

# ANNUAL REPORT 2010

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

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**BOARD OF DIRECTORS**

Mr. K. K. Gupta, Chairman  
Mr. Ajit Kumar  
Mr. Deepak Sabharwal  
Mr. Gavin Walker  
Mr. K. K. Goel - Nominee of Board for Industrial &  
Financial Reconstruction  
Mr. P. N. Sharma  
Mr. Rajeev Bajaj, Managing Director

**SECRETARY**

Mr. Ashish Srivastava

**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  
Email: 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](http://www.singerindia.net)**

**NOTICE**

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

Day : Wednesday

Date : November 10, 2010

Time : 9:30 A.M.

Place : The Executive Club, 439 Village Shahoopur  
P.O Fatehpur Beri, New Delhi 110 074

to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet at 30th June 2010 and the Profit & Loss Account for the period of 15 months ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. N. Sharma, who retires by rotation and, being eligible, offer himself for re-appointment.
3. To appoint a Director in place of Mr. Ajit Kumar, who retires by rotation and, being eligible, offer himself for re-appointment.
4. To appoint Statutory 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 Statutory Auditors of the Company to hold office from the conclusion of the this 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. Rajeev Bajaj, who was appointed as Director on the Board of the Company w.e.f 27.07.2009 and holds office up to the date of this Annual General Meeting 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 not 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 1st July 2009 to 30th June 2010 and 1st July 2010 till the remaining period of his tenure up to 10th 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 for Mr. Rajeev Bajaj, Wholetime Director, designated as Finance Director & CFO, effective from 27th July, 2009 and redesignated as Managing Director of the Company w.e.f. 1st day of October, 2010, be and is hereby accorded for the increase in remuneration effective

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from 1st July 2009 to 30th June 2010 and 1st July 2010 till the remaining period of his tenure up to 30th September 2011 with the liberty to the Board of Directors to alter and vary the terms and conditions as set out in the Explanatory Statement annexed with the notice.”

“**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. 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(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 reappointment and payment of remuneration to Mr. K K Gupta, Whole time Director of the Company designated as Chairman, effective 11th October 2010 for a period 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. K. K. Gupta pursuant to Section 198 and 309 and any other applicable provisions, if any, of the Companies Act, 1956.

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

Place : New Delhi

**Ashish Srivastava**

Dated: 29th September, 2010 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 03.11.2010 to 10.11.2010 (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

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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)

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.**

The Board of Directors commends the resolution for your approval.

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

In conformity with the provisions of Section 173 of the Companies Act, 1956 the following explanatory statement which sets out the material facts relating to the Special Business under item no's. 5 to 8 of the accompanying notice dated 29th September, 2010 be taken as forming part of the Notice.

**Item no. 5**

Mr. Rajeev Bajaj was appointed as Alternate Director to Mr. Hemaka Amarsuriya on 19th August 2008. Mr Amarasuriya resigned as Director effective 27th July 2009 and Mr. Rajeev Bajaj ceased to be Alternate Director. The Board of Directors appointed Mr. Bajaj as a Director on the Board of the Company effective 27th July 2009. The Company has received a notice under section 257 of the Companies Act, 1956 together with a deposit of Rs.500/- from a member proposing his candidature for the office of Director.

The Board of Directors are of the opinion that continuance of Mr Bajaj as a Director would be of immense help for the continued growth of the Company in the coming years.

Mr. Bajaj being a wholetime Director would not be liable to retire by rotation.

**NOTICE**

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| 1. Basic Salary                                      | : Rs.3,463,200/- p.a paid in 12 equal monthly payments.   | 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.   |
| 2. Special Allowance                                 | : Rs.100, 000/- per annum paid in 12 equal monthly payments   | 13. Leave  | : As per Company's Policy.   |
| 3. Allowance in lieu of Superannuation Gratuity Fund | : Rs.663,780 per annum paid in 12 equal monthly payments  | 14. Conveyance   | : Car for official purpose.  |
| 4. House Rent Allowance                              | : Furnished residential accommodation or Housing Allowance of Rs. 1,576,200/- per annum paid in 12 equal monthly payments.  | 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. |  |
| 5. 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.)   | The approval from Central Government for the above increase is awaited.  |  |
| 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.  | <b>Statement in terms of Section II (C) (iv) of Part II of Schedule XIII of the Companies Act, 1956 is given as under: -</b>   |  |
| 7. Medical reimbursement                             | : For Self and wife up to a limit of Rs.100,000 per annum. 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. | <b>I. General Information:</b>   |  |
| 8. Insurance   | : Insurance premium upto Rs.15,700 to cover Hospitalisation benefit for self and wife and personal Accident policy for self.  | 1. Nature of Industry  | : Sewing Machines & other Consumer durable   |
| 9. Newspaper & Periodicals                           | : Up to a maximum of Rs.3, 000 per annum.   | 2. Date of Commencement of business  | : 13th March 1978  |
| 10. Club Membership                                  | : Entrance and membership fee for one club. (Present limit Rs. 6,000 p.a.)  | 3. In case of new companies, expected date of commencement of activities   | : Not applicable   |
| 11. Provident Fund (12% of basic salary)             | : Rs.415,584 per annum  | 4. Financial performance   | : During the period of 15 months ended on 30.06.2010, the Company recorded a turnover of Rs.113.17 crores and made a profit of Rs. 7.4 crores before tax and exceptional items. The profit before tax (after recording exceptional items) was Rs.2.66 crores. The profit after tax and after recording exceptional items for the year under review was Rs.2.45 crores. Accumulated losses was reduced from Rs.14.66 crores as on 31st March 2009 to Rs. 12.21 crores as at 30th June 2010. |

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5. Export performance and net foreign exchange : The Company had exported goods worth Rs. 2.25 crores during the period of 15 months ended on 30.06.2010
6. Foreign investments or collaborators : Singer (India) B V, The Netherlands is the promoter Company and holds 80.43% 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 45 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. 1,13,77,658 for the period 01.04.2009 to 30.06.2010
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 45 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.

5. Remuneration proposed : As approved by Remuneration Committee and the Board of Directors as per details set out in the Explanatory Statement attached to the Notice of the meeting.
6. Comparative Profile : In line with the Industry w.r.t. industry size of the Company, profile of the position and person.
7. Pecuniary relationship : He is entitled to the remuneration directly or indirectly with the Company, or relationship with managerial personnel, if any

**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 promoters amounting to Rs.8.35 Crores has been received till date.



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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.
2. Housing Allowance : Rs. 3,16,800 p.a. paid in 12 equal monthly payments

**IV Disclosures**

1. Remuneration package of the managerial person : The increased remuneration package of Mr. K K Gupta is as given in the Explanatory Statement attached 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 was appointed as the Whole time Director designated as Finance Director & C.F.O. of the Company w.e.f. 1st October 2008 for a period of three years which was also approved by the shareholders and the Central Government vide letter No.SRN No.A53234738-CL-VII dated 17th August 2009 and SRN No. A53234738/3/2009-CL-VII dated 23rd December 2009. The Board of Directors in their Meeting held on 29th day of September, 2010 re-designated Mr. Rajeev Bajaj as Managing Director of the Company w.e.f. 1st day of October, 2010 upto the remaining period of his tenure.

The Board of Directors in their meeting held on 29th July 2009 based on the recommendation of the Remuneration Committee, increased his remuneration by way of Annual increment as per Policy of the Company effective 1st July 2009 as detailed below.

1. Basic Salary : Rs. 5,28,000/- p.a paid in 12 equal monthly payments.

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| 5. Export performance and net foreign exchange | : The Company had exported goods worth Rs. 2.25 crores during the period of 15 months ended on 30.06.2010                                     | 5. Remuneration proposed   | : As approved by Remuneration Committee and the Board of Directors as per details set out in the explanatory statement attached with the Notice of the meeting. |
| 6. Foreign investments or collaborators        | : Singer (India) B V, The Netherlands is the promoter Company and holds 80.43% of the paid up equity share capital of the Company as on date. | 6. Comparative remuneration Profile w.r.t. industry size of the Company, profile of the position and person. | : In line with the Industry   |

**II Information about the appointee :**

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|-----------------------|--|--|--|
| 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 26 years of experience in the field of Finance, Accounts, Taxation, and Legal & Secretarial. | 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.<br><br>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 promoters amounting to Rs.8.35 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   |

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.

2. Past remuneration : Singer India Limited = Rs.1,735,266 for the period 1.4.2009 to 30.06.2010

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 26 years of rich experience in overall financial management of companies.

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will continue as per the restructuring plan in the current financial year as well.

#### IV Disclosures

1. Remuneration : Remuneration package of package of the Mr. Rajeev Bajaj is as given managerial person 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

The Board of Directors on the recommendation of the Remuneration Committee in its meeting held on 30th July 2010 re-appointed Mr. K. K. Gupta as wholetime Director designated as Chairman of the Company for a further term of three years effective 11.10.2010 on remuneration as detailed below:

1. Basic Salary : Rs.3,463,200/- p.a paid in 12 equal monthly payments.
2. Special Allowance : Rs.100, 000/- per annum paid in 12 equal monthly payments
3. Allowance in lieu of Superannuation/ Gratuity Fund : Rs.663,780 per annum paid in 12 equal monthly payments
4. House Rent Allowance : Furnished residential accommodation or Housing Allowance of Rs. 1,576,200/- per annum paid in 12 equal

5. Utilities/Repair & maintenance : monthly payments. 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.)

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 reimbursement : For Self and wife up to a limit of Rs. 100,000 per annum. 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.

8. Insurance : Insurance premium upto Rs.15,700 to cover Hospitalisation benefit for self and wife and personal Accident policy for self.

9. Newspaper & Periodicals : Up to a maximum of Rs.3,000 per annum.

10. Club Membership : Entrance and membership fee for one club. (Present limit Rs. 6,000 p.a.)

11. Provident Fund : Rs.415,584 per annum (12% of 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.

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14. Conveyance Car for official purpose.  
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.

The above is subject to the approval of 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 : 13th March 1978
3. In case of new companies, expected date of commencement of activities : Not applicable
4. Financial performance : During the period of 15 months ended on 30.06.2010, the Company recorded a turnover of Rs.113.17 crores and made a profit of Rs. 7.4 crores before tax and exceptional items. The profit before tax (after recording exceptional items) was Rs.2.66 crores. The profit after tax and after recording exceptional items for the year under review was Rs.2.45 crores. Accumulated losses was reduced from Rs.14.66 crores as on 31st March 2009 to Rs. 12.21 crores as at 30th June 2010.
5. Export performance and net foreign exchange : The Company had exported goods worth Rs. 2.25 crores during the period of 15 months

ended on 30.06.2010  
6. Foreign investments : Singer (India) B V, The

**NOTICE**

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implementing the Scheme and as a part of the scheme infusion of funds by way of equity contribution from promoters amounting to Rs.8.35 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 Explanatory Statement attached 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

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

Place: New Delhi **Ashish Srivastava**  
Dated: 29th September, 2010 **COMPANY SECRETARY**

**NOTICE**

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**DIRECTORS' REPORT**

**TO THE MEMBERS**

Your Directors have pleasure in presenting the Thirty Second Annual Report and the audited accounts for the Fifteen months period ended 30th June 2010.

