

# **ANNUAL REPORT 2009**

**SINGER<sup>®</sup>**  
**AT HOME WORLDWIDE**

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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 Saturdays, Sundays & other Holidays)

**BOARD OF DIRECTORS**

Mr. K. K. Gupta, Chairman  
Mr. Ajit Kumar  
Mr. Deepak Sabharwal  
Mr. Gavin Walker  
Mr. Hemaka D. S. Amarasuriya  
Mr. P.N. Sharma

Mr. Rajeev Bajaj Alternate Director to Mr. Hemaka D.S. Amarasuriya

**SECRETARY**

Ms. Roopali Grover

**BANKERS**

ICICI Bank Limited  
YES Bank Limited

**REGISTERED &  
CORPORATE OFFICE**

A-26/4, 2nd Floor  
Mohan Cooperative Industrial Estate  
New Delhi -110044  
Tel. : 91 11 - 40617777  
Fax : 91 11 40617799  
E-mail: mail@singerindia.net

**WORKS**

Lane No.4  
SIDCO Industrial Estate  
Jammu

Lane No. 2  
SIDCO Industrial Estate  
Phase II, Jammu

**NOTICE**

Notice is hereby given that the Thirty First Annual General Meeting of the members of Singer India Limited will be held as scheduled below

Day : Thursday  
Date : 13-08-2009  
Time : 9.30 A.M.  
Place : The Executive Club, 439 Village  
Shahoorpur, P.O Fatehpur Beri, New Delhi  
110 074

to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31st March 2009 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. Deepak Sabharwal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gavin Walker, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof:

**"RESOLVED THAT** Ray & Ray, Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

**SPECIAL BUSINESS**

5. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Ajit Kumar, who was appointed as an Additional Director on the Board of the Company w.e.f. 22<sup>nd</sup> June 2009 and who holds such office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 read with Article 120 of the Article of Association of the Company 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 liable to retire by rotation".

6. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the approval of the Central Government and as per section 198(4), 269, 309(3), 310 and 311 read with Schedule XIII and other enabling provisions, if any of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, and such other consent and approval as may be required, consent of the members be and is hereby accorded for increase in the remuneration of Mr. K K Gupta, Whole-time Director of the Company designated as Chairman, effective 1<sup>st</sup> July 2008 till the remaining period of his tenure up to 10<sup>th</sup> October, 2010 with the liberty to the Board of Directors to alter and vary the terms and conditions as set out in the Explanatory Statement annexed hereto."

**"RESOLVED FURTHER THAT** if the Company has no profit or inadequate profit, the remuneration as set out in the Explanatory Statement annexed hereto shall also be the minimum remuneration payable to Mr. K. K. Gupta pursuant to Section 198 and 309 and any other applicable provisions, if any, of the Companies Act, 1956.

7. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the approval of the Central Government and as per section 198, 269, 309 and 311 and in accordance with Schedule XIII and other enabling provisions, if any of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, and such other consent and approval as may be required, consent of the members be and is hereby accorded for the appointment and approval of the remuneration of Mr. Rajeev Bajaj, G.M Commercial and Controller of the Company and acting as Alternate Director to Mr. Hemaka Devapriya Senarath Amarasuriya, effective from 1<sup>st</sup> October 2008, for a period of 3 years with the liberty to the Board of Directors to alter and vary the terms and conditions as set out in the Explanatory Statement annexed hereto."

**"RESOLVED FURTHER THAT** if the Company has no

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profit or inadequate profit, the remuneration as set out in the Explanatory Statement annexed hereto shall also be the minimum remuneration payable to Mr. Rajeev Bajaj pursuant to Section 198 and 309 and any other applicable provisions, if any, of the Companies Act, 1956.

8. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the approval of the Central Government and as per section 198, 269, 309 and 311 and in accordance with Schedule XIII and other enabling provisions, if any of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, and such other consent and approval as may be required consent of the members be and is hereby accorded for the appointment and approval of the remuneration of Mr. P.R Nandanan, G.M Sales of the Company and acting as Alternate Director to Mr. Gavin Walker, effective from 1<sup>st</sup> October 2008, for a period of 3 years with the liberty to the Board of Directors to alter and vary the terms and conditions, as set out in the Explanatory Statement annexed hereto."

**"RESOLVED FURTHER THAT** if the Company has no profit or inadequate profit, the remuneration as set out in the Explanatory Statement annexed hereto shall also be the minimum remuneration payable to Mr. P R Nandanan pursuant to Section 198 and 309 and any other applicable provisions, if any, of the Companies Act, 1956.

9. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to section 16 read with section 94 of the Companies Act 1956 (including any amendments thereto or re-enactments thereof) and other enabling provisions if any of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered by deleting the existing clause V of the Article of Association and substituting in its place and stead the following new clause V of the Memorandum as hereof:

"V. The Authorised Share Capital of the Company is

Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 1,50,00,000 equity shares of Rs. 10/- (Rupees Ten) each and 5,00,000 redeemable preference shares of Rs. 100 (Rupees Hundred) each with the powers to increase, divide, sub-divide into various classes of shares and attach thereto such preferential /deferred, special rights/ privileges/conditions as may be determined by the Company in accordance with its regulations."

10. 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 31 Companies Act, 1956 (including any amendments thereto or re-enactments thereof) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by deleting the existing clause 3 (1) of the Article of Association and substituting in its place and stead the following new clause 3 (1) of the Article as hereof:

"Article 3 (1) The Authorised Capital of the Company is Rs. 20, 00,00,000 (Rupees Twenty Crores) divided into 1,50,00,000 equity shares of Rs. 10/- (Rupees Ten) each and 5,00,000 redeemable preference shares of Rs. 100 (Rupees Hundred) each with such rights, privileges and conditions attaching thereto as may be for the time being be provided by the Article of the Company and/ or as may be directed by the General Meeting creating the same and if no such directions be given, as the Directors would determine and in particular the Company shall have the power to increase or reduce the capital to issue shares with the special rights or privileges as to voting, dividends, repayment of capital or otherwise or to subject the shares to any restriction, limitations, conditions, or to vary or abrogate any such rights, restrictions or conditions."

11. 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 80, Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Associations of the Company and in accordance with the provisions of listing agreement and

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subject to such permissions/approvals as may be necessary to be taken in this regard and subject to such other statutory formalities as may be necessary to be complied with, the consent of the Company be and is hereby accorded to the Board of Directors to issue, offer and allot Non-Convertible Redeemable Preference Shares to such persons, and to convert the existing loans into Non-Convertible Redeemable Preference Shares, in such manner and subject to such terms and conditions as the Board may determine and think fit in the interest of the Company provided that the total nominal value of Non-Convertible Redeemable Preference Shares to be issued pursuant to this resolution shall not exceed Rs. 5 crores/- (Rupees Five Crores only).

**RESOLVED FURTHER THAT** the Board be and is hereby authorized:

- a) To decide the price at which such shares to be issued and/or the loans to be converted into Non-Convertible Redeemable Preference Shares and the other terms and conditions of the issue of Non-Convertible Redeemable Preference Shares and shall also be entitled to vary, modify or alter any terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notifications, rules and regulations;
- b) To take such steps and do all such acts, deeds, matters and things as the Board may in its sole discretion consider necessary, expedient, usual, proper, or incidental to give effect to this resolution and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the such Preference Shares; and
- c) To delegate all or any of the powers herein conferred by this resolution to any Director(s) of the Company or their committee."

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

Place: New Delhi  
Dated: 22<sup>nd</sup> June, 2009

**ROOPALI GROVER  
COMPANY SECRETARY**

**NOTES**

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto in respect of Special Business.
2. 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.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 07.08.2009 to 13.08.2009 (both days inclusive).
5. Due to prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of Annual Report.
6. 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.
7. 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.
8. 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.
9. The shares of the Company are being compulsorily traded in dematerialized (i.e. electronic) form only in the stock exchange of 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. Further for your information ISIN no of the company is INE638A01027 for both the depositories viz National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL).

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10. Documents referred to in the accompanying Notice and the Explanatory Statements are open for inspection at the Registered office of the Company during office hours on all working days except Saturdays, Sundays and other Holidays between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting.
11. Pursuant to Clause 49 IV (G) (i) of Listing Agreement, profile of directors to be appointed/re- appointed at the ensuing Annual General Meeting has been given in the Corporate Governance Report attached to the Annual Report.
12. **NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACTS, 1956.**

In conformity with the provisions of Section 173 of the Companies Act, 1956 the following explanatory statement which sets out the material facts relating to the Special Business under item no's. 5 to 11 of the accompanying notice dated 22<sup>nd</sup> June 2009 be taken as forming part of the Notice.

**Item No. 5**

Mr. Ajit Kumar was appointed as an Additional Director on the Board of the Company with effect from 22<sup>nd</sup> June 2009, pursuant to section 260 of the Companies Act, 1956, read with Article 120 of the Article of Association of the Company. Mr. Ajit Kumar holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a shareholder along with a deposit of Rs. 500/- proposing the candidature of Mr. Ajit Kumar for the office of Director under the provisions of section 257 of the Companies Act, 1956.

Mr. Ajit Kumar aged 67 years is a BA, MA in English and ranked first position in the Punjab University. He was in Indian Administrative Services (IAS) and has held in the past the positions of Defence Secretary, Industry Secretary, Chairman of FIPB and Finance Secretary to the Government of India. He has over 38 years of high level administrative experience.

None of the Directors of the Company other than Mr. Ajit Kumar are interested or concerned in the resolution.

**Item No.6**

Mr. K. K. Gupta, was appointed as the Whole-time Director designated as Chairman of the Company entrusted with substantial powers of the management to be exercised subject to the superintendence, control and directions of the Board of Directors w .e f. 11<sup>th</sup> October 2007 for a period of three years on the following remuneration which was also approved by the shareholders and the Central Government.

- |                                   |   |   |
|-----------------------------------|---|---|
| 1. Basic Salary                   | : | Rs.24,14,000 per annum  |
| 2. Special Allowance              | : | Rs.1,00,000 per annum   |
| 3. Housing Allowance              | : | Rs, 12,00,000 per annum   |
| 4. Utilities, Repair& maintenance | : | Reimbursement of expenses for gas, electricity and water and repair and maintenance costs for accommodation and furnishings up to a maximum of Rs.275,000 per annum   |
| 5. Conveyance                     | : | Company provided car and driver or suitable reimbursement in lieu thereof for performance of duties.  |
| 6. Leave Travel Assistance        | : | An allowance of Rs. 50,000/- per annum will be paid to cover expenses related to travel while on annual leave.  |
| 7. Medical and Personal Accident  | : | Insurance: Self and wife will be covered under Company's Medclaim Policy which covers hospitalization costs. Reimbursement for incidental medical costs, which include consultation fees and costs of medicine for self and wife. This should be claimed on a monthly expense report duly approved. Cover under Company's Personal Accident Insurance Policy will be for self only. |

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8. Newspaper & Periodicals : Up to a maximum of Rs. 3,000/- per annum
9. Club Membership : Up to a maximum of Rs.6,000/- per annum.
10. Provident Fund : Company's contribution to Provident Fund at 12% of basic salary.
11. Superannuation/ Gratuity : Monthly allowance of Rs. 38,573/- to be paid at a sum equivalent to the benefits allowed for the Superannuation and Gratuity as per rules of the Company from time to time.
12. Annual Performance Award : Not exceeding 50% of the basic salary (Rs.1,207,500/-)
13. Leave : As per Company's Policy.

Considering his background and rich experience to his credit and the efforts put in by him in the revival of the Company, the Board of Directors based on the recommendation of the Remuneration Committee, increased his remuneration effective 1st July 2008 as detailed below.

1. Basic Salary Rs. 2,900,000/- p.a paid in 12 equal monthly payments.
2. Special Allowance Rs.100, 000/- per annum paid in 12 equal monthly payments
3. Housing Allowance Furnished residential accommodation or Housing Allowance of Rs. 1,320,000/- per annum paid in 12 equal monthly payments.
4. Utilities/Repair & maintenance Reimbursement of expenses for gas, electricity, water, and repair and maintenance costs for accommodation and furnishings as per rules of the Company (Present Limit Rs. 2.75,000 p.a.)
5. Conveyance Company will provide car and driver or suitable reimbursement in lieu thereof for performance of duties.

6. Leave Travel Assistance An allowance of Rs. 50, 000/- per annum will be paid to cover expenses related to travel whilst on annual leave.
7. Medical and Personal Accident Self and wife will be covered under Company's Mediclaim Insurance Policy which covers hospitalization costs. Reimbursement for incidental medical costs which will include consultation fees and cost of medicines for self and wife. This should be claimed on a monthly expense report duly approved. Cover under Company's Personal Accident Insurance Policy will be for self only.
8. Newspaper & Periodicals Up to a maximum of Rs.3, 000/- per annum.
9. Club Membership Entrance and membership fee for one club. (present limit Rs. 6,000 p.a.)
10. Provident Fund Contribution to Provident Fund as per Company's rules ( Present rate 12% p.a.)
11. Superannuation/ Gratuity Monthly allowance not exceeding 19.20% of the basic pay to be paid at a sum equivalent to the benefits allowed for the Superannuation and Gratuity as per rules of the Company from time to time.( present amount Rs. 46,319 on the current basic salary).
12. Annual Performance Award (APA) As per the scheme approved by the Board of Directors from time to time not exceeding 100% of the basic salary.
13. Leave As per Company's Policy.



### NOTICE

Further the Board of Directors based on the recommendation of the Remuneration Committee shall have the liberty to revise the remuneration every year not exceeding 10% of the total remuneration based on the performance of Mr. K. K. Gupta.

Approval of the Members is being sought for the above amendment in the remuneration which however will be subject to the approval by the Central Government.

Statement in terms of Section II (C) (iv) of Part II of Schedule XIII of the Companies Act, 1956 is given as under: -

#### I. General Information:

1. Nature of Industry      Sewing Machines & other Consumer durable
2. Date of Commencement of business      13<sup>th</sup> March 1978
3. In case of new companies, expected date of commencement of activities      Not applicable
4. Financial performance      During the financial year 2008 2009, the Company recorded a turnover of Rs.70.6 crores and made a profit of Rs.0.92 crores before tax and exceptional items. The profit before tax (after recording exceptional items) was Rs.20.76 crores. The profit after tax and after recording exceptional items for the year under review was Rs.20.63 crores and after adjustment on account of Capital Reduction pursuant to BIFR Order accumulated losses was reduced from Rs.49.37 crores as on 31<sup>st</sup> March 2008 to Rs. 14.66 crores as at 31<sup>st</sup> March 2009.
5. Export performance and net foreign exchange      The Company had exported goods worth Rs.42.66 lacs in the financial year 2008-09.

6. Foreign investments or collaborators      Singer (India) B V, The Netherlands is the promoter Company and holds 90.29 % of the paid up equity share capital of the Company as on date.

#### II. Information about the appointee

1. Background details      Mr. K. K. Gupta is B.Sc. (Mechanical Engineering) & MS (Industrial Engineering) and has to his credit vast experience of more than 44 years in the fields of production, marketing, finance, overall administration & more particularly in the revival of sick companies.

Mr. Gupta was earlier during the period may 1983 to December 1996 occupying the office of Managing Director and was also holding the office of Chairman.

During his earlier period with the Company, the Company had achieved consistent and steady growth in sales & profits.

2. Past remuneration      Singer India Limited = Rs. 71,91,547 Lacs p.a in 2008-09.
3. Recognition or awards      Nil
4. Job profile and his suitability      Mr. Gupta will be looking after the whole of the affairs of the Company subject to the control and superintendence of the Board of Directors. He has over 44 years of rich experience in overall management of companies. He has also served the Company as Managing Director during the period from 1983 to 1996 & 2004 to 2005. When he resigned in 2005, he was also occupying the post of Vice-Chairman of the Company.

### NOTICE

- |  |  |
|--|--|
| 5. Remuneration proposed   | As approved by Remuneration Committee and the Board of Directors as per details set out in the Notice of the meeting.  |
| 6. Comparative remuneration Profile w.r.t. industry size of the Company, profile of the position and person.         | In line with the Industry  |
| 7. Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any | He is entitled to the remuneration as proposed in the resolution. He is not related to any managerial personnel. He has no other direct or indirect pecuniary relationship with the Company. |

The Company is in the process of implementing the Scheme and as a part of the scheme infusion of funds by way of equity contribution from prompters amounting to Rs.6.85 Crores has been received till date.

### III. Other Information:

- |  |  |
|--|--|
| 1. Reasons of loss or inadequate profits               | Due to fierce competition in the industry, volumes and gross margins declining, Company had posted huge losses in past.              |
| 2. Steps taken or proposed to be taken for improvement | The Hon'ble BIFR has also vide its Order dated 28th April, 2008 sanctioned the rehabilitation scheme for the revival of the Company. |

The Company is in the process of implementing the Scheme and as a part of the scheme infusion of funds by way of equity contribution from prompters amounting to Rs.6.85 Crores has been received till date.

- |   |   |
|---|---|
| 3. Expected increase in productivity and profits in measurable terms. | The Company expects that volumes will grow by 8 to 10 % annually in the respective business, which the Company will continue as per the restructuring plan in the current financial year as well. |
|---|---|

### IV Disclosures

- |  |   |
|--|---|
| 1. Remuneration package of the managerial person | The increased remuneration package of Mr. K K Gupta is as given in the resolution in the Notice to the members. |
|--|---|

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

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

The above statement and the terms and conditions as stated above may be regarded as an abstract of the terms and condition and memorandum of interest under section 302 of the Companies Act, 1956.

### Item no. 7

Mr. Rajeev Bajaj is G.M. Commercial and Controller of the Company from 01.10.2008. He is also the Alternate Director to Mr. Hemaka Amarasuriya. As such he is deemed to be Whole-time Director of the Company. The remuneration being paid to him, for whom approval of members and Central Government is being sought, is as follows.

- |  |   |
|--|---|
| 1. Basic Salary                            | : Rs. 4, 80,000/- p.a paid in 12 equal monthly payments.  |
| 2. Housing Allowance                       | : Up to a maximum of 60% of basic salary.   |
| 3. Medical and Personal Accident Insurance | : Self, wife and dependent children will be covered under Company's Medclaim Policy which covers hospitalization costs. Reimbursement for incidental medical costs which will include consultation fees and cost of medicines for self, wife and dependents up to a maximum of Rs.35,000 per annum. This should be claimed on a monthly expense report duly approved. Cover under Company's Personal Accident Insurance Policy will be for self only. |

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4. Leave Travel Concession : As per Rules of the Company for self and family once in a year.
5. Communication expenses : As per Rules of the Company.
6. Furniture : Rs. 2 lac in 5 years.
7. Conveyance : Company maintained car with driver for performance of duties.
8. Annual Performance Award : Not exceeding 50% of the basic salary.
9. Provident Fund : Contribution to provident Funds shall be as per Rules of the Company.
10. Superannuation : Contribution to Superannuation Fund shall be as per Rules of the Company.
11. Gratuity : Gratuity payable shall not exceed 15 days basic salary for each completed year of service.
12. Club Membership : Membership fee for one club.
13. Leave : As per the Company's Policy.

The Board of Directors based on the recommendation of the Remuneration Committee shall have the liberty to revise the remuneration every year not exceeding 10% of the total remuneration based on the performance of Mr. Rajeev Bajaj.

Statement in terms of Section II (C) (iv) of Part II of Schedule XIII of the Companies Act, 1956 is given as under: -

#### I. General Information:

1. Nature of Industry : Sewing Machines & other Consumer durable.
2. Date of Commencement of business : 13th March 1978
3. In case of new companies, expected date of commencement of activities : Not applicable
4. Financial performance : During the financial year 2008-2009, the Company recorded a turnover of Rs.70.6 crores and made a profit of Rs.0.92 crores before tax and exceptional items. The profit before tax (after

recording exceptional items was Rs.20.76 crores. The profit after tax and after recording exceptional items for the year under review was Rs.20.62 crores and after adjustment on account of Capital Reduction pursuant to BIFR Order accumulated losses was reduced from Rs.49.37 crores as on 31<sup>st</sup> March 2008 to Rs. 14.66 crores as at 31st March 2009.

5. Export performance and net foreign exchange : The Company had exported goods worth Rs.42.66 lacs in the financial year 2008-09
6. Foreign investments or collaborators : Singer (India) B V, The Netherlands is the promoter Company and holds 90.29% of the paid up equity share capital of the Company as on date.

#### II. Information about the appointee:

1. Background details : Mr. Rajeev Bajaj is a Fellow member of the Institute of Chartered Accountant of India as well as Fellow member of the Institute of Company Secretaries of India with over 25 years of experience in the field of Finance, Accounts, Taxation, and Legal & Secretarial.

Mr. Bajaj was earlier in Steel Authority of India Limited occupying a significant position in Finance Department. Thereafter he joined Singer India Limited as senior officer in 1986 and was subsequently appointed as Company Secretary in February 1999 to October 2005. In October 2005 Mr. Bajaj joined Brand Trading (India) Private Limited as a Company Secretary & G.M Commercials. From October 2008 he is working with Singer India Limited.

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2. Past remuneration : i) Brand Trading India Private Limited = Rs.6,62,850 for the period 01.04.2008 to 30.09.2008.  
ii) Singer India Limited = Rs.7,25,242 for the period 01.10.2008 to 31.03.2009.
  3. Recognition or awards : Nil
  4. Job profile and his suitability : Mr. Bajaj will be looking after the whole of the financial and commercial affairs of the Company subject to the control and superintendence of the Chairman. He has over 23 years of rich experience in overall financial management of companies.
  5. Remuneration proposed : As approved by Remuneration Committee and the Board of Directors as per details set out in the Notice of the meeting.
  6. Comparative remuneration Profile w.r.t. industry size of the Company, profile of the position and person. : In line with the Industry
  7. Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any : He is entitled to the remuneration as proposed in the resolution. He is not related to any managerial personnel. He has no other direct or indirect pecuniary relationship with the Company.
- III. Other Information:**
1. Reasons of loss or inadequate profits : Due to fierce competition in the industry, volumes and gross margins declining, Company had posted huge losses in past.

2. Steps taken or proposed to be taken for improvement. : The Hon'ble BIFR has also vide its Order dated 28th April, 2008 sanctioned the rehabilitation scheme for the revival of the Company.

The Company is in the process of implementing the Scheme and as a part of the scheme infusion of funds by way of equity contribution from prompters amounting to Rs.6.85 Crores has been received till date.

3. Expected increase in productivity and profits in measurable terms. : The Company expects that volumes will grow by 8 to 10 % annually in the respective business, which the Company will continue as per the restructuring plan in the current financial year as well.

#### IV. Disclosures

1. Remuneration package of the managerial person : Remuneration package of Mr. Rajeev Bajaj is as given in the resolution and explanatory Notice annexed with the Notice to the members.

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

No Director of the Company other than Mr. Rajeev Bajaj is concerned or interested in the said resolution.

The above statement and the terms and conditions as stated above may be regarded as an abstract of the terms and condition and memorandum of interest under section 302 of the Companies Act, 1956.

#### Item no.8

Mr. P.R. Nandan is the G.M. Sales of the Company from 01.10.2008. He is also the Alternate Director to Mr. Gavin Walker. As such he is deemed to be wholtime director of the Company. The remuneration being paid to him, for whom approval of members and Central Government is being sought, is as follows.

