Directors' Report on the operational and financial performance of Singer, together with the Audited Financial Statements for the year ended 31 December 2023. This report has been prepared in compliance with 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.

### **Business profile**

Singer is one of Bangladesh's largest and most loved consumer durables brand. With a heritage spanning 118 years in Bangladesh, Singer has nurtured a reputation of trust, quality, innovation and value, serving customers across generations.

As a household staple, Singer has an unmatched reach with its network of 446 direct customer touchpoints and having 900 dealers around the country. With a strong manufacturing footprint with two factory establishments in Dhaka, Singer manufactures a range of high-quality products, such as refrigerators, televisions, air-conditioners, washing machines, microwave oven, grinders and other home appliances.

Together with its own brands and through partnerships with other international brands, Singer plays a unique role in providing Bangladeshi customers the world's best solutions in home appliances and consumer electronics, thus catering to the needs of the modern household.

Singer is a part of Arcelik A.S., one of the leading players in the electronics and home appliances industry. With over 40,000 employees, 14 brands and subsidiaries in 53 countries, Arçelik is among Europe's top-2 white goods company.

### **Company performance**

Despite the adversity, Singer flexed its characteristic resilience and demonstrated high adaptability to shift with the times and continue on its value creation path.

**SINGER'S TOTAL REVENUE STOOD AT TK. 17 BILLION IN 2023, ALMOST SIMILAR TO THE PRIOR YEAR.**

Up till Q3 2023, the company performed well, growing ahead of the market. However, business operations were hampered in Q4 due to challenges triggered by the impending national elections in January 2024. This pressured the performance of the company for the whole year, yet it managed to maintain previous year's performance in terms of revenue, a commendable accomplishment in a challenging operating backdrop.

Singer's total revenue stood at Tk. 17 billion in 2023, similar to the prior year. In contrast however, strong operational excellence and cost control enabled the company to register a striking 56.8% YoY growth in operating profit to Tk. 1,478 million. Coupled with other factors, this growth turbocharged the net profit before tax, which stood at Tk. 522 million, marking a substantial 615% YoY growth. Earnings per share of 2023 stood at Tk. 5.24, representing a 618% YoY growth. One of the key characteristics of the company's annual performance was its ability to largely hold prices across product categories that enabled protection of consumer affordability, which was a need of the hour given the direct correlation between price sensitivity and demand.

For a more in-depth analysis of the company's 2023 performance and a detailed account of significant events throughout the year, readers are encouraged to refer to the business update provided by the Managing Director and the Chief Executive Officer on page 44.

### **Property, plant, and equipment**

During the year under review, Singer invested a sum of Taka 3,573 million as regular upkeep and maintenance of property, plant and equipment, in addition to a few debottlenecking initiatives. 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 land and buildings of the Company were revalued by an Independent Assessor and the results are reflected in the Financial Statements. The appreciation in value was credited to the revaluation reserve after tax deduction, in accordance with IFRS regulations. The last valuation was carried out on December 31, 2022. The details of the valuation are available in the Auditors' Report on page 161 and Note 12.5 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 85 of this report.

### **Industry outlook and possible future development**

The Bangladeshi consumer durables and home appliance categories have experienced significant growth in recent years, reflecting the country's expanding middle-class population and increasing disposable income.

The country's consumer durables market is witnessing demand for a wide range of products, including Television, refrigerators, air-conditioners, washing machines and kitchen appliances. The influx of international brands and the emergence of local manufacturers have intensified competition, leading to innovation and improved product offerings. As the economy continues to develop, consumers are becoming more discerning, seeking advanced features and energy-efficient options.

While the long-term structural drivers appear intact, the country's consumer durables and home appliances sector faced a challenging 2023, influenced by both internal and external challenges. The wars in Europe and West Asia, global supply chain disruptions and elevated commodity prices have impacted the manufacturing and import of consumer goods in Bangladesh. The uncertainty in the international market has also led to fluctuations in raw material prices, affecting production costs for home appliances.

## DEMONSTRATION OF COMPLIANCE

### Statutory auditors



Report Reflects a Clean Audit Outlook

### Corporate governance compliance auditors



Governance of the Company is Highly Satisfactory

### Credit rating



Long Term AAA  
Short Term ST-1  
Outlook-Stable

Despite these challenges, the consumer durables sector has remained relatively resilient, with a focus on adaptation. As the industry grapples with the aftermath of the conflict, players are exploring alternative supply chain strategies and local manufacturing options to mitigate risks and ensure steady manufacturing and supply.