**FINANCIAL RESULTS**

	<b>(Rs. in Crores)</b>	
	For the 15 months period ended 30th June 2010	For the year ended 31st March 2009
Sales & Services	111.79	70.60
Other Income	1.38	2.23
	<b>113.17</b>	<b>72.83</b>
Profit/(Loss) before Interest, Depreciation & impairment and tax, contingencies and exceptional items	8.42	2.17
Interest & bank charges	0.33	0.48
Depreciation	0.69	0.66
Profit / (Loss) before tax and exceptional items	2.76	0.92
Exceptional items-Income/ (Expenditure)	0.10	19.84
Profit / (Loss) before tax	<b>2.66</b>	<b>20.76</b>
Tax (Including adjustments related to earlier years)	0.21	0.13
Profit / (Loss) after tax	2.45	20.63
Balance of loss from previous years	14.66	49.38
Balance carried forward	12.21	14.66

**EXTENSION OF THE CURRENT FINANCIAL YEAR**

The financial year of the Company was extended from 31st March 2010 to 30th June 2010 and accordingly accounts have been made for the period of fifteen months ended 30th June 2010.

**OPERATIONS**

Our focus during the period under review remained on strengthening and improving the Company's core business of sewing products. The emphasis was

given on strengthening and expanding the distribution network and improving the product mix. As a result the turnover increased from Rs. 70.6 Crores from the pervious year ended 31st March 2009 to Rs. 111.79 Crores during the 15 months period ended 30th June 2010. The prices of sewing products had also witnessed a sharp increase this year due to rise in cost of production and thus a part of the increased turnover came from price increases.

The operations remained profitable as selling and administrative expenses remained within the budgeted levels. Your Company recorded a profit of Rs. 7.4 crores before taking into account the extraordinary /exceptional items and a profit of Rs. 2.45 crores after recording all items including taxes during the period of 15 months ended 30th June 2010.

The Company's financial position has strengthened after completing capital restructuring and accounting of the reliefs and concessions granted by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) as the Company expects to be net worth positive in near future. The Company's growth strategies will be redrafted once the financial position further strengthens.

**DIVIDEND**

In view of the accumulated losses, no dividend is recommended for the period 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 28th 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.

The Company has largely implemented the scheme by completing the capital restructuring including the

additional new subscription by its Promoters, settling with the Secured Creditors and a part of the Unsecured Creditors. However, the Hon'ble AAIFR vide its order dated 21.05.2010 on an appeal filed by some of the Unsecured Creditors has set aside the portion of the Scheme relating to the Unsecured Creditors on the ground that they were not given an opportunity to be heard by the Hon'ble BIFR and directed BIFR to give them an opportunity to be heard. Accordingly, the BIFR has started proceedings to hear them. The order on an appeal filed by the Company before the AAIFR on certain impugned provisions of the Scheme is awaited. The appeal filed by National Small Industries Corporation, a shareholder of the Company, before the Hon'ble Delhi High Court against capital restructuring has been dismissed.

The operations at Jammu manufacturing Unit remained suspended. The Company has settled with some workers and has offered to remaining workers to take their settlements. Meanwhile the Company had commenced contract manufacturing of sewing machines during the period under review.

### **SUBSIDIARY COMPANIES & CONSOLIDATED FINANCIAL STATEMENTS**

Himec India Limited and Singer India Trading Limited, the wholly owned subsidiaries of the Company had filed for voluntary winding up under the provisions of the Companies Act, 1956. The liquidator appointed by both the shareholders of Himec India Limited and Singer India Trading Limited has completed all necessary formalities and filed his Report with the Official Liquidator and the matter is pending now with the Official Liquidator's office for filing the winding up petition in the High Court of Delhi. Therefore the accounts of these companies have not been prepared.

### **SHARE CAPITAL**

The Share Capital of the Company increased during the period under review by Rs 5.33 crores by issue of 53,27,900 equity shares of Rs. 10 each to Singer ( India) B.V. Netherlands, the Promoters, as a part of the Scheme sanctioned by the Hon/ble BIFR.

This included 8,27,900 equity shares of Rs. 10 each issued against converting 10% of their ECB loan to the Company.

### **DIRECTORS**

During the period under review, Mr. Hemaka Amarasuriya resigned as Director w.e.f 27th July 2009. The Board of Directors places on record its appreciation for the services rendered by him.

Mr. Rajeev Bajaj who was earlier appointed as an alternate director to Mr. Hemaka Amarasuriya had resigned as the Alternate Director effective 27th July 2009 and was appointed as a Director w.e.f 27th July 2009 to fill the vacancy caused by the resignation of Mr Amarasuriya. He was designated as the Finance Director & CFO w.e.f 27th July 2009. Further he was re-designated as Managing Director of the Company w.e.f. 1st day of October, 2010 by the Board of Directors of the Company in their Meeting held on 29th day of September, 2010. Notice has been received from a member pursuant to section 257 of the Companies Act, 1956 along with the requisite deposit proposing his candidature for the office of Director. His appointment as the Whole-time Director was approved by the members in the Annual General Meeting held on 13th August 2009 for a period of three years effective 1st October 2008. This was also approved by the Central Government vide its letter dated 17th August 2009 and 23rd December 2009.

During the period Mr. A.K. Rastogi was appointed as Special Director by the Hon'ble BIFR on 23.06.2009 and retired on 31.03.2010. Mr. K. K. Goel was appointed as a Special Director in place of Mr. A. K. Rastogi by the Hon'ble BIFR effective 23.04.2010. The Board of Directors places on record its appreciation for the services rendered by him

Mr. P.N. Sharma and Mr. Ajit Kumar, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

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.

ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. Notice under

**FIXED DEPOSITS**

As stated before, the Company has been making repayments to Fixed Depositors as per the original scheme approved by the Hon'ble Company Law Board (CLB) vide order dated 11th April 2007 wherein the repayments were rescheduled. The Company had filed an application for review of the sanctioned scheme for the repayment of deposits and also for reduction of interest rate with the Hon'ble Company Law Board which was not approved vide its Order dated 25th June 2009 by which it had directed the Company to repay all outstanding deposits and interest within a period of three months from the date of Order. In an appeal filed before the Hon'ble High Court of Delhi, the High Court had stayed the said Order of the CLB. The Company had, however, continued to make repayments as per the original sanctioned scheme and has repaid all depositors their principal amount except 30 Depositors amounting to Rs. 4.24 lacs who have not claimed refund by surrendering their Fixed Deposit Receipts. They are being regularly reminded to surrender their FDR receipts for repayment. The Company has also settled a substantial portion of interest liability pursuant to the one time settlement reached with some of the Depositors.

**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 June 30, 2010, 21.76% of the total shareholding of the Company was held in dematerialized form.

**AUDITORS**

M/s Ray & Ray, Chartered Accountants of the Company, hold office until the conclusion of the

**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 11th September, 2006. In view of huge financial losses, the factory has not been in operation since 6th 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. 2.25 crores
- b) Foreign Exchange Outgo
  - CIF value of imports of raw materials and components NIL
  - Finished goods Rs. 6.71 crores
  - Expenditure in foreign currency - Rs.0.31 crores

**ANNEXURE TO DIRECTORS' REPORT****APPENDIX  
FORM B****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****RESEARCH AND DEVELOPMENT (R & 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	Last position held before joining the company
1	2	3	4	5	6	7	8	9
1.	K K Gupta	71	Whole time director designated as Chairman	11378	B.Sc. (Mechanical Engineering) (MS Industrial Engineering)	11.10.2007	47	Chairman and Managing Director-Brand Trading (India) Private Limited

**(B) Employees drawing Remuneration of not less than Rs. 2 lacs per month and employed for a part of the year. – Not Applicable**

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, Club Membership, Medical Reimbursement, Gas & Electricity, Furniture, 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 AND ANALYSIS REPORT****MANAGEMENT DISCUSSION****Industry Structure and Development**

Domestic sewing machine market which had suffered de-growth in 2008 has now rebound showing consistent signs of recovery. Though reliable data is not available, it is estimated that the market growth, in the past, has been around 2-3 % per year. The sewing machine prices however have been increasing with rising cost of material and other associated costs.

**Outlook of Opportunities**

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

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

With increasing competition, margins will remain under pressure.

**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. 41 crores in the fifteen months period ended 30th June 2010 compared to the previous year ended 31st March 2009. The Company posted a profit of Rs. 2.45 crores after recording all exceptional items during the period of 15 months ended 30th June 2010 .

**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 Auditors' Report**

Para 4 (i) & 4 (ii): As per their order dated 28th April 2008, the Hon'ble BIFR had sanctioned the rehabilitation scheme for the Company. As per that scheme, the Unsecured Creditors had to accept 10% of their principal outstanding amount as of 31st March 2007. Accordingly the Company had written back 90% of the balances of the Unsecured Creditors and other liabilities. The said order was contested by some of the parties before the Hon'ble AAIFR. The AAIFR set aside the part of the scheme that related to the payments to the Unsecured Creditors on the premise that they should have been given an opportunity to be heard by the Hon'ble BIFR. The proceedings thereon have now been started by the Hon'ble BIFR. The reference back being of a technical nature, the Company has not reversed the write backs, etc. Barring the above, the Company has no other significant differences with other parties.

The Company had been advised that no material change was expected from the original sanctioned scheme after the review by the Hon'ble BIFR. Hence the adjustments carried out in the accounts pursuant to the original sanctioned scheme including the write backs for 90% payables to the Unsecured Creditors had been retained in the accounts

Para 4 (iii) As the Company had largely implemented the scheme sanctioned by the Hon'ble BIFR with the promoters having put in substantial contribution and made sacrifices as stipulated in the Scheme, and the fact that its operating performance has demonstrated complete turnaround, the accounts had been prepared on the going concern concept.

Para 4 (iv) The necessary approvals of the Shareholders are being taken in the forthcoming Annual General Meeting of the Company. The applications to the Central Government had already been made for their approval. The Company does not foresee any problem in getting the necessary approvals in due course.

## 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.

**1. Board of Directors**

**1.1** As on 30<sup>th</sup> June 2010, the strength of your Company's Board is seven. Two are the Whole-time Directors, viz. Mr. K. K. Gupta who is the Chairman and Mr. Rajeev Bajaj is Finance Director & CFO and the rest five Directors are the non-executive Directors. Four are Independent Directors including One Special Director nominated by the Hon'ble BIFR. All 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 judgment of the Board may affect the independence of the judgment of the director.

