

Annual Report 2001-2002

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**SINGER INDIA LIMITED**

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**BOARD OF DIRECTORS**

Mr. S. K. Poddar, Chairman  
Mr. Rajiv Sud, Managing Director  
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  
Mr. Fernando Alberto Monfort

**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 : 6002179  
E-mail : mail@singerindia ltd.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.

**SINGER INDIA LIMITED****ANNUAL REPORT 2001-2002****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SINGER INDIA LIMITED, will be held on Thursday, the 29th day of August, 2002 at 3.00 p.m., at FICCI Auditorium, Federation of Indian Chambers of Commerce and Industry, Federation House, Tansen Marg, New Delhi-110001 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March, 2002 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 a Director in place of Mr. S.K. Poddar who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
3. To appoint a Director in place of Mr. Rajiv Sud who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
4. To appoint a Director in place of Dr. J.S. Juneja who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
5. To appoint a Director in place of Mr. M. Ahmad who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
6. To appoint a Director in place of Mr. Rajiv Bhatnagar who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
7. To appoint a Director in place of Mr. Shankar Aggarwal who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
8. To appoint a Director in place of Mr. T. Pooran who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
9. To appoint a Director in place of Mr. Jim Kelly who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
10. To appoint a Director in place of Mr. Stephen H. Goodman who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
11. To appoint a Director in place of Mr. R.S. Turnbull who, though not required to do so, resigns from the conclusion of this meeting, in order to facilitate the appointment of Directors on the principle of proportional representation and being eligible offers himself for re-election.
12. 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 appointed as Auditors of the

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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, 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 modifications(s) as ORDINARY RESOLUTION.

13. RESOLVED THAT Mr. Fernando Alberto Monfort who was appointed as a Director on the Board of the Company w.e.f. 21.06.2002 and who holds such office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 signifying his candidature for the office of Director be and is hereby appointed as a Director of the Company whose period of Office shall be liable to determination under Section 265 of the Companies Act, 1956.

**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. 12 & 13 as set out above are annexed hereto.
3. The Register of Members and Transfer Books of the Company will remain closed for 10 days from Tuesday, 20th August, 2002 to Thursday, 29th August, 2002 (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 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 both be appreciable and facilitate smooth functioning of the meeting.

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.

8. 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.

Members are hereby informed that consequent to the insertion of Section 109A and 109B in the Companies Act, 1956, the shareholders can now

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**NOTICE (Contd.)**

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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 dematerialized (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 any member(s) are still holding the shares in physical form, they are advised to dematerialise

their shares. In case they wish to do so, they will have to open an account with the Depository Participant (DP) who will inform them about the procedure involved therein. If they still want to know anything further about this from the Company, they may write to the Share Department of the Company at its Registered Office. Further for their 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

Registered Office :  
3, Devika Tower,  
6, Nehru Place,  
New Delhi - 110 019.

New Delhi  
June 21 ,2002

Sd/-  
**RAJEEV BAJAJ**  
G. M. FINANCE AND  
COMPANY SECRETARY



**SINGER INDIA LIMITED****ANNUAL REPORT 2001-2002****NOTICE (Contd.)****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 business under item No.12 & special business under item No.13 of the accompanying notice dated June 21, 2002 and should be taken as forming part of the Notice.

**ITEM NO. 12 - 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 paid up Equity Share Capital of the Company, shareholders approval is being sought by means of a Special Resolution for the appointment of auditors and the remuneration payable to them.

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. 13**

The Board of Directors of the Company had appointed Mr. Fernando Alberto Monfort as Additional Director pursuant to Section 260 of the Companies Act, 1956 read with Article 120 of the Articles of Association of the Company w.e.f. 21.6.2002. The said appointee shall hold such office upto the date of the 24th Annual General Meeting. The Company has received a notice in writing from a member pursuant to Section 257 of the

Companies Act, 1956 along with the requisite deposit proposing his candidature for the office of the Director.

Mr. Monfort, aged 48 years, is a Management Graduate from Pepperdine University. Before that, he obtained degree as Bachelor in Science-Business Administration Minor-International Business from California State University. He has also undergone a Senior Management Programme in Strategic planning with Kellogg Graduate School of Business, Northwestern University. He has rich experience of over 25 years in marketing activities. He was appointed to his present position of Vice President and Chief Marketing Officer with Singer N.V. effective March 2002. From August 2001 to that date, he was responsible solely for corporate marketing. Prior to joining Singer, Mr. Monfort had been associated with Display Technologies where he served as Managing Director-International. Prior to that, he was employed in a number of senior international marketing and general management positions by Avon Products and Premark International.

The Board of Directors are of opinion that his further continuance as a Director would be of immense help in future growth of the Company.

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

No Director of the Company except Mr. Fernando Alberto Monfort is concerned or interested in the said resolution.

