

DIRECTORS' REPORT

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, 2021.

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

Principal Activities

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

Management Discussion and Analysis of Business

Like 2020, the year 2021 was a challenging one not only for the Company but also for the whole globe as affected by the Coronavirus (COVID-19). The COVID-19 outbreak greatly impacted the macroeconomic performance of the country as well as its operations and financial position. There were virtually very fewer sales or no sales for 73 days in 2021 as the country-wide general holidays were declared by the government from time to time and extended further. Besides, location-wise lock-downs took place in different cities and localities.

Owing to COVID-19 impact, during the year under review, your Company achieved revenue amounting Tk. 15.8 billion which was 5.7% higher than the previous year's revenue of Tk. 15.0 billion. Operating profit (excluding other income) amounting Tk. 1.3 billion was 20.4% lower than the previous year's operating profit of Tk. 1.6 billion. Net profit before tax for the year stood Tk. 876 million which was 27.0% lower than the previous year's net profit of Tk. 1.1 billion.

The Chairman's Statement on-page 16 and the Management Discussion and Analysis by Managing Director and Chief Executive Officer on page 44 state the Company's affairs and

highlight important events that occurred during the year. The Financial Review on pages 54 to 57 elaborates on the financial results of the Company. These reports are an integral part of the Directors' Report.

Integration of Business

During the year, the Hon'ble High Court Division of the Supreme Court of Bangladesh sanctioned a scheme of amalgamation under which International Appliances Limited was amalgamated with Singer Bangladesh Limited. The amalgamation came into effect on March 14, 2021 and International Appliances Limited was thus amalgamated with Singer Bangladesh Limited.

According to the order of the Hon'ble High Court Division, International Appliances Limited was dissolved and its assets and liabilities were transferred to the Transferee Company, i.e. Singer Bangladesh Limited, and Singer Bangladesh Limited became the legal successor of the dissolved Company. This means all contractual rights and obligations of the dissolved Company will automatically be transferred to the transferee Company.

International Appliances Limited's operation will continue under Singer Bangladesh Limited as its manufacturing unit.

Property, Plant, and Equipment

During the year under review, the Company invested a sum of 544.6 million as regular addition in properties, plants, and equipment and also a sum of Tk. 485.7 million added from amalgamation of subsidiary. Movement in properties, plants and equipment during the year is disclosed under note 3 and Annexure-I of the Financial Statements.

Market Value of Freehold Properties

All freehold lands of the Company revalued by an Independent Assessor are reflected in the Financial Statements. Total appreciation in value was credited to revaluation reserve after providing for tax as required by IFRS.

The last valuation was carried out as of December 31, 2016. The details of the

valuation are given in the Auditors' Report on page 84 and Note 12.1 to the Financial Statements.

The machinery of the Refrigerator Manufacturing Unit (previously International Appliances Limited) valued by an Independent Assessor, has been reflected in the Financial Statements. The last valuation was carried out as of October 16, 2017.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for financial statements is given on page 41 of this report.

Corporate and Financial Reporting Framework

In accordance with the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission, the Directors are pleased to confirm the following:

Industry Outlook and Possible Future Development

In a highly competitive business environment in the household appliances market, competitors continuously pursue market shares with various activities including price adjustment, quality improvement, new product lines and other incentives. Singer continued retaining its leading position by offering superior quality products at competitive prices and a wide range of after-sales services as well.

In the early part of 2021, the economy started operating as normal and was on track. The Company was successful in utilizing the opportunities towards growth at its sales channels. But from the opening of April 2021, the higher infection rate of Coronavirus affected our business greatly. The government declared a general holiday to protect the spread of the virus and for seventy-three days there had been effectively no sale. We missed seasonal sales of Summer, Eid-ul-Fitr, and Eid-ul-Adha due to strict lockdowns. The situation being normal from September, the Company went for a different promotional offer which resulted in positive output but could not catch the missed sales.