The details of constitution of the Board and the number of directorships and committee memberships held in other companies as on 30<sup>th</sup> June 2010, and their attendance at the Board Meetings held during the period 1<sup>st</sup> April 2009 to 30<sup>th</sup> June 2010 and at the last Annual General Meeting, are given below:

Sl. No.	Name of Director	Category	No of Meetings Held during the 15 months period ended 30.6.2010	No. of board meetings attended	Attendance at the AGM held on 13 August 2009	No. of outside directorships*
1.	Mr. K.K Gupta, Chairman	Executive	7	7	Yes	1
2.	Mr. P.N Sharma	Non-Executive Independent	7	6	Yes	2
3.	Mr. Gavin Walker	Non-Executive	7	1	No	0
4.	Mr. P.R Nandan (Alternate Director) to Mr. Gavin Walker ( <b>Note 1</b> )	Executive	7	2	No	0
5.	Mr. Deepak Sabharwal	Non-Executive Independent	7	6	Yes	0
6.	Philip Watson ( <b>Note 2</b> )	Non-Executive Independent	7	0	No	0
7.	Mr. Hemaka Amarasuriya ( <b>Note 3</b> )	Non-Executive	7	0	No	0
8.	Mr. Rajeev Bajaj ( <b>Note 4</b> )	Executive	7	7	Yes	0
9.	Mr. Ajit Kumar ( <b>Note 5</b> )	Non-Executive Independent	7	6	Yes	1
10.	Mr. A.K. Rastogi ( <b>Note 6</b> )	Special Director nominated by the Hon'ble BIFR	7	3	Yes	1
11.	Mr. K.K. Goel ( <b>Note 7</b> )	Special Director nominated by the Hon'ble BIFR	7	0	NO	0

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

**Note 1** Resigned as Alternate Director to Mr Gavin Walker on 22.06.2009 and again appointed as Alternate Director to Mr. Gavin Walker on 27.07.2009. Resigned on 29.03.2010

**Note 2** Resigned on 22<sup>nd</sup> June 2009

**Note 3** Resigned on 27.07.2009

**Note 4** Resigned as Alternate Director to Mr. Hemaka Amarasuriya on 27.07.2009 and appointed as Director under casual vacancy due to resignation of Mr. Hemaka Amarasuriya. He was further appointed as Finance Director & CFO (Whole-time Director) on 27.07.2009

**Note 5** Appointed on 22.06.2009

**Note 6** Appointed as Special Director by BIFR from 23.06.2009 and resigned on 31.03.2010.

**Note 7** Appointed as Special Director by BIFR from 23.04.2010

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

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1.2 The meetings of Board of Directors are held at periodical intervals. During the period under review, seven Board Meetings were held on 17<sup>th</sup> April 2009, 22<sup>nd</sup> June 2009, 27<sup>th</sup> July 2009, 26<sup>th</sup> October 2009, 27<sup>th</sup> January 2010, 29<sup>th</sup> March 2010 and 26<sup>th</sup> April 2010. The gap between two Board Meetings did not exceed four months.

1.3 As on 30.06.2010, 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 accounting year ending 30<sup>th</sup> June 2010 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.

2.2 All Directors have as on 30.06.2010, 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 the 15 months accounting period ended 30.06.2010 "*

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, Mr. Deepak Sabharwal and Mr. Ajit Kumar

3.2 Ms. Roopali Grover, Company Secretary who was acting as the Secretary to the Committee resigned as Company Secretary effective 29<sup>th</sup> June 2010. In the interim, Mr. Vinod Kumar, Deputy Manager – Secretarial & Legal is 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.

**REPORT ON CORPORATE GOVERNANCE (Contd.)****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	5
Mr. Deepak Sabharwal	5
Mr. Phillip Watson ( <b>Note 1</b> )	-
Mr. Ajit Kumar ( <b>Note 2</b> )	4

**Note 1** : Resigned w.e.f 22.06.2009**Note 2** : Appointed w.e.f 22.06.2009

During the 15 months period ended 30<sup>th</sup> June 2010, the Audit Committee meetings were held five times, i.e. 19<sup>th</sup> June 2009, 27<sup>th</sup> July 2009, 26<sup>th</sup> October 2009, 27<sup>th</sup> January 2010 and 26<sup>th</sup> April 2010. 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 at least 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 which is constituted as follows.

Name of Director	Number of meetings attended
Mr. Deepak Sabharwal, Chairman	2
Mr. P.N. Sharma	3
Mr. Phillip Watson ( <b>Note 1</b> )	-
Mr. Ajit Kumar ( <b>Note 2</b> )	2

**Note 1** : Resigned w.e.f 22.06.2009**Note 2** : Appointed w.e.f 22.06.2009

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

- 4.2** The Committee was constituted to review and recommend to the Board, the remuneration packages of the Chairman & 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 19<sup>th</sup> June 2009, 27<sup>th</sup> July 2009, and 29<sup>th</sup> March 2010 to consider and approve the increase in remuneration of Mr. K K Gupta, Whole Time Director designated as Chairman of the Company and Mr. Rajeev Bajaj, as Finance Director & CFO of the Company. 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, & perquisites.
- 5.2** The details of the remuneration paid to Whole Time Directors during the 15months period ended 30<sup>th</sup> June 2010 are given below:

Rs. ('000)

Name and Designation	Salary & Allowances (Rs)	Perquisites (Rs)	Contribution to provident fund (Rs)	Total (Rs)
Mr. K K Gupta Whole time Director designated as Chairman	10497	419	462	11378
Mr Rajeev Bajaj (Whole time Director designated as Finance Director & CFO)	1405	155	175	1735
Mr. P. R Nandan (Alternate Director to Mr. Gavin Walker)*	1396	51	10	1457
<b>TOTAL</b>	13298	625	647	14570*

\* Resigned w.e.f 29.03.2010

\*\* The remuneration aggregating to Rs. 1184 is subject to approval of Central Government and 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, the services can be terminated by 3 months notice or on payment of 3 months salary in lieu thereof.

- 5.3** The Non –Executive Directors are paid sitting fee amounting to Rs, 20000/- for attending meeting of Board of Directors and Rs. 5000/- for all Committee meeting. The detail of payment of Sitting Fee during the 15 months period ended 30<sup>th</sup> June 2010 are given below:

S.No.	Name	Sitting Fee (Rs.)
1	Mr. Deepak Sabharwal	95,000
2	Mr. P.N. Sharma	115,000
3	Mr. Ajit Kumar	97,500
4	Mr. A.K. Rastogi	62,500

No Sitting fee was paid to foreign directors and alternate Director



**REPORT ON CORPORATE GOVERNANCE (Contd.)****5.4 Equity shares held by the directors**

None of the directors, held any shares in the Company as on 30<sup>th</sup> June 2010.

**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:**

- i. Mr. Deepak Sabharwal - Chairman
- ii. Mr. K K Gupta - Member
- iii. Mr. P.N Sharma - Member

**6.2** The Shareholders/Investors Grievance and Share Transfer Committee are normally held every month. During the 15 months period ended 30<sup>th</sup> June 2010 the Company received 15 complaints from the shareholders and all were resolved to the satisfaction of the shareholders.

**6.3** Ms. Roopali Grover, Company Secretary who was acting as the Secretary to the Committee resigned as Company Secretary effective 29<sup>th</sup> June 2010. In the interim, Mr. Vinod Kumar, Deputy Manager – Secretarial & Legal is the Secretary to the Committee.

**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 [asrivastava@singerindia.net](mailto:asrivastava@singerindia.net)

**6.5** During the period 1 April 2009 to 30<sup>th</sup> June 2010, the Company received 1090 shares for share transfer from 94 parties, which were approved. There were no transfers pending as on 30<sup>th</sup> June 2010.

**6.6 Certificate from CEO & CFO**

Certificate from Mr. K.K. Gupta, Chairman & CEO and Mr. Rajeev Bajaj, Finance Director & CFO in terms of clause 49(V) of the Listing Agreement with the stock exchange for the 15 months period ended 30<sup>th</sup> June 2010 was placed before the Board of Directors of the Company in its meeting held on 29<sup>th</sup> September 2010.

**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
2009	13 <sup>th</sup> August 2009	9.30 a.m	The Executive Club, 439, Village Shahoorpur, P O Fatehpur Beri, New Delhi 110074	6
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	-

**7.2 Postal ballot**

During the 15 months period ended 30<sup>th</sup> June 2010, no resolution was passed through postal ballot.

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

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**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.

**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 15 months period ending 30<sup>th</sup> June 2010 as per details given below consequent to compliance with the scheme of Rehabilitation sanctioned by the Hon'ble BIFR.

S.No.	Date of allotment	No. of shares allotted	Total amount (in Rs.)
1	14.05.2009	3006927	30069270
2	22.06.2009	827900	8279000
3	07.02.2010	1493073	14930730

**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 15 months period ended 30.06.2010, with the related parties which were not in the ordinary course of business.

**8.5** All material transactions during the 15 months period ended 30.06.2010, either with the related parties or others was on arm's length basis and on commercial consideration.

**8.6** There were no materially significant transactions during the 15 months period ended 30.06.2010 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 21.

**8.8** In preparing the Annual Accounts in respect of the 15 months period ended 30.06.2010 no accounting treatment was different from that prescribed.

**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.

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

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**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.

**12. Disclosure regarding Directors seeking appointment / reappointment as required under clause 49 (VI) (A) of the Listing Agreement entered into with Stock Exchanges.****i. Mr. Ajit Kumar**

Mr. Ajit Kumar (68) 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 39 years of high level administrative experience.

**ii. Mr. P. N. Sharma**

Mr. P. N. Sharma (61) is a qualified FCS, FCA and CA from top Management Programme, at Henly Business School, U.K. He is currently Director & CFO at Sir Ganga Ram Hospital, New Delhi. He is also on the Board of various Companies.

**iii. Mr. Rajeev Bajaj**

Mr. Rajeev Bajaj (50) 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 26 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 after resignation of Mr. Hemaka Amarasuriya on 27.07.2009, further appointed as Director under casual vacancy, and designated as Finance Director & CFO (Whole-time Director) on 27.07.2009

**13. Management Discussion and Analysis.**

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

**14. General shareholder information****14.1 Annual General Meeting**

Date : 10<sup>th</sup> day of November, 2010

Time : 9.30 AM

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

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

**14.2. Financial calendar**

The financial year of the Company for the current year is of the fifteen months period from 1 April 2009 to 30 June 2010. For the period from 1 April 2009 to 30 June 2010, results were announced on:

First Quarter	:	7 <sup>th</sup> July 2009
Half yearly	:	26 <sup>th</sup> October 2009
Third Quarter	:	7 <sup>th</sup> January 2010
Fourth Quarter	:	6 <sup>th</sup> April 2010
Fifth Quarter	:	30 <sup>th</sup> July 2010
Annual Results	:	29 <sup>th</sup> September 2010 (1 April 2009 to 30 June 2010 for 15 months period)

For the year ended 30<sup>th</sup> June 2011, results will be announced on

First Quarter	:	2 <sup>nd</sup> week of November 2010
Half yearly	:	4 <sup>th</sup> week of January 2011
Third Quarter	:	4 <sup>th</sup> week of April 2011
Fourth Quarter & Audited	:	
Annual Results (2010-11)	:	2 <sup>nd</sup> week of August 2011

**14.3 Book closure date**

The register of members and share transfer register of the Company will remain closed from 03.11.2010 to 10.11.2010 (both days inclusive).

**14.4 Listing on Stock Exchanges and stock codes**

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

The Company confirms that it has paid annual listing fee to Bombay Stock Exchange Limited, Mumbai for the year 2010-2011.