Considering the long-term demand prospects, the consumer durables industry is poised for further expansion, driven by technological advancements, urbanization and lifestyle changes. Additionally, the government's initiative to promote domestic

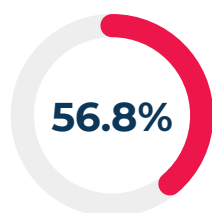
manufacturing and boost the electronics sector is expected to contribute to the robust outlook. The industry's evolution towards smart and connected appliances, coupled with a focus on sustainability, is likely to shape the business landscape, providing opportunities for both local and global players in the market.

### New state-of-the-art manufacturing facility

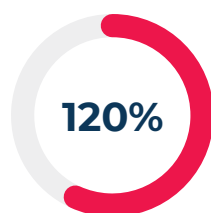
Singer is on the throes of commercializing its new modern manufacturing establishment at the Bangladesh Special Economic Zone. Being set up with



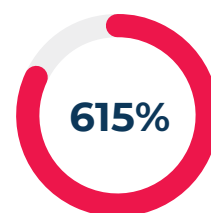
## Financial Results in 2023



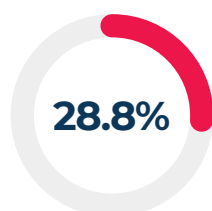
Operating profit  
before Interest & Tax



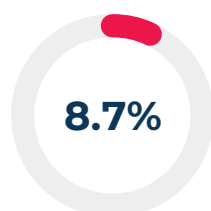
Profit before Tax



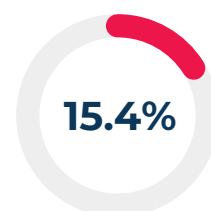
Profit after Tax



Gross Margin  
Ratio



Operating Income  
Ratio



Return on Equity

an investment of US\$ 78 million, the new plant is spread across an expansive area of 135,000 sqm corresponding to 34 acres. The establishment is a showpiece execution of the Bangladesh SEZ in terms of design, construction and project planning.

The facility will create employment opportunities for up to 4,000 people and also will support the development of a local suppliers ecosystem, thus ensuring localization and import substitution. Singer's new state-of-the-art manufacturing facility is being developed in accordance to the Gold standards under LEED, the world's most distinguished green building certification program. Details of the new project are available in the Management Discussion and Analysis on page 80.

### Segment information

Segment reporting is not applicable for the Company as it does not meet the criteria required for segment reporting specified in IFRS 8: Operating Segments.

### Risks and concerns

Similar to any other business, Singer is also exposed to risks and uncertainties, including financial risks, supply chain risks, market risks, etc. Details of key risk factors

and our determination of these are given in the Risk Management report on pages 106 to 114 of this report.

### Margin analysis

The cost of goods sold for the year 2023 stood at Tk. 12.1 billion, 7.9% lower than that of the previous year. The gross profit margin was 28.8% for the year 2023 and the previous year's gross margin was 23%. The net profit margin for the year 2023 was 3.1%.

### Extraordinary events

During the period, the Company's profit after tax increased to Taka 522 million from Taka 73 million in 2022, indicating a growth of 615% compared to the previous year. The main factor driving net profit growth was the emphasis on selling a higher volume of manufactured goods and reducing Completely Built-Up (CBU) products. This strategy contributed to an increase in the gross profit (GP), while enabling only partial cost increase being passed on to customers considering the price sensitivity of the consumer durables category.

### Related party transaction

The Company did not engage in any Related Party Transaction that could potentially conflict with the



interest of the Company. 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 such transactions have been disclosed in note 33 on page 180 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. Despite different adversities, the company performed well until the third quarter, but political activities surrounding the national parliamentary election in the fourth quarter hampered business operations, making it a more challenging period. As a result of these crises, the company fell short of reaching its targeted level in the fourth quarter.

### **Remuneration to directors**

This information is incorporated in Notes 21.3 of the notes to the Financial Statements on page 169 regarding the “Directors Fees and Remuneration” mentioning figures concerning the remuneration of the Managing Director including fees for the Independent Directors’ attendance at meetings.

### **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 flow 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 116 of the report.

### **Books of accounts**

Proper books of accounts of the Company were maintained at all times.

### **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 system of internal controls was sound in design and was 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 that require their participation.

### **Minority interest**

Singer Bangladesh believes that good governance involves open and trust-based cooperation between all stakeholders, including the owners of the Company - shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect and enhance the interests of all stakeholders, including the rights of minority shareholders while promoting trust, integrity, transparency and accountability. The Board of Directors shall always act in a manner that is in the best long-term interest of the Company.

