

## 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, 2020.

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 and other financial services available to qualified customers.

### Management Discussion and Analysis of Business

The year 2020 was a challenging year not only for the company, but for the whole globe as affected by the Coronavirus (COVID-19). The COVID-19 outbreak has greatly impacted the macroeconomic performance of the country as well as its operations and financial position. There were, effectively, no sales during April and May and fewer sales were made during June due to the country-wide general holidays declared by the government from March 26 which was extended up to June 30 (after May 30 the declarations came as location-wise lock-downs in different major cities and localities).

Owing to COVID-19 impact, during the year under review, your Company achieved revenue amounting Tk. 15.1 billion which was 2.8% lower than the previous year's revenue of Tk. 15.5 billion. Operating profit (excluding other income) amounting Tk. 1.4 billion was 22% lower than the previous year's operating profit of Tk. 1.8 billion. Net profit before tax for the year stood Tk. 1.1 billion which was 26% lower than the previous year's net profit of Tk. 1.5 billion.

The Chairman's Statement on-page 12 and the Chief Executive Officer's review on page 38 state the company's affairs and highlight important events that occurred during the year. The Financial Review on pages 48 to 51 elaborates on the financial results of the company. These reports are an integral part of the Directors' Report.

Our subsidiary company's revenue reached Tk. 2.7 billion which was 4% higher over the previous year's revenue of Tk. 2.6 billion. Net loss before tax for the year stood Tk. 7.6 million and suffered a loss of Tk. 8.7 million after income tax being charged. This was also the outcome of the COVID-19 impact.

### Investment in International Appliances Limited

During the year, International Appliances Limited (IAL) remained a subsidiary of Singer Bangladesh Limited (SBL). However, in September 2020, the Board of Directors proposed to amalgamate IAL with SBL, whereby SBL shall be the surviving entity. Accordingly, in September 2020 an application was made to the Honorable High Court Division of the Supreme Court of Bangladesh, for approving the Scheme of Amalgamation of IAL with SBL. As directed by the Honorable High Court Division, meetings of the Shareholders and Creditors were called for considering and approving the Scheme of Amalgamation. The Shareholders and the Creditors of the Company at the Extraordinary General Meeting and Creditors meetings held on November 26, 2020, approved the Scheme of Amalgamation. The share capital of the Company will not be increased for the acquisition. Investment of SBL in equity shares of IAL shall be eliminated/negated. At the end of the reporting period, the same has been awaiting the hearing at the High Court.

Separate reports including Auditors' Report, audited financial statements, and Directors' Report thereon for the subsidiary company are provided at the concerned sections of this report. The financial statements of the subsidiary company have duly been consolidated with those of Singer Bangladesh Limited as per requirements of the Companies Act 1994, Securities and Exchange Rules 1987 along with related notifications and also in line with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

### Governance of Board of Directors of Subsidiary Company

The Company's representation in the subsidiary company's board was in line with the Corporate Governance Code and accordingly there was an Independent Director of Singer Bangladesh Limited on the Board of the subsidiary company, International Appliances Limited. Minutes of the Board

meetings of the subsidiary company were placed before the Board of Singer Bangladesh Limited and were then duly reviewed and recorded. The Board of Directors of Singer Bangladesh Limited also reviewed the periodical and annual financial statements of the subsidiary.

### Property, Plant, and Equipment

During the year under review, the Company invested a sum of Tk. 109.5 million in properties, plants, and equipment. 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 83 and Note 12.1 to the Financial Statements.

The machinery of the subsidiary, International Appliances Limited, valued by an Independent Assessor, has been reflected in the consolidated 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 58 of this report.

### Corporate and Financial Reporting Framework

In accordance with the Bangladesh Securities and Exchange Commission's Corporate Governance Code 2018, 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 reduction, quality improvement, new product line, and other incentives. Singer continued retaining its leading position by offering superior quality products at competitive prices and a wide range of after-sales service as well.