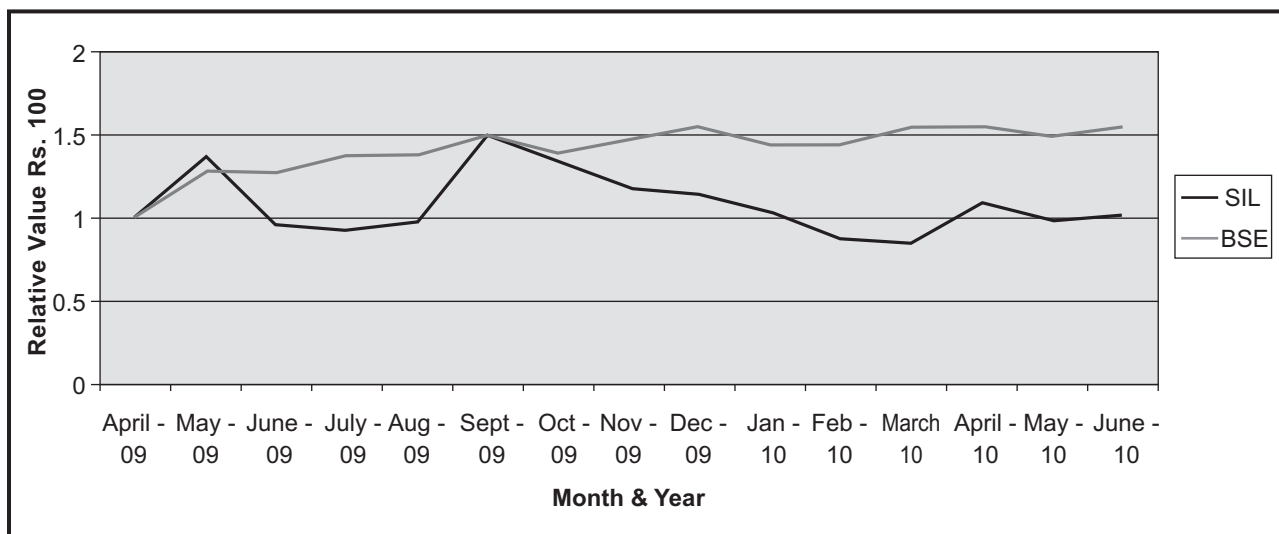
**14.5 Market price data**

Monthly high/low quotations of shares traded of each month at Bombay Stock Exchange Limited, Mumbai during the period from April 2009 to June 2010 are as follows:

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2009	41.50	29.40	December 2009	40.00	30.90
May 2009	47.45	27.15	January 2010	42.85	30.10
June 2009	44.20	28.10	February 2010	33.90	26.70
July 2009	34.75	26.50	March 2010	29.45	25.00
August 2009	34.90	28.00	April 2010	41.60	25.40
September 2009	51.85	29.60	May 2010	35.00	28.00
October 2009	50.95	38.00	June 2010	37.20	26.20
November 2009	46.40	32.00			

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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



## 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](mailto: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 practicing 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.

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

**14.9 Distribution of shareholding as on 30<sup>th</sup> June 2010**

S.No.	Shares		Shareholders		No. of shares	
	Nominal value		Number	% of Total	Number	% of Total
	Rs.	Rs.				
1	1	500	10541	96.49	423395	3.94
2	501	1000	202	1.85	165343	1.54
3	1001	2000	84	.77	130998	1.22
4	2001	3000	43	.39	107008	1.00
5	3001	4000	11	.10	40399	.38
6	4001	5000	7	.06	32074	.30
7	5001	10000	16	.15	109126	1.01
8	10001	50000	13	.12	226053	2.10
9	50001	100000	3	.03	215900	2.01
10	100001	And above	4	.04	9292839	86.50
<b>TOTAL</b>			<b>10924</b>	<b>100.00</b>	<b>10743135</b>	<b>100.00</b>

**Broad shareholding pattern As on 30th June 2010**

Category	No. of shares held	% age of shareholding
Singer (India) B. V., The Netherlands (Promoters)	9171439	85.37
Banks, Financial Institutions & Insurance Companies	123317	1.15
NRIs/ OCBs	7387	0.07
Indian Public	1440992	13.41
<b>TOTAL</b>	<b>10743135</b>	<b>100.00</b>

**14.10 Dematerialization of shares and liquidity**

21.76% of the equity shares have been dematerialized up to 30 June, 2010. The shares of the Company can be dematerialized 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 Bombay Stock Exchange Limited, Mumbai.

**15. Events occurred after 30<sup>th</sup> June 2010.**

1. Mr. Ashish Srivastava has been appointed as the new Company Secretary and Compliance Officer of the Company with effect from 01.09.2010. He is the Secretary to Audit, Remuneration and Shareholders/Investors Grievance and Share Transfer Committees.

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

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2. Mr. Rajeev Bajaj, Finance Director & C.F.O. of the Company has been re-designated as the Managing Director of the Company w.e.f. 1<sup>st</sup> day of October, 2010 by the Board of Directors of the Company in their meeting held on 29<sup>th</sup> day of September, 2010.

**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 have 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 present 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 authorized recorded and reported correctly.

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 & 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 & likely impact on equity.**

Nil

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

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**19 Location of Plants**

- i. Lane No. 4,  
SIDCO Industrial Estate, Jammu
- ii. Lane No. 2,  
SIDCO Industrial Estate, Jammu

**20. Address for Correspondence:**

Singer India Limited  
A 26/4, 2<sup>nd</sup> Floor,  
Mohar Cooperative Industrial Estate,  
New Delhi-110044,  
mail to : asrivastava@singerindia.net

On behalf of the Board of Directors

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

**Rajeev Bajaj**  
Director Finance & CFO

**Ashish Srivastava**  
Company Secretary

New Delhi, 29th September, 2010

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

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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 period ended 30th June 2010, 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 : 29th September 2010

**A.K. Sharma**  
Partner  
(Membership No. 80085)  
Firm Registration No. 301072E



**AUDITOR'S 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 30th June, 2010, the Profit and Loss Account and the Cash Flow Statement for the period ended 30th June, 2010 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 21:
  - (i) Note 3.2 as regards balances of creditors are under the process of review / confirmation / reconciliation.
  - (ii) Notes 10.2 as regards non reversal of adjustment entry passed in earlier years with respect to write back of 90% of liability of unsecured creditors aggregating to Rs. 228,762 thousand in view of setting aside of para 11.8 (a) to (c) of the Hon'ble BIFR Order by the Hon'ble AAIFR vide its order dated 28th May, 2010.
  - (iii) Note 11 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.
  - (iv) Note 16 as regards managerial remuneration of Rs. 1,184 thousand which is subject to Central Government & Shareholders' approval.

The consequential effect of the adjustments, if carried out of the amounts to the extent ascertainable would have resulted in the profit after tax turning into a loss of Rs. 204231 Thousand for the period ended 30th June, 2010 and increase in liabilities and accumulated losses by Rs. 228,762 thousand. As regards our comments in other points in para 4 above, the effect is not quantifiable at this stage.

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 Notes 10.2 and 12 in Schedule 21.
  - (v) on the basis of written representations received from the directors as on 30th June, 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 30th June, 2010 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 and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 21 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 30th June, 2010;
    - (b) in the case of the Profit and Loss Account, of the Profit (before reversal of write back of liabilities in earlier years) for the period ended on that date; and
    - (c) in the case of the Cash Flow Statement of the Cash Flows for the period ended on that date.

**For Ray & Ray**  
Chartered Accountants

(A.K. Sharma)  
Partner

Place : New Delhi                      Membership No. 80085  
Date : 29th Sept. 2010              Firm Registration No. 301072 E

## AUDITOR'S REPORT

**Annexure to the auditors' report of even date to the members of Singer India Limited on the financial statements for the period ended 30th June, 2010**

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) Some of the fixed assets (except at Jammu Location) were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of major fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification. The periodicity of physical verification of Jammu assets needs to be increased.
- c) Fixed assets disposed off during the period 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 period by the Management at reasonable intervals.
  - 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) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
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 except for accounts of creditors are under process of review/reconciliation. Subject to the above, 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.

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 composite 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 audit carried out by a firm of Chartered Accountants 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

### AUDITOR'S REPORT

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 period 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

Name of the statute	Nature of the dues	Amount in Rs. ('000)	Period	FORUM BEFORE WHICH DISPUTE PENDING
Sales Tax Act	Sales Tax	182	2005-06	First Appellate Authority, Delhi
Sales Tax Act	Sales Tax	319	2003-04	First Appellate Authority, U.P
Sales Tax Act	Sales Tax	995	1992-93 & 2002-03	First Appellate Authority, West Bengal
Sales Tax Act	Sales Tax	3962	1992-93, 1996-97 & 2004-05	First Appellate Authority, Maharashtra
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	142	2002-03	First Appellate Authority, Madhya Pradesh
Income Tax Act, 1961	Income Tax	9500	2003-04	ITAT, Mumbai
Excise Duty	Excise Duty	8576	2005-06	Appellate Authority, Delhi

- The Company did not have any outstanding dues to any financial institutions & banks. The Company has not issued any debentures.
- 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.
- 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.
- 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.
- 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.
- The Company did not have any term loans outstanding during the period. Accordingly, the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
- 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.

- 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 5,327,900 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.
- The Company did not have any outstanding debentures during the period. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- The Company has not raised any money by public issues during the period. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- According to the information and explanations furnished by the management which have been relied upon by us, there were no frauds on or by the Company which has been noticed or reported during the course of our audit.

**For Ray & Ray**  
Chartered Accountants

(A.K. Sharma)  
Partner

Place : New Delhi  
Date : 29th Sept. 2010

Membership No. 80085  
Firm Registration No. 301072 E

Balance Sheet as at 30<sup>th</sup> June, 2010

		As at		Rupees ('000)	
	Schedule	30 <sup>th</sup> June 2010	31 <sup>st</sup> March 2009	As at	As at
		(Rupees)	(Rupees)	(Rupees)	(Rupees)
<b>SOURCES OF FUNDS</b>					
Shareholders' Funds					
Capital	1	107,431		54,152	
Reserves and surplus	2	12,250		12,250	
			119,681		66,402
Loan Funds					
Unsecured loans	3		41,266		117,117
			160,947		183,519
<b>APPLICATIONS OF FUNDS</b>					
Fixed Assets					
Gross block	4	142,846		145,598	
Less: Depreciation		116,410		104,820	
Net block			26,436		40,778
Investments	5		-		-
Current Assets, Loans and Advances					
Interest accrued		968		303	
Inventories	6	91,404		55,707	
Sundry debtors	7	15,821		40,099	
Cash and bank balances	8	66,300		32,098	
Loans and advances	9	18,383		13,726	
		192,876		141,933	
Less: Current Liabilities and Provisions					
Liabilities	10	131,887		137,466	
Provisions	11	48,553		8,332	
		180,440		145,798	
Net Current Assets			12,436		(3,865)
Profit and Loss Account (as per annexed Account)			122,075		146,606
			160,947		183,519
Significant Accounting Policies	20				
Notes to the Accounts	21		-		-

Schedules 1 to 11, 20 & 21 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  
Director Finance  
& CFO