### **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 2024, we expect to roll out a new product range to cater to various segments in this emerging market.

## Financial results and appropriations

The Directors are pleased to report the financial results for the year 2023 and recommend the following appropriations:

Particulars	2023	2022
	Taka in '000	
Profit before taxation	831,966	378,143
Less: Provision for tax	309,879	305,035
Profit after tax	520,088	73,108
Add: Unappropriated profit brought forward	1,722,695	1,237,798
Other comprehensive income	(11,583)	(11,588)
Prior year's adjustment	3,916	2,992
Profit available for distribution	1,710,028	1,302,310
Appropriations (Dividend)	348,960	99,703
Unappropriated profit C/F	1,361,068	1,202,607

### 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 124.

### 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 136 of this report.

#### Declaration and payment of dividends

Based on the performance of the Company, the Board of Directors are pleased to recommend a cash dividend @ 35% for the year 2023. 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 Thursday, March 28, 2024. Based on shareholders' 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 2023.

### Unclaimed dividends

Details of outstanding and unclaimed dividends previously declared and paid by the Company are shown on page 138 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 128.

### Contribution to the national exchequer

During the year under review, the Company contributed Taka 5,293 million to the National Exchequer in the form

of corporate income tax, customs duties and value-added taxes.

### Credit rating

The Company achieved a “AAA+” credit rating (long term) and “ST-1” (short term) from Emerging Credit Rating Limited for maintaining a strong and stable outlook for consecutive ten years.

### Reserves

The total Reserves of the Company stood at Tk. 686 million, details of which are given in Note 12 and the Statement of Changes in Equity in the Financial Statements.

### Events subsequent to the balance sheet date

The Board of Directors in their meeting held on January 29, 2024, recommended 35% cash dividend for the year 2023.

### 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 129 of this report. Earnings per share, dividend per share and net assets per share are shown in the Financial Highlights section on page 124 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 29 to 32.

### Board meetings attendance

The Board comprises 7 Members of whom 2 are Independent Directors. The Chairman of the Board is Non-Executive Director. During the year 2023, seven meetings were held. The Board Members' attendance is shown below:

Name of members	Board position	Meetings held	Attendance	Remarks
Dr. Fatih Kemal Ebiclioglu	Chairman	7	6	
Mr. M. H. M. Fairuz	Managing Director	7	7	
Mr. Masud Khan	Independent Director	7	7	
Mr. Mohsin Ahmed	Independent Director	1	1	Appointed on 13/09/2023
Mr. Hakan Hamdi Bulgurlu	Director	7	7	
Mr. Cemal Can Dincer	Director	7	7	
Mr. Ozkan Cimen	Director	4	4	Appointed on 18/04/2023
Mr. Reazul Haque Chowdhury	Ex. Independent Director	2	2	Resigned on 18/04/2023
Mr. Polat Sen	Ex. Director	2	2	Resigned on 18/04/2023



Mr. Cimen completed his B.A. in Economics from Boğaziçi University. He began his career in 1999 at Koç Holding Audit Group. Before joining Arçelik, Mr. Ozkan Cimen held management positions at Koçtaş and Best Buy. Mr. Cimen's journey at Arçelik began in 2012. After serving as a Tax and Incentive Manager, Cost-Price Analysis Manager, Internal Audit Manager, Accounting Director and Finance & Corporate Risk

Director, he was assigned the role of CFO in April 2022.

### Resignation of the directors

Mr. Reazul Haque Chowdhury, Independent Director of the company resigned for personal reasons in 2023.

At the tail end of year 2022, Mr. Polat Sen, Director of the Company, was appointed as Chief Financial Officer of Koc Holdings, the holding company of Arçelik. Appointment of Mr. Polat Sen to the Board of Singer was by virtue of his position as Chief Financial Officer of Arçelik. Therefore, with the new appointment of Mr. Polat Sen, the new CFO of Arçelik, Mr. Ozkan Cimen has been nominated as Director of Singer in place of Mr. Polat Sen. Accordingly, Mr. Polat Sen resigned as Director of Singer in 2023.

### Appointment of directors

Mr. Mohsin Ahmed has been appointed as Independent Director of the company. He is a distinguished corporate leader with 29 years of experience, including 20 years in serving as Director on the boards of well-respected conglomerates. Mr. Ahmed currently serves as the Chief Executive Officer at New Zealand Dairy Products BD Ltd. Additionally, he holds the position of Independent Director on the boards of Unilever Consumer Care Limited and Berger Paints Bangladesh Limited. Mr. Ahmed has also previously served on the boards of Unilever Bangladesh Limited, Nestle Bangladesh Limited and GSK Bangladesh Limited.

