

SINGER



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SINGER INDIA LIMITED**ANNUAL REPORT 2000-2001****BOARD OF DIRECTORS**

Mr. S. K. Poddar, Chairman
 Mr. Rajiv Sud, Managing Director
 Mr Sukanta Dey, Director - Sales and Marketing
 Mr. Shankar Aggarwal
 Mr. M. Ahmad
 Mr. Rajiv Bhatnagar
 Mr. Stephen H. Goodman
 Dr. J.S. Juneja
 Mr. Jim Kelly
 Mr. T. Pooran
 Mr. R.S. Turnbull

SECRETARY

Mr. Rajeev Bajaj

BANKERS

State Bank of Travancore
 Corporation Bank
 Bank of Nova Scotia
 Banque Nationale De Paris
 Bank of Baroda
 State Bank of Hyderabad
 Small Industries Development Bank of India

AUDITORS

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

**REGISTERED &
CORPORATE OFFICE**

3, Devika Tower, 6, Nehru Place,
 New Delhi - 110 019
 Tel : 6443045, 6446256
 Fax : 6467827
 E-mail : mail@singerindia.com

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 2000-2001****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY-THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF SINGER INDIA LIMITED, will be held on Tuesday, the 31st day of July, 2001 at 3.00 p.m. at Scope Convention Centre, Auditorium, Scope Complex, 7, Lodhi Road, New Delhi - 110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint Auditors for the ensuing year and fix their remuneration.

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

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

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

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without modification(s) as **ORDINARY RESOLUTIONS** :-

3. "RESOLVED THAT, pursuant to the provisions of Section 269, 309, 311, 198 and any other enabling applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government and any other approvals as may be required, or deemed necessary, consent of the Company be and is hereby accorded to the appointment of Mr. Rajiv Sud as the Managing

Director of the Company for a tenure of three years effective from 31-01-2001 to 30-01-2004 and remuneration effective from 01-04-2001 to 30-01-2004 on the following terms and conditions:

(1) REMUNERATION**a) SALARY :**

Basic salary of Rs. 21,00,000 (Rupees Twenty one lacs only) per annum.

In addition to the salary, Mr. Sud shall be entitled to the following perquisites allowances :

b) Housing : Provision by the Company of furnished residential accommodation.

In case no accommodation is provided by the Company, Mr. Sud shall be entitled to house rent allowance as per rules of the Company.

Since Mr. Sud will be required to reserve a part of the accommodation for office use to do such office work as may be necessary at his residence and to meet the Company's Executives, Suppliers, Customers, etc. for business discussions as and when necessary, a part of the cost of providing residential accommodation, not exceeding one-third thereof, shall be considered for official purpose.

The housing accommodation shall be subject to tax as per the Income Tax Rules, 1962.

c) Reimbursement of gas, electricity, water and furnishings to be evaluated as per the Income Tax Rules, 1962.**d) Reimbursement of medical expenses incurred by Mr. Sud and family shall be as per the applicable rules of the Company.****e) Mediclaim Insurance : As per rules of the Company.****f) Leave/Leave Travel Assistance : Leave with full pay and allowances as per rules of the Company. Encashment of accumulated Privilege Leave will be allowed as per rules of the Company.**

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Leave Travel Concession : For self and family once in a year for holiday passage outside India as per the applicable rules of the Company.

- g) Club Fees: Fees of one Club including admission fee.
- h) Personal Accident Insurance : As per rules of the Company.
- i) Reimbursement of children education.
- j) Provision of car with driver for office use.
- k) Membership fee for professional bodies as per rules of the Company.
- l) Telephone and other communication facilities at the residence subject to that the personal long distance calls will be borne by Mr. Sud.

'Family' covers the spouse, the dependent children and dependent parents of Mr. Sud.

MINIMUM REMUNERATION

FURTHER THAT, the above remuneration shall also be the minimum remuneration payable to Mr. Sud under the provisions of Section 198 and 309 and any other applicable provisions, if any of the Companies Act, 1956 in the absence or inadequacy of profits.

