

DIRECTORS' REPORT

Successfully able to drive meaningful volume growth in both our retail and wholesale channels. This gives us confidence that this trend will continue in the year 2017 as well.

The Directors have the pleasure in presenting to the members their report together with the audited financial statements of the Company for the year ended December 31, 2016. This report has been prepared in compliance with section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012,

Principal Activities

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

Review of Business

The Chairman's Statement on page 11 and the Chief Executive Officer's review on page 39 state the Company's affairs and highlight important events that occurred during the year. The Financial Review on pages 41 to 43 elaborates on the financial results of the Company. These reports form an integral part of the Directors' Report.

Property, Plant and Equipment

During the year under review, the Company invested a sum of Tk 65.86 million in property, plant and equipment. Movement in property, plant and equipment during the year is disclosed under note 3 and annexure -I of the financial statements.

Market Value of Freehold Properties

All freehold land of the company was revaluated by an Independent Valuer which has been reflected in the accounts. Total appreciation in value was credited to Revaluation Reserve after providing for withholding tax as required by BFRS.

The recent valuation was carried out as on December 31, 2016. The details of the valuation are given in the Auditors' Report

on page 64 and in Note 11.1 to the Financial Statements and on page 85 to 87 in this report.

Investment in International Appliances Limited (IAL)

Initially Singer Bangladesh Limited acquired a 40% equity participation in International Appliances Limited (IAL), a joint venture refrigerator manufacturing company for manufacturing Singer branded refrigerators, deep freezers and other appliances. Subsequently, an additional 33.85% invested in the equity of IAL under an option agreement between Singer Bangladesh Limited and one of the IAL's shareholders.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for financial statements is given on page 49 of this report.

Corporate and Financial Reporting Framework

In accordance with the Bangladesh Securities and Exchange Commission's Notification SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, the Directors are pleased to confirm the following:

Industry Outlook

Following unstable and disrupted trading conditions in the prior year, 2016 started on a much better note with a significantly improved operating environment from the beginning. We were successfully able to drive meaningful volume growth in both our retail and wholesale channels. This gives us confidence that this trend will continue in the year 2017 as well.

During the year revenue reached Tk 9,007 million which was higher by 30.3% over the previous year's revenue of Tk 6,911 million. Operating profit (profit before taxes excluding other income) at

Tk 894 million was higher by 50.2% over the previous year's operating profit of Tk 595 million. Net profit for the year at Tk 546 million was higher by 48.2% over the previous year's net profit of Tk 368.58 million.

We remained Bangladesh's largest retail company selling home appliances, consumer electronic and furniture. We believe we are well positioned to benefit from our wide presence in almost every corner of the country and will continue to flourish the business in 2017.

Segment Information

The segment information is presented in the notes 18 and 27 to the financial statements in this report which is consistent with the total sales value for the purposes of evaluating performance. Products were sold through our own sales centers, such as, Singer Mega and Singer Plus and also through our wholesale dealers which are called Singer Pro.

Risk and Concern

Our business may also be affected by risks and uncertainties presently not known to us or that we currently believe to be immaterial. Detail of risk factors and determining how to best handle such event is given on Risk Management report on pages 46 & 47 of this report.

Margin Analysis

Cost of goods sold for the year 2016 was Tk 6,414 million and it was higher by 26.6% over the previous year's cost of goods though revenue was higher by 30.3%. Gross profit margin was 28.8% for the year 2016 and previous year's gross margin was 26.7%. Net profit margin for the year 2016 was 6.1%.

Extra-Ordinary Events

No events of extra ordinary gain or loss which would require adjustment or disclosure in the financial statements occurred during the reporting period.

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Related Party Transaction

Related Party Transactions are disclosed in the notes 34 of the notes to the financial statements on page 77.

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 the Notes 20.2 of the notes to the financial statements on page 70 with reference to the "Directors fees and remuneration" figures concerning the Board of Directors including Independent Directors.

Fairness of Financial Statements

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and 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 (BSEC) notification dated August 7, 2012, Chief Executive Officer and Chief Financial Officer have given the declaration about the fairness of the financial statements which is shown on page 50 of the report

Books of Accounts

Proper books of accounts of the Company were maintained.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

Application of BAS and BFRS

Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been followed in preparation of the financial statements and any deviation there-from has been adequately disclosed.

Internal Control

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

Going Concern/Forward Looking Statement

There are no significant doubts about the Company's ability to continue as a going concern.

Significant Variance over the Last Year's Operating Result

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

Five Year's Financial Highlights

The key operating and financial data for the last five years are annexed on page 9.

Dividend

Based on the performance of the Company, the Board of Directors recommends dividends @ 70% for the year 2016, which is 5% higher than last year.

Board and Committee Meetings and Attendance

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

The attendance record of the Directors is shown in annexure III of this report. The

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

Pattern of Shareholding

The pattern of shareholding is provided on page 34.