Ashish Srivastava  
Company Secretary

Place : New Delhi  
Date : 29<sup>th</sup> September, 2010

**SINGER INDIA LIMITED**

ANNUAL REPORT 2010

**Profit & Loss Account for the year ended  
30<sup>th</sup> June, 2010**

	Schedule	Rupees ('000)	
		For the period 1st April, 2009 to 30th June, 2010 [15 months] (Rupees)	For the year 1st April, 2008 to 31st March, 2009 [12 months] (Rupees)
<b>INCOME</b>			
Sales and Services	12	1,117,923	706,057
Less : Excise duty		-	-
Net sales and services		1,117,923	706,057
Other income	13	13,804	22,271
		<u>1,131,727</u>	<u>728,328</u>
<b>EXPENDITURE</b>			
Cost of materials	14	870,082	569,933
Personnel expenses	15	44,337	42,306
Manufacturing, Selling and Administration expenses	16	133,094	94,387
Financial cost	17	3,322	4,790
Depreciation	4	6,939	6,598
		<u>1,057,774</u>	<u>718,014</u>
Profit Before Impairment, Contingencies, Exceptional Items and Taxation		73,953	10,314
Impairment Loss on fixed assets (Note 9)	4	7,815	-
Provision for contingencies (Note 2.2)	18	38,496	1,076
Exceptional Items Expense / (Income)	19	1,009	(198,352)
Profit / (Loss) Before Tax		<u>26,633</u>	<u>207,590</u>
Taxation			
- Fringe Benefit Tax [ including adjustment for earlier years Rs. 37 (2009 - Rs. Nil) ]		37	(1,335)
- Income Tax Adjustment Earlier Years		(2,139)	-
Profit / (Loss) After Tax		<u>24,531</u>	<u>206,255</u>
Balance brought forward from previous year		(146,606)	(493,732)
Adjustment on account of Capital Reduction		-	140,871
Profit / (Loss) carried to Balance Sheet		<u>(122,075)</u>	<u>(146,606)</u>
Basic Earnings per Share (in Rs.) Face Value 10/- (Note 21)			
Before Impairment Loss, Contingencies and Exceptional Items		7.90	4.80
After Impairment Loss, Contingencies and Exceptional Items		2.70	110.23
Diluted Earnings per Share (in Rs.) Face Value 10/- (Note 21)			
Before Impairment Loss, Contingencies and Exceptional Items		7.90	3.73
After Impairment Loss, Contingencies and Exceptional Items		2.70	85.76

Significant Accounting Policies 20  
Notes to the Accounts 21

Schedules 12 to 21 referred to above form  
an integral part of the Profit & Loss Account

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

A.K.Sharma  
Partner  
Membership No. 80085

Ashish Srivastava  
Company Secretary

On behalf of the Board of Directors

K.K. Gupta  
Chairman  
& CEO

Rajeev Bajaj  
Director Finance  
& CFO

Place : New Delhi  
Date : 29<sup>th</sup> September, 2010

**Cash Flow Statement**

	<b>Rupees ('000)</b>	
	For the period 1st April, 2009 to 30th June, 2010	For the year 1st April, 2008 to 31st March, 2009
<b>A. Cash flow from operating activities :</b>		
Profit / (Loss) before tax	26,633	207,590
<u>Adjustment for:</u>		
Provision for Gratuity	-	883
Provision for Leave Encashment	2,795	844
Provision for Superannuation	-	116
Provision / write off: Debts & Advances	532	511
Impairment Loss	7,815	-
Depreciation	6,939	6,598
Interest Income	(3,085)	(552)
Provisions no longer required written back	(287)	-
Discard / Loss on sale of assets (net)	265	338
Unrealised Foreign Exchange (Gain) / Loss	(383)	(124)
Interest Expenses	1,115	3,489
Operating profit / (loss) before working capital changes	42,339	219,693
<u>Adjustment for</u>		
Trade and other receivables	17,739	(42,106)
Inventories	(35,697)	(36,108)
Trade payables	(2,380)	27,856
Cash Generated from Operations	22,001	169,335
Payment of Direct Taxes	(2,237)	(1,649)
Net Cash from Operating Activities before Contingencies & Exceptional Items	19,764	167,686
Contingencies & Exceptional Items	39,505	(197,276)
Net Cash from Operating Activities After Contingencies & Exceptional Items	59,269	(29,590)
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(2,129)	(24,690)
Sale of fixed assets	1,452	1,759
Investment realised	-	957
Interest received	2,420	574
Net cash generated from investing activities	1,743	(21,400)
<b>C. Cash flow from financing activities :</b>		
Proceeds from fresh issue of Capital	45,000	38,500
Unsecured Loan from Associate	(56,848)	35,889
Fixed deposits	(10,236)	(10,477)
Interest paid	(4,726)	(2,253)
Net cash used in financing activities	(26,810)	61,659
Net increase/(decrease) in cash / cash equivalent (A+B+C)	34,202	10,669
Cash and cash equivalents at the beginning of the year	32,098	21,429
Cash and cash equivalents at the end of the year (15 months) *	66,300	32,098
* includes restricted balance in Margin Deposit of Rs. 1636 (2009- Rs. 4791)		

## Notes:

- The Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statement.
- Cash and Cash Equivalents represents Cash & Bank balances.
- Previous year's figures have been regrouped / reclassified and / or rearranged wherever necessary to conform to current period'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

On behalf of the Board of Directors

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

Ashish Srivastava  
Company Secretary

Place : New Delhi  
Date : 29<sup>th</sup> September, 2010

## Schedules to Accounts

	As at 30 <sup>th</sup> June 2010 (Rupees)	Rupees ('000) As at 31 <sup>st</sup> March 2009 (Rupees)
<b>1. CAPITAL</b>		
AUTHORISED		
15,000,000 (2009 - 20,000,000) Equity Shares of Rs.10 each	150,000	200,000
500,000 (2009 - Nil) Redeemable Preference Shares of Rs.100 each	50,000	
	<b>200,000</b>	200,000
ISSUED, SUBSCRIBED, CALLED & PAID UP		
1,07,43,135* (2009 - 54,15,235) Equity Shares of Rs.10 each fully paid up	107,431	54,152
	<b>107,431</b>	54,152

## Notes

- a \* 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.
- 9,177,900 Equity shares of Rs. 10/- each were allotted through preferential basis as fully paid up (2009 - 38,50,000) to Singer (India) B.V. Netherlands - the Holding Company consequent to compliance with the scheme of rehabilitation sanctioned by the Hon'ble BIFR. Out of which 8,27,900 Equity Shares of Rs. 10/- each were allotted by converting 10% amount borrowed from them in form of external commercial borrowing.
- b) 9,171,439 (2009 - 4,627,034) Equity shares are held by Singer (India) B.V., Netherlands - the Holding Company

## 2. RESERVES AND SURPLUS

Securities Premium Account	12,250	12,250
As per last Account	12,250	12,250

## 3. UNSECURED LOANS

Fixed Deposits	481	10,822
External Commercial Borrowings (Interest free) from Singer Asia Holdings B.V.(Netherlands)	-	8,662
Other Loans & Advances - Brand Trading India Pvt. Ltd. (Note 14)	40,785	97,633
	<b>41,266</b>	117,117

## Notes :

- (a) Fixed Deposit includes Rs.481 (2009 - Rs. 8,695) repayable within one year.
- (b) The order of the Company Law Board (CLB) dated 25th June, 2009 directing the Company to repay Fixed Deposits is being contested and has been stayed by the Hon'ble Delhi High Court. Meanwhile the Company has been repaying Fixed Deposits according to the original scheme sanctioned by the CLB on 15th March, 2008 / 11th April, 2007.

## Schedules to Accounts (Contd.)

Rupees ('000)

## 4. FIXED ASSETS

Particulars	Gross Block			Depreciation				Net Block		
	Cost as at 31-03-2009* (Rupees)	Additions (Rupees)	Deletions/ Adjustments (Rupees)	As at 30-06-2010 (Rupees)	As at 31st March 2009 (Rupees)	During the period (Rupees)	Impairment Loss** (Rupees)	On Deletions/ Adjustments (Rupees)	As at 30th June 2010 (Rupees)	As at 31st March 2009 (Rupees)
Tangible										
Leasehold land	959	-	-	959	98	14		-	847	861
Building	29,197	-	-	29,197	14,481	1,220		-	13,496	14,716
Plant & Machinery	102,636	616	5	103,247	82,961	3,376	7,815	5	94,147	19,675
Vehicles	3,063	-	2,163	900	639	614		783	430	2,424
Office Equipments	2,068	715	48	2,735	937	427		18	1,389	1,131
Computers	3,386	595	267	3,714	2,279	757		195	873	1,107
Furniture & fixtures	4,047	203	2,398	1,852	3,341	431		2,163	243	706
Intangible										
Computer Software	242	-	-	242	84	100		-	58	158
Total	145,598	2,129	4,881	142,846	104,820	6,939	7,815	3,164	116,410	40,778
Previous Year	154,594	5,253	14,249	145,598	111,924	6,598	-	13,702	104,820	40,778

**Note:**

\* In the opening balances assets of which gross block and accumulated depreciation amounts to Rs.68 and Rs.8 has been reclassified from Office Equipments to Plant & Machinery and Rs.177 and Rs.177 has been classified from Office Equipments to Computers.

\*\* Note 9



## Schedules to Accounts (contd.)

	As at 30 <sup>th</sup> June 2010 (Rupees)	Rupees ('000) As at 31 <sup>st</sup> March 2009 (Rupees)
<b>5. INVESTMENTS</b>		
Long Term Investments (Non Trade - Unquoted)		
A. Investment in Subsidiary Companies		
610,008 (2009 - 610,008 shares) Equity Shares of Rs. 10 each fully paid up in Singer India Trading Limited	6,100	6,100
100,008 (2009 - 100,008 shares) Equity Shares of Rs. 10 each fully paid up in Himec India Limited	1,000	1,000
	<u>7,100</u>	<u>7,100</u>
Less: Provisions	7,100	7,100
	<u>-</u>	<u>-</u>
Aggregated Value of unquoted Investment (gross)	<u>7,100</u>	<u>7,100</u>
<b>6. INVENTORIES</b>		
Stock -in -Trade*		
Raw Material	1,573	-
Finished goods - traded [ includes Rs.1,240 (2009 - Rs.440) in transit Warehouse to Warehouse]	85,555	45,606
Goods in transit (at cost)	4,276	10,101
	<u>91,404</u>	<u>55,707</u>
<i>*as taken, valued and certified by the Management</i>		
<b>7. SUNDRY DEBTORS (UNSECURED)</b>		
Considered Good		
Over Six months	394	-
Others	15,427	40,099
Sub Total - (A)	15,821	0,099
Considered Doubtful		
Over Six months	219	311
Others	2	-
Sub Total - (B)	<u>221</u>	<u>311</u>
Total (A+B)	16,042	40,410
Less: Provisions	221	311
	<u>15,821</u>	<u>40,099</u>
<b>8. CASH &amp; BANK BALANCES</b>		
Cash in hand [ including cheques in transit Rs.Nil (2009 - Rs.30) ]	633	562
With Scheduled Banks in:		
- Current Accounts	16,941	16,705
- Fixed Deposit	47,090	10,040
Margin Deposits (Note 5)	1,636	4,791
	<u>66,300</u>	<u>32,098</u>