- (2) Mr. Sud shall not be entitled to any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
 - (3) Mr. Sud shall not, so long as he functions as the Managing Director of the Company, become interested or otherwise concerned directly or indirectly or through his wife and/or minor children in any selling agency of the Company without prior approval of the Central Government.
 - (4) Modifications, if any, in terms of the appointment of Mr. Sud by the members and/or Central Government and as agreed between the Board of Directors of the Company and Mr. Sud shall be embodied by way of executing a Supplementary Service Agreement.
4. RESOLVED THAT, pursuant to the provisions of Section 269, 309, 311, 198 and any other enabling applicable provisions, if any, of the

Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment/ redesignation and remuneration of Mr. Sukanta Dey as the Director - Sales and Marketing of the Company from 31.01.2001 to 24.01.2003 subject to the overall ceiling of remuneration of Rs. 2.5 Lacs per month on the following terms and conditions :

(1) REMUNERATION**a) SALARY :**

- i) Basic salary of Rs. 9,00,000 (Rupees Nine lacs only) per annum.
- ii) Special salary and special allowance of Rs. 3,00,000 (Rupees Three lacs only) per annum each.

b) Annual Performance Award/Incentives on the criteria of achieving set targets to be determined by the Board of Directors.

In addition to the salary, Mr. Dey shall be entitled to the following perquisites/ allowances :

c) Housing : Provision by the Company of furnished residential accommodation.

In case no accommodation is provided by the Company, Mr. Dey shall be entitled to house rent allowance as per rules of the Company.

Since Mr. Dey will be required to reserve a part of the accommodation for office use to do such office work as may be necessary at his residence and to meet the Company's Executives, Suppliers, Customers, etc. for business discussions as and when necessary, a part of the cost of providing residential accommodation, not exceeding one-third thereof, shall be considered for official purpose.

The housing accommodation shall be subject to tax as per the Income Tax Rules.

d) Reimbursement of gas, electricity, water and furnishings to be evaluated as per the Income Tax Rules, 1962.

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- e) Reimbursement of medical expenses incurred by Mr. Dey and family as per rules of the Company.
- f) Leave/Leave Travel Assistance : Leave with full pay and allowances as per rules of the Company. Encashment of accumulated Privilege Leave will be allowed as per rules of the Company.
Leave Travel Concession : For self and family once in a year upto Rs. 75,000/- per annum.
- g) Club Fees: Fees of one Club including admission fee.
- h) Personal Accident Insurance : As per rules of the Company.
- i) Mediclaim Insurance : As per rules of the Company.
- j) Membership fee for professional bodies upto a limit of Rs. 9,000/- per annum.
- k) Provision of car with driver for office use.
- l) Telephone and other communication facilities at the residence subject to that the personal long distance calls will be borne by Mr. Dey.
Mr. Dey shall also be entitled to the following perquisites :
- Contribution to Provident Fund, Superannuation Fund and Annuity/ Pension Fund on basic salary as per rules of the Company applicable to Executive Cadre.
 - Gratuity amount equal to one month's basic salary for each completed year of service as per rules of the Company applicable to Executive Cadre.
"Family" covers the spouse, the dependant children and dependant parents of Mr. Dey.
- (2) Mr. Dey shall not be entitled to any sitting fee for attending the meetings of the Board of Directors or Committees thereof.
- (3) Mr. Dey shall not, so long as he functions as the Director - Sales and Marketing of the Company, become interested or otherwise concerned directly or indirectly or through his wife and/or minor children in any selling agency of the Company without prior approval of the Central Government.
- (4) Modifications, if any, in terms of the appointment of Mr. Dey by the members and/or Central Government and as agreed between the Board of Directors of the Company and Mr. Dey shall be embodied by way of executing a Supplementary Service Agreement.
To consider and, if thought fit, to pass the following Resolution with or without modification(s) as a **SPECIAL RESOLUTION**.
5. "RESOLVED THAT, pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered or substituted in the manner as enumerated below :
- By deleting the existing definition of Singer given in the "Interpretation" Clause of Article 2 and substituting in its place and stead, the following new definition of Singer in the "Interpretation" Clause of Article 2. "SINGER" - "Singer" shall mean Singer (India) B.V., (former name as Singer VII B.V.), a company incorporated in the laws of the Netherlands and having its principal place of business at Amsterdam, The Netherlands, which expression shall also include any company, body corporate in or with which Singer (India) B.V., amalgamates or merges and/or any subsidiary, parent, associate, affiliate, successor or assign of Singer (India) B.V., or of any company, body corporate in or with which Singer (India) B.V. amalgamates or merges.
 - In Article 2A, "Singer VII B.V." shall be substituted by "Singer (India) B.V. (former name as Singer VII B.V.)"