With different promotions and discounts on offer, we could manage 5.7% growth in sales. Consumer electronics started to pick back up from September but not significantly, as consumers did not purchase such products unless they felt it necessary because of the uncertainty looming large.

Both exports and imports declined and were anticipated to decrease consumption and investment demand. There are also increased costs of international trade now, especially for those industries where supply chains are integrated across borders and those involved in moving goods and people. Freight reached to the pick, highest ever and in some cases, 5 to 10 times than usual and raw material cost also increased substantially. The outbreak of the COVID-19 pandemic created uncertain circumstances for households, businesses, and governments around the world including Bangladesh.

Despite the uncertainty in the global economy, the government of Bangladesh has been making sincere endeavors to restore the economic activities and has gone for different stimulus packages which will certainly help the industry to minimize the loss during the pandemic. We hope that the situation will return to normalcy in 2022 and sales in the post-pandemic era will be adequate.

Besides, economic growth in Bangladesh is much higher among the south Asian countries and the GDP rate is above the economic growth forecast provided for Bangladesh by International Monetary Fund at 3.8% percent which at the end reached 4.6%. According to the Bangladesh Bureau of Statistics, Bangladesh's GDP grew by 5.0% from 2020 to 2021 registering a growth of the GNI per capita income by US\$ 2,591. International Monetary Fund also projected GDP 6.5% and 7.1% respectively for the years 2022 and 2026. There is an implicit message that the economy is not only trekking back to pre-pandemic levels but also will surpass that.

Though the penetration levels of most of the consumer durables in Bangladesh remain very low, Bangladesh has elevated herself from a Least Developed Country to a Developing

“2021 was a challenging year not only for the company but for the whole globe due to the Coronavirus”

Country which will enhance demand for durables and will have a positive impact on modern living and higher demand for Singer products.

Besides, the population of Bangladesh is young and expanding. Currently, only 15 percent of almost 170 million people of Bangladesh belong to the middle class and are therefore classified as affluent customers (MAC). This MAC population of Bangladesh is projected to triple by 2025. These MAC consumers will have enough affordability to purchase durables that offer convenience and luxury. Hopefully, these predictions will be in place if the pandemic does not exist for long.

Bangladesh has already been included in the list of countries in South Asia that have brought 100% of people under electricity coverage. This is likely to accelerate the demand for consumer durables in the days to come.

Increasing population, electrification and urbanization will support the growth of the country and are expected to fuel the income level of the people, thereby enhancing their purchasing ability. We believe that we are well-positioned to benefit from our wide presence in almost every corner of the country. Bangladesh has already been included in the list of countries in South Asia that brought 100% of people under electricity coverage in 2021. Our long presence in the home appliances sector gives us confidence that we will be able to capitalize on the electricity coverage for 100% of people of Bangladesh in the year 2022 as well as in the future.

Segment Information

The segment information for the purpose of evaluating performance is presented in notes 38 R to the Financial Statements in this report and is consistent with the total sales value.

Products were sold through our own sales centers, such as Singer Mega, Singer Plus, and also through the 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 to be immaterial. However, the supply chain might pose some challenges if the health crisis in China persists. Details of Risk Factors and the ways of determining how best we can handle such events are given on the Risk Management report on pages 60 & 61 of this report.

Margin Analysis

The cost of goods sold for the year 2021 was Tk. 11.9 billion and it was 7.3 % higher than that of the previous year's. The gross profit margin was 25% for the year 2021 and the previous year's gross margin was 26%. The net profit margin for the year 2020 was 3.3%. Details are discussed on the Financial Review on pages 54 to 57 of this report.