## Schedules to Accounts (contd.)

	As at 30 <sup>th</sup> June 2010 (Rupees)	Rupees ('000) As at 31 <sup>st</sup> March 2009 (Rupees)
<b>9. LOANS &amp; ADVANCES</b>		
Advances recoverable in cash or in kind or for value to be received:		
- Considered good *	9,644	3,232
Deposits - Considered good	6,724	5,592
- Considered Doubtful	910	2,555
Claims recoverable from Custom Authorities	415	495
Deposit with Sales Tax Authorities under protest	398	3,140
Income tax payments, less provisions	1,202	1,267
(Represents excess payment of advance tax over provision for taxation in certain Assessment Years)		
	<u>19,293</u>	<u>16,281</u>
Less: Provisions	910	2,555
	<u>18,383</u>	<u>13,726</u>
Notes:		
Includes Rs.Nil ( 2009 - Rs.416) due from Singer (India) B.V., Netherlands-the Holding Company. Maximum balance outstanding Rs. 425 (2009 - Rs.425)		
<b>10. LIABILITIES</b>		
Sundry creditors		
-Total outstanding dues of Micro & Small enterprises (Note 7)	7,944	-
-Total outstanding dues of Creditors other than Micro & Small enterprises	101,836	108,859
Due to Director	-	1,419
Amount refundable to Singer (India) B.V. Netherlands - the Holding Company	-	1,662
Advance from Customers / Dealers	6,873	1,453
Security deposits	5,659	5,104
Due to Subsidiary Company - Singer India Trading Limited	826	831
Other liabilities	3,663	5,770
Interest accrued but not due on unsecured loans (Fixed Deposits)	5,086	12,368
	<u>131,887</u>	<u>137,466</u>
<b>11. PROVISIONS</b>		
Gratuity	-	883
Leave encashment	4,442	1,647
Fringe Benefit Tax (net of advance)	-	200
Provision against Contingencies (Schedule 18)	43,982	5,486
Superannuation	129	116
	<u>48,553</u>	<u>8,332</u>

## Schedules to Accounts (contd.)

	For the period 1 <sup>st</sup> April, 2009 to 30 <sup>th</sup> June 2010 (Rupees)	Rupees ('000) For the year 1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March 2009 (Rupees)
<b>12. SALES AND SERVICES</b>		
Domestic sales *	1,095,207	701,469
Exports sales	22,459	4,266
Service income [ net of expenses Rs. 4,331 (2009 - Rs. 5,895) ]	257	322
	<u>1,117,923</u>	<u>706,057</u>
* Includes Rs. Nil ( 2009 - Rs 52,126 ) relating to estimated amount of goods sold to associate dealer and subsequent re-purchased for sale at the Company's retail outlets.		
<b>13. OTHER INCOME</b>		
Interest - Gross		
- fixed deposits [ Income tax deducted at source Rs.244 (2009 - Rs. 62) ]	3,083	534
- investment (non trade Bonds)	-	11
- others	2	7
Scrap sales	1,517	809
Export Incentives	285	170
Foreign exchange fluctuation (net)	946	-
Miscellaneous income	676	531
Compensation on premature termination of Dealers Agreement with Associate Company	-	20,000
Provision no longer required written back	287	-
Insurance claim received	508	-
Discount and incentives	-	209
Transfer of Tenancy Rights	6,500	-
	<u>13,804</u>	<u>22,271</u>
<b>14. COST OF MATERIALS</b>		
Raw materials consumed		
Opening stock	-	-
Add: Purchases	3,988	-
	<u>3,988</u>	-
Less: Closing stock	1,573	-
	<u>2,415</u>	-
Conversion Charges on Contract Manufacturing	1,352	-
Purchases Traded*	900,439	606,041
(Increase)/decrease in finished goods and work-in-process		
Opening stock		
Finished goods	45,606	19,599
Goods in transit	10,101	-
	<u>55,707</u>	<u>19,599</u>
Less: Closing stock		
Finished goods	85,555	45,606
Goods in transit [ includes Rs. Nil (2009 - Rs.8,275 from associate) ]	4,276	10,101
	<u>89,831</u>	<u>55,707</u>
Increase / (decrease)	<u>(34,124)</u>	<u>(36,108)</u>
	<u>870,082</u>	<u>569,933</u>

## \* Notes

- i) The Company has manufactured / traded certain components (Arm & Bed) of Sewing Machine on contract basis and revenue generated from such aggregating to Rs. 4,657 (2009 - Rs.Nil) has been adjusted under Purchases Traded.
- ii) Includes Rs.Nil ( 2009 - Rs 53,285) relating to goods originally sold to associate dealer.
- iii) Includes Rs. 7,762 (2009 - Rs. 6,031) on free replacement against warranty.

## Schedules to Accounts (contd.)

	For the period 1 <sup>st</sup> April, 2009 to 30 <sup>th</sup> June 2010 (Rupees)	Rupees ('000) For the year 1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March 2009 (Rupees)
<b>15. PERSONNEL EXPENSES</b>		
Salaries, wages, bonus etc.	38,005	34,175
Training & Stipend	348	172
Contribution to provident and other funds	3,564	3,315
Staff welfare	2,420	4,644
	<u>44,337</u>	<u>42,306</u>
<b>16. MANUFACTURING, SELLING AND ADMINISTRATION EXPENSES</b>		
Power and fuel	1,649	2,389
Repairs - Others	4,157	3,018
Freight outward	19,805	9,718
Rates and taxes	1,293	408
Rent [ net of recovery of Rs.4,389 (2009 - Rs. 1,619) ] (Note 6)	10,875	13,255
Insurance	1,764	1,141
Cash discount	17,202	5,831
Commission - others	255	351
- employees	5,297	3,903
Printing and stationery	603	600
Communication & Postage expenses	3,893	3,396
Vehicle expenses [ include rental Rs.Nil, (2009 - Rs.54) ]	3,462	2,504
Meeting and training	2,317	1,729
Sales outlet variable expenses	4,605	3,401
Advertising and sales promotion	17,996	11,478
Travelling and conveyance	11,148	11,046
Legal & Professional charges	18,406	14,829
Software/ ERP Subscription etc. (abandoned)	1,388	-
Margin Deposit with Banks written off (Note 5)	3,948	-
Directors' sitting fees	370	85
Subscription, Membership and Club Payments	83	105
Sales Tax Expenses	904	1,171
Claims settled	300	-
Foreign exchange fluctuation (net)	-	2,903
Discard / Loss on sale of assets [ net of gain Rs.115, (2009 - Rs.92) ]	265	338
Provision / write off debts & advances	532	511
Other expenses	577	277
	<u>133,094</u>	<u>94,387</u>
<b>17. FINANCIAL COST</b>		
Interest on - Fixed deposits	864	1,786
- Others [ includes Rs.Nil, (2009 - Rs.1,619) to Associate Company ]	251	1,703
Bank charges [ net of recovery Rs.186, (2009 - Rs.36) ]	2,207	1,301
	<u>3,322</u>	<u>4,790</u>
<b>18. PROVISION FOR CONTINGENCIES</b>		
Balance at the beginning of the period	5,486	4,410
Add: Created during the period	39,566	1,076
Less: Reversed / utilised during the period	(1,070)	-
Net provision to Profit & Loss Account	<u>38,496</u>	<u>1,076</u>
Balance as at June 30, 2010 (Note 2.2)	<u>43,982</u>	<u>5,486</u>

## Schedules to Accounts (contd.)

	For the period 1 <sup>st</sup> April, 2009 to 30 <sup>th</sup> June 2010 (Rupees)	Rupees ('000) For the year 1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March 2009 (Rupees)
<b>19. EXCEPTIONAL ITEMS</b>		
Income :		
Fixed Deposit settled	105	143
Waiver of interest on Fixed Deposits	457	210
Provision for Doubtful Debts & Advances written back	1,526	-
Unsecured creditors balances written back	-	228,762
(A)	<u>2,088</u>	<u>229,115</u>
Expenditure :		
Sales Tax Adjustments earlier years	3,097	1,757
Provision/write off : Debts & Advances	-	3,019
Assets Purchased & Sold	-	17,887
Excise Duty Deposit written off	-	2,000
Provision for diminution in Investment	-	6,100
(B)	<u>3,097</u>	<u>30,763</u>
( B - A )	<u>1,009</u>	<u>(198,352)</u>

**20. 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.
- 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 30 June 2010 and discharge all its liabilities as at 30 June 2010 in the normal course of business.

**2. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reporting amounts of income and expenses during the year. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**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.

## Schedules to Accounts (Contd.)

Rupees ('000)

**5. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**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 or net realisable value, as certified by the management, 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. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost necessary to make the sale. Raw Materials are valued at cost (FIFO basis). Goods in transit is valued at cost.

**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. Cost of material includes free replacement against warranty.

**9. Revenue recognition**

- i) 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.
- ii) Interest income is recognized on time proportionate basis taking into account the amount outstanding and the rate applicable.

**10. Depreciation**

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

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. 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.

**Schedules to Accounts (Contd.)**

Rupees ('000)

**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. Contribution for Gratuity is made to Life Insurance Corporation of India as per Company's Scheme. Provision / write back, if any is made on the basis of the present value of liability as at the Balance Sheet date determined by an actuarial valuation. 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.

**17. Provisions, Contingent Liabilities & Contingent Assets**

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved, in line with the provisions of Accounting Standard (AS) 29. Provisions are recognized when the Company has a legal / constructive obligation and on management judgement as a result of a past event, for which it is probable that a cash outflow may be required and a reliable estimate can be made of the amount of the obligation. Contingent Assets are neither recognized nor disclosed.

**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 Notes to the Accounts.

## Schedules to Accounts (Contd.)

Rupees ('000)

## 21. NOTES TO THE ACCOUNTS

1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs.Nil (2009 – Rs.Nil).

2.1. Contingent liabilities not provided for in respect of:

	As at 30 <sup>th</sup> June, 2010 (Rupees)	As at 31 <sup>st</sup> March, 2009 (Rupees)
a) Claims against the Company not acknowledged as debts*		
- Employees State Insurance dues	1,496	1,545
- Others ( including present & ex staff)	89,670	77,810
b) In respect of demands pending disposal of appeals (excluding interest leviable, if any)*		
- Sales Tax	13,043	23,176
- Excise Duty	8,576	8,576
- Income tax	9,500	16,483

\*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.

2.2 The Company has created a contingency provision of Rs. 39,566 (2009 – Rs. 1,076) for various contingencies resulting mainly from matters, which are under litigation / dispute and other uncertainties requiring the management judgment. The Company has also reversed / utilized contingency provision of Rs.1,070 (2009 – Nil) due to the satisfactory settlement of certain disputes for which provision is no longer required. The details of class-wise provision are given below:

Description	During the period 1 <sup>st</sup> April, 2009 to 30 <sup>th</sup> June, 2010				During the year 1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March, 2009			
	Provision for				Provision for			
	Litigations and related disputes	Employees (present & ex) related disputes	Warranties	Total	Litigations and related disputes	Employees (present & ex) related disputes	Warranties	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Opening Balance	752	-	4,734	5,486	-	-	4,410	4,410
New Provisions	14,691	20,001	4,874	39,566	752	-	324	1,076
Utilized / Settlement during the year	-	-	-	-	-	-	-	-
Reversals	1,070	-	-	1,070	-	-	-	-
Total cost for the year in Profit & Loss Account	13,621	20,001	4,874	38,496	752	-	324	1,076
Closing Balance	14,373	20,001	9,608	43,982	752	-	4,734	5,486



## Schedules to Accounts (Contd.)

Rupees ('000)

## Notes:

- a) Litigations and related disputes represents estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statutes (i.e. excise duty, service tax, sales & purchase tax etc.). Employees related disputes represent claims and other demand raised. The probability and the timing of outflow with regard to these matters depend on the ultimate settlement / conclusion with the relevant authorities.
- b) Warranties includes estimates made for the products sold by the Company which are covered under free replacement warranty on manufacturing defects of sewing machines and breakages of cast iron, plastic and wooden accessories. The probability and the timing of outflow with regard to these matters depend upon the warranty period of the products and settlement by the management.
- 3.1 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.
- 3.2 Creditors are under process of review, confirmation and reconciliation. Adjustment, if any, arising will be accounted for on reconciliation.
4. 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.
5. Margin deposits with banks amounting to Rs.3,948 in earlier years has been written off due to non availability of expired guarantees and inability of banks to refund the same despite confirmation and follow up by the Company on regular basis.
- 6.1 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:

	During the period 1st April 2009 to 30th June 2010 (Rupees)	During the year 1st April 2008 to 31st March 2009 (Rupees)
Total future minimum lease payments as at 30.06.2010	25,578	9,968
Not later than one year	10,774	4,222
Later than one year but not later than five years	14,308	5,034
Later than five years	496	712

**Schedules to Accounts (Contd.)****Rupees ('000)**

- 6.2 The Company has given a part of its office premises on sharing basis and during the current period the Company had received Rs. 4,389 (2009 – Rs.1,619). Future rental income not later than one year is Rs. 3,598 (2009 – Rs. 2,642).
- 7.1 The Company has not received from majority of parties 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.
- 7.2 Details of dues to Micro, Small & Medium Enterprises as per MSMED Act, 2006 to the extent of confirmations received.

