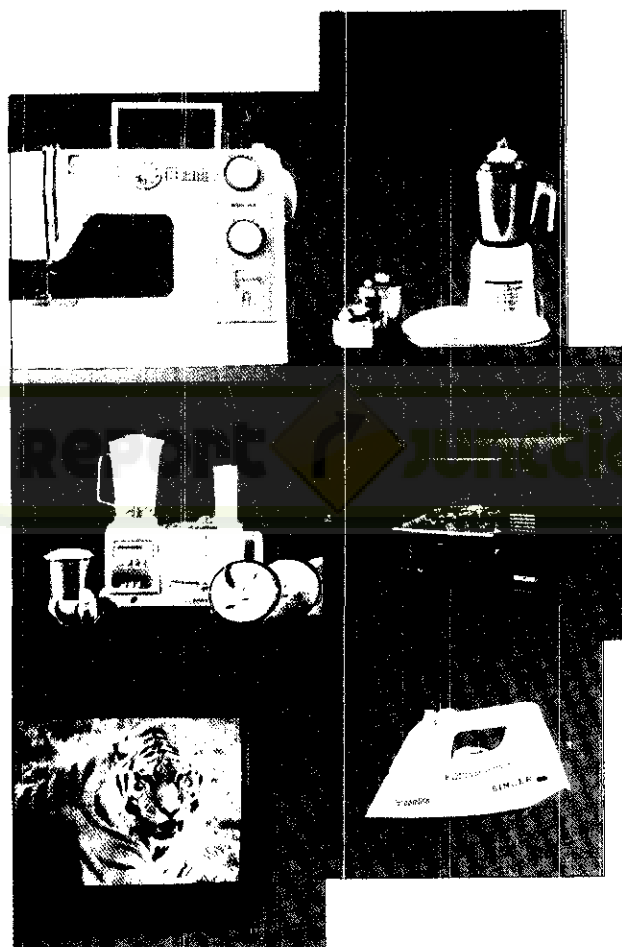


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SINGER
Your Family Company

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BOARD OF DIRECTORS

Mr. S.K. Poddar, Chairman
Mr. Rajiv Sud, Managing Director
Mr. M. Ahmad
Mr. Rajiv Bhatnagar
Mr. Brahm Dutt
Mr. Stephen H. Goodman
Dr. J.S. Juneja
Mr. Jim Kelly
Mr. T. Pooran
Mr. S. Ramanathan
Mr. H.C. Woo

SECRETARY

Mr. Rajeev Bajaj

BANKERS

State Bank of Travancore
Corporation Bank
Bank of Nova Scotia
Banque Nationale De Paris
Bank of Baroda

AUDITORS

M/s. Price Waterhouse
Saidulajab
(Opposite D-Block, Saket),
Mehrauli-Badarpur Road,
New Delhi - 110 030

REGISTERED OFFICE

3, Devika Tower
6, Nehru Place,
New Delhi - 110 019

WORKS

Lane No. 4,
SIDCO Industrial Estate,
Jammu

Lane No. 2
SIDCO Industrial Estate,
Phase-II, Jammu

50/2, Site-IV
Industrial Area, Sahibabad,
Dist. Ghaziabad, Uttar Pradesh

Please visit our website www.singerindia.com

SINGER INDIA LIMITED**ANNUAL REPORT 1998-99****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF SINGER INDIA LIMITED, will be held at Scope Convention Centre, Auditorium, Scope Complex, 7 Lodhi Road, New Delhi - 110 003 on Friday, the 10th day of September, 1999 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.

ORDINARY BUSINESS -SPECIAL RESOLUTION

2. To appoint Auditors for the ensuing year and fix their remuneration.

To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that, pursuant to the provisions of Section 224-A and other applicable provisions, if any, of the Companies Act, 1956, M/s Price Waterhouse, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

FURTHER that, the remuneration payable together with out-of-pocket expenses, if any, and the instalments in which the remuneration is payable to the Auditors shall be such as shall be mutually agreed upon between the Board of Directors and the Auditors."