Extraordinary Events

During the period, profit after tax had been reduced to Taka 518 million from Taka 803 million in 2020 reflecting a de-growth of 35.5% over the previous year. The main reason was COVID-19 pandemic circumstances and additional charges on account of port and shipping expenses resulting from mainly supply chain disruptions. Besides, the full-scale checking of imported refrigerators' raw materials by the customs rather than sample checking and the incremental rentals of storage space had further hollowed out the deleterious impact. In addition, the

effective tax rate was much higher than the nominal tax rate due to the minimum tax provision of tax laws which fetched the impact from mainly change in the achievement of sales mix between the trade goods and the produced goods and had given a sizeable rise in the current tax provision.

Related Party Transaction

There were no materially significant Related Party Transactions made by the Company which might have a potential conflict with the interests of the Company at large. All the transactions/contracts/arrangements of nature as specified under the provisions of IAS 24 entered by the Company during the year under review with a related party(ies) were in the ordinary course of business. Disclosure of all related party transactions, including the basis for such transaction, has been provided in note 33 of the notes to the Financial Statements on page 100.

Variance within the Financial Year

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

Remuneration to Directors

This information is incorporated in Notes 21.3 of the notes to the Financial Statements on page 91 regarding the "Directors Fees and Remuneration" mentioning figures concerning the remuneration of the Managing Director including fees for the Independent Directors' attendances at meetings.

Fairness of Financial Statements

The Financial Statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and the Securities and Exchange Rules 1987. These statements fairly present the Company's state of affairs, the results of its operations, cash flow and changes in equity.

In compliance with the requirement of the Bangladesh Securities and Exchange Commission's Corporate Governance Code 2018, the Chief Executive Officer and the Chief Financial Officer gave their declarations about the fairness of the Financial Statements which are shown on page 31 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.

Minority Shareholders

The Company believes in equal rights of all shareholders irrespective of the number of shares they hold. All the shareholders are provided with quarterly Financial Statements, half-yearly Financial Statements and annual reports and are welcomed to participate at the shareholders' meeting. At the Annual General Meeting, the adoption of the Annual Financial Statements and the Directors' Report, the election of the Board members, appointment of the Auditors, appointment of Managing Director and other matters which require shareholders' participation, are decided

upon with the participation of the shareholders.

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 the 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 2021, 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 reasons thereof have been duly explained.

Key Operating and Financial Data for last Six Years

The key operating and financial data for the last six years are annexed on page 13.

Dividends

Dividend Distribution Policy

Pursuant to Bangladesh Securities and Exchange Commission directives, the

Financial Results and Appropriations

The Directors are pleased to report the financial results for the year 2021 and recommend the following appropriations:

Particulars	Taka in '000	
	2021	2020
Profit before taxation	875,925	1,112,272
Less: Provision for tax	357,450	308,648
Profit after tax	518,474	803,624
Add: Unappropriated profit brought forward	1,593,914	1,083,619
Adjustment for amalgamation	(262,581)	--
Other comprehensive income	(17,392)	1,437
Prior year's adjustment	3,599	4,343
Profit available for distribution	1,836,015	1,893,023
Less: Appropriations (Dividend)	598,217	299,109
Unappropriated profit C/F	1,237,798	1,593,914

Board adopted a Dividend Distribution Policy, which was placed on the website of the Company and also on the page 52 of this report.

Declaration and payment of dividends

Based on the performance of the Company, the Board of Directors is pleased to recommend a dividend @ 60% for the year 2021. 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 Wednesday, April 13, 2022. Based on the approval the dividend would be distributed within 30 days after the Annual General Meeting.

No stock dividend has been recommended by the Board of Directors for the year 2021.

Unclaimed dividends

Details of outstanding and unclaimed dividends previously declared and paid by the Company are shown on the page 112 of this report.

Board and Committee Meetings and Attendance

During the year, the Board of Directors met seven times. The Audit Committee met four times and the Nomination and Remuneration Committee met three times.

The attendance records of the Directors are shown in Annexure-II of this report. The Directors who could not attend the meetings were granted leaves of absence.

