

ANNUAL REPORT 2004

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C O N T E N T S

	Page
Board of Directors	1
Notice	2-3
Directors' Report	4-9
Corporate Governance Report	10-16
Auditors' Report	17-21
Balance Sheet	22
Profit & Loss Account	23
Cash Flow Statement	24-25
Schedules to Accounts	26-46
Balance Sheet Abstract	47
Auditors' Reports on Consolidated Financial Statement	48
Consolidated Balance Sheet	49
Consolidated Profit & Loss Account	50
Consolidated Cash Flow	51-52
Schedules to Consolidated Accounts	53-60
Statement Pursuant to Section 212	60

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents/details upon request by any member of the Company interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member at its registered office at the normal working hours (except Saturday & Sundays).

SINGER INDIA LIMITED**ANNUAL REPORT 2004****BOARD OF DIRECTORS**

Mr. S.K. Poddar, Chairman
Mr. K.K. Gupta, Vice Chairman & Managing Director
Mr. Rajiv Bhatnagar
Mr. Stephen H. Goodman
Dr. J.S. Juneja
Ms. Stuti Narain Kacker
Mr. Jim Kelly
Mr. Rajiv Sud
Mr. Phillip Watson

SECRETARY

Mr. Rajeev Bajaj

BANKERS

State Bank of Travancore
Corporation Bank
Bank of Baroda
State Bank of Hyderabad
Small Industries Development Bank of India

AUDITORS

M/s. B.S.R & Co.
4B, DLF Corporate Park
DLF City, Phase-III
Gurgaon-122002.

**REGISTERED &
CORPORATE OFFICE**

A-26/4, IIInd Floor,
Mohan Co-operative Industrial Estate
New Delhi - 110 044
Tel : 51679293, 51679294
Fax : 51679295
E-mail: mail@singerindia.net

WORKS

Lane No.4
SIDCO Industrial Estate,
Jammu.

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

Please visit our website www.singer-india.com

SINGER INDIA LIMITED**ANNUAL REPORT 2004****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY- SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SINGER INDIA LIMITED, will be held on Tuesday, the 28th day of June, 2005 at 9.30 a.m. at The Executive Club, 439, Village Shahoorpur, P O – Fatehpur Beri, New Delhi-110074 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Balance Sheet as at 31st December, 2004 and the Profit & Loss Account for the nine months period ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Phillip Watson who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jim Kelly who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajiv Sud who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors for the ensuing year and fix their remuneration. M/s B S R & Co. the retiring Auditors, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

6. **"RESOLVED THAT** Mr. K K Gupta be and is hereby appointed as a director of the Company not liable to retire by rotation in terms of Article 133 of the Articles of Association of the Company who ceases to hold office of Director under section 260 of the Companies Act, 1956 for whom a special notice under section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for office of Director."

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Special Resolution:

7. **"RESOLVED THAT** subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, listing agreement, SEBI (Delisting of Securities) Guidelines, 2003 and such other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary, the Board of Directors of the Company be and are authorized to seek voluntarily delisting of its securities from the Delhi Stock Exchange."

"RESOLVED FURTHER THAT securities of the Company shall continue to be listed on The Stock Exchange, Mumbai having nation wide trading terminals and therefore as per the said guidelines issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the shareholders of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution"

8. **"RESOLVED THAT** pursuant to section 309, 311, 198

and any other enabling, applicable provisions, if any of the Companies Act 1956 and subject to the approval of the Central Government consent of the Company be and is hereby accorded to the following variation effective from 01.09.2004 in the remuneration of Mr. K K Gupta, Vice Chairman and Managing Director of the Company subject to the condition that the overall remuneration shall not exceed as already approved by the shareholders in its Extra Ordinary General Meeting held on 4th October 2004:

- a. Withdrawal of Superannuation and gratuity benefit amounting to Rs. 4,02,500 per annum.
- b. Payment of additional allowance of Rs.33542/- p. m. in lieu of the withdrawal of the above benefits."