Corporate Governance Compliance Report

Singer Bangladesh Limited adheres to appropriate good Corporate Governance principles, as described on pages 27 to 29.

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 I of this report.

Further in compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) notification dated August 7, 2012, Messrs S. F. Ahmed & Co., Chartered Accountants in Practice issued the Corporate Governance Compliance Certificate which is shown on page 30 of the report.

Financial Results and Appropriations:

The Directors are pleased to report the financial results for the year 2016 and recommend the following appropriations:

	Taka in '000	
	2016	2015
Profit before taxation	779,576	517,013
Less: Provision for tax	233,253	148,429
Profit after tax	546,322	368,584
Add: Un-appropriated profit brought forward	36,754	150,101
Prior year's adjustment	12,031	16,583
Other Comprehensive Income	(401)	-
Profit available for distribution	594,706	535,268
Less: Appropriations		
Interim Dividend	-	306,778
Final Dividend	536,861	191,735
Total Appropriation	536,861	498,514
Un-appropriated profit C/F	57,845	36,754

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Contribution to the National Exchequer

During the year under review, your Company paid Taka 3,669.9 million to the national exchequer in the form of corporate income tax, customs duties and value added tax.

Credit Rating

The Company achieved AAA+ rating in long term and ECRL-1 for short term with a strong and stable outlook from Emerging Credit Rating Limited.

Reserves

The total Reserves of the Company stood at Tk. 585 million, details of which are given in Notes 11 and in the Statement of Changes in Equity in the Financial Statements.

Events subsequent to Balance Sheet

The Board of Directors in their meeting held on February 26, 2017 has recommended a dividend of Tk. 7 (70% per share of Tk. 10 each) amounting to Tk. 536.9 in its 224th board meeting .

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 distribution of shareholding and market value of shares are given on page 88 of this report.

Earnings per share, dividend per share and net assets per share are shown in the financial highlights section on page 9 of the annual report.

Directors

Name of the Directors of the company and their biographical details are shown on pages 14 to 17.

Appointment of Directors

In accordance with Article 68 of the Articles of Association of the Company, the Board of Directors appointed Mr. Nayana Jagath Kumar Dissanayake as Director of the Company on July 26, 2016, He will retire and being eligible will offer himself for re-election.

Mr. Masud Khan, Independent Director of the Company, submitted his resignation as Independent Director which was accepted by the Board on January 25, 2017.

Members of the Board gratefully acknowledged the valuable contributions of Mr. Masud Khan during his tenure at office.

Recommendations for Re-election

Mr. Gavin J Walker retires under Article 81 of the Articles of Association of the Company. Being eligible Mr. Gavin J. Walker has offered himself for re-election. The Board recommends his re-appointment.

Shareholdings of Directors at the beginning of the year and at the end of the year 2016 are shown in annexure II of this report.

Appointment of Managing Director

Mr. A. M. Hamim Rahmatullah, Managing Director of the Company expressed his intention to take early retirement from service and submitted resignation letter dated September 6, 2016 and the resignation was accepted by the Board.

The Board is pleased to appoint Mr. Mohamed Haniffa Mohamed Fairoz as the Managing Director of the Company for a period of 5 years with effect from September 6, 2016 subject to consent from the Shareholders in the Annual General Meeting. Prior to this appointment Mr. Fairoz served as the Marketing Director of the Company. He has worked in various senior positions in the Singer group in Sri Lanka for 18 years. Let us congratulate Mr. Fairoz for his new position in the Company.

Appointment of Auditors

As per section 210 of the Companies Act 1994, the Company's statutory Auditors Messrs Rahman Rahman Huq, Chartered Accountants retires at the 37th Annual General Meeting as auditors of the Company.

As per the Bangladesh Securities and Exchange Commission (BSEC) order no. SEC/CMRRC/2009-193/104/Admin dated July 27, 2011 the retiring Auditors Messrs Rahman Rahman Huq Chartered Accountants are eligible for reappointment as Statutory Auditors for 2017.

The Audit Committee recommended to appoint Messrs Rahman Rahman Huq, Chartered Accountants as the auditors of the Company for the year 2017 at a fee of Tk. 4,80,000 plus VAT.

The Directors endorsed the recommendation of the Audit Committee

for re-appointment of Messrs Rahman Rahman Huq, Chartered Accountants as the auditors for the year 2017 at a fee of Taka 4,80,000 plus VAT.

Human Resources

A dynamic business environment requires having a well trained work force, therefore, the Company develops the appropriate management skills to suit the business environment. Various training programs and workshops were carried out during the year.

The management and employee relationship in the company was excellent throughout the year.

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.

Compliance with Laws and Regulations

The Company was not engaged in any activities contravening the laws and regulations. All those responsible for ensuring compliance 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 be harmful to environment.

Conclusion

The Company wishes 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.



Mohamed Haniffa Mohamed Fairoz
Managing Director & CEO



Mohammad Sanaullah
Company Secretary

Dhaka, February 26, 2017