In the early part of 2020, the economy operated as normal and was on track with a projected growth rate of 8.2%. The company was successful in utilizing the opportunities towards growth at its sales channels. But from the Middle of March 2020, the coronavirus outbreak affected our business greatly. The government declared a general holiday to protect the spread of the virus and for two months there had been effectively no sale. The situation being normal, company went for a different promotional offer which resulted in positive output.

With different promotions and discounts on offer, we could manage to remain very close to 2019 achievements. Consumer electronics started to pick back up from June but not significantly, as consumers did not purchase such products unless they felt it necessary because of the uncertainty looming large. Consumer electronics could not even achieve its sales target during this year's Eid-ul-Fitr and Eid-ul-Azha.

Both exports and imports have declined and are 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 i.e., trade and air transport. The outbreak of the COVID-19 pandemic has 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 endeavours to restore the economic activities and has gone for different stimulus package which will certainly help the industry to minimize the loss during the pandemic. We hope that the situation will return to normalcy in 2021 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 the World Bank at 1.6%, International Monetary Fund at 3.8% percent, and Asian Development Bank at 4.5% for the year 2020. According to the Bangladesh Bureau of Statistics, Bangladesh's GDP grew by 5.24% during the period of 2019-2020 registering a growth of the per capita income by US\$ 155 resulting in a total to US\$ 2,064. 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 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 per cent 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, reaching about 34 million. These MAC consumers will have enough affordability to purchase durables that offer convenience and luxury.

The government is committed to make affordable and reliable electricity accessible to all by the year 2021. 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. Our sound business position gives us confidence that this trend will continue in the year 2021 as well.

### Segment Information

The segment information to evaluate performance is presented in notes 2.5 and 40R of 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 channel.

### 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. However, the supply chain may 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 54 & 55 of this report.

### Margin Analysis

The cost of goods sold for the year 2020 was Tk. 11.1 billion and it was 1.3 % lower than that of the previous year's. The gross profit margin was 27% for the year 2020 and the previous year's gross

**DESPITE COVID-19 IMPACT COMPANY ACHIEVED REVENUE AMOUNTING TK. 15.1 BILLION WHICH WAS CLOSE TO 2020 REVENUE OF TK. 15.5 BILLION EVEN AFTER 2ND QUARTER WAS MOSTLY STROKED BY GENERAL HOLIDAY.**

margin was 28.1%. The net profit margin for the year 2019 was 5.2%. Details are discussed on the financial review report on pages 48 to 51 of this report.

### Extraordinary Events

No events of extraordinary gain or loss which would require adjustment or disclosure in the financial statements occurred during the reported period.

### Related Party Transaction

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) are in the ordinary course of business. Disclosure of all related party transactions, including the basis for such transaction, has been provided in note 35 of the notes to the financial statements on-page106.

### 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 22.4 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' attendance to 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 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 have given their declarations about the fairness of the financial statements which is shown on-page 27 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, adoption of the annual financial statements and the Directors' report, the election of the Board members, and the appointment of the Auditors 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 2020, we expect 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 of last Six Years

The key operating and financial data for the last six years are annexed on page 11.

#### Dividend

Based on the performance of the Company, the Board of Directors recommends dividends @30 % for the year 2020.

According to the directive of Bangladesh Securities and Exchange Commission, Board approved the Dividend Distribution Policy. Dividend Distribution Policy and summary of Unclaimed Dividend is show in the page 35 and 36 of this report.

#### Board and Committee Meetings and Attendance

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

The attendance record of the Directors is shown in Annexure-E of this report. The Directors who could not attend the meetings were granted a leave of absence.

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 record keeping.

#### Pattern of Shareholding

The pattern of shareholding is provided on-page 34.

#### Corporate Governance Compliance Report

Singer Bangladesh Limited adhered to the appropriate good Corporate Governance principles, as described on pages 41 to 44.

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 Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code 2018, Itrat Husain & Associates., Chartered Secretaries in Practice, issued the Corporate Governance Compliance Certificate which is shown on-page 28 of the report.

#### Contribution to the National Exchequer

During the year under review, the Company paid Taka 5,199 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.