Secretarial Standards

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

Pattern of Shareholding

The pattern of shareholding is provided on page 38 in Annexure-I.

Corporate Governance Compliance Report

Singer Bangladesh Limited adhered to the appropriate good Corporate Governance principles, as described on pages 47 to 50.



The Company also complied with all the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission. Accordingly, Corporate Governance Compliance Report is shown in Annexure-C of this report.

Further in compliance with the requirement of the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC), Itrat Husain & Associates., Chartered Secretaries in Practice, issued the Corporate Governance Compliance Certificate which is shown on page 32 of the report.

Contribution to the National Exchequer

During the year under review, the Company paid Taka 5,585 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 seven years from Emerging Credit Rating Limited.

Reserves

The total Reserves of the Company stood at Tk. 563 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, 2022,

recommended 60% cash dividend for the year 2021.

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 is Taka 2,500,000,000 (two billion & five hundred million) and the paid-up capital is 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 113 of this report.

Earnings per share, dividend per share and net assets per share are shown in the Financial Highlights section on page 13 of the Annual Report.

Directors

A brief profile of all Directors of the Company is provided in the section of "Board of Directors" of this report on pages from 18 to 21.

Appointment of Independent Director

Dr. Syed Ferhat Anwar, Independent Director of the company, retired after completion of two terms, expired on February 28, 2021. According to the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Reazul Haque Chowdhury as Independent Director of the Company for three years with effect from March 1, 2021. Mr. Haque has 29 years' work experience in different

multinational and listed companies as Managing Director and Chief Executive Officer with different multinational companies both at home and abroad.

Re-election of Directors

Mr. Cemal Can Dincer and Mr. Polat Sen retired from the office under Article 81 of the Articles of Association of the Company. Being eligible, Mr. Cemal Can Dincer and Mr. Polat Sen have offered themselves for reelection. The Board recommends their reappointment.

Appointment of Managing Director

As per Article 67(b) of the Company's Articles of Association and Section 110 of the Companies Act 1994, the terms of the office of Mr. Mohamed Haniffa Mohamed Fairoz as Managing Director expired on September 5, 2021. The Board has re-appointed Mr. Mohamed Haniffa Mohamed Fairoz as the Managing Director for a further period of five years subject to consent from the Shareholders in the Annual General Meeting.

Shareholdings of Directors and Senior Executives

Shareholdings of Directors at the beginning of the year and the end of the year 2021 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 42nd Annual General Meeting as 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 2022.

The Audit Committee has recommended appointing Rahman Rahman Haq, Chartered Accountants as the Auditors of the Company for the year 2022.

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 2022.

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 eligible for reappointment as Corporate Governance Auditors for 2022.

The Audit Committee has recommended appointing Itrat Husain & Associates., Chartered Secretaries as the Corporate Governance Compliance Auditors of the Company for the year 2022. The Directors have endorsed the recommendation of the Audit Committee for the appointment of Itrat Husain & Associates., Chartered Secretaries as the Corporate Governance Compliance Auditors of the Company for the year 2022.

Human Resources

The Company recognizes employees as the primary source of its competitiveness and continues to focus on its development. It believes in equal opportunity in the workplace irrespective of race, religion, gender

and color. Singer believes in competency while hiring the best workforce. As far as the working environment and employee facilities are concerned, Singer is one of the leading and oldest companies in the country.

The relationship between the Management and the employees in the Company was excellent throughout the year under review

Compliance with Laws and Regulations

The Company was not engaged in any activities contravening the laws and regulations. All those responsible for ensuring compliance in line with the provisions in various laws and regulations were able to do so within the stipulated time.

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.

Conclusion

The Board would like to express its sincere appreciation to all employees of Singer Bangladesh Limited for their contribution and at the same time, thank all the stakeholders for their continued support and confidence.



M. H. M. Fairoz
Managing Director



Kazi Ashiqur Rahman
Company Secretary

Dhaka, January 25, 2022