SINGER INDIA LIMITED**ANNUAL REPORT 2000-2001****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 ordinary and special business under item Nos. 2 to 5 (both inclusive) as set out above are annexed hereto.

3. The Register of Members and Transfer Books of the Company will remain closed for 11 days from 21st July, 2001 to 31st July, 2001 (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 share 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 in the meeting hall.

6. Queries on Accounts

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

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 with the Company as early as possible.

8. Members are hereby informed that consequent to the insertion of Section 109A and 109B in the Companies Act, 1956, the shareholders 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 as prescribed under the Companies (Central Government's) General Rules and Forms, 1956 which can be obtained from the Company on request.

9. The shares of the Company are being compulsorily traded in dematerialised (i.e. electronic) form only in the stock exchanges of Delhi and Mumbai, where the shares are listed w.e.f. 31.05.2001. If you are still holding the shares in physical form, you are advised to dematerialise your shares. In case you wish to do so, you will have to open an account with the Depository Participant (DP) who will inform you about the procedure involved therein. If you want to know anything further about this from the Company, you may write to us at the above address. Further for your information ISIN no. of the Company is INE638A01019 for both the depositories viz National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

BY ORDER OF THE BOARD OF DIRECTORS
FOR SINGER INDIA LIMITED

RAJEEV BAJAJ

G. M. (Finance) and
Company Secretary

New Delhi
22nd May, 2001

SINGER INDIA LIMITED**ANNUAL REPORT 2000-2001****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

In conformity with the provisions of Section 173 of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to Ordinary/Special business under item Nos. 2 to 5 (both inclusive) of the accompanying notice dated 22nd May, 2001 be taken as forming part of the Notice.

ITEM NO 2 - APPOINTMENT OF AUDITORS

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 National Small Industries Corporation Limited, a Central Government Enterprise is holding 26% of the subscribed share capital of the Company, the shareholders approval is being sought for the appointment of auditors and the remuneration payable to them by means of a Special Resolution.

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

None of the Directors of the Company are concerned or interested in the said resolution.

ITEM NO. 3-APPOINTMENT AND PAYMENT OF REMUNERATION OF MR. RAJIV SUD AS THE MANAGING DIRECTOR

Members are hereby informed that Mr. Rajiv Sud, Director was appointed as Managing Director of the Company by the Board of Directors of the Company at their meeting held on 31.01.2001 for a tenure of three years effective from 31.01.2001 to 30.04.2004 and the payment of remuneration was approved from 01.04.2001 to 30.04.2004 which is subject to the approval of the Central Government under sections 269,309,311 and 198 of the Companies Act, 1956 and members of the Company by way of an ordinary resolution and other approvals as may be necessary or deemed necessary.

Mr. Sud has held this office earlier also after which he was transferred to another position within singer N.V. He has again been appointed as the Managing Director as the Board of Directors of your Company considered

it necessary to increase management resources at the Corporate level. Mr. Rajiv Sud is a qualified Fellow Chartered Accountant and Certified Public Accountant from United States of America. Mr. Sud has a vast experience of over 23 years in the field of finance, sales, distribution, marketing and general management. The Board of Directors recommend to the shareholders in the ensuing Annual General Meeting, the appointment of Mr. Sud as the Managing Director of the Company.