The CFO of Arçelik, Mr. Ozkan Cimen was appointed as Director of Singer Bangladesh in place of Mr. Polat Sen.

### Re-election of directors

Mr. Cemal Can Dincer and Mr. Ozkan Cimen retired from the office under Companies Act, 1994 and Article 81 of the Articles of Association of the Company. Being eligible, Mr. Cemal Can Dincer and Mr. Ozkan Cimen have offered themselves for reappointment. The Board recommends for their reappointment.

### 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 pages 103 and 119. The Directors who could not attend the meetings were granted leaves of absence.

### Appointment of auditors

a) As per Section 210 of the Companies Act, 1994, the Company's Statutory Auditors, M/s Rahman Rahman Haq, Chartered Accountants shall retire at the 44th 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 M/s Rahman Rahman Haq, Chartered Accountants are not eligible for



re-appointment as auditors for the year 2024 as they have completed three years in this term.

The Audit Committee has recommended appointing M/s. A. Qasem & Co., Chartered Accountants as the Auditors of the Company for the year 2024.

The Directors have endorsed the recommendation of the Audit Committee for the appointment of M/s A. Qasem & Co., Chartered Accountants as the Auditors of the Company for the year 2024.

- b) As per requirement of Corporate Governance Code, M/s S. F. Ahmed & Co., Chartered Accountants are eligible for reappointment as Corporate Governance Compliance Auditors of the Company for 2024.

The Audit Committee has recommended appointing M/s S. F. Ahmed & Co., Chartered Accountants as the Corporate Governance Compliance Auditors of the Company for the year 2024.

The Directors have endorsed the recommendation of the Audit Committee for the appointment of M/s S. F. Ahmed & Co. as the Corporate Governance Compliance Auditors of the Company for the year 2024.

### **Human resources**

The Company considers its employees as the key factor in its competitiveness and is committed to their growth and development. The Company ensures equal opportunities in the workplace regardless of race, religion, gender or hiring practices. Singer values competency and strives to recruit the best workforce. The Company has a longstanding reputation in 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 remained cordial.

### **Health, safety and security**

Ensuring the safety and welfare of our employees is our primary concern. We are dedicated to offering ongoing training and awareness programs to promote safe practices in the workplace. We stress the importance of personal protective equipment that is essential for their



well-being, and its mandatory usage is enforced. Our unwavering commitment to preventing injuries aligns with our core values, which revolve around occupational health and safety.

### **Learning and development**

At Singer, our Human Resources Department (HRD) meticulously plans to facilitate the optimal growth of our employees, ensuring they acquire the necessary capabilities and competencies. This involves strategic recruitment and resource allocation plans, with a particular focus on talent transformation by enhancing skills through continuous upgrading.



Regarding learning and development, the company places emphasis on enhancing both managerial and technical skills. It actively promotes a high-performance organizational culture built on talent and performance. The company implements organized individual development plans through diverse interventions, including training programs, workshops and seminars. These initiatives are tailored to address the identified needs and corporate requirements, ensuring a comprehensive approach to fostering continuous improvement among employees.

### **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 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 its cooling series. Details are shown in the report on natural capital on pages 64 & 65.

### **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 employees responsible for compliance remained vigilant and dedicated to upholding 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.

### **Management discussion and analysis**

Management's Discussion and Analysis report, signed by the MD & CEO and presenting a detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code, is disclosed in this report on page 80 to 84.

### **Declaration of the CEO and CFO on the financial statements**

As required under BSEC's Corporate Governance Code, a declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on financial

statements for the year 2023 has to be made to the Board. The CEO and CFO have certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal, or in violation of the Company's Code of Conduct. The signed declaration of the CEO and CFO is given on page 116.

### **Corporate governance compliance report**

Singer Bangladesh Limited strictly followed the good Corporate Governance principles outlined on pages 88 to 101 and complied with all Corporate Governance requirements required by the Bangladesh Securities and Exchange Commission. The Corporate Governance Compliance Report is shown in Annexure-C of this report. Additionally, to fulfill the requirements of the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission, S. F. Ahmed & Co., Chartered Accountant in Practice, issued the Corporate Governance Compliance Certificate which is shown on page 130 of this report.

### **Conclusion**

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

On behalf of the Board of Directors.

**M. H. M. Fairoz**  
Managing Director

**Kazi Ashiqur Rahman**  
Company Secretary

Dhaka, January 29, 2024