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1. Basic Salary : Rs. 5, 28,000/- p.a paid in 12 equal monthly payments.
2. Housing Allowance : Up to a maximum of 60% of basic salary
3. Medical and Personal Accident Insurance : Self, wife and dependent children will be covered under Company's Medclaim Policy which covers hospitalization costs. Reimbursement for incidental medical costs which will include consultation fees and cost of medicines for self, wife and dependents up to a maximum of Rs.35,000 per annum. This should be claimed on a monthly expense report duly approved. Cover under Company's Personal Accident Insurance Policy will be for self only.
4. Leave Travel Concession : As per Rules of the Company for self and family once in a year.
5. Communication expenses : As per rules of the Company.
6. Conveyance : Company maintained car with driver for performance of duties.
7. Annual Performance Award : Not exceeding 50% of the basic salary.
8. Provident Fund : Contribution as per Rules of the Company.
9. Superannuation : Company Contribution as per Rules of the Company.
10. Gratuity : Gratuity payable shall not exceed 15 days basic salary for each completed year of service.
11. Leave : As per the Company's Policy.

The Board of Directors based on the recommendation of the Remuneration Committee shall have the liberty to revise the remuneration every year not exceeding 10% of the total remuneration based on the performance of Mr. P.R. Nandan.

Statement in terms of Section II (C) (iv) of Part II of Schedule XIII of the Companies Act, 1956 is given as under: -

**I. General Information:**

1. Nature of Industry : Sewing Machines & other Consumer durable
2. Date of Commencement of business : 13th March 1978
3. In case of new companies, expected date of commencement of activities : Not applicable
4. Financial performance : During the financial year 2008-2009, the Company recorded a turnover of Rs.70.6 crores and made a profit of Rs.0.92 crores before tax and exceptional items. The profit before tax (after recording exceptional items was Rs.20.76 crores. The profit after tax and after recording exceptional items for the year under review was Rs.20.62 crores and after adjustment on account of Capital Reduction pursuant to BIFR Order accumulated losses was reduced from Rs.49.37 crores as on 31<sup>st</sup> March 2008 to Rs. 14.66 crores as at 31<sup>st</sup> March 2009.
5. Export performance and net foreign exchange : The Company had exported goods worth Rs.42.66 lacs in the financial year 2008-09
6. Foreign investments or collaborators : Singer (India) B V, The Netherlands is the promoter Company and holds 90.29 % of the paid up equity share capital of the Company as on date.

**II Information about the appointee**

1. Background details : Mr. Nandan is a Bachelor of Commerce having rich experience of more than 40 years in the field of Production, Sales & Marketing. Mr. P.R. Nandan was earlier in Ratan Lal Dalmia Pvt Limited occupying the position of an

### NOTICE

Assistant Manager in Marketing Department. Thereafter he joined Singer India Limited in September 1968. In the year 2005 he joined Brand Trading (India) Private Limited as G.M Sales. In the year he has been re-inducted in Singer India Limited to seek his services to turnaround the Company.

2. Past remuneration : i) Brand Trading India Private Limited = Rs.731351 for the period 01.04.2008 to 30.09.2008.  
: ii) Singer India Limited = Rs.635026 for the period 01.10.2008 to 31.03.2009.
3. Recognition or awards : Nil
4. Job profile and his suitability : Mr. Nandan is looking after the whole of the Sales for South India subject to the control and superintendence of the Chairman. He has over 40 years of rich experience in overall Sales and Marketing.
5. Remuneration proposed : As approved by Remuneration Committee and the Board of Directors as per details set out in the Notice of the meeting.
6. Comparative remuneration : In line with the Industry Profile w.r.t. industry size of the Company, profile of the position and person.
7. Pecuniary relationship : He is entitled to the directly or indirectly with the Company, or relationship with managerial personnel, if any remuneration as proposed in the resolution. He is not related to any managerial personnel. He has no other direct or indirect pecuniary relationship with the Company.

### III Other information:

1. Reasons of loss or inadequate profits : Due to fierce competition in the industry, volumes and gross margins declining, Company had posted huge losses in past.
2. Steps taken or proposed to be taken for improvement. : The Hon'ble BIFR has also vide its Order dated 28<sup>th</sup> April, 2008 sanctioned the rehabilitation scheme for the revival of the Company.

The Company is in the process of implementing the Scheme and as a part of the scheme infusion of funds by way of equity contribution from prompters amounting to Rs.6.85 Crores has been received till date.

3. Expected increase in productivity and profits in measurable terms. : The Company expects that volumes will grow by 8 to 10 % annually in the respective business, which the Company will continue as per the restructuring plan in the current financial year as well.

### IV Disclosures

1. Remuneration package of the managerial person : Remuneration package of Mr. P. R. Nandan is as given in the resolution and explanatory statement annexed to the Notice to the members

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

No Director of the Company other than Mr. P.R. Nandan is concerned or interested in the said resolution.

The above statement and the terms and conditions as stated above may be regarded as an abstract of the terms and condition and memorandum of interest under section 302 of the Companies Act, 1956.

**NOTICE**

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**Item no.9:**

Members are hereby informed that the present Authorised Capital of the Company is Rs.20 crores divided into 2,00,00,000 equity shares of Rs.10/- each and the issued, subscribed and paid up share capital is Rs. 84,221,620/- divided into 84,22,162 equity shares of Rs. 10/- each.

The Company is considering to issue non convertible redeemable preference shares to its lenders in the near future. In view of this it is necessary to amend the Authorised Capital of the Company to include redeemable preference shares. It is proposed to reclassify the Authorised Capital by reclassifying 50,00,000 equity shares of Rs. 10 each into 5,00,000 redeemable preference shares of Rs. 100/- each. This will not result in increase in the Authorised capital of the Company. After the proposed reclassification the Authorised Capital of the Company will be Rs. 20 Crores divided into 1,50,00,000 Equity shares of Rs.10/- each and 5,00,000 Redeemable Preference shares of Rs.100/- each.

It is therefore necessary to alter the present Capital clause of the Memorandum of Association as per section 16 read with section 94 of the Companies Act, 1956 by substituting Clause V of the Memorandum as set out at Item No.9 of the Notice which requires the approval of the members by means of special resolution u/s 16 and 94 of the Companies Act, 1956.

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

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

**Item no. 10.**

Consequent upon the alteration of the Authorised Capital of the Company, clause 3 of the Articles of Association relating to share capital of the Company needs to be amended. Shareholders approval by way of special resolution is required for the Alteration of Article 3 (1) of the Article of Association of the Company as set out under item 10 of the notice. Both item 9 and 10 of the notice are consequential to each other.

A copy of the existing Memorandum and Articles of Association together with the proposed alteration thereto is available for inspection by the members at the Registered Office of the Company during the normal business hours on any working day (between 10.30 AM to 3.30 PM except Saturdays and holidays) and will also be available for inspection at the forthcoming Annual General Meeting.

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

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

**Item no. 11.**

As per the sanctioned scheme for rehabilitation of the Company, term loans have to be arranged as one of the means of finance for funding the cost of scheme. The Company has so far not been able to obtain term loan from any bank in view of its sickness status. As such Company will be seeking short term loans from other sources/ bodies corporate. In view of the sickness of the Company, it may have to offer the lenders an option to issue them Non Convertible redeemable preference shares against these loans. As an enabling clause the Company is seeking approval of the members to issue such Non Convertible redeemable preference shares up to Rs. Five Crores on the terms and conditions as may be agreed between the parties and the Board of Directors on behalf of the Company subject to the guidelines as may be prescribed for issuance of preference shares.

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

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

**Place: New Delhi  
Date: 22 June 2009**

**ROOPALI GROVER  
Company Secretary**

### DIRECTORS' REPORT

#### TO THE MEMBERS

Your Directors have pleasure in presenting the Thirty First Annual Report and the audited accounts for the year ended 31st March 2009.

#### FINANCIAL RESULTS

	For the year ended 31st March 2009	(Rs. in Crores) For the year ended 31st March 2008
Sales & Services	70.60	49.55
Other Income	2.23	0.90
	<u>72.83</u>	<u>50.45</u>
Profit/(Loss) before Interest, Depreciation and tax and exceptional items	2.06	2.74
Interest & bank charges	0.48	1.18
Depreciation	0.66	0.59
Profit/(Loss) before tax & Exceptional items	0.92	0.97
Exceptional items - Income / (Expenditure)	19.84	26.80
Profit / (Loss) before tax	<b>20.76</b>	<b>27.77</b>
Tax (Including adjustments related to earlier years)	0.13	0.44
Profit / (Loss) after tax	20.63	27.33
Balance of loss from previous years	<u>(49.38)</u>	<u>(76.71)</u>
Adjustment on account of capital Reduction	<u>14.09</u>	-
Balance loss carried forward	<u>(14.66)</u>	<u>(49.38)</u>

#### OPERATIONS

The Company's core business continues to be sewing machines. It grew its turnover in this business by 40% from Rs. 48.92 crores in the previous year to Rs 68.44 crores in the year under review. After rather sudden termination of its previous distribution arrangements in the South of India, the Company started selling there directly and then also all over the country. Distribution network was expanded to cover many regions in North, East and West of India. Due to change in business model, the expenses of the Company during the year are not comparable with those of prior year when it operated through two large distributors. The Company laid emphasis on improving margins and pruning down costs wherever possible.

Due to the unexpected global crises and consequential recessionary market conditions, certain initiatives which were embarked during the year were curtailed as these did not yield the expected results. The Company, therefore will focus totally on the core business of sewing for the time being.

The Company recorded a profit of Rs 0.92 crore during the year before accounting for exceptional items. However, the Company is further confident of improving its performance during the current year and beyond by focusing on the core business of sewing machines.

The exceptional items account for incomes on write back of unsecured liabilities pursuant to the order of the Hon'ble BIFR and certain write off of assets as explained in schedule 18 of the Annual Report. The Company also received a compensation of Rs. 2 crores from one of its distributors on account of early termination of business by them.

#### DIVIDEND

In view of accumulated losses, no dividend is recommended for the year under review.

#### STATUS ON THE REHABILITATION SCHEME APPROVED BY THE BOARD FOR INDUSTRIAL AND FINANCE RECONSTRUCTION (BIFR)

As the members were informed last year, the Hon'ble BIFR had approved the rehabilitation scheme vide its order dated 28<sup>th</sup> April 2008 which included one time settlement with the secured creditors (Consortium of Banks), reduction of existing capital against accumulated losses, infusion of new capital by the Promoters and remission of a portion of other unsecured liabilities including external commercial borrowings from the Promoters. Certain parties filed appeals before the Hon'ble AAIFR against certain provisions of the order and in respect of one shareholder the matter in appeal was dismissed by the Hon'ble AAIFR. However the appeal of the said shareholder is now pending before the Hon'ble Delhi High Court. An appeal filed by the Company in respect of certain impugned provisions of the order is also pending before the AAIFR.

However despite these appeals, the Company has largely implemented the sanctioned scheme including the capital restructuring as the promoters have already infused Rs. 6.85 crores (to date of this report) out of Rs. 8.35 crores stipulated by the BIFR to the equity share capital of the Company, besides meeting the shortfall through short term



advances from its subsidiary company in India. Before this infusion, the existing equity share capital was reduced by 90% following the order of the Hon'ble BIFR. After fully settling with the secured creditors, the Company has now offered to discharge its unsecured liabilities as per the directions of the BIFR. The fixed deposits are also being repaid as per the guidelines approved by the Company Law Board. The Company is now engaged in settling with the workers at its Jammu Factory where operations remain suspended since April, 2005.

### **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 Exchange.

### **DIRECTORS**

During the period under review, Mr. Samya Sarkar resigned as Managing Director and Director of the Company w.e.f 7<sup>th</sup> August 2008. The Board of Directors places on record his appreciation for the services rendered by him.

Mr. Rajeev Bajaj was appointed as an Alternate Director to Mr. Hemaka Amarasuriya and Mr. P. R. Nandan was appointed as an Alternate Director to Mr. Gavin Walker on 19<sup>th</sup> August 2008. Mr. Bajaj and Mr. Nandan were subsequently appointed in Singer India Limited as G.M Commercial / Contoller and G.M Sales respectively w.e.f 1<sup>st</sup> October 2008 and hence are deemed to be the Whole Time Directors.

Mr. Philip Watson resigned as Director of the Company w.e.f 22<sup>nd</sup> June 2009. The Board of Directors places on record its appreciation for the services rendered by him.

Mr. Ajit Kumar was appointed as an Additional Director effective 22<sup>nd</sup> June, 2009 and holds office until the ensuing Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 along with requisite deposit proposing his candidature for the office of the Director and the agenda of the forthcoming Annual General Meeting proposes his appointment by the members.

The profile of Directors to be appointed and reappointed has been given in the Corporate Governance Report.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report as required under the Listing Agreement with Stock Exchange is enclosed as Annexure A.

### **FIXED DEPOSITS**

As stated before, the Company has been making repayments to Fixed Depositors as per the scheme approved by the Hon'able Company Law Board vide order dated 11<sup>th</sup> April, 2007 wherein the repayments were rescheduled. The sanctioned scheme for the repayment of deposits is under review for extension and an order thereon is awaited.

The total deposits outstanding as on 31<sup>st</sup> March, 2009 were Rs. 1.08 crores from 1,208 depositors as against Rs. 2.14 crores as on 31<sup>st</sup> March, 2008. There are 118 depositors with total deposits outstanding of Rs. 22.62 lacs which are unclaimed. as on 31.03.2009 Rs. 4.48 lacs is due to them as per the scheme. These depositors are being reminded by the Company to claim there dues.

### **DEPOSITORY SYSTEM**

The Company's shares are available for dematerialization with National Securities Depository Ltd. (NSDL) and Central Depository Services (I) Ltd. (CDSL). As on March 31, 2009, 55% of the total shareholding of the Company is held in dematerialized form.

### **AUDITORS**

M/s Ray & Ray, Chartered Accountants of the Company, hold office until the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. Notice under section 224(1B) of the Companies Act, 1956 has been received from the auditors confirming their eligibility to act as Auditors of the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates 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 and to the profit or loss of the Company for that period;
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors had prepared the annual accounts on a going concern basis.

### **DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms a part of this Report. Since the factory of the Company was not in operation during whole of the year, only relevant information has been included in this report.

### **EMPLOYEES**

Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 1994 forming part of this report is being annexed.

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

### **INDUSTRIAL RELATIONS**

Industrial relations have remained cordial and harmonious during the year. As said before, the operations of the factory at Jammu have remained suspended from 6<sup>th</sup> April 2005.

### **CORPORATE GOVERNANCE**

As required under Clause 49 of the Listing Agreement, a separate report on Corporate Governance is enclosed as a part of this Annual Report, duly certified by M/s Ray & Ray, Chartered Accountants, the Auditors of the Company, confirming the compliance of the conditions of Corporate Governance.

### **ACKNOWLEDGEMENT**

The Directors place on record their appreciation for the assistance and co-operation received from the Company's valued customers, SINGER, members, investing public, employees, bankers and Company's suppliers/dealers/distributors for their continued support and confidence in the Company.

### **FOR AND ON BEHALF OF THE BOARD**

Place: New Delhi  
Date: 22<sup>nd</sup> June, 2009

K. K. GUPTA  
CHAIRMAN

### **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 AND TECHNOLOGY ABSORPTION**

Owing to complete erosion of the net worth of the Company, the Board for Industrial & Finance Reconstruction (BIFR) had declared the Company sick, vide its order dated 11<sup>th</sup> September, 2006. In view of huge financial losses, the factory has not been in operation since 6<sup>th</sup> April 2005 and hence the required information in the prescribed Form 'A' of the Companies Act (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to the disclosure of particulars with respect to the conservation of energy and technological Absorption, is not applicable to the Company.

#### **B. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

a) Foreign Exchange Earnings on exports (accrual basis)	Rs. 42.66. Lacs
b) Foreign Exchange Outgo	
- CIF value of imports of raw materials and components	NIL
- Finished goods	Rs. 46.30 Lacs
- Expenditure in foreign currency	Rs. 2.21. Lacs

## ANNEXURE TO DIRECTORS' REPORT

APPENDIX  
FORM B

## DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

## RESEARCH AND DEVELOPMENT (R &amp; D)

Not Applicable as explained above.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1 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 therefore and future plans of action.	-	N.A.

Statement of employees pursuant to section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975

## (A) (i) Employees drawing Remuneration of not less than Rs. 2 lacs per month and employed for full year

Sl.	Name	Age in year	Designation Nature of Duties	Remuneration Received (Rs. '000)	Qualification	Date of Commencement of employment	Total Experience in years joining	Last position held before the company
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	K K Gupta	70	Whole time director designated as Chairman	7191	B.Sc. (Mechanical Engineering) (MS Industrial Engineering)	11.10.2007	46	Chairman and Managing Director-Brand Trading (India) Private Limited
2.	Ravi Balraj	52	General Manager	3887	MBA	1.03.2008	24	Singer Sri Lanka

## (B) 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 (Rs. '000)	Qualification	Date of Commencement of employment	Total Experience in years joining	Last position held before the company
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	Samya Sarkar	58	Managing Director*	1838	B.Sc,FCA LLB,	14.10.2005	30	Consultant

\*He resigned as Managing Director and Director w. e.f.7th August 2008

1. Nature of employment is contractual.
2. Remuneration includes Salary, Special allowance, Housing allowance, Utilities/repair & maintenance, Leave Travel Assistance, Medical and Personal Accident Insurance, Newspaper & Periodicals, Club Membership, Provident Fund and Annual Performance Award.
3. The above employee is not related to any Director of the Company.
4. Percentage of equity shares held by the employee in the Company - NIL

**ANNEXURE TO DIRECTORS' REPORT**

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**ANNEXURE 'A'****MANAGEMENT DISCUSSION****Industry Structure and Development**

Domestic sewing machines market suffered de-growth in 2008 due to steep increase in raw material costs but is now showing signs of recovery. Though reliable data is not available, it is estimated that the market growth, in the past, has been around 3% per year. Considerable potential exists for export of domestic sewing machines to the neighbouring SAARC countries and South East Asia.

**Outlook of Opportunities**

Considering the current market share of your Company, there is potential to increase its share.

**Outlook on Threats, Risks, & Concerns**

With increasing competition there will be pressure on margins.

**Segment-wise Performance**

The Company is concentrating on sewing machines business only, other businesses form only a negligible percentage of the total turnover. Even geographical segmentation is not applicable as total value of exports is less than 10% of total revenue. Hence, segment-wise performance is not being given.

**Internal Control Systems and Adequacy**

The Company has an extensive system of internal controls to ensure optimal utilization of resources and accurate reporting of financial transactions and strict compliance with applicable laws and regulations.

Also, the Company has an exhaustive budgetary controls system in place.

The weak areas are being reviewed for further strengthening.

**Financial Performance**

Sales and service income of the Company increased by Rs. 21.05 crores. Profit before interest, depreciation and tax, before exceptional items was Rs. 2.06 crores (Rs.2.74 crores in the previous year). The Company posted a profit before exceptional items of Rs. 0.92 crores this year as against profit of Rs. 0.97 crores in the last year.

**Human Resources**

The Company is committed to implement the highest standards of HR management and strict compliance with regulatory requirements at all times. The Company is making continuous efforts in respect of safety and proper education of the employees so as to attain the organisational goals effectively and efficiently.

**Addendum to the Directors' Report****Reference to the Audit Report**

- 4 (i) *As mentioned in the note 13.4, the Company has written back 90% of the balances of unsecured creditors and other liabilities as per the order of the Hon'ble BIFR which are being contested by certain parties. Barring these differences the Company has no other significant differences with other parties and is in the process of reconciling them.*
- 4 (ii) *As mentioned in note 12, the Company had opened three stores and subsequently closed down the same in this year itself. Costs incurred mainly on refurbishing etc. thereon were written off (net of realization) directly to the Profit and Loss Account without routing this to the Fixed Assets Schedule. This treatment has no impact on the profit or loss of the Company for the year.*
- 4 (iii) *Based on the legal opinion, the Company initiated implementing the Sanctioned Scheme of the Hon'ble BIFR as there was no stay on implementing the said Scheme in appeals/contests filed by certain parties before the higher courts. The decisions of the appellate courts will be dealt with appropriately in the subsequent years.*
- 4 (iv) *As the Company has already largely implemented the scheme with the promoters having put in substantial portion of their contribution, the Management is positive on completing the restructuring of the Company as per the Sanctioned Scheme of the Hon'ble BIFR. Based on this assumption, accounts for the year under reference has been drawn on the going concern basis.*
- 4 (v) *The Central Government has, vide order no. SRN/A 45957719/3/2009-CL.VII dated 4th June 2009 approved the increase in remuneration of Mr. KK Gupta, Whole Time Director, designated as Chairman of the Company and further approval of the members will be taken in the ensuing Annual General Meeting. The Central Government approval for the appointment and remuneration of Mr. Rajeev Bajaj and Mr. P.R. Nandan is yet to be approved and their orders are still awaited.*

## REPORT ON CORPORATE GOVERNANCE

**Company's philosophy on code of governance**

Your Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its working, and in all its interactions with its stakeholders including shareholders, employees, lenders and the government. The Company is committed to attain the highest standards of corporate governance.

The Board of Directors believes that Corporate Governance is the most powerful tool for achieving corporate excellence and presents a compliance report on the corporate governance pursuant to clause 49 of the Listing Agreement and the Company endeavors to adopt best practices of Corporate Governance.

**I. Board of Directors**

- 1.1 As on 31 March 2009, the strength of your Company's Board is six Directors of which one Director, Mr. K K Gupta is the Chairman (Whole Time Director) and the rest are non-executive directors. Three are Independent Directors. All of directors are professional from diverse fields having valuable experience in management, legal, administration and finance. Independent Directors do not have any material pecuniary relationship and have not entered into any transactions with the Company, its promoters and management which in the judgement of the board may affect the independence of the judgement of the director. The Board of Directors has also appointed two alternate Directors who are in the nature of whole time director during the year to ensure better participation in the Board Meeting.
- 1.2 The details of constitution of the Board and the number of directorships and committee memberships held in other companies as on 31 March 2009, and their attendance at the Board Meetings held during the year and at the last Annual General Meeting, are given below:

Sl. No.	Name of Director	Category	No of Meetings Held during the year	No. of board meetings attended	Attendance at the AGM held on 19 August 2008	No. of outside director-ships*
1.	Mr. K.K Gupta, Chairman	Executive	8	8	Yes	1
2.	Mr. P.N Sharma (Note 1)	Non-Executive Independent	8	6	Yes	4
3.	Mr. Gavin Walker (Note 2)	Non-Executive	8	0	No	0
	Mr. P.R Nandan (Alternate Director ) to Mr. Gavin Walker (Note 3)	Executive	8	2	No	0
4.	Mr. Deepak Sabharwal	Non-Executive Independent	8	7	Yes	0
5.	Philip Watson (Note 4)	Non-Executive Independent	8	0	No	0
6.	Mr. Hemaka Amarasuriya (Note 5)	Non-Executive	8	0	No	0
	Mr. Rajeev Bajaj (Alternate Director to Mr. Hemaka Amarasuriya) (Note 6)	Executive	8	3	No	0

\* Excluding, foreign and companies registered under Section 25 of the Companies Act, 1956.