BY ORDER OF THE BOARD OF DIRECTORS  
FOR SINGER INDIA LIMITED

NEW DELHI  
June 21, 2002

Sd/-  
**RAJEEV BAJAJ**  
G. M. FINANCE AND  
COMPANY SECRETARY

**SINGER INDIA LIMITED****ANNUAL REPORT 2001-2002****DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors present their Annual Report and the statement of Audited Accounts for the financial year ended 31st March, 2002.

**FINANCIAL RESULTS**

	For the year ended 31 March, 2002	(Rs. Crores) For the year ended 31 March, 2001
Sales & Services (net of excise duty)	139.09	128.79
Other Income	2.10	2.25
	<u>141.19</u>	<u>131.04</u>
Profit before interest depreciation and tax	7.60	8.95
Interest	7.66	7.27
Depreciation	1.42	1.28
Profit before tax	(1.48)	0.40
Provision for tax	(0.21)	-
Profit after tax	(1.27)	0.40
Balance of profit from previous years	1.96	1.56
Balance carried forward	<u>0.69</u>	<u>1.96</u>

**DIVIDEND**

No dividend is recommended for the year under review.

**BUSINESS OPERATIONS**

For the year ended 31st March, 2002, the Company recorded a higher turnover of Rs. 139.09 crores against Rs. 128.79 crores achieved in the prior year. However, due to sluggish market conditions and intense price competition, margins were under pressure which impacted profitability. The Company posted a loss of Rs. 148.06 lacs this year as against profit of Rs. 39.89 lacs in the previous year. The loss this year includes a provision of Rs. 60 lacs for diminution in value of units of the Unit Trust of India under the Unit scheme, 1964. Excluding this one-time provision, the Company reported a cash profit of Rs.54 lacs during the year against Rs.1.68 crores in the previous year.

The consumer durables market remained depressed as a result of the overall economic downturn. As a strategy the Company continued to focus on consolidating of its retail business which was maintained. The increase in revenue came from wholesale channel where sales increased by 15%. Export business also registered a healthy growth of 23%.

In order to improve operating and financial performance, the Company is undertaking a number of programs. The product range of your Company has been revamped. Many new products have been introduced both in sewing and non-sewing segments and designs and features of several existing models have been improved. The Company will also renovate some of its retail stores this year to improve appearances and floor traffic. Marketing activities will be stepped up to counter the increasing competition. As reduction in operating costs is crucial in the current scenario, the Company will review its supply chain management to achieve reduction in its cost while we continue our efforts to reduce other costs. The share issue proceeds of the forthcoming Rights Issue will be deployed in retiring high cost borrowings and augmenting resources for undertaking these programs.

**SUBSIDIARY COMPANIES & CONSOLIDATED FINANCIAL STATEMENTS**

The results of Himec India Limited and Singer India Trading Limited, the subsidiaries of the Company are attached to this report along with the statement specified in Section 212 of the Companies Act, 1956. The Company is also presenting its audited consolidated financial statements, which form part of the Annual Report as required by the Listing Agreement with the Stock Exchanges. The comments of auditors of Himec India Ltd., on restatement of foreign currency receivable has been duly explained in the notes to accounts and the Directors' Report of Himec India Ltd.

**DIRECTORS**

Mr. Noppadol Mingchinda was appointed as a Director on 18th January 2002 to fill the vacancy created by the resignation of Mr. Sukanta Dey. Mr. Noppadol Mingchinda resigned from the Board effective 21st June 2002. The Directors place on record their appreciation for his service as a Director.

Mr. Fernando Alberto Monfort was appointed as an Additional Director of the Company on 21st June 2002. Mr Fernando is the Vice President and Chief Marketing Officer of Singer N.V. Mr. Monfort will hold office of the Director until the next Annual General Meeting. In the forthcoming Annual General Meeting the Company will be seeking approval of the members for



**SINGER INDIA LIMITED****ANNUAL REPORT 2001-2002****DIRECTORS' REPORT (Contd.)**

the appointment of Mr. Fernando Alberto Monfort and appointment / reappointment of other Directors according to the method of proportional representation prescribed under Section 265 of the Companies Act, 1956.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management discussion and analysis report as required under the listing agreements with stock exchange is enclosed at Annexure A.

**FIXED DEPOSITS**

The total deposits as on 31st March, 2002 were Rs. 5.54 Crores from 3269 depositors. Deposits amounting to Rs.12.66 lacs due for repayment were unclaimed by 108 depositors as on 31.3.2002. Subsequently, out of the above, 47 deposits of Rs. 5.95 lacs have been repaid/renewed till 20th June, 2002. The remaining depositors have been approached for their instructions.