	As at 30th June, 2010 (Rupees)	As at 31st March, 2009 (Rupees)
The principal amount and the interest due thereon remaining unpaid to any suppliers at the end of each accounting year.	7,944	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Act alongwith the amounts of the payment made to the suppliers beyond the appointed day during each accounting year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act.	Nil	Nil
The amount of interest accrued and remaining due and remaining unpaid at the end of each accounting year.	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the suppliers for the purpose of disallowance as a deductible under Section 23 of the Act.	Nil	Nil

## 8. Employees Benefits

## 8.1 Defined Contribution Plans

- a) The contribution of Provident Fund are made to a recognized Provident Fund/Family Pension Fund which covers all the employees. 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. During the period the Company has accounted Rs. 667 for shortfall in interest.

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).

- b) The Company makes contribution towards ESIC to a defined contribution benefit plan for qualifying employees. The ESIC plan is operated by Director, Employees State Insurance Corporation. The Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.
- c) The Company makes Superannuation Fund contribution to Life Insurance Corporation of India towards defined contribution retirement for qualifying employees.
- d) The Company has recognized in Profit & Loss Account of Rs.2,488 (2009 Rs. 1,865) for Provident Fund and Rs.54 (2009 – Rs. 162) for ESIC and Rs.571 (2009 – Rs. 373) for Superannuation.

## Schedules to Accounts (Contd.)

Rupees ('000)

## 8.2 Defined Benefit Plan

8.2.1 Disclosure relating to Defined Benefit Plan as per Actuarial Valuation and recognized in the financial statements.

Sl. No.	Description	Gratuity Funded (Rupees)		Leave Encashment Non Funded (Rupees)	
		As at 30 <sup>th</sup> June 2010	As at 31 <sup>st</sup> March 2009	As at 30 <sup>th</sup> June 2010	As at 31 <sup>st</sup> March 2009
	Expenses recognized in the statement of Profit & Loss for the period ended 30th June, 2010.				
a)	Current Service cost	414	424	3,678	620
b)	Interest Cost	441	322	152	31
c)	Expected return on plan assets	(401)	(348)	N.A.	N.A.
d)	Net Actuarial (Gains) / Losses	(133)	800	(690)	974
e)	Past Service cost	-	(315)	-	-
f)	Total Expense	321	883	3,140	1,625
	Net Asset / (Liability) recognized in the balance sheet as on 30th June, 2010				
a)	Present value of Defined Benefit Obligation	4,274	5,058	4,442	1,647
b)	Fair Value of plan assets	4,294	4,175	-	-
c)	Funded status {Surplus / (Deficit)}	20	(883)	(4,442)	(1,647)
d)	Net asset / (liability)	-	(883)	(4,442)	(1,647)
	Change in Defined Benefit Obligations (DBO) during the period ended 30th June, 2010				
a)	Present value of Defined Benefit Obligation at the beginning of the year	5,058	4,023	1,647	803
b)	Service Cost	414	424	3,678	620
c)	Interest Cost	441	322	152	31
d)	Actuarial ( Gains)/ Losses	(82)	800	(690)	974
e)	Benefit Paid	(1,557)	(511)	(345)	(781)
f)	Present value of Defined Benefit Obligation at the end of the year.	4,274	5,058	4,442	1,647
	Change in fair value of Assets during the period ended 30th June, 2010				
a)	Plan assets at the beginning of period	4,175	4,338	-	-
b)	Expected Return on Plan Assets	401	348	N.A.	N.A.
c)	Contributions by Employer	1,308	-	-	-
d)	Actual benefits paid	(1,641)	(511)	(345)	(781)
e)	Actuarial Gain/(Loss) on Plan Assets	51	-	-	-
f)	Plan assets at the end of the year	4,294	4,175	-	-
g)	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.

## Schedules to Accounts (Contd.)

Rupees ('000)

8.2.2 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	6	6	6

8.2.3 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.

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

9.1 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		Accumulated Depreciation / Impairment		Written down value	
	As at 30 <sup>th</sup> June, 2010	As at 31 <sup>st</sup> March, 2009	As at 30 <sup>th</sup> June, 2010	As at 31 <sup>st</sup> March, 2009	As at 30 <sup>th</sup> June, 2010	As at 31 <sup>st</sup> March, 2009
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Leasehold land	959	959	110	97	849	862
Building	29,197	29,197	15,701	14,482	13,496	14,715
Plant & Machinery	97,352	97,352	88,777	77,708	8,575	19,644
Vehicles	2	2	2	2	0	0
Furniture & Fixtures	0	2,044	0	1,893	0	151
	127,510	129,554	104,590	94,182	22,920	35,372

As per past practice, the Company has charged depreciation on such assets aggregating to Rs. 2,593 (2009 – Rs. 4,584) which as resulted in increased depreciation & reduced profit to that extent.

9.2 Based on the technical evaluation by an independent Chartered Professional Engineer, foundry equipments and machinery for 974 model are not economically viable and useful to resume production and accordingly a sum of Rs.7,815 (2009 - Nil) has been provided towards impairment cost of these assets.

9.3 In respect of other assets, the Board is of the view that no impairment is necessary as the Company intends to commence operations.

10.1 The net worth of the Company has been 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:

## Schedules to Accounts (Contd.)

Rupees ('000)

- a) Infusion of fresh funds by promoters
- b) Reliefs & Concession from various concerned parties viz. Creditors, Promoters, Associates, ECB lenders etc.
- c) Capital / debt restructuring, induction of fresh funds, derating of existing equity capital and subsequent consolidation of derated shares.
- d) Write back of identified liabilities and payment of all liabilities under litigation appeal and not covered by scheme
- 10.2 Based on the Hon'ble BIFR's Order dated 28<sup>th</sup> April, 2008 the Company had written back 90% of the liability of unsecured creditors aggregating to Rs. 228,762 in earlier years and taken to Income – Exceptional items. However, on the basis of an appeal against the order by certain section of unsecured creditors, the Hon'ble AAIFR has vide order dated 28<sup>th</sup> May, 2010 set aside paras 11.8 (a) to (c) of the above BIFR's order relating to unsecured creditors and has directed the BIFR to hear the appellants before passing appropriate orders. Pending final order from the BIFR, the Company has not yet reversed the said adjustment entry. Had the same been carried out, the profit for the period ended 30.06.2010 would have been lower by Rs. 228,762 and also this would have eroded the networth of the Company to that extent. The Company has also filed an appeal to Appellate Authority for Industrial & Financial Reconstruction contesting certain parts of the scheme which are pending for its disposal. It has however, implemented certain parts of the scheme.
11. The accumulated losses have exceeded the paid-up Share Capital and Reserves. The losses would further increase if adjustments as mentioned in para 10.2 would have been carried out. 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 30.6.2010 and discharge all its liabilities as at 30.6.2010 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.
12. 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.
13. As per legal opinion obtained, no provision for tax (MAT) is required to be made.
14. The loan from Brand Trading India Private Ltd., an Associate Company, shown under Unsecured Loan is repayable on demand and is interest free.
- 15.1 The details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as mentioned below:

		As at 30 <sup>th</sup> June 2010		As at 31 <sup>st</sup> March 2009	
		Foreign currency (USD)	Amount (Rupees)	Foreign currency (USD)	Amount (Rupees)
a)	Creditors	16,107	748	262,266	13,362
b)	Advance given to supplier	108,088	5,020	NIL	NIL
c)	Unsecured loans	Nil	Nil	170,000	8,662

## Schedules to Accounts (Contd.)

Rupees ('000)

- 15.2 The Company does not use derivative financial instruments such as forward exchange contracts and interest rates swaps to hedge its risks associated with foreign currency fluctuations and interest rate or for trading / speculation purposes.
16. 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 / whole time Director/ and Alternate Director).

Particulars	As at 30 <sup>th</sup> June 2010* (Rupees)	As at 31 <sup>st</sup> March 2009 (Rupees)
Salaries	13,298	9,349
Contribution to provident and other funds	647	394
Other benefits	625	644
Sitting fee	370	85
	14940	10,472

\* The remuneration aggregating to Rs. 1,184 is subject to approval of the Central Government and the Shareholders.

17. 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	For the period 1 <sup>st</sup> April, 2009 to 30 <sup>th</sup> June 2010 (Rupees)	For the year 1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March 2009 (Rupees)
Statutory Audit	550	450
Audit of account for fiscal year and Tax Audit	225	125
Limited Review	225	135
Certification Fee	80	30
Reimbursement of expenses	6	-
Service Tax	112	78
	1,198	818

19. The Company trades mainly in sewing machines. In 2009 it also traded (limited) in small appliances & Household/Consumer durables. During the year the Company has also undertaken contract manufacturing. Small appliances & household / consumer durables & contract manufacturing forms only a negligible percentage of total turnover that are distinguishable and subject to same risks & returns on sewing machines. 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.

**Schedules to Accounts (Contd.)**

Rupees ('000)

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. Holding of Holding Company	Singer Asia Holdings B.V. (Netherlands)
iii. Ultimate Holding Company	Singer Asia Limited (Cayman Island)
iv. Subsidiary Companies	Himec India Limited Singer India Trading Limited
v. Associates	Brand Trading India Pvt. Ltd. Singer Asia Sourcing Limited (B.V.I) Singer Bangladesh Limited Singer Industries (Ceylon) PLC
vi. Key Management Personnel	Mr. K.K. Gupta, Chairman & CEO Mr. Rajeev Bajaj, Director Finance & CFO Mr. P.R. Nandan, Alternate Director

vii. 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  
Retails Holdings N.V.  
Meritec India Ltd.  
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 N.V. (Netherlands Antilles)  
Singer Bhold B.V. (Netherlands)  
Singer Corporation Limited (Hong Kong)  
Singer Finance (Lanka) Limited  
Singer Pakistan Limited  
Singer Srilanka PLC  
Singer Thailand Public Co. Limited  
Thainvest B.V. (Netherlands)  
Telshan (Pvt) Ltd.