**Note 1 :** Appointed on 27th June 2008

**Note 2 :** Appointed on 19th August 2008

**Note 3 :** Appointed on 19th August 2008

**Note 4 :** Resigned on 22nd June 2009

**Note 5 :** Appointed on 19th August 2008

**Note 6 :** Appointed on 19th August 2008

- 1.3 The meetings of Board of Directors are held at periodical intervals. During the year under review, eight Board Meetings were held on 17<sup>th</sup> April 2008, 27<sup>th</sup> June 2008, 30<sup>th</sup> July 2008, 19<sup>th</sup> August 2008, 30<sup>th</sup> October 2008, 27<sup>th</sup> January 2009, 3<sup>rd</sup> March 2009 and 30<sup>th</sup> March 2009,. The gap between two Board Meetings did not exceed four months.
- 1.4 As on 31.03.2009, the Company was required to have an optimum combination with not less than 50% of the Board of Directors comprising of non- executive independent directors. The Company had fully complied with the above requirement and in the financial year ending 31<sup>st</sup> March 2009 the Company has 50% as non-executive Independent Directors
- 2. Code of conduct**
- 2.1 The Company is committed in conducting business in accordance with the highest standards of business ethics and complying with the applicable laws, rules and regulations. The Company had posted its Code of Conduct on the website of the Company as it believes that a good Corporate Governance structure would not only encourage value creation but also provide accountability and control system commensurate with the risk.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

2.2 All Directors have as on 31.03.2009, filed the requisite declaration stating that:

- a) The disqualification contemplated under 274(1) (g) of the Companies Act 1956 did not apply to them.
- b) The Code of Conduct for prevention of insider trading in its equity shares has been complied with.

2.3 The Company has framed the Code of Conduct and Ethics for members of the Board and Senior Management personnel of the Company. The Company takes great care that the members of Board and Senior Management comply with the clauses of the conduct in spirit of the letters. The said Code of Conduct is also uploaded on the website of the Company. Declaration towards the confirmation that the code of conduct was followed is mentioned below. In addition, separate code of conduct for dealing in equity shares is also in place.

***"I hereby confirm***

*The Company has obtained from all members of the Board and Senior Management personnel, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management in respect of Financial Year 2008-09"*

K.K. Gupta  
Chairman & CEO

**3. Audit committee**

3.1 The Audit Committee was constituted in conformity with the requirement of Section 292A of the Companies Act 1956 read with clause 49 of the Listing Agreement with the Stock Exchange. The Audit Committee comprises of three non-executive independent directors namely Mr. P.N Sharma and Mr. Deepak Sabharwal and Mr. Philip Watson (who has resigned w. e.f 25<sup>th</sup> April 2009)

3.2 Mrs. Roopali Grover, Company Secretary acts as the Secretary to the Committee.

3.3 The Committee acts as a link between Statutory Auditors and the Board of Directors. The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosure and the integrity and quality of financial reporting. The Audit Committee reviews areas as specified under clause 49 of the Listing Agreement read with the provisions of section 292A of the Companies Act, 1956.

**3.4 Brief terms interalia include:**

- Overseeing the Company's financial reporting, process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services
- Reviewing with management the annual financial statement before submission to the Board.
- Reviewing the adequacy of internal audit functions
- Discussing with internal auditors any significant finding and follow up on such issues
- Reviewing the finding of any internal investigation by the internal auditors in matters where there is suspected fraud or a failure of internal control or regulatory system of a material nature and the reporting of such matters to the Board
- Discussing with the External Auditor before the Audit commences on the nature and scope of audit, as well as having post audit discussion to ascertain any area of concern.
- Examining reasons for substantial default in the payment to depositors, shareholders (in case of non payment of declared dividends) and creditors, if any

3.5 The composition and attendance of the members of the committee is as follows:

Name of Director	Number of meetings attended
Mr. P.N. Sharma, Chairman	4
Mr. Phillip Watson	-
Mr. Deepak Sabharwal	4

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

During the year ended 31 March 2009, the Audit Committee meeting were held four times, i.e. 27<sup>th</sup> June 2008 and 30<sup>th</sup> July 2008, 30<sup>th</sup> October 2008 and 27<sup>th</sup> January 2009. The Audit Committee has fully complied with the requirements of clause 49 of the Listing Agreement. The Company has also complied with the relevant provision of sub section (1) of section 292A of the Companies Act, 1956 under which the committee should consist of atleast three members of which two-third member out of the total number of directors should be Independent Directors.

**4. Remuneration committee**

- 4.1** The Company has a Remuneration Committee consisting of three Non-Executive Directors namely Mr. Deepak Sabharwal, Mr. Phillip Watson and Mr. P.N Sharma. Mr. Deepak Sabharwal is the Chairman of the Committee.
- 4.2** The Committee was constituted to review and recommend to the Board, the remuneration packages of the Chairman & Alternate Director, Managing Director who are Whole Time Director(s) and such other matters as the Board may refer to the committee from time to time.
- 4.3** The Remuneration Committee met on 30<sup>th</sup> July 08 to consider and approve the increase in remuneration of Mr. K K Gupta, Whole Time Director designated as Chairman of the Company which was further approved by the Central Government vide order no. dated 4<sup>th</sup> June, 2009 and on 30<sup>th</sup> October 2008 to consider and approve the appointment and remuneration of Mr. Rajeev Bajaj, acting as an alternate director to Mr. Hemaka Amarasuriya and Mr. P.R Nandan, acting as alternate director to Mr. Gavin Walker for which approval from the Central Government is awaited. The necessary approvals are being sought from the members of the Company in the forthcoming Annual General Meeting.
- 4.4** No remuneration, other than sitting fee for attending the meeting of the Board and Committee are being paid to the Non-Executive Directors of the Company.

**5. Remuneration policy**

- 5.1** Subject to the approval of the Board and of the Company in Annual General Meeting and such other approvals as may be necessary, the Whole Time Directors are paid remuneration as per the agreements entered into between them and the Company. The remuneration structures of Whole Time Directors comprise of salary & allowances, contribution to provident fund & other benefits.
- 5.2** The details of the remuneration paid to Whole Time Directors (including Chairman, Managing Director (ex) and Alternate Directors) during the year ended 31 March 2009 are given below:

Rs. ('000)

Name and Designation	Salary & Allowances (Rs)	Other benefits (Rs)	Contribution to provident fund (Rs)	Total (Rs)
Mr. K K Gupta Whole time Director designated as Chairman	6491	367	333	7191
Mr Rajeev Bajaj (Alternate Director to Mr. Hemaka Amarasuriya)	508	188	29	725
Mr. P. R Nandan (Alternate Director to Mr. Gavin Walker)	535	69	32	636
Mr. Samya Sarkar (Ex Managing Director)	1815	20	-	1835
<b>TOTAL</b>	<b>9349</b>	<b>644</b>	<b>394</b>	<b>10387*</b>

\* The remuneration aggregating to Rs. 1360 is subject to approval of Central Government and Shareholders' and Rs. 1100 is subject to approval of Shareholders'.

The above figures does not include charge for gratuity and leave encashment as the Company's Liabilities in respect thereof has been valued by an Actuary and no employee-wise details of same is available.

The services can be terminated by 6 months notice or on payment of 6 months salary in case of Mr. K K Gupta and in case of Mr. Rajeev Bajaj and Mr. P R Nandan, the services can be terminated by 3 months notice or on payment of 3 months salary in lieu thereof.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

**5.3** The Non - Executive Directors are paid sitting fee amounting to Rs. 5000/- for attending meeting of Board of Directors and Rs. 2500/- for Audit Committee meeting. The total sitting fee paid to Mr. Deepak Sabharwal during the year ended 31<sup>st</sup> March 2009 aggregated to Rupees Forty Five Thousand only and to Mr. P.N Sharma during the year ended 31<sup>st</sup> March 2009 aggregated to Rupees Forty Thousand only. No fee was paid to foreign directors and Alternate Director.

**5.4 Equity shares held by the directors**

None of the directors, held any shares in the Company as on 31 March 2009.

**5.5** The Company does not have any stock option scheme for its employees.

**6. Shareholders/Investors Grievance and Share Transfer Committee**

**6.1** The composition of the Committee is as follows:

- |                         |   |          |
|-------------------------|---|----------|
| 1. Mr. Deepak Sabharwal | - | Chairman |
| 2. Mr. K K Gupta        | - | Member   |
| 3. Mr. P.N Sharma       | - | Member   |

**6.2** The Shareholders/Investors Grievance and Share Transfer Committee are held every month. During the year the Company received 9 complaints from the shareholders and all were resolved to the satisfaction of the shareholders.

**6.3** Ms. Roopali Grover, Company Secretary is the compliance officer in terms of clause 47 of the Listing Agreement.

**6.4** The Company attends to the Shareholders Grievances / correspondence expeditiously and normally reply is sent within a period of 10 days of receipt, except in cases of disputes or legal impediments. The designated e-mail ID as per clause 47(f) of the Listing Agreement for grievance redressal / compliance officer for registering complaint by investors is [secretarial@singerindia.net](mailto:secretarial@singerindia.net).

**6.5** During the period 1 April 2008 to 31 March 2009, the Company received 4623 shares for share transfer/share splitting from 119 parties, which were approved. There were no transfers pending as on 31 March 2009.

**6.6** Certificate from CEO & CFO

Certificate from Mr. K.K. Gupta, Chairman & CEO and Mr. Rajeev Bajaj, CFO / Controller in terms of clause 49(V) of the Listing Agreement with the stock exchange for the financial year ended 31 March 2009 was placed before the Board of Directors of the Company in its meeting held on 22th June, 2009.

**7 General Body Meetings**

**7.1 Annual General Meeting**

The last three Annual General Meetings of the Company were held as under: -

Year	Date	Time	Venue	No. of special resolution passed
2008	19 <sup>th</sup> August 2008	9.30 a.m	The Executive Club, 439, Village Shahoorpur, P O Fatehpur Beri, New Delhi 110074	3
2007	29 <sup>th</sup> August 2007	9.30 a.m	The Executive Club, 439, Village Shahoorpur, P O Fatehpur Beri, New Delhi 110074	-
2006	25 <sup>th</sup> September 2006	9.30 a.m	The Executive Club, 439, Village Shahoorpur, P O Fatehpur Beri, New Delhi 110074	2

**7.2 Postal ballot**

During the last year, no resolution was passed through postal ballot.

**8 Disclosures**

**8.1** Risk assessment and its minimization procedures have been laid down by the Company and adopted by the Board in one of its meeting and are reviewed on periodical basis. There is a structure in place of identify and mitigate various identifiable risks faced by the Company from time to time. At the Meetings of the Board, these risks are reviewed and new risks are identified. After assessment, controls are put in place with specific responsibility of the concerned officer of the Company.



**REPORT ON CORPORATE GOVERNANCE (Contd.)**

- 8.2** No money was raised by the Company through public issue, right issue. However, Preferential Allotment was made by the Company to its promoter, Singer (India) B.V during the year amounting to Rs. 38,500,000/- by the Board of Director in their Meeting held on 3<sup>rd</sup> March 2009 in terms of the scheme of Rehabilitation approved by BIFR.
- 8.3** A summary of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee Meetings.
- 8.4** There was no material individual transactions during the Financial Year ended 31.03.2009, with the related parties which were not in the ordinary course of business.
- 8.5** All material transactions during the Financial Year ended 31.03.2009, either with the related parties or others were on arm's length basis and on commercial consideration.
- 8.6** There were no materially significant transactions during the financial year with the related parties such as the promoters, directors, key managerial personnel or relatives that could have potential conflict with the interest of the Company.
- 8.7** The mandatory disclosures of transactions with the related parties in compliances with the Accounting Standard AS 18 is a part of this Annual Report and disclosed in Notes to the Accounts in Schedule 20.
- 8.8** In preparing the Annual Accounts in respect of the Financial Year ended 31.03.2009 no accounting treatment was different from that prescribed except to the extent disclosed in the Notes to the Accounts in Schedule 20.
- 8.9** All the Directors and other identified persons have observed and complied with the requirements of Code of Conduct for Prevention of Insider Trading in Equity Shares of the Company in accordance with Securities & Exchange Board of India (Prohibition of Insider Trading), Regulation 1992.
- 9. Compliance by the Company**  
There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years; hence no penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authority on any matter related to capital markets, during the last three years.
- 10. Disclosure of accounting treatment**  
The financial statements have been prepared to comply with the prescribed Accounting Standards and the relevant provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except as mentioned in the Notes to the Accounts.
- 11. Means of communication**
- **Quarterly Disclosures:** Quarterly and half yearly reports are not sent separately to the individual members. The Quarterly Results are published in leading daily newspapers viz. "Pioneer" in English and in "Veer Arjun" in Hindi.
  - **Annual Report:** Annual Report containing inter-alia, Notice of Annual General Meeting, Directors' Report, Auditors' Report, Audited annual Accounts and other important information is circulated to Members and others entitled thereto.
  - **SEBI EDIFAR:** The required disclosures to the extent applicable were also posted on the SEBI EDIFAR website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in).

**REPORT ON CORPORATE GOVERNANCE (Contd.)****12. Disclosure regarding Directors seeking appointment / reappointment as required under clause 49 (VI) (G) (i) of the Listing Agreement entered into with Stock Exchanges.****1. Mr. Deepak Sabharwal**

Mr. Deepak Sabharwal (47) is an Advocate & Solicitor having expertise in Corporate Laws, Income Tax and other Laws including Mergers & Acquisitions. He joined Singer India Ltd. as a Director in September 2005. He is retiring by rotation in the ensuing Annual General Meeting and being eligible, offers himself for reappointment. He is not a Director in any Company apart from Singer India Limited.

**2. Mr. Gavin J. Walker**

Mr. Gavin Walker (40) has a finance background and was appointed as President of Singer Asia Ltd. in August 2005. Prior to joining Singer Asia Ltd., Mr. Walker served as Managing Director and Chief Executive of private and public companies in the United Kingdom and in South Africa. Earlier, he had served as Chief Executive Officer of Profum Ltd., a South African public company that was a multi-brand retailer of electrical appliances and furniture with operations in 16 African countries and Australia. Mr. Walker serves as the President and Chief Executive Officer of Singer Asia and is on the Boards of International Leasing and Financial Services Limited, Regins (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Bangladesh Limited, Singer Pakistan Limited, Singer Industries (Cylon) PLC, Retail Holdings N.V, Singer Thailand PCL, Singer Asia Limited, Singer Asia Sourcing Limited, Singer Corporation Limited, Btindia Limited, Reality Lanka Limited.

**3. Ajit Kumar**

Mr. Ajit Kumar (67) is a BA, MA in English and ranked first position in the Punjab University He was in Indian Administrative Services (IAS) and has held in the past the positions of Defence Secretary, Industry Secretary, Chairman of FIPB and Finance Secretary to the Government of India. He has over 38 years of high level administrative experience. He was appointed as an Additional Director on the Board of the Company with effect from 22<sup>nd</sup> June, 2009 and will be regularized at the ensuing Annual General Meeting of the Shareholders. He is on the Board of VLS Finance Ltd.

**4. Mr. Rajeev Bajaj**

Mr. Rajeev Bajaj (49) is a Fellow member of the Institute of Chartered Accountant of India (ICAI) and Fellow member of the Institute of Company Secretaries of India (ICSI) having over more than 25 years of experience in the field of Finance and Corporate Laws. He was appointed as an Alternate Director to Mr. Hemaka Amarasuriya on 19<sup>th</sup> August, 2008 and was subsequently appointed in Singer India Limited as G.M Commercial / Controller w.e.f 1<sup>st</sup> October, 2008 and hence is deemed to be the Whole-time Directors of the Company. He is not a Director in any Company apart from Singer India Limited.

**5. Mr. P.R Nandan**

Mr. P.R Nandan (60) is from a Commerce background and was appointed as an alternate Director to Mr. Gavin Walker on 19<sup>th</sup> August, 2008 and was subsequently appointed in Singer India Limited as G.M Sales w.e.f 1<sup>st</sup> October, 2008 and hence is deemed to be the Whole Time Directors of the Company. He is not a Director in any Company apart from Singer India Limited.

**13. Management Discussion and Analysis.**

The Management Discussions and Analysis Report is a part of the annual report and is attached herewith as "Annexure 'A'.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

## 14. General shareholder information

## 14.1 Annual General Meeting

Date: 13th August 2009

Time: 9.30 AM

Venue: The Executive Club, 439 Village Shaoorpur, P.O Fatehpur Beri, New Delhi - 110074

## 14.2. Financial calendar

The financial year of the Company is of the twelve months period from 1 April 2008 to 31 March 2009. For the period from 1 April 2008 to 31 March 2009, results were announced on:

First Quarter	:	30 <sup>th</sup> July 2008
Half yearly	:	30 <sup>th</sup> October 2008
Third Quarter	:	27 <sup>th</sup> January 2009
Fourth Quarter and Audited Annual Results (1 April 2008 to 31 March 2009)	:	22 <sup>nd</sup> June 2009

For the year ended 31 March 2010, results will be announced on:

First Quarter	:	4 <sup>th</sup> week of July 2009
Half yearly	:	4 <sup>th</sup> week of October 2009
Third Quarter	:	4 <sup>th</sup> week of January 2010
Fourth Quarter & Audited Annual Results (2008-09)	:	4 <sup>th</sup> week of June 2010

## 14.3 Book closure date

The register of members and share transfer register of the Company will remain closed from 7<sup>th</sup> August 2009 to 13<sup>th</sup> August 2009 (both days inclusive).

## 14.4 Listing on Stock Exchanges and stock codes

S. No.	Name of the stock exchange	Stock code
1.	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street Mumbai-400001	505729

The Company in the financial year 2008-09 reduced its Capital by 90% & then consolidated its shares and thereafter it allotted Preferential Shares pursuant to BIFR order dated 28<sup>th</sup> April 2008 and hence the old ISIN no. INE638A01019 is freezed by NSDL and new ISIN no. INE638A01027 has been allotted to the Company for those shares which are in dematerialized mode. The ISIN has been activated and the trading in the equity shares has been operational w.e.f. 19th March 2009.

The Company confirms that it has paid annual listing fee to The Stock Exchange, Mumbai for the year 2009-2010.

## 14.5 Market price data

Monthly high/low quotations of shares traded of each month at Stock Exchange, Mumbai during the year are as follows:

Month	High (Rs.)	Low(Rs.)	Month	High (Rs.)	Low (Rs.)
April 2008	9.50	7.70	October 2008	-	-
May 2008	9.50	7.15	November 2008	-	-
June 2008	7.99	6.01	December 2008	-	-
July 2008	6.84	5.01	January 2009	-	-
August 2008	6.20	5.31	February 2009	-	-
September 2008	-	-	March 2009	44.50	11.65

\* The trading remain suspended since 4th August 2008 due to the stay levied by AAIFR.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

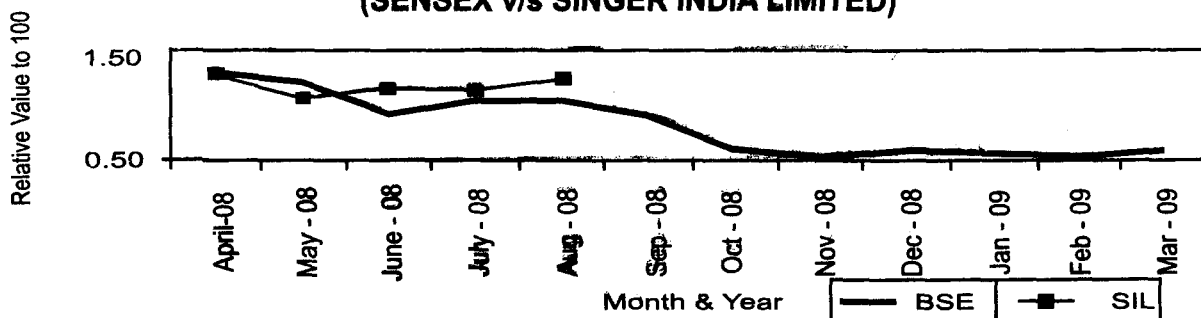
**14.6 Performance of Company's equity shares in comparison to BSE Sensex is given below:**

As per the Rehabilitation Scheme sanctioned by BIFR, vide order dated 28<sup>th</sup> April 2008 which inter alia included the Reduction of Capital by 90% and Preferential Allotment to its promoters amounting to Rs. 8.35 crores.

After Reduction the paid up capital of the Company stood at Rs. 1.54 crores and the induction of funds required to be made by the promoter was Rs. 3.85 crores in the first trench. The Company received the first trench on 3<sup>rd</sup> March 2009. Therefore, after Capital reduction, consolidation and induction of first trench by promoter the paid up capital of the Company stood at Rs. 5.41 crores in the year ended 31<sup>st</sup> March 2009.

The trading account of the Company was suspended since 4<sup>th</sup> August 2008 and was reopened on 19<sup>th</sup> March 2009.\*

**Price Movement  
(SENSEX v/s SINGER INDIA LIMITED)**



\*The Scrip code of Singer India Limited was suspended since 4<sup>th</sup> August 2008 till 19<sup>th</sup> March 2009 due to the stay levied by AAIFR on an application made by one of our shareholder viz, National Small Industries Corporation objecting on the Reduction of Capital, as per the Rehabilitation Scheme sanctioned by BIFR dated 28<sup>th</sup> April 2008

**14.7 Registrar and Transfer Agent**

M/s MCS Limited New Delhi are the registrar and share transfer agents of the Company for handling both electronic and physical shares. Shareholders are requested to contact the transfer agents for all share related work. The address of share transfer agents is given below:

M/s MCS Limited, Sri Venkatesh Bhawan, F 65 Okhla Industrial Area Phase - I, New Delhi - 110020  
Phone: 011 41406149 11, Fax: 011 26384907, Email: mcsdel@vsnl.com

**14.8 Share Transfer System**

The shares of the company are traded in the compulsory dematerialized mode for all investors. The shares sent for transfer in physical form are registered within 20 days (if in order and complete in all respects) and the share certificates are immediately returned to the shareholders. In respect of requests received for dematerialization of shares, the same are confirmed to the respective depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time.

In compliance of the Listing Guidelines, every six months, practicing Company Secretary audits the system of transfers and a certificate to that effect is issued. Also, in compliance with the SEBI guidelines, a quarterly secretarial audit is being conducted by a practising Company Secretary and the secretarial audit report is issued which, in turn is submitted to the stock exchange. The said secretarial audit report is also placed before the Board from time to time

**14.9 Distribution of shareholding as on 31 March 2009**

S.No.	Shares		Shareholders		No. of shares	
	Nominal value		% of		% of	
	Rs.	Rs.	Number	Total	Number	Total
1.	1	500	10638	98.49	332362	6.13
2.	501	1000	80	0.74	60107	1.11
3.	1001	2000	35	0.3	50628	0.93
4.	2001	3000	22	0.2	55446	1.02

## REPORT ON CORPORATE GOVERNANCE (Contd.)

5.	3001	4000	4	0.03	13597	0.25
6.	4001	5000	5	0.04	24324	0.44
7.	5001	10000	9	0.16	65401	1.20
8.	10001	50000	5	0.04	64936	1.24
9.	50001	100000	1	0	121400	2.24
10.	100001	And above	2	0	4627034	85.44
		<b>TOTAL</b>	<b>10801</b>	<b>100.00</b>	<b>5415235</b>	<b>100.00</b>

## Broad shareholding pattern As on 31 March 2009

Category	No. of shares held	% age of shareholding
Singer (India) B. V., The Netherlands (Promoters)	4627034	85.44
Banks, Financial Institutions & Insurance Companies	123317	2.27
NRI/s/ OCBs	2280	0.09
Indian Public	662604	12.2
<b>TOTAL</b>	<b>5415235</b>	<b>100.00</b>

## 14.10 Dematerialization of shares and liquidity

55.38% of the equity shares have been dematerialized up to 31 March 2009. The shares of the Company can be dematerialised by the shareholders either with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited. The Equity shares of the Company are listed with The Stock Exchange, Mumbai.

## 15. Events occurred after 31 March 2009.

- 15.1 Mr. Phillip Watson, Director of the Company has resigned w.e.f 22<sup>nd</sup> June 2009. The Board places on record its appreciation for the services rendered by Mr. Philip Watson during his tenure as Director of the Company.
- 15.2 Mr. Ajit Kumar has been appointed as an Additional Director with effect from 22<sup>nd</sup> June 2009. Mr. Ajit Kumar, aged 67 years, is BA, MA in English ranked first position in Punjab University. He was in Indian Administrative Services (IAS) and has held in the past the positions of Defence Secretary, Industry Secretary, Chairman FIPB & Finance Secretary to the Government of India. He has over 38 years of high level administrative experience. He was the first to hold the post of Chief Commissioner for NRIs.

## 15.3 The Company has reconstituted the Audit Committee and the new composition of the Committee is as follows:

- |                         |   |                                      |
|-------------------------|---|--------------------------------------|
| 1. Mr. P. N. Sharma     | - | Chairman (Independent Director)      |
| 2. Mr. Ajit Kumar       | - | Non Executive (Independent Director) |
| 3. Mr. Deepak Sabharwal | - | Non Executive (Independent Director) |

## 15.4 The Company has reconstituted the Remuneration Committee and the new composition of the Committee is as follows:

- |                         |   |                                      |
|-------------------------|---|--------------------------------------|
| 1. Mr. Ajit Kumar       | - | Chairman (Independent Director)      |
| 2. Mr. Deepak Sabharwal | - | Non Executive (Independent Director) |
| 3. Mr. P. N. Sharma     | - | Non Executive (Independent Director) |

## 16 Management Responsibility Statement

The Directors' Responsibility Statement in conformity with the requirement of the Companies Act, 1956 has been included in the Director's Report to the Shareholders. A Management Discussion and Analysis Report has been annexed to the Director's Report.

The Financial Accounts are in full conformity with the requirement of the Companies Act, 1956. These accounts reflect fairly the form and substance of transactions and presents a true view of the company's financial condition and the results of its operation.

The Company has proper and adequate systems of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorised, recorded and reported correctly.

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

Your Company has institutionalized a proper system to monitor internal control compliances for all important financial internal control processes.

The Company has a system of Internal Control which is reviewed, evaluated and updated on an ongoing basis. The Company has an Internal Audit system, which is commensurate with the size and nature of the business. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that adequate systems are in place. The Internal Auditor has conducted the periodic audit of system and procedures to provide reasonable assurance that the activities are conducted in a manner not prejudicial to the interest of the Company.

**17. Compliance Certificate of the Auditors.**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement and the same is annexed.

All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with

**18. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity.**

Nil

**19. Location of Plants**

1. Lane No. 4, SIDCO Industrial Estate, Jammu
2. Lane No. 2, SIDCO Industrial Estate, Jammu

**20. Address for Correspondence: Singer India Limited**

2nd Floor, A 26/4, Mohan Cooperative,  
Industrial Estate, New Delhi-110044,  
E-mail : secretarial@singerindia.net

On behalf of the Board of Directors

**Place : New Delhi**  
**Date : 22 June, 2009**

**Roopali Grover**  
Company Secretary

**K.K. Gupta**  
Chairman & CEO

**Rajeev Bajaj**  
Alternate Director & CFO

**Auditors' Certificate on compliance with the conditions of Corporate Governance under clause 49 of the listing agreements**

To,  
The Members of  
Singer India Limited

We have examined the compliance of conditions of corporate governance by Singer India Limited ("the Company"), for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, issued by the Institute of Chartered Accountants of India and was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For Ray & Ray**  
Chartered Accountants

**Place: New Delhi**  
**Dated : The 22nd day of June 2009**

**A.K. Sharma**  
Partner  
(Membership No. 80085)

**AUDITORS' REPORT****TO THE MEMBERS OF SINGER INDIA LIMITED**

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1. We have audited the attached Balance Sheet of Singer India Limited ('the Company') as at 31 March 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended 31 March 2009 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 ('the Order') as amended by Companies (Auditor's Report) (Amendment) issued by the Central Government in terms of sub - section (4A) of Section 227 of the Companies Act, 1956 ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Attention is invited to the following notes in Schedule 20:
  - (i) Note 4.1 as regards balances of parties are under the process of review / confirmation / reconciliation.
  - (ii) Note 12 as regards assets purchased and sold at three stores during the year not routed through the Fixed Assets Schedule.
  - (iii) Notes 13.1 to 13.4 as regards reduction / consolidation of Equity Share Capital and subsequent preferential allotment of Equity Shares and write back of Unsecured Creditors & other Liabilities Rs. 228,762 thousand as per Scheme of Rehabilitation approved by BIFR and based on legal opinion even though some appeals by Shareholders / Creditors are pending before Hon'ble Court. Moreover, the Company has yet to implement certain parts of the Scheme which it has contested.
  - (iv) Note 14 as regards the accumulated losses have exceeded the paid up share capital and the networth of the Company is completely eroded. These factors along with other matters as set forth in the financial statement, raise doubt that the Company will be able to continue as going concern. Further such Financial Statements do not include any adjustment relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary in case the Company is unable to continue as going concern.
  - (v) Note 17.1 as regards managerial remuneration of Rs. 1,360 thousand is subject to Central Government & Shareholders' approval and Rs. 1,100 thousand which is subject to Shareholders' approval.
5. Subject to our remarks in paragraphs 3 & 4 above:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. However, reference is drawn to Note 11.1 in Schedule 20.
  - (v) on the basis of written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) in our opinion and to the best of our information

### AUDITORS' REPORT

and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 20 and *subject to the matter specified in para 4 above*, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (b) in the case of the Profit and Loss Account, of the Profit (after adjustments of write back of liabilities) for the year ended on that date; and
- (c) in the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

For Ray & Ray  
Chartered Accountants

(A.K. Sharma)  
Partner

Place: New Delhi  
Date: 22nd June 2009

Membership No. 80085

#### Annexure to the auditors' report of even date to the members of Singer India Limited on the financial statements for the year ended 31 March 2009

1. a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets lying at its Jammu factory and other locations.
  - b) Fixed assets (*other than Jammu factory*) have been physically verified by the management during the year. In our opinion, the periodicity of the physical verification of fixed assets except for Jammu factory is *reasonable. The periodicity of physical verification of Jammu assets needs to be increased.* According to the explanations given to us, the discrepancies noticed on physical verification of fixed assets were not material & have been properly dealt with in the books of account.
  - c) Fixed assets disposed off during the year were not substantial and do not affect the going concern assumption.
2. In respect of its inventories:
    - a) The inventory except goods in transit has been

physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

- b) The procedures as explained to us, which were followed by the management for physical verification of inventory are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination of inventory records, we are of the opinion that, *the maintenance of stock records offer scope for improvement.* Discrepancies which were noticed on physical verification of inventory as compared to book record have been properly dealt with in the accounts.
3. a) 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. Therefore, the provisions of sub-clause (a), (b), (c) and (d) of clause 4 (iii) of the Order are not applicable to the Company.
  - b) 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. Therefore, the provisions of sub-clause (e), (f) and (g) of clause 4 (iii) of the Order are not applicable to the Company.

4. *In our opinion and according to the information and explanations given to us and having regard to the explanation that for some items purchased/repurchased for which comparable alternative quotations are not available because of the nature / quality of such items and delivery schedules and for sale of certain goods/services which are for the buyers specialized requirements for which suitable alternative sources are not available for comparable quotations, there are generally adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. Further, during the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in internal control system.*



## AUDITORS' REPORT

5. According to the information & explanations given to us, the Company has not entered into contracts or arrangements referred to in section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v) of the Order are not applicable to the Company.
6. The directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA and other relevant provisions of the Act and the rules framed there under, to the extent applicable, had been complied with by the Company except default in repayment of principal & interest to fixed deposit holders and non compliance of clause (a) & (b) of sub section (2) of Section 58AA of the Companies Act, 1956. The Company has received an Order of Company Law Board dated 11 April 2007 rescheduling the repayment of deposits. *The Company has also made application seeking condonation of defaults. The company routes its entries pertaining to Fixed Deposit holders through Fixed Deposit Ledger Account. The Company has made an application for review and extension of the composit scheme of repayment of deposits under Section 58A & 58AA of the Companies Act, 1956 for which orders are still awaited.*
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the coverage of internal and concurrent audits functions carried out by a firm of Chartered Accountants appointed by the management is commensurate with the size of the Company and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company. Accordingly, the provisions of clause 4 (viii) of the Order are not applicable to the Company.
9. a) Undisputed Statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- b) According to information and explanations given to us, there are no other undisputed amount payable in respect of provident fund, investor education & protection fund, income tax, employees state insurance, wealth tax, sales tax, custom duty, service tax, excise duty, cess and other statutory dues which were outstanding at the year end for period of more than six months from the date they become payable.
- c) According to the information and explanations given to us the Company did not have any disputed dues on account of customs duty, wealth tax, service tax and cess. The dues outstanding in respect of sales-tax, entry tax, excise duty and income-tax on account of dispute not provided for, are as follows:

Name of the statute	Nature of the dues	Amount in Rs. ('000)	Period	FORUM BEFORE WHICH DISPUTE PENDING
Sales Tax Act	Sales Tax	637	2002-03	First Appellate Authority, Delhi
Sales Tax Act	Sales Tax	424	2001-01 & 2007 to 09	First Appellate Authority, U.P
Sales Tax Act	Sales Tax	756	1992-93 & 2002-03	First Appellate Authority, West Bengal
Sales Tax Act	Sales Tax	8153	1998-99 to 2005-06	Sales Tax Tribunal, Bihar

### AUDITORS' REPORT

Sales Tax Act	Sales Tax	197	1992-93 & 1996-97	First Appellate Authority, Maharashtra
Sales Tax Act	Sales Tax	5121	1999-00 to 2004-05	First Appellate Authority, Andhra Pradesh
Sales Tax Act	Sales Tax	7430	2000-01 to 2004-05	Sales Tax Tribunal, Karnataka
Sales Tax Act	Sales Tax	13	2002-03	First Appellate Authority, Goa
Sales Tax Act	Sales Tax	113	2005-06	First Appellate Authority, Haryana
Sales Tax Act	Sales Tax	332	2005-06 to 2008-09	Form C not received from various dealers, Delhi
Income Tax Act, 1961	Income Tax	5602	1995-96	ITAT, Mumbai
Income Tax Act, 1961	Income Tax	1381	1996-97	ITAT, Mumbai
Income Tax Act, 1961	Income Tax	9500	2003-04	ITAT, Mumbai
Excise Duty	Excise Duty	8576	2005-06	Appellate Authority, Delhi

10. *The Company's accumulated loss at the end of the financial year ended 31 March 2009 is more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year covered by our audit, however, the Company did not incur cash losses in the immediately preceding financial year.*
11. The Company did not have any outstanding dues to any financial institutions & banks. The Company has not issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
16. The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
17. Based on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment except for permanent working capital.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. *However, preferential allotment of 3,850,000 Equity Shares were made to Singer (India) BV. Netherlands the Holding Company at Rs. 10 each as per the Scheme of Rehabilitation approved by BIFR.*
19. The Company did not have any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Ray & Ray  
Chartered Accountants

(A.K. Sharma)  
Partner  
Membership No. 80085

Place : New Delhi, The 22nd day of June 2009

**SINGER INDIA LIMITED****ANNUAL REPORT 2009****Balance Sheet as at 31<sup>st</sup> March, 2009**

			Rupees ('000)	
			As at 31 <sup>st</sup> March	
	Schedule	(Rupees)	2009 (Rupees)	2008 (Rupees)
<b>SOURCES OF FUNDS</b>				
Shareholders' Funds				
Capital	1	54,152		156,524
Reserves and surplus	2	12,250		12,250
			66,402	168,774
Loan Funds				
Unsecured loans	3		117,117	151,132
			183,519	319,906
<b>APPLICATIONS OF FUNDS</b>				
Fixed Assets				
Gross block	4	145,598		154,594
Less: Depreciation		104,820		111,924
Net block			40,778	42,670
Investments	5		-	7,057
Current Assets, Loans and Advances				
Interest accrued		303		324
Inventories	6	55,707		19,599
Sundry debtors	7	40,099		1,558
Cash and bank balances	8	32,098		21,429
Loans and advances	9	13,726		17,051
		141,933		59,961
Less: Current Liabilities and Provisions				
Liabilities	10	137,466		278,186
Provisions	11	8,332		5,328
		145,798		283,514
Net Current Assets			(3,865)	(223,553)
Profit and Loss Account (as per annexed Account)			146,606	493,732
			183,519	319,906
Significant Accounting Policies	19			
Notes to the Accounts	20			

Schedules 1 to 11, 19 & 20 referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date  
For RAY & RAY  
Chartered Accountants

On behalf of the Board of Directors

A.K.Sharma  
Partner  
Membership No. 80085

K.K. Gupta  
Chairman  
& CEO

Rajeev Bajaj  
Alternate Director  
& CFO

Roopali Grover  
Company Secretary

New Delhi, the 22<sup>nd</sup> June, 2009

**Profit & Loss Account for the year ended  
31<sup>st</sup> March, 2009**

		<b>Rupees ('000)</b>	
		<b>Year ended 31<sup>st</sup> March</b>	
	<b>Schedule</b>	<b>2009 (Rupees)</b>	<b>2008 (Rupees)</b>
<b>INCOME</b>			
Sales and Services	12	706,057	495,525
Less : Excise duty		-	-
Net sales and services		706,057	495,525
Other income	13	22,271	9,044
		<b>728,328</b>	<b>504,569</b>
<b>EXPENDITURE</b>			
Cost of materials	14	571,009	411,344
Personnel expenses	15	42,306	18,636
Manufacturing, Selling and Administration expenses	16	94,387	47,159
Financial cost	17	4,790	11,764
Depreciation		6,598	5,905
		<b>719,090</b>	<b>494,808</b>
Profit / (Loss) Before Tax and Exceptional Items		9,238	9,761
Exceptional Items	18	198,352	267,958
Profit / (Loss) Before Tax		207,590	277,719
Taxation			
- Fringe Benefit Tax		(1,335)	(373)
- Income Tax adjustments related to earlier years		-	(4,020)
Profit / (Loss) After Tax		206,255	273,326
Profit / (Loss) Balance from previous year		(493,732)	(767,058)
Adjustment on account of Capital Reduction (Note 13.3)		140,871	(352,861)
		<b>(146,606)</b>	<b>(493,732)</b>
Profit / (Loss) carried to Balance Sheet			
Basic Earnings per Share (in Rs.) Face Value 10/- (Note 21)			
Before Exceptional Items		4.22	3.43
After Exceptional Items		110.23	174.62
Diluted Earnings per Share (in Rs.) Face Value 10/- (Note 21)			
Before Exceptional Items		3.29	2.56
After Exceptional Items		85.76	130.21
Significant Accounting Policies	19		
Notes to the Accounts	20		

Schedules 12 to 20 referred to above form  
an integral part of the Profit & Loss Account

This is the Profit & Loss Account referred  
to in our report of even date  
For RAY & RAY  
Chartered Accountants

On behalf of the Board of Directors

A.K.Sharma  
Partner  
Membership No. 80085

Roopali Grover  
Company Secretary

K.K. Gupta  
Chairman  
& CEO  
Rajeev Bajaj  
Alternate Director  
& CFO

New Delhi, the 22<sup>nd</sup> June, 2009

## Cash Flow Statement

	Rupees ('000)	
	Year ended 31 <sup>st</sup> March	
	2009 (Rupees)	2008 (Rupees)
<b>A. Cash flow from operating activities :</b>		
Profit / (Loss) before tax	207,590	277,719
<u>Adjustment for:</u>		
Provision for Warranties	324	1,903
Provision for Gratuity	883	-
Provision for Leave Encashment	844	246
Provision against contingency	752	-
Provision for Super annuation	116	-
Provision / write off: Debts & Advances	511	-
Depreciation	6,598	5,905
Interest Income	(552)	(461)
Discard / Loss on sale of assets (net)	338	(171)
Unrealised Foreign Exchange (Gain) / Loss	(124)	(6,784)
Interest Expenses	3,489	11,140
Operating profit / (loss) before working capital changes	220,769	289,497
<u>Adjustment for:</u>		
Trade and other receivables	(42,106)	4,687
Inventories	(36,108)	(613)
Trade payables	27,856	7,668
Cash Generated from Operations	170,411	301,239
Payment of Direct Taxes	(1,649)	(399)
Net Cash from Operating Activities before Exceptional Items	168,762	300,840
Exceptional Items	(198,352)	(267,958)
Net Cash from Operating Activities After Exceptional Items	(29,590)	32,882
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(24,690)	(1,711)
Sale of fixed assets	1,759	238
Investment realised	957	-
Interest received	574	439
Net cash generated from investing activities	(21,400)	(1,034)
<b>C. Cash flow from financing activities :</b>		
Proceeds from fresh issue of Capital	38,500	-
Unsecured Loan from Associate	35,889	61,744
Fixed deposits	(10,477)	(7,150)
Cash credits	-	(62,119)
Working capital demand loans / export packing credit	-	(7,881)
Interest paid	(2,253)	(8,000)
Net cash used in financing activities	61,659	(23,406)
Net increase/(decrease) in cash / cash equivalent (A+B+C)	10,669	8,442
Cash and cash equivalents at the beginning of the year	21,429	12,987
Cash and cash equivalents at the end of the year	32,098	21,429

## Notes:

- The Cash Flow statement has been prepared under the indirect method which have been considered on the basis of actual cash movement, with corresponding adjustment in Assets and Liabilities.
- Cash and Cash Equivalent represents Cash and Bank Balances (refer Schedule 8) (including Margin Deposit Rs. 4,791 (2008 - Rs. 3,557))
- Previous years figures have been regrouped / reclassified and / or rearranged wherever necessary to conform to current year's grouping and classifications.

This is the Cash Flow Statement referred  
to in our report of even date  
For RAY & RAY  
Chartered Accountants

A.K.Sharma  
Partner  
Membership No. 80085

Roopali Grover  
Company Secretary

On behalf of the Board of Directors

K.K. Gupta  
Chairman  
& CEO

Rajeev Bajaj  
Alternate Director  
& CFO

New Delhi, the 22<sup>nd</sup> June, 2009

## Schedules to Account

Rupees ('000)

As at 31st March

2009  
(Rupees)2008  
(Rupees)

## CAPITAL

## AUTHORISED

20,000,000 (2008 - 20,000,000) Equity Shares of Rs.10 each

200,000

200,000

ISSUED, SUBSCRIBED, CALLED AND PAID UP

5415235\*\* (2008 -15,652,350\*) Equity Shares of Rs.10 each fully paid up

54,152

156,524

54,152

156,524

## Notes:

\*Out of the above Issued, Subscribed, Called and Paid up (as certified by the management)

7,826,175 Equity shares were allotted through rights issue in the ratio of 1:1 to equity shareholders during the year ended 31 March 2003

800,000 Equity shares allotted in part consideration for the transfer of the net assets of the undertaking and business in India of Singer Sewing Machine company, USA, in terms of amalgamation sanctioned by the Mumbai High Court in the year 1981 without payments being received in cash.

4,608,725 Equity shares of Rs.10 each were allotted as fully paid up bonus shares by capitalisation of Rs. 20,000 of general reserve, during the year 1989-90 and a further capitalisation of share premium amounting to Rs. 26,088 during 1994-95.

(a)\*\* Consequent to reduction / consolidation of Capital as explained in Note 13.3, 3,850,000 Equity Share were allotted on preferential basis to Singer (India) B.V., Netherlands - the Holding Company.

(b) 4,627,034 Equity shares are held by Singer (India) B.V., Netherlands - the Holding Company

## RESERVES AND SURPLUS

Securities Premium Account

12,250

12,250

As per last Account

12,250

12,250

## UNSECURED LOANS

Fixed Deposits

10,822

21,442

External Commercial Borrowings (Interest free) from Singer Asia Holdings B.V.

8,662

67,946

Other Loans &amp; Advances - Brand Trading India Pvt. Ltd. (Note 15)

97,633

61,744

## Notes:

(a) Fixed Deposit includes Rs.8,695 (2008 - Rs. 8,348) repayable within one year. The repayment of deposits have been rescheduled by the Company Law Board by the order dated 15 March 2007 / 11 April 2007.

(b) The interest on Fixed Deposit has been depicted in Schedule 10 as interest accrued but not due. As per Company Law Board directives, interest will be payable within six months from the payment of last installment of principal.

(c) As per Company Law Board Order, the Sanctioned Scheme for repayment of deposits, the scheme was to be reviewed after a period of six months. The Company has made an application for review/ extension of the scheme of repayment under Section 58A &amp; 58AA of the companies Act, 1956 for which Orders are awaited.

(d) The Company is in the process of filing relevant returns in respect of External Commercial Borrowings to Reserve Bank of India.

117,117

151,132

Rupees ('000)

## 4. FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 31st March 2008 (Rupees)	Additions (Rupees)	Deletions/ Adjustments/ Write off (Rupees)	Cost as at 31st March 2009 (Rupees)	As at 31st March 2008 (Rupees)	Additions (Rupees)	Deletions/ Adjustments/ Write off (Rupees)	As at 31st March 2009 (Rupees)	As at 31st March 2009 (Rupees)	As at 31st March 2008 (Rupees)
Tangible										
Leasehold land	959	-	-	959	87	11	-	98	861	872
Building	29,197	-	-	29,197	13,506	975	-	14,481	14,716	15,691
Plant & Machinery	109,202	70	6,636	102,636	85,930	3,580	6,549	82,961	19,675	23,272
Vehicles	708	3,061	706	3,063	551	681	593	639	2,424	157
Office Equipments	1,257	1,011	200	2,068	866	236	165	937	1,131	391
Computers	7,336	840	4,790	3,386	6,575	411	4,707	2,279	1,107	761
Furniture & Fixtures	5,064	173	1,190	4,047	3,721	607	987	3,341	706	1,343
Intangible										
Computer Software	871	98	727	242	688	97	701	84	158	183
Total	154,594	5,253	14,249	145,598	111,924	6,598	13,702	104,820	40,778	42,670
Previous Year	153,360	1,711	477	154,594	106,429	5,905	410	111,924	42,670	

## Schedules to Account (Contd.)

Rupees ('000)

As at 31st March

2009 (Rupees)	2008 (Rupees)
------------------	------------------

## 5. INVESTMENTS

Long term investments (Non Trade - Unquoted)

A. Investment in government / trust securities - others

Nil (2008 - 9,567 units) of 6.75% tax free US 64 bonds of Rs. 100

each issued in lieu of US 64 units of Rs. 10 each under the unit scheme of UTI, 1964

(Matured during 2009)

- 957

B. Investment in Subsidiary Companies

610,008 (2008 - 610,008 shares) Equity Shares of Rs. 10 each fully paid up in  
Singer India Trading Limited

6,100 6,100

100,008 (2008 - 100,008 shares) Equity Shares of Rs. 10 each fully paid up in  
Himec India Limited

1,000 1,000

7,100 8,057

7,100 1000

- 7,057

Less: Provisions

Aggregated Value of unquoted Investment (gross)

7,100 8,057

## 6. INVENTORIES

Stock -in -Trade\*

Finished goods - traded (includes Rs. 440 in transit Warehouse to Warehouse)

45,606 19,599

Goods in transit (at cost)

10,101 -

55,707 19,599

\* as taken, valued and certified by the Management

## 7. SUNDRY DEBTORS (UNSECURED)

Debts outstanding for a period exceeding six months

Considered good

- -

Considered doubtful

311 -

311 -

'Less: Provisions

(311) -

- -

Other Debts - Considered Good

40,099 1,558

40,099 1,558

## 8. CASH AND BANK BALANCES

Cash in hand (including cheques in transit Rs. 30 (2008 - Rs. 455))

562 1,333

With Scheduled Banks in:

- Current Accounts

16,705 15,569

- Fixed Deposit

10,040 970

- Margin Deposits (Note 3.1)

4,791 3,557

32,998 21,429



**Schedules to Account (Contd.)****Rupees ('000)****As at 31st March**

<b>2009</b>	<b>2008</b>
<b>(Rupees)</b>	<b>(Rupees)</b>

**9. LOANS & ADVANCES (UNSECURED)**

Advances recoverable in cash or in kind or for value to be received:

- Considered good *	<b>3,232</b>	2,311
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Deposits - Considered Good (Note 3.2)

<b>5,592</b>	5,507
--------------	-------

- Considered Doubtful	<b>2,555</b>	-
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Claim Recoverable from Custom Authorities

<b>495</b>	-
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Deposit with Excise Authority under protest

-	2000
---	------

Deposit with Sales Tax Authorities under protest

<b>3,140</b>	6,365
--------------	-------

Income tax payments, less provisions

<b>1,267</b>	868
--------------	-----

(Represents excess payment of advance tax over provision for taxation in certain Assessment Years)

<b>16,281</b>	17,051
---------------	--------

Less: Provision

<b>2,555</b>	-
--------------	---

<b>13,726</b>	17,051
---------------	--------

Notes:

\* Includes Rs.416 ( 2008 - Rs.9) due from Singer (India) B.V., Netherlands - the Holding Company (2008 - Company under same management) Maximum balance outstanding Rs.425 (2008 - Rs. 9)

**10. LIABILITIES**

Sundry creditors

-Total outstanding dues of Micro & Small enterprises (Note 5)	-	-
---	---	---

-Total outstanding dues of Creditors other than Micro & Small enterprises	<b>108,859</b>	237,402
---	----------------	---------

Due to Chairman &amp; Ex-Managing Director

<b>1,419</b>	-
--------------	---

Amount refundable to Singer (India) B.V. Netherlands - the Holding Company

<b>1,662</b>	-
--------------	---

Advance from Customers / Dealers

<b>1,453</b>	6,528
--------------	-------

Security deposits

<b>5,104</b>	12,969
--------------	--------

Due to Subsidiary Company - Singer India Trading Limited

<b>831</b>	8,351
------------	-------

Other liabilities

<b>5,770</b>	1,854
--------------	-------

Interest accrued but not due on unsecured loans (Fixed Deposits)

<b>12,368</b>	11,082
---------------	--------

<b>137,466</b>	278,186
----------------	---------

**11. PROVISIONS**

Gratuity

<b>883</b>	-
------------	---

Leave encashment

<b>1,647</b>	803
--------------	-----

Warranties

<b>4,734</b>	4,410
--------------	-------

Fringe Benefit Tax (net of advance)

<b>200</b>	115
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Contingencies (additions during the year)

<b>752</b>	-
------------	---

Superannuation

<b>116</b>	-
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<b>8,332</b>	5,328
--------------	-------

**Schedules to Account (Contd.)**
**Rupees ('000)**
**Year ended 31st March**
**2009  
(Rupees)      2008  
(Rupees)**
**12. SALES AND SERVICES**

Domestic sales *	701,469	495,327
Exports sales	4,266	123
Service income (net of expenses Rs. 5,895 (2008 - Rs. Nil))	322	75
	<b>706,057</b>	<b>495,525</b>

\* Includes Rs. 52,126 ( 2008 - Rs 50,403 ) relating to estimated amount of goods sold to Associate Company (dealer) and subsequent re-purchased for sale at the Company's retail outlets

**13. OTHER INCOME**

Interest - Gross		
- fixed deposits [Income tax deducted at source Rs.62 (2008 - Rs. 66)]	534	389
- investment (non trade Bonds)	11	65
- others	7	7
Scrap sales	809	412
Export Incentives	170	-
Foreign exchange fluctuation (net)	-	7,238
Profit on sale of fixed assets [net of loss Rs.Nil (2008 - Rs. 20)]	-	171
Miscellaneous income [Including commission Rs. Nil (2008 - Rs. 542)]	531	762
Compensation on premature termination of Dealers Agreement with Associate Company	20,000	-
Discount and incentives	209	-
	<b>22,271</b>	<b>9,044</b>

**14. COST OF MATERIALS**

Raw materials consumed		
Opening stock		590
Add: Purchases	-	-
	-	590
Less: Closing stock	-	-
Less: Exceptional costs / Inventory written off	-	(590)
	-	-

Purchases Traded*	607,117	411,957
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(Increase)/decrease in finished goods and work-in-process

Opening stock		
Finished goods	19,599	16,127
Work-in-process	-	105
Goods in transit	-	2,859
	<b>19,599</b>	<b>19,091</b>

Less: Closing stock		
Finished goods	45,606	19,599
Goods in transit (includes Rs. 8,275 from Associate)	10,101	-
	<b>55,707</b>	<b>19,599</b>

Increase / decrease	(36,108)	(508)
Exceptional costs / inventory written off	-	(105)
	<b>571,009</b>	<b>411,344</b>

\* Includes Rs 53,285 ( 2008 - Rs 51,473) relating to goods originally sold to Associate Company (dealer).

## Schedules to Account (Contd.)

Rupees ('000)

Year ended 31st March

2009 (Rupees)	2008 (Rupees)
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**15. PERSONNEL EXPENSES**

Salaries, wages, bonus etc.	34,175	16,305
Training & Stipend	172	230
Contribution to provident and other funds	3,315	1,040
Staff welfare	4,644	1,061
	<u>42,306</u>	<u>18,636</u>

**16. MANUFACTURING, SELLING AND ADMINISTRATION EXPENSES**

Power and fuel	2,389	1,032
Repairs - Building	-	80
- Others	3,018	1,801
Freight outward	9,718	1,855
Rates and taxes	408	396
Rent (net of recovery of Rs. 1,619 (2008 - Rs. Nil))	13,255	3,751
Insurance	1,141	572
Cash discount	5,831	14,411
Commission - others	351	345
- employees	3,903	3,092
Printing and stationery	600	319
Communication & Postage expenses	3,396	1,053
Vehicle expenses (include rental Rs.54, 2008 - Rs.216)	2,504	1,224
Meeting and training	1,729	573
Sales outlet variable expenses	3,401	2,942
Advertising and sales promotion	11,478	2,024
Traveling and conveyance	11,046	3,244
Recruitment expenses	62	28
Legal & Professional charges	14,767	7,432
Directors' sitting fees	85	30
Subscription & Membership	105	104
Sales Tax Expenses	1,171	22
Foreign exchange fluctuation (net)	2,903	-
Brokerage	-	204
Franchisee Service Centre expenses	-	95
Discard / Loss on sale of assets (net of gain Rs. 92, 2008- Rs. Nil)	338	-
Provision / Write off: debts & advances	511	-
Other expenses	277	530
	<u>94,387</u>	<u>47,159</u>

**17. FINANCIAL COST**

Interest on - Fixed deposits	1,786	2,458
- Working capital demand loans	-	7,341
- Others (includes Rs. 1619, 2008 - Rs. Nil to Associate Company)	1,703	1,341
Bank charges	1,301	624
	<u>4,790</u>	<u>11,764</u>

## Schedules to Account (Contd.)

Rupees ('000)

Year ended 31st March

	2009 (Rupees)	2008 (Rupees)
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**8. EXCEPTIONAL ITEMS**

Income :		
Interest on secured Loan written back	-	69,278
Waiver of Secured Loan - Principal	-	193,995
Fixed Deposit settled	143	279
Provision for Doubtful Debts & Advances written back	-	160,833
Liabilities / credit balances written back	-	10,495
Waiver of interest on Fixed Deposits	210	606
Insecured creditors balances written back (Note - 13.4)	<u>228,762</u>	-
A)	<u>229,115</u>	<u>435,486</u>
Expenditure :		
Debts and Advances written off	-	160,989
Inventories written off	-	734
Sales Tax Adjustments earlier years	1,757	5,805
Provision/write off: Sundry Deposits	3,019	-
Assets Purchased & Sold (Note - 12)	17,887	-
Excise Duty Deposit written off	2,000	-
Provision for diminution in Investment	6,100	-
B)	<u>30,763</u>	<u>167,528</u>
(A - B)	<u>198,352</u>	<u>267,958</u>

**19. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation**

- i) The financial statements have been prepared to comply in all material aspects in respect with the Notified Accounting Standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- ii) Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- iii) Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except to the extent disclosed in Notes to the Accounts.
- iv) The Company has prepared the financial statements on a going concern basis, i.e. the Company will be able to realize all its assets at their carrying values as at 31 March 2009 and discharge all its liabilities as at 31 March 2009 in the normal course of business.

**2. Use of Estimates**

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period; actual results could differ from those estimates.

**3. Tangible Fixed Assets**

Fixed Assets are stated at cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition, construction and installation. Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized.

**4. Intangible Assets**

Intangible assets are stated at cost of acquisition less accumulated depreciation. Computer Software is amortised over a period of thirty six months. Amortisation is done on the straight line method.

**5. Investments**

Long term investments are stated at cost. Provision for diminution in value, other than temporary, is made in the accounts. Earnings on investments are accounted for when the right to receive payment is established.

**6. Inventories**

Cost of inventories have been computed to include all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are valued at lower of cost and net realisable value on the basis of physical verification carried out by the management. Cost is arrived at on a FIFO basis and includes appropriate portion of allocable overheads.

**7. Warranties**

Product warranty costs are determined using reasonable estimates based on costs incurred in the past and are provided for in the year sale is made. Contractual obligations in respect of warranties and free replacement are accrued at 1% of sales to cover future costs.

**8. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from sale of goods is recognized when all significant risk and rewards of the ownership are transferred to the buyer as per the terms of sales which coincides with the despatch of the goods. Revenue is recorded net of sales tax, returns and gross of excise duty, if any.

**9. Depreciation**

Depreciation is provided on a straight-line basis at the per annum rates (with the corresponding useful life) specified below:

<b>Assets</b>	<b>Percentage</b>	<b>Estimated useful life in year</b>
Building	3.34%	30 years
Plant and machinery	4.75% to 25%	4 years to 21 years
Vehicles	25%	4 years
Office equipment	20%	5 years
Furniture and fixtures	20%	5 years
Computers	33.33%	3 years

Assets costing less than Rs. 5,000/- per unit are depreciated at the rate of 100%. Depreciation on additions is being provided on prorata basis from the date of such additions. Similarly, depreciation on assets sold/discharged off during the year is being provided up to the dates on which such assets are sold/discharged off.

**10. Impairment of Assets**

The Company on an annual basis makes an assessment of any indication that may lead to impairment of assets. If a such indication exists, the Company estimates the recoverable amount of assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the Profit Loss Account. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**11. Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit & loss account on a straight-line basis over the lease term.

**12. Foreign currency transactions**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**13. Employees Benefits****Defined Contribution Plans**

Company's contribution paid /payable during the year to ESIC and Provident Fund are recognized in the Profit & Loss Account. The Provident Fund Contributions are made to employer established Provident Fund. ESIC contributions are made to Government administered ESIC fund. The Company also makes contribution towards superannuation and is required to contribute a specified percentage of payroll cost to fund the benefits.

**Defined Benefit Plans**

Company provides retirement benefits in the form of gratuity (funded) and leave encashment (unfunded) which are measured using the Projected unit credit method with actuarial valuation being carried out at each valuation date. Termination benefits are recognized as an expense as and when incurred. Short term compensated absences are provided based on past experience of leave availed. Actuarial gains / losses are immediately taken to Profit & Loss Account and are not deferred.

**14. Research and development**

Research and development expenses of revenue nature are charged to the Profit & Loss Account in the year in which they are incurred.

**15. Export benefits**

Export entitlements under the Duty Entitlement Pass Book (DEPB) scheme are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

**16. Taxes on Income**

Tax expenses comprises current tax, deferred tax and fringe benefit tax after taking into consideration benefits available under the provisions of Income tax Act, 1961.

The deferred tax charged or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred tax assets / liabilities are reviewed at each balance sheet date based on developments during the year and available case laws, to re-asses realisation /liabilities. The Company has provided / accounted Fringe Benefit tax in accordance with applicable Income Tax Laws.

**Provision & Contingent Liability**

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made. A disclosure is made for a contingent liability when there is a:

## Schedules to Account (Contd.)

Rupees ('000)

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made.

**18. Earnings per share**

Earning per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**19. Events after the Balance Sheet date**

Events occurring after the date of the Balance Sheet which affect the financial position to a material extent are taken into cognizance except to the extent stated in Note 13 in Schedule 20.

**20. NOTES TO THE ACCOUNT**

1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. Nil (2008 Rs.192).
2. Contingent liabilities in respect of:

	As at 31st March	
	2009 (Rupees)	2008 (Rupees)
a) Claims against the Company not acknowledged as debts*		
- Employees State Insurance dues	1,545	1,545
- Others ( including present & ex staff)	77,810	78,674
b) In respect of demands pending disposal of appeals (excluding interest leviable, if any)*		
- Sales Tax	23,176	37,949
- Excise Duty	8,576	4,562
- Income tax	16,483	16,537

\* As certified by the management.

No provision has been made in the financial statements as the Board of Directors /Audit Committee considers the probability of the claim succeeding to be remote.

- 3.1 Margin Deposit Rs.4,791 (2008 Rs.3,557) have been lodged with banks / Government authorities for obtaining guarantees or as deposits.
- 3.2 National Savings Certificates Rs. 23 were lodged with Government authorities and shown as deposits under the Loans & Advances.
- 4.1 Debtors and Creditors are under the process of review, confirmation and reconciliation. Adjustments, if any, arising out of this will be accounted for in subsequent year.
- 4.2 In the opinion of the Board, the value on realization of current assets, loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet and Provisions for all known liabilities have been made.
5. The Company has not received any information / memorandum (as required to be filed by Suppliers / Vendors with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006), claiming their status as Micro, Small or Medium Enterprises. Consequently, the amount paid / payable together with interest paid/ payable to these parties under the Act is Nil.
6. No amount is paid / payable by the Company under Section 441 of the Companies Act, 1956 (Cess on turnover) since rules specifying the manner in which the Cess shall be paid has not been notified yet by the Central Government.

## Schedules to Account (Contd.)

Rupees ('000)

7.1 i) The Company has entered into operating lease arrangement for office premises, shops, warehouse and residential premises. Some of the significant terms and conditions of the arrangements are:

- agreement may generally be terminated by either party on serving a notice period.
- the lease arrangements are generally renewed on expiry of lease period subject to mutual agreement.
- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of lessor.

ii) Rent in respect of above is charged to Profit & Loss Account.

iii) The year wise break up of future minimum lease payments in respect of leased premises are as under:

	2009 (Rupees)	2008 (Rupees)
Total future minimum lease payments as at 31.03.2009	9,968	12,402
Not later than one year	4,222	5,185
Later than one year but not later than five years	5,034	7,217
Later than five years	712	-

7.2 The Company has also entered into operating lease arrangements for assets viz. vehicles. Future lease rental payments are as under:

	2009 (Rupees)	2008 (Rupees)
Not later than one year	Nil	163
Later than one year not later than five years	Nil	27

## General description of arrangements:

- i) Future lease rental payments are determined on the basis of monthly lease payment as per agreement.
- ii) At the expiry of the lease term, the Company has an option either to return the assets or extend the term by giving notice in writing.
- 7.3 The Company has given a part of its office premises on sharing basis and during the current year the Company had received Rs. 1,619. Future rental income not later than one year is Rs. 2,642.
8. In accordance of the provision of Accounting Standard 22 "Accounting for Taxes on Income" the Company would have had deferred tax asset primarily comprising of unabsorbed business loss/ depreciation, retirement benefits etc. However, as the management is not virtually/reasonably certain of subsequent realization of assets, no deferred tax has been computed or recognized.
9. As per legal opinion obtained, no provision for tax (MAT) is required to be made.
10. Employer Benefits
- 10.1 Defined Contribution Plans

- a) The contribution of Provident Fund are made to a recognized Provident Fund/Family Pension Fund which covers all the employees. The contributions are normally based on a certain proportion of employee's salary. Condition for grant of exemption stipulates that employer shall make good deficiency, if any, in the interest rate declared by trust vis-à-vis statutory rate.

ASB Guidance on implementing AS 15, Employee Benefits (revised 2005) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the Company is unable to exhibit the related information.



In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provision Act, 1952, eligible employees of the Company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the Company and the employee contribute monthly at a determined rate (currently 12% of employee's basic salary). Company's contribution to provident Fund is charged to the Profit & Loss Account.

- b) The Company makes Superannuation Fund contribution to Life Insurance Corporation of India towards defined contribution retirement for qualifying employees.
- c) The Company has recognized in Profit & Loss Account of Rs.1,865 (2008 Rs. 816) for Provident Fund and Rs.162 (2008 Rs. 86) for ESIC and Rs.373 (2008 Rs. Nil) for Superannuation.

#### 10.2 Defined Benefit Plan

##### Gratuity

- a) The Company makes annual contribution to Employees Group Gratuity cum Life Assurance Scheme of Life Insurance Corporation of India (funded). The Scheme provides for lump sum payment to vested employees on departure of an amount equal to 15 days (for all employees except 1 in whose case it is 30 days) salary (last drawn) for each completed year of service. Vesting occurs on completion of five years service.
- b) The recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31.3.2009 by Life Insurance Corporation of India. The present value of defined benefit obligation and the related current service cost and past service cost, were measured.
- c) Life Insurance Corporation of India has submitted to the Company actuarial valuation under Projected Unit Credit Method. Provisions are made to bring gratuity liability in line with actuarial valuation.

#### 10.3 Disclosure relating to Defined Benefit Plan as per Actuarial Valuation as on 31.3.2009 and recognized in the financial statements.

Sl. No.	Description	Gratuity Funded (Rupees)		Leave Encashment Non Funded (Rupees)	
		2009	2008	2009	2008
	Expenses recognized in the statement of Profit & Loss for the year ended 31 <sup>st</sup> March, 2009.				
a)	Current Service cost	424	424	620	403
b)	Interest Cost	322	295	31	37
c)	Expected return on plan assets	(348)	(305)	N.A.	N.A.
d)	Net Actuarial (Gains) / Losses	800	2,187	974	(79)
e)	Past Service cost	(315)	-	-	-
f)	Total Expense	883	2,601	1,625	361
	Net Asset / (Liability) recognized in the balance sheet as on 31 <sup>st</sup> March, 2009				
a)	Present value of Defined Benefit Obligation as at 31 <sup>st</sup> March, 2009	5,058	4,023	1,647	803
b)	Fair Value of plan assets as at 31 <sup>st</sup> March, 2009	4,175	4,338	-	-
c)	Funded status (Surplus / (Deficit))	(883)	315	(1,647)	(803)
d)	Net asset / (liability) as at 31 <sup>st</sup> March, 2009.	(883)	315	(1,647)	(803)

Sl. No.	Description	Gratuity Funded (Rupees)		Leave Encashment Non Funded (Rupees)	
		2009	2008	2009	2008
	Change in defined Benefit Obligations (DBO) during the year ended 31 <sup>st</sup> March, 09				
a)	Present value of Defined Benefit Obligation at the beginning of the year	4,023	3,928	803	557
b)	Service Cost	424	424	620	403
c)	Interest Cost	322	295	31	37
d)	Actuarial ( Gains)/ Losses	800	2,187	974	(79)
e)	Benefit Paid	(511)	2,811	(781)	(115)
f)	Present value of Defined Benefit Obligation at the end of the year.	5,058	4,023	1,647	803
	Change in Assets during the year ended 31 <sup>st</sup> March, 2009				
a)	Plan assets at the beginning of period	4,338	1,675	-	-
b)	Expected Return on Plan Assets	348	305	N.A.	N.A.
c)	Contributions by Employer	-	5,169	-	-
d)	Actual benefits paid	(511)	(2,811)	(781)	(115)
e)	Plan assets at the end of the year	4,175	4,338	-	-
f)	Actual return on plan assets	-	-	N.A.	N.A.
	Major categories of plan assets as a percentage of total plan	Invested by LIC		N.A.	N.A.

10.4 The Actuarial calculations used to estimate commitments and expenses are based on the following assumption which if changed, would affect the commitments size, funding requirement and expenses.

a)	Discount rate (%)	8	8	8	8
b)	Expected rate of return on plan assets	9	9	N.A.	N.A.
c)	Mortality rate	LIC (1994-96) Ultimate			
d)	Withdrawal rate	1-3%	1-3%	5%	5%
e)	Future salary increase (%)	6	5	6	5

10.5 The estimates of future salary increase in actuarial valuations take account of inflations, seniority, promotion and other relevant factors such as supply and demand factors in employment market.

10.6 ICAI has issued a limited revision to AS 15 (revised) which allows an entity to make disclosures required by paragraph 120 (n) of AS 15 (revised) prospectively from the transition date. The limited revision has not yet been incorporated in AS 15 notified under Companies (Accounting Standard) Rules, 2006. Company expects that limited revision will be incorporated in notified standards shortly. In view of the above the Company has not disclosed the information required to be disclosed under para 120 (n) of AS 15 (revised).

10.7 Gratuity expenses and Leave Encashment have been recognized under the head "Personnel Expenses".

11.1 Based on the valuation report of the Company's manufacturing facility at Jammu carried out during the financial year by professional valuers and the Company's intention to commence manufacturing operations, the Board of Directors have determined that the assets at the Jammu manufacturing facility are not impaired and no provision has consequently been made in the financial statements.

11.2 Assets situated at Jammu are not in active use as operations are suspended. These assets are stated at lower of net book value and estimated realizable value and included under Fixed Assets:

Particulars	Original cost 31st March		Accumulated Depreciation 31st March		Written down value 31st March	
	2009	2008	2009	2008	2009	2008
Leasehold land	959	959	97	86	862	873
Building	29,197	29,197	14,482	13,507	14,715	15,690
Plant & Machinery	97,352	97,352	77,708	74,175	19,644	23,177
Vehicles	2	2	2	2	0	0
Furniture & Fixtures	2,044	2,044	1,893	1,828	151	216
	129,554	129,554	94,182	89,598	35372	39,956

As per past practice, the Company has charged depreciation on such assets aggregating to Rs. 4,584 (2008 Rs. 4,669) which as resulted in increased depreciation & reduced profit to that extent.

12. During the year, the Company opened three stores in South India which were subsequently closed before the year end. It incurred following expenditure on the assets at these stores:-

Leasehold Improvements	Rs. 8,174
Furniture	Rs. 8,093
Computers	Rs. 254
Intangible Computer Software	Rs. 614
Office Equipments	Rs. 2,302

These assets purchased were either written off or sold for Rs. 1,550 at year end and incurred a loss of Rs. 17,887 which has been shown as exceptional item. Such assets were not routed through Fixed Assets schedule and no depreciation aggregating Rs. 1,753 was provided thereon. This however, has no impact on profit for the year and also on the net assets at the year end.

- 13.1 The net worth of the Company was completely eroded. The Board of Directors had made a reference dated 17 May 2005 to the Board for Industrial and Financial Reconstruction (BIFR) constituted under Sick Industrial Companies (Special Provisions) Act, 1985. Subsequently, vide BIFR's order dated 11 September 2006, the Company was declared a sick industrial Company in terms of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985. BIFR vide order dated 28.4.2008/8.5.2008 has sanctioned the Rehabilitation Scheme for implementation and State Bank of Travancore has been appointed as Monitoring Agency. The scheme sanctioned envisaged:

- Infusion of fresh funds by promoters
- Reliefs & Concession from various concerned parties viz. Creditors, Promoters, Associates, ECB lenders etc.
- Capital / debt restructuring, induction of fresh funds, derating of existing equity capital and subsequent consolidation of derated shares.
- Write back of identified liabilities and payment of all liabilities under litigation appeal and not covered by scheme.

- 13.2 The Company has filed an appeal to Appellate Authority for Industrial & Financial Reconstruction contesting certain parts of the scheme. It however has implemented certain parts of the scheme during the year.

- 13.3 Pursuant to the scheme of rehabilitation approved by BIFR and based on a legal opinion, the Company had reduced the existing subscribed and paid up capital of Rs. 156,524 consisting of 15,652,350 Equity shares of Rs. 10 each by 90% to Rs. 15,652 consisting of 15,652,350 Equity shares of Re. 1 each by writing off Rs. 140,871 against accumulated losses. Thereafter 10 equity shares of Re 1 each were consolidated into one equity share of Rs. 10 each. The members holding fractional shares are being paid in ensuing year. During the year, the Company also made fresh preferential allotment to Singer (India) B.V., Netherland the Holding Company in the first tranche of Rs. 38,500 comprising of 3,850,000 Equity shares of Rs. 10 each. An appeal has been filed by one of the shareholder against the said reduction and also the preferential allotment of new shares in favour of promoters which is pending before the Hon'ble Delhi High Court against the order of Hon'ble AAIFR dismissing the appeal filed by the said shareholder and also vacating stay on its execution.

- 13.4 As per legal opinion obtained and as part of implementing the scheme sanctioned by Hon'ble Board of Industrial and Financial Reconstruction (BIFR) with cut of date as 31.03.2007, the unsecured creditors and other liabilities aggregating to Rs. 228,762 (being 90%) have been written back though eight unsecured creditors have filed an appeal before AAIFR against the order of BIFR sanctioning payment at 10% of principal amount. The Company is in the process of complying with other terms and conditions of the order of BIFR.
14. The accumulated losses have exceeded the paid-up Share Capital. The Director's of the Company have prepared the financial statements on a going concern basis, i.e. the Company will be able to realize all its assets at their carrying values as at 31.3.2009 and discharge all its liabilities as at 31.3.2009 in the normal course of business. Further as such, the Financial Statements do not include any adjustment relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary in case the Company is unable to continue as a going concern. The Company is dependent on the support from the Holding Company and its Associates.
15. Based on a letter from Brand Trading India Private Ltd., an Associate Company, balances under the head Debtors, Creditors, Advances from dealers etc. have been netted off and shown under Unsecured Loan. This loan is repayable on demand. Previous year figures, accordingly have been reclassified.
16. The details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as mentioned below:

	2009		2008	
	Foreign currency (USD)	Amount (Rupees)	Foreign currency (USD)	Amount (Rupees)
a) Creditors	262,266	13,362	604,738	24,170
b) Unsecured loans	170,000	8,662	1,700,000	67,946

- 17.1 Managerial Remuneration under Section 198 of the Companies Act, 1956 (excluding contribution to Gratuity fund and provision for leave encashment since the same is provided on an actuarial basis for Company as a whole) paid / payable to whole time Directors (Chairman, Managing Director(ex) & Alternative Directors).

Particulars	Year ended 31 <sup>st</sup> March	
	2009* (Rupees)	2008 (Rupees)
Salaries	9,349	4,167
Contribution to provident and other funds	394	137
Other benefits	644	175
Sitting fee	85	30
	10,472	4,509

\* The remuneration aggregating to Rs. 1,360 is subject to approval of the Central Government and the Shareholders and Rs. 1,100 is subject to the approval of Shareholders.

- 17.2 Computation under Section 350 read with Section 308 (5) is not being given as the Chairman, Managing Director & Alternate Directors have been / are being remunerated under Section 269/198 (4) / 309 (3) and 637 AA of the Companies Act, 1956.

## 18. Auditors' Remuneration

	Year ended 31 <sup>st</sup> March	
	2009 (Rupees)	2008 (Rupees)
Statutory Audit	450	450
Tax Audit	125	125
Certification Fee	165	Nil
Service Tax	78	71
	818	646

19. The Company trades mainly in sewing machines and also small appliances & Household/Consumer durables which form only negligible percentage of total turnover that are distinguishable and are subject to same risks and return. The Company's operating business is organized and managed according to the nature of products and services provided to offer similar products and serving similar markets. The primary reporting has been prepared on the basis of this business segment. The disclosures as required under AS-17 on primary business segment has not been provided as the Company deals only in one business segment based on risks & returns, the organization structure and internal financial reporting.

The Company also exports its products, but the disclosure as required under AS-17 on geographic segment has not been provided as the total value of exports is less than 10% of total revenue.

20. In accordance with Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the Company's related parties are as follows:

a) Names of related parties\* and description of relationships having transactions during the year:

- |                              |  |
|------------------------------|--|
| i. Holding Company           | Singer India B.V. (Netherlands)                                      |
| ii. Ultimate Holding Company | Singer Asia Limited  |
| iii. Subsidiary Companies    | Himec India Limited  |
|                              | Singer India Trading Limited   |
| iv. Associates               | Brand Trading India Pvt. Ltd.  |
|                              | Singer Asia Sourcing Limited (B.V.I)                                 |
| v. Key Management Personnel  | Mr. K.K. Gupta, Chairman & CEO                                       |
|                              | Mr. Rajeev Bajaj, Alternate Director & CFO                           |
|                              | Mr. P.R. Nandan, Alternate Director                                  |
|                              | Mr. Samya Sarkar, Ex-Managing Director<br>(ceased on 7 August, 2008) |

vi. Name of related parties\* where control exists having no transactions during the year:

- |   |  |
|---|--|
| Associates                                      |  |
| Btindia Limited (BVI)                           | Singer Bangladesh Limited              |
| International Leasing & Financial Services Ltd. | Singer Bhold B.V. (Netherlands)        |
| Reality (Lanka) Ltd.                            | Singer Corporation Limited (Hong Kong) |
| Regnis (Lanka) PLC                              | Singer Industries (Ceylon) Limited     |
| Retails Holdings N.V.                           | Singer Finance (Lanka) Limited         |
| Singer (Broker) Limited                         | Singer Pakistan Limited                |
| Singer (Pakistan) B.V. (Netherlands)            | Singer (Sri Lanka) PLC                 |
| Singer (Sri Lanka) B.V. (Netherlands)           | Singer Thailand Public Co. Limited     |
| Singer (Thailand) B.V. (Netherlands)            | Thainvest B.V. (Netherlands)           |
| Singer Asia Finance B.V. (Netherlands Antilles) | Telshan (Pvt) Ltd.                     |
| Singer Asia Holdings B.V. (Netherlands)         | UCL Asia Partners L.P.                 |
| Singer Asia Finance N.V. (Netherlands Antilles) | Meritec India Ltd.                     |

## Schedules to Account (Contd.)

Rupees ('000)

b) Details of transactions in the ordinary course of business and at arms length and on commercial terms:

Transactions	2008-09 (Rupees)	Closing balance as at 31.3.2009 (Rupees)	2007-08 (Rupees)	Closing balance as at 31.3.2008 (Rupees)
<b>Holding Company:</b>				
i. Issue of Equity Share	38,500	46,270	-	-
ii. Received in Surplus refundable on account of Equity Shares	1,662	1,662	-	-
iii. Payment made on behalf of Holding Co.	416	416	-	9
iv. Unsecured Borrowings (ECB)	-	8,662	-	67,946
v. Amount Adjusted / Written off	9	-	-	-
vi. Unsecured Borrowings written back	59,284	-	-	-
<b>Subsidiary Company:</b>				
vii. Advance given to Himec India Ltd.	41	-	22	-
viii. Advance given to Singer India Trading Ltd.	39	-	-	-
ix. Advance receivable written off Himec India Ltd.	41	-	5,874	-
x. Investment in Himec India Ltd.	-	1,000	-	1,000
xi. Investment in Singer India Trading Ltd.	-	6,100	-	6,100
xii. Investment provision made Singer India Trading Ltd	6,100	6,100	-	-
xiii. Investment provision Himec India Ltd.	-	1,000	-	1,000
xiv. Advance received from Singer India Trading Ltd.	-	831	-	8,351
xv. Advance written back Singer India Trading Ltd.	7,481	-	-	-
<b>Associate Company</b>				
xvi. Purchase of goods (including Goods in Transit) from Singer Asia Sourcing Ltd.	40,825	12,185	27,561	14,799
xvii. Re-purchase of goods from Brand trading India P Ltd. (Net of discount received Rs. 8,013)	57,918	-	56,003	-
xviii. Purchase of Fixed Assets from Brand Trading India P Ltd.	140	-	172	-
xix. Sale to Brand Trading India P Ltd.	250,765	-	364,425	-

## Schedules to Account (Contd.)

Rupees ('000)

Transactions	2008-09 (Rupees)	Closing balance as at 31.3.2009 (Rupees)	2007-08 (Rupees)	Closing balance as at 31.3.2008 (Rupees)
xx Amount paid to Brand Trading India Pvt. Ltd.				
- Rent	321	-	-	-
- Interest	1,619	-	-	-
- Others- Vehicle expenses	264	-	-	-
xxi. Compensation received on premature termination of contract Brand Trading India P Ltd.	20,000	-	-	-
xxii. Discount paid to Brand Trading India P Ltd.	1,392	-	13,303	-
xxiii. Unsecured loan (net) received from Brand Trading India P Ltd.	35,889	97,633	61,744	61,744
xxiv. Advance received from Meritec India Ltd written off Ultimate Holding Company	-	-	9,352	-
xxv. Advance received / (given) from Singer Asia Ltd.	(16)	790	-	6,194
xxvi. Advanced received from Singer Asia Ltd. written back	5,388	-	-	-
xxvii. Managerial remuneration to Key Personnel	10,387	1,419	4,479	-

\* As identified and certified by the Management

21. Earning per share (EPS) The numerator and denominator used to calculate Basic and Diluted Earnings per Share:

Particulars		Year ended 31 <sup>st</sup> March	
		2009 (Rupees)	2008 (Rupees)
Profit attributable to equity shareholders			
Before exceptional items	A	7,903	5,368
After exceptional items	B	206,255	273,326
Weighted average number of equity shares outstanding during the year (in numbers). Previous year numbers restated on account of reduction/consolidation / fresh issue.	C	1,871,125	1,565,235
Add: Weighted Average outstanding on ECB	D	533,928	533,928
No. of shares for diluted earning per share	E	2,405,053	2,099,163
Face value of equity share (in rupees)		10	10
Basic Earnings per share (in rupees)			
Before exceptional costs	(A)/(C)	4.22	3.43
After exceptional costs	(B)/(C)	110.23	174.62
Diluted Earnings per share (in rupees)			
Before exceptional costs	(A)/(E)	3.29	2.56
After exceptional costs	(B)/(E)	85.76	130.21

22. The movement of provision for warranty in accordance with AS-29 Provisions, Contingent Liabilities and Contingent Assets issued by the Institute of Chartered Accountants of India is given below:

	Year ended 31 <sup>st</sup> March	
	2009 (Rupees)	2008 (Rupees)
Warranty		
Opening balance	4,410	2,507
Add: Addition during the year	6,356	5,209
Less: Utilised during the year	6,031	3,306
Closing balance	4,734	4,410

23. Changes in Accounting Policy/ Estimate:

**Depreciation:**

Till last year, depreciation on vehicle was charged @ 9.50%. From this year onwards, depreciation on vehicle has been provided @ 25%. Had the Company followed the earlier policy, the expense would have been lower by Rs. 422 and profit for the year increased to that extent.

**Inventories:**

Hitherto, the Company was valuing the inventories on weighted average method. During the current year, inventories were valued on FIFO basis. This has resulted in decrease in inventories by Rs. 649 and reduction in profit to that extent.

	2009 (Rupees)	2008 (Rupees)
24. FOB value of exports - on accrual basis	4,266	106
25. CIF value of imports - on accrual basis -Finished goods	46,300	27,561
26. Expenditure in foreign currency during the year (on cash basis)	221	119

27. Particulars in respect of each class of goods manufactured:

Items	Unit	2009			2008		
		Licensed/ registered capacity*	Installed capacity*	Actual production*	Licensed/ registered capacity*	Installed capacity*	Actual production*
Zig Zag Sewing Machines	Nos.	100,000	65,000**	-	100,000	65,000*	-
Other Sewing Machines	Nos.	50,000	50,000	-	50,000	50,000	-
C.I. Castings	Kgs.	1,200,000	1,200,000	-	1,200,000	1,200,000	-

\* As certified by the Management, based on recent technical evaluation.

\*\* Capacity is indicated on double shift basis for the manufacturing unit.



## 27.1 Particulars in respect of each class of goods traded by the Company:

		2009		2008	
		Quantity (Nos.)	(Rupees)*	Quantity (Nos.)	(Rupees)*
i)	Opening stock (including goods in transit)				
	Zig Zag Sewing machines	1,824	6,595	3,298	9,615
	Sewing machine and related accessories	17,046	11,802	5,239	5,274
	Others (including Household and Consumer Durable)		1,202	-	4,097
ii.)	Purchases				
	Zig Zag Sewing Machines	21,465	80,538	14,209	50,935
	Sewing machine and related accessories	579,724	500,587	444,802	357,079
	Others (including Household and Consumer Durable)		25,992		3,943
iii)	Turnover / adjustments				
	Zig Zag Sewing machines	17,376	88,890	15,683	59,295
	Sewing machine and related accessories	554,808	595,487	432,995	429,945
	Others (including Household and Consumer Durable)		21,358		6,210
iv.)	Closing stock (including goods in transit)				
	Zig Zag Sewing machines	5,913	22,695	1,824	6,595
	Sewing machine and related accessories	41,962	31,917	17,046	11,802
	Others (including Household and Consumer Durable)		1,095		1,202

\* includes goods sold and subsequent repurchased goods.

27.2 Raw Materials Consumed : Rs. Nil (2008 - Rs. Nil)

27.3 Value of imported and indigenous Raw material and stores and spare parts consumed: Rs. Nil (2008 - Rs. Nil)

28. The Company has made necessary applications to Registrar of Companies/Regional Director/Company Law Board seeking approvals / condonation for various matters raised under Section 372A, 224 (g), 205 (c), 269(1), 217 (2A), 309(1), 211 etc. of the Companies Act, 1956.

29. Previous years figures have been regrouped / reclassified and / or rearranged wherever necessary to conform to current year's grouping and classifications.

## 30. Balance Sheet Abstract and Company's General Business Profile

## PART IV

## I. Registration Details

Registration No. 25405

State Code 55

Balance Sheet Date 31 03 2009  
Date Month Year

## II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue	Bonus Issue
NIL	NIL	NIL
Private Placement	Preferential Allotment	
NIL	000038500	

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
000329317	000329317
SOURCES OF FUNDS	
Paid Up Capital	Reserves and Surplus
54152	12250
Secured Loans (including Deferred Payment Liabilities)	Unsecured Loans
NIL	117117
APPLICATION OF FUNDS	
Net Fixed Assets	Investments
000040778	000000000
Net Current Assets	Miscellaneous Expenditure
(3865)	NIL
Accumulated Losses	
000146606	

## IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (including other Income Exceptional Items)

000957443

+ - Profit / Loss Before Tax

- 000207590

Earning Per Share in Rs.

110.23

Dividend Rate

NIL

Total Expenditure (including Exceptional Items)

000749853

+ - Profit / Loss After Tax

- 000206255

## V. Generic Names of Three Principal Products / Services of the Company

(as per monetary terms)

Item Code No. (ITC Code)

0845210010

Product Description

SEWING MACHINES  
COMPLETE WITH STAND  
/ TABLE

Item Code No. (ITC Code)

720130001

Product Description

CAST IRON

Signatories to schedule 1 to 20

On behalf of the Board of Directories

## Auditor's Report

To  
The Board of Directors  
Singer India Limited

1. We have audited the attached Consolidated Balance Sheet of Singer India Limited ('the Company') and its subsidiaries, Singer India Trading Limited and Himec India Limited, collectively referred to as 'the Group' as at 31 March 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended 31 March 2009 annexed thereto. These consolidated financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Group's subsidiaries, Singer India Trading Limited and Himec India Limited, whose financial statements reflect total liability of Rs. 7,100 thousand and total expenditure of Rs. 7,493 thousand for the year ended 31st March 2009. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard (AS) .21, Consolidated financial statements, issued by the Institute of Chartered Accountants of India.
5. Attention is invited to the following notes in Schedule 20:
  - (i) Note 4.1 as regards balances of parties are under the process of review / confirmation / reconciliation.

- (ii) Note 12 as regards assets purchased and sold at three stores during the year not routed through the Fixed Assets Schedule.
- (iii) Notes 13.1 to 13.4 as regards reduction / consolidation of Equity Share Capital and subsequent preferential allotment of Equity Shares and write back of Unsecured Creditors & Liabilities as per Scheme of Rehabilitation approved by BIFR and based on legal opinion even though some appeals by Shareholders / Creditors are pending before Hon'ble Court. Moreover, the Company has yet to implement certain parts of the Scheme which it has contested.
- (iv) Note 14 as regards the accumulated losses have exceeded the paid up share capital and the networth of the Company is completely eroded. These factors along with other matters as set forth in the financial statement, raise doubt that the Company will be able to continue as going concern. Further such Financial Statements do not include any adjustment relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary in case the Company is unable to continue as going concern.
- (v) Note 17.1 as regards managerial remuneration of Rs. 1,360 thousand is subject to Central Government & Shareholders' approval and Rs. 1,100 thousand which is subject to Shareholders' approval.
- (vi) Note 25 as regards discontinuance of operations of subsidiary companies and its winding up.
- (vii) Note 26 as regards approvals are awaited for write off of Rs. 9,974.
6. In our opinion and to the best of our information and according to the explanations given to us (and subject to the matters reported in paragraph 5) above the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
  - (a) Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2009;
  - (b) Consolidated Profit and Loss Account, of the profit (after adjustment of write back of liabilities) for the year ended on that date; and
  - (c) Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For Ray & Ray  
Chartered Accountants

(A.K. Sharma)  
Partner  
Membership No. 80085

New Delhi, The 22nd day of June 2009

# SINGER INDIA LIMITED (Consolidated)

ANNUAL REPORT 2009

## Balance Sheet as at 31 March 2009

Rupees ('000)

As at 31<sup>st</sup> March

	Schedule	(Rupees)	2009 (Rupees)	2008 (Rupees)
<b>SOURCES OF FUNDS</b>				
Shareholders' Funds				
Capital	1	54,152		156,524
Reserves and surplus	2	12,250	66,402	12,250
				168,774
Loan Funds				
Unsecured loans	3		117,117	151,132
			183,519	319,906
<b>APPLICATIONS OF FUNDS</b>				
Fixed Assets				
Gross block	4	145,660		155,643
Less: Depreciation		104,820		112,911
Net block			40,840	42,732
Investments	5		-	957
Current Assets, Loans and Advances				
Interest accrued		303		324
Inventories	6	55,707		19,599
Sundry debtors	7	40,099		1,558
Cash and bank balances	8	32,112		21,479
Loans and advances	9	14,351		17,676
		142,572		60,636
Less: Current Liabilities and Provisions				
Liabilities	10	136,635		270,121
Provisions	11	8,332		5,328
		144,967		275,449
Net Current Assets			(2,395)	(214,813)
Profit and Loss Account (as per annexed Account)			145,074	491,030
			183,519	319,906
Significant Accounting Policies	19			
Notes to the Accounts	20			

Schedules 1 to 11, 19 & 20 referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date  
For RAY & RAY  
Chartered Accountants

On behalf of the Board of Directors

A.K.Sharma  
Partner  
Membership No. 80085

K.K. Gupta  
Chairman  
& CEO

Rajeev Bajaj  
Alternate Director  
& CFO

Roopali Grover  
Company Secretary

New Delhi, the 22<sup>nd</sup> June, 2009

## Profit &amp; Loss Account for the year ended 31 March 2009

Rupees ('000)

Year ended 31<sup>st</sup> March

	Schedule	(Rupees)	2009 (Rupees)	2008 (Rupees)
<b>INCOME</b>				
Sales and Services	12		706,057	495,525
Less : Excise duty			-	-
Net sales and services			706,057	495,525
Other income	13		22,277	9,044
			<u>728,334</u>	<u>504,569</u>
<b>EXPENDITURE</b>				
Cost of materials	14		571,009	411,344
Personnel expenses	15		42,306	18,636
Manufacturing, Selling and Administration expenses	16		94,413	47,200
Financial cost	17		4,792	11,766
Depreciation			6,598	5,907
			<u>719,118</u>	<u>494,853</u>
Profit / (Loss) Before Tax and Exceptional Items			9,216	9,716
Exceptional Items	18		197,204	267,835
Profit / (Loss) Before Tax			<u>206,420</u>	<u>277,551</u>
Taxation				
- Fringe Benefit Tax			(1,335)	(373)
- Income Tax adjustments related to earlier years			-	(4,020)
Profit / (Loss) After Tax			<u>200,085</u>	<u>273,158</u>
Profit / (Loss) Balance from previous year		(491,030)		(764,188)
Adjustment on account of Capital Reduction (Note 13.3)		<u>140,871</u>	<u>(350,159)</u>	-
Profit / (Loss) carried to Balance Sheet			<u>(145,074)</u>	<u>(491,030)</u>
Basic Earnings per Share (in Rs.) Face Value 10/- (Note 21)				
Before Exceptional Items			4.21	3.40
After Exceptional Items			109.61	174.52
Diluted Earnings per Share (in Rs.) Face Value 10/- (Note 21)				
Before Exceptional Items			3.28	2.54
After Exceptional Items			85.27	130.13
Significant Accounting Policies	19			
Notes to the Accounts	20			

Schedules 12 to 20 referred to above form  
an integral part of the Profit & Loss Account

This is the Profit & Loss Account referred  
to in our report of even date  
For RAY & RAY  
Chartered Accountants

On behalf of the Board of Directors

A.K.Sharma  
Partner  
Membership No. 80085

K.K. Gupta  
Chairman  
& CEO

Rajeev Bajaj  
Alternate Director  
& CFO

Roopali Grover  
Company Secretary

New Delhi, the 22<sup>nd</sup> June, 2009

## Cash Flow Statement

	Rupees ('000)	
	Year ended 31 <sup>st</sup> March	
	2009 (Rupees)	2008 (Rupees)
<b>A. Cash flow from operating activities :</b>		
Profit / (Loss) before tax	206,420	277,551
Adjustment for:		
Provision for Warranties	324	1,903
Provision for Gratuity	883	-
Provision for Leave Encashment	844	246
Provision against contingency	752	-
Provision for Super annuation	116	-
Provision / write off: Debts & Advances	511	-
Depreciation	6,598	5,907
Interest Income	(552)	(461)
Discard / Loss on sale of assets (net)	338	(171)
Unrealised Foreign Exchange (Gain) / Loss	(124)	(6,784)
Interest Expenses	3,489	11,140
Operating profit / (loss) before working capital changes	219,599	289,331
Adjustment for:		
Trade and other receivables	(42,106)	4,708
Inventories	(36,108)	(613)
Trade payables	27,842	7,695
Cash Generated from Operations	169,227	301,121
Payment of Direct Taxes	(1,649)	(399)
Net Cash from Operating Activities before Exceptional Items	167,578	300,722
Exceptional Items	(197,204)	(267,835)
Net Cash from Operating Activities After Exceptional Items	(29,626)	32,887
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(24,690)	(1,711)
Sale of fixed assets	1,759	238
Investment realised	957	-
Interest received	574	439
Net cash generated from investing activities	(21,400)	(1,034)
<b>C. Cash flow from financing activities :</b>		
Proceeds form fresh issue of Capital	38,500	-
Unsecured Loan from Associate	35,889	61,744
Fixed deposits	(10,477)	(7,150)
Cash credits	-	(62,119)
Working capital demand loans / export packing credit	-	(7,881)
Interest paid	(2,253)	(8,000)
Net cash used in financing activities	61,659	(23,406)
Net increase/(decrease) in cash / cash equivalent (A+B+C)	10,633	8,447
Cash and cash equivalents at the beginning of the year	21,479	13,032
Cash and cash equivalents at the end of the year	32,112	21,479

## Notes:

- The Cash Flow statement has been prepared under the indirect method which have been considered on the basis of actual cash movement, with corresponding adjustment in Assets and Liabilities.
- Cash and Cash Equivalent represents Cash and Bank Balances (refer Schedule 8) (including Margin Deposit Rs. 4,791 (2008 - Rs. 3,557))
- Previous years figures have been regrouped / reclassified and / or rearranged wherever necessary to conform to current year's grouping and classifications.

This is the Cash Flow Statement referred  
to in our report of even date  
For RAY & RAY  
Chartered Accountants

A.K.Sharma  
Partner  
Membership No. 80085

Roopali Grover  
Company Secretary

On behalf of the Board of Directors

K.K. Gupta  
Chairman  
& CEO

Rajeev Bajaj  
Alternate Director  
& CFO

New Delhi, the 22<sup>nd</sup> June, 2009

## Schedules to Accounts

Rupees ('000)

### 1. SHARE CAPITAL

As at 31<sup>st</sup> March

	2009 (Rupees)	2008 (Rupees)
<b>AUTHORISED</b>		
20,000,000 (2008 - 20,000,000)		
Equity Shares of Rs.10 each	<b>200,000</b>	<b>200,000</b>
<b>ISSUED, SUBSCRIBED CALLED AND PAID UP</b>		
5415235** (2008 - 15,652,350*)		
Equity Shares of Rs.10 each fully paid up	<b>54,152</b>	<b>156,524</b>
	<b>54,152</b>	<b>156,524</b>

Notes:

- (i) (i) \*Out of the above Issued, Subscribed, Called and Paid up (as certified by the management)
- 7,826,175 Equity Shares were allotted through rights issue in the ratio of 1:1 to Equity Shareholders during the year ended 31<sup>st</sup> March 2003
- 800,000 Equity Shares allotted in part consideration for the transfer of the net assets of the undertaking and business in India of Singer Sewing Machine Company, USA, in terms of amalgamation sanctioned by the Mumbai High Court in the 1981 without payments being received in cash.
- 4,608,725 Equity Shares of Rs.10 each were allotted as fully paid up bonus shares by capitalisation of Rs. 20,000 of general reserve, during the year 1989-90 and a further capitalisation of share premium amounting to Rs. 26,088 during 1994-95
- (ii) (a)\*\* Consequent to reduction / consolidation of Capital as explained in Note 13.3, 3,850,000 Equity Share were allotted on preferential basis to Singer (India) B.V., Netherlands - the Holding Company.
- (b) 4,627,034 Equity shares are held by Singer (India) B.V., Netherlands - the Holding Company

### 2. RESERVES AND SURPLUS

Securities premium account	<b>12,250</b>	<b>12,250</b>
As per last Account	<b>12,250</b>	<b>12,250</b>

### 3. UNSECURED LOANS

Fixed Deposits	<b>10,822</b>	<b>21,442</b>
External Commercial		
Borrowings (Interest free) from	<b>8,662</b>	<b>67,946</b>
Singer Asia Holdings B.V.		
Other Loans & Advances - Brand Trading	<b>97,633</b>	<b>61,744</b>
India Pvt. Ltd. (Note 15)		
	<b>117,117</b>	<b>151,132</b>

Notes:

- (i) (a) Fixed Deposit includes Rs.8,695 (2008 - Rs. 8,348) repayable within one year. The repayment of deposits have been rescheduled by the Company Law Board by the order dated 15<sup>th</sup> March, 2007 / 11<sup>th</sup> April, 2007.
- (b) The interest on Fixed Deposit has been depicted in Schedule 10 as interest accrued but not due. As per Company Law Board directives, interest will be payable within six months from the payment of last installment of principal.
- (c) As per Company Law Board Order, the Sanctioned Scheme for repayment of deposits, the scheme was to be reviewed after a period of six months. The Company has made an application for review and extension of the scheme of repayment under Section 58A & 58AA of the Companies Act, 1956 for which Orders are awaited.
- (ii) The Company is in the process of filing relevant returns in respect of External Commercial Borrowings to Reserve Bank of India.

### 4. Fixed assets

Particulars	Net Block		Depreciation		Gross Block	
	As at 31 <sup>st</sup> March, 2009 (Rupees)	As at 31 <sup>st</sup> March, 2008 (Rupees)	As at 31 <sup>st</sup> March, 2009 (Rupees)	As at 31 <sup>st</sup> March, 2008 (Rupees)	As at 31 <sup>st</sup> March, 2009 (Rupees)	As at 31 <sup>st</sup> March, 2008 (Rupees)
Tangible						
Leasehold land		872		98	959	28,197
Building		861		14,461	28,197	13,506
Plant & Machinery		14,718		82,961	109,202	70
Vehicles		19,675		6,549	708	3,061
Office Equipments		2,272		638	2,244	1,011
Computers		157		837	7,336	840
Furniture & Fixtures		391		4,707	5,064	173
Intangible		761		3,341		
Good Will		1,343			62	
Computer Software					871	
Total		62			155,643	154,409
Previous Year		183			15,236	477
		40,940			145,660	155,643
		42,732			155,643	155,643

As at 31<sup>st</sup> March  
2009 (Rupees) 2008 (Rupees)

### 5. INVESTMENTS

Long Term Investments (Non Trade - Unquoted)		
Investment in government / trust securities - others Nil		
(2008 - 9,567 units) of 6.75% tax free US 64 bonds of Rs. 100 each issued in lieu of US 64 units of Rs. 10 each under the unit scheme of UTI, 1964 (Matured during 2009)	-	957
Aggregated Value of unquoted Investment (gross)	-	957

### 6. INVENTORIES

Stock -in -Trade*		
Finished goods - traded (includes Rs. 440 in transit Warehouse to Warehouse)	<b>45,606</b>	<b>19,599</b>
Goods in transit (at cost)	<b>10,101</b>	-
	<b>55,707</b>	<b>19,599</b>

\* as taken, valued and certified by the Management

### 7. SUNDRY DEBTORS (UNSECURED)

Debts outstanding for a period exceeding six months		
Considered good	-	-
Considered doubtful	<b>311</b>	<b>9,974</b>
'Less: Provisions	<b>311</b>	<b>9,974</b>
	<b>(311)</b>	<b>(9,974)</b>
Other Debts - Considered Good	<b>40,099</b>	<b>1,558</b>
	<b>40,099</b>	<b>1,558</b>

# SINGER INDIA LIMITED (Consolidated)

ANNUAL REPORT 2009

## Schedules to Accounts (Contd.)

Rupees ('000)

	As at 31 <sup>st</sup> March		Year ended 31 <sup>st</sup> March	
	2009 (Rupees)	2008 (Rupees)	2009 (Rupees)	2008 (Rupees)
<b>8. CASH &amp; BANK BALANCES</b>				
Cash in hand (including cheques in transit Rs. 30 (2008 - Rs. 455))	562	1,335		
With Scheduled Banks in:				
- Current Accounts	16,719	15,617		
- Fixed Deposit	10,040	970		
- Margin Deposits (Note 3.1)	4,791	3,557		
	<u>32,112</u>	<u>21,479</u>		
<b>9. LOANS &amp; ADVANCES (Unsecured)</b>				
Advances recoverable in cash or in kind or for value to be received:				
- Considered good *	3,232	2,311		
Deposits				
- Considered Good (Note - 3.2)	5,592	5,507		
- Considered Doubtful	2,555	-		
Claim Recoverable from Custom Authorities	495	-		
Deposit with Excise Authority under protest	-	2,000		
Deposit with Sales Tax Authorities under protest	3,140	6,365		
Income tax payments, less provisions	1,892	1,493		
(Represents excess payment of advance tax over provision for taxation in certain Assessment Years)				
	<u>16,906</u>	<u>17,676</u>		
Less : Provisions	2,555	-		
	<u>14,351</u>	<u>17,676</u>		
<b>10. LIABILITIES</b>				
Sundry creditors				
-Total outstanding dues of Micro & Small enterprises (Note 5)	-	-		
-Total outstanding dues of Creditors other than Micro & Small enterprises	108,859	237,649		
Due to Chairman & Ex-Managing Director	1,419	-		
Amount refundable to Singer (India) B.V. Netherlands - the Holding Company	1,662	-		
Advance from Customers / Dealers	1,453	6,528		
Security deposits	5,104	12,969		
Other liabilities	5,770	1,893		
Interest accrued but not due on unsecured loans (Fixed Deposits)	12,368	11,082		
	<u>136,635</u>	<u>270,121</u>		
<b>11. PROVISIONS</b>				
Gratuity	883	-		
Leave encashment	1,647	803		
Warranties	4,734	4,410		
Fringe Benefit Tax (net of advance)	200	115		
Contingencies (additions during the year)	752	-		
Superannuation	116	-		
	<u>8,332</u>	<u>5,328</u>		
<b>12. SALES AND SERVICES</b>				
Domestic sales *			701,469	495,327
Exports sales			4,266	123
Service income (net of expenses Rs. 5,895 (2008 - Rs. Nil))			322	75
			<u>706,057</u>	<u>495,525</u>
<b>13. OTHER INCOME</b>				
Interest - Gross				
- fixed deposits [Income tax deducted at source Rs.62 (2008 - Rs. 66)]			534	389
- Investment (non trade Bonds)			11	65
- others			7	7
Scrap sales			809	412
Export Incentives			170	-
Foreign exchange fluctuation (net)			-	7,238
Profit on sale of fixed assets (net of loss Rs.Nil (2008 - Rs. 20))			-	171
Miscellaneous income [Including commission Rs. Nil (2008 - Rs. 542)]			537	762
Compensation on premature termination of Dealers			20,000	-
Agreement with Associate Company			-	-
Discount and incentives			209	-
			<u>22,277</u>	<u>9,044</u>
<b>14. COST OF MATERIALS</b>				
Raw materials consumed				
Opening stock			-	590
Add: Purchases			-	-
			-	590
Less: Closing stock			-	-
Less: Exceptional costs / Inventory written off			-	(590)
Purchases Traded*			607,117	411,957
(Increase)/decrease in finished goods and work-in-process				
Opening stock				
Finished goods			19,599	16,127
Work-in-process			-	105
Goods in transit			-	2,859
			<u>19,599</u>	<u>19,091</u>
Less: Closing stock				
Finished goods			45,606	19,599
Goods in transit (includes Rs. 8,275 from Associate)			10,101	-
			<u>55,707</u>	<u>19,599</u>
Increase / decrease			(36,108)	(508)
Exceptional costs / inventory written off			-	(105)
			<u>571,009</u>	<u>411,344</u>
<b>15. PERSONNEL EXPENSES</b>				
Salaries, wages, bonus etc.			34,175	16,305
Training & Stipend			172	230
Contribution to provident and other funds			3,315	1,040
Staff welfare			4,644	1,061
			<u>42,306</u>	<u>18,636</u>

\* Includes Rs. 52,126 (2008 - Rs 50,403) relating to estimated amount of goods sold to Associate Company (dealer) and subsequent re-purchased for sale at the Company's retail outlets

## 13. OTHER INCOME

Interest - Gross		
- fixed deposits [Income tax deducted at source Rs.62 (2008 - Rs. 66)]	534	389
- Investment (non trade Bonds)	11	65
- others	7	7
Scrap sales	809	412
Export Incentives	170	-
Foreign exchange fluctuation (net)	-	7,238
Profit on sale of fixed assets (net of loss Rs.Nil (2008 - Rs. 20))	-	171
Miscellaneous income [Including commission Rs. Nil (2008 - Rs. 542)]	537	762
Compensation on premature termination of Dealers	20,000	-
Agreement with Associate Company	-	-
Discount and incentives	209	-
	<u>22,277</u>	<u>9,044</u>

## 14. COST OF MATERIALS

Raw materials consumed		
Opening stock	-	590
Add: Purchases	-	-
	-	590
Less: Closing stock	-	-
Less: Exceptional costs / Inventory written off	-	(590)
Purchases Traded*	607,117	411,957
(Increase)/decrease in finished goods and work-in-process		
Opening stock		
Finished goods	19,599	16,127
Work-in-process	-	105
Goods in transit	-	2,859
	<u>19,599</u>	<u>19,091</u>
Less: Closing stock		
Finished goods	45,606	19,599
Goods in transit (includes Rs. 8,275 from Associate)	10,101	-
	<u>55,707</u>	<u>19,599</u>
Increase / decrease	(36,108)	(508)
Exceptional costs / inventory written off	-	(105)
	<u>571,009</u>	<u>411,344</u>

\* Includes Rs 53,285 (2008 - Rs 51,473) relating to goods originally sold to Associate Company (dealer).

## 15. PERSONNEL EXPENSES

Salaries, wages, bonus etc.	34,175	16,305
Training & Stipend	172	230
Contribution to provident and other funds	3,315	1,040
Staff welfare	4,644	1,061
	<u>42,306</u>	<u>18,636</u>



## Schedules to Accounts (Contd.)

Rupees ('000)

	Year ended 31 <sup>st</sup> March		
	2009	2008	
	(Rupees)	(Rupees)	
<b>16. MANUFACTURING, SELLING AND ADMINISTRATION EXPENSES</b>			
Power and fuel	2,369	1,032	
Repairs - Building	-	80	
- Others	3,018	1,801	
Freight outward	9,718	1,855	
Rates and taxes	414	401	
Rent (net of recovery of Rs. 1,619 (2008 - Rs. Nil))	13,255	3,751	
Insurance	1,141	572	
Cash discount	5,831	14,411	
Commission - others	351	345	
- employees	3,903	3,092	
Printing and stationery	600	319	
Communication & Postage expenses	3,396	1,053	
Vehicle expenses (include rental Rs.54, 2008 - Rs.216)	2,504	1,224	
Meeting and training	1,729	573	
Sales outlet variable expenses	3,401	2,942	
Advertising and sales promotion	11,478	2,024	
Traveling and conveyance	11,046	3,244	
Recruitment expenses	62	28	
Legal & Professional charges	14,787	7,472	
Directors' sitting fees	85	30	
Subscription & Membership	106	104	
Sales Tax Expenses	1,171	22	
Foreign exchange fluctuation (net)	2,903	-	
Brokerage	-	204	
Franchisee Service Centre expenses	-	95	
Discard / Loss on sale of assets (net of gain Rs. 92, 2008- Rs. Nil)	338	-	
Provision / Write off: debts & advances	511	-	
Other expenses	277	526	
	<b>94,413</b>	<b>47,200</b>	
<b>17. FINANCIAL COST</b>			
Interest on - Fixed deposits	1,786	2,458	
- Working capital demand loans	-	7,341	
- Others (includes Rs. 1619, 2008 - Rs. Nil to Associate Company)	1,703	1,341	
Bank charges	1,303	626	
	<b>4,792</b>	<b>11,766</b>	
<b>18. EXCEPTIONAL ITEMS</b>			
Income :			
Interest on secured Loan written back	-	69,278	
Waiver of Secured Loan - Principal	-	193,995	
Fixed Deposit settled	143	279	
Provision for Doubtful Debts & Advances written back	9,974	155,985	
Liabilities / credit balances written back	233	10,495	
Waiver of Interest on Fixed Deposits	210	606	
Unsecured creditors balances written back (Note - 13.4)	221,281	-	
(A)	<b>231,841</b>	<b>430,638</b>	
Expenditure :			
Debts and Advances written off	9,974	156,264	
Inventories written off	-	734	
Sales Tax Adjustments earlier years	1,757	5,805	
Provision/write off: Sundry Deposits	3,019	-	
Assets Purchased & Sold (Note - 12)	17,887	-	
Excise Duty Deposit written off	2,000	-	
(B)	<b>34,637</b>	<b>162,803</b>	
(A - B)	<b>197,204</b>	<b>267,835</b>	

## 19. Significant accounting policies

## 1. Basis of preparation

- The financial statements have been prepared to comply in all material aspects in respect with the Notified Accounting Standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except to the extent disclosed in Notes to the Accounts.
- The Company has prepared the financial statements on a going concern basis, i.e. the Company will be able to realize all its assets at their carrying values as at 31 March 2009 and discharge all its liabilities as at 31 March 2009 in the normal course of business.

## 2. Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries namely, Singer India Trading limited and Himec India Limited (collectively referred to as "the Group"). Minority shareholders of one share each both in Himec India Limited and Singer India Trading Limited, has been ignored as considered immaterial.

The consolidated financial statements have been combined on a line by line basis by adding the book values of the like items of assets, liabilities, income and expenses after eliminating intra-group transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entity.

The excess/ deficit of cost to the Parent Company of its investment over its portion of equity in the consolidated entity at the respective dates on which the investment in such entity was made is recognised in the financial statements as goodwill/ capital reserve. The Parent Company's portion of equity in such entity is determined on the basis of book value of assets and liabilities as per the financial statements of the entity as on date of investment.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

## 3. Use of Estimates

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period; actual results could differ from those estimates.

## 4. Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition, construction and installation. Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized.

## 5. Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated depreciation. Computer Software is amortised over a period of thirty six months. Amortisation is done on the straight line method.

## 6. Investments

Long term investments are stated at cost. Provision for diminution in value, other than temporary, is made in the accounts. Earnings on investments are accounted for when the right to receive payment is established.

## 7. Inventories

Cost of inventories have been computed to include all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are valued at lower of cost and net realisable value on the basis of physical verification carried out by the management. Cost is arrived at on a FIFO basis and includes appropriate portion of allocable overheads.

## 8. Warranties

Product warranty costs are determined using reasonable estimates based on costs incurred in the past and are provided for in the year sale is made. Contractual obligations in respect of warranties and free replacement are accrued at 1% of sales to cover future costs.

## 9. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from sale of goods is recognized when all significant risk and rewards of the ownership are transferred to the buyer as per the terms of sales which coincides with the despatch of the goods. Revenue is recorded net of sales tax, returns and gross of excise duty, if any.

## 10. Depreciation

Depreciation is provided on a straight-line basis at the per annum rates (with the corresponding useful life) specified below:

## Schedules to Accounts (Contd.)

Rupees ('000)

Assets	Percentage	Estimated useful life in years
Building	3.34%	30 years
Plant and machinery	4.75% to 25%	4 years to 21 years
Vehicles	25%	4 years
Office equipment	20%	5 years
Furniture and fixtures	20%	5 years
Computers	33.33%	3 years

Assets costing less than Rs. 5,000/- per unit are depreciated at the rate of 100%. Depreciation on additions is being provided on prorata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the year is being provided up to the dates on which such assets are sold/disposed off.

**11. Impairment of Assets**

The Company on an annual basis makes an assessment of any indication that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the Profit Loss Account. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**12. Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit & loss account on a straight-line basis over the lease term.

**13. Foreign currency transactions**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**14. Employees Benefits****Defined Contribution Plans**

Company's contribution paid/payable during the year to ESIC and Provident Fund are recognized in the Profit & Loss Account. The Provident Fund Contributions are made to employer established Provident Fund. ESIC contributions are made to Government administered ESIC fund. The Company also makes contribution towards superannuation and is required to contribute a specified percentage of payroll cost to fund the benefits.

**Defined Benefit Plans**

Company provides retirement benefits in the form of gratuity (funded) and leave encashment (unfunded) which are measured using the Projected unit credit method with actuarial valuation being carried out at each valuation date. Termination benefits are recognized as an expense as and when incurred. Short term compensated absences are provided based on past experience of leave availed. Actuarial gains / losses are immediately taken to Profit & Loss Account and are not deferred.

**15. Research and development**

Research and development expenses of revenue nature are charged to the Profit & Loss Account in the year in which they are incurred.

**16. Export benefits**

Export entitlements under the Duty Entitlement Pass Book (DEPB) scheme are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

**17. Taxes on Income**

Tax expenses comprises current tax, deferred tax and fringe benefit tax after taking into consideration benefits available under the provisions of Income tax Act, 1961.

The deferred tax charged or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Deferred tax assets / liabilities are reviewed at each balance sheet date based on developments during the year and available case laws, to re-asses realisation / liabilities. The Company has provided / accounted Fringe Benefit tax in accordance with applicable Income Tax Laws.

**18. Provision & Contingent Liability**

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made. A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made.

**19. Earnings per share**

Earning per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**20. Events after the Balance Sheet date**

Events occurring after the date of the Balance Sheet which affect the financial position to a material extent are taken into cognizance except to the extent stated in Note 13 in Schedule 20.

**20. NOTES TO THE ACCOUNTS**

1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. Nil (2008 Rs.192).
2. Contingent liabilities in respect of:

	As at 31 <sup>st</sup> March	
	2009 (Rupees)	2008 (Rupees)
a) Claims against the Company not acknowledged as debts		
- Employees State Insurance dues	1,545	1,545
- Others (including present & ex staff)	77,810	78,674
b) In respect of demands pending disposal of appeals (excluding interest leviable, if any)		
- Sales Tax	23,362	38,135
- Excise Duty	8,576	4,562
- Income tax	16,483	16,537

As certified by the management. No provision has been made in the financial statements as the Board of Directors / Audit Committee considers the probability of the claim succeeding to be remote.

- 3.1 Margin Deposit Rs.4,791 (2008 - Rs.3,557) have been lodged with banks / Government authorities for obtaining guarantees or as deposits.
- 3.2 National Savings Certificates Rs. 23 were lodged with Government authorities and shown as deposits under the Loans & Advances.
- 4.1 Debtors and Creditors are under the process of review, confirmation and reconciliation. Adjustments, if any, arising out of this will be accounted for in subsequent year.
- 4.2 In the opinion of the Board, the value on realization of current assets, loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet and Provisions for all known liabilities have been made.
5. The Company has not received any information / memorandum (as required to be filed by Suppliers / Vendors with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006), claiming their status as Micro, Small or Medium Enterprises. Consequently, the amount paid / payable together with interest paid/ payable to these parties under the Act is Nil.
6. No amount is paid / payable by the Company under Section 441 of the Companies Act, 1956 (Cess on turnover) since rules specifying the manner in which the Cess shall be paid has not been notified yet by the Central Government.

## Schedules to Accounts (Contd.)

Rupees ('000)

- 7.1 i) The Company has entered into operating lease arrangement for office premises, shops, warehouse and residential premises. Some of the significant terms and conditions of the arrangements are:
- agreement may generally be terminated by either party on serving a notice period.
  - the lease arrangements are generally renewed on expiry of lease period subject to mutual agreement.
  - the Company shall not sublet, assign or part with the possession of the premises without prior written consent of lessor.
- ii) Rent in respect of above is charged to Profit & Loss Account.
- iii) The year wise break up of future minimum lease payments in respect of leased premises are as under:

	2009 (Rupees)	2008 (Rupees)
Total future minimum lease payments as at 31.03.2009	9,968	12,402
Not later than one year	4,222	5,185
Later than one year but not later than five years	5,034	7,217
Later than five years	712	-

- 7.2 The Company has also entered into operating lease arrangements for assets viz. vehicles. Future lease rental payments are as under:

	2009 (Rupees)	2008 (Rupees)
Not later than one year	Nil	163
Later than one year not later than five years	Nil	27

### General description of arrangements:

- i) Future lease rental payments are determined on the basis of monthly lease payment as per agreement.
- ii) At the expiry of the lease term, the Company has an option either to return the assets or extend the term by giving notice in writing.
- 7.3 The Company has given a part of its office premises on sharing basis and during the current year the Company had received Rs. 1,619. Future rental income not later than one year is Rs. 2,642.
8. In accordance of the provision of Accounting Standard 22 "Accounting for Taxes on Income" the Company would have had deferred tax asset primarily comprising of unabsorbed business loss/ depreciation, retirement benefits etc. However, as the management is not virtually/reasonably certain of subsequent realization of assets, no deferred tax has been computed or recognized.
9. As per legal opinion obtained, no provision for tax (MAT) is required to be made.
10. Employees Benefits
- 10.1 Defined Contribution Plans

- a) The contribution of Provident Fund are made to a recognized Provident Fund/Family Pension Fund which covers all the employees. The contributions are normally based on a certain proportion of employee's salary. Condition for grant of exemption stipulates that employer shall make good deficiency, if any, in the interest rate declared by trust vis-à-vis statutory rate.