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 business under item nos. 6 to 8 as set out above are annexed herewith.
3. The Register of Members and Transfer Books of the Company will remain closed for 5 days from Friday, the 24th of June 2005 to Tuesday, the 28th of June, 2005 (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 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. Members are further informed that in terms section 205C of the Companies Act, 1956 all unclaimed dividend (Final) for the financial year ended 31st March 1997 have been transferred to Investor Protection and Education Fund, Government of India.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and insertion of Section 205C, by

SINGER INDIA LIMITED**ANNUAL REPORT 2004**

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 Interim Dividend 1997-98 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 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 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).

10. NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.

BY ORDER OF THE BOARD OF DIRECTORS
FOR SINGER INDIA LIMITED

RAJEEV BAJAJ

Place : New Delhi
Date : 16th May 2005

**COMPANY SECRETARY
AND G M COMMERCIAL**

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 the material facts relating to the Special Business under item no.s. 6 to 8 of the accompanying notice dated 16th May 2005 be taken as forming part of the Notice.

Item no. 6

Mr. K K Gupta was appointed as an Additional Director on the Board of the Company by the Board of Directors w.e.f. 1st September 2004. Mr. K K Gupta would cease to hold the office of Director as such on the date of ensuing Annual General Meeting in terms of section 260 of the Companies Act, 1956. The Company has received a special notice under section 257 of the Companies Act, 1956 together with a deposit of Rs.500/- from a member proposing his candidature for the office of Director. Mr. K K Gupta has a wide and varied

experience in the business and his further continuation as Director would be of immense help for the future growth of the Company for years to come. The Board of Directors are of the opinion that Mr. K K Gupta would be a building force to the Company which would ultimately be beneficial to the Company at large and shareholders and others in particular. Mr. Gupta would also be not liable to retire by rotation in terms of Article 133 of the Articles of Association of the Company since he is the Vice Chairman and Managing Director appointed by the shareholders at their Extra Ordinary General Meeting held on 4th October 2004 for a tenure of three years w.e.f. 1st September 2004.

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

No Director of the company other than Mr. K K Gupta is concerned or interested in the said resolution.

Item No.7

The shares of the Company are at present listed with the Delhi Stock Exchange and The Stock Exchange, Mumbai. Considering the fact that there is no trading at the Delhi Stock Exchange and as a part of its cost reduction measure, the Board of Directors have proposed delisting of its shares from the Delhi Stock Exchange. As per clause 5.2 of SEBI (Delisting of Securities) Guidelines, 2003, an exit opportunity to the shareholders need not be given where the shares of the Company remain listed on the stock exchange having nation wide trading terminals. The shares of the Company are listed with The Stock Exchange, Mumbai which has nation wide trading terminals. In the last Annual General Meeting, held on 6th August 2004, shareholders had made requests for delisting of shares from the Delhi Stock Exchange.

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

No Director of the company is concerned or interested in the said resolution.

Item No. 8

Members had approved the appointment and payment of remuneration to Mr. K K Gupta as Vice Chairman and Managing Director of the Company for a period of three years w.e.f. 01.09.2004. It is proposed to amend the remuneration of Mr. Gupta by withdrawing the benefit of Superannuation and gratuity funds contribution and instead paying additional allowance of Rs.33542 p. m effective from 01.09.2004 so that the overall remuneration shall not exceed a sum of Rs.4,42,375/- per month as already approved by the shareholders in its Extra Ordinary General Meeting held on 4th October 2004.

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

No Director of the company other than Mr. K K Gupta is concerned or interested in the said resolution to the extent of remuneration to be received by him.

BY ORDER OF THE BOARD OF DIRECTORS
FOR SINGER INDIA LIMITED

RAJEEV BAJAJ

Place : New Delhi
Date : 16th May 2005

**COMPANY SECRETARY
AND G M COMMERCIAL**

SINGER INDIA LIMITED**ANNUAL REPORT 2004****DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors present their Annual Report and the statement of Audited Accounts for the nine months period ended 31st December, 2004.