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special resolution set out above is annexed hereto.
3. The Register of Members and Transfer Books of the Company will remain closed for 10 days from September 1, 1999 to September 10, 1999 (both days inclusive).
4. Members who are holding shares in identical order of names in more than one folio are requested to write to the Share Department of the Company, enclosing the

shares certificates, to enable the Company to consolidate their holdings in one folio. The share certificates will be returned to the members after making necessary endorsements in due course.

5. Members are requested to produce the enclosed attendance slip, duly signed in accordance with the specimen signatures registered with the Company for admission to the meeting hall.
6. Queries on Accounts

It will be appreciated that queries, if any, on the accounts and operations of the Company are sent to the Company 10 days in advance of the meeting so that the answers may be made readily available.

7. Members are hereby informed that all unclaimed dividends upto the financial year ended 31st March, 1995 (Interim) have been transferred to the General Revenue of the Central Government. Individual notices to the concerned members in this regard have also been served upon by the Company. The concerned members are requested to claim the amount from the Registrar of Companies, NCT of Delhi and Haryana, New Delhi.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and insertion of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend which remains unpaid or unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the dividend warrant(s) so far for Final Dividend 1994-95 or any subsequent dividend payment (s) are requested to make their claims to the Company.

8. Members are hereby informed that consequent to the insertion of Section 109A and 109B in the Companies Act, 1956, the shareholder(s) can now make nomination in favour of the person(s) who shall be entitled to get the shares transmitted in their name in the event of death of the shareholder. The members are therefore, requested to submit the nomination with the Company at its registered office in Form no. 2B (enclosed) as prescribed under the Companies (Central Government's) General Rules and Forms, 1956. The Form can also be obtained from the Company on request.

BY ORDER OF THE BOARD OF DIRECTORS
FOR SINGER INDIA LIMITED

NEW DELHI
7th August, 1999

RAJEEV BAJAJ
G. M. (Finance) cum
Company Secretary

SINGER INDIA LIMITED

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 2**

Section 224-A of the Companies Act, 1956, provides that in the case of a company in which not less than 25% of the subscribed share capital is held by a public financial institution or a Government Company or any other financial institution referred to therein, appointment or re-appointment of Auditors shall be made by way of a special resolution. Since more than 25% of the subscribed share capital of the Company is held by National Small Industries Corporation Limited, a Central Government Enterprise, the

resolution for re-appointment of Auditors and fixation of their remuneration is proposed as a special resolution.

The Board of Directors, therefore, recommend the above resolution for your approval.

None of the Directors of the Company is concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS
FOR SINGER INDIA LIMITED

NEW DELHI
7th August, 1999

RAJEEV BAJAJ
G. M. (Finance) cum
Company Secretary



SINGER INDIA LIMITED**ANNUAL REPORT 1998-99****DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors present their Annual Report and the statement of Audited Accounts for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. Crores)	
	For the year ended 31st March, 1999	For the year ended 31st March, 1998
Sales & Services	101.89	142.70
Other Income	2.77	1.80
	<u>104.66</u>	<u>144.50</u>
Profit/(Loss) before tax	(8.43)	1.97
Provision for Tax	0.20	(0.47)
Balance of Profit from previous years	9.28	9.21
Transfer from Central Investment Subsidy	—	0.06
Balance	<u>1.05</u>	<u>10.77</u>
Dividend	—	1.17
Tax on Dividend	—	0.12
General Reserve	—	0.20
Profit Carried forward	1.05	9.28
	<u>1.05</u>	<u>10.77</u>

BUSINESS OPERATIONS

1998-99 has been a difficult year for your Company. Turnover at Rs. 101.89 crores decreased 29% during the year under review from Rs. 142.70 crores in the previous year. While sewing products sales decreased by 18%, the drop in appliances and consumer durables business was higher at 46%. The Company incurred a loss of Rs. 8.43 crores during 1998-99 as against a pre-tax profit of Rs. 1.97 crores in the previous year. These results were mainly caused by a set back to the Company's hire purchase business.