## Schedules to Accounts (Contd.)

Rupees ('000)

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

	Transactions	During the period 1 <sup>st</sup> April 2009 to 30 <sup>th</sup> June 2010 (Rupees)	Closing balance as at 30.6.2010 (Rupees)	During the year 1 <sup>st</sup> April 2008 to 31 <sup>st</sup> March 2009 (Rupees)	Closing balance as at 31.3.2009 (Rupees)
	Holding Company:				
i)	Issue of Equity Share	53,279	91,714	38,500	46,270
ii)	Refundable	(1,662)	-	1,662	1,662
iii)	Payment made on behalf of Holding Co.	(416)	-	416	416
iv)	Adjustment for Unsecured Borrowings (ECB)	(8662)	-	-	8,662
v)	Amount Adjusted / Written off	-	-	9	-
vi)	Unsecured Borrowings written back	-	-	59,284	-
	Subsidiary Company:				
vii)	Advance given to Himec India Ltd.	5	5	-	-
viii)	Advance given to Singer India Trading Ltd.	-	-	39	-
ix)	Advance receivable written off – Himec India Ltd.	-	-	41	-
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	6,100
xiii)	Investment provision– Himec India Ltd.	-	1,000	-	1,000
xiv)	Advance received from Singer India Trading Ltd.	(5)	826	-	831
xv)	Advance written back – Singer India Trading Ltd.	-	-	7,481	-
	Associate Company:				
xvi)	Purchase of goods (including Goods in Transit) from Singer Asia Sourcing Ltd.	-	-	40,825	12,185
xvii)	Re-purchase of goods from Brand Trading India P Ltd. (Net of discount received Rs. 8,013)	-	-	-	57,918
xviii)	Purchase of Fixed Assets from Brand Trading India P Ltd.	-	-	140	-
xix)	Purchase from Brand Trading India P. Ltd.	147	-	-	-
xx)	Sale to Brand Trading India P Ltd.	78,717	-	250,765	-
xxi)	Amount paid to Brand Trading India Pvt. Ltd.				
	a) Rent	-	-	321	
	b) Interest	-	-	1,619	
	c) Insurance	92	-	-	
	d) Others- Vehicle expenses	841	-	264	
xxii)	Amount received from Brand Trading India Pvt. Ltd.				
	- Rent	(61)	-	-	-
xxiii)	Compensation received on premature termination of contract – Brand Trading India P Ltd.	-	-	20,000	-
xxiv)	Discount paid to Brand Trading India P Ltd.	-	-	1,392	-
xxv)	Unsecured loan (net) received from Brand Trading India P Ltd.	(56,847)	40,785	35,889	97,633
xxvi)	Ultimate Holding Company :				
xxvii)	Advance received / (given) from Singer Asia Ltd.	(411)	379	(16)	790
xxviii)	Liabilities written back/settled	(21)	-	-	-
xxix)	Advanced received from Singer Asia Ltd. Written back	-	-	5,388	-
xxx)	Managerial remuneration to Key Personnel:				
	Mr. K.K.Gupta	11,378	-	7,192	1,019
	Mr. Rajeev Bajaj	1,735	-	635	-
	Mr.P.R.Nandan	1,457	-	725	-
	Mr.Samya Sarkar	-	-	1,835	400
xxx)	Export made to Associates				
	Singer Bangladesh Ltd.	15,521	-	-	-
	Singer Industries (Ceylon) PLC	5,802	-	-	-

\* As identified and certified by the Management

## Schedules to Accounts (Contd.)

Rupees ('000)

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

Particulars		Period ended on	
		30 <sup>th</sup> June 2010 (Rupees)	31 <sup>st</sup> March 2009 (Rupees)
Profit attributable to equity shareholders			
Before Impairment Loss, Contingencies and Exceptional Items	A	71,851	8,979
After Before Impairment Loss, Contingencies and Exceptional Items	B	24,531	206,255
Weighted average number of equity shares outstanding during the year (in numbers).	C	9,100,298	1,871,125
Add: Weighted Average outstanding on ECB	D	-	533,928
No. of shares for diluted earning per share	E	9,100,298	2,405,053
Face value of equity share (in rupees)		10	10
Basic Earnings per share (in rupees)			
Before Impairment Loss, Contingencies and Exceptional Items	(A)/(C)	7.90	4.80
After Before Impairment Loss, Contingencies and Exceptional Items	(B)/(C)	2.70	110.23
Diluted Earnings per share (in rupees)			
Before Impairment Loss, Contingencies and Exceptional Items	(A)/(E)	7.90	3.73
After Before Impairment Loss, Contingencies and Exceptional Items	(B)/(E)	2.70	85.76

	During the 1 <sup>st</sup> April 2009 to 30 <sup>th</sup> June 2010 (Rupees)	During the 1 <sup>st</sup> April 2008 to 31 <sup>st</sup> March 2009 (Rupees)
22. FOB value of exports – on accrual basis	22,459	4,266
23. CIF value of imports – on accrual basis -Finished goods	65,616	46,300
24. Expenditure in foreign currency during the year (on cash basis)	305	221

- 25.1 During the period the Company has commenced contract manufacturing. Particulars in respect of each class of goods manufactured under contract manufacturing.

S. No.	Particulars	During the period 1 <sup>st</sup> April, 2009 to 30 <sup>th</sup> June 2010 (Nos.)	During the year 1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March 2009 (Nos.)
i)	Sewing Machine Arm & Bed	10,045	-

\*As certified by the Management, based on recent technical evaluation. Licensed Capacity and Installed Capacity figures are not available.

## Schedules to Accounts (Contd.)

Rupees ('000)

## 25.2 Particulars in respect of each class of goods manufactured:

Items	Unit	During the period 1 <sup>st</sup> April, 2009 to 30 <sup>th</sup> June 2010			During the year 1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March 2009		
		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	No.	1,200,000	1,200,000	-	1,200,000	1,200,000	-

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

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

S. No.	Particulars	As at 30 <sup>th</sup> June 2010		As at 31 <sup>st</sup> March 2009	
		Quantity (Nos.)	(Rupees)*	Quantity (Nos.)	(Rupees)*
i)	Opening 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
ii)	Purchases				
	Zig Zag Sewing Machines	21,317	78,648	21,465	80,401
	Sewing machine and related accessories	884,882	812,618	579,724	499,647
	Others (including Household and Consumer Durable)		9,173		25,993
iii)	Turnover / adjustments **				
	Zig Zag Sewing machines	22,244	128,797	17,376	88,890
	Sewing machine and related accessories	857,631	981,836	554,808	595,487
	Others (including Household and Consumer Durable)		7,033		21,358
iv)	Closing stock (including goods in transit)				
	Zig Zag Sewing machines	4,986	16,598	5,913	22,695
	Sewing machine and related accessories	69,213	70,293	41,962	31,917
	Others (including Household and Consumer Durable)		2,940		1,095

\* includes goods sold and subsequent repurchased goods.

\*\* includes free replacement against warranty.

## Schedules to Accounts (Contd.)

Rupees ('000)

## 26.2 Raw Materials Consumed (In Tons) :

S. No.	Particulars	During the period 1 <sup>st</sup> April 2009 to 30 <sup>th</sup> June 2010		During the period 1 <sup>st</sup> April 2008 to 31 <sup>st</sup> March 2009	
		Qty. (Ton)	Value	Qty. (Ton)	Value
i)	Pig Iron	85	2,052	-	-
ii)	Hard Coke	36	363	-	-

## 26.3 Value of imported and indigenous Raw Material and stores and spare parts consumed :

S. No.	Particulars	During the period 1 <sup>st</sup> April 2009 to 30 <sup>th</sup> June 2010		During the period 1 <sup>st</sup> April 2008 to 31 <sup>st</sup> March 2009	
		% of Consumption	Amount	% of Consumption	Amount
i)	Imported	-	-	-	-
ii)	Indigenous	100%	2,415	-	-

27. 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, 217 (2A), 211, 309 (1) etc. of the Companies Act, 1956.
28. The Company had decided to voluntary wind up both its subsidiary companies viz., Singer India Trading Limited and Himec India Limited as there were no business transactions taking place in these two companies for the last several years. Presently, the Company had complied with all the procedural requirements in regard to members' voluntary winding up and has completed the filing of all requisite forms with the Ministry of Corporate Affairs and has issued all intimations, announcements / publications in regard to the winding up of these two Companies in the Official Gazette. As on date the order is awaited in regard to this members' voluntary winding up.
29. The current financial period represents fifteen months from 1st April, 2009 to 30th June, 2010 and hence not comparable to the previous year figures. The previous year's figures have been regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. The previous year figures are not comparable with current period due to opening/ closures of shops in previous year.

## Schedules to Accounts (Contd.)

Rupees ('000)

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

<b>I.</b>	<b>Registration Details</b>	
	Registration No.	25405
	State Code	55
	Balance Sheet Date	30th June, 2010
<b>II.</b>	<b>Capital Raised during the year</b>	(Amount in Rs. Thousand)
	Public issue	Nil
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
	Preferential Allotment	53,279
<b>III.</b>	<b>Position of Mobilisation and Deployment of funds</b>	(Amount in Rs. Thousand)
	Total Liabilities	341,387
	Total Assets	341,387
	<b>Sources of Funds</b>	
	Paid up Capital	107,431
	Reserves & Surplus	12,250
	Secured Loans	-
	Unsecured Loans	41,266
	<b>Application of Funds</b>	
	Net Fixed Assets	26,436
	Investments	-
	Net Current Assets	12,436
	Miscellaneous Expenditure	Nil
	Accumulated Losses	122,075
<b>IV.</b>	<b>Performance of Company</b>	(Amount in Rs. Thousand)
	Turnover (including other income & exceptional items)	1,133,815
	Total Expenditure (including exceptional items)	1,107,182
	Profit before Tax	26,633
	Profit after Tax	24,531
	Earnings per Share (after exceptional items) (Basic) – Rs.	2.70
	Dividend Rate %	Nil
<b>V.</b>	<b>Generic Names of three principal products / services of Company (As per monetary terms)</b>	
	Item Code No. (ITC Code)	845210010
	Product Description	Sewing Machines Complete with Stand / Table
	Item Code No. (ITC Code)	720130001
	Product Description	Cast Iron

Signatories to schedule 1 to 21

On behalf of the Board of Directors

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

**Rajeev Bajaj**  
Director Finance & CFO

**Ashish Srivastava**  
Company Secretary

New Delhi, 29<sup>th</sup> September 2010



**ATTENDANCE SLIP**

**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 32nd Annual General Meeting of the Company held on Wednesday, the 10th day of November 2010 at 9.30 a.m. The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074

Signature of the shareholder or proxy

**FOR THE KIND ATTENTION OF SHAREHOLDERS**  
**No gift will be distributed by the Company at the AGM**

\* 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 32nd Annual General Meeting of the Company held on Wednesday, the 10th day of November, 2010 at 9.30 a.m. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpuri Beri, New Delhi-110074

Signed this ..... day of ..... 2010

**AFFIX  
RE 1/-  
REVENUE  
STAMP**

\* Applicable for investors holding shares in electronic form

**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

**No gift will be distributed by the Company at the AGM**

## **BOOK POST**

*If undelivered please return to :*

**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)