Mr. Rajiv Sud will be considered as a non-resident and an expatriate managerial person under Part I, clause (e) of Schedule XIII of the Companies Act, 1956. Further the remuneration proposed to be paid to Mr. Sud is higher than the limits prescribed under Section II of Part II of the Schedule XIII of the Companies Act, 1956. For these reasons, his appointment and remuneration will require approval of the Central Government. The Company has made an application in this regard to the Central Government.

The Members are hereby informed that the Company had entered into a service agreement with Mr. Rajiv Sud on 31.01.2001 containing the details of terms and conditions as per the Resolution proposed above which may be terminated by either party by giving not less than three months advance notice in writing to either party. The said Agreement would be available for inspection at the Registered Office of the Company on any working day (except Saturdays) between 11.00 a.m. to 1.00 p.m.

The above statement and the terms and conditions as contained in the above resolution may be regarded as an abstract of the terms and conditions under section 302 of the Companies Act, 1956.

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

No Director of the Company except Mr. Rajiv Sud is concerned or interested in the said resolution.

ITEM NO. 4 - REDESIGNATION OF MR. SUKANTA DEY AS WHOLE-TIME DIRECTOR (DESIGNATED AS DIRECTOR-SALES AND MARKETING)

Members of the Company at their Annual General Meeting held on 28.07.2000 approved the appointment and remuneration of Mr. Sukanta Dey as the Managing Director for the period of three years w.e.f. 25.01.2000 to 24.01.2003. This was subject to approval of the Central Government. The Central Government had

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approved the said appointment capping the total remuneration at Rs. 2.5 lacs per month. However, the approval was made for a period of two years. After the expiry of two years, the Company will again seek the approval of the Central Government for the balance one year.

Members are hereby informed that the Board of Directors of the Company at their meeting held on 31.01.2001 appointed/redesignated Mr. Dey from Managing Director to Whole-time Director (designated as Director - Sales and Marketing) for the unexpired period of his tenure as the Managing Director i.e. 31.01.2001 to 24.01.2003. i.e. the date on which Mr. Dey's usual term of office as the Managing Director would have otherwise expired. Further, the Company has also intimated the Central Government about the above said redesignation for necessary endorsements/correction/changes in the original approval letter.

The Board of Directors considered that there was a need to put special focus on field sales operations and execution of marketing strategies and Mr. Dey being a marketing person was the most suitable for this job. Keeping this in view the Board appointed/redesignated Mr. Sukanta Dey as the Whole-time Director (designated as the Director - Sales and Marketing).

The Members are hereby informed that the Company had entered into a service agreement with Mr Sukanta Dey on account of his redesignation as Director - Sales and Marketing on 31.01.2001 containing the details of terms and conditions as per the resolution proposed above which may be terminated by either party by giving not less than three months advance notice in writing to either party. The said Agreement would be available for inspection at the Registered Office of the Company on any working day (except Saturdays) between 11.00 a.m. to 1.00 p.m.

The above statement and the terms and conditions as contained in the above resolution may be regarded as an abstract of the terms and conditions under section 302 of the Companies Act, 1956.

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

No Director of the Company except Mr Sukanta Dey is deemed to be concerned or interested in the said resolution.

ITEM NO. 5 - AMENDMENT OF ARTICLE 2 AND 2A OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Singer's 51% shareholding in the Company is held and registered in the name of Singer VII B.V., The Netherlands. The Company has been advised that Singer VII B.V. had changed its name into Singer (India) B.V. which has been recorded and approved by the Board of Directors in the meeting held on 22nd May, 2001.

Accordingly, in the interpretation clause of the Article 2 of the Articles of Association of the Company, the definition of Singer needs to be amended with its new name. Similarly, in Article 2A, pursuant to which Singer VII B.V. had entered into a Name License Agreement with the Company granting license to the Company to incorporate and use "SINGER" in its corporate name, the reference to Singer VII B.V. should now be to Singer (India) B.V.