The Company has for many years been selling its products on hire purchase through its retail outlets. As mentioned in the previous year's Directors' Report to the Members, the Company had witnessed rising arrearages in this business. In order to control and limit the possible exposures, the Company took several measures towards collection of dues and while this was in process, hire purchase operations were restricted. The restrictions impacted the performance in all segments of the Company's businesses, more significantly in the appliances and consumer durables segment for the reason that these products are mostly sold on hire purchase. Sales in other segments of the

Company's businesses which include cash sales through the Company's shops and wholesale sales to the Company's distributors/dealers were close to previous year's levels despite the adverse market conditions.

The loss this year of Rs. 8.43 crores is mainly accounted by the impact of lower hire purchase sales (Rs. 14 crores as compared to Rs. 44 crores in the previous year) and includes a charge of Rs. 5.07 crores on receivables. Other expenses remained under control.

Acting with a sense of urgency and determination, the Company has taken several corrective actions in the recent past to return your Company back to the growth track and profitability. These actions include:

- As a first step to ensure healthy hire purchase operations in future, the Company has reviewed its hire purchase policies and procedures with the assistance of an outside consultant and their recommendations to strengthen controls thereon are being implemented. With stricter controls put in place, your Company will continue to focus on retailing including resumption of hire purchase sales as it is a vital segment of our business.
- Further, the Company is also formulating strategies to develop other businesses. The Company is putting increased focus on small appliances business. The distribution network in wholesale trade appliances business is being widened. The product range in consumer durables, both Singer and non-Singer branded, is being increased in the Company's shops to improve their productivity. The products identified include airconditioners, refrigerators, washing machines, microwave ovens and steam irons. The Company has also added more advanced sewing machine models to its range.
- Export activities currently pursued by the wholly owned subsidiary, Himec India Ltd. are being stepped up.
- Tighter working capital management is being stressed to reduce interest expense.

In the first quarter of 1999-2000, signs of revival are visible. With these initiatives and actions, the Directors are hopeful of turnaround in your Company's operations.

DIVIDEND

In view of the loss during the current year, the Directors do not recommend any dividend for the year.

SUBSIDIARY COMPANIES

The results of Himec India Limited and Singer India Trading Limited, the wholly owned subsidiaries of the Company are attached to this report alongwith the statement specified in Section 212 of the Companies Act, 1956.

SINGER INDIA LIMITED**ANNUAL REPORT 1998-99****DIRECTORS' REPORT (Contd.)**

Himec India Limited which is primarily engaged in export activities, achieved export turnover of Rs. 63.32 lacs and net profit of Rs. 12.07 lacs during the year 1998-99. This company has declared a dividend of Rs. 9.50 lacs out of the profit for the year ended 31st March, 1999 which has been considered by the Company in the accounts for the year under review.

Singer India Trading Ltd. earned a financing income of Rs. 4.98 lacs and profit before tax of Rs.1.03 Lacs during the year under review.

DIRECTORS

Mr. Manuel Coutinho, Chairman and Joint Managing Director of the Company resigned from the Board of the Company effective 31st July, 1998. The Directors place on record their appreciation for the valuable services and guidance provided by Mr. Manuel Coutinho during the tenure of his office.

Mr. S. K. Poddar, Director was appointed Chairman of the Company with effect from 23rd October, 1998. Mr. Rajiv Sud, the then Joint Managing Director was appointed as the Managing Director of the Company effective 1st August, 1998, which was approved by the members at the last Annual General Meeting held on 4th September, 1998.

Mr. H. C. Woo, Vice President, Marketing, The Singer Company N.V. was appointed as a Director of the Company to fill the casual vacancy caused by the resignation of Mr. Manuel Coutinho with effect from 1st August, 1998.

Mr. R.S. Turnbull, Director resigned from the Board effective 30th June, 1999. The Directors place on record their appreciation for the valuable services and guidance provided by Mr. R.S. Turnbull during the tenure of his office. In order to fill the casual vacancy caused by the resignation of Mr. R. S. Turnbull, Mr. Jim Kelly, Regional Vice-President, The Singer Company N.V., The Netherlands was appointed as a director of the Company by the Board on July 27, 1999.