#### Financial Results and Appropriations

The Directors are pleased to report the financial results for the year 2020 and recommend the following appropriations:

	Taka in '000	
	2020	2019
<b>Profit before taxation</b>	<b>1,112,272</b>	<b>1,431,110</b>
<b>Less: Provision for tax</b>	<b>308,648</b>	<b>396,536</b>
<b>Profit after tax</b>	<b>803,624</b>	<b>1,034,574</b>
<b>Add: Unappropriated profit brought forward</b>	<b>1,083,619</b>	<b>747,845</b>
<b>Adjustment for IFRS 16</b>	<b>-</b>	<b>63,471</b>
<b>Other comprehensive income</b>	<b>1,437</b>	<b>(570)</b>
<b>Prior year's adjustment</b>	<b>4,343</b>	<b>6,011</b>
<b>Profit available for distribution</b>	<b>1,893,023</b>	<b>1,851,331</b>
<b>Less: Appropriations</b>		
<b>Dividend</b>	<b>299,109</b>	<b>767,712</b>
<b>Unappropriated profit C/F</b>	<b>1,593,914</b>	<b>1,083,619</b>

## Reserves

The total Reserves of the Company stood at Tk. 566 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, 2021, recommended 30 % cash dividend for the year 2020.

## 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 raised from Taka 1,000,000,000 (one billion) to Taka 2,500,000,000 (two billion & five hundred million) in line with the business volume of the company.

The distribution of shareholding and market value of shares are given on-page 123 of this report.

Earnings per share, dividend per share, and net assets per share are shown in the Financial Highlights section on page 11 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 14 to 17.

## Reelection of Directors

Dr. Fatih Kemal Ebiclioglu and Mr. Hakan Hamdi Bulgurlu will retire 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.

## Appointment of Independent Director

Dr. Syed Ferhat Anwar, Independent Director of the company, shall retire after completion of two terms, shall expire 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 subject to the approval of the shareholders in the 41st Annual General Meeting.

Mr. Chowdhury is the Managing Director of Runner Automobiles Limited. He is also the Independent Director of Unilever Consumer Care Limited, Hemas

Bangladesh Limited and Non Executive Director of Evercare Hospitals Group. 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. In the past Mr. Chowdhury held the position of Managing Director at Reckitt Benckiser in Sri Lanka, Bangladesh and Thailand Cluster. He also held senior management position at Avery Dennison RBIS South Asia, Avery Dennison Bangladesh, Unilever Bangladesh Limited and British American Tobacco Bangladesh. Mr. Chowdhury completed his Graduation & Post Graduation in Marketing (obtained First Class) from University of Dhaka. He is also a Graduate in Advanced Management from INSEAD Fonteinblue, France.

## Shareholdings of Directors and Senior Executives

Shareholdings of Directors and Senior Executives at the end of the year 2020 are shown in Annexure-D of this report.

## Appointment of Auditors

- a) As per section 210 of the Companies Act 1994, the company's Statutory Auditors A. Qasem & Co., Chartered Accountants retires at the 41st Annual General Meeting as auditors of the Company.

Pursuant to Bangladesh Securities and Exchange Commission (BSEC) order no SEC/CMRRCD/2009-193/104/ Admin dated July 27, 2011, the retiring Auditors A. Qasem & Co., Chartered Accountants are not eligible for reappointment as Statutory Auditors for 2021.

The Audit Committee has recommended appointing Rahman Rahman Haq, Chartered Accountants as the auditors of the company for the year 2021.

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 2021.

- b) Pursuant to 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 2021.

The Audit Committee has recommended appointing Itrat Husain & Associates., Chartered Secretaries as the Corporate Governance Compliance Auditors of the company for the year 2021. The Directors have endorsed the recommendation of the Audit Committee for the appointment of Itrat Husain & Associates., Chartered Secretaries as the auditors of the company for the year 2021.

## Human Resources

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



**Kazi Ashiqur Rahman**  
Acting Company Secretary

Dhaka, January 25, 2021