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

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

**BY ORDER OF THE BOARD OF DIRECTORS
FOR SINGER INDIA LIMITED**

New Delhi
22nd May, 2001

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

SINGER INDIA LIMITED**ANNUAL REPORT 2000-2001****DIRECTORS' REPORT
TO THE MEMBERS**

Your Directors present their Annual Report and the statement of Audited Accounts for the financial year ended 31st March, 2001.

FINANCIAL RESULTS

	For the year ended 31 March, 2001	(Rs. Crores) For the year ended 31 March, 2000
Sales & Services	128.94	134.37
Other Income	2.25	1.88
	<u>131.19</u>	<u>136.25</u>
Profit before interest depreciation and tax	8.95	8.19
Interest	7.27	6.33
Depreciation	1.28	1.28
Profit before tax	0.40	0.58
Provision for tax	-	(0.07)
Profit after tax	0.40	0.51
Balance of profit from previous years	1.56	1.05
Balance carried forward	<u>1.96</u>	<u>1.56</u>

DIVIDEND

No dividend is recommended for the year under review.

BUSINESS OPERATIONS

During the year 2000-2001 the Company posted a net profit of Rs. 39.9 lacs as against Rs. 51 lacs in the previous year. The profitability was impacted by lower turnover at Rs.128.94 crores during the year 2000-2001 as against Rs. 134.37 crores in the previous year.

Overall, the consumer durables market remained sluggish during the year and seasonal sales turned out to be low. This affected our sales through wholesale channel where sales decreased by 30%. However, sales through retail channel increased by 14% as the strategy to sell consumer durables in this segment worked satisfactorily. Export business registered a healthy growth of 26%.

Profitability has been affected by the lower volumes. Your Company is continuously working to increase sales as volume growth is crucial for improving profitability. Efforts are simultaneously being made to bring down the cost of operations in line with sales volumes.

RETAILING AND HIRE PURCHASE

Efforts continued this year to consolidate retail operations that had suffered a major setback two years ago. The hire purchase business was strengthened in select markets by

focussing on sales of refrigerators, washing machines and colour televisions. The hire purchase business increased to Rs. 39 crores this year from Rs. 30 crores last year. Collections remained satisfactory. The Company will continue its initiatives to grow this business further through increased canvassing activities.

The Company will also simultaneously work on improving floor traffic at its stores. Major stores will be renovated to improve merchandising and appeal.

SEWING PRODUCTS

Domestic sewing business declined during the year by 20% due to lower sales through wholesale channel. Further, bulk business from Government institutions slowed down due to lower budgets. Turnover at Rs. 72.80 crores in this segment contributed 65% to total business.

As sewing will remain the core business of your Company, steps have been initiated to improve upon this business. The Company is strengthening its efforts to promote sewing education through sewing schools affiliated with the Company which is anticipated to increase sales of sewing products. Focus on the wholesale segment is being strengthened in collaboration with key dealers of the Company.

HOME APPLIANCES AND CONSUMER DURABLES

While small appliances business declined by 26%, sales of large appliances viz. refrigerators, washing machines and televisions increased by 113%, thus registering an overall growth of 8%. The growth mainly came from retail segment.

This segment of business is highly competitive but offers large potential as share of your Company in this vast market is very small. The positioning in this segment will be strengthened by increasing penetration levels. Product strategy will play a key role. Products and their range are being upgraded to counter competition. Economy model of 165 Litre and 220 Litre frost free refrigerators have recently been added to the existing range. The range of colour televisions has also been increased. The food processor range is being widened with an economy model. Imported steam irons have been successfully launched. Your Company will import more products to meet the likely threat of Chinese products.

EXPORTS

Thrust on exports continued and this business including exports undertaken by the wholly owned subsidiary grew by 26% this year. The Company is now getting continuous orders with the assistance of Singer and exports will become an important segment of the Company's business.