**RIGHTS ISSUE**

In the Extra Ordinary General Meeting held on 15th February 2002 the members had approved the rights issue of equity shares in the ratio of 1:1 at par of Rs. 10/- each. The Securities Exchange Board of India had approved the draft letter of offer subject to certain modifications / observations which have been incorporated in the final letter of offer to be circulated to members in the first week of July, 2002. The record date has been fixed for July 2nd, 2002 in consultation with the Stock Exchanges. The rights issue is targeted to open in mid July, 2002.

**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.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 217 (2AA) of the Companies Act, the Directors confirm that

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2002 and the profit or loss of the Company for the year ended 31st March, 2002.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the annual accounts have been prepared on a going concern basis.

**INFORMATION REGARDING CONSERVATION OF ENERGY ETC AND EMPLOYEES**

Information pursuant to Section 217(1)(e) and Section 217(2A) of the Companies Act, 1956 and the rules made thereunder are given as Annexure B to the Report.

**INDUSTRIAL RELATIONS**

The industrial relations have remained 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.

**ACKNOWLEDGEMENT**

The Directors place on record their deep 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  
June 21, 2002

Sd/-  
**S. K. PODDAR**  
CHAIRMAN

**SINGER INDIA LIMITED**

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**ANNEXURE A TO DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE & DEVELOPMENTS**

Sewing machine industry size is estimated at around 9 lacs units and is estimated to increase to 11 lacs units by 2006-07. Out of this 4.5 lacs units are from organised sector and the balance comes from the unorganised sector. The market for conventional straight stitch machines is now saturated. However new channel of zig zag sewing machines which can be of versatile use has potential for growth.

The consumer durables which consists of large appliances including televisions, refrigerators and washing machines and also small appliances which consists of entire range of household and kitchen appliances is a huge market and offers potential to grow. The demand of consumer goods is likely to grow due to various reasons such as liberalisation policies of the Government, increasing desire for ownership with possession of assets being an indicator of social status, higher disposable incomes etc. Based on the industry estimates the market is expected to grow by around 15%.

Important developments in this sector have been the opening of imports and the increased competition as many players have entered this market. The Government has liberalised imports of most of the consumer durables and these are now freely importable.

**OUTLOOK ON OPPORTUNITIES**

Considering the size of the country and the vast population there is a growth potential in household appliances and consumer durables. As mentioned above, small appliances and consumer durables segment is a growing market and offers us an opportunity to grow. The parent Company Singer N.V. has a worldwide presence and the Company can utilise this for outsourcing products at competitive cost.

**OUTLOOK ON THREATS, RISKS AND CONCERNS**

There is an intense competition in the business that the Company deals with as many new players have entered both from India and overseas. The opening up of economy and WTO agreements is likely to lead to increased competition. The Company also sells its products through hire purchase schemes, which has an inherent credit risk.

**SEGMENT WISE PERFORMANCE**

The segment wise performance of the Company's businesses is given below:

**RETAILING AND HIRE PURCHASE**

Hire purchase business is the main constituent of the Company's retail business. The hire purchase business overall maintained this year at Rs. 39.5 crores (previous year at Rs. 39.2 crores).

**SEWING PRODUCTS**

Sewing business accounted for 59% of the Company's turnover in domestic business and continued to remain the core business of the Company. This business had declined during the year ending 31st March 2001, which picked up this year by promoting sales through wholesale channel. To grow this business the Company has introduced new Classic Ultra Model in its Zig Zag range. This is an upgraded model offered at competitive prices. The Company has also introduced new imported models to counter the growing competition from imported models.

**HOME APPLIANCES AND CONSUMER DURABLES**

The small appliances business also grew by 24%. Growth mainly came from the wholesale channel. This business accounted for 18% of the domestic business. The Company is revamping this segment and has introduced new Global Series of appliances, which is geared up to counter growing competition. The consumer durables business, which consists of large appliances also grew by 23% and accounted for 23% of total domestic business of the Company. The Company added one model of 220 Litres frost free Refrigerator and also a new model of Washing Machines this year. Improved range of Colour Televisions has also been introduced.

**EXPORTS**

Exports grew by 23% and continue to be an important segment of the Company's business. The Company exported sewing machines to several countries.

**INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has a well established procedure for internal control systems. The Company also has internal audit team reporting directly to the top management. These are being reviewed for further strengthening.

**FINANCIAL PERFORMANCE**

Sales and service of the Company grew by 8% to 139.09 crores. Profit before interest, depreciation and tax was Rs. 7.6 crores (Rs.8.9 crores in the previous year). The Company posted a loss of Rs. 1.48 crores this year as against profit of Rs. 40 lacs in the last year. The loss includes onetime provision of R. 60 lacs for diminution of units of the Unit Trust of India.

**HUMAN RESOURCES**

The Company initiated several measures to upgrade knowledge and skills of its employees to increase their effectiveness in achieving the Company's goals through periodic training and development exercises. The Company also set up its own internal school this year to start new initiatives to impart specific training to groom existing and potential employees of the Company who would assume responsibilities of Shop Managers for its retail stores.