FINANCIAL RESULTS

	(Rs. in Crores)	
	For the nine months period ended 31 st December 2004	For the year ended 31st March, 2004
Sales & Services	63.72	136.08
Other Income	1.21	3.27
	<u>64.93</u>	<u>139.35</u>
(Loss) before interest, Depreciation and tax	(25.34)	(5.38)
Interest & bank charges	6.04	7.95
Depreciation	0.47	1.41
(Loss) before tax	(31.85)	(14.74)
Exceptional cost	5.25	—
Prior period item	1.91	—
Tax adjustment	(0.23)	—
(Loss) after tax	(38.78)	(14.74)
Transfer from General Reserve	7.32	—
Balance of loss from previous years	(14.87)	(0.13)
Balance carried forward	<u>(46.33)</u>	<u>(14.87)</u>

GENERAL RESERVES

Rs.2.91 Crores has been adjusted out of the opening general reserves on account of the impairment of fixed assets in accordance with the AS 28 on impairment of fixed assets prescribed by the Institute of Chartered Accountants of India. The balance in the reserves after this adjustment has been transferred to the Profit and Loss Account.

DIVIDEND

No dividend is recommended for the year under review.

FINANCIAL YEAR

The Board of Directors approved the change in Financial Year of the Company from 1st April – 31st March to the Calendar Year i.e. 1st January – 31st December. Accordingly, the financial results of the Company under review have been drawn for the period 1st April 2004 – 31st December 2004.

OPERATIONS

The downturn in performance which had started in the year 2003 worsened during the period under review. The Company recorded a loss of Rs. 39.01 crores (includes Rs. 1.91 crores prior period adjustment) during

this period as compared to Rs.14.74 crores during the previous financial year. This loss includes Rs. 5.25 crores exceptional cost on account of write down of inventories and receivables and other assets and also the one-time restructuring cost. Failure of new business strategies of the past and reduced focus on core business viz sewing machines together with related entry and exit costs of new businesses were largely responsible for aggravation of loss. Frequent changes in field management structure resulted in loss of operational controls causing deterioration of receivables and inventories losses. Difficult cash flow situation arising as a result of funding cash losses resulted in further loss of sales due to inability to purchase goods for sale. Accordingly, sales of the Company shrank to Rs. 63.72 crores as compared to Rs.136.08 crores in the previous financial year.

Complete erosion of net worth has made the Company a sick company under section 3 (0) of The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and it is mandatory to file a reference to the Board for Industrial and Financial Reconstruction (BIFR) under section 15(1) of SICA. Directors have accordingly decided to file reference to BIFR

As a corrective step to start with, the Board of Directors brought back Mr. K K Gupta as Vice Chairman and Managing Director with effect from 1st September 2004. As most of you would know, Mr. K K Gupta had earlier worked with the Company as the Managing Director for the period May, 1983 to December 1996 when he also occupied the position of the Chairman of the Company for the period 1993 to 1996, it is on record that during Mr. Gupta's period, the Company grew consistently both in sales volume and profitability.

The Company in association with IDBI Capital Market Service finalised a Revival Plan for the Company including financial restructuring which is pending for approval with its banks and other major stakeholders.

In the interim, pending approval for the revival plan, the Company is also working on other options to continue business in a limited way so as to minimise its losses.

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

SINGER INDIA LIMITED**ANNUAL REPORT 2004****DIRECTORS**

During the period under review, Mr. Pradeep Tognatta resigned as Managing Director of the Company effective 24th July 2004. Mr. Akshay Poddar, Mr. T Pooran and Mr. Peter J.O'Donnell resigned from the Board effective 25th October 2004, 27th January 2005 and 22nd April 2005 respectively. The Directors place on record their appreciation for the services rendered by them.