FIXED DEPOSITS

The total deposits as on 31st March, 1999 were Rs. 4.87 Crores from 3883 depositors. Deposits amounting to Rs. 12.58 lacs due for repayment were unclaimed by 98 depositors as on 31.3.99. Subsequently, out of the above, 46 deposits of Rs. 7.90 lacs have been repaid/renewed till 27th July, 1999. The remaining depositors have been approached for their instructions.

AUDITORS

M/s Price Waterhouse, Chartered Accountants, the retiring Auditors being eligible offer themselves for re-appointment.

ACCOUNTS AND AUDITORS' REPORT

The observations of the Auditors are self explanatory and/or suitably explained in notes to the accounts.

CONSERVATION OF ENERGY, TECHNOLOGY**ABSORPTION AND FOREIGN EXCHANGE****EARNINGS AND OUTGO**

The statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed forming a part of this report.

YEAR 2000 (Y2K) COMPLIANCE

The Company has already achieved Y2K compliance of all its Y2K sensitive systems and procedures. Upto 31st March 1999, Rs.6 lacs have been spent to obtain Y2K compliance. Further cost in this connection is not expected to be material. Steps have also been initiated to obtain Y2K compliance confirmation from all critical third parties. All applications to ensure Y2K compliance have been tested. However, contingency plans are being prepared to meet any eventuality that may arise in the event of systems failure.

INDUSTRIAL RELATIONS

The industrial relations have been generally harmonious during the year.

EMPLOYEES

The Directors wish to place on record their deep appreciation for the support and contribution made by all the employees of the Company.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, regarding employees is given in the annexure forming a part of this report.

ACKNOWLEDGEMENT

The Directors place on record their appreciation for the continued support and assistance provided by SINGER, The National Small Industries Corporation Ltd., other shareholders, Company's Bankers and Financial Institutions and Company's suppliers and dealers/distributors.

New Delhi
July 27, 1999

S. K. PODDAR
Chairman

SINGER INDIA LIMITED**ANNUAL REPORT 1998-99****ANNEXURE TO DIRECTORS' REPORT**

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTORS' REPORT) RULES, 1988.

CONSERVATION OF ENERGY

With a view to conserving energy, the Company has taken the following energy conservation measures:

- Re-layout of power transmission system for better distribution of power.
- Introduction of compressed air drying system.

TECHNOLOGY ABSORPTION

The required information in the prescribed Form 'B' of the Companies Act (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Appendix.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The required information in respect of foreign exchange earnings and outgo is given below:

a) Foreign Exchange Earnings		(by Himec India Ltd. the Company's wholly owned subsidiary which is engaged in export business).
• Export of goods on FOB basis	Rs. 62.56 Lacs	
b) Foreign Exchange Outgo		
• CIF value of imports of raw materials and components	Rs. 73.93 Lacs	
• Expenditure in foreign currency :-		
• Foreign Travel	Rs. 2.41 Lacs	
• Others	Rs. 3.42 Lacs	
• Dividend (Net of Tax)	Rs. 59.87 Lacs	

APPENDIX**FORM B****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****RESEARCH AND DEVELOPMENT (R & D)**

1. Specific Areas in which R & D carried out by the Company.
 - Foundry Modernisation
 - Low Cost Automation
 - Value Engineering
 - In-house Technical Training Programmes for Managers, Staff and Workmen
2. Benefits derived as a result of above R & D
 - Lower rejection rates
 - Improved quality of products
 - Higher Productivity
 - Expanded in-house production facilities for critical components
3. Future plan of action
 - To upgrade product technology
 - To add new range of products

SINGER INDIA LIMITED**ANNUAL REPORT 1998-99****ANNEXURE TO DIRECTORS' REPORT (Contd.)**

4. Expenditure on R & D	
• Capital	Rs. NIL
• Recurring	Rs. 4.10 lacs
• Total	Rs. 4.10 lacs
• Total R & D Expenditure as a percentage of total turnover	0.04%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts made towards technology absorption and innovation, in brief.
 - Productivity improvement by process upgradation
 - In-house manufacture of critical components both for 298 and 900 series for zig-zag machines by transferring technology from other Singer factories
 - Product upgradation
 - Implementation of suggestion schemes
- Benefits derived as a result of the above efforts.
 - Cost reduction due to implementation of suggestion schemes
 - Reduced rejections
 - Higher production volumes as a result of productivity improvement.
 - Improved product quality
- Information in case of imported technology (imported during last five years).
 - Technology imports - N.A.
 - Year of Import - N.A.
 - Has technology been fully implemented - N.A.
 - If not fully absorbed, area where this has not taken place, reason there for and future plans of action. - N.A.

