

ANNUAL REPORT 2007

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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)

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BOARD OF DIRECTORS

Mr. Samya Sarkar, Managing Director
Mr. Deepak Sabharwal
Mr. Phillip Watson
Mr. Jim Kelly
Mr. Theo Noel Renard

SECRETARY

Mr. Rajiv Kumar

BANKERS

State Bank of Travancore
Corporation Bank
Bank of Baroda
State Bank of Hyderabad

REGISTERED & CORPORATE OFFICE

2nd Floor, Guru Angad Dev Bhawan,
71, Nehru Place, New Delhi-110019
Tel. : 91-11-26464523
Fax : 91-11-26285125
E-mail : mail@singerindia.net

WORKS

Lane No.4
SIDCO Industrial Estate,
Jammu

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

Please visit our website www.singerindia.net

SINGER INDIA LIMITED

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NOTICE

Notice is hereby given that the Twenty-Ninth annual general meeting of the members of Singer India Limited will be held as scheduled below

Day : Wednesday
Date : 29-08-2007
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:

Director be and is hereby appointed as a Director of the Company liable to retire by rotation."

BY ORDER OF THE BOARD OF DIRECTORS
FOR SINGER INDIA LIMITED

Place: New Delhi
Dated: 28-06-2007

RAJIV KUMAR
COMPANY SECRETARY

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 2007 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. Phillip Watson who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Deepak Sabharwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
To accord approval for sale of land and building of erstwhile Sahibabad factory:
"**RESOLVED THAT** the consent of the members of the company be and is hereby accorded u/s 293(1)(a) of the Companies Act, to the sale of land & building of Sahibabad factory of the company for which an agreement for sale was entered into in March 2004 and possession handed over in March 2005."
6. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution
"**RESOLVED THAT** Mr. Theo Noel Renard who was appointed as an Additional Director on the Board of the Company w.e.f 25-06-2007 and who holds such office up to this Annual General Meeting in terms of Section 260 of the Companies Act 1956 and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 signifying his candidature for the office of

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 24-07-2007 to 31-07-2007 (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.
6. M/s Walker Chandok & Co., the retiring auditors, have expressed their inability to continue as statutory auditors. Hence, subject to the approval of the members, it is proposed to appoint M/s Ray & Ray Chartered Accountants as statutory auditors in the ensuing Annual General Meeting. The proposed auditors have submitted a certificate stating that "the appointment, if made shall be within the limits prescribed under section 224(1B) of the Company's Act 1956.

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7. 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.
8. 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.
9. 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.
10. 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 Number of the company is INE638A01019 for both the depositories viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd.(CDSL)
11. Documents referred to in the accompanying Notice 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.
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 Nos. 5 to 6 of the accompanying notice dated June 28, 2007 be taken as forming part of the Notice.

Item No. 5

As the members are aware the operations in Sahibabad factory of the company have been closed in 2004 as the

same had become unviable. The company had shifted its Plant & Machinery to Jammu factory, and its land & building was sold in March 2004 and possession whereof have been handed over in March 2005. Before the agreement for sale was entered into, the company had obtained legal opinion from a reputed law firm of Mumbai wherein the firm had opined that the said sale did not attract the provision of Section 293(1) (a) of Companies Act 1956, since the same did not constitute an 'undertaking'. The Govt. authorities are however not agreeable to the opinion given by the law firm. As the members know the company has been declared sick industrial company by the BIFR. Therefore, in order to avoid the possibility of any litigation in this respect your directors consider it advisable to obtain the approval of the shareholders for the sale of said land and building of Sahibabad factory.

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

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

Item No.6

Mr. Theo Noel Renard was appointed as an Additional Director on the Board of the Company by the Board of Directors w.e.f 25-06-2007 pursuant to Section 260 of the Companies Act, 1956 read with Article 120 of the Articles of Association of the Company. Mr.Theo Noel Renard would cease to hold the office of Director as such on the date of ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- proposing his candidature for the office of Director. Presently Mr. Theo Noel Renard is working with Singer Asia Limited as Chief Financial Officer and held a number of positions in NEDCOR and ABN AMRO in Africa, Australia and Asia.

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

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

No Director of the Company except Mr. Theo Noel Renard is concerned or interested in the said resolution.