Mr. K K Gupta was appointed as the Vice Chairman and Managing Director of the Company effective 1st September 2004 for a period of three years. The said appointment was confirmed by the members in the Extra Ordinary General Meeting held on 4th October 2004. The Central Government has also approved the appointment of Mr. Gupta as the Managing Director and his remuneration at Rs. 2,50,000 per month and the Company's representation to the Central Government for raising it to Rs.4,42,375 per month as approved by the members earlier is pending.

Mr. K K Gupta was appointed as an Additional Director of the Company and members' approval is sought for his confirmation as a Director of the Company at the ensuing Annual General Meeting. Mr. Phillip Watson, Mr. Jim Kelly and Mr. Rajiv Sud retire at the forthcoming Annual General Meeting and being eligible are seeking re-appointment as Directors of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

FIXED DEPOSITS

The total deposits as on 31st December, 2004 were Rs. 3.79 crores from 1033 depositors. Deposits amounting to Rs.89.39 Lacs due for repayment and claimed by depositors as on 31st December 2004 remained unpaid due to financial crunch. Subsequently deposits amounting to Rs 21.10 lacs were paid. A sum of Rs.12.60 Lacs which became due for payment up to 31st December 2004 remained unclaimed.

AUDITORS

M/s BSR & Co., Chartered Accountants, the retiring Auditors being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956 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 nine month period ended 31st December 2004 and the profit or loss of the Company for the nine months period ended 31st December, 2004.
- 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 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 an Annexure to this Report.

INDUSTRIAL RELATIONS

The industrial relations have remained mostly cordial and harmonious during the year. The Company had to retrench the surplus identified workmen at its Jammu factory to align the strength to required levels in accordance with its activities. The Company has also declared a lay-off for two months starting from 6th April, 2005 at its Jammu factory due to funds shortages pending restructuring approval.

EMPLOYEES

The Directors wish to place on record their deep appreciation for the support and contribution made by all the employees of the Company. In this difficult time, continued full hearted support and hard work are expected from all sections of employees to revive 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.

JIM KELLY
Director

K K GUPTA
Vice Chairman and
Managing Director

Place : New Delhi
Date : 16th May 2005

SINGER INDIA LIMITED

ANNUAL REPORT 2004

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.****A. CONSERVATION OF ENERGY**

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

- Redistribution of load on power feeders by providing power capacitors.
- Relay out of power transmission system for better distribution of power

B. 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.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

a)	Foreign Exchange Earnings	Rs. 381.94 lacs
b)	Foreign Exchange Outgo	
	- CIF value of imports of raw materials and components	Rs. 271.13 lacs
	- Expenditure in foreign currency :-	
	Foreign Travel	Rs. 3.23 lacs
	Others	Rs. 12.62 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.**

- Low cost automation.
- In-house technical training programs for managers, staff and workmen
- Improved packaging to reduce transit breakage
- Painting process rationalisation.

2. Benefits derived as a result of above R & D

- Rejection variations arrested
- Improved quality of products
- Higher productivity
- Expanded in-house production facilities for critical components
- Increase in in-house machined components castings

3. Future plan of action

- To upgrade technology of the Company's current product lines so as to maintain a high level technology and market leadership.
- To develop new in-house components casting

4. Expenditure on R & D

- Capital	:	NIL
- Recurring	:	NIL
- Total	:	NIL
- Total R & D Expenditure as a percentage of total turnover	:	N.A.

SINGER INDIA LIMITED**ANNUAL REPORT 2004****ANNEXURE B TO DIRECTORS' REPORT (Contd.)****TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Efforts made towards technology absorption and innovation, in brief.

- Productivity improvement by process rationalization
- Product upgradation
- Introduction of Quality circle meetings
- In house manufacture of critical components both for 298 and 900 series for Zig Zag machines by transferring from other Singer factories
- Process development for futuristic castings.

2. Benefits derived as a result of the above efforts.

- Improvement in product quality.
- Reduced rejections.
- Higher production volumes as a result of productivity improvement.
- Cost reduction due to implementation of suggestion schemes

3. Information in case of imported technology (imported during last five years).

- Technology imports - NA
- Year of Import - N.A.
- Has technology been fully implemented - N.A.
- If not fully absorbed, area where this has not taken place, reason therefore 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 December, 2004

Employees drawing Remuneration of not less than Rs 2 lacs per month and employed for a part of the year.