Statement of information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules, 1975) as amended and forming part of the Directors' Report for the year ended 31st March, 1999

Sl. No.	Name	Age in years	Designation Nature of Duties	Remuneration Received (Rupees)	Qualifications	Date of commencement of Employment	Total experience in years	Last Employment with position held before joining the company and the period in years
1	2	3	4	5	6	7	8	9
A. Employees drawing Remuneration of not less than Rs 6,00,000 for the year and employed throughout the year.								
1.	Sud Rajiv*	46	Managing Director	7,80,084	FCA, AICPA	01.10.1996	22	Controller-Africa & Middle East Region, The Singer Co.N.V. 1
B. Employees drawing Remuneration in aggregate of not less than Rs 50,000 per month and employed for part of the Year.								
1.	Coutinho Manuel*	52	Chairman & Joint Managing Director	2,59,454	Telecom Engg	11.03.1997	21	Managing Director, Singer Sewing Machine Co. of Canada Ltd. 2

* Nature of Employment is contractual

- Remuneration includes Salary, allowances, housing, medical expenses and value of taxable perquisites as per the Income Tax Act.
- None of the Employee is related to any Director of the Company.

SINGER INDIA LIMITED**ANNUAL REPORT 1998-99****AUDITORS' REPORT****TO THE MEMBERS OF SINGER INDIA LIMITED**

1. We report that we have audited the Balance Sheet of SINGER INDIA LIMITED, as at 31st March, 1999 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report.

It may be noted that the Year 2000 issue is the management's, and not the auditors' responsibility to ensure that the Company is prepared for the Year 2000 date change and accordingly the audit is not intended, designed nor performed to identify or detect problems that may result from computer hardware, software or other automated process inability to properly process date which include issues, internal and/or external, related to Year 2000. In the opinion of the management, the problem of Year 2000 will not vitiate the assumption of going concern in view of the plans to make the organisation Year 2000 compliant as drawn by the management.

2. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the statement of significant accounting policies and the notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively, a true and fair view of the state of the Company's affairs as at March 31, 1999 and its loss for the year ended on that date.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required under law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith.
4. In our opinion, the Profit and Loss Account and Balance Sheet comply with the standards referred to in Section 211(3C) of the Companies Act, 1956.
5. As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 dated 7th September, 1988 issued by the Central Government and on basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :
 - i) a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of its fixed assets.
 - b) The fixed assets of the Company are physically verified according to a phased

programme designed to cover all the items over a period of three years. Pursuant to this programme, which we consider reasonable, a physical verification was carried out and revealed no material discrepancies.

- ii) The fixed assets of the Company have not been revalued during the year.
- iii) The stocks of finished goods, work-in-progress, stores and spares and raw materials of the Company at all its locations, have been physically verified by the management at the year end.
- iv) In our opinion, the procedures of physical verification of stocks, followed by the management are reasonable and adequate, in relation to the size of the Company and nature of its business.
- v) The discrepancies between the physical stock and the book stocks, which have been properly dealt with, were not material.
- vi) In our opinion, the valuation of stock of finished goods, work-in-progress, stores and spares and raw materials has been fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the earlier years.
- vii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- viii) In our opinion the rate of interest and other terms and conditions of unsecured loan granted by the Company to a company under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- ix) The parties to whom loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and are also regular in payment of interest in most cases. In those cases where principal amounts and interest are not being recovered as stipulated, reasonable steps have been or are being taken by the Company for recovery of the principal and interest.