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

Dated: 28-06-2007

**RAJIV KUMAR
COMPANY SECRETARY**

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report and the audited accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

	For the year ended 31st March 2007	(Rs. in Crores) For the fifteen months period ended 31st March 2006
Sales & Services	47.33	46.00
Other Income	0.78	2.08
	<u>48.11</u>	<u>48.08</u>
Profit/(Loss) before Interest,		
Depreciation and tax	1.77	(17.32)
Interest & bank charges	4.38	6.49
Depreciation	0.56	0.78
Profit/(Loss) before tax	(3.17)	(24.59)
Exceptional cost	-	2.49
Prior period item	-	-
Tax adjustment	0.03	0.09
Profit/(Loss) after tax	(3.20)	(27.17)
Transfer from		
General Reserve	-	-
Balance of loss from		
previous years	(73.51)	(46.34)
Balance carried		
forward	<u>(76.71)</u>	<u>(73.51)</u>

The financial results of the Company under review have been drawn for the period 1st April 2006 to 31st March 2007.

OPERATIONS

The performance of the Company showed good improvement over the corresponding period of the previous year. The sales during the year were Rs.47 crores, an increase of 39% when compared with the corresponding period of last year.

The Board for Industrial & Finance Reconstructions (BIFR) finally declared the company sick vide its order dated September 11, 2006. The company has negotiated one time settlement with its secured creditors and has simultaneously applied for a loan to settle the dues of the secured creditors and for meeting the working capital needs for re-starting the factory at Jammu. A suitable scheme for revival of the company has been submitted to the BIFR for consideration.

DIVIDEND

No dividend is recommended for the year under review.

SUBSIDIARY COMPANIES & CONSOLIDATED FINANCIAL STATEMENTS

The results of Himec India Limited and Singer India Trading Limited, the subsidiaries of the Company are attached to this report along with the statement specified in Section 212 of the Companies Act, 1956. The Company is also presenting its audited consolidated financial statements, which form part of the Annual Report as required by the Listing Agreement with the Stock Exchanges

DIRECTORS

During the period under review, Mr. D R Bansal resigned as Director of the Company effective 17th November 2006. The Directors place on record their appreciation for the services rendered by him.

Mr. Phillip Watson and Mr. Deepak Sabharwal, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr. Theo Noel Renard, who was appointed as an Additional Director with effect from 25th June 2007 under Section 260 of the Companies Act, 1956 and in terms of Article 120 of the Articles of Association of the Company, holds his office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, along with requisite deposit proposing his candidature for the office of Director liable to retire by rotation.

The particulars of Directors proposed to be reappointed are given in the Annexure to the notice in terms of Clause 49 of the Listing Agreement.

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

The Hon'ble Company Law Board, Northern Region Bench, New Delhi has approved the Composite Scheme for repayment of deposits under Section 58A and 58AA of the Companies Act, 1956. Accordingly the company will make the payment to fixed depositors as per the approved scheme only.

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The total deposits as on 31st March 2007 were Rs. 2.88 crores from 1467 depositors. Deposits amounting to Rs. 2.20 crores became due for repayment and were claimed by depositors as on 31st March 2007 remained unpaid due to financial crunch. During the period ended March 2007, deposits amounting to Rs.21.25 lacs were paid on compassionate ground. A sum of Rs.57.10 lacs, which became due for payment up to 31st March 2007, remained unclaimed.

DELISTING OF SECURITIES

Your Company has received a letter dated April 11, 2007 from Delhi Stock Exchange Association Limited informing that "the Securities of Company are delisted with effect from 24 March 2007 from Delhi Stock Exchange Association Limited".

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, 2007, 58.78% of the total shareholding of the Company is held in dematerialized form.

AUDITORS

M/s Walker Chandok & Co., Chartered Accountants, have expressed their inability to continue as Statutory Auditors of the company. In their place, the board recommends M/s RAY & RAY, Chartered Accountants, New Delhi, be appointed as Statutory Auditor in the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed. Auditor's comments on not following certain Accounting Standards have been explained under the head 'Accounts and Auditors Report'.
- ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the twelve month period ended 31st March 2007.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared 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 part of 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 not being annexed, since none of the employees was drawing remuneration as specified under the above provisions during the year under review.

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

INDUSTRIAL RELATIONS

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

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement, the Corporate Governance Report, along with a certificate of compliance from the auditors forming part of this report, is annexed.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Company's valued customers, SINGER, The National Small Industries Corporation Ltd, members, investing public, employees, bankers, financial institutions and Company's suppliers/dealers/distributors for their continued support and confidence in the Company.