Sl.	Name	Age in year	Designation Nature of duties	Remuneration Received (Rupees)	Qualification	Date of Commencement of employment	Total experience in years	Last position held before joinin the company
1	2	3	4	5	6	7	8	9
1	Pradeep Tognatta*	52	Managing Director	18,38,169	Post Graduate in Paper and Pulp Technology	31.01.2004	29	Vice President - Sales & Marketing - LG Electronics India Ltd.
2.	Mr. Mahim S Mehta**	42	Head - Finance	15,76,261	B.Com(H), FCA & Grad. CWA	05.05.2004	19	Dy. General Manager Finance - LG Electronics India Ltd.
3.	Mr. K. K. Gupta***	66	Vice Chairman & Managing Director	12,18,000	B.Sc. (Mechanical Engineering) (MS Industrial Engineering)	01.09.2004	41	Managing Director Paradeep Phosphate Ltd.

* upto 24th July 2004,** wef 5th May 2004,*** wef 1st September 2004

Remuneration includes Salary, HRA, reimbursement of medical expenses, Gas, Electricity, Club Fees and Other allowances and value of taxable perquisites as per the Income Tax Act.

The employees are not related to any Director of the Company.

SINGER INDIA LIMITED**ANNUAL REPORT 2004****ANNEXURE A TO DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE & DEVELOPMENTS**

The market for conventional straight stitch machines has remained flat. However growth potential exists for zig zag sewing machines and imported sewing machines which can be of versatile use. The industrial sewing machines which are largely dependent on garment industry is also poised for growth and lifting of quota restrictions is expected to further increase growth potential of this industry.

The small appliance market (size of 2500 crores approx) in India is preparing to face growing competition from Chinese and other markets by cutting down its cost and by relocating to tax free regions. The organised brands which contributes a significant share are offering several consumer schemes with after sales service to grow in this segment.

As per the survey, demand of consumer goods is likely to grow due to various reasons such as liberalisation policies of the Government, changes in consumer's preferences with economy in the country more developing and maturing. Based on the industry estimates, the market is expected to grow on average 10-15%.

OUTLOOK ON OPPORTUNITIES

With a good brand recall for sewing machines, the Company plans to increase its sales of Auto Zigzag and other specialised sewing machines besides entering in industrial sewing machine segment.

There is also a growth potential in household appliances and consumer durables in rural sector. As mentioned above, small appliances and consumer durables segment is a growing market and offers us an opportunity to grow. However, this is subject to implementation of the restructuring plan of the Company.

OUTLOOK ON THREATS, RISKS AND CONCERNS

The most challenging and uphill task before the

Company is to restructure its operations and finances with co-operation from its bankers and other major stakeholders. If this is not achieved it could lead to a major irreparable damage to the Company.

SEGMENT WISE PERFORMANCE

As explained before, sales of the Company during the period remain very low due to unavailability of funds and pending approval of restructuring plan. However, the segment wise performance of the Company is given below:

	Rs. in Crores
Sewing Products	43.4
Home Appliances and	.
Consumer Durables	16.4
Exports	3.9

The Company has already corrected its prices to stand before the competition. Once the restructuring is complete, the Company will grow sales in above segment with focus on its core business of sewing.

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. The weak areas are being reviewed for further strengthening.

FINANCIAL PERFORMANCE

Sales and service of the Company decreased by Rs.72.36 crores. Loss before interest, depreciation and tax was Rs.25.34 crores (Rs.5.38 crores in the previous year). The Company posted a loss of Rs.35.78 crores this year as against loss of Rs.14.74 crores in the last year.

HUMAN RESOURCES

Human resources are recognised as the highly valued asset in our Company. The Company continued its efforts to strengthen its employees' skill and their productivity.