ASB Guidance on implementing AS 15, Employee Benefits (revised 2005) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the Company is unable to exhibit the related information.

In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provision Act, 1952, eligible employees of the Company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the Company and the employee contribute monthly at a determined rate (currently 12% of employee's basic salary). Company's contribution to provident Fund is charged to the Profit & Loss Account.

- b) The Company makes Superannuation Fund contribution to Life Insurance Corporation of India towards defined contribution retirement for qualifying employees.
- c) The Company has recognized in Profit & Loss Account of Rs.1,865 (2008 - Rs. 816) for Provident Fund and Rs.162 (2008 - Rs. 86) for ESIC and Rs.373 (2008 - Rs. Nil) for Superannuation.

- 10.2 Defined Benefit Plan
- Gratuity
- a) The Company makes annual contribution to Employees Group Gratuity cum Life Assurance Scheme of Life Insurance Corporation of India (funded). The Scheme provides for lump sum payment to vested employees on departure of an amount equal to 15 days (for all employees except 1 in whose case it is 30 days) salary (last drawn) for each completed year of service. Vesting occurs on completion of five years service.
- b) The recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31.3.2009 by Life Insurance Corporation of India. The present value of defined benefit obligation and the related current service cost and past service cost, were measured.
- c) Life Insurance Corporation of India has submitted to the Company actuarial valuation under Projected Unit Credit Method. Provisions are made to bring gratuity liability in line with actuarial valuation.
- 10.3 Disclosure relating to Defined Benefit Plan as per Actuarial Valuation as on 31.3.2009 and recognized in the financial statements.

Description	Gratuity Funded (Rupees)		Leave Encashment Non Funded (Rupees)	
	2009	2008	2009	2008
Expenses recognized in the statement of Profit & Loss for the year ended 31st March 2009.				
a) Current Service cost	424	424	620	403
b) Interest Cost	322	295	31	37
c) Expected return on plan assets	(348)	(305)	N.A.	N.A.
d) Net Actuarial (Gains)/ Losses	800	2,187	974	(79)
e) Past Service cost	(315)	-	-	-
f) Total Expense	883	2,601	1,625	361
Net Asset/ (Liability) recognized in the balance sheet as on 31st March 2009				
a) Present value of Defined Benefit Obligation as at 31st March 2009	5,058	4,023	1,647	803
b) Fair Value of plan assets as at 31st March 2009	4,175	4,338	-	-
c) Funded status (Surplus/ (Deficit))	(883)	315	(1,647)	(803)
d) Net asset/ (liability) as at 31st March 2009	(883)	315	(1,647)	(803)
Change in Defined Benefit Obligations (DBO) during the year ended 31st March 2009				
a) Present value of Defined Benefit Obligation at the beginning of the year	4,023	3,928	803	557
b) Service Cost	424	424	620	403
c) Interest Cost	322	295	31	37
d) Actuarial (Gains)/ Losses	800	2,187	974	(79)
e) Benefit Paid	(511)	(2,811)	(781)	(115)
f) Present value of Defined Benefit Obligation at the end of the year.	5,058	4,023	1,647	803
Change in Assets during the year ended 31st March 2009				
a) Plan assets at the beginning of period	4,338	1,675	-	-
b) Expected Return on Plan Assets	348	305	N.A.	N.A.
c) Contributions by Employer	-	5,169	-	-
d) Actual benefits paid	(511)	(2,811)	(781)	(115)
e) Plan assets at the end of the year	4,175	4,338	-	-
f) Actual return on plan assets	-	-	N.A.	N.A.
Major categories of plan assets as a percentage of total plan	Invested by LIC		N.A.	N.A.

- 10.4 The Actuarial calculations used to estimate commitments and expenses are based on the following assumption which if changed, would affect the commitments size, funding requirement and expenses.

a)	Discount rate (%)	8	8	8	8
b)	Expected rate of return on plan assets	9	9	N.A.	N.A.
c)	Mortality rate	LIC (1994-96) Ultimate			
d)	Withdrawal rate	1-3%	1-3%	5%	5%
e)	Future salary increase (%)	6	5	6	5

- 10.5 The estimates of future salary increase in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in employment market.

## Schedules to Accounts (Contd.)

Rupees ('000)

- 10.6 ICAI has issued a limited revision to AS 15 (revised) which allows an entity to make disclosures required by paragraph 120 (n) of AS 15 (revised) prospectively from the transition date. The limited revision has not yet been incorporated in AS 15 notified under Companies (Accounting Standard) Rules, 2006. Company expects that limited revision will be incorporated in notified standards shortly. In view of the above the Company has not disclosed the information required to be disclosed under para 120 (n) of AS 15 (revised).
- 10.7 Gratuity expenses and Leave Encashment have been recognized under the head "Personnel Expenses".
- 11.1 Based on the valuation report of the Company's manufacturing facility at Jammu carried out during the financial year by professional valuers and the Company's intention to commence manufacturing operations, the Board of Directors have determined that the assets at the Jammu manufacturing facility are not impaired and no provision has consequently been made in the financial statements.
- 11.2 Assets situated at Jammu are not in active use as operations are suspended. These assets are stated at lower of net book value and estimated realizable value and included under Fixed Assets:

Particulars	Original cost 31 <sup>st</sup> March		Accumulated Depreciation 31 <sup>st</sup> March		Written down value 31 <sup>st</sup> March	
	2009	2008	2009	2008	2009	2008
Leasehold land	959	959	97	86	862	873
Building	29,197	29,197	14,482	13,507	14,715	15,690
Plant & Machinery	97,352	97,352	77,708	74,175	19,644	23,177
Vehicles	2	2	2	2	0	0
Furniture & Fixtures	2,044	2,044	1,893	1,828	151	216
	129,554	129,554	94,182	89,598	35,372	39,956

As per past practice, the Company has charged depreciation on such assets aggregating to Rs. 4,584 (2008 - Rs. 4,669) which has resulted in increased depreciation & reduced profit to that extent.

12. During the year, the Company opened three stores in South India which were subsequently closed before the year end. It incurred following expenditure on the assets at these stores:-

Leasehold Improvements	Rs. 8,174
Furniture	Rs. 8,093
Computers	Rs. 254
Intangible Computer Software	Rs. 614
Office Equipments	Rs. 2,302

These assets purchased were either written off or sold for Rs. 1,550 at year end and incurred a loss of Rs. 17,887 which has been shown as exceptional item. Such assets were not routed through Fixed Assets schedule and no depreciation aggregating Rs. 1,753 was provided thereon. This however, has no impact on profit for the year and also on the net assets at the year end.

- 13.1 The net worth of the Company was completely eroded. The Board of Directors had made a reference dated 17 May 2005 to the Board for Industrial and Financial Reconstruction (BIFR) constituted under Sick Industrial Companies (Special Provisions) Act, 1985. Subsequently, vide BIFR's order dated 11 September 2006, the Company was declared a sick industrial Company in terms of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985. BIFR vide order dated 28.4.2008/8.5.2008 has sanctioned the Rehabilitation Scheme for implementation and State Bank of Travancore has been appointed as Monitoring Agency. The scheme sanctioned envisaged:
- Infusion of fresh funds by promoters
  - Reliefs & Concession from various concerned parties viz. Creditors, Promoters, Associates, ECB lenders etc.
  - Capital / debt restructuring, infusion of fresh funds, derating of existing equity capital and subsequent consolidation of derated shares.
  - Write back of identified liabilities and payment of all liabilities under litigation appeal and not covered by scheme.

- 13.2 The Company has filed an appeal to Appellate Authority for Industrial & Financial Reconstruction contesting certain parts of the scheme. It however has implemented certain parts of the scheme during the year.

- 13.3 Pursuant to the scheme of rehabilitation approved by BIFR and based on a legal opinion, the Company had reduced the existing subscribed and paid up capital of Rs. 156,524 consisting of 15,652,350 Equity shares of Rs. 10 each by 90% to Rs. 15,652 consisting of 15,652,350 Equity shares of Re. 1 each by writing off Rs. 140,871 against accumulated losses. Thereafter 10 equity shares of Re 1 each were consolidated into one equity share of Rs. 10 each. The members holding fractional shares are being paid in ensuing year. During the year, the Company also made fresh preferential allotment to Singer (India) B.V., Netherland the Holding Company in the first tranche of Rs. 38,500 comprising of 3,850,000 Equity shares of Rs. 10 each. An appeal has been filed by one of the shareholder against the said reduction and also the preferential allotment of new shares in favour of promoters which is pending before the Hon'ble Delhi High Court against the order of Hon'ble AAIIR dismissing the appeal filed by the said shareholder and also vacating stay on its execution.

- 13.4 As per legal opinion obtained and as part of implementing the scheme sanctioned by Hon'ble Board of Industrial and Financial Reconstruction (BIFR) with cut of date as 31.03.2007, the unsecured creditors and other liabilities aggregating to Rs. 221,281 (being 90%) have been written back though eight unsecured creditors have filed an appeal before AAIIR against the order of BIFR sanctioning payment at 10% of principal amount. The Company is in the process of complying with other terms and conditions of the order of BIFR.

14. The accumulated losses have exceeded the paid-up Share Capital. The Director's of the Company have prepared the financial statements on a going concern basis, i.e. the Company will be able to realize all its assets at their carrying values as at 31.3.2009 and discharge all its liabilities as at 31.3.2009 in the normal course of business. Further as such, the Financial Statements do not include any adjustment relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary in case the Company is unable to continue as a going concern. The Company is dependent on the support from the Holding Company and its Associates.

15. Based on a letter from Brand Trading India Private Ltd., an Associate Company, balances under the head Debtors, Creditors, Advances from dealers etc. have been netted off and shown under Unsecured Loan. This loan is repayable on demand. Previous year figures, accordingly have been reclassified.

16. The details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as mentioned below:

	2009		2008	
	Foreign currency (USD)	Amount (Rupees)	Foreign currency (USD)	Amount (Rupees)
a) Credit	262,266	13,362	604,738	24,170
b) Unsecured loans	170,000	8,662	1,700,000	67,946

- 17.1 Managerial Remuneration under Section 198 of the Companies Act, 1956 (excluding contribution to Gratuity fund and provision for leave encashment since the same is provided on an actuarial basis for Company as a whole) paid / payable to whole time Directors (Chairman, Managing Director(ex) & Alternative Directors).

Particulars	Year ended 31 <sup>st</sup> March	
	2009 <sup>*</sup> (Rupees)	2008 (Rupees)
Salaries	9,349	4,167
Contribution to provident and other funds	394	137
Other benefits	644	175
Sitting fee	85	30
	10,472	4,509

\* The remuneration aggregating to Rs. 1,360 is subject to approval of the Central Government and the Shareholders and Rs. 1,100 is subject to the approval of Shareholders.

- 17.2 Computation under Section 350 read with Section 308 (5) is not being given as the Chairman, Managing Director & Alternate Directors have been / are being remunerated under Section 269/198 (4) / 309 (3) and 637 AA of the Companies Act, 1956.

### 18. Auditors' Remuneration

Particulars	Year ended 31 <sup>st</sup> March	
	2009 (Rupees)	2008 (Rupees)
Statutory Audit	456	465
Tax Audit	125	125
Certification Fee	165	7
Service Tax	78	73
	824	670

19. The Company trades mainly in sewing machines and also small appliances & Household/Consumer durables which form only negligible percentage of total turnover that are distinguishable and are subject to same risks and return. The Company's operating business is organized and managed according to the nature of products and services provided to offer similar products and serving similar markets. The primary reporting has been prepared on the basis of this business segment. The disclosures as required under AS-17 on primary business segment has not been provided as the Company deals only in one business segment based on risks & returns, the organization structure and internal financial reporting. The Company also exports its products, but the disclosure as required under AS-17 on geographic segment has not been provided as the total value of exports is less than 10% of total revenue.

20. In accordance with Accounting Standard on "Related Party Disclosures" (AS 18), the disclosure in respect of transactions with the Company's related parties are as follows:

a) Names of related parties\* and description of relationships having transactions during the year:

- Holding Company  
Singer India B.V. (Netherlands)
- Ultimate Holding Company  
Singer Asia Limited
- Associates  
Brand Trading India Pvt. Ltd.  
Singer Asia Sourcing Limited (B.V.I)
- Key Management Personnel  
Mr. K.K. Gupta, Chairman & CEO  
Mr. Rajeev Bajaj, Alternate Director & CFO  
Mr. P.R. Nandan, Alternate Director  
Mr. Samya Sarkar, Ex-Managing Director  
(ceased on 7 August, 2008)

v. Name of related parties\* where control exists having no transactions during the year:

- Associates  
Btindia Limited (BVI)  
International Leasing & Financial Services Ltd.  
Reality (Lanka) Ltd.  
Regnis (Lanka) PLC  
Retail Holdings N.V.  
Singer (Broker) Limited  
Singer (Pakistan) B.V. (Netherlands)  
Singer (Sri Lanka) B.V. (Netherlands)  
Singer (Thailand) B.V. (Netherlands)  
Singer Asia Finance B.V. (Netherlands Antilles)  
Singer Asia Holdings B.V. (Netherlands)  
Singer Asia Finance N.V. (Netherlands Antilles)  
Singer Bangladesh Limited  
Singer Bhold B.V. (Netherlands)  
Singer Corporation Limited (Hong Kong)  
Singer Industries (Ceylon) Limited  
Singer Finance (Lanka) Limited  
Singer Pakistan Limited  
Singer (Sri Lanka) PLC  
Singer Thailand Public Co. Limited  
Thailandinvest B.V. (Netherlands)  
Telshan (Pvt) Ltd.  
UCL Asia Partners L.P.  
Meritec India Ltd.

b) Details of transactions in the ordinary course of business and at arms length and on commercial terms:

Transactions	2008-09 (Rupees)	Closing balance as at 31.3.2009 (Rupees)	2007-08 (Rupees)	Closing balance as at 31.3.2008 (Rupees)
<b>Holding Company:</b>				
i) Issue of Equity Share	38,500	46,270	-	-
ii) Received in Surplus refundable on account of Equity Shares	1,662	1,662	-	-
iii) Payment made on behalf of Holding Co.	416	416	-	9
iv) Unsecured Borrowings (ECB)	-	8,662	-	67,946
v) Amount Adjusted / Written off	9	-	-	-
vi) Unsecured Borrowings written back	59,284	-	-	-
<b>Associate Company:</b>				
vii) Purchase of goods (including Goods in Transit) from Singer Asia Sourcing Ltd.	40,825	12,185	27,561	14,799
viii) Re-purchase of goods from Brand trading India P Ltd. (Net of discount received Rs. 8,013)	57,918	-	56,003	-
ix) Purchase of Fixed Assets from Brand Trading India P Ltd.	140	-	172	-
x) Sale to Brand Trading India P Ltd.	250,765	-	364,425	-
xi) Amount paid to Brand Trading India Pvt. Ltd. - Rent - Interest - Others- Vehicle expenses	321 1,619 264	- - -	- - -	- - -
xii) Compensation received on premature termination of contract - Brand Trading India P Ltd.	20,000	-	-	-
xiii) Discount paid to Brand Trading India P Ltd.	1,392	-	13,303	-
xiv) Unsecured loan (net) received from Brand Trading India P Ltd.	35,889	97,633	61,744	61,744
xv) Advance received from Meritec India Ltd written off Ultimate Holding Company	-	-	9,352	-
xvi) Advance received / (given) from Singer Asia Ltd.	(16)	790	-	6,194
xvii) Advance received from Singer Asia Ltd. written back	5,388	-	-	-
xviii) Managerial remuneration to Key Personnel	10,387	1,419	4,479	-

\* As identified and certified by the Management

21. Earning per share (EPS) The numerator and denominator used to calculate Basic and Diluted Earnings per Share:

Particulars		Year ended 31 <sup>st</sup> March	
		2009 (Rupees)	2008 (Rupees)
<b>Profit attributable to equity shareholders</b>			
Before exceptional items	A	7,881	5,323
After exceptional items	B	205,085	273,158
Weighted average number of equity shares outstanding during the year (in numbers). Previous year numbers restated on account of reduction/consolidation / fresh issue.	C	1,871,125	1,565,235
Add: Weighted Average outstanding on ECB	D	533,928	533,928
No. of shares for diluted earning per share	E	2,405,053	2,099,163
Face value of equity share (in rupees)		10	10
Basic Earnings per share (in rupees)			
Before exceptional items	(A)/(C)	4.21	3.40
After exceptional items	(B)/(C)	109.61	174.52
Diluted Earnings per share (in rupees)			
Before exceptional items	(A)/(E)	3.28	2.54
After exceptional items	(B)/(E)	85.27	130.13

22. The movement of provision for warranty in accordance with AS-29 Provisions, Contingent Liabilities and Contingent Assets issued by the Institute of Chartered Accountants of India is given below:

	Year ended 31 <sup>st</sup> March	
	2009 (Rupees)	2008 (Rupees)
Warranty		
Opening Balance	4,410	2,507
Add: Addition during the year	6,356	5,209
Less: Utilised during the year	6,031	3,306
Closing Balance	4,734	4,410

23. Changes in Accounting Policy/ Estimate:

### Depreciation:

Till last year, depreciation on vehicle was charged @ 9.50%. From this year onwards, depreciation on vehicle has been provided @ 25%. Had the Company followed the earlier policy, the expense would have been lower by Rs. 422 and profit for the year increased to that extent.

### Inventories:

Hitherto, the Company was valuing the inventories on weighted average method. During the current year, inventories were valued on FIFO basis. This has resulted in decrease in inventories by Rs. 649 and reduction in profit to that extent.

24. The Company has made necessary applications to Registrar of Companies/Regional Director/Company Law Board seeking approvals / condonation for various matters raised under Section 372A, 224 (g), 205 (c), 269(1), 217 (2A), 309(1), 211 etc. of the Companies Act, 1956.

25. The management of the Subsidiary Companies viz. Himec India Limited and Singer India Trading Limited have decided to discontinue their operations and to wind up the Companies. Relevant documents have been filed with Registrar of Companies for winding up and it is in the process of making necessary application to the Hon'ble High Court. As such two audited accounts of each Company have been produced for consolidation.

26. Necessary approvals from Reserve Bank of India are awaited in respect of non realization of overdue export proceeds of Rs. 9,974 for sales made to Singer Exports Ltd. as non recoverable due to liquidation.

27. Previous years figures have been regrouped / reclassified and / or rearranged wherever necessary to conform to current year's grouping and classifications.

Signatures to schedules 1 to 20

On behalf of the Board of Directors

K.K. Gupta  
Chairman  
& CEO

Rajeev Bajaj  
Alternate Director  
& CFO

Roopali Grover  
Company Secretary

New Delhi the 22<sup>nd</sup> June 2009

## Statement Pursuant to Section 212 of The Companies Act, 1956 relating to the Subsidiary Companies

1.	Name of the Subsidiary	Singer India Trading Ltd.	Himec India Ltd.
2.	The financial year of the Subsidiary Company ended on	31st March, 2009	31st March, 2009
3.	Shares of Subsidiary Company held by Singer India Ltd. As on that date	31st March, 2009	31st March, 2009
a)	Number	6,10,008	1,00,008
b)	Extent of holding	Equity Shares 99.999 %	Equity Shares 99.994 %
4.	The net aggregate of Profit/(loss) of the Subsidiary Company for the financial year so far as they concern the members of Singer India Ltd. were		
a)	Dealt within the accounts of Singer India Ltd. for the year ended 31st March, 2009	Loss Rs. Nil	Loss Rs. Nil
b)	Not dealt within the accounts of Singer India Ltd. For the year ended 31st March, 2009	Profit Rs. 859	Profit Rs.5,091
5.	The net aggregate of Profit/(Loss) of the Subsidiary Company for the previous financial years since it became the subsidiary company, so far they concern the members of Singer India Ltd. were		
a)	Dealt within the accounts of Singer India Ltd. for the year ended 31st March, 2009	Profit: Rs. Nil	Profit: Rs. Nil
b)	Not dealt within the accounts of Singer India Ltd. For the year ended 31st March, 2009	Loss Rs.6,121	Loss Rs.5,459

For and on behalf of the Board of Directors

A.K.Sharma  
Partner  
Membership No. 80085

K.K. Gupta  
Chairman  
& CEO

Rajeev Bajaj  
Alternate Director  
& CFO

Roopali Grover  
Company Secretary

New Delhi, the 22<sup>nd</sup> June, 2009

## Details of Balance Sheet as at 31st March, 2009 and Profit and Loss account for the year ended 31st March, 2009 of Subsidiary Companies

	Particulars	Singer India Trading Ltd.	Himec India Ltd.
1.	Share Capital	6,100	1,000
2.	Reserves and Surplus	-	-
3.	Total Assets	838	632
4.	Debit balance of Profit & Loss Account	5,262	368
5.	Total Liabilities	Nil	Nil
6.	Details of Investment	-	-
7.	Turnover and Other Income	Nil	Nil
8.	Profit/(Loss) before Taxation	859	5,091
9.	Provision for Taxation	Nil	Nil
10.	Profit/(Loss) after Taxation	859	5,091
11.	Proposed Dividend	Nil	Nil

## SINGER INDIA LIMITED

Registered Office : A-26/4, 2nd Floor, Mohan Cooperative Industrial Estate, New Delhi -110044

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL

DP ID*	
--------	--

Master Foili No.	
------------------	--

Client Id*	
------------	--

No. of Share(s) held	
----------------------	--

## NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 31st Annual General Meeting of the Company held on Thursday, the 13th day of August, 2009 at 9.30 a.m. The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074

Signature of the shareholder or proxy

<b>FOR THE KIND ATTENTION OF SHAREHOLDERS</b>
---

<b>No gift will be distributed by the Company at the AGM</b>
--

\* Applicable for investors holding shares in electronic form

-----TEAR HERE-----

## PROXY FORM

## SINGER INDIA LIMITED

Registered Office : A-26/4, 2nd Floor, Mohan Cooperative Industrial Estate, New Delhi -110044

DP ID*	
--------	--

Master Foili No.	
------------------	--

Client Id*	
------------	--

No. of Share(s) held	
----------------------	--

I/We ..... of .....being member(s) of Singer India Limited hereby appoint..... of .....or failing him ..... of .....

as my/our proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company held on Thursday, the 13th day of August, 2009 at 9.30 a.m. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpuri Beri, New Delhi-110074

Signed this ..... day of ..... 2009

\* Applicable for investors holding shares in electronic form

AFFIX RE 1/- REVENUE STAMP
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## Note

The proxy, in order to be effective, should be duly stamped, completed and signed and must be deposited at the registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company

<b>No gift will be distributed by the Company at the AGM</b>
--

## **BOOK POST**

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**SINGER INDIA LIMITED**

A-26/4, 2nd Floor  
Mohan Cooperative Industrial Estate  
New Delhi -110044

Tel. : 91-11-40617777

Fax : 91-11-40617799

E-mail: [mail@singerindia.net](mailto:mail@singerindia.net)