FOR AND ON BEHALF OF THE BOARD

SAMYA SARKAR
Managing Director

THEO NOEL RENARD
Director

Place: New Delhi
Date: 28-06-2007

SINGER INDIA LIMITED**ANNUAL REPORT 2007****ANNEXURE TO DIRECTORS' REPORT**

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

A. CONSERVATION OF ENERGY

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

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

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

a) Foreign Exchange Earnings	Rs. 2.33 lacs
b) Foreign Exchange Outgo	
- CIF value of imports of raw materials and components	Rs. 376.35 lacs
- Expenditure in foreign currency :-	
Foreign Travel	Rs. 0.98 lacs
Others	Rs. 2.67 lacs



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

1. Specific Areas in which R & D carried out by the Company.
 - Low cost automation.
 - In-house technical training programs for managers, staff and workmen
 - Improved packaging to reduce transit breakage
 - Painting process rationalisation.
2. Benefits derived as a result of above R & D
 - Rejection variations arrested
 - Improved quality of products
 - Higher productivity
 - Expanded in-house production facilities for critical components
 - Increase in in-house machined components castings
3. Future plan of action
 - To upgrade technology of the Company's current product lines so as to maintain a high level technology and market leadership.
 - To develop new in-house components casting
4. Expenditure on R & D

- Capital	:	NIL
- Recurring	:	NIL
- Total	:	NIL
- Total R & D Expenditure as a percentage of Total turnover	:	NIL

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ANNEXURE TO DIRECTORS' REPORT

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards technology absorption and innovation, in brief :
 - Productivity improvement by process rationalization
 - Product up gradation
 - Introduction of Quality circle meetings
 - In house manufacture of critical components both for 298 and 900 series for Zig Zag machines by transferring from other Singer factories
 - Process development for futuristic castings.
2. Benefits derived as a result of the above efforts.
 - Improvement in product quality.
 - Reduced rejections.
 - Higher production volumes as a result of productivity improvement.
 - Cost reduction due to implementation of suggestion schemes
3. Information in case of imported technology (imported during last five years).
 - Technology imports - NA
 - Year of Import - N.A.
 - Has technology been fully implemented - N.A.
 - If not fully absorbed, area where this has not taken place, reason therefore and future plans of action. - N.A.

ANNEXURE 'A' TO DIRECTOR'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The manufacture of conventional hand operated sewing machine is reserved for the small scale sector. To improve the rate of growth which is presently low, special campaigns are required to promote the sale of zig-zag machines. There also exists potential for export of sewing machines to the neighbouring countries of South and South East Asia.

Outlook of Opportunities

There are good opportunities for manufacturing sewing machines to cater to the needs of garment industry.

Outlook on Threats, Risks, & Concerns

The demand for conventional machines is being fully met indigenously. However, with the escalating costs of raw materials and entry of international players, there is going to be pressure on margins.

SEGMENT WISE PERFORMANCE

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

	Rs. in crores
Sewing Products	46.18
Home Appliances and Consumer Durables	1.13
Exports	0.02

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

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

FINANCIAL PERFORMANCE

Sales and service of the Company increased by Rs. 13.24 crores. Profit before interest, depreciation and tax Rs.1.77 crores (Rs. 17.32 crores negative in the previous year). The Company posted a loss of Rs 3.20 crores this year as against loss of Rs.27.17 crores in the last year.

HUMAN RESOURCES

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

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ADDENDUM TO THE DIRECTORS REPORT DATED 28-06-2007

We furnish below the explanations in terms of sub section (3) of Section 217 of the Companies Act, 1956 to the observation and/ or qualification made by the Auditors in their report of even date :

Reference to the Audit Report

- 4(a) & 5 The sales tax matters are being contested in appeals. These pertain to various states for past years. Management strongly believes that many of these liabilities will not arise. If there is any residual liability, the same shall be provided on crystallization.
- 4(b) These deposits are arising for cases initiated for various years prior to the year 2002. The Management is taking steps to obtain relevant information which would help in adjusting/recovery from Income Tax Department.

Annexures to Audit Report

- (vi) The Hon'ble Company Law Board, Northern Region Bench, New Delhi has approved the Composite Scheme for repayment of deposits under Section 58A & 58AA of the Companies Act, 1956. Accordingly the Company will make the payment to Fixed Deposit holders as per the Approved Scheme.
- (vii) We propose to enlarge the scope of internal audit work in the current year.
- (ix)(a) Substantial part of the statutory dues have been paid during the year. The balance would be cleared on priority basis.
- (x) As per prudential norms, interest on bank loans has been provided, as a result of which there is a loss. The accrued interest will be written back as soon as settlement with banks takes place.
- (xi) The company has negotiated